

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common stock (par value Won 5,000 per share, which may be represented by American depositary shares)(2)	8,319,343	US\$33.56(3)	US\$279,197,151(3)	US\$15,579.20
Rights to purchase shares of common stock (including in the form of American depositary shares)(2)(4)	8,319,343	US\$0(4)	US\$0(4)	US\$0

- (1) Represents the sum of (i) the number of shares of common stock offered in the United States to holders of American depositary shares, (ii) the number of shares of common stock offered to stockholders in the United States and (iii) the number of shares of common stock that may be resold into the United States from time to time during the distribution thereof.
- (2) American depositary shares issuable on deposit of the shares of common stock registered hereby have been registered under a separate registration statement on Form F-6 (File No. 333-153711). Each American depositary share represents one share of common stock.
- (3) Estimated solely for the purpose of computing the registration fee pursuant to Rule 457 of the Securities Act of 1933, as amended. Such estimate is based on the maximum subscription price of Won 37,250 per share and an exchange rate of Won 1,220.9 per US\$1.00, the market average exchange rate (as announced by Seoul Money Brokerage Services, Ltd.) in effect on August 6, 2009, plus US\$3.05 per share to account for possible exchange rate fluctuations and currency conversion expenses.
- (4) No separate consideration will be received by the registrant for the rights offered hereby.

PROSPECTUS SUPPLEMENT
(To prospectus dated July 10, 2009)



KB Financial Group Inc.

Rights Offering for 30,000,000 Shares of Common Stock Directly or in the Form of American Depositary Shares

We are offering an aggregate of 30,000,000 new shares of our common stock, par value ₩5,000 per share, either directly or in the form of American depositary shares, or ADSs, each representing one share of our common stock. As required under Korean law, 6,000,000, or 20%, of the new shares of common stock were initially offered to members of our employee stock ownership association, all of which have been subscribed by such members. The remaining 24,000,000, or 80%, of the new shares of common stock are being offered by way of a rights offering, in which we are distributing (i) to holders of our ADSs, transferable rights to subscribe for new ADSs at the ADS subscription price described below, which we refer to as ADS rights, and (ii) to holders of our common stock, transferable rights to subscribe for new shares of our common stock at the share subscription price described below, which we refer to as share rights. The ADS rights and share rights are referred to collectively as the rights.

ADS Rights

If you own ADSs, you will receive 0.0776839 ADS right for every ADS you owned on July 27, 2009. Fractional ADS rights will not be distributed to you. One ADS right allows you to subscribe for one new ADS. If you decide to exercise ADS rights and subscribe for new ADSs, you must deposit US\$33.56 per new ADS subscribed, which represents 110% of the indicative ADS subscription price of US\$30.51 per new ADS, to account for possible exchange rate fluctuations and any currency conversion expenses. The indicative ADS subscription price is the U.S. dollar equivalent of the maximum share subscription price of ₩37,250 per share, based on the exchange rate of ₩1,220.9 per U.S. dollar. The final ADS subscription price will be the U.S. dollar equivalent of the final share subscription price determined as described below, based on the exchange rate on or about August 25, 2009 at which we can convert U.S. dollar amounts to Won amounts, plus currency conversion expenses. Any excess amount deposited will be refunded to the exercising holders of ADS rights, while any shortfall in the amount deposited must be paid by the exercising holders of ADS rights. Holders of ADS rights may exercise their ADS rights from 9:00 a.m. (New York City time) on August 7, 2009 to 5:00 p.m. (New York City time) on August 21, 2009. **ADS rights that are not exercised by 5:00 p.m. (New York City time) on August 21, 2009 will lapse without compensation.**

The ADS rights will be admitted for trading on the New York Stock Exchange under the symbol "KB RT." Trading in the ADS rights on the New York Stock Exchange is expected to commence on August 10, 2009 and continue until August 17, 2009.

Share Rights

If you own shares of common stock, you will receive 0.0776839 share right for every share you owned on July 27, 2009. Fractional share rights will not be distributed to you. One share right allows you to subscribe for one new share of common stock. The maximum share subscription price is ₩37,250 per share. The final share subscription price per share will be determined on August 21, 2009 and will be the lower of (i) the maximum share subscription price and (ii) a reference price set at a discount rate of 25% to the relevant market price of our common stock. The relevant market price of our common stock will be the lower of (i) the arithmetic average of (x) the volume-weighted average closing price for the one-week period immediately preceding, and inclusive of, August 21, 2009, and (y) the closing price on August 21, 2009, and (ii) the closing price on August 21, 2009, in each case on the KRX KOSPI Market. Holders of share rights may exercise their share rights from 9:00 a.m. (Seoul time) on August 26, 2009 to 4:00 p.m. (Seoul time) on August 27, 2009. **Share rights that are not exercised by 4:00 p.m. (Seoul time) on August 27, 2009 will lapse without compensation.**

The share rights have been approved for listing on the KRX KOSPI Market under the code "J1055602W." Trading in the share rights on the KRX KOSPI Market is expected to commence on August 10, 2009 and continue until August 17, 2009.

Our common stock is listed on the KRX KOSPI Market under the code "A105560." On August 6, 2009, the closing price of our common stock on the KRX KOSPI Market was ₩55,200 per share. Our ADSs are listed on the New York Stock Exchange under the symbol "KB." On August 6, 2009, the closing price of our ADSs on the New York Stock Exchange was US\$44.59 per ADS.

We expect the new shares of common stock to be issued on or about September 2, 2009 and delivered on or about September 7, 2009. We expect the new ADSs to be issued and delivered on or about September 8, 2009. Listing and trading in the new shares of common stock on the KRX KOSPI Market and in the new ADSs on the New York Stock Exchange are expected to commence on or about September 4, 2009 and September 8, 2009, respectively.

Investing in our ADSs, common stock, ADS rights or share rights involves risks. See "Risk Factors" beginning on page S-28 of this prospectus supplement and page 5 of the accompanying prospectus.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Maximum Price to Public ⁽¹⁾⁽²⁾	Underwriting, Management and Selling Fees	Maximum Proceeds to Us ⁽³⁾
Per Share ⁽⁴⁾	₩ 37,250	₩ 223.5	₩ 37,026.5
Total ⁽⁴⁾	₩1,117,500,000,000	₩6,705,000,000	₩1,110,795,000,000

(1) Represents the maximum subscription price for new shares of common stock. The ADS deposit amount for new ADSs is US\$33.56 per new ADS and takes into account possible exchange rate fluctuations and currency conversion expenses, as described above.

(2) The final subscription price for new shares of common stock and new ADSs will be determined as described in this prospectus supplement and may be lower than their maximum price.

(3) Before deducting expenses.

(4) Either in the form of new shares of common stock or new ADSs.

The underwriters named below have agreed to procure subscribers for, or failing which, to subscribe for, all new shares of common stock (including in the form of ADSs) that have not been subscribed for by holders of rights. If the underwriters purchase any new shares of common stock that are not subscribed for, they may resell these new shares (including in the form of ADSs) to the public at variable prices, which may be more or less than the applicable subscription price. See "Plan of Distribution" in this prospectus supplement.

Joint Global Coordinators

Morgan Stanley

Samsung Securities

Joint Bookrunners

Goldman Sachs (Asia) L.L.C. Korea Investment & Securities Morgan Stanley Samsung Securities

TABLE OF CONTENTS

	<u>Page</u>
PROSPECTUS SUPPLEMENT	
<u>REGULATORY STATEMENT</u>	S-1
<u>NOTICE TO INVESTORS</u>	S-2
<u>SUMMARY</u>	S-6
<u>SUMMARY FINANCIAL INFORMATION</u>	S-13
<u>RISK FACTORS</u>	S-28
<u>EXCHANGE RATES</u>	S-31
<u>MARKET PRICE INFORMATION</u>	S-31
<u>REASONS FOR THIS OFFERING AND USE OF PROCEEDS</u>	S-33
<u>CAPITALIZATION</u>	S-34
<u>DILUTION</u>	S-35
<u>RECENT DEVELOPMENTS</u>	S-36
<u>THE RIGHTS OFFERING</u>	S-51
<u>TAXATION</u>	S-58
<u>CERTAIN ERISA CONSIDERATIONS</u>	S-63
<u>PLAN OF DISTRIBUTION</u>	S-65
<u>LEGAL MATTERS</u>	S-69
<u>INDEX TO NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS PREPARED UNDER KOREAN GAAP</u>	F-1
PROSPECTUS	
<u>ABOUT THIS PROSPECTUS</u>	<u>1</u>
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	2
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	2
<u>FORWARD-LOOKING STATEMENTS</u>	3
<u>RISK FACTORS</u>	5
<u>KB FINANCIAL GROUP INC</u>	5
<u>USE OF PROCEEDS</u>	5
<u>CAPITALIZATION</u>	6
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	6
<u>DESCRIPTION OF DEBT SECURITIES</u>	7
<u>DESCRIPTION OF COMMON STOCK</u>	7
<u>DESCRIPTION OF AMERICAN DEPOSITARY SHARES</u>	7
<u>DESCRIPTION OF WARRANTS</u>	15
<u>TAXATION</u>	15
<u>PLAN OF DISTRIBUTION</u>	16
<u>LEGAL MATTERS</u>	17
<u>EXPERTS</u>	17

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. “Incorporated by reference” means that we can disclose important information to you by referring you to another document filed separately with the U.S. Securities and Exchange Commission, or the SEC. Neither we nor any of the underwriters has authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is current only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus supplement adds to and updates information contained or incorporated by reference in the accompanying prospectus. The accompanying prospectus and the documents incorporated by reference provide more general information, some of which may not apply to this offering. To the extent there is a conflict between the information contained in this prospectus supplement and the information contained or incorporated by reference in the accompanying prospectus, you should rely on the information contained in this prospectus supplement. Before purchasing any securities, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the headings “Where You Can Find More Information” and “Incorporation of Certain Documents by Reference” in the accompanying prospectus.

References in this prospectus supplement and the accompanying prospectus to:

- “we,” “us” or “KB Financial Group” are to KB Financial Group Inc. and, unless the context otherwise requires, its subsidiaries and, for periods of time prior to the establishment of KB Financial Group on September 29, 2008, Kookmin Bank and, unless the context otherwise requires, its subsidiaries as of such periods;
- “Korea” or the “Republic” are to the Republic of Korea;
- the “Government” are to the government of Korea;
- “you” are to prospective investors in the securities offered hereby;
- “Won” or “₩” are to the currency of Korea;
- “U.S. dollars,” “dollars,” “\$” or “US\$” are to United States dollars; and
- “our latest annual report on Form 20-F” are to our annual report on Form 20-F for the year ended December 31, 2008, together with any amendments to such annual report, incorporated by reference in the accompanying prospectus.

Discrepancies between totals and the sums of the amounts contained in any table may be as a result of rounding.

This prospectus supplement and the accompanying prospectus may contain translations of Won amounts into U.S. dollars, solely for your convenience. We do not intend to imply that the Won or U.S. dollar amounts referred to in this prospectus supplement or the accompanying prospectus could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate, or at all.

Unless indicated otherwise, the financial information presented in this prospectus supplement and the accompanying prospectus has been prepared in accordance with United States generally accepted accounting principles, or U.S. GAAP.

This prospectus supplement and the accompanying prospectus contain forward-looking statements. See “Forward-Looking Statements” in the accompanying prospectus.

REGULATORY STATEMENT

During the distribution of the rights, new shares of common stock and new ADSs in this offering, we, through certain of our affiliates, have engaged and intend to continue to engage in various dealing and brokerage activities

involving our common stock outside the United States. We, through our asset management subsidiary and certain identifiable business units of our subsidiaries, have purchased and sold, and intend to continue to purchase and sell, our common stock and derivatives, as part of our ordinary investing activities and/or as part of the investment selections made by our customers. We, through our securities brokerage subsidiary, have also engaged, and intend to continue to engage, in unsolicited brokerage transactions in our common stock with our customers. These activities occurred and are expected to continue to occur outside the United States on the KRX KOSPI Market and in the over-the-counter markets in Korea. There is no assurance that any or all of these activities will not have an impact on the market price of our common stock and ADSs.

NOTICE TO INVESTORS

Investors should note that the offer, sale, exercise or acceptance of, or the subscription for, any of the securities described in this prospectus supplement to or by persons located or resident in jurisdictions other than Korea and the United States may be restricted or prohibited by the laws of the relevant jurisdiction. Crediting of share rights or ADS rights to any account, the receipt of allotment of any new shares of common stock or new ADSs or of certificates evidencing such securities or the receipt of this prospectus supplement and the accompanying prospectus or the Korean prospectus or any other documents will not constitute an offer or sale in those jurisdictions in which it will be illegal to make such offer or sale, or where such offer or sale will trigger any registration, filing or approval requirement or otherwise violate the securities laws of such jurisdictions or be prohibited. We reserve absolute discretion in determining whether any holder of our ADSs or common stock located or resident outside Korea and the United States may participate in this offering.

Each person who receives a copy of this prospectus supplement or who exercises, accepts, subscribes for or purchases any of the securities described in this prospectus supplement must do so in accordance with the restrictions set forth below.

Notice to Residents of Australia

This document has not been lodged with the Australian Securities and Investments Commission (“ASIC”) and does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) (the “Australian Corporations Act”) and does not purport to include the information required of a disclosure document under the Australian Corporations Act. The offer of any rights, new shares of common stock or new ADSs which are the subject of the offering contemplated by this document is therefore directed only to persons to whom such an offer may be made in Australia without lodging a disclosure document with ASIC. Consequently, this offering is directed only to, and the rights, new shares of common stock or new ADSs will only be issued to, investors who fall within one of the categories set out in Section 708(8) or 708(11) of the Australian Corporations Act (“Sophisticated and Professional Investors”) and who are “wholesale clients” which has the meaning given by subsection 761G(4) of the Australian Corporations Act.

As no formal disclosure document will be lodged with ASIC, if a person to whom the rights, new shares of common stock or new ADSs are issued (an “Investor”) on-sells the rights, new shares of common stock or new ADSs within 12 months of their issue, such Investor will be required to lodge a prospectus with ASIC unless either:

- (1) the sale is to a Sophisticated and Professional Investor; or
- (2) the sale offer is received outside of Australia (for example, by trading the rights on the New York Stock Exchange or the KRX KOSPI Market).

Each Investor acknowledges the above and, by applying for the rights, new shares of common stock or new ADSs, gives an undertaking not to sell, in any circumstances other than those described in paragraphs (1) and (2) above, for 12 months after the date of issue.

We are not licensed in Australia to provide financial product advice in relation to the rights, new shares of common stock or new ADSs and recommend that you read this document before making a decision to acquire any rights, new shares of common stock or new ADSs. Nothing in this document takes into account the investment objectives, financial situation and particular needs of any individual Investor.

Notice to Residents of Canada

Neither the rights nor any of the new shares of common stock or new ADSs issuable upon the exercise of the rights have been or will be qualified for distribution by prospectus under the securities laws of any province or territory of Canada (collectively, the “Canadian Jurisdictions”). The rights distributed by us in the rights offering to existing holders of shares of common stock or ADSs in Canada, and any new shares of common stock or ADSs sold to persons in Canada upon the exercise of the rights, will be distributed under exemptions from the prospectus and registration requirements of applicable securities laws in each of the Canadian Jurisdictions.

The rights and any common shares or ADSs issued upon exercise of the rights will be subject to a “hold period” under Canadian securities laws and will remain subject to restrictions on resale unless we become a reporting issuer in Canada. Accordingly, any resale of the rights or any common shares or ADSs issued upon exercise of the rights by persons in Canada must be made: (i) through an appropriately registered dealer or in accordance with an exemption from the registered dealer requirements of applicable provincial securities laws; and (ii) in accordance with, or pursuant to an exemption from, or in a transaction not subject to, the prospectus requirements of those laws. These Canadian resale restrictions may in some circumstances apply to resales made outside of Canada. Persons in Canada are advised to seek Canadian legal advice prior to any resale of rights or new shares of common stock or new ADSs obtained upon exercise of the rights.

Notice to Residents of the European Economic Area

In any Member State of the European Economic Area (“EEA”) that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the “Prospectus Directive”), this prospectus supplement and the accompanying prospectus are only addressed to and are only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

This prospectus supplement and the accompanying prospectus have been prepared on the basis that any offer of the rights, new shares of common stock or new ADSs in any Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the rights, new shares of common stock or new ADSs. Accordingly any person making or intending to make any offer within the EEA of the rights, new shares of common stock or new ADSs which are the subject of the offering contemplated in this prospectus supplement and the accompanying prospectus may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor any of the underwriters have authorized, nor do we or any of them authorize, the making of any offer of the rights, new shares of common stock or new ADSs in circumstances in which an obligation arises for us or any of the underwriters to publish a prospectus for such offer.

In relation to each Relevant Member State, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”), an offer to the public of any rights, new shares of common stock or new ADSs which are the subject of the offering contemplated by this prospectus supplement and the accompanying prospectus may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any rights, new shares of common stock or new ADSs may be made at any time with effect from and including the Relevant Implementation Date under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of us and the underwriters for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the rights, new shares of common stock or new ADSs shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

This EEA selling restriction is in addition to any other selling restrictions set out in this prospectus supplement and the accompanying prospectus.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any rights, new shares of common stock or new ADSs under, the offering contemplated in this prospectus supplement and the accompanying prospectus will be deemed to have represented, warranted and agreed to with us and each underwriter that:

(a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(b) in the case of any rights, new shares of common stock or new ADSs acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the rights, new shares of common stock or new ADSs acquired by it in this offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of us and the underwriters has been given to the offer or resale; or (ii) where the rights, new shares of common stock or new ADSs have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those rights, new shares of common stock or new ADSs to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this section, the expression an “offer to the public” or an “offer” in relation to any rights, new shares of common stock or new ADSs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any rights, new shares of common stock or new ADSs to be offered so as to enable an investor to decide to purchase any rights, new shares of common stock or new ADSs, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Notice to Residents of Hong Kong

Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

We have not been authorized, nor has this document been approved, by the Hong Kong Securities and Futures Commission. Accordingly, no rights, new shares of common stock or new ADSs may be offered or sold in Hong Kong by means of this document, and no person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, this document or any other advertisement, invitation or document relating to the rights, new shares of common stock or new ADSs which is directed at, or the contents of which are or are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to rights, new shares of common stock or new ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of Section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Notice to Residents of Singapore

This prospectus supplement and the accompanying prospectus have not been and will not be registered as a prospectus with the Monetary Authority of Singapore. This offering does not constitute a public offering of securities in Singapore pursuant to Section 273 (1)(cd)(i) of the Securities and Futures Act, Chapter 289 of the Singapore Statutes.

Notice to Residents of the United Kingdom

This prospectus supplement and the accompanying prospectus are only being distributed to and are only directed at (i) persons who are outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The rights, new shares of common stock or new ADSs are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such rights, new shares of common stock or new ADSs will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Persons in the United Kingdom will not be permitted to subscribe for new shares of common stock or new ADSs by exercising the rights unless they are:

(A) (i) a legal entity which is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; (ii) a legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or (iii) otherwise a “qualified investor” as defined by the Financial Services and Markets Act 2000; and

(B) an investment professional falling within Article 19(5) of the Order or a high net worth entity falling within Article 49(2)(a) to (d) of the Order;

(a “UK Professional Investor”). Persons in the United Kingdom with an interest in the rights will be deemed (upon exercise of any rights) to have represented and warranted, and any such persons completing a subscription form will be deemed to represent and warrant, to us that they are UK Professional Investors. Any person acting directly or indirectly on behalf of a person with an interest in the rights in the United Kingdom will be deemed (upon delivering any communication exercising the rights) to have represented and warranted to us that it has reasonably determined that the person on behalf of whom it is acting is a UK Professional Investor.

Notice to Residents of Japan and the People’s Republic Of China

Due to restrictions under and the requirements of the securities laws of Japan and the People’s Republic of China (not including Taiwan and the special administrative regions of Hong Kong and Macau), the rights, the new shares of common stock and the new ADSs are not being offered or sold and may not be offered or sold, and this prospectus supplement and the accompanying prospectus may not be circulated or distributed, directly or indirectly, in these jurisdictions. Persons located in or who are resident of these jurisdictions will not be permitted to acquire, directly or indirectly, any rights, new shares of common stock or new ADSs in this offering.

Notice to Residents of Other Jurisdictions Outside Korea, Canada and the United States

The distribution of this prospectus supplement and the accompanying prospectus, and the offer, sale, exercise of, or subscription for, the rights, the new shares of common stock and the new ADSs may be restricted by law in certain jurisdictions, and therefore persons into whose possession these documents come should inform themselves about and observe any such restrictions. No rights, new shares of common stock or new ADSs may be allocated, offered for sale or purchase, or be sold or delivered in any jurisdiction where to do so would violate any securities laws or regulations in any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration, in any such jurisdiction (other than Korea, Canada and the United States). Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

SUMMARY

The following summary contains information about us and this offering. It may not contain all of the information that may be important to you in making an investment decision. For a more complete understanding of us and this offering, we urge you to read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, including the “Risk Factors” sections and our financial statements and the accompanying notes.

KB Financial Group Inc.

We are one of the largest financial holding companies in Korea, in terms of consolidated total assets, and our operations include Kookmin Bank, the largest commercial bank in Korea in terms of total assets (including loans). Our subsidiaries collectively engage in a broad range of businesses, including commercial banking, credit cards, asset management, bancassurance, capital markets activities and international banking. We were established as a financial holding company in September 2008, pursuant to a “comprehensive stock transfer” under Korean law.

On the asset side, we provide credit and related financial services to individuals and small- and medium-sized enterprises and, to a lesser extent, to large corporate customers. On the deposit side, we provide a full range of deposit products and related services to both individuals and enterprises of all sizes. We provide these services predominantly through Kookmin Bank.

Our legal and commercial name is KB Financial Group Inc. Our registered office and principal executive offices are located at 9-1, 2-ga, Namdaemoon-ro, Jung-gu, Seoul, Korea 100-703. Our telephone number is +822-2073-7114. Our agent in the United States, Kookmin Bank, New York Branch, is located at 565 Fifth Avenue, 24th Floor, New York, NY 10017. Its telephone number is (212) 697-6100.

SUMMARY OF THE OFFERING

General

Issuer	KB Financial Group Inc., a corporation with limited liability established under the laws of Korea.
New shares of common stock and ADSs being offered	<p>We are offering an aggregate of 30,000,000 new shares of common stock, par value ₩5,000 per share, either directly or in the form of ADSs.</p> <p>As of July 27, 2009, we had 356,351,693 shares of common stock issued and 308,944,022 shares of common stock outstanding. This offering will result in the issuance of 30,000,000 new shares of common stock, or approximately 8.4% of the total common stock issued as of July 27, 2009. Following this offering, the number of shares of common stock issued will increase to 386,351,693 and the number of shares of common stock outstanding will increase to 338,944,022.</p>
Allocation of rights	<p>As required under Korean law, 6,000,000, or 20%, of the new shares of common stock were initially offered to members of our employee stock ownership association, all of which have been subscribed by such members. The remaining 24,000,000, or 80%, of the new shares of common stock are being offered by way of a rights offering to holders of our common stock and ADSs. We are distributing (i) to holders of our ADSs, transferable rights to subscribe for new ADSs at the ADS subscription price described below and (ii) to holders of our common stock, transferable rights to subscribe for new shares of our common stock at the share subscription price described below. No rights will be issued with respect to 47,407,671 shares of our common stock held by Kookmin Bank, our wholly-owned subsidiary.</p>
Reasons for this offering and use of proceeds	<p>Assuming a share subscription price of ₩37,250 per share, which represents the maximum share subscription price per share, we estimate that the aggregate net proceeds from the sale of 30,000,000 new shares of common stock (directly or in the form of ADSs) by us in this offering will be approximately ₩1,105.2 billion (net of underwriting, management and selling fees and other offering expenses). We intend to use the net proceeds from this offering for general corporate purposes, including to fund potential acquisitions in the banking, securities and/or insurance industries, and to strengthen our capital base. We currently do not have any specific plans for such acquisitions. See "Reasons for This Offering and Use of Proceeds."</p>
Risk factors	<p>Investing in our ADSs, common stock, ADS rights or share rights involves risks. See "Risk Factors" in this prospectus supplement and in the accompanying prospectus.</p>
Dilution	<p>If you do not exercise your ADS rights or share rights, as applicable, your percentage ownership interest in us will be diluted. See "Dilution."</p>
Underwriting	<p>The underwriters have agreed, severally and not jointly, to procure subscribers for, or failing which, to subscribe for, all new shares of</p>

Standby purchase commitment	<p>common stock (including in the form of ADSs) that have not been subscribed for by holders of rights. We have agreed to pay the joint lead managers and underwriters underwriting, management and selling fees equal to 0.6% of the final share subscription price multiplied by the total number of new shares of common stock (including in the form of ADSs) issued in this offering and not otherwise excluded as described in “Plan of Distribution.” These underwriting arrangements are subject to customary conditions.</p>
Lock-up	<p>Certain of the underwriters have entered into a separate standby purchase agreement with ING Bank N.V., which held approximately 5.05% of our total issued shares of common stock as of July 27, 2009, pursuant to which it has agreed to purchase at the final share subscription price up to 1,100,000 new shares of our common stock that have not been subscribed for by holders of rights, representing approximately 3.7% of the total number of new shares of our common stock being offered for subscription in this offering. Certain of the underwriters have entered into separate agreements with third parties (in addition to ING Bank N.V.) to act as standby purchasers, pursuant to which such standby purchasers have agreed to purchase a portion of the new shares of our common stock underwritten by such underwriters. Such underwriters have agreed to pay a fee to the standby purchasers for each such standby purchase commitment, including to ING Bank N.V. See “Plan of Distribution — Standby Purchase Commitment.”</p>
Offering to Holders of ADSs	<p>We have agreed that we will not, and will procure that Kookmin Bank will not, during the period beginning from the date of the underwriting agreement and continuing to and including the date 180 days after our receipt of the subscription monies for the new shares of common stock, without the prior written consent of the underwriters (such consent not to be unreasonably withheld), offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or dispose of any shares of our common stock or any substantially similar securities, subject to certain exceptions as described in “Plan of Distribution.”</p>
ADS rights offering	<p>Each holder of our ADSs will receive 0.0776839 ADS right for every ADS it held on the ADS record date identified below. Each ADS right entitles the holder thereof to subscribe for one new ADS at the ADS subscription price described below. Citibank, N.A., as the depository under our American depository receipt program, will charge holders of ADSs a fee of US\$0.02 per ADS held for the distribution of the ADS rights.</p>
ADS record date	<p>5:00 p.m. on July 27, 2009 (New York City time).</p>
Fractional ADS rights	<p>If, on the ADS record date, you held a number of ADSs that would entitle you to receive a number of ADS rights other than a whole number, your entitlement to ADS rights will be rounded down to the nearest whole number and you will receive such whole number of ADS rights, if any. Fractional ADS rights will not be distributed to you but will be aggregated with fractional ADS rights of other holders of ADSs and sold by the ADS rights agent. The net proceeds from the</p>

	<p>sale of your fractional ADS rights (after deducting applicable fees of up to US\$0.02 for every ADS right sold, as well as taxes and expenses) will be remitted to you.</p>
ADS ex-rights date	<p>July 24, 2009. If you purchased ADSs on or after July 24, 2009, or if you sold ADSs on or before July 23, 2009, you will not receive ADS rights for such ADSs.</p>
ADS subscription period	<p>From 9:00 a.m. (New York City time) on August 7, 2009 to 5:00 p.m. (New York City time) on August 21, 2009.</p>
Indicative ADS subscription price and ADS deposit amount	<p>The indicative ADS subscription price is US\$30.51 per new ADS subscribed. The indicative ADS subscription price is the U.S. dollar equivalent of the maximum share subscription price of ₩37,250 per share, based on the exchange rate of ₩1,220.9 per U.S. dollar, which was the market average exchange rate, as announced by Seoul Money Brokerage Services, Ltd., in effect on August 6, 2009.</p> <p>A holder of ADS rights exercising such rights and subscribing for new ADSs must deposit US\$33.56, or the ADS deposit amount, per new ADS subscribed, which represents 110% of the indicative ADS subscription price, to account for possible exchange rate fluctuations and any currency conversion expenses.</p>
Final ADS subscription price	<p>The final ADS subscription price will be the U.S. dollar equivalent of the final share subscription price determined as described below under “— Offering to Holders of Common Stock — Final Share Subscription Price,” based on the exchange rate on or about August 25, 2009 at which we can convert U.S. dollar amounts to Won amounts, plus currency conversion expenses. Any excess of the ADS deposit amount over the final ADS subscription price for the new ADSs being subscribed will be refunded to the exercising holders of ADS rights, while any shortfall in the ADS deposit amount over the final ADS subscription price for the new ADSs being subscribed must be paid by the exercising holders of ADS rights.</p>
ADS subscription procedure	<p>Each holder of ADS rights may exercise all or only a portion of its ADS rights. The exercise of ADS rights is irrevocable.</p> <p>Subscriptions for new ADSs must be received by the ADS rights agent identified below prior to 5:00 p.m. (New York City time) on August 21, 2009.</p> <p>A holder who holds ADS rights through a financial intermediary and who wishes to exercise its ADS rights should consult with the financial intermediary as to the manner, timing and form of exercise documentation, method of payment of the ADS deposit amount and other related matters required to effect such exercise. The financial intermediary through whom the subscription is made may require any person exercising ADS rights to pay or block the ADS deposit amount for the new ADSs being subscribed in a deposit account as a condition to accepting the relevant subscription. You are urged to consult your financial intermediary without delay in case your financial intermediary is unable to act immediately.</p> <p>See “The Rights Offering — Offering to Holders of ADSs — ADS Subscription Procedure” and “— Payment of ADS Subscription Price” for further details on how to exercise your ADS rights.</p>

Unexercised ADS rights	ADS rights that are not exercised by 5:00 p.m. (New York City time) on August 21, 2009 will lapse without compensation. Holders of ADSs who transfer or do not exercise their ADS rights will have their percentage ownership interest in us diluted.
Conversion of ADS rights	ADS rights may not be converted into share rights and share rights may not be converted into ADS rights.
Listing of ADS rights	The ADS rights will be admitted for trading on the New York Stock Exchange under the symbol "KB RT." The CUSIP number for the ADS rights is "48241A 113." Trading in the ADS rights on the New York Stock Exchange is expected to commence on August 10, 2009 and continue until August 17, 2009.
Sale of ADS rights through the ADS rights agent	Holders of ADS rights in certificated form who wish to sell their ADS rights, as well as other holders of ADS rights who wish to sell all or a portion of their ADS rights through the ADS rights agent, must instruct the ADS rights agent to do so before 5:00 p.m. (New York City time) on August 14, 2009. The ADS rights agent will collect the proceeds from all such sales and will distribute the net sales proceeds (after deducting applicable fees of up to US\$0.02 per ADS right sold, as well as taxes and expenses) to the relevant ADS rights holders after the expiration of the ADS subscription period. See "The Rights Offering — Offering to Holders of ADSs — Sale of ADS Rights through the ADS Rights Agent" for further details on how to instruct the ADS rights agent to sell ADS rights.
Issuance and delivery of new ADSs	We expect the new ADSs issuable upon exercise of the ADS rights to be issued and delivered on or about September 8, 2009.
Listing of new ADSs	We expect the new ADSs to commence trading on the New York Stock Exchange on or about September 8, 2009 under the symbol "KB."
ADS rights agent	Citibank, N.A.
ADS holder helpline	+1 (800) 308-7887 (Monday to Friday 9:00 a.m. to 5:00 p.m., New York City time)
Offering to Holders of Common Stock	
Share rights offering	Each holder of our common stock will receive 0.0776839 share right for every share of common stock it held on the share record date identified below. Each share right entitles the holder thereof to subscribe for one new share at the share subscription price described below.
Share record date	5:00 p.m. on July 27, 2009 (Seoul time).
Fractional share rights	If, on the share record date, you held a number of shares of common stock that would entitle you to receive a number of share rights other than a whole number, your entitlement to share rights will be rounded down to the nearest whole number and you will receive such whole number of share rights, if any. Fractional share rights will not be distributed to you.

Share ex-rights date	July 24, 2009. If you purchased shares of our common stock on or after July 24, 2009, or if you sold shares of our common stock on or before July 23, 2009, you will not receive share rights for such shares.
Share subscription period	From 9:00 a.m. (Seoul time) on August 26, 2009 to 4:00 p.m. (Seoul time) on August 27, 2009.
Maximum share subscription price	₩37,250 per share.
Final share subscription price	The final share subscription price per share will be determined on August 21, 2009 and will be the lower of (i) the maximum share subscription price and (ii) a reference price set at a discount rate of 25% to the relevant market price of our common stock. The relevant market price of our common stock will be the lower of (i) the arithmetic average of (x) the volume-weighted average closing price for the one-week period immediately preceding, and inclusive of, August 21, 2009, and (y) the closing price on August 21, 2009, and (ii) the closing price on August 21, 2009, in each case on the KRX KOSPI Market. The final share subscription price may not be lower than ₩5,000 per share.
Share subscription procedure	<p>Each holder of share rights may exercise all or only a portion of its share rights. The exercise of share rights is irrevocable.</p> <p>Subscriptions for new shares must be received by Korea Investment & Securities Co., Ltd., prior to 4:00 p.m. (Seoul time) on August 27, 2009.</p> <p>The exercise of share rights requires the delivery of a properly completed subscription form and full payment of the share subscription price for the new shares of common stock being subscribed to the main or a branch office of Korea Investment & Securities located in Korea. A holder who holds share rights through a financial intermediary and who wishes to exercise its share rights should consult with the financial intermediary as to the manner, timing and form of exercise documentation, method of payment of the share subscription price and other related matters required to effect such exercise. The financial intermediary with whom the subscription is made may require any person exercising share rights to pay or block the share subscription price for the new shares being subscribed in a deposit account as a condition to accepting the relevant subscription. You are urged to consult your financial intermediary without delay in case your financial intermediary is unable to act immediately.</p> <p>See “The Rights Offering — Offering to Holders of Common Stock — Share Subscription Procedure” for further details on how to exercise share rights.</p>
Unexercised share rights	Share rights that are not exercised by 4:00 p.m. (Seoul time) on August 27, 2009 will lapse without compensation. Holders of common stock who transfer or do not exercise their share rights will have their percentage ownership interest in us diluted.
Conversion of share rights	Share rights may not be converted into ADS rights and ADS rights may not be converted into share rights.
Listing of share rights	The share rights have been approved for listing on the KRX KOSPI Market. Trading in the share rights on the KRX KOSPI Market is

expected to commence on August 10, 2009 and continue until August 17, 2009.

Issuance and delivery of new shares	We expect the new shares of common stock issuable upon exercise of the share rights to be issued on or about September 2, 2009 and the share certificates for the new shares of common stock to be delivered on or about September 7, 2009.
Listing of new shares	We expect the new shares of common stock to commence trading on the KRX KOSPI Market on or about September 4, 2009 under the code "A105560."

Expected Timetable of Principal Events

The timetable set forth below lists certain important dates relating to this offering, which we may adjust depending on actions by, or after consultation with, applicable regulatory and listing authorities. We will publicly announce any changes to this timetable through a press release or announcement which we will submit to the SEC via a report on Form 6-K and file with the Financial Services Commission.

<u>ADS Rights</u>	<u>2009 (New York City Time)</u>
ADSs trade ex-rights	July 24
Record date for allocation of ADS rights	5:00 p.m. on July 27
Distribution of ADS rights certificates to registered ADS holders	On or about August 7
ADS subscription period commences	9:00 a.m. on August 7
Trading in ADS rights on the New York Stock Exchange commences	9:30 a.m. on August 10
Last date and time for instructing the ADS rights agent to sell ADS rights	5:00 p.m. on August 14
Last date and time for trading in ADS rights on the New York Stock Exchange	4:00 p.m. on August 17
Last date and time to exercise ADS rights and subscribe for new ADSs	5:00 p.m. on August 21
Determination and announcement of the final ADS subscription price	On or about August 25
Issuance and delivery of new ADSs	On or about September 8
Commencement of trading in new ADSs on the New York Stock Exchange	On or about September 8

<u>Share Rights</u>	<u>2009 (Seoul Time)</u>
Shares of common stock trade ex-rights	July 24
Record date for allocation of share rights	5:00 p.m. on July 27
Share subscription date for members of our employee stock ownership association	August 3
Mailing of new share allocation notices to stockholders	August 7
Trading in share rights on the KRX KOSPI Market commences	9:00 a.m. on August 10
Last date and time for trading in share rights on the KRX KOSPI Market	3:00 p.m. on August 17
Distribution of Korean prospectus to non-U.S. stockholders	On or about August 18
Determination of the final share subscription price	August 21
Announcement of the final share subscription price	August 22
Share subscription period commences	9:00 a.m. on August 26
Last date and time to exercise share rights and subscribe for new shares	4:00 p.m. on August 27
Allocation of unsubscribed new shares (if any)	August 28
Issuance of new shares of common stock	On or about September 2
Commencement of trading in new shares of common stock on the KRX KOSPI Market	On or about September 4
Delivery of share certificates for new shares of common stock	On or about September 7

SUMMARY FINANCIAL INFORMATION

Summary Financial Information under U.S. GAAP

The summary consolidated financial data set forth below as of and for the years ended December 31, 2004, 2005, 2006, 2007 and 2008 have been derived from our audited consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. Our consolidated financial statements as of and for the year ended December 31, 2004 have been audited by independent registered public accounting firm Samil PricewaterhouseCoopers and our consolidated financial statements as of and for the years ended December 31, 2005, 2006, 2007 and 2008 have been audited by independent registered public accounting firm Deloitte Anjin LLC.

We were established on September 29, 2008 pursuant to a “comprehensive stock transfer” under Korean law, whereby holders of the common stock of Kookmin Bank and certain of its subsidiaries transferred all of their shares to us, a new financial holding company, and in return received shares of our common stock. See “Item 4A. History and Development of the Company — The Establishment of KB Financial Group” in our latest annual report on Form 20-F. The stock transfer was accounted for under U.S. GAAP as a transaction between entities under common control. Accordingly, the consolidated financial statements included in our latest annual report on Form 20-F are, as of dates and for periods prior to the date of the stock transfer, for Kookmin Bank and its subsidiaries, and as of dates and for periods from and after the date of the stock transfer, for us and our subsidiaries, including Kookmin Bank. For further information regarding the accounting treatment of the stock transfer, see Note 3 of the notes to our consolidated financial statements included in our latest annual report on Form 20-F.

You should read the following data together with the more detailed information contained in “Item 5. Operating and Financial Review and Prospects” of our latest annual report on Form 20-F and our consolidated financial statements included in such annual report. Historical results do not necessarily predict future results.

Consolidated income statement data

	Year Ended December 31,					2008 ⁽¹⁾
	2004	2005	2006	2007	2008	
	(In billions of Won, except common share data)					(In millions of US\$, except common share data)
Interest and dividend income	₩12,092	₩10,658	₩11,405	₩12,792	₩15,829	US\$ 12,542
Interest expense	5,516	4,757	5,342	6,687	9,360	7,417
Net interest income	6,576	5,901	6,063	6,105	6,469	5,125
Provision for credit losses	3,861	613	(100)	18	2,313	1,833
Non-interest income	2,800	2,844	2,880	4,013	2,952	2,339
Non-interest expense	4,032	4,314	4,522	5,135	5,321	4,215
Income tax expense (benefit)	448	1,099	1,423	1,206	454	359
Minority interests	3	3	5	4	7	6
Net income (loss) from continuing operations	1,032	2,716	3,093	3,755	1,326	1,051
Cumulative effect of accounting change, net of tax	—	—	(2)	—	—	—
Net income	<u>₩ 1,032</u>	<u>₩ 2,716</u>	<u>₩ 3,091</u>	<u>₩ 3,755</u>	<u>₩ 1,326</u>	<u>US\$ 1,051</u>

	Year Ended December 31,							
	2004	2005	2006	2007	2008	2008 ⁽¹⁾		
	(In billions of Won, except common share data)						(In millions of US\$, except common share data)	
Net income from continuing operations per common share								
Net income — basic	₩ 3,367	₩ 8,415	₩ 9,194	₩ 11,164	₩ 4,121	US\$		3.27
Net income — diluted ⁽²⁾	3,365	8,411	9,193	11,164	4,121			3.27
Net income per common share								
Net income — basic	₩ 3,367	₩ 8,415	₩ 9,189	₩ 11,164	₩ 4,121	US\$		3.27
Net income — diluted ⁽²⁾	3,365	8,411	9,188	11,164	4,121			3.27
Weighted average common shares outstanding — basic (in thousands of common shares)	306,432	322,786	336,351	336,346	321,727			321,727
Weighted average common shares outstanding — diluted (in thousands of common shares)	306,650	322,948	336,353	336,346	321,727			321,727
Cash dividends declared per common share ⁽³⁾	₩ —	₩ 550	₩ 550	₩ 3,650	₩ 2,450	US\$		1.94

(1) Won amounts are expressed in U.S. dollars at the rate of ₩1,262.0 to US\$1.00, the noon buying rate in effect on December 31, 2008 as quoted by the Federal Reserve Bank of New York in the United States.

(2) Diluted earnings per share gives effect to the potential dilution that could occur if convertible securities, options or other contracts to issue common stock were converted into or exercised for common stock for the relevant periods. Effective from 2003, we had one category of potentially dilutive common shares, which was shares issuable on exercise of stock options granted to directors, executive officers and employees. Effective from August 2005, we changed the settlement method for such stock options to a cash settlement method (excluding certain outstanding stock options which were exercised in full in 2006), and accordingly there were no potentially dilutive common shares in 2007 and 2008.

(3) U.S. GAAP requires that dividends be recorded in the period in which they are declared rather than the period to which they relate unless these are the same.

Consolidated balance sheet data

	As of December 31,					
	2004	2005	2006	2007	2008	2008 ⁽¹⁾
	(In billions of Won)					(In millions of US\$)
Assets						
Cash and cash equivalents	₩ 2,818	₩ 3,086	₩ 3,775	₩ 2,770	₩ 3,073	US\$ 2,435
Restricted cash	1,822	2,259	3,277	3,996	4,794	3,799
Interest-bearing deposits in other banks	597	515	423	69	235	186
Call loans and securities purchased under resale agreements	2,993	1,716	1,738	1,628	1,407	1,115
Trading assets	6,096	4,754	3,744	6,594	13,095	10,377
Investments ⁽²⁾	23,095	25,372	25,348	24,685	29,209	23,145
Loans (net of allowance for loan losses of ₩4,461 billion in 2004, ₩3,212 billion in 2005, ₩2,468 billion in 2006, ₩1,864 billion in 2007 and ₩3,043 billion in 2008)	133,794	134,939	149,216	170,721	197,067	156,154
Due from customers on acceptances	743	627	620	1,106	2,063	1,635
Premises and equipment, net	1,637	1,516	1,612	1,660	1,775	1,407
Accrued interest and dividends receivable	871	1,060	802	899	1,124	891
Security deposits	1,285	1,185	1,190	1,335	1,428	1,131
Goodwill	422	394	394	394	578	458
Other intangible assets, net	308	217	185	183	208	165
Other assets	1,055	868	654	1,643	2,271	1,799
Total assets	₩177,536	₩178,508	₩192,978	₩217,683	₩258,327	US\$ 204,697
Liabilities and Stockholders' Equity						
Deposits:						
Interest bearing	₩123,203	₩121,787	₩125,195	₩134,760	₩155,263	US\$ 123,030
Non-interest bearing	3,017	3,912	4,345	3,678	3,438	2,724
Call money	652	1,253	168	794	3,444	2,729
Trading liabilities	2,297	1,078	1,223	1,812	8,191	6,491
Acceptances outstanding	743	627	620	1,106	2,063	1,634
Other borrowed funds	9,514	6,118	10,627	7,776	10,527	8,341
Accrued interest payable	3,495	3,307	3,698	4,196	4,961	3,932
Secured borrowings	6,121	8,118	7,463	6,315	5,880	4,659
Long-term debt	17,899	16,751	21,675	36,307	45,148	35,775
Other liabilities	2,900	4,151	3,174	3,953	3,817	3,025
Total liabilities	169,841	167,102	178,188	200,697	242,732	192,340
Minority interests	13	14	18	20	—	—
Common stock	1,682	1,682	1,682	1,682	1,782	1,412
Additional paid-in capital	5,400	5,416	5,404	5,405	6,253	4,955
Other	600	4,294	7,686	9,879	7,560	5,990
Stockholders' equity	7,682	11,392	14,772	16,966	15,595	12,357
Total liabilities, minority interests and stockholders' equity	₩177,536	₩178,508	₩192,978	₩217,683	₩258,327	US\$ 204,697

(1) Won amounts are expressed in U.S. dollars at the rate of ₩1,262.0 to US\$1.00, the noon buying rate in effect on December 31, 2008 as quoted by the Federal Reserve Bank of New York in the United States.

(2) Consists of available-for-sale securities, held-to-maturity securities, venture capital securities and other securities.

Profitability ratios and other data

	Year Ended December 31,				
	2004	2005	2006	2007	2008
	(Percentages)				
Net income as a percentage of:					
Average total assets ⁽¹⁾	0.56%	1.50%	1.61%	1.80%	0.54%
Average stockholders' equity ⁽¹⁾	13.36	25.51	22.52	22.66	7.79
Dividend payout ratio ⁽²⁾	16.33	6.81	39.73	21.95	—
Net interest spread ⁽³⁾	3.62	3.29	3.15	2.84	2.48
Net interest margin ⁽⁴⁾	3.84	3.53	3.43	3.17	2.83
Efficiency ratio ⁽⁵⁾	43.00	49.33	50.56	50.75	56.48
Cost-to-average assets ratio ⁽⁶⁾	2.19	2.38	2.36	2.46	2.18
Won loans (gross) as a percentage of Won deposits	108.00	106.34	112.16	119.48	120.50
Total loans (gross) as a percentage of total deposits	109.43	109.80	116.88	124.38	125.79

(1) Average balances are based on daily balances for our primary banking operations and monthly or quarterly balances for our other operations.

(2) Represents the ratio of total dividends declared on common stock as a percentage of net income.

(3) Represents the difference between the yield on average interest earning assets and cost of average interest bearing liabilities.

(4) Represents the ratio of net interest income to average interest earning assets.

(5) Represents the ratio of non-interest expense to the sum of net interest income and non-interest income.

(6) Represents the ratio of non-interest expense to average total assets.

Credit portfolio ratios and other data

	As of December 31,				
	2004	2005	2006	2007	2008
	(In billions of Won, except percentages)				
Total loans	₩138,124	₩138,012	₩151,403	₩172,189	₩199,637
Total non-performing loans ⁽¹⁾	3,175	3,149	2,143	1,339	1,068
Other impaired loans not included in non-performing loans	2,034	1,615	1,195	887	2,636
Total of non-performing loans and other impaired loans	5,209	4,764	3,338	2,226	3,704
Total allowance for loan losses	4,461	3,212	2,468	1,864	3,043
Non-performing loans as a percentage of total loans	2.30%	2.28%	1.42%	0.78%	0.53%
Non-performing loans as a percentage of total assets	1.79	1.76	1.11	0.62	0.41
Total of non-performing loans and other impaired loans as a percentage of total loans	3.77	3.45	2.21	1.29	1.86
Allowance for loan losses as a percentage of total loans	3.23	2.33	1.63	1.08	1.52

(1) Non-performing loans are defined as those loans, including corporate, retail and other loans, which are past due more than 90 days.

Summary Consolidated Financial Information under Korean GAAP

The summary consolidated financial data set forth below as of and for the years ended December 31, 2004, 2005, 2006, 2007 and 2008 have been derived from our audited consolidated financial statements prepared in accordance with generally accepted accounting principles in Korea, or Korean GAAP. Such financial statements are prepared on a different basis from, and are not directly comparable with, our consolidated financial statements included in our latest annual report on Form 20-F, which are prepared under U.S. GAAP. For a description of significant differences between Korean GAAP and U.S. GAAP, see “Item 5B. Liquidity and Capital Resources — Reconciliation with Korean GAAP” in our latest annual report on Form 20-F.

We were established on September 29, 2008 pursuant to a “comprehensive stock transfer” under Korean law, whereby holders of the common stock of Kookmin Bank and certain of its subsidiaries transferred all of their shares to us, a new financial holding company, and in return received shares of our common stock. See “Item 4A. History and Development of the Company — The Establishment of KB Financial Group” in our latest annual report on Form 20-F. Accordingly, the summary consolidated financial data set forth below are, as of dates and for periods prior to the date of the stock transfer, for Kookmin Bank and its subsidiaries, and as of dates and for periods from and after the date of the stock transfer, for us and our subsidiaries, including Kookmin Bank.

Under Korean GAAP, consolidated financial statements include the accounts of fully- or majority-owned subsidiaries and substantially controlled affiliates that have assets in excess of ₩10 billion. Substantial control is deemed to exist when the investor is the largest stockholder and owns more than 30% of the investee’s voting shares. In addition, under Korean GAAP, financial statements of our trust accounts on which we guarantee a fixed rate of return and/or the repayment of principal are consolidated, whereby assets and liabilities of third parties held by such trusts are reflected as part of our consolidated assets and liabilities, and revenues and expenses generated from such third-party assets are reflected in our consolidated statement of income. Activities between trusts and us are eliminated in consolidation.

You should read the following data together with our consolidated financial statements as of December 31, 2008 and for the period from September 29, 2008 to December 31, 2008 prepared under Korean GAAP, which are incorporated by reference in the accompanying prospectus. Historical results do not necessarily predict future results.

Consolidated income statement data under Korean GAAP

	Year Ended December 31,				Six Months Ended		Year Ended December 31,		
	2004	2005	2006	2007	June 30, 2008	December 31, 2008	2008 ⁽¹⁾	2008 ⁽²⁾	
	(In billions of Won, except per common share data)							(In millions of US\$, except per common share data)	
Interest income ⁽³⁾	₩12,284	₩11,453	₩12,267	₩13,877	₩7,938	₩ 8,978	₩16,916	US\$ 13,404	
Interest expense	5,541	4,731	5,392	6,798	4,409	5,101	9,510	7,536	
Net interest income	6,743	6,722	6,875	7,079	3,529	3,877	7,406	5,868	
Provision for possible loan losses	3,065	1,029	1,028	547	412	1,415	1,827	1,448	
Net interest income after provision for possible loan losses	3,678	5,693	5,847	6,532	3,117	2,462	5,579	4,420	
Non-interest revenue ⁽³⁾⁽⁴⁾⁽⁷⁾	8,547	6,834	8,052	8,277	8,028	20,751	28,779	22,805	
Non-interest expense ⁽⁵⁾⁽⁷⁾	10,546	9,438	10,649	10,529	9,430	22,586	32,016	25,369	
Operating income	1,679	3,089	3,250	4,280	1,715	627	2,342	1,856	
Non-operating (loss) income, net ⁽⁷⁾	(1,056)	170	174	264	62	312	374	296	

	Year Ended December 31,				Six Months Ended		Year Ended December 31,	
	2004	2005	2006	2007	June 30, 2008	December 31, 2008	2008 ⁽¹⁾	2008 ⁽²⁾
	(In billions of Won, except per common share data)							
Net income before income tax expense	₩ 623	₩3,259	₩3,424	₩4,544	₩1,777	₩ 939	₩2,716	US\$ 2,152
Income tax expense ⁽⁷⁾	264	1,006	957	1,782	513	329	842	667
Net income before acquisition of subsidiary	—	—	—	—	1	0	1	1
Net income ⁽⁸⁾	₩ 359	₩2,253	₩2,467	₩2,762	₩1,263	₩ 610	₩1,873	US\$ 1,484
Controlling company interests	₩ 356	₩2,241	₩2,458	₩2,757	₩1,261	₩ 612	₩1,873	US\$ 1,484
Minority interests	3	12	9	5	2	(2)	—	—
Per common share data:								
Earnings per share — basic	1,162	6,943	7,308	8,197	3,750	2,134	5,884	4.7
Earnings per share — diluted	1,161	6,938	7,308	8,179	3,746	2,134	5,880	4.7
Cash dividends per common share ⁽⁶⁾	550	550	3,650	2,450	—	—	—	—

- (1) Figures shown in the above table for the year ended December 31, 2008 represent (i) the consolidated income statement data of Kookmin Bank for the period between January 1, 2008 and June 30, 2008 (for which consolidated net income was ₩1,263 billion under Korean GAAP), and (ii) our consolidated income statement data for the period between September 29, 2008 and December 31, 2008 (for which consolidated net income was ₩610 billion under Korean GAAP), which includes the results of Kookmin Bank and its subsidiaries from July 1, 2008 to September 28, 2008 because the acquisition cost of Kookmin Bank and its subsidiaries in connection with the comprehensive stock transfer pursuant to which we were established has been determined as the net asset amount of Kookmin Bank and its subsidiaries as of June 30, 2008 based on Korean GAAP.
- (2) Won amounts are expressed in U.S. dollars at the rate of ₩1,262.0 to US\$1.00, the noon buying rate in effect on December 31, 2008 as quoted by the Federal Reserve Bank of New York in the United States.
- (3) Commencing with the year ended December 31, 2005, certain income items relating to our credit card operations (including merchant fees on credit card purchases and interest on credit card installment purchases) have been reclassified from non-interest income to interest income. Corresponding amounts for 2004 have been restated to reflect such reclassification.
- (4) Non-interest revenue includes fees and commission income, dividends on securities, gains on security valuations and disposals, gains on foreign currency transactions and gains from derivative transactions.
- (5) Non-interest expense is composed of fees and commissions paid or payable, general and administrative expenses, losses on security valuations and disposals, losses on foreign currency transactions and losses from derivative transactions.
- (6) Ratios represent the periods to which the dividends relate.
- (7) Commencing with the year ended December 31, 2007, we reclassified a number of line items in our income statement, including gains or losses on disposal of available-for-sale securities and sale of loans, which have been reclassified from non-operating (loss) income to non-interest (expense) revenue, and refund of a prior year's income tax and additional income tax paid for a prior year, which have been reclassified from non-operating (loss) income to income tax (benefit) expense. Certain income statement amounts for 2006 have been restated to reflect such reclassification.

- (8) Commencing with the year ended December 31, 2007, net income is presented as the sum of controlling company interests and minority interests. In prior years, controlling company interests were presented as net income. Corresponding amounts for 2004, 2005 and 2006 have been restated to reflect such change.

Consolidated balance sheet data under Korean GAAP

	As of December 31,					2008 ⁽¹⁾ (In millions of US\$)
	2004	2005	2006	2007	2008	
	(In billions of Won)					
Cash and cash equivalents	₩ 5,213	₩ 5,943	₩ 6,689	₩ 6,727	₩ 8,316	US\$ 6,590
Foreign exchange ⁽²⁾	—	—	—	—	—	—
Loans ⁽³⁾⁽⁴⁾⁽⁵⁾	138,969	138,281	152,383	174,235	202,407	160,386
Less: allowance for doubtful accounts	(3,131)	(2,459)	(2,365)	(2,505)	(3,477)	(2,756)
Trading securities ⁽⁶⁾	6,523	6,463	5,552	7,786	7,644	6,057
Investment securities ⁽⁶⁾	24,147	27,016	27,036	26,454	31,342	24,835
Premises and equipment, net	2,637	2,442	2,513	2,640	3,915	3,103
Other assets ⁽⁷⁾⁽⁸⁾	8,331	5,217	7,105	7,707	17,402	13,789
Total assets	<u>₩182,689</u>	<u>₩182,903</u>	<u>₩198,913</u>	<u>₩223,044</u>	<u>₩267,549</u>	<u>US\$ 212,004</u>
Deposits	₩130,134	₩129,616	₩133,297	₩142,101	₩162,210	US\$ 128,534
Borrowings ⁽⁹⁾⁽¹⁰⁾	9,359	13,328	13,804	15,275	20,390	16,156
Debentures	21,875	16,548	24,983	34,895	43,106	34,157
Other liabilities ⁽¹¹⁾	12,059	10,960	11,701	14,666	25,781	20,429
Total liabilities	<u>173,427</u>	<u>170,452</u>	<u>183,785</u>	<u>206,937</u>	<u>251,487</u>	<u>199,276</u>
Stockholders' equity ⁽¹²⁾	<u>9,262</u>	<u>12,451</u>	<u>15,128</u>	<u>16,107</u>	<u>16,062</u>	<u>12,728</u>
Total liabilities, minority interests and stockholders' equity	<u>₩182,689</u>	<u>₩182,903</u>	<u>₩198,913</u>	<u>₩223,044</u>	<u>₩267,549</u>	<u>US\$ 212,004</u>

- (1) Won amounts are expressed in U.S. dollars at the rate of ₩1,262.0 to US\$1.00, the noon buying rate in effect on December 31, 2008 as quoted by the Federal Reserve Bank of New York in the United States.
- (2) Foreign exchange represents holdings of foreign currency and bills bought in foreign currencies and are included in cash and cash equivalents and loans, respectively. The amounts of foreign currency and bills bought in foreign currencies as of December 31, 2004 were ₩125 billion and ₩575 billion, respectively. As of December 31, 2005, the amounts were ₩150 billion and ₩1,378 billion, respectively. As of December 31, 2006, the amounts were ₩151 billion and ₩1,274 billion, respectively. As of December 31, 2007, the amounts were ₩189 billion and ₩1,628 billion, respectively. As of December 31, 2008, the amounts were ₩273 billion and ₩2,754 billion, respectively.
- (3) Loans represent the gross amount of loans, before adjustment for the allowance for loan losses. Accrued interest income is included within other assets.
- (4) Credit card assets are included in loans. The amount of credit card assets was ₩7,644 billion, ₩7,571 billion, ₩8,667 billion, ₩10,436 billion and ₩11,526 billion as of December 31, 2004, 2005, 2006, 2007 and 2008, respectively.
- (5) Call loans are included in loans. The amounts of call loans at December 31, 2004, 2005, 2006, 2007 and 2008 were ₩2,824 billion, ₩1,535 billion, ₩1,189 billion, ₩1,621 billion and ₩158 billion, respectively.
- (6) Under Korean GAAP, all debt securities and marketable equity securities are accounted for on a similar basis to U.S. GAAP. However, adjustments for impairment can be reversed up to the original cost of the investment.

- (7) Guarantees and acceptances for which the amounts were determined do not appear on the balance sheet but are recorded as an off-balance sheet item in the notes to our consolidated financial statements. The amounts of guarantees and acceptances at December 31, 2004, 2005, 2006, 2007 and 2008 were ₩976 billion, ₩1,790 billion, ₩2,715 billion, ₩5,300 billion and ₩9,107 billion, respectively.
- (8) Other assets include leasehold deposits, accounts receivables, accrued interest income, prepaid expenses and unsettled debit of domestic exchange (which represents outstanding balances due from other banks generated in the process of fund settlements of domestic exchange, such as checks, bills, drafts, remittance exchange, ATM use and credit card network). Leasehold deposits are recorded as other assets on the balance sheet. Accumulated depreciation is recorded as a deduction from premises and equipment.
- (9) Borrowings consist mainly of borrowings from the Bank of Korea, the Korean government and other banking institutions.
- (10) Call money is included in borrowings at December 31, 2004, 2005, 2006, 2007 and 2008. The balances of call money as of those dates were ₩655 billion, ₩1,254 billion, ₩168 billion, ₩794 billion and ₩3,444 billion, respectively.
- (11) Under Korean GAAP, contingent losses with respect to guarantees and acceptances are recognized by applying the same classification methods and provision percentages used in determining the allowance for loan losses. Provisions are only applied to acceptances and guarantees classified as substandard, doubtful and estimated loss. The amounts of allowance as of December 31, 2004, 2005, 2006, 2007 and 2008 were ₩1 billion, ₩10 billion, ₩19 billion, ₩37 billion and ₩122 billion, respectively. These amounts are included in other liabilities.
- (12) Under Korean GAAP, minority interests are included in stockholders' equity. The amounts of minority interests as of December 31, 2004, 2005, 2006, 2007 and 2008 were ₩28 billion, ₩39 billion, ₩44 billion, ₩44 billion and ₩233 billion, respectively.

Consolidated profitability and other ratios under Korean GAAP

	Year Ended December 31,				
	2004	2005	2006	2007	2008 ⁽¹⁾
	(Percentages)				
Net income as a percentage of:					
Average total assets ⁽²⁾	0.19%	1.23%	1.27%	1.31%	0.75%
Average stockholders' equity ⁽²⁾	3.78	19.41	17.21	17.12	12.42
Dividend payout ratio ⁽³⁾	46.95	8.21	49.77	29.84	—
Net interest spread ⁽⁴⁾	4.04	3.98	3.69	3.39	2.98
Net interest margin ⁽⁵⁾	4.05	4.10	3.90	3.65	3.23
Efficiency ratio ⁽⁶⁾	68.97	69.62	71.70	71.11	92.62
Cost-to-average assets ratio ⁽⁷⁾	5.66	5.13	5.38	5.29	13.69
Fee income as a percentage of total income ⁽⁸⁾	7.28	6.13	6.69	7.02	3.36

- (1) Figures shown in the above table for the year ended December 31, 2008 have been calculated based on (i) the applicable consolidated financial data of Kookmin Bank under Korean GAAP for the period between January 1, 2008 and June 30, 2008 and (ii) our applicable consolidated financial data under Korean GAAP for the period between September 29, 2008 and December 31, 2008, which includes the results of Kookmin Bank and its subsidiaries from July 1, 2008 to September 28, 2008 because the acquisition cost of Kookmin Bank and its subsidiaries in connection with the comprehensive stock transfer pursuant to which we were established has been determined as the net asset amount of Kookmin Bank and its subsidiaries as of June 30, 2008 based on Korean GAAP.
- (2) Average balances are based on (a) daily balances for our primary banking operations and (b) monthly or quarterly balances for our other operations.
- (3) The dividend payout ratio represents the ratio of total dividends paid on common stock as a percentage of net income attributable to common stock.

- (4) Net interest spread represents the difference between the yield on average interest earning assets and cost of average interest bearing liabilities.
- (5) Net interest margin represents the ratio of net interest income to average interest earning assets.
- (6) Efficiency ratio represents the ratio of non-interest expense to the sum of net interest income and non-interest revenue.
- (7) Cost-to-average assets ratio represents the ratio of non-interest expense to average total assets.
- (8) Fee income represents income other than interest income and other operating income, and excludes fees and commissions classified in those categories under Korean GAAP.

Capital ratios under Korean GAAP

	Year Ended December 31,				
	2004	2005	2006	2007	2008
	(Percentages)				
Consolidated capital adequacy ratio of KB Financial Group ⁽¹⁾	—	—	—	—	11.73%
Capital adequacy ratios of Kookmin Bank					
Tier I capital adequacy ratio ⁽²⁾	6.67%	9.67%	10.07%	9.74%	9.92
Tier II capital adequacy ratio ⁽²⁾	4.34	3.28	4.10	2.88	3.26
Average stockholders' equity as a percentage of average total assets	5.10	6.31	7.37	7.63	6.06

- (1) Under applicable guidelines of the Financial Services Commission, we, as a bank holding company, are required to maintain a minimum consolidated capital adequacy ratio of 8%. This computation is based on our consolidated financial statements prepared in accordance with Korean GAAP. See “Item 5B. Liquidity and Capital Resources — Financial Condition — Capital Adequacy” in our latest annual report on Form 20-F.
- (2) Kookmin Bank’s capital adequacy ratios are computed in accordance with the guidelines issued by the Financial Services Commission. The computation is based on its consolidated financial statements prepared in accordance with Korean GAAP. See “Item 5B. Liquidity and Capital Resources — Financial Condition — Capital Adequacy” in our latest annual report on Form 20-F.

Consolidated credit portfolio ratios under Korean GAAP

	As of December 31,				
	2004	2005	2006	2007	2008
	(In billions of Won, except percentages)				
Non-performing loans ⁽¹⁾	₩3,524	₩2,297	₩ 1,551	₩ 1,297	₩ 2,559
Non-performing loans as a percentage of total loans	2.53%	1.66%	1.02%	0.74%	1.27%
Non-performing loans as a percentage of total assets	1.93	1.26	0.78	0.58	0.96
Allowance for loan losses for non-performing loans as a percentage of non-performing loans	47.86	52.83	52.31	53.62	45.18
Total allowance for loan losses as a percentage of total loans	2.25	1.78	1.55	1.44	1.72
Non-performing credits as a percentage of total credits ⁽²⁾	2.52	1.63	1.00	0.71	1.24
Won loans as a percentage of Won deposits ⁽³⁾	99.41	96.94	103.01	119.40	126.92
Precautionary loans as a percentage of total loans	4.37	2.30	1.13	0.82	1.45
Precautionary and below loans as a percentage of total loans ⁽⁴⁾	6.90	3.97	2.15	1.56	2.71
Precautionary and below loans as a percentage of total assets ⁽⁴⁾	5.26	3.00	1.64	1.22	2.05
Allowance for loan losses for precautionary and below loans as a percentage of precautionary and below loans ⁽⁴⁾	23.53	28.29	31.03	31.20	28.83

(1) Non-performing loans are defined in accordance with regulatory guidance in Korea. See “Item 4B. Business Overview — Supervision and Regulation — Principal Regulations Applicable to Banks” in our latest annual report on Form 20-F.

(2) Credits include loans and confirmed guarantees and acceptances provided from our trust accounts (including bills purchased and privately placed debentures), as well as the total loan portfolio of the banking accounts. Loans, as defined for Korean GAAP purposes, include loans provided from our trust accounts (including bills purchased and privately placed debentures), as well as the total loan portfolio of the banking accounts.

(3) Under Korean GAAP, Won loans do not include bills bought in Won, advances for customers, credit card accounts, bonds purchased under resale agreements, call loans, private placement corporate bonds and loans in restructurings that have been swapped for equity in the restructured borrower. Including these items, our ratios as of December 31, 2004, 2005, 2006, 2007 and 2008 would have been 109.55%, 107.40%, 117.65%, 134.40% and 140.44%, respectively.

(4) As defined by the Financial Services Commission.

Summary Non-consolidated Financial Information under Korean GAAP

The summary non-consolidated financial data set forth below as of December 31, 2008 and June 30, 2009 and for the six months ended June 30, 2008 (in the case of financial data for Kookmin Bank) and June 30, 2009 have been derived from our and Kookmin Bank’s respective unaudited non-consolidated financial statements prepared in accordance with Korean GAAP. Such financial statements are prepared on a different basis from, and are not directly comparable with, our consolidated financial statements included in our latest annual report on Form 20-F, which are prepared under U.S. GAAP. In particular, had such financial statements been prepared under U.S. GAAP, they would have been required to be prepared on a consolidated basis. Under U.S. GAAP, the primary financial statements are prepared on a consolidated basis. Non-consolidated financial information for the parent company and combined financial statements may be presented as supplementary information. Under Korean GAAP, the

primary financial statements are prepared on a non-consolidated basis (i.e. stand-alone basis), where the subsidiaries are accounted for using the equity method. For a description of other significant differences between Korean GAAP and U.S. GAAP, see “Item 5B. Liquidity and Capital Resources — Reconciliation with Korean GAAP” in our latest annual report on Form 20-F.

You should read the following data together with our and Kookmin Bank’s respective unaudited non-consolidated financial statements as of December 31, 2008 and June 30, 2009 and for the six months ended June 30, 2008 (in the case of financial statements for Kookmin Bank) and June 30, 2009 prepared under Korean GAAP, which are included elsewhere in this prospectus supplement. Because we were established on September 29, 2008, we do not have non-consolidated financial statements for the six months ended June 30, 2008. Historical results do not necessarily predict future results.

Non-consolidated income statement data under Korean GAAP

	KB Financial Group Inc.	
	Six Months Ended June 30,	
	2009	2009⁽¹⁾
	(In billions of Won, except per common share data)	(In millions of US\$, except per common share data)
Operating revenues:		
Interest income	₩ 5	US\$ 4
Gain on valuation of equity method investments	414	325
Reversal of allowance for loans	—	—
Operating expenses:		
Interest expenses	28	22
Loss on valuation of equity method investments	24	19
Commission expense	4	3
Selling and administrative expenses	15	12
Operating income	<u>348</u>	<u>273</u>
Non-operating income	—	—
Non-operating expenses	—	—
Income before income taxes	348	273
Income tax expense	—	—
Net income	<u>₩ 348</u>	<u>US\$ 273</u>
Basic and diluted earnings per share	<u>₩ 1,127</u>	<u>US\$ 0.88</u>

Kookmin Bank			
Six Months Ended June 30,			
	<u>2008</u>	<u>2009</u>	<u>2009⁽¹⁾</u>
	(In billions of Won)		(In millions of US\$)
Operating revenues:			
Interest revenue	₩7,800	₩ 7,512	US\$ 5,899
Gain on valuation and disposal of securities	226	306	240
Gain on disposal of loans for loans receivable	23	40	31
Other operating revenues ⁽²⁾	7,335	9,115	7,158
Operating expenses:			
Interest expenses	4,340	4,400	3,455
Loss on valuation and disposal of securities	111	89	70
Loss on valuation and disposal of loans	409	1,060	832
Other operating expenses ⁽³⁾	<u>8,842</u>	<u>11,002</u>	<u>8,639</u>
Operating income	<u>1,682</u>	<u>422</u>	<u>332</u>
Non-operating revenue	141	152	119
Non-operating expenses	<u>54</u>	<u>171</u>	<u>134</u>
Income before income taxes	1,769	403	317
Income tax expense	<u>493</u>	<u>16</u>	<u>13</u>
Net income	<u>₩1,276</u>	<u>₩ 387</u>	<u>US\$ 304</u>

(1) Won amounts are expressed in U.S. dollars at the rate of ₩1,273.5 to US\$1.00, the noon buying rate in effect on June 30, 2009 as quoted by the Federal Reserve Bank of New York in the United States.

(2) Includes principally foreign exchange trading income, commission income, fees and commissions from trust accounts, dividend income and other operating revenue.

(3) Includes principally foreign exchange trading expenses, commission expenses, general and administrative expenses and other operating expenses.

Non-consolidated balance sheet data under Korean GAAP

	KB Financial Group Inc.		
	As of		
	December 31, 2008	June 30, 2009	June 30, 2009 ⁽¹⁾
	(in billions of Won)		(In millions of US\$)
Assets:			
Cash and due from banks	₩ 2	₩ 9	US\$ 7
Equity method investments	16,345	16,874	13,250
Loans receivable, net	199	169	133
Property and equipment, net	3	3	2
Other assets, net	19	25	20
Total assets	<u>₩ 16,568</u>	<u>₩17,080</u>	<u>US\$ 13,412</u>
Liabilities and Stockholders' Equity:			
Borrowings	₩ 232	₩ 230	US\$ 181
Debentures, net of discount	498	798	627
Other liabilities, net	9	14	11
Total liabilities	<u>739</u>	<u>1,042</u>	<u>819</u>
Common stock	1,782	1,782	1,399
Capital surplus	15,473	15,473	12,149
Capital adjustment	(3,145)	(3,166)	(2,486)
Accumulated other comprehensive income	1,088	966	759
Retained earnings	631	983	772
Stockholders' equity	<u>15,829</u>	<u>16,038</u>	<u>12,593</u>
Total liabilities and stockholders' equity	<u>₩ 16,568</u>	<u>₩17,080</u>	<u>US\$ 13,412</u>

	Kookmin Bank		
	As of		
	December 31, 2008	June 30, 2009	June 30, 2009⁽¹⁾
	(In billions of Won)		(In millions of US\$)
Assets:			
Cash and due from banks	₩ 7,728	₩ 7,924	US\$ 6,222
Securities	34,929	39,383	30,925
Loans receivable, net	198,695	201,323	158,086
Property and equipment, net	3,493	3,395	2,666
Other assets, net	17,248	15,120	11,873
Total assets	₩ 262,093	₩267,145	US\$ 209,772
Liabilities and Stockholders' Equity:			
Deposits	₩ 158,868	₩170,737	US\$ 134,069
Debts, net	61,760	56,079	44,035
Other liabilities, net	24,151	22,088	17,344
Total liabilities	244,779	248,904	195,448
Common stock	2,182	2,482	1,949
Capital surplus	6,269	6,268	4,922
Accumulated other comprehensive income	445	691	543
Retained earnings	8,418	8,800	6,910
Stockholders' equity	17,314	18,241	14,324
Total liabilities and stockholders' equity	₩ 262,093	₩267,145	US\$ 209,772

(1) Won amounts are expressed in U.S. dollars at the rate of ₩1,273.5 to US\$1.00, the noon buying rate in effect on June 30, 2009 as quoted by the Federal Reserve Bank of New York in the United States.

Kookmin Bank's non-consolidated profitability and other ratios under Korean GAAP

	Six Months Ended	
	June 30, 2008	June 30, 2009
	(Percentages)	
Net income (annualized) as a percentage of:		
Average total assets ⁽¹⁾	1.09%	0.29%
Average stockholders' equity ⁽¹⁾	15.45	4.34
Net interest spread ⁽²⁾	3.00	2.44
Net interest margin ⁽³⁾	3.23	2.60
Efficiency ratio ⁽⁴⁾	84.18	96.84
Cost-to-average assets ratio ⁽⁵⁾	8.04	9.21
Fee income as a percentage of total income ⁽⁶⁾	4.92	3.81

(1) Average balances are based on daily balances.

(2) Net interest spread represents the difference between the annualized yield on average interest earning assets and annualized cost of average interest bearing liabilities.

(3) Net interest margin represents the ratio of net interest income (annualized) to average interest earning assets.

(4) Efficiency ratio represents the ratio of non-interest expense to the sum of net interest income and non-interest revenue.

- (5) Cost-to-average assets ratio represents the ratio of non-interest expense (annualized) to average total assets.
- (6) Fee income represents income other than interest income and other operating income, and excludes fees and commissions classified in those categories under Korean GAAP.

Kookmin Bank's non-consolidated credit portfolio ratios under Korean GAAP

	As of	
	December 31, 2008	June 30, 2009
	(In billions of Won, except percentages)	
Non-performing loans ⁽¹⁾	₩ 2,558	₩ 2,826
Non-performing loans as a percentage of total loans	1.27%	1.38%
Non-performing loans as a percentage of total assets	0.98	1.06
Allowance for loan losses for non-performing loans as a percentage of non-performing loans	45.17	50.32
Total allowance for loan losses as a percentage of non-performing loans	133.3	133.9
Total allowance for loan losses as a percentage of total loans	1.71	1.84
Non-performing credits as a percentage of total credits ⁽²⁾	1.24	1.35
Won loans as a percentage of Won deposits ⁽³⁾	129.58	125.22
Precautionary loans as a percentage of total loans	1.36	1.51
Precautionary and below loans as a percentage of total loans ⁽⁴⁾	2.63	2.89
Precautionary and below loans as a percentage of total assets ⁽⁴⁾	2.03	2.22
Allowance for loan losses for precautionary and below loans as a percentage of precautionary and below loans ⁽⁴⁾	29.37	31.24

- (1) Non-performing loans are defined in accordance with regulatory guidance in Korea. See “Item 4B. Business Overview — Supervision and Regulation — Principal Regulations Applicable to Banks” in our latest annual report on Form 20-F.
- (2) Credits include loans and confirmed guarantees and acceptances.
- (3) Under Korean GAAP, Won loans do not include bills bought in Won, advances for customers, credit card accounts, bonds purchased under resale agreements, call loans, private placement corporate bonds and loans in restructurings that have been swapped for equity in the restructured borrower. Including these items, the ratios as of December 31, 2008 and June 30, 2009 would have been 143.60% and 137.83%, respectively.
- (4) As defined by the Financial Services Commission.

RISK FACTORS

An investment in the rights, the new ADSs or the new shares of our common stock involves a high degree of risk. You should carefully consider the following information about these risks, together with the other information contained in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus before you decide to exercise any rights and subscribe for new ADSs or new shares of common stock. If any of the risks described in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference actually occur, our business, results of operations and financial condition may suffer. In any such case, the market price of the rights, the new ADSs and the new shares of common stock could decline, and you might lose all or part of the money you paid to purchase or subscribe for such securities.

Risks Relating to Our Business and Our Common Stock and ADSs

An investment in our securities involves risk. You should carefully consider the risks set forth under “Item 3D. Risk Factors” in our latest annual report on Form 20-F.

Risks Relating to This Offering

This offering will dilute your investment and relative ownership interest in us.

As required under Korean law, 6,000,000, or 20%, of the new shares of common stock were offered to and subscribed by members of our employee stock ownership association, in addition to the share rights allocated to them pro rata based on their shareholdings. As a result, your relative ownership interest in us will be diluted after this offering even if you exercise all the ADS rights or share rights allocated to you in this offering. If you choose to sell or not to exercise any such rights, your relative ownership interest in us will be further diluted. See “Dilution.” If you elect to sell any of the rights allocated to you, the consideration you receive for them may not be sufficient to compensate you fully for the dilution of your percentage ownership of our share capital that results from this offering.

The market prices of our ADSs or common stock may decline below the subscription price of the new ADSs or the new shares of common stock.

Once you exercise any of the ADS rights or share rights allocated to you in this offering, you may not revoke such exercise. Although the final share subscription price for the new shares of common stock, as well as the final subscription price for the new ADSs, will be set at a discount to the market price per share of our common stock prevailing at the time the final share subscription price is determined on August 21, 2009, the market prices of the ADSs and common stock may decline below the final subscription prices prior to the issuance of the new ADSs and the new shares of common stock as a result of, among other things, changes in our financial condition, operating performance or prospects, the subscription rate and the discount applied in setting the final subscription price in this offering, the number of new ADSs and new shares of common stock to be issued in this offering, the general economic environment in Korea and elsewhere and general fluctuations in the trading price of securities on the KRX KOSPI Market or the New York Stock Exchange. The subscription prices do not bear a direct relationship to the book value of our assets, operations, cash flows, earnings or financial condition and you should not consider the subscription prices to be any indication of our underlying value. If you exercise any rights and the market price of our ADSs or common stock falls below the applicable subscription price on the date the new ADSs or new shares of common stock are issued to you, then you will have purchased those ADSs or shares at prices higher than the market price and will suffer an immediate unrealized loss. Any decrease in market prices may continue after the completion of this offering. Accordingly, there can be no assurance that, following the exercise of rights, you will be able to sell your new ADSs or new shares of common stock at a price equal to or greater than the applicable subscription price.

We or our major stockholders may offer additional ADSs or shares of common stock in the future, and these and other sales may adversely affect the market price of the ADSs and common stock and may dilute your investment and relative ownership in us.

We have no current plans for a subsequent offering of our ADSs, common stock or securities exchangeable for or convertible into such securities. However, it is possible that we may decide to offer or sell such securities in the

future. In particular, as of the record date on July 27, 2009, Kookmin Bank, our wholly-owned subsidiary, owned 47,407,671 shares of our common stock, or approximately 13.3% of our total issued common stock. While no rights will be issued in this offering with respect to such shares, we are required under applicable Korean law to dispose of such shares by September 2011. Accordingly, we may decide to offer and sell such shares, in one or more transactions, at any time prior to September 2011. We have agreed with the underwriters for this offering that, subject to certain exceptions, we will not, and will procure that Kookmin Bank will not, during the period beginning from the date of the underwriting agreement and continuing to and including the date 180 days after our receipt of the subscription monies for the new shares of common stock, without the prior written consent of the underwriters, offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or dispose of any shares of our common stock or any substantially similar securities. However, there is no guarantee that the underwriters will not provide their consent with respect to any such transaction, which may not be unreasonably withheld by the underwriters under the terms of the underwriting agreement. In addition, our major stockholders, the Korean National Pension Service and ING Bank N.V., held approximately 5.52% and 5.05%, respectively, of our total issued common stock as of the share record date, and the shares held by them and any new shares that may be acquired by them in this offering are not subject to any restrictions on sale or disposal under the underwriting agreement.

An additional offering by us of ADS or common stock or securities exchangeable for or convertible into such securities, significant sales of our common stock by a major stockholder, or the public perception that an offering or sales may occur, could have an adverse effect on the market price of our ADSs and common stock. Furthermore, any offering by us in the future of any such securities could also have a dilutive impact on your investment in us and, unlike a rights offering, may not offer you the ability to maintain your relative ownership interest in us.

An active trading market may not develop for the rights on the New York Stock Exchange or the KRX KOSPI Market and, even if a market does develop, the rights may be subject to greater price volatility than our ADSs or common stock.

A trading period has been set for ADS rights from August 10, 2009 to August 17, 2009 on the New York Stock Exchange and for share rights from August 10, 2009 to August 17, 2009 on the KRX KOSPI Market. We cannot assure you that an active trading market in the ADS rights on the New York Stock Exchange, or in the share rights on the KRX KOSPI Market, will develop during the applicable rights trading period or that any over-the-counter trading market in the rights will develop. Even if an active market develops, the trading prices of the rights may be volatile. In addition, ADS holders and stockholders in certain jurisdictions are not allowed to participate in this offering. See "Notice to Investors." The rights held by such ineligible holders may be sold by them, which could cause the market prices of the rights to fall.

You will not receive any value for the rights allocated to you in this offering if you do not properly exercise or sell them.

If you do not exercise the rights allocated to you in this offering during the applicable subscription period or sell the rights during the applicable trading period, the rights will lapse without compensation. None of us, any underwriter or the ADS rights agent will sell or attempt to sell any unexercised rights on your behalf.

Holders of ADS rights or share rights who desire to exercise such rights in this offering must act promptly to ensure that all required forms, certificates and payments are actually received by the relevant agent prior to the respective expiration dates and times for subscription of new ADSs or new shares of common stock as set forth under "The Rights Offering — Offering to Holders of ADSs — ADS Subscription Procedure" and "The Rights Offering — Offering to Holders of Common Stock — Share Subscription Procedure." If you fail to complete and deliver the required forms or certificates, fail to make the required payments or send an incorrect payment amount, or otherwise fail to follow the procedures that apply to your desired transaction, we may reject all or part of your exercise of rights and any unexercised rights will lapse without any compensation. None of us, the ADS rights agent, our share registrar or any underwriter undertakes to contact you concerning, or to attempt to correct, an incomplete or incorrect form, certificate or payment. We and our agents have sole discretion to determine whether an exercise of rights and a subscription for new ADSs or new shares of common stock properly follows the appropriate procedures. If you hold our ADSs or common stock through a securities sub-account, brokerage account or other similar

custodial account with a depository agent, broker, custodian, nominee or other financial intermediary, you are urged to consult your financial intermediary without delay regarding the procedure you need to follow for the exercise of rights and subscription and payment for new ADSs or new shares of common stock.

The exercise of ADS rights is subject to exchange rate risk.

If the U.S. dollar weakens against the Won during the period between August 7, 2009 and August 25, 2009, holders of ADS rights exercising such rights and subscribing for new ADSs may be obligated to pay more than the ADS deposit amount of US\$33.56 per new ADS required to be deposited by such holders at the time of such exercise and subscription. The ADS deposit amount was set at 110% of the indicative ADS subscription price of US\$30.51 per new ADS, to account for possible exchange rate fluctuations and any currency conversion expenses. The indicative ADS subscription price, in turn, is the U.S. dollar equivalent of the maximum share subscription price of ₩37,250 per new share of common stock, based on the exchange rate of ₩1,220.9 per U.S. dollar, which was the market average exchange rate, as announced by Seoul Money Brokerage Services, Ltd., in effect on August 6, 2009. The final ADS subscription price will be the U.S. dollar equivalent of the final share subscription price per new share of common stock, determined as described under “The Rights Offering — Offering to Holders of Common Stock — Final Share Subscription Price,” based on the exchange rate on or about August 25, 2009 at which we can convert U.S. dollar amounts to Won amounts, plus currency conversion expenses. Since fluctuations in the exchange rate between the U.S. dollar and Won may be greater than we anticipated in setting the ADS deposit price, there is no guarantee that the ADS deposit amount will be sufficient to cover the final ADS subscription price. If the ADS deposit amount you pay to subscribe for each new ADS is less than the final ADS subscription price, you will be required to promptly pay the aggregate amount of the shortfall (including interest) and you will not receive the new ADSs subscribed by you prior to the ADS rights agent’s receipt of payment. If your payment of the aggregate amount of the shortfall is not received by the ADS rights agent prior to September 8, 2009, the ADS rights agent may sell your new ADSs in an amount sufficient to cover the amount you owe. In that event, the ADS rights agent will distribute to you as soon as practicable the remaining new ADSs together with a check in the amount of the excess net proceeds, if any, from such sale (after deducting applicable fees of up to US\$0.02 per new ADS sold, as well as taxes and expenses). See “The Rights Offering — Offering to Holders of ADSs — Payment of ADS Subscription Price.” Because the exercise of the ADS rights is irrevocable, you may not revoke or cancel your exercise of ADS rights and subscription for new ADSs even if the final ADS subscription price is higher than the ADS deposit amount. The exchange rate between the U.S. dollar and the Won has been highly volatile in recent months and such volatility may continue in the future. See “Exchange Rates.”

EXCHANGE RATES

The table below sets forth, for the periods and dates indicated, information concerning the noon buying rate for Won, expressed in Won per one U.S. dollar. The “noon buying rate” is the rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise stated, translations of Won amounts into U.S. dollars in this prospectus supplement were made at the noon buying rate in effect on June 30, 2009, which was ₩1,273.5 to US\$1.00. We do not intend to imply that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate, or at all. On July 31, 2009, the noon buying rate was ₩1,222.2 = US\$1.00.

	Won per U.S. Dollar (Noon Buying Rate)			
	Low	High	Average ⁽¹⁾	Period-End
2004	₩1,035.1	₩1,195.1	₩1,139.3	₩1,035.1
2005	997.0	1,059.8	1,023.8	1,010.0
2006	913.7	1,002.9	954.3	930.0
2007	903.2	950.2	929.0	935.8
2008	935.2	1,507.9	1,098.7	1,262.0
2009 (through July 31)	1,222.2	1,570.1	1,334.3	1,222.2
January	1,292.3	1,391.5	1,354.4	1,380.0
February	1,368.7	1,532.8	1,439.6	1,532.8
March	1,334.8	1,570.1	1,449.6	1,372.3
April	1,277.0	1,378.3	1,332.1	1,277.0
May	1,232.9	1,277.0	1,254.3	1,249.0
June	1,232.1	1,285.1	1,259.3	1,273.5
July	1,222.2	1,309.0	1,259.4	1,222.2

Source: Federal Reserve Bank of New York.

(1) The average of the daily noon buying rates of the Federal Reserve Bank in effect during the relevant period (or portion thereof).

MARKET PRICE INFORMATION

The principal trading market for our common stock is the KRX KOSPI Market. Our common stock has been listed on the KRX KOSPI Market since October 10, 2008, and the ADSs have been listed on the New York Stock Exchange under the symbol “KB” since September 29, 2008. The ADSs are identified by the CUSIP number 48241A105.

Kookmin Bank’s common stock was listed on the KRX KOSPI Market on November 9, 2001, and was suspended from trading from September 26, 2008 and de-listed on October 10, 2008 in connection with the comprehensive stock transfer pursuant to which we were established. Kookmin Bank ADSs were listed on the New York Stock Exchange from November 1, 2001 to September 26, 2008. The Kookmin Bank ADSs were identified by the CUSIP number 50049M109.

The table below sets forth, for the periods indicated, the high and low closing prices and the average daily volume of trading activity on the KRX KOSPI Market for Kookmin Bank common stock with respect to the periods up to and including the third quarter of 2008 and for our common stock with respect to the subsequent periods, and the high and low closing prices and the average daily volume of trading activity on the New York Stock Exchange for Kookmin Bank ADSs with respect to the periods up to and including the third quarter of 2008 and for our ADSs with respect to the subsequent periods.

	KRX KOSPI Market ⁽¹⁾			New York Stock Exchange ⁽²⁾		
	Closing Price per Common Stock		Average Daily Trading Volume (In Thousands of Shares)	Closing Price per ADS		Average Daily Trading Volume (In Thousands of Shares)
	High	Low		High	Low	
2004						
First Quarter	₩50,600	₩44,000	1,456.0	US\$44.20	US\$37.40	231.5
Second Quarter	49,000	32,650	1,894.1	42.94	28.94	352.9
Third Quarter	39,900	31,450	1,573.4	35.83	27.11	366.1
Fourth Quarter	41,200	35,000	1,414.5	39.08	31.70	308.2
2005						
First Quarter	49,300	40,000	1,270.0	48.76	37.70	332.8
Second Quarter	48,400	41,750	945.7	47.74	41.70	269.7
Third Quarter	64,500	47,200	1,194.5	61.00	45.63	288.9
Fourth Quarter	77,800	56,300	1,442.6	75.67	54.10	374.9
2006						
First Quarter	84,200	66,300	1,503.8	86.10	66.25	490.8
Second Quarter	89,900	69,800	1,301.8	97.50	72.45	501.1
Third Quarter	83,400	72,000	1,144.1	89.32	75.48	368.8
Fourth Quarter	79,500	70,100	1,247.7	83.80	76.00	435.2
2007						
First Quarter	89,500	70,400	1,116.6	95.29	75.52	461.6
Second Quarter	89,500	81,100	1,258.8	96.57	87.25	386.0
Third Quarter	88,500	71,900	1,922.4	96.10	75.74	584.2
Fourth Quarter	83,500	61,600	1,968.1	92.90	64.57	657.9
2008						
First Quarter	67,100	49,100	2,001.3	77.48	48.78	883.0
Second Quarter	71,500	57,800	1,956.3	71.26	58.36	649.7
Third Quarter	61,700	51,800	3,050.4	60.22	43.23	790.6
Fourth Quarter	53,100	22,800	4,620.2	46.00	14.70	777.5
2009 (through August 5)						
January	40,100	31,900	2,709.7	31.11	22.65	555.0
February	36,000	27,150	2,990.7	26.27	18.06	723.6
March	36,700	26,850	3,505.4	27.86	16.82	865.9
April	39,750	34,450	2,806.4	31.88	25.63	871.5
May	47,800	40,000	3,515.6	39.23	31.96	716.1
June	43,000	39,000	2,527.0	35.52	31.12	473.4
July	55,400	44,200	2,235.3	44.24	34.25	513.6
August (through August 5)	53,900	52,700	1,828.2	44.37	43.31	271.4

Source: Global Stock Information Financial Network and KRX KOSPI Market

- (1) Trading of Kookmin Bank common shares on the KRX KOSPI Market commenced on November 9, 2001 and ended on September 26, 2008. Trading of our common shares on the KRX KOSPI Market commenced on October 10, 2008.
- (2) Trading of Kookmin Bank ADSs on the New York Stock Exchange commenced on November 1, 2001 and ended on September 26, 2008. Trading of our ADSs on the New York Stock Exchange commenced on September 29, 2008. Each ADS represents the right to receive one share.

REASONS FOR THIS OFFERING AND USE OF PROCEEDS

Assuming a share subscription price of ₩37,250 per share, which represents the maximum share subscription price per share, we estimate that the aggregate net proceeds from the sale of 30,000,000 new shares of common stock (directly or in the form of ADSs) by us in this offering will be approximately ₩1,105.2 billion (net of underwriting, management and selling fees and other offering expenses). We intend to use the net proceeds from this offering for general corporate purposes, including to fund potential acquisitions in the banking, securities and/or insurance industries, and to strengthen our capital base. We currently do not have any specific plans for such acquisitions. We expect that underwriting, management and selling fees and other expenses related to this offering will total approximately ₩12.3 billion. The aggregate net proceeds from this offering may be lower depending on the final share subscription price, which will be determined on August 21, 2009. See “The Rights Offering — Offering to Holders of Common Stock — Final Share Subscription Price.”

CAPITALIZATION

The following table sets forth our capitalization under U.S. GAAP as of December 31, 2008, on an actual basis and as adjusted to give effect to this offering, assuming a share subscription price of ₩37,250 per share, which represents the maximum share subscription price per share. The “as adjusted” information presented below may change depending on the final share subscription price, which will be determined on August 21, 2009. See “The Rights Offering — Offering to Holders of Common Stock — Final Share Subscription Price.” You should read the information set forth below in conjunction with our consolidated financial statements prepared under U.S. GAAP and related notes incorporated by reference in the accompanying prospectus.

There has been no material change in our capitalization since December 31, 2008, except as described in the following table.

	As of December 31, 2008			
	Actual	As Adjusted	Actual	As Adjusted
	(In billions of Won and millions of US\$ ⁽¹⁾)			
Long-term indebtedness (including current portion):				
Secured borrowings (excluding repurchase agreements)	₩ 920.6	₩ 920.6	US\$ 722.9	US\$ 722.9
Long-term debt ⁽²⁾	45,148.0	45,148.0	35,451.9	35,451.9
Total long-term indebtedness ⁽²⁾	46,068.6	46,068.6	36,174.8	36,174.8
Stockholders' equity:				
Common stock (₩5,000 par value, 1,000,000,000 shares authorized; 356,351,693 shares issued and 308,921,422 shares outstanding, actual; and 386,351,693 shares issued and 338,921,422 shares outstanding, as adjusted to give effect to this offering)	1,781.8	1,931.8	1,399.1	1,516.9
Additional paid-in capital	6,253.3	7,208.5	4,910.3	5,660.4
Retained earnings	10,032.8	10,032.8	7,878.1	7,878.1
Accumulated other comprehensive income	389.9	389.9	306.2	306.2
Less: treasury stock	(2,863.1)	(2,863.1)	(2,248.2)	(2,248.2)
Total stockholders' equity	15,594.7	16,699.9	12,245.5	13,113.4
Total capitalization ⁽²⁾	₩61,663.3	₩62,768.5	US\$ 48,420.3	US\$ 49,288.2

(1) Won amounts are expressed in U.S. dollars at the rate of ₩1,273.5 to US\$1.00, the noon buying rate of the Federal Reserve Bank of New York for Won in effect on June 30, 2009.

(2) Does not include ₩5,335 billion aggregate principal amount of debentures issued by us and Kookmin Bank and US\$370 million aggregate principal amount of medium-term notes issued by Kookmin Bank subsequent to December 31, 2008.

DILUTION

If you do not exercise the ADS rights or share rights allocated to you in this offering, you will, at the completion of this offering, own a smaller proportional interest in us than you owned prior to this offering. In addition, if you owned our ADSs or common stock prior to this offering, you will experience an immediate dilution of the book value per ADS or share as a result of this offering.

Our net tangible book value as of December 31, 2008 was ₩47,934 per share of common stock, or US\$39.26 per ADS at the exchange rate of ₩1,220.9 to US\$1.00, the market average exchange rate as announced by Seoul Money Brokerage Services, Ltd., in effect on August 6, 2009. Net tangible book value is total stockholders' equity excluding goodwill and intangible assets as of December 31, 2008. Net tangible book value per share has been calculated as the amount of our net tangible book value of ₩14,807.8 billion, divided by the total number of shares of common stock outstanding (excluding shares held by Kookmin Bank, our wholly-owned subsidiary).

Assuming the issuance and sale by us of 30,000,000 new shares of common stock in this offering (including in the form of ADSs) at the indicative ADS subscription price of \$30.51 per new ADS and the maximum share subscription price of ₩37,250 per new share, and after deducting underwriting, management and selling fees and estimated offering expenses payable by us of an aggregate of approximately ₩12.3 billion, our net tangible book value as of December 31, 2008 would have been \$38.46 per ADS and ₩46,952 per share. This represents an immediate decrease in net tangible book value of US\$0.80 per ADS and ₩982 per share outstanding prior to this offering and an immediate increase in net tangible book value of US\$7.95 per new ADS and ₩9,702 per new share issued in this offering. The following table illustrates this per ADS and per share dilution:

	<u>Per ADS⁽¹⁾</u>	<u>Per Share⁽²⁾</u>
Price per new share and per new ADS	US\$ 30.51	₩ 37,250
Net tangible book value per share and per ADS as of December 31, 2008	US\$ 39.26	₩ 47,934
Decrease in net tangible book value per share and per ADS outstanding prior to this offering ⁽³⁾	US\$ 0.80	₩ 982
Pro forma net tangible book value per share and per ADS after this offering	US\$ 38.46	₩ 46,952
Increase in net tangible book value per new share and per new ADS issued in this offering ⁽⁴⁾	US\$ 7.95	₩ 9,702

(1) Based on the indicative ADS subscription price of US\$30.51 per new ADS.

(2) Based on the maximum share subscription price of ₩37,250 per new share of common stock.

(3) This represents a decrease of 2.0% in the net tangible book value per ADS and per share outstanding prior to this offering.

(4) This represents an increase of 26.0% in the net tangible book value per ADS and per share issued in this offering.

After giving effect to our sale of 30,000,000 new shares of common stock in this offering (directly or in the form of ADSs), existing ADS holders or stockholders who do not exercise their ADS rights or share rights, respectively, in this offering will be diluted such that a stockholder holding 10.00% of our issued and outstanding share capital prior to this offering will have its holding reduced to approximately 9.11% following this offering.

RECENT DEVELOPMENTS

We publish financial statements prepared in accordance with U.S. GAAP only on an annual basis and do not prepare or publish such financial statements for interim periods. We also publish consolidated financial statements prepared in accordance with Korean GAAP only on an annual basis. With respect to interim periods, we only publish unaudited non-consolidated financial statements prepared in accordance with Korean GAAP. In such non-consolidated financial statements, our subsidiaries are accounted for using the equity method. Kookmin Bank, our banking subsidiary, has historically accounted for a substantial majority of our consolidated assets, liabilities and income. Our and Kookmin Bank's respective unaudited non-consolidated financial statements as of December 31, 2008 and June 30, 2009 and for the six months ended June 30, 2008 (in the case of financial statements for Kookmin Bank) and June 30, 2009 prepared under Korean GAAP are included elsewhere in this prospectus supplement.

Selected Non-consolidated Interim Financial Information under Korean GAAP

The selected non-consolidated financial data set forth below as of December 31, 2008 and June 30, 2009 and for the six months ended June 30, 2008 (in the case of financial data for Kookmin Bank) and June 30, 2009 have been derived from our and Kookmin Bank's respective unaudited non-consolidated financial statements prepared in accordance with Korean GAAP. Such financial statements are prepared on a different basis from, and are not directly comparable with, our consolidated financial statements included in our latest annual report on Form 20-F, which are prepared under U.S. GAAP. In particular, had such financial statements been prepared under U.S. GAAP, they would have been required to be prepared on a consolidated basis. Under U.S. GAAP, the primary financial statements are prepared on a consolidated basis. Non-consolidated financial information for the parent company and combined financial statements may be presented as supplementary information. Under Korean GAAP, the primary financial statements are prepared on a non-consolidated basis (i.e. stand-alone basis), where the subsidiaries are accounted for using the equity method. For a description of other significant differences between Korean GAAP and U.S. GAAP, see "Item 5B. Liquidity and Capital Resources — Reconciliation with Korean GAAP" in our latest annual report on Form 20-F.

You should read the following data together with our and Kookmin Bank's respective unaudited non-consolidated financial statements as of December 31, 2008 and June 30, 2009 and for the six months ended June 30, 2008 (in the case of financial statements for Kookmin Bank) and June 30, 2009 prepared under Korean GAAP, which are included elsewhere in this prospectus supplement. Because we were established on September 29, 2008, we do not have non-consolidated financial statements for the six months ended June 30, 2008. Historical results do not necessarily predict future results.

Non-consolidated income statement data under Korean GAAP

	KB Financial Group Inc. Six Months Ended June 30,	
	2009	2009 ⁽¹⁾
	(In billions of Won, except per common share data)	(In millions of US\$, except per common share data)
Operating revenues:		
Interest income	₩ 5	US\$ 4
Gain on valuation of equity method investments	414	325
Reversal of allowance for loans	—	—
Operating expenses:		
Interest expenses	28	22
Loss on valuation of equity method investments	24	19
Commission expense	4	3
Selling and administrative expenses	15	12
Operating income	348	273
Non-operating income	—	—
Non-operating expenses	—	—
Income before income taxes	348	273
Income tax expense	—	—
Net income	₩ 348	US\$ 273
Basic and diluted earnings per share	₩ 1,127	US\$ 0.88

Kookmin Bank

Six Months Ended June 30,

	2008	2009	2009 ⁽¹⁾
	(In billions of Won)		(In millions of US\$)
Operating revenues:			
Interest revenue	₩7,800	₩ 7,512	US\$ 5,899
Gain on valuation and disposal of securities	226	306	240
Gain on disposal of loans receivable	23	40	31
Other operating revenues ⁽²⁾	7,335	9,115	7,158
Operating expenses:			
Interest expenses	4,340	4,400	3,455
Loss on valuation and disposal of securities	111	89	70
Loss on valuation and disposal of loans	409	1,060	832
Other operating expenses ⁽³⁾	8,842	11,002	8,639
Operating income	<u>1,682</u>	<u>422</u>	<u>332</u>
Non-operating revenue	141	152	119
Non-operating expenses	54	171	134
Income before income taxes	1,769	403	317
Income tax expense	493	16	13
Net income	<u>₩1,276</u>	<u>₩ 387</u>	<u>US\$ 304</u>

(1) Won amounts are expressed in U.S. dollars at the rate of ₩1,273.5 to US\$1.00, the noon buying rate in effect on June 30, 2009 as quoted by the Federal Reserve Bank of New York in the United States.

(2) Includes principally foreign exchange trading income, commission income, fees and commissions from trust accounts, dividend income and other operating revenue.

(3) Includes principally foreign exchange trading expenses, commission expenses, general and administrative expenses and other operating expenses.

Non-consolidated balance sheet data under Korean GAAP

KB Financial Group Inc.

As of

	December 31, 2008	June 30, 2009	June 30, 2009 ⁽¹⁾
	(In billions of Won)		(In millions of US\$)
Assets:			
Cash and due from banks	₩ 2	₩ 9	US\$ 7
Equity method investments	16,345	16,874	13,250
Loans receivable, net	199	169	133
Property and equipment, net	3	3	2
Other assets, net	19	25	20
Total assets	<u>₩ 16,568</u>	<u>₩17,080</u>	<u>US\$ 13,412</u>
Liabilities and Stockholders' Equity:			
Borrowings	₩ 232	₩ 230	US\$ 181
Debentures, net of discount	498	798	627
Other liabilities, net	9	14	11
Total liabilities	<u>739</u>	<u>1,042</u>	<u>819</u>
Common stock	1,782	1,782	1,399
Capital surplus	15,473	15,473	12,149
Capital adjustment	(3,145)	(3,166)	(2,486)
Accumulated other comprehensive income	1,088	966	759
Retained earnings	631	983	772
Stockholders' equity	<u>15,829</u>	<u>16,038</u>	<u>12,593</u>
Total liabilities and stockholders' equity	<u>₩ 16,568</u>	<u>₩17,080</u>	<u>US\$ 13,412</u>

Kookmin Bank

As of

	December 31, 2008	June 30, 2009	June 30, 2009 ⁽¹⁾
	(In billions of Won)	(In billions of Won)	(In millions of US\$)
Assets:			
Cash and due from banks	₩ 7,728	₩ 7,924	US\$ 6,222
Securities	34,929	39,383	30,925
Loans receivable, net	198,695	201,323	158,086
Property and equipment, net	3,493	3,395	2,666
Other assets, net	17,248	15,120	11,873
Total assets	<u>₩ 262,093</u>	<u>₩267,145</u>	<u>US\$ 209,772</u>
Liabilities and Stockholders' Equity:			
Deposits	₩ 158,868	₩170,737	US\$ 134,069
Debts, net	61,760	56,079	44,035
Other liabilities, net	24,151	22,088	17,344
Total liabilities	<u>244,779</u>	<u>248,904</u>	<u>195,448</u>
Common stock	2,182	2,482	1,949
Capital surplus	6,269	6,268	4,922
Accumulated other comprehensive income	445	691	543
Retained earnings	8,418	8,800	6,910
Stockholders' equity	<u>17,314</u>	<u>18,241</u>	<u>14,324</u>
Total liabilities and stockholders' equity	<u>₩ 262,093</u>	<u>₩267,145</u>	<u>US\$ 209,772</u>

(1) Won amounts are expressed in U.S. dollars at the rate of ₩1,273.5 to US\$1.00, the noon buying rate in effect on June 30, 2009 as quoted by the Federal Reserve Bank of New York in the United States.

Kookmin Bank's non-consolidated profitability and other ratios under Korean GAAP

	<u>Six Months Ended</u>	
	June 30, 2008	June 30, 2009
	(Percentages)	
Net income (annualized) as a percentage of:		
Average total assets ⁽¹⁾	1.09%	0.29%
Average stockholders' equity ⁽¹⁾	15.45	4.34
Net interest spread ⁽²⁾	3.00	2.44
Net interest margin ⁽³⁾	3.23	2.60
Efficiency ratio ⁽⁴⁾	84.18	96.84
Cost-to-average assets ratio ⁽⁵⁾	8.04	9.21
Fee income as a percentage of total income ⁽⁶⁾	4.92	3.81

(1) Average balances are based on daily balances.

(2) Net interest spread represents the difference between the annualized yield on average interest earning assets and annualized cost of average interest bearing liabilities.

(3) Net interest margin represents the ratio of net interest income (annualized) to average interest earning assets.

- (4) Efficiency ratio represents the ratio of non-interest expense to the sum of net interest income and non-interest revenue.
- (5) Cost-to-average assets ratio represents the ratio of non-interest expense (annualized) to average total assets.
- (6) Fee income represents income other than interest income and other operating income, and excludes fees and commissions classified in those categories under Korean GAAP.

Kookmin Bank's non-consolidated credit portfolio ratios under Korean GAAP

	As of	
	December 31, 2008	June 30, 2009
	(In billions of Won, except percentages)	
Non-performing loans ⁽¹⁾	₩ 2,558	₩ 2,826
Non-performing loans as a percentage of total loans	1.27%	1.38%
Non-performing loans as a percentage of total assets	0.98	1.06
Allowance for loan losses for non-performing loans as a percentage of non-performing loans	45.17	50.32
Total allowance for loan losses as a percentage of non-performing loans	133.3	133.9
Total allowance for loan losses as a percentage of total loans	1.71	1.84
Non-performing credits as a percentage of total credits ⁽²⁾	1.24	1.35
Won loans as a percentage of Won deposits ⁽³⁾	129.58	125.22
Precautionary loans as a percentage of total loans	1.36	1.51
Precautionary and below loans as a percentage of total loans ⁽⁴⁾	2.63	2.89
Precautionary and below loans as a percentage of total assets ⁽⁴⁾	2.03	2.22
Allowance for loan losses for precautionary and below loans as a percentage of precautionary and below loans ⁽⁴⁾	29.37	31.24

(1) Non-performing loans are defined in accordance with regulatory guidance in Korea. See “Item 4B. Business Overview — Supervision and Regulation — Principal Regulations Applicable to Banks” in our latest annual report on Form 20-F.

(2) Credits include loans and confirmed guarantees and acceptances.

(3) Under Korean GAAP, Won loans do not include bills bought in Won, advances for customers, credit card accounts, bonds purchased under resale agreements, call loans, private placement corporate bonds and loans in restructurings that have been swapped for equity in the restructured borrower. Including these items, the ratios as of December 31, 2008 and June 30, 2009 would have been 143.60% and 137.83%, respectively.

(4) As defined by the Financial Services Commission.

Selected Non-consolidated Interim Statistical Information of Kookmin Bank under Korean GAAP

Average Balance Sheets and Related Interest

The following table shows Kookmin Bank's average balances, interest income and interest rates (annualized) on a non-consolidated basis for the six-month periods ended June 30, 2008 and 2009.

	Six Months Ended June 30,					
	2008			2009		
	Average Balance ⁽¹⁾	Interest Income ⁽²⁾⁽³⁾	Average Yield	Average Balance ⁽¹⁾	Interest Income ⁽²⁾⁽³⁾	Average Yield
	(In billions of Won, except percentages)					
Assets						
Due from banks	₩ 234	₩ 2	1.71%	₩ 780	₩ 6	1.55%
Securities:						
Trading securities	4,455	123	5.54	2,819	58	4.15
Investment securities ⁽⁴⁾	26,103	711	5.46	28,799	703	4.92
Loans:						
Household ⁽⁵⁾	91,579	3,284	7.19	98,128	2,794	5.74
Corporate	62,612	2,185	7.00	74,717	2,374	6.41
Foreign currency	8,620	154	3.58	11,081	161	2.93
Credit cards ⁽³⁾	10,561	1,067	20.26	11,422	1,178	20.80
Other loans	10,257	274	5.36	11,530	238	4.16
Loans (total) ⁽⁶⁾	183,629	6,964	7.61	206,878	6,745	6.57
Total average interest earning assets	214,421	7,800	7.30	239,276	7,512	6.33
Total average non-interest earning assets	19,765	—	—	28,184	—	—
Total average assets	₩234,186	₩ 7,800	6.68%	₩267,460	₩ 7,512	5.66%

	Six Months Ended June 30,					
	2008			2009		
	Average Balance ⁽¹⁾	Interest Expense	Average Cost	Average Balance ⁽¹⁾	Interest Expense	Average Cost
	(In billions of Won, except percentages)					
Liabilities						
Deposits:						
Demand deposits	₩ 44,695	₩ 218	0.98%	₩ 47,126	₩ 125	0.53%
Time and savings deposits	73,755	1,921	5.22	83,992	2,059	4.94
Certificates of deposit	23,096	680	5.90	26,210	677	5.21
Other deposits	7,224	112	3.11	7,401	88	2.40
Deposits (total)	148,770	2,931	3.95	164,729	2,949	3.61
Debts	52,789	1,367	5.19	59,842	1,408	4.74
Other	1,612	42	5.23	4,705	43	1.84
Total average interest bearing liabilities	203,171	4,340	4.28	229,276	4,400	3.87
Total average non-interest bearing liabilities	14,499	—	—	20,369	—	—
Total average liabilities	217,670	4,340	4.00	249,645	4,400	3.55
Stockholders' equity	16,516	—	—	17,815	—	—
Total liabilities and stockholders' equity	₩234,186	₩4,340	3.72%	₩267,460	₩4,400	3.32%

- (1) Average balances are based on daily balances.
- (2) Interest income figures include cash interest received on non-accruing loans.
- (3) Interest income from credit cards includes interest on card loans and credit installment purchases, merchant fees, and commissions on cash advances and credit installment purchases.
- (4) Information related to investment securities classified as available-for-sale has been computed using amortized cost, and therefore does not give effect to changes in fair value that are reflected as a component of stockholders' equity.
- (5) Includes mortgage and home equity loans.
- (6) Interest income from loans includes other interest income.

Analysis of Changes in Net Interest Income — Volume and Rate Analysis

The following table provides an analysis of changes in interest income, interest expense and net interest income based on changes in volume and changes in rate for the six-month period ended June 30, 2009 compared to the six-month period ended June 30, 2008. Information is provided with respect to: (1) effects attributable to changes in volume (changes in volume multiplied by prior rate) and (2) effects attributable to changes in rate (changes in rate multiplied by prior volume). Changes attributable to the combined impact of changes in rate and volume have been allocated proportionately to the changes due to volume changes and changes due to rate changes.

	First Six Months of 2009 vs. First Six Months of 2008 Increase/(Decrease) Due to Changes in		
	Volume	Rate	Total
	(In billions of Won)		
Interest earning assets			
Due from banks	₩ 3	₩ 1	₩ 4
Securities:			
Trading securities	(45)	(20)	(65)
Investment securities	73	(81)	(8)
Loans:			
Household	228	(718)	(490)
Corporate	412	(223)	189
Foreign currency	43	(36)	7
Credit cards	82	29	111
Other loans	33	(69)	(36)
Total interest income	<u>829</u>	<u>(1,117)</u>	<u>(288)</u>

**First Six Months of 2009 vs.
First Six Months of 2008
Increase/(Decrease)
Due to Changes in**

<u>Volume</u>	<u>Rate</u>	<u>Total</u>
(In billions of Won)		

Interest bearing liabilities

Deposits:			
Demand deposits	₩ 25	₩(118)	₩ (93)
Time and savings deposits	258	(120)	138
Certificates of deposit	90	(93)	(3)
Other deposits	(7)	(17)	(24)
Deposits (total)	366	(348)	18
Debts	179	(138)	41
Other	70	(69)	1
Total interest expense	<u>615</u>	<u>(555)</u>	<u>60</u>
Net interest income	<u>₩ 214</u>	<u>₩(562)</u>	<u>₩(348)</u>

Non-Consolidated Interim Results of Operations of Kookmin Bank under Korean GAAP

Kookmin Bank, our banking subsidiary, has historically accounted for a substantial majority of our consolidated income as well as our consolidated assets and liabilities. The following discussion, as well as the discussion below under “— Non-Consolidated Interim Financial Condition of Kookmin Bank under Korean GAAP,” are based on Kookmin Bank’s unaudited non-consolidated financial statements as of December 31, 2008 and June 30, 2009 and for the six months ended June 30, 2008 and 2009 prepared in accordance with Korean GAAP. You should read these discussions together with such non-consolidated financial statements, which are included elsewhere in this prospectus supplement. Such financial statements are prepared on a different basis from, and are not directly comparable with, our consolidated financial statements included in our latest annual report on Form 20-F, which are prepared under U.S. GAAP. See “— Selected Non-consolidated Interim Financial Information under Korean GAAP.”

Our results of operations and financial position, as well as those of Kookmin Bank, have been and will continue to be significantly affected by financial and economic conditions in Korea. See “Item 5A. Operating Results — Overview — Trends in the Korean Economy” in our latest annual report on Form 20-F. As a result of continued volatile conditions and weakness in the Korean and global economies, as well as factors such as the uncertainty surrounding the global financial markets, fluctuations in oil and commodity prices, interest and exchange rate fluctuations and tensions with North Korea, the economic outlook for the financial services sector in the second half of 2009 and for the foreseeable future remains uncertain. In particular, due principally to such factors, we believe that our overall results of operations for the period from June 30, 2009 to the date of this prospectus supplement have deteriorated, and for the period from June 30, 2009 to the date of completion of this offering will deteriorate, compared to the corresponding periods in 2008.

Net Interest Income

The following table sets out the principal components of Kookmin Bank's non-consolidated interest income and expense for the first six months of 2008 and 2009, as well as changes in these components over such periods in percentage terms.

	Six Months Ended June 30,		Percentage Change
	2008	2009	First Six Months of 2008/ First Six Months of 2009
	(In billions of Won)		(%)
Interest income			
Due from banks	₩ 2	₩ 6	200.0%
Trading securities	123	58	(52.8)
Investment securities	711	703	(1.1)
Loans	6,945	6,735	(3.0)
Other	19	10	(47.4)
Total interest income	<u>7,800</u>	<u>7,512</u>	(3.7)
Interest expense			
Deposits	2,931	2,949	0.6
Debt	1,367	1,408	3.0
Other	42	43	2.4
Total interest expense	<u>4,340</u>	<u>4,400</u>	1.4
Net interest income	<u>₩3,460</u>	<u>₩3,112</u>	(10.1)

Interest income. On a non-consolidated basis, Kookmin Bank's interest income decreased 3.7% from ₩7,800 billion in the first half of 2008 to ₩7,512 billion in the first half of 2009, primarily due to a 3.0% decrease in interest on loans, as well as a 52.8% decrease in interest on trading securities. On a non-consolidated basis, the average balance of Kookmin Bank's interest earning assets increased 11.6% from ₩214,421 billion in the first half of 2008 to ₩239,276 billion in the first half of 2009, principally due to growth in its loan portfolio. This increase was more than offset by a 97 basis point decrease in the annualized average yields on Kookmin Bank's interest earning assets, from 7.30% in the first half of 2008 to 6.33% in the first half of 2009, which was driven mainly by decreases in average yields on loans.

The 3.0% decrease in interest on loans, on a non-consolidated basis, from ₩6,945 billion in the first half of 2008 to ₩6,735 billion in the first half of 2009 was primarily the result of a 14.9% decrease in interest on household (including mortgage and home equity) loans, on a non-consolidated basis, from ₩3,284 billion in the first half of 2008 to ₩2,794 billion in the first half of 2009, which was partially offset by an 8.6% increase in interest on corporate loans, on a non-consolidated basis, from ₩2,185 billion in the first half of 2008 to ₩2,374 billion in the first half of 2009 and a 10.4% increase in interest on credit card balances, on a non-consolidated basis, from ₩1,067 billion in the first half of 2008 to ₩1,178 billion in the first half of 2009.

The decrease in interest on household loans reflected a decrease of 145 basis points in annualized average yields on such loans, on a non-consolidated basis, from 7.19% in the first half of 2008 to 5.74% in the first half of 2009, which was partially offset by a 7.2% increase in the average volume of such loans, on a non-consolidated basis, from ₩91,579 billion in the first half of 2008 to ₩98,128 billion in the first half of 2009. The decrease in average yields on household loans mainly reflected the lower interest rate environment in Korea in the first half of 2009 resulting principally from rate lowering measures taken by the Korean government to stimulate the economy in the wake of the global financial crisis starting in the second half of 2008, while the increase in the average volume of household loans reflected increased consumer demand in light of such lower cost of borrowing.

The increase in interest on corporate loans was the result of a 19.3% increase in the average volume of corporate loans, on a non-consolidated basis, from ₩62,612 billion in the first half of 2008 to ₩74,717 billion in the first half of 2009, which was partially offset by a decrease of 59 basis points in annualized average yields on such

loans, on a non-consolidated basis, from 7.00% in the first half of 2008 to 6.41% in the first half of 2009. The increase in the average volume of corporate loans mainly reflected increased lending to small and medium-sized enterprises, primarily as a result of policies and initiatives introduced by the Korean government to encourage Korean banks to provide financial support to such enterprises in light of their deteriorating financial condition and liquidity position due to the global financial crisis starting in the second half of 2008. See “Item 3D. Risk Factors — Risks relating to our small- and medium-sized enterprise loan portfolio — We have significant exposure to small- and medium-sized enterprises, and any financial difficulties experienced by these customers may result in a deterioration of our asset quality and have an adverse impact on us” in our latest annual report on Form 20-F. The decrease in average yields on corporate loans mainly reflected the lower interest rate environment in Korea in the first half of 2009.

The increase in interest on credit card balances was primarily the result of an 8.2% increase in the average volume of credit card balances, on a non-consolidated basis, from ₩10,561 billion in the first half of 2008 to ₩11,422 billion in the first half of 2009, which was enhanced by an increase of 54 basis points in annualized average yields on such balances, on a non-consolidated basis, from 20.26% in the first half of 2008 to 20.80% in the first half of 2009. The increase in the average volume of credit card balances mainly reflected increases in installment purchases and card loans. The increase in average yields on credit card balances was primarily due to increases in the interest rates charged on card loans and cash advances to cardholders that were implemented by Kookmin Bank following the global financial crisis starting in the second half of 2008.

Overall, on a non-consolidated basis, the average volume of Kookmin Bank’s loans (including restructured loans) increased 12.7% from ₩183,629 billion in the first half of 2008 to ₩206,878 billion in the first half of 2009, and the annualized average yields on such loans decreased 104 basis points, from 7.61% in the first half of 2008 to 6.57% in the first half of 2009, reflecting the lower interest rate environment.

Interest on trading securities, on a non-consolidated basis, decreased 52.8% from ₩123 billion in the first half of 2008 to ₩58 billion in the first half of 2009. This decrease resulted primarily from a 36.7% decrease in the average volume of trading securities, on a non-consolidated basis, from ₩4,455 billion in the first half of 2008 to ₩2,819 billion in the first half of 2009, which was enhanced by a decrease of 139 basis points in annualized average yields on trading securities, on a non-consolidated basis, from 5.54% in the first half of 2008 to 4.15% in the first half of 2009. The decrease in the average volume of trading securities was mainly a result of increased sales of such securities, primarily bonds issued by financial institutions, by Kookmin Bank in early 2009. The decrease in average yields on trading securities was primarily due to the general decrease in market interest rates in Korea for debt securities in the first half of 2009, which reflected the lower general interest rate environment.

Interest Expense. On a non-consolidated basis, Kookmin Bank’s interest expense increased 1.4% from ₩4,340 billion in the first half of 2008 to ₩4,400 billion in the first half of 2009, primarily due to a 3.0% increase in interest on debts and a 0.6% increase in interest expense on deposits. On a non-consolidated basis, the average balance of Kookmin Bank’s interest bearing liabilities increased 12.8% from ₩203,171 billion in the first half of 2008 to ₩229,276 billion in the first half of 2009, principally as a result of increases in deposits and debts. This increase was partially offset by a 41 basis point decrease in the annualized average cost of Kookmin Bank’s interest bearing liabilities from 4.28% in the first half of 2008 to 3.87% in the first half of 2009, which was mainly driven by decreases in the average cost of deposits and debts.

The 3.0% increase in interest expense on debts, on a non-consolidated basis, from ₩1,367 billion in the first half of 2008 to ₩1,408 billion in the first half of 2009 reflected a 13.4% increase in the average volume of debts, on a non-consolidated basis, from ₩52,789 billion in the first half of 2008 to ₩59,842 billion in the first half of 2009, which was partially offset by a 45 basis point decrease in the annualized average cost of debts, on a non-consolidated basis, from 5.19% in the first half of 2008 to 4.74% in the first half of 2009. The increase in the average volume of debts was primarily attributable to higher levels of debentures due to increased use of debentures by Kookmin Bank, particularly in the second half of 2008, to meet its higher funding needs. The decrease in the average cost of debts mainly reflected the lower interest rate environment in Korea in the first half of 2009.

The 0.6% increase in interest expense on deposits, on a non-consolidated basis, from ₩2,931 billion in the first half of 2008 to ₩2,949 billion in the first half of 2009 was primarily due to a 7.2% increase in interest expense on time and savings deposits, on a non-consolidated basis, from ₩1,921 billion in the first half of 2008 to

₩2,059 billion in the first half of 2009. This increase was partially offset by a 42.7% decrease in interest expense on demand deposits, on a non-consolidated basis, from ₩218 billion in the first half of 2008 to ₩125 billion in the first half of 2009.

The 7.2% increase in interest expense on time and savings deposits reflected a 13.9% increase in the average volume of such deposits, on a non-consolidated basis, from ₩73,755 billion in the first half of 2008 to ₩83,992 billion in the first half of 2009, which was partially offset by a 28 basis point decrease in the annualized average cost of such deposits, on a non-consolidated basis, from 5.22% in the first half of 2008 to 4.94% in the first half of 2009. The increase in the average volume of time and savings deposits was primarily attributable to increased demand for such deposit products as an alternative to higher-risk investments in light of adverse economic conditions in Korea and increased volatility in the financial markets during the first half of 2009. The decrease in the average cost of time and savings deposits resulted mainly from the lower interest rate environment in Korea in the first half of 2009.

The 42.7% decrease in interest expense on demand deposits, on a non-consolidated basis, from ₩218 billion in the first half of 2008 to ₩125 billion in the first half of 2009, was due to a 45 basis point decrease in the annualized average cost of such deposits, on a non-consolidated basis, from 0.98% in the first half of 2008 to 0.53% in the first half of 2009, which was partially offset by a 5.4% increase in the average volume of such deposits, on a non-consolidated basis, from ₩44,695 billion in the first half of 2008 to ₩47,126 billion in the first half of 2009. The decrease in the average cost of demand deposits mainly reflected the lower interest rate environment in Korea in the first half of 2009. The increase in the average volume of demand deposits was primarily attributable to increased consumer demand for deposit products, which offer greater liquidity and low risk, in light of adverse economic conditions in Korea.

Net interest margin. Net interest margin represents the ratio of net interest income (annualized, in the case of interim periods) to average interest earning assets. On a non-consolidated basis, Kookmin Bank's overall net interest margin decreased from 3.23% for the first half of 2008 to 2.60% for the first half of 2009, as its net interest income decreased while the average volume of its interest earning assets increased. On a non-consolidated basis, net interest income decreased 10.1% from ₩3,460 billion in the first half of 2008 to ₩3,112 billion in the first half of 2009, while the average volume of interest earning assets increased 11.6% from ₩214,421 billion in the first half of 2008 to ₩239,276 billion in the first half of 2009. The net interest spread, which represents the difference between the average yield on Kookmin Bank's interest earning assets and the average cost of its interest bearing liabilities, declined from 3.00% in the first half of 2008 to 2.44% in the first half of 2009. The decline in net interest spread reflected a larger decrease in the average yield on Kookmin Bank's interest earning assets (including as a result of sharp growth in the average volume of household loans, where the decrease in average yield was also relatively large) relative to the decrease in the average cost of its interest bearing liabilities (which was slowed by sharp growth in the average volume of time and savings deposits, where the decrease in average cost was relatively small), primarily due to the earlier adjustment of interest rates on interest earning assets compared to interest rates on interest bearing liabilities in the context of the lower interest rate environment, as well as continuing rate-based competition in the Korean banking industry for the marketing of both loan and deposit products.

Provision for Loan Losses

Provisions for loan losses is recorded as part of loss on valuation and disposal of loans receivable. On a non-consolidated basis, Kookmin Bank's provision for loan losses increased 159.2% from ₩409 billion in the first half of 2008 to ₩1,060 billion in the first half of 2009, primarily due to increases in delinquencies and impaired loans in its loan portfolio (in particular its loans to small- and medium-sized enterprises) as a result of adverse economic conditions in Korea following the global financial crisis, as well as the overall growth of Kookmin Bank's loan portfolio, in the first half of 2009.

On a non-consolidated basis, Kookmin Bank's loan charge-offs, net of recoveries, increased 269.4% from ₩186 billion in the first half of 2008 to ₩687 billion in the first half of 2009, which was attributable mainly to an increase in net charge-offs of loans to small- and medium-sized enterprises.

Non-Interest Income

The following table shows, for the periods indicated, the components of Kookmin Bank's non-interest income on a non-consolidated basis.

	Six Months Ended June 30,		Percentage Change
	2008	2009	First Six Months of 2008/ First Six Months of 2009
	(In billions of Won)		(%)
Gain on valuation and disposal of securities	₩ 226	₩ 306	35.4%
Gain on disposal of loans receivable	23	40	73.9
Foreign exchange trading income	324	785	142.3
Commission income	763	652	(14.5)
Fees and commissions from trust Accounts	46	44	(4.3)
Dividend income	11	39	254.5
Other operating revenue	6,191	7,595	22.7
Non-operating revenue	141	152	7.8
Total non-interest income	<u>₩7,725</u>	<u>₩9,613</u>	24.4

On a non-consolidated basis, Kookmin Bank's non-interest income increased 24.4% from ₩7,725 billion in the first half of 2008 to ₩9,613 billion in the first half of 2009. This increase was attributable primarily to:

- a ₩1,404 billion increase in other operating revenue, on a non-consolidated basis, from ₩6,191 billion in the first half of 2008 to ₩7,595 billion in the first half of 2009; and
- a ₩461 billion increase in foreign exchange trading income, on a non-consolidated basis, from ₩324 billion in the first half of 2008 to ₩785 billion in the first half of 2009.

These increases were partially offset by a ₩111 billion decrease in commission income, on a non-consolidated basis, from ₩763 billion in the first half of 2008 to ₩652 billion in the first half of 2009.

Other operating revenue consists mainly of gains on derivative transactions, valuation of derivatives and valuation of fair value hedged items. Kookmin Bank engages in derivatives transactions primarily on behalf of its customers, as well as to hedge its risk exposures. The 22.7% increase, on a non-consolidated basis, in other operating revenue was primarily due to 77.1% increase in gain on derivatives transactions, on a non-consolidated basis, from ₩3,040 billion in the first half of 2008 to ₩5,383 billion in the first half of 2009. This increase was partially offset by a 34.5% decrease in gain on valuation of derivatives, on a non-consolidated basis, from ₩2,999 billion in the first half of 2008 to ₩1,963 billion in the first half of 2009. The increase in gain on derivatives transactions, which mainly reflected increased volatility and overall derivatives transaction volume, was more than offset by a corresponding increase in loss on derivatives transactions, which is recorded as other operating expenses. The decrease in gain on valuation of derivatives, which mainly reflected a decrease in the outstanding volume of currency forward transactions due to the Won's depreciation in the second half of 2008, was also more than offset by a corresponding decrease in loss on valuation of derivatives, which is recorded as other operating expenses. On a net basis, Kookmin Bank's net gain (loss) on transaction and valuation of derivatives, on a non-consolidated basis, changed from a ₩27 billion net gain in the first half of 2008 to a ₩281 billion net loss in the first half of 2009, primarily as a result of higher net transaction losses on currency derivatives.

The 142.3% increase in foreign exchange trading income, on a non-consolidated basis, principally reflected higher exchange rate volatility and trading volume for customers and was largely offset by a corresponding increase in foreign exchange trading expenses, which are recorded as an operating expense. On a net basis, Kookmin Bank's net foreign exchange trading income increased, on a non-consolidated basis, from ₩63 billion in the first half of 2008 to ₩77 billion in the first half of 2009.

Commission income consists of commissions received on credit cards, commissions and fees received for brokerage and agency activities, bancassurance fees, and commissions received on fund management, cash dispenser services and letters of credit. The 14.5% decrease in commission income, on a non-consolidated basis,

was attributable principally to a decrease in commissions received on fund management, which reflected decreased consumer demand for fund products in light of adverse economic conditions in Korea and increased volatility in the financial markets following the global financial crisis.

Non-Interest Expense

The following table shows, for the periods indicated, the components of Kookmin Bank's non-interest expense on a non-consolidated basis.

	<u>Six Months</u>		<u>Percentage Change</u>
	<u>Ended June 30,</u>		<u>First Six Months of 2008/</u>
	<u>2008</u>	<u>2009</u>	<u>First Six Months of 2009</u>
	(In billions of Won)		(%)
Loss on valuation and disposal of securities	₩ 111	₩ 89	(19.8)%
Loss on valuation and disposal of loans receivable ⁽¹⁾	409	1,060	159.2
Foreign exchange trading losses	261	708	171.3
Commission expenses	317	341	7.6
General and administrative expenses	1,850	1,704	(7.9)
Other operating expenses	6,414	8,249	28.6
Non-operating expenses	54	171	216.7
Total non-interest expense	<u>₩9,416</u>	<u>₩12,322</u>	30.9

(1) Includes provisions for loan losses.

On a non-consolidated basis, Kookmin Bank's non-interest expense increased 30.9% from ₩9,416 billion in the first half of 2008 to ₩12,322 billion in the first half of 2009. This increase was primarily due to:

- a ₩1,835 billion increase in other operating expenses, on a non-consolidated basis, from ₩6,414 billion in the first half of 2008 to ₩8,249 billion in the first half of 2009;
- a ₩651 billion increase in loss on valuation and disposal of loans receivable, on a non-consolidated basis, from ₩409 billion in the first half of 2008 to ₩1,060 billion in the first half of 2009; and
- a ₩447 billion increase in foreign exchange trading losses, on a non-consolidated basis, from ₩261 billion in the first half of 2008 to ₩708 billion in the first half of 2009.

Other operating expenses consists mainly of losses on derivative transactions, valuation of derivatives and valuation of fair value hedged items. The 28.6% increase, on a non-consolidated basis, in other operating expenses was primarily due to 99.8% increase in loss on derivatives transactions, on a non-consolidated basis, from ₩2,906 billion in the first half of 2008 to ₩5,805 billion in the first half of 2009. This increase was partially offset by a 41.3% decrease in loss on valuation of derivatives, on a non-consolidated basis, from ₩3,106 billion in the first half of 2008 to ₩1,822 billion in the first half of 2009. The increase in loss on derivatives transactions, which mainly reflected increased volatility and overall derivatives transaction volume as well as continuing adverse economic conditions in Korea in the first half of 2009, was partially offset by a corresponding increase in gain on derivatives transactions, which is recorded as other operating revenues. The decrease in loss on valuation of derivatives, which mainly reflected a decrease in the outstanding volume of currency forward transactions due to the Won's depreciation in the second half of 2008, was partially offset by a corresponding decrease in gain on valuation of derivatives, which is recorded as other operating revenues. See "— Non-Interest Income."

The 159.2% increase, on a non-consolidated basis, in loss on valuation and disposal of loans receivable was primarily due to an increase in provision for loan losses in the first half of 2009 compared to the first half of 2008. See "— Provision for Loan Losses."

The 171.3% increase in foreign exchange trading expenses, on a non-consolidated basis, principally reflected higher exchange rate volatility and trading volume for customers and was more than offset by a corresponding increase in foreign exchange trading income, which is recorded as operating revenues. See “— Non-Interest Income.”

Income Tax Expense

On a non-consolidated basis, Kookmin Bank’s income tax expense decreased 96.8% from ₩493 billion in the first half of 2008 to ₩16 billion in the first half of 2009, primarily as a result of a decrease in its income before income tax, as well as a ₩105 billion refund it received in the first half of 2009 on income taxes paid in prior years. The statutory tax rate applicable to Kookmin Bank was approximately 27.5% in the first half of 2008 and 24.2% in the first half of 2009. On a non-consolidated basis, Kookmin Bank’s effective tax rate was 27.9% in the first half of 2008 and 3.9% in the first half of 2009.

Net Income

As a result of the above, on a non-consolidated basis, Kookmin Bank’s net income was ₩387 billion in the first half of 2009, compared to ₩1,276 billion in the first half of 2008.

Non-Consolidated Interim Financial Condition of Kookmin Bank under Korean GAAP

Assets

The following table sets forth, as of the dates indicated, the principal components of Kookmin Bank’s assets on a non-consolidated basis.

	<u>As of December 31, 2008</u>	<u>As of June 30, 2009</u>	<u>Percentage Change</u>
	(In billions of Won)		(%)
Cash and due from banks	₩ 7,728	₩ 7,924	2.5%
Trading securities	3,736	3,739	0.1
Investment securities ⁽¹⁾	31,193	35,644	14.3
Loans:			
Loans in Won	169,684	175,143	3.2
Loans in foreign currencies	8,710	7,534	(13.5)
Bills bought in Won	487	15	(96.9)
Bills bought in foreign currencies	2,754	2,078	(24.5)
Advances for customers	73	95	30.1
Factoring receivables	10	10	0.0
Credit card receivables	11,527	11,246	(2.4)
Bonds purchased under resale agreements	1,230	960	(22.0)
Call loans	367	1,084	195.4
Privately placed bonds	4,672	4,235	(9.4)
Loans for debt-equity swap	1	—	N/M ⁽²⁾
Domestic import usance bill	2,445	2,507	2.5
	<u>201,960</u>	<u>204,907</u>	1.5

	As of December 31, 2008	As of June 30, 2009	Percentage Change
	(In billions of Won)		(%)
Less:			
Allowance for loan losses	3,452	3,765	9.1
Deferred loan origination fees and costs	(187)	(181)	(3.2)
Total loans, net	198,695	201,323	1.3
Property and equipment, net	3,493	3,395	(2.8)
Other assets	17,248	15,120	(12.3)
Total assets	<u>₩ 262,093</u>	<u>₩267,145</u>	1.9

Notes:

- (1) Includes available-for-sale securities, held-to-maturity securities and equity securities accounted for using the equity method of accounting.
- (2) N/M = Not meaningful.

On a non-consolidated basis, Kookmin Bank's assets increased 1.9% from ₩262,093 billion as of December 31, 2008 to ₩267,145 billion as of June 30, 2009, mainly due to a 3.2% increase in loans in Won from ₩169,684 billion as of December 31, 2008 to ₩175,143 billion as of June 30, 2009, which was primarily a result of a 5.5% increase in corporate loans from ₩69,648 billion as of December 31, 2008 to ₩73,503 billion as of June 30, 2009. The effect of such increase was enhanced by a 14.3% increase in Kookmin Bank's investment securities from ₩31,193 billion as of December 31, 2008 to ₩35,644 billion as of June 30, 2009. These increases were partially offset by a 12.3% decrease in Kookmin Bank's other assets from ₩17,248 billion as of December 31, 2008 to ₩15,120 billion as of June 30, 2009, which primarily reflected a 36.1% decrease in its derivatives assets from ₩8,395 billion as of December 31, 2008 to ₩5,366 billion as of June 30, 2009, and a 13.5% decrease in loans in foreign currencies from ₩8,710 billion as of December 31, 2008 to ₩7,534 billion as of June 30, 2009.

Liabilities and Stockholders' Equity

The following table sets forth, as of the dates indicated, the principal components of Kookmin Bank's liabilities and its stockholders' equity on a non-consolidated basis.

	As of December 31, 2008	As of June 30, 2009	Percentage Change
	(In billions of Won)		(%)
Deposits	₩ 158,868	₩170,737	7.5%
Debts, net	61,760	56,079	(9.2)
Other liabilities	24,151	22,088	(8.5)
Total liabilities	<u>244,779</u>	<u>248,904</u>	1.7
Common stock	2,182	2,482	13.7
Capital surplus	6,269	6,268	0.0
Accumulated other comprehensive income	445	691	55.3
Retained earnings	8,418	8,800	4.5
Total stockholder's equity	<u>17,314</u>	<u>18,241</u>	5.4
Total liabilities, minority interest and stockholder's equity	<u>₩ 262,093</u>	<u>₩267,145</u>	1.9%

On a non-consolidated basis, Kookmin Bank's total liabilities increased 1.7% from ₩244,779 billion as of December 31, 2008 to ₩248,904 billion as of June 30, 2009, principally due to a 7.5% increase in deposits from ₩158,868 billion as of December 31, 2008 to ₩170,737 billion as of June 30, 2009. The effect of such increase was

offset in part by a 9.2% decrease in Kookmin Bank's debts, net, from ₩61,760 billion as of December 31, 2008 to ₩56,079 billion as of June 30, 2009, as well as an 8.5% decrease in other liabilities from ₩24,151 billion as of December 31, 2008 to ₩22,088 billion as of June 30, 2009.

On a non-consolidated basis, Kookmin Bank's stockholders' equity increased by 5.4% from ₩17,314 billion as of December 31, 2008 to ₩18,241 billion as of June 30, 2009. This increase resulted primarily from an increase in retained earnings, which was attributable to net income generated by Kookmin Bank in the first six months of 2009, which was enhanced by an increase in common stock reflecting the issuance to us of 60 million new shares of Kookmin Bank's common stock at par value in March 2009.

THE RIGHTS OFFERING

General

We are offering an aggregate of 30,000,000 new shares of common stock, par value ₩5,000 per share, either directly or in the form of ADSs. As of July 27, 2009, we had 356,351,693 shares of common stock issued and 308,944,022 shares of common stock outstanding. This offering will result in the issuance of 30,000,000 new shares of common stock, or approximately 8.4% of the total common stock issued as of July 27, 2009. Following this offering, the number of shares of common stock issued will increase to 386,351,693 and the number of shares of common stock outstanding will increase to 338,944,022.

As required under Korean law, 6,000,000, or 20%, of the new shares of common stock were initially offered to members of our employee stock ownership association, all of which have been subscribed by such members. The remaining 24,000,000, or 80%, of the new shares of common stock are being offered by way of a rights offering to holders of our common stock and ADSs. We are distributing (i) to holders of our ADSs, transferable rights to subscribe for new ADSs at the ADS subscription price described below and (ii) to holders of our common stock, transferable rights to subscribe for new shares of our common stock at the share subscription price described below. No rights will be issued with respect to 47,407,671 shares of our common stock held by Kookmin Bank, our wholly-owned subsidiary.

Offering to Holders of ADSs

Each holder of our ADSs will receive 0.0776839 ADS right for every ADS it held on the ADS record date. Each ADS right entitles the holder thereof to subscribe for one new ADS at the ADS subscription price described below. Citibank, N.A., as the depositary under our American depositary receipt, or ADR, program, will charge holders of ADSs a fee of US\$0.02 per ADS held for the distribution of the ADS rights.

The ADS rights issued to holders of ADSs registered as such in the records of the depositary will be evidenced by certificates, which we refer to as ADS rights certificates. Holders of ADSs who hold their ADSs through a financial intermediary, such as a broker or custodian, will not be issued ADS rights certificates but will receive ADS rights in book-entry form through such financial intermediary. The ADS rights constitute warrants under U.S. law.

ADS Record Date

The record date for determination of holders of ADSs who are eligible to receive ADS rights was 5:00 p.m., New York City time, on July 27, 2009.

Fractional ADS Rights

If, on the ADS record date, you held a number of ADSs that would entitle you to receive a number of ADS rights other than a whole number, your entitlement to ADS rights will be rounded down to the nearest whole number and you will receive such whole number of ADS rights, if any. Fractional ADS rights will not be distributed to you but will be aggregated with fractional ADS rights of other holders of ADSs and sold by the ADS rights agent. The net proceeds from the sale of your fractional ADS rights (after deducting applicable fees of up to US\$0.02 for every ADS right sold, as well as taxes and expenses) will be remitted to you.

ADS Subscription Period

You can exercise your ADS rights and subscribe for new ADSs during the period from 9:00 a.m. (New York City time) on August 7, 2009 to 5:00 p.m. (New York City time) on August 21, 2009. **If you do not exercise your ADS rights during the ADS subscription period, your ADS rights will lapse without compensation.**

Indicative ADS Subscription Price and ADS Deposit Amount

The indicative ADS subscription price is US\$30.51 per new ADS subscribed. The indicative ADS subscription price is the U.S. dollar equivalent of the maximum share subscription price of ₩37,250 per share, based on the

exchange rate of ₩1,220.9 per U.S. dollar, which was the market average exchange rate, as announced by Seoul Money Brokerage Services, Ltd., in effect on August 6, 2009.

A holder of ADS rights exercising such rights and subscribing for new ADSs must deposit US\$33.56, or the ADS deposit amount, per new ADS subscribed, which represents 110% of the indicative ADS subscription price, to account for possible exchange rate fluctuations and any currency conversion expenses.

Final ADS Subscription Price

The final ADS subscription price will be the U.S. dollar equivalent of the final share subscription price determined as described below under “— Offering to Holders of Common Stock — Final Share Subscription Price,” based on the exchange rate on or about August 25, 2009 at which we can convert U.S. dollar amounts to Won amounts, plus currency conversion expenses. We will publicly announce the final ADS subscription price on or about August 25, 2009 through a press release or announcement which we will submit to the SEC via a report on Form 6-K. Any excess of the ADS deposit amount over the final ADS subscription price for the new ADSs being subscribed will be refunded to the exercising holders of ADS rights, while any shortfall in the ADS deposit amount over the final ADS subscription price for the new ADSs being subscribed must be paid by the exercising holders of ADS rights. See “— Payment of ADS Subscription Price” below.

ADS Subscription Procedure

Each holder of ADS rights may exercise all or only a portion of its ADS rights. **Subscriptions for new ADSs must be received by the ADS rights agent prior to 5:00 p.m. (New York City time) on August 21, 2009.**

A holder who holds ADS rights through a financial intermediary and who wishes to exercise its ADS rights should consult with the financial intermediary as to the manner, timing and form of exercise documentation, method of payment of the ADS deposit amount and other related matters required to effect such exercise. The financial intermediary with whom the subscription is made may require any person exercising ADS rights to pay or block the ADS deposit amount for the new ADSs being subscribed in a deposit account as a condition to accepting the relevant subscription. You are urged to consult your financial intermediary without delay in case your financial intermediary is unable to act immediately.

We and the ADS rights agent have the discretion to refuse any improperly completed documents, forms or certificates. Your exercise of your ADS rights is irrevocable and may not be cancelled or modified. You can exercise your ADS rights prior to the expiration of the ADS subscription period as follows:

Subscription by DTC Participants. If you hold your ADS rights through The Depository Trust Company, or DTC, which is the book-entry settlement system for equity securities such as our ADS in the United States, you can only exercise your ADS rights by delivering completed subscription instructions for new ADSs through DTC’s PSOP Function on the “agent subscriptions over PTD” procedure and instructing DTC to charge your applicable DTC account for the ADS deposit amount required to be paid for the new ADSs being subscribed and to deliver such amount to the ADS rights agent. The subscription instructions must be received by DTC and the payment of the ADS deposit amount for the new ADSs must be received by the ADS rights agent, **both by 5:00 p.m. (New York City time) on August 21, 2009.**

Subscription by Beneficial ADS Rights Holders. If you hold your ADS rights in a brokerage or custodian account, you will need to exercise your ADS rights through your broker or custodian. You should contact your broker or custodian to determine how to instruct the broker or custodian to exercise the ADS rights on your behalf before the expiration of the ADS subscription period. The exercise of ADS rights by brokers and custodians will be made via the clearing and settlement systems of DTC.

Subscription by Holders of ADS Rights Certificates. If you are a holder of ADS rights certificates, you can exercise your ADS rights by delivering properly completed ADS rights certificates for the ADS rights being exercised and by making full payment of the ADS deposit amount required to be paid for the new ADSs being

subscribed, in each case to the ADS rights agent at one of the addresses below **by 5:00 p.m. (New York City time) on August 21, 2009:**

By Courier:
Citibank, N.A.
Corporate Actions
250 Royall Street
Suite V
Canton, MA 02021

By Mail:
Citibank, N.A.
Corporate Actions
P.O. Box 43011
Providence, RI 02940-3011

Payment in U.S. dollars may be made by check drawn on a U.S. bank or bank draft made payable to the order of "Citibank, N.A. — KBFG ADS Rights Offering."

DEPOSIT IN THE MAIL WILL NOT CONSTITUTE EFFECTIVE DELIVERY TO THE ADS RIGHTS AGENT. THE ADS RIGHTS AGENT MUST RECEIVE PROPERLY COMPLETED DOCUMENTATION AND FULL PAYMENT PRIOR TO THE EXPIRATION OF THE ADS SUBSCRIPTION PERIOD.

Payment of ADS Subscription Price

When you exercise your ADS rights and subscribe for new ADSs, you will be required to pay to the ADS rights agent the ADS deposit amount for each new ADS subscribed, as described above under "— Indicative ADS Subscription Price and ADS Deposit Amount" and "— ADS Subscription Procedure." The final ADS subscription price will be determined as described above under "— Final ADS Subscription Price." In the event the ADS deposit amount you pay to subscribe for each new ADS exceeds the final ADS subscription price, the ADS rights agent will refund as soon as practicable the aggregate excess in U.S. dollars to you. We expect that the ADS deposit amount will be sufficient to cover the final ADS subscription price, although there is no guarantee that this will be the case. You will not receive any interest on refunded amounts.

If the ADS deposit amount you pay to subscribe for each new ADS is less than the final ADS subscription price, the ADS rights agent will pay the aggregate amount of the shortfall to us on your behalf. You will then be required to promptly pay the aggregate amount of the shortfall (including interest) and you will not receive the new ADSs subscribed by you prior to the ADS rights agent's receipt of payment. If your payment of the aggregate amount of the shortfall is not received by the ADS rights agent prior to September 8, 2009, the ADS rights agent may sell your new ADSs in an amount sufficient to cover the amount you owe. In that event, the ADS rights agent will distribute to you as soon as practicable the remaining new ADSs together with a check in the amount of the excess net proceeds, if any, from such sale (after deducting applicable fees of up to US\$0.02 per new ADS sold, as well as taxes and expenses).

Unexercised ADS rights

ADS rights that are not exercised by 5:00 p.m. (New York City time) on August 21, 2009 will lapse without compensation. Holders of ADSs who transfer or do not exercise their ADS rights will have their percentage ownership interest in us diluted.

Listing and Transfer of ADS Rights

The ADS rights will be admitted for trading on the New York Stock Exchange under the symbol "KB RT." The CUSIP number for the ADS rights is "48241A 113." We expect that trading in the ADS rights on the New York Stock Exchange will commence on August 10, 2009 and continue until August 17, 2009.

Holders who hold their ADS rights through DTC or in a brokerage or custodian account with a participant in DTC may transfer their ADS rights by book-entry transfer through DTC or a DTC participant from and including August 7, 2009 through and including August 21, 2009. Holders who hold ADS rights certificates may only transfer their ADS rights through the ADS rights agent, as described below under "— Sales of ADS Rights through the ADS Rights Agent."

ADS rights may not be converted into share rights and share rights may not be converted into ADS rights.

Sale of ADS Rights through the ADS Rights Agent

If you hold an ADS rights certificate and would like to sell all or a portion of your ADS rights, you will need to deliver your ADS rights certificate to the ADS rights agent before 5:00 p.m. (New York City time) on August 14, 2009, at one of the addresses listed above under “— ADS Subscription Procedure — Subscription by Holders of ADS Rights Certificates,” and indicate on the ADS rights certificate that you wish your ADS rights to be sold. If you hold your ADS rights in a brokerage or custodian account and would like to sell all or a portion of your ADS rights through the ADS rights agent, you will need to timely instruct your broker or custodian to deliver your ADS rights together with sale instructions to the ADS rights agent before 5:00 p.m. (New York City time) on August 14, 2009.

At least once every week during the period when the ADS rights are listed on the New York Stock Exchange, the ADS rights agent will aggregate the ADS rights delivered to it with instructions to sell and will arrange for their sale on the New York Stock Exchange through a broker appointed by the ADS rights agent for such purpose. The ADS rights agent will collect the proceeds from all such sales during the ADS subscription period, and will distribute to the ADS rights holders who have instructed such sales (or their agents) the net sales proceeds (after deducting applicable fees of up to US\$0.02 per ADS right sold, as well as taxes and expenses) after the expiration of the ADS subscription period. The net sales proceeds that a holder is entitled to for its ADS rights sold will be calculated on the basis of the number of ADS rights sold and the net weighted average sale price per ADS right for all ADS rights sold by the ADS rights agent on behalf of all holders of ADS rights. Neither the ADS rights agent nor we can guarantee the ability of the ADS rights agent to effectuate such sales or the price at which any ADS rights will be sold.

Issuance and Delivery of New ADSs

The depository will issue and deliver the new ADSs subscribed and paid for pursuant to this offering as soon as practicable after the stock certificates in respect of the new shares of common stock underlying such ADSs have been issued and delivered to Korea Securities Depository, the custodian of the depository, in Seoul, Korea. We expect that the new ADSs will be issued and delivered on or about September 8, 2009.

Listing of New ADSs

We expect that the new ADSs will commence trading on the New York Stock Exchange on or about September 8, 2009 under the symbol “KB.”

ADS Rights Agent

Citibank, N.A., in addition to acting as the depository in respect of our ADR program, will act as the ADS rights agent. The ADS rights are to be issued under the terms of a rights agency agreement relating to this offering between us and Citibank, N.A., which has been filed as an exhibit to the report on Form 6-K submitted by us to the SEC on August 7, 2009. The deposit agreement governing our ADR program has been filed as an exhibit to the registration statement on Form F-6 filed with the SEC on September 29, 2008 (File No. 333-153711). Copies of both the deposit agreement and the rights agency agreement are also available for inspection at the offices of Citibank N.A. at 388 Greenwich Street, New York, New York 10013.

Ranking

The new ADSs will, when issued and fully paid, rank equally in all respects with the then existing ADSs, except that they will not qualify for any dividends, rights, allotments or other distributions the record date for which falls before the date of issue of the new ADSs.

ADS Holder Helpline

Should you have any questions with regard to this offering or wish to receive any applicable forms relating to the ADS rights, please call the following number:

Banks, brokers and holders of ADSs: Toll free in the U.S.: +1 (800) 308-7887
(Monday to Friday 9:00 a.m. to 5:00 p.m., New York City time).

Offering to Holders of Common Stock

Each holder of our common stock will receive 0.0776839 share right for every share of common stock it held on the share record date. Each share right entitles the holder thereof to subscribe for one new share at the share subscription price described below.

We will issue certificates evidencing share rights, which we refer to as share rights certificates, only if specifically requested by holders of our common stock who were directly registered in our stockholder registry as of the share record date. Such holders of our common stock can request the issuance of share rights certificates, including for purposes of transfer of their share rights, by contacting Kookmin Bank, our share registrar, at 3rd Floor, Kookmin Bank Headquarters Building, 36-3, Yeouido-dong, Yeongdeungpo-gu, Seoul 150-758, Korea, on or prior to August 25, 2009.

Share Record Date

The record date for determination of holders of common stock who are eligible to receive share rights was 5:00 p.m. on July 27, 2009 (Seoul time).

Fractional Share Rights

If, on the share record date, you held a number of shares of common stock that would entitle you to receive a number of share rights other than a whole number, your entitlement to share rights will be rounded down to the nearest whole number and you will receive such whole number of share rights, if any. Fractional share rights will not be distributed to you.

Share Subscription Period

You can exercise your share rights and subscribe for new shares of common stock from 9:00 a.m. (Seoul time) on August 26, 2009 to 4:00 p.m. (Seoul time) on August 27, 2009. **If you do not exercise your share rights during the share subscription period, your share rights will lapse without compensation.**

Maximum Share Subscription Price

The maximum share subscription price is ₩37,250 per share. The maximum share subscription price was determined based on the following formula:

$$\text{Maximum Share Subscription Price} = \frac{\text{Initial Reference Price}}{1 + [\text{Capital Increase Ratio (8.41864\%)} \times \text{Discount Rate (25\%)]}$$

where the "Initial Reference Price" was set at a discount rate of 25% to the lower of (i) the arithmetic average of (x) the volume-weighted average closing price of our common stock for the one-month period immediately preceding, and inclusive of, July 22, 2009, (y) the volume-weighted average closing price of our common stock for the one-week period immediately preceding, and inclusive of, July 22, 2009, and (z) the closing price of our common stock on July 22, 2009, and (ii) the closing price of our common stock on July 22, 2009, in each case on the KRX KOSPI Market.

Final Share Subscription Price

The final share subscription price per share will be determined on August 21, 2009 and will be the lower of (i) the maximum share subscription price and (ii) a reference price set at a discount rate of 25% to the relevant market price of our common stock. The relevant market price of our common stock will be the lower of (i) the arithmetic average of (x) the volume-weighted average closing price for the one-week period immediately preceding, and inclusive of, August 21, 2009, and (y) the closing price on August 21, 2009, and (ii) the closing price on August 21, 2009, in each case on the KRX KOSPI Market. The final share subscription price may not be lower than ₩5,000 per share. We will publicly announce the final share subscription price on or about August 22, 2009 through a press release or announcement which we will submit to the SEC via a report on Form 6-K, file with the Financial Services Commission and publish in Korea in *Seoul Daily* and *The Dong-a Ilbo*.

The following example illustrates the calculation of the final share subscription price based on the assumption that the closing prices and daily trading volumes of our common stock on the KRX KOSPI Market are as shown in the table below. The following example is for purposes of illustration only and the final share subscription price will be determined based on the actual closing prices and actual trading volumes of our common stock on the KRX KOSPI Market during the one-week period immediately preceding, and inclusive of, August 21, 2009.

Hypothetical Example

<u>Trading Day</u>	<u>August 17</u>	<u>August 18</u>	<u>August 19</u>	<u>August 20</u>	<u>August 21</u>
Closing Price	₩ 40,000	₩ 42,000	₩ 45,000	₩ 46,500	₩ 46,000
Daily Trading Volume	2,500,000	3,000,000	4,000,000	2,000,000	3,500,000

- (1) Volume-weighted average closing price for the one-week period immediately preceding, and inclusive of, August 21, 2009 (the "One-week Average") = $[(\text{₩}40,000 \times 2,500,000) + (\text{₩}42,000 \times 3,000,000) + (\text{₩}45,000 \times 4,000,000) + (\text{₩}46,500 \times 2,000,000) + (\text{₩}46,000 \times 3,500,000)] / (2,500,000 + 3,000,000 + 4,000,000 + 2,000,000 + 3,500,000) = \text{₩}44,000$
- (2) Arithmetic average of (i) the One-week Average and (ii) the closing price on August 21, 2009 = $(\text{₩}44,000 + \text{₩}46,000) / 2 = \text{₩}45,000$
- (3) Relevant market price of our common stock = the lower of (1) ₩44,000 and (2) ₩45,000 = ₩44,000
- (4) Reference price = $0.75 \times \text{₩}44,000 = \text{₩}33,000$
- (5) Final share subscription price = the lower of (i) the maximum share subscription price of ₩37,250 and (ii) the reference price of ₩33,000 = ₩33,000

Share Subscription Procedure

Each holder of share rights may exercise all or only a portion of its share rights. **Subscriptions for new shares must be received by Korea Investment & Securities Co., Ltd. prior to 4:00 p.m. (Seoul time) on August 27, 2009.**

The exercise of share rights requires the delivery of a properly completed subscription form and full payment of the share subscription price for the new shares of common stock being subscribed to the main or a branch office of Korea Investment & Securities located in Korea. A holder who holds share rights through a financial intermediary and who wishes to exercise its share rights should consult with the financial intermediary as to the manner, timing and form of exercise documentation, method of payment of the share subscription price and other related matters required to effect such exercise. The financial intermediary with whom the subscription is made may require any person exercising share rights to pay or block the share subscription price for the new shares being subscribed in a deposit account as a condition to accepting the relevant subscription. You are urged to consult your financial intermediary without delay in case your financial intermediary is unable to act immediately.

We and Korea Investment & Securities have the discretion to refuse any improperly completed documents, forms or certificates. Your exercise of your share rights is irrevocable and may not be cancelled or modified. You can exercise your share rights prior to the expiration of the share subscription period as follows:

Subscription by Beneficial Share Rights Holders. If you hold share rights through financial intermediaries that have accounts with the Korea Securities Depository, the Korean book-entry securities clearance and depository system, you must instruct such financial intermediaries to exercise your share rights (including by submitting a properly completed subscription form on your behalf) and must pay the corresponding share subscription price in full to such financial intermediaries. You should contact such financial intermediaries to determine how to instruct them to exercise the share rights on your behalf before the expiration of the share subscription period.

Subscription by Registered Stockholders and Holders of Share Rights Certificates. If you were a registered holder of common stock as set out in our stockholder registry as of the share record date, or if you hold share rights certificates, you must, in order to exercise your share rights, submit to Korea Investment & Securities either the allotment notice or the share rights certificates, together with a properly completed subscription form, and pay the

corresponding share subscription price in full at the main or any branch office of Korea Investment & Securities located in Korea by 4:00 p.m. (Seoul time) on August 27, 2009.

Unexercised Share Rights

Share rights that are not exercised by 4:00 p.m. (Seoul time) on August 27, 2009 will lapse without compensation. Holders of common stock who transfer or do not exercise their share rights will have their percentage ownership interest in us diluted.

Listing and Transfer of Share Rights

The share rights have been approved for listing on the KRX KOSPI Market. We expect that trading in the share rights on the KRX KOSPI Market will commence on August 10, 2009 and continue until August 17, 2009.

Holders that hold share rights through accounts established with the Korea Securities Depository, or through financial intermediaries that have accounts with the Korea Securities Depository, may transfer their share rights by book-entry transfer through the Korea Securities Depository from and including August 10, 2009 to and including August 19, 2009. Holders of share rights who are not Korean nationals are required by Korean law to transfer their share rights only through the KRX KOSPI Market during the listing period for the share rights; *provided that* such holders may transfer their share rights by book-entry transfer through over-the-counter transactions from and including August 18, 2009 to and including August 19, 2009.

Stockholders who were directly registered in our stockholder registry as of the share record date may request our share registrar to issue share rights certificates evidencing the share rights allocated to them, and upon such request, we will issue such share rights certificates. The share rights may then be transferred by delivering the share rights certificates from and including August 7, 2009 to and including August 25, 2009.

Share rights may not be converted into ADS rights and ADS rights may not be converted into share rights.

Issuance and Delivery of New Shares

We expect that the new shares of common stock issuable upon exercise of the share rights will be issued on or about September 2, 2009 and that the share certificates for the new shares of common stock will be delivered on or about September 7, 2009. The new shares of common stock will be issued in registered form.

Listing of New Shares

We expect that the new shares of common stock will commence trading on the KRX KOSPI Market on or about September 4, 2009 under the code "A105560."

Ranking

The new shares of common stock will, when issued and fully paid, rank equally in all respects with the then existing shares of common stock, except that they will not qualify for any dividends, rights, allotments or other distributions the record date for which falls before the date of issue of the new shares of common stock.

TAXATION

The following summary is based upon tax laws, regulations, rulings, decrees, income tax conventions (treaties), administrative practice and judicial decisions of Korea and the United States as of the date of this prospectus supplement, and is subject to any change in Korean or United States law that may come into effect after such date. Potential investors in rights, new shares of common stock or new ADSs are advised to consult their own tax advisers as to the Korean, United States or other tax consequences of the purchase, ownership and disposition of such securities, including the effect of any national, state or local tax laws.

Korean Taxation

For a discussion of certain material Korean tax consequences relating to the purchase, ownership and disposal of shares of our common stock and ADSs, see “Item 10E. Taxation” in our latest annual report on Form 20-F.

The following summary of Korean tax considerations relating to the purchase, ownership and disposal of share rights and ADS rights applies to you so long as you are not:

- a resident of Korea;
- a corporation having its head office, principal place of business, or place of effective management in Korea (a Korean corporation); or
- engaged in a trade or business in Korea through a permanent establishment or a fixed base to which the relevant income is attributable or with which the relevant income is effectively connected.

Taxation of Receipt and Exercise of Share Rights and ADS Rights

You would not be subject to Korean income taxation upon distribution or exercise of share rights and ADS rights received in proportion to the number of shares or ADSs owned by you.

Taxation of Capital Gains from Transfer of Share Rights and ADS Rights

As a general rule, capital gains earned by non-residents upon transfer of share rights are subject to Korean income taxation at the lower of (1) 11% (including resident surtax) of the gross proceeds realized or (2) 22% (including resident surtax) of the net realized gain, subject to the production of satisfactory evidence of acquisition costs and certain direct transaction costs associated with share rights, unless exempt from Korean income taxation under an applicable tax treaty between Korea and the country of your tax residence. Capital gains earned by non-residents upon transfer of ADS rights may also be subject to Korean income taxation unless exempt from Korean income taxation under an applicable tax treaty between Korea and the country of your tax residence, although Korean tax law is not entirely clear on this point. See “— Tax Treaties” below for a discussion on treaty benefits. Even if you do not qualify for the exemption under a tax treaty, you will not be subject to the foregoing income tax on capital gains upon transfer of share rights or ADS rights if you meet certain requirements for the exemption under Korean domestic tax laws discussed in the following paragraphs.

Capital gains realized upon transfer of share rights through the KRX KOSPI Market may be exempt from Korean taxation if you (1) have no permanent establishment in Korea and (2) did not own or have not owned (together with any shares (possibly including the shares represented by the ADSs) owned by any entity with which you have a certain special relationship) 25% or more of our total issued and outstanding shares at any time during the calendar year in which the sale occurs and during the five consecutive calendar years prior to the calendar year in which the sale occurs, but the law on this point is not entirely clear.

Capital gains earned by you (regardless of whether or not you have a permanent establishment in Korea) upon transfer of ADS rights outside Korea may also be exempt from Korean income taxation by virtue of the Special Tax Treatment Control Law of Korea, or the STTCL, if the issuance of the ADS rights is deemed to be an overseas issuance pursuant to the regulation stipulated by the Ministry of Strategy and Finance of Korea, or the MOSF, under the STTCL.

Unless you are exempt under an applicable tax treaty or domestic tax law, you are obligated to file an income tax return and pay income tax on capital gains realized from the transfer of share rights outside of Korea (excluding a transfer on a foreign exchange) to non-residents or foreign companies without having permanent establishments in Korea; provided, that, you will be exempt from such obligation to file an income tax return and pay income tax on capital gains if the purchaser or, in the case of a sale of share rights on the KRX KOSPI Market or through a licensed securities company in Korea, the licensed securities company, withholds and remits tax on such capital gains as discussed below.

If you are subject to tax on capital gains with respect to a sale of share rights or ADS rights, the purchaser or, in the case of a sale of share rights or ADS rights on the KRX KOSPI Market or through a licensed securities company in Korea, the licensed securities company is required to withhold Korean tax from the sales proceeds in an amount equal to 11% (including resident surtax) of the gross realization proceeds and to remit the withheld tax to the Korean tax authority, unless you establish your entitlement to an exemption under an applicable tax treaty or domestic tax law and produce satisfactory evidence of your acquisition costs and certain direct transaction costs associated with share rights and ADS rights.

To obtain the benefit of a tax exemption pursuant to a tax treaty, you must submit to the purchaser or the licensed securities company, as the case may be, prior to or at the time of payment, such evidence of your tax residence as the Korean tax authorities may require in support of your claim for treaty benefits. See the discussion under “— Tax Treaties” below for an additional explanation of claiming treaty benefits.

Tax Treaties

Korea has entered into a number of income tax treaties with other countries (including the United States), which would reduce or exempt Korean withholding tax on capital gains on transfer of the share rights or ADS rights. For example, under the Korea-United States income tax treaty, an exemption from Korean withholding tax on capital gains is available to residents of the United States that are beneficial owners of the relevant capital gains, subject to certain exceptions.

You should inquire for yourself whether you are entitled to the benefit of a tax treaty between Korea and the country where you are a resident. It is the responsibility of the party claiming the benefits of an income tax treaty in respect of capital gains to submit to us, the purchaser or the securities company, as applicable, a certificate as to his tax residence. In the absence of sufficient proof, we, the purchaser or the securities company, as applicable, must withhold tax at the normal rates. Furthermore, in order for you to obtain the benefit of a tax exemption on certain Korean source income (such as capital gains) under an applicable tax treaty, Korean tax law requires you (or your agent) to submit an application for tax exemption along with a certificate of your tax residency issued by a competent authority of your country of tax residence, subject to certain exceptions. Such application should be submitted to the relevant district tax office by the ninth day of the month following the date of the first payment of such income.

Inheritance Tax and Gift Tax

If you die while holding share rights or donate share rights, your heir or donee (or in certain circumstances, you as the donor) will be subject to Korean inheritance or gift tax, which ranges from 10% to 50% recently, assessable based on the value of the share rights and the identity of the individual against whom the tax is assessed.

If you die while holding ADS rights or donate ADS rights, it is unclear whether, for Korean inheritance and gift tax purposes, you would be treated as the owner of the share rights underlying the ADS rights. If the tax authority interprets ADS rights as the underlying share rights, you may be treated as the owner of the share rights and your heir or the donee (or in certain circumstances, you as the donor) will be subject to Korean inheritance or gift tax, which ranges from 10% to 50% recently, assessable based on the value of the share rights or ADS rights and the identity of the individual against whom the tax is assessed.

At present, Korea has not entered into any tax treaty relating to inheritance or gift taxes.

Securities Transaction Tax

If you transfer share rights through the KRX KOSPI Market, you will be subject to a securities transaction tax at the rate of 0.15% and an agriculture and fishery special surtax at the rate of 0.15% of the sales price of the share rights. If your transfer of share rights is not made through the KRX KOSPI Market, subject to certain exceptions, you will be subject to a securities transaction tax at the rate of 0.5% and will not be subject to an agriculture and fishery special surtax.

With respect to transfer of ADS rights, however, whether or not you will be subject to a securities transaction tax is not entirely clear as there have been no court precedents or tax rulings on this issue. Nevertheless, in relation to transfer of ADSs, the Supreme Court of Korea recently held that depositary receipts (such as ADSs) do not constitute share certificates subject to the securities transaction tax. Given such decision, your transfer of ADS rights, which can be viewed as similar to transfer of ADSs, may also be likely to be exempt from the securities transaction tax. Still, uncertainties remain as to whether the Supreme Court's decision for transfer of ADSs will serve as the precedent for transfer of ADS rights. In any event, if ADS rights are listed on the New York Stock Exchange, Nasdaq National Market or other qualified foreign exchanges, you will be exempt from the securities transaction tax.

In principle, the securities transaction tax, if applicable, must be paid by a transferor of share rights or ADS rights. When a transfer is effected through a securities settlement company, such settlement company is generally required to withhold and remit the tax to the tax authorities. When such transfer is made through a securities company only, such securities company is required to withhold and remit the tax. Where a transfer is effected by a non-resident who has no permanent establishment in Korea by a method other than through a securities settlement company or a securities company, the transferee is required to withhold the securities transaction tax.

United States Taxation

This summary describes certain material U.S. federal income tax consequences for a U.S. holder (as defined below) of receiving, exercising, owning, or disposing of rights, common shares or ADSs. This summary applies to you only if you hold the rights, common shares or ADSs as capital assets for tax purposes. This summary does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;
- a bank;
- a life insurance company;
- a tax-exempt organization;
- an employee who received rights, shares or ADSs as compensation;
- a person that holds rights, common shares or ADSs that are a hedge or that are hedged against interest rate or currency risks;
- a person that holds rights, common shares or ADSs as part of a straddle or conversion transaction for tax purposes;
- a person whose functional currency for tax purposes is not the U.S. dollar; or
- a person that owns or is deemed to own 5% or more of any class of our stock.

This summary is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations promulgated thereunder, and published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If an entity classified as a partnership for U.S. federal income tax purposes holds rights, common shares or ADSs, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the

partnership. If you are a partner of a partnership holding the rights, common shares or ADSs, you should consult your tax advisors.

Please consult your own tax advisors concerning the U.S. federal, state, local, and other tax consequences of receiving, exercising, purchasing, owning, and disposing of rights, common shares or ADSs in your particular circumstances.

For purposes of this summary, you are a “U.S. holder” if you are the beneficial owner of a right, a common share or an ADS and are:

- a citizen or resident of the United States;
- a U.S. domestic corporation; or
- otherwise subject to U.S. federal income tax on a net income basis with respect to income from the right, common share or ADS.

Issuance of Rights

You will not be subject to U.S. federal income taxation with respect to the receipt of rights in this offering. You should consult your own tax advisors regarding the tax consequences of your receipt of the rights in light of your particular circumstances.

If you receive cash on the market sale of all or a part of your fractional ADS rights (as described above under “The Rights Offering — Offering to Holders of ADSs — Fractional ADS Rights”), you should be treated as having first received such fractional rights and then having received cash in exchange for such rights. Thus, you should generally recognize gain or loss in an amount equal to the difference between the amount of cash received in exchange for the fractional rights and the portion of the basis, if any, of all rights received that is allocable to the fractional rights. See the discussions below under “— Basis and Holding Period of the Rights,” and “— Sale or Other Disposition of Rights.”

Basis and Holding Period of the Rights

Except as provided in the following sentence, the basis of the rights distributed to you will be zero. However, if either (i) the fair market value of the rights (including that portion of the value of your fractional ADS rights for which you receive cash on the sale thereof, if any) on the date of distribution is 15% or more of the fair market value on such date of the common shares with respect to which the rights are distributed; or (ii) you irrevocably elect, in your U.S. federal income tax return for the taxable year in which the rights are received, to allocate part of the basis of your ADSs or common shares to such rights, then your basis in your ADSs or common shares will be allocated between such ADSs or common shares and the rights in proportion to the fair market values of each on the date of distribution of the rights. No basis will be allocated to any such rights that lapse. If you receive cash representing your fractional ADS rights, if any, your tax basis in the rights received will be equal to the portion of your basis in the ADSs or common shares allocated to the rights (determined pursuant to this paragraph), reduced by the amount allocable to such fractional ADS rights.

You will include your holding period in ADSs or common shares with respect to which the rights were distributed in determining the holding period of the rights.

Sale or Other Disposition of Rights

For U.S. federal income tax purposes, you will recognize taxable gain or loss upon the sale or other disposition of rights (which includes the receipt of cash on the market sale of all or part of your fractional ADS rights) in an amount equal to the difference between the amount realized for the rights and your tax basis in the rights. Such gain or loss will generally be treated as capital gain or loss. The amount realized on a sale or other disposition of a right generally will be the amount of cash you receive in exchange for such right. If the consideration you receive for the right is not paid in U.S. dollars, the amount realized will be the U.S. dollar value of the payment received. In general, the U.S. dollar value of such a payment will be determined on the date of receipt of payment if you are a cash basis taxpayer and the date of disposition if you are an accrual basis taxpayer. However, if the rights are treated as traded

on an “established securities market” and you are either a cash basis taxpayer or an accrual basis taxpayer who has made a special election, you will determine the U.S. dollar value of the amount realized in a foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale.

For U.S. federal income tax purposes, gain or loss you realize on a sale or other disposition of rights generally will be treated as U.S. source capital gain or loss, and will be long-term capital gain or loss if the rights were held (including the holding period in ADSs or common shares with respect to which the rights were distributed) for more than one year. Your ability to offset capital losses against ordinary income is limited. Long-term capital gain recognized by an individual U.S. holder generally is subject to taxation at reduced rates.

Expiration of the Rights

If you do not exercise or sell the rights prior to the end of the exercise period, you generally will recognize no gain or loss for U.S. federal income tax purposes.

Exercise of the Rights

You will not recognize any gain or loss upon the exercise of the rights. The aggregate basis of common shares or ADSs acquired upon exercise of rights will be equal to the sum of your basis (in U.S. dollars) in the rights exercised and the amount paid upon exercise of such rights (which, in the case of a payment in Won, will equal the U.S. dollar value of the Won-denominated subscription price determined on the date of purchase, or on the settlement date of the purchase if the shares or ADSs are treated as traded on an established securities market, and you are either an accrual basis taxpayer who has made a special election, or a cash basis taxpayer).

The holding period of common shares acquired upon exercise of rights will begin on the date the rights are exercised.

Purchase, Ownership and Disposal of Common Shares and ADSs

For a discussion of certain material U.S. federal income tax consequences relating to the purchase, ownership and disposal of our common shares and ADSs, see “Item 10E. Taxation” in our latest annual report on Form 20F.

U.S. Information Reporting and Backup Withholding Rules

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries are subject to information reporting and may be subject to backup withholding unless the holder (i) is a corporation or other exempt recipient and demonstrates this when required or (ii) provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred.

Holders that are not U.S. persons generally are not subject to information reporting or backup withholding. However, such a holder may be required to provide a certification of its non-U.S. status in connection with payments received within the United States or through a U.S.-related financial intermediary.

Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules will be allowed as a refund or credit against your U.S. federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

CERTAIN ERISA CONSIDERATIONS

General

Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to the fiduciary responsibility provisions of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”) (each, an “ERISA Plan”) should consider the fiduciary standards of ERISA in the context of the ERISA Plan’s particular circumstances before authorizing an investment in shares of common stock or ADSs. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the ERISA Plan.

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) prohibit ERISA Plans, as well as individual retirement accounts (“IRAs”), Keogh plans and other plans and arrangements to which Section 4975 of the Code applies (each such plan account and arrangement, also an “ERISA Plan”), and any entities whose underlying assets include “plan assets” by reason of any such ERISA Plan’s investment in the entity, from engaging in certain transactions involving “plan assets” with persons who are “parties in interest” under ERISA or “disqualified persons” under the Code (together, “Parties in Interest”) with respect to such ERISA Plans. A violation of these “prohibited transaction” rules may result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for such Parties in Interest, unless exemptive relief is available under an applicable statutory or administrative exemption. In addition, the fiduciary of the ERISA Plan that is engaged in such a non-exempt prohibited transaction (including the owner of an IRA) may be subject to penalties under ERISA and the Code.

Employee benefit plans that are foreign plans (as described in Section 4(b)(4) of ERISA), employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) are not subject to the prohibited transaction provisions of ERISA or Section 4975 of the Code, but may be subject to provisions under other non-US, federal, state or local law that are substantially similar to Section 406 of ERISA or Section 4975 of the Code (“Similar Law”). Any such plans subject to Similar Law together with ERISA Plans are referred to as “Plans” herein.

Prohibited Transactions

Certain transactions between us and an ERISA Plan with respect to which we may be a Party in Interest (either directly or by reason of our ownership of our banking or other subsidiaries) or between an underwriter and an ERISA Plan to which it may be a Party in Interest could be deemed to constitute direct or indirect prohibited transactions under ERISA and/or Section 4975 of the Code. If we or the underwriters are a Party in Interest with respect to an ERISA Plan, the holding of common stock or ADSs, or its acceptance or exercise of share rights or ADS rights and its acquisition of shares of common stock or ADSs, may be prohibited by Section 406(a)(1) of ERISA and Section 4975(c)(1) of the Code, unless exemptive relief were available under an applicable statutory or administrative exemption.

In this regard, the U.S. Department of Labor has issued five prohibited transaction class exemptions (“PTCEs”) that may provide exemptive relief to an ERISA Plan with respect to transactions involving share rights, ADS rights, shares of common stock or ADSs. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts), and PTCE 84-14 (for certain transactions determined by qualified professional asset managers). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (the “Service Provider Exemption”) may also provide limited exemptive relief to the extent that the ERISA Plan receives no less, nor pays no more, than “adequate consideration” in connection with the transaction and neither we nor any of our affiliates is a “fiduciary” to the Plan with respect to the assets involved in the transaction (as such terms are defined in ERISA and the Code). There may be similar exemptions from the provisions of Similar Law with respect to Plans not subject to ERISA or the Code. There can be no assurance that all of the conditions of any exemption from ERISA, the Code or Similar Law will be satisfied.

In light of the foregoing, share rights (and upon their exercise, shares of common stock) and ADS rights (and upon their exercise, ADSs) may not be acquired by any Plan or any person investing “plan assets” of any Plan, unless such acquisition does not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Law. Any acquirer of share rights, ADS rights, shares of common stock or ADSs, and any person causing the Plan make any such acquisition, will be deemed to have represented and warranted by such acquisition that either (a) it is not a Plan and is not making any such acquisition on behalf of or with “plan assets” of any Plan or (b) such acquisition does not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Law.

The foregoing discussion of ERISA and the Code should not be construed as legal advice. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering the acquisition of share rights, ADS rights, shares of common stock or ADSs on behalf of or with “plan assets” of any Plan consult with their legal advisors regarding the potential consequences of a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or a similar violation of applicable Similar Law) and the availability of exemptive relief under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14, the Service Provider Exemption or similar exemptions from Similar Law, if applicable.

The distribution of share rights and ADS rights and the sale of shares of common stock or ADSs to a Plan shall not be deemed a representation by us or the underwriters that such an investment meets all relevant legal requirements with respect to Plans generally or any particular Plan.

PLAN OF DISTRIBUTION

Rights Offering

We are offering an aggregate of 30,000,000 new shares of common stock, either directly or in the form of ADSs, on an underwritten basis at the applicable subscription price. Six million, or 20%, of the new shares of common stock were initially offered to members of our employee stock ownership association, all of which have been subscribed by such members. The remaining 24,000,000, or 80%, of the new shares of common stock are being offered by way of a rights offering to holders of our common stock and ADSs (other than Kookmin Bank) as of the applicable record date, which was 5:00 p.m. on July 27, 2009 (New York City time) for the ADS rights and 5:00 p.m. on July 27, 2009 (Seoul time) for the share rights. If this offering is not fully subscribed through the exercise of ADS rights and share rights during the respective subscription periods, we propose to offer the unsubscribed new shares by way of a private placement in Korea and to investors elsewhere, including a placing of such unsubscribed new shares (either directly or in the form of ADSs) in the United States.

Restrictions on Offering of Rights, New Shares and New ADSs

There are restrictions applicable to the offer, sale, exercise of, or subscription for, the rights, new shares of common stock and new ADSs in various jurisdictions. See “Notice to Investors.”

Underwriting Agreement

On July 10, 2009, we entered into an underwriting agreement with Goldman Sachs (Asia) L.L.C., Seoul Branch, Morgan Stanley & Co., International plc, Seoul Branch, Korea Investment & Securities Co., Ltd., Samsung Securities Co., Ltd. and KB Investment & Securities Co., Ltd. for this offering. Goldman Sachs (Asia) L.L.C., Seoul Branch, Morgan Stanley & Co., International plc, Seoul Branch, Korea Investment & Securities Co., Ltd. and Samsung Securities Co., Ltd. are acting as joint lead managers and underwriters, and Korea Investment & Securities Co., Ltd., Samsung Securities Co., Ltd. and KB Investment & Securities Co., Ltd. are acting as Korean managers with respect to the subscription procedure in Korea. KB Investment & Securities Co., Ltd., one of the Korean managers, is our affiliate. KB Investment & Securities Co., Ltd. will not act as an underwriter in this offering.

Goldman Sachs (Asia) L.L.C., Seoul Branch may be contacted at 21st Floor, Hungkuk Life Insurance Building, 226 Shinmun-ro 1-ga, Jongno-gu, Seoul 110-061, Korea. Morgan Stanley & Co., International plc, Seoul Branch may be contacted at 22nd/23rd Floor, Hungkuk Life Insurance Building, 226 Shinmun-ro 1-ga, Jongno-gu, Seoul 110-061, Korea. Korea Investment & Securities Co., Ltd. may be contacted at Korea Investment & Securities Building, 27-1, Yeouido-dong, Yeongdeungpo-gu, Seoul 150-745, Korea. Samsung Securities Co., Ltd. may be contacted at 9th Floor, Jongno Tower Building, 6, 2-ga, Jongno-gu, Seoul 110-789, Korea. KB Investment & Securities Co., Ltd. may be contacted at 21st/22nd Floor, Goodmorning Shinhan Tower, 23-2, Yeouido-dong, Yeongdeungpo-gu, Seoul 150-877, Korea.

Pursuant to the terms of the underwriting agreement, if any new shares of common stock (including in the form of ADSs) are not subscribed for pursuant to the exercise of rights, the underwriters have agreed, severally and not jointly, subject to certain conditions, to procure subscribers for or, failing which, to subscribe for, the unsubscribed new shares of common stock at the final share subscription price per share in the proportion which the number of the new shares of common stock set forth below opposite each such underwriter’s name bears to the total number of new shares:

<u>Underwriters</u>	<u>Number of New Shares of Common Stock Underwritten</u>
Goldman Sachs (Asia) L.L.C., Seoul Branch	7,500,000
Morgan Stanley & Co. International plc, Seoul Branch	7,500,000
Korea Investment & Securities Co., Ltd.	4,500,000
Samsung Securities Co., Ltd.	<u>10,500,000</u>
Total	<u><u>30,000,000</u></u>

The underwriting obligations of the underwriters are subject to the receipt of customary legal opinions from counsel and to certain other customary conditions.

The underwriters may terminate the underwriting agreement prior to the payment of the subscription monies by the subscribers or the underwriters, as the case may be, upon the occurrence of certain customary *force majeure* or market disruption events.

Pursuant to the underwriting agreement, we have agreed to pay the joint lead managers and underwriters underwriting, management and selling fees in Won, or such other currency as the parties may agree, in an amount equal to 0.6% of the final share subscription price multiplied by the total number of new shares of common stock (including in the form of ADSs) issued in this offering, less the aggregate number of (i) any new shares with respect to which an underwriter's obligation to subscribe is reduced pursuant to the underwriting agreement, (ii) any new shares subscribed by members of our employee stock ownership association for which the subscription monies have not been paid in full as of the closing date of this offering and (iii) any new shares with respect to which any of the underwriters has defaulted on its obligations. We have agreed to reimburse certain expenses of the joint lead managers and underwriters related to this offering.

Any offers and sales by the underwriters of the new shares of common stock pursuant to the underwriting agreement may be made both inside and outside the United States, either directly or in the form of ADSs. Any offers or sales in the United States will be conducted by the U.S. broker-dealer affiliates of the underwriters. The underwriters may offer new ADSs and new shares to the public at variable prices, which may be less than or in excess of the subscription price paid by the underwriters. Any ADSs and shares of common stock sold by the underwriters to securities dealers, and any such securities that such dealers may resell to certain other brokers or dealers, may be sold at a discount to the price or prices offered to the public. As a result of purchasing and reselling ADSs and shares of common stock pursuant to the terms of the underwriting agreement, the underwriters may realize profits or losses independent of any fees and commissions paid by us. Any fees, discounts or commissions received by them and any profit on the resale of ADSs or shares by them may be deemed to be underwriting discounts or commissions under the Securities Act of 1933, as amended. The underwriters may use this prospectus supplement and the accompanying prospectus to make offers and sales, or resales of the new shares.

We estimate that our total expenses for this offering, excluding underwriting, management and selling fee payable to the underwriters, will be approximately US\$4,500,000, including regulatory, listing, registration and related fees of approximately US\$2,000,000, printing, distribution and related costs of approximately US\$700,000, legal fees of approximately US\$1,100,000, roadshow and related expenses of approximately US\$200,000 and auditors' fees of approximately US\$400,000.

We have agreed to indemnify the underwriters and their affiliates against certain liabilities, including liabilities under the Securities Act of 1933, as amended. If we are unable to provide this indemnification, we will contribute to payments which the underwriters and their controlling persons may be required to make in respect of those liabilities.

Standby Purchase Commitment

Certain of the underwriters have entered into a separate standby purchase agreement with ING Bank N.V., which held approximately 5.05% of our total issued shares of common stock as of July 27, 2009. Pursuant to the standby purchase agreement, ING Bank N.V. has agreed to purchase at the final share subscription price up to 1,100,000 new shares of our common stock that have not been subscribed for by holders of rights, representing approximately 3.7% of the total number of new shares of our common stock being offered for subscription in this offering. ING Bank N.V.'s standby purchase commitment will not be reduced by the number of shares subscribed for by it pursuant to the exercise of its share rights.

Such underwriters have agreed to pay ING Bank N.V. a fee for its standby purchase commitment. Such underwriters may terminate the standby purchase agreement if the underwriting agreement is terminated or if ING Bank N.V. breaches any of its representations, warranties or obligations under the standby purchase agreement.

The principal executive and registered offices of ING Bank N.V. are located at Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands.

Certain of the underwriters have entered into separate agreements with third parties (in addition to ING Bank N.V.) to act as standby purchasers. Pursuant to these agreements, these standby purchasers have agreed to purchase a portion of the new shares of our common stock underwritten by such underwriters.

Lock-up

Under the underwriting agreement, we have agreed that we will not, and will procure that Kookmin Bank will not, during the period beginning from the date of the underwriting agreement and continuing to and including the date 180 days after our receipt of the subscription monies for the new shares of common stock, without the prior written consent of the underwriters, such consent not to be unreasonably withheld, offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or dispose of any shares of our common stock or any substantially similar securities, or the Relevant Securities. This restriction will not be applicable to any such transactions in the Relevant Securities (i) in connection with any option, bonus, profit sharing, pension, retirement, incentive, savings or similar agreement, plan or award in effect as of the date of the underwriting agreement, (ii) upon the conversion or exchange of convertible or exchangeable securities outstanding as of the date of the underwriting agreement, (iii) in connection with any option, bonus, profit sharing, pension, retirement, incentive, savings or similar agreement, plan or awards involving any employees, clients, officers or directors of us and Kookmin Bank taking effect after the date of the underwriting agreement, *provided* the recipient of any shares or other securities as contemplated by this sub-clause (iii) shall be bound by the above restriction, (iv) in consideration for the shares or assets of a company or as part of a merger, acquisition, corporate reorganization or similar transaction, *provided* the recipient of any shares or other securities as contemplated by this sub-clause (iv) shall be bound by the above restriction, (v) in connection with any transaction or arrangement between us and any public fund or capital expansion fund that is initiated, recommended or mandated by the Korean government or any regulatory authority thereunder to enhance the financial soundness of Korean financial institutions generally, or (vi) in connection with any privately negotiated sales or transfers of the shares of our common stock held by Kookmin Bank to a limited number of financial or strategic investors or in share swap transactions with reputable companies in Korea, *provided* any such transferees shall agree to be bound in writing by the terms of the restriction in the underwriting agreement with respect to the Relevant Securities during the remainder of the 180-day period. Notwithstanding the foregoing, Kookmin Bank may engage in ordinary course trading activities with respect to the Relevant Securities.

Markets and Trading

The ADS rights will be listed and traded on the New York Stock Exchange during the period from and including August 10, 2009 to and including August 17, 2009. The share rights will be listed and traded on the KRX KOSPI Market during the period from and including August 10, 2009 to and including August 17, 2009. The rights will trade on the applicable stock exchanges under their relevant listing rules.

The underwriters have advised us that they may make a market for the ADSs, the shares of common stock, the ADS rights and share rights. The underwriters may also engage in transactions for their own accounts or for the accounts of others in the ADSs, shares of common stock, ADS rights, share rights and certain derivatives linked to our ADSs and shares of common stock.

We expect that the new ADSs will commence trading on the New York Stock Exchange on or about September 8, 2009 and the new shares of common stock will commence trading on the KRX KOSPI Market on or about September 4, 2009.

Price Stabilization and Short Positions

In connection with this offering, the underwriters may purchase and sell our ADSs, shares of common stock, ADS rights or share rights in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of ADSs, shares of common stock, ADS rights or share rights than they are required to purchase in the offering. The underwriters must close out any naked short position by purchasing securities in the open market. A naked position is more likely to be created if the underwriters are concerned that there may be downward pressure

on the price of our ADSs, shares of common stock, ADS rights or share rights in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of any of these securities made by the underwriters in the open market prior to the completion of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our ADSs, shares of common stock, ADS rights or share rights, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of ADSs, shares of common stock, ADS rights or share rights. As a result, the price of those securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the New York Stock Exchange, the KRX KOSPI Market, in the over-the-counter market or otherwise.

Delivery of the New Shares and New ADSs

We expect that the new shares of common stock and the new ADSs to be issued in this offering will be delivered on or about September 7, 2009 and September 8, 2009, respectively.

Other Relationships

From time to time, in the ordinary course of business, certain of the underwriters and their affiliates have provided and will continue to provide advisory and investment banking services, and have entered and will continue to enter into other commercial transactions with us and our affiliates, for which they have received and may in the future receive customary compensation.

In connection with the offering of the new shares of common stock and new ADSs, the underwriters may enter into standby arrangements with its affiliates or certain other parties that allow a selling concession or a standby fee to such affiliates or certain other parties.

LEGAL MATTERS

Certain legal matters relating to this offering will be passed upon for us by Cleary Gottlieb Steen & Hamilton LLP, our special U.S. counsel, and Shin & Kim, our Korean counsel, and for the underwriters by Simpson Thacher & Bartlett LLP, their special U.S. counsel, and Kim & Chang, their Korean counsel.

**INDEX TO NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS
PREPARED UNDER KOREAN GAAP**

Unaudited Non-Consolidated Interim Financial Statements of KB Financial Group Inc.:	
Non-Consolidated Statements of Financial Position as of June 30, 2009 and December 31, 2008	F-2
Non-Consolidated Statement of Income for the Six-month Period Ended June 30, 2009	F-3
Non-Consolidated Statement of Changes in Shareholders' Equity for the Six-month Period Ended June 30, 2009	F-4
Non-Consolidated Statement of Cash Flows for the Six-month Period Ended June 30, 2009	F-5
Notes to Non-Consolidated Interim Financial Statements	F-6
Unaudited Non-Consolidated Interim Financial Statements of Kookmin Bank:	
Non-Consolidated Statement of Financial Position as of June 30, 2009 and December 31, 2008	F-30
Non-Consolidated Statement of Income for the Six-month Periods Ended June 30, 2009 and 2008	F-31
Non-Consolidated Statement of Changes in Shareholders' Equity for the Six-month Periods Ended June 30, 2009 and 2008	F-33
Non-Consolidated Statement of Cash Flows for the Six-month Periods Ended June 30, 2009 and 2008	F-34
Notes to Non-Consolidated Interim Financial Statements	F-35

KB Financial Group Inc.

**Non-Consolidated Statements of Financial Position
June 30, 2009 and December 31, 2008**

	<u>2009</u>	<u>2008</u>
	(In millions of Korean won)	
ASSETS		
Cash and due from banks (Notes 3, 18 and 20)	₩ 9,133	₩ 1,849
Equity method investments (Notes 4 and 20)	16,874,314	16,345,052
Loans receivable, net (Notes 5, 18 and 20)	169,150	199,000
Property and equipment, net (Note 6)	2,532	3,214
Other assets, net (Notes 7 and 18)	24,968	18,904
Total assets	<u>₩17,080,097</u>	<u>₩16,568,019</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Borrowings (Notes 8 and 20)	₩ 230,000	₩ 232,000
Debentures, net of discount (Notes 8 and 20)	797,974	498,572
Other liabilities, net (Notes 9, 13 and 14)	14,334	8,836
Total liabilities	<u>1,042,308</u>	<u>739,408</u>
Shareholders' equity		
Common stock (Note 10)	1,781,758	1,781,758
Capital surplus (Note 11)	15,473,511	15,473,511
Capital adjustment (Note 4)	(3,166,277)	(3,145,102)
Accumulated other comprehensive income (Note 16)	966,134	1,087,503
Retained earnings	982,663	630,941
Total shareholders' equity	<u>16,037,789</u>	<u>15,828,611</u>
Total liabilities and shareholders' equity	<u>₩17,080,097</u>	<u>₩16,568,019</u>

The accompanying notes are an integral part of these non-consolidated financial statements.

KB Financial Group Inc.

Non-Consolidated Statements of Income
Three-Month and Six-Month periods ended June 30, 2009

	Three-Month Period Ended June 30, 2009	Six-Month Period Ended June 30, 2009
	(In millions of Korean won, except per share amounts)	
Operating revenues		
Gain on valuation of equity method investments (Notes 4 and 21)	₩ 156,141	₩ 413,607
Interest income (Note 18)	1,603	5,097
Reversal of allowance for loan losses (Note 5)	—	150
	<u>157,744</u>	<u>418,854</u>
Operating expenses		
Loss on valuation of equity method investments (Notes 4 and 21)	23,873	24,321
Interest expense	14,024	27,485
Allowance for loan losses	350	—
Commission expense	1,602	3,849
Selling and administrative expenses (Notes 6, 7, 9, 13, 18 and 24)	8,243	15,136
	<u>48,092</u>	<u>70,791</u>
Operating income	109,652	348,063
Non-operating income	86	224
Income before income tax (benefit)	109,738	348,287
Income tax expense (benefit) (Note 14)	(195)	23
Net income	<u>₩ 109,933</u>	<u>₩ 348,264</u>
Per share data (Note 15)		
Basic and diluted earnings per share	₩ 356	₩ 1,127

The accompanying notes are an integral part of these non-consolidated financial statements.

KB Financial Group Inc.

**Non-Consolidated Statement of Changes in Shareholders' Equity
Six-Month Period ended June 30, 2009**

	<u>Capital Stock</u>	<u>Capital Surplus</u>	<u>Capital Adjustment</u>	<u>Accumulated Other Comprehensive Income and Expense</u>	<u>Retained Earnings</u>	<u>Total</u>
	(In millions of Korean won)					
January 1, 2009	₩1,781,758	₩15,473,511	₩(3,145,102)	₩ 1,087,503	₩630,941	₩15,828,611
Net income	—	—	—	—	348,264	348,264
Changes in equity method investments	—	—	(21,175)	(121,369)	3,458	(139,086)
June 30, 2009	<u>₩1,781,758</u>	<u>₩15,473,511</u>	<u>₩(3,166,277)</u>	<u>₩ 966,134</u>	<u>₩982,663</u>	<u>₩16,037,789</u>

The accompanying notes are an integral part of these non-consolidated financial statements.

KB Financial Group Inc.
Non-Consolidated Statement of Cash Flows
Six-Month Period ended June 30, 2009

	2009
	(In millions of Korean won)
Cash flows from operating activities	
Net income	₩ 348,264
Adjustments to reconcile net income to net cash provided by operating activities	
Loss on valuation of equity method investments	24,321
Provision for severance benefits	1,440
Stock compensation expense	807
Depreciation and amortization	1,177
Interest expense	336
Gain on valuation of equity method investments	(413,607)
Reversal of allowance for loans	(150)
Gain on valuation of pension plan assets	(79)
	(385,755)
Changes in operating assets and liabilities	
Decrease in equity method investments (dividend income)	98,200
Decrease in accounts receivable	2
Decrease in accrued income	953
Decrease in prepaid expenses	63
Decrease in other assets	206
Decrease in accounts payable	(87)
Increase in accrued expense	2,214
Increase in deferred tax liabilities	23
Succession in severance and retirement benefits	109
Increase in pension plan assets	(72)
Decrease in withholding tax payables	(28)
	101,583
Net cash provided by operating activities	64,092
Cash flows from investing activities	
Collection of loans	100,000
Loans granted	(70,000)
Acquisition of equity method investments	(376,091)
Acquisition of property and equipment	(160)
Acquisition of intangible assets	(1,197)
Guarantee deposits increased	(6,426)
Net cash used in investing activities	(353,874)
Cash flows from financing activities	
Proceeds from borrowings	255,000
Proceeds from debentures	299,066
Repayment of borrowings	(257,000)
Net cash provided by financing activities	297,066
Net increase in cash and cash equivalents	7,284
Cash and cash equivalents (Note 17)	
Beginning of period	1,846
End of period	₩ 9,130

The accompanying notes are an integral part of these non-consolidated financial statements.

KB Financial Group Inc.

Notes to Non-Consolidated Financial Statements

June 30, 2009

1. The Company

KB Financial Group Inc. (the “Company”), in accordance with Financial Holding Companies Act, was established on September 29, 2008, through stock transfer with former shareholders of Kookmin Bank, KB Investment & Securities Co., Ltd., KB Asset Management Co., Ltd., KB Real Estate Trust Co., Ltd., KB Investment Co., Ltd., KB Futures Co., Ltd., KB Credit Information Co., Ltd., and KB Data Systems Co., Ltd. in order to provide management services and financing to associated companies. The headquarters are located at 9-1 Namdaemunro 2-ga, Jung-gu, Seoul. The Company’s common stock as of June 30, 2009, is ₩1,781,758 million.

The Company is authorized to issue 1,000 million shares. The Company was listed on the Korea Exchange (“KRX”) on October 10, 2008, and was also listed on the New York Stock Exchange (“NYSE”) for its American Depository Shares (“ADS”) on September 29, 2008.

A major shareholder as of June 30, 2009, is:

<u>Name of Shareholder</u>	<u>Number of Shares Owned</u>	<u>Percentage of Ownership (%)</u>
National Pension Service	19,653,362	5.52

Details of its subsidiaries are as follows:

(1) Kookmin Bank

Kookmin Bank (the “Bank”) was established in 1963 under the Citizens National Bank Act to provide and administer funds for financing to the general public and small businesses. Pursuant to the repeal of the Citizens National Bank Act, effective January 5, 1995, the Bank has conducted its operations in accordance with the provisions of the General Banking Act. The Bank merged with Korea Long Term Credit Bank on December 31, 1998, and with Daegu, Busan, Jeonnam Kookmin Mutual Savings & Finance Co., Ltd. on August 22, 1999. Also, under the decision of the Financial Services Commission in accordance with the Structural Improvement of the Financial Industry Act, the Bank purchased certain assets, including loans classified either as normal or precautionary, and assumed most of the liabilities of Daedong Bank on June 29, 1998. Also, the Bank completed the legal consolidation with Housing and Commercial Bank (“H&CB”) on October 31, 2001 and merged with Kookmin Credit Card Co., Ltd., a majority-owned subsidiary, on September 30, 2003. Kookmin Bank’s common stock as of June 30, 2009, is ₩2,481,896 million.

The Bank’s shares have been listed on the KRX since September 1994. As a result of the business combination with H&CB, the former shareholders of the Bank and H&CB received new common shares of the Bank on the basis of a pre-determined ratio. The new common shares of the Bank were listed on the KRX on November 9, 2001. In addition, the Bank listed its ADS on the NYSE on November 1, 2001, following the consolidation with H&CB. H&CB listed its ADS on the NYSE on October 3, 2000, prior to the business combination. The Bank became a wholly owned subsidiary of the Company through a comprehensive stock transfer on September 29, 2008. In addition, the Bank’s listed shares and depository shares on the KRX and the NYSE were delisted on October 10, 2008 and September 26, 2008, respectively.

The Bank is engaged in the banking, trust, credit card and other relevant businesses according to the provisions of the General Banking Act, Capital Market and Financial Investment Business Act and Specialized Credit Financial Business Act, respectively. The Bank, with headquarters based in Seoul, operates through 1,194 domestic branches and offices (excluding 302 automated teller machine stations) and five overseas branches (excluding three subsidiaries and three offices) as of June 30, 2009.

KB Financial Group Inc.

Notes to Non-Consolidated Financial Statements — (Continued)

(2) *KB Investment & Securities Co., Ltd.*

KB Investment & Securities Co., Ltd. (the “KB Investment & Securities”) was established on August 16, 1995, to engage in security trading, underwriting and brokerage services. On March 11, 2008, the former name of Hannuri Investment & Securities changed to KB Investment & Securities. Its headquarters are located in Seoul. KB Investment & Securities common stock as of June 30, 2009, is ₩78,000 million.

(3) *KB Life Insurance Co., Ltd.*

KB Life Insurance Co., Ltd. (the “KB Life Insurance”) was established on April 29, 2004, to engage in financial insurance operations. On May 31, 2004, the company merged with Hanil Life Insurance Co., Ltd., undertaking all the insurance contracts and related assets and liabilities. Life insurance business under the Insurance Business Act is one of the company’s major business operations. Its headquarters are located in Seoul. KB Life Insurance’s common stock as of June 30, 2009, is ₩156,000 million.

(4) *KB Asset Management Co., Ltd.*

KB Asset Management Co., Ltd. (the “KB Asset Management”) was established on April 1988 to engage in investment advisory services including consulting and providing information on investment in securities and on July 1997, started to engage in security investment trust operations under Capital Market and Financial Investment Business Act (previously called the Security Investment Trust Business Act). Its headquarters are located in Seoul. KB Asset Management’s common stock as of June 30, 2009, is ₩38,338 million.

(5) *KB Real Estate Trust Co., Ltd.*

KB Real Estate Trust Co., Ltd. (the “KB Real Estate Trust”) was established on December 3, 1996, to provide real estate trust services including land trust. Under Section 3 of the Trust Business Act, Financial Services Commission authorized the company to engage in real estate trust service. On September 16, 2002, the name of the company changed to KB Real Estate Trust Co., Ltd. from Joeun Real Estate Trust Inc. The 25 land trust operations are in progress, and a number of other trust services such as collateral trusts are already engaged and ready to operate. Its headquarters are located in Seoul. KB Real Estate Trust’s common stock as of June 30, 2009, is ₩80,000 million.

(6) *KB Investment Co., Ltd.*

KB Investment Co., Ltd. (the “KB Investment”) was established on March 27, 1990, to provide services to small startup companies. Its main business is to invest in venture companies and small startup companies, and to organize startup investment cooperatives and private equity funds. On April 3, 1990, the company under Section 7 of the Support for Small and Medium Enterprise Establishment Act was listed on Small Business Administration as a small startup business investment organization. KB Investment purchases impaired loans, invests in companies under debt restructuring process, and sells reorganized companies after normalization. On March 2001, the company, under the Industrial Development Act, registered as Corporate Restructuring Company in the Ministry of Knowledge Economy. Its headquarters are located in Seoul. KB Investment’s common stock as of June 30, 2009, is ₩44,759 million.

(7) *KB Futures Co., Ltd.*

KB Futures Co., Ltd. (the “KB Futures”) was established on March 1997 to engage in futures trading, trust, intermediation, or brokerage services. The company became a member of the KRX on January 8, 1999. Its headquarters are located in Seoul. KB Futures’ common stock as of June 30, 2009, is ₩20,000 million.

KB Financial Group Inc.

Notes to Non-Consolidated Financial Statements — (Continued)

(8) KB Credit Information Co., Ltd.

KB Credit Information Co., Ltd. (the “KB Credit Information”) was established on October 9, 1999, under the Credit Information Protection Act to engage in loan collection services and credit research services. On May 2, 2002, the company merged with KM Credit Information Inc. to improve management of subsidiaries. As approved by its shareholders on October 28, 2002, its name was changed from Kookeun Credit Information Co., Ltd. to KB Credit Information Co., Ltd. Its headquarters are located in Seoul. KB Credit Information’s common stock as of June 30, 2009, is ₩6,262 million.

(9) KB Data Systems Co., Ltd.

KB Data Systems, Co., Ltd. (the “KB Data Systems”) was established on September 1991 to engage in computer system development and its sales, system maintenance, and information technology outsourcing services. Its headquarters are located in Seoul. KB Data Systems’ common stock as of June 30, 2009, is ₩8,000 million.

The percentage of ownership in subsidiaries as of June 30, 2009, is as follows:

<u>Investors</u>	<u>Investees</u>	<u>Number of Shares</u>	<u>Ownership (%)</u>
KB Financial Group Inc.	Kookmin Bank	496,379,116	100.00
	KB Investment & Securities Co., Ltd.	15,600,000	100.00
	KB Life Insurance Co., Ltd.	15,912,000	51.00
	KB Asset Management Co., Ltd.	7,667,550	100.00
	KB Real Estate Trust Co., Ltd.	16,000,000	100.00
	KB Investment Co., Ltd.	8,951,797	100.00
	KB Futures Co., Ltd.	4,000,000	100.00
	KB Credit Information Co., Ltd.	1,252,400	100.00
	KB Data Systems Co., Ltd.	800,000	100.00
	Kookmin Bank	KB Financial Group Inc.	47,407,671
Kookmin Bank Cambodia PLC.		132,600	51.00
Kookmin Bank Int’l Ltd. (London)		20,000,000	100.00
Kookmin Bank Hong Kong Ltd.		2,000,000	100.00
KB Investment & Securities Hong Kong Limited		1,999,999	99.99
KB Investment Co., Ltd.	NPS-KBIC Private Equity Fund No. 1	4,510,720,000	2.56

2. Significant Accounting Policies

The Korean Accounting Standards Board has published a series of Statements of Korean Financial Accounting Standards (“SKFAS”). The Company has adopted SKFAS No. 1 through No. 24, except No. 14, and No. 101, in the preparation of its financial statements as of and for the six-month period ended June 30, 2009. Significant accounting policies followed in the preparation of these financial statements are as follows:

Equity Method Investments

Investments in equity securities of subsidiaries, over which the Company exercises a significant control or influence, are accounted for using the equity method. Under the equity method, the Company accounts for its proportionate ownership in the book value of the subsidiary in current operations as adjustment to income or loss, retained earnings, capital surplus, capital adjustments, or accumulated other comprehensive income depending on the nature of the underlying change in the book value of the subsidiaries. The acquisition cost of the Company stock

KB Financial Group Inc.

Notes to Non-Consolidated Financial Statements — (Continued)

owned by its subsidiaries is deducted from the Company's equity method investments and accounted as capital adjustment.

The Company discontinues the equity method for equity method investments when the Company's share of accumulated losses equals the costs of the investments, and until the subsequent cumulative changes in its proportionate net income of the subsidiaries equals its cumulative proportionate net losses not recognized during the periods when the equity method was suspended.

Any significant difference between expected cash flows from equity method investments and the Company's proportionate ownership in the net book value of the investees is accounted for as impairment loss from equity method investments. When the estimated future expected cash flows from equity method investments exceed the carrying value after impairment, such recovery is recorded in current operations up to the recorded impairment loss amount.

If the equity method investee is one of the Company's subsidiaries and is subject to consolidation, the changes, arising from additional stock purchase or capital increase and from the net difference of net asset value of investee and acquisition cost in net asset from the date of consolidation, are reflected as changes in capital surplus or capital adjustment in the Company's statement of financial position.

The excess of the acquisition cost over the proportionate fair value of the investee's net asset is amortized using the straight-line method up to a maximum of 20 years. The excess of the proportionate fair value of net asset over the acquisition cost ("the excess"), arising from the agreed expected future loss or expense, is recognized as income when expected future loss or expense is incurred. The excess up to the fair value of identifiable non-monetary assets is recognized as income over the years using the weighted average useful lives of non-monetary assets. The excess over fair value of identifiable non-monetary assets is recognized as income and reflected in the equity.

Unrealized gains or losses on transactions between the Company and subsidiaries are eliminated to the extent of the Company's interest in each equity method investee. Unrealized gains or losses from downstream sales is fully eliminated and reflected in equity method investments.

Allowance for Loan Losses

The Company provides an allowance for loan losses based on reasonable and objective analysis of the borrowers' capacity to repay their obligation.

Property and Equipment

The cost of property and equipment includes purchase costs, incidental costs directly related to preparing the property and equipment for use, and the discounted estimated costs to remove, dismantle or restore property and equipment at the end of the estimated useful lives of the related assets, when these costs meet the conditions for the recognition of liabilities.

Property and equipment are recorded as net of accumulated depreciation and impairment loss. Depreciation is computed using declining balance method based on the estimated useful lives of the assets as follows:

<u>Items</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Property and equipment	Declining balance method	4 years

The Company's land is revalued periodically by an independent appraiser. Any gain on revaluation, net of tax, is credited to accumulated other comprehensive income. On the other hand, loss on revaluation, net of tax, is first netted against accumulated other comprehensive income and the remainder is included in current operations.

Betterments and renewals, enhancing the value of the assets over their recently appraised value, are capitalized. However, routine maintenance and repairs are charged to expense as incurred.

KB Financial Group Inc.**Notes to Non-Consolidated Financial Statements — (Continued)**

The Company assesses the potential impairment of property and equipment when there is evidence that events or changes in circumstances have made the recovery of an asset's carrying value unlikely. The carrying value of the assets is reduced to the estimated realizable value, and an impairment loss is recorded as a reduction in the carrying value of the related asset and charged to current operations. However, the recovery of the impaired assets is recorded in current operations up to the cost of the assets before impairment, net of accumulated depreciation, when the estimated recoverable value of the assets exceeds the carrying value after impairment.

Intangible Assets

Intangible assets included in other assets are recorded at the production costs or purchase costs plus incidental expenses less accumulated amortization. Intangible assets are amortized over the estimated economic useful lives of the related assets as follows:

<u>Items</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Software	Straight-line	4 years
Others	Straight-line	4 years

The Company assesses the potential impairment of intangible assets when there is evidence that events or changes in circumstances have made the recovery of an asset's carrying value unlikely. The carrying value of the intangible assets is reduced to the estimated realizable value, and an impairment loss is recorded as a reduction in the carrying value of the related asset and charged to current operations. However, the recovery of the impaired intangible assets is recorded in current operations up to the cost of the intangible assets before impairment, net of accumulated amortization, when the estimated recoverable value of the assets exceeds the carrying value after impairment.

Discounts on Debentures

Discounts on debentures are amortized over the term of the debentures using the effective interest rate method. Amortization of the discount is recorded as part of interest expense.

Accrued Severance Benefits

Employees and officers with at least a year of service are entitled to receive a lump-sum payment upon termination of their employment, based on their length of service and rate of pay at the time of termination. Accrued severance benefits represent the amount which would be payable assuming all eligible employees and officers were to terminate their employment at the end of each reporting period.

The Company has adopted a defined benefit pension. Accrued severance benefits and accrued pension benefits are recognized as liabilities for employees and for retired employees who are qualified and choose to receive payments from the pension plan, respectively.

The accrued severance benefits and accrued pension benefits are presented as net of pension plan assets, and when pension plan assets exceed the accrued severance benefits and accrued pension benefits, the excess amount is presented as an investment asset.

Share-Based Payments

The fair value of the goods or employee services received in exchange for the grant of the options is recognized as expense and capital adjustment when the settlement term is equity-settled share based payment. If the fair value of goods or employee services cannot be estimated reliably, the fair value is estimated based on the fair value of the equity granted.

For cash-settled share-based payments, the fair value of the obligation the Company will assume is determined by the fair value of the goods or employee services received in exchange for the grant of the options. Until the

KB Financial Group Inc.

Notes to Non-Consolidated Financial Statements — (Continued)

liability is settled, the Company is required to measure the fair value at the end of reporting period and at settlement date. The change in fair value is recognized as expense.

Share-based payment transactions with an option for the parties to choose between cash and equity settlement are accounted for based on the substance of the transaction.

Income Tax and Deferred Income Tax

Income tax expense includes the current income tax under the relevant income tax law and the changes in deferred tax assets or liabilities. Deferred tax assets and liabilities represent temporary differences between financial reporting and the tax bases of assets and liabilities. Deferred tax assets and liabilities are recognized as the amount which will be credited or charged to income tax expense in the period the related temporary differences reverse in the future. Deferred tax effects applicable to items in the shareholders' equity are directly reflected in the shareholders' equity.

Provision and Contingent Liabilities

When there is a probability that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and whose amount is reasonably estimable, a corresponding amount of provision is recognized in the financial statements. However, when such outflow is dependent upon a future event, is not certain to occur, or cannot be reliably estimated, a disclosure regarding the contingent liability is made in the notes to the financial statements.

3. Cash and Due from Bank

Cash and due from bank as of June 30, 2009 and December 31, 2008, are summarized as follows:

	<u>Bank</u>	<u>Interest Rate (%)</u>	<u>2009</u>	<u>2008</u>
			(In millions of Korean won)	
Due from bank	Kookmin Bank	2.00	₩9,133	₩1,849

Restricted cash and due from bank as of June 30, 2009 and December 31, 2008, are as follows:

	<u>2009</u>	<u>2008</u>	<u>Restriction</u>
	(In millions of Korean won)		
Due from Bank in Won	₩ 3	₩ 3	Guarantee deposits

KB Financial Group Inc.

Notes to Non-Consolidated Financial Statements — (Continued)

4. Equity Method Investments

Equity method investments as of June 30, 2009, are as follows:

Investees	Number of Shares	Ownership (%)	2009	
			Acquisition	
			Cost	Book Value
(In millions of Korean won)				
Kookmin Bank ⁽¹⁾	496,379,116	100.00	₩13,027,020	₩16,048,604
KB Investment & Securities Co., Ltd.	15,600,000	100.00	418,331	408,014
KB Life Insurance Co., Ltd. ⁽²⁾	15,912,000	51.00	76,091	72,138
KB Asset Management Co., Ltd.	7,667,550	100.00	101,961	80,594
KB Real Estate Trust Co., Ltd.	16,000,000	100.00	107,643	97,937
KB Investment Co., Ltd.	8,951,797	100.00	104,741	107,991
KB Futures Co., Ltd.	4,000,000	100.00	35,734	33,854
KB Credit Information Co., Ltd.	1,252,400	100.00	42,721	21,301
KB Data Systems Co., Ltd.	800,000	100.00	16,698	3,881
			<u>₩13,930,940</u>	<u>₩16,874,314</u>

- (1) The acquisition cost of Kookmin Bank includes the additional investment of ₩300,000 million during the six-month period ended June 30, 2009.
- (2) The Company acquired 51% ownership of KB Life Insurance Co., Ltd., which was previously owned by Kookmin Bank, during the six-month period ended June 30, 2009.

Equity method investments as of December 31, 2008, are as follows:

Investees	Number of Shares	Ownership (%)	2008	
			Acquisition	
			Cost	Book Value
(In millions of Korean won)				
Kookmin Bank	436,379,116	100.00	₩12,727,020	₩15,506,919
KB Investment & Securities Co., Ltd.	15,600,000	100.00	418,331	419,267
KB Asset Management Co., Ltd.	7,667,550	100.00	101,961	116,458
KB Real Estate Trust Co., Ltd.	16,000,000	100.00	107,643	97,469
KB Investment Co., Ltd.	8,951,797	100.00	104,741	103,788
KB Futures Co., Ltd.	4,000,000	100.00	35,734	38,206
KB Credit Information Co., Ltd.	1,252,400	100.00	42,721	44,488
KB Data Systems Co., Ltd.	800,000	100.00	16,698	18,457
			<u>₩13,554,849</u>	<u>₩16,345,052</u>

The changes in the difference between the acquisition cost of investment and the amount of the underlying equity in investee's net assets as of June 30, 2009, are summarized as follows:

	Beginning Balance	Increase	Amortization	Ending Balance
	(In millions of Korean won)			
KB Investment & Securities Co., Ltd.	₩93,054	₩ —	₩ 11,394	₩ 81,660

KB Financial Group Inc.

Notes to Non-Consolidated Financial Statements — (Continued)

5. Loans Receivable

Loans receivable as of June 30, 2009 and December 31, 2008, are as follows:

	Debtors	Interest Rate (%) as of June 30, 2009	2009	2008
			(In millions of Korean won)	
General loans in won	KB Real Estate Trust Co., Ltd.	4.67	₩ 50,000	₩ —
	KB Investment Co., Ltd.	4.62	20,000	—
Subordinated loans in won	KB Investment & Securities Co., Ltd.	—	—	100,000
	KB Investment & Securities Co., Ltd.	5.91	100,000	100,000
			<u>₩170,000</u>	<u>₩200,000</u>

The maturities of loans receivable as of June 30, 2009, are as follows:

	3 Months	4 to 6 Months	7 to 12 Months	1 to 3 Years	Over 3 Years	Total
	(In millions of Korean won)					
Loans in won	₩ —	₩ —	₩ 20,000	₩ 50,000	₩100,000	₩170,000

The provision ratios for possible loan losses as of June 30, 2009 and December 31, 2009 are as follows:

	2009	2008
(In millions of Korean won)		
Loans subjected to provision	₩170,000	₩200,000
Allowance for loan losses	850	1,000
Provision ratio(%)	0.5	0.5

The changes in loans receivable subjected to provision for possible losses for the six-month period ended June 30, 2009, are as follows:

	2009
(In millions of Korean won)	
Beginning balance	₩ 1,000
Provision for possible loan losses	—
Reversal of allowance for loans losses	150
Ending balance	<u>₩ 850</u>

6. Property and Equipment

The changes in property and equipment for the six-month period ended June 30, 2009, are as follows:

	Beginning Balance	Acquisition	Disposal	Depreciation	Ending Balance
	(In millions of Korean won)				
Property and equipment	₩ 3,214	₩ 160	₩ —	₩ 842	₩2,532

KB Financial Group Inc.

Notes to Non-Consolidated Financial Statements — (Continued)

Property and equipment insured as of June 30, 2009, are as follows:

	<u>Asset Insured</u>	<u>Insurance Coverage</u> (In millions of Korean won)	<u>Insurance Company</u>
Package insurance	Property and equipment	₩ 1,534	Samsung Fire & Marine Insurance Co., Ltd.

7. Intangible Assets

The changes in intangible assets for the six-month period ended June 30, 2009, are as follows:

	<u>Beginning Balance</u>	<u>Acquisition</u>	<u>Amortization</u>	<u>Ending Balance</u>
	(In millions of Korean won)			
Software	₩ 1,388	₩ 103	₩ 187	₩1,304
Other intangible assets	621	1,094	148	1,567
	<u>₩ 2,009</u>	<u>₩ 1,197</u>	<u>₩ 335</u>	<u>₩2,871</u>

8. Borrowings

Borrowings as of June 30, 2009 and December 31, 2008, are as follows:

	<u>Lender</u>	<u>Date of Borrowing</u>	<u>Maturity Date</u>	<u>Interest Rate (%) as of June 30, 2009</u>	<u>2009</u>	<u>2008</u>
	(In millions of Korean won)					
Borrowings in won	Hana Bank	2008-09-29	2009-06-09	—	—	10,000
	Woori Bank	2008-12-16	2009-06-09	—	—	100,000
	Woori Bank	2008-11-26	2009-03-31	—	—	20,000
					<u>—</u>	<u>130,000</u>
Other borrowings		2009-06-09	2009-09-08	2.63	80,000	—
		2009-06-22	2009-09-08	2.59	80,000	—
		2009-06-29	2009-09-08	2.55	70,000	—
		2008-12-19	2009-03-19	—	—	102,000
					<u>230,000</u>	<u>102,000</u>
					<u>₩230,000</u>	<u>₩232,000</u>

KB Financial Group Inc.

Notes to Non-Consolidated Financial Statements — (Continued)

Debentures issued by the Company as of June 30, 2009 and December 31, 2008, are as follows:

	Issued Date	Maturity Date	Interest Rate (%) as of June 30, 2009	2009	2008
				(In millions of Korean won)	
Unguaranteed debentures No. 1	2008-12-12	2011-12-12	7.48	₩500,000	₩500,000
Unguaranteed debentures No. 2-1	2009-03-20	2011-03-20	4.98	250,000	—
Unguaranteed debentures No. 2-2	2009-03-20	2012-03-20	5.30	50,000	—
				800,000	500,000
Less: Discounts on debentures				(2,026)	(1,428)
				<u>₩797,974</u>	<u>₩498,572</u>

The maturities of borrowings as of June 30, 2009, are as follows:

	3 Months	4 to 6 Months	7 to 12 Months	1 to 3 Years	Total
	(In millions of Korean won)				
Other borrowings	₩230,000	—	—	₩ —	₩ 230,000
Debentures	—	—	—	800,000	800,000
	<u>₩230,000</u>	<u>—</u>	<u>—</u>	<u>₩800,000</u>	<u>₩1,030,000</u>

9. Accrued Severance Benefits

The changes in accrued severance benefits for the six-month period ended June 30, 2009, are summarized as follows:

	2009
	(In millions of Korean won)
Beginning balance	₩ 3,346
Transferred from subsidiaries ⁽¹⁾	109
Provision	1,440
Payment	—
Accrued severance benefits	4,895
Less: Pension plan assets	(2,336)
Ending balance	<u>₩ 2,559</u>

(1) Accrued severance benefits of ₩109 million, following the regulation on retirement benefits, were transferred from subsidiaries where the employees have been previously employed.

Details of pension plan assets as of June 30, 2009 and December 31, 2008 are as follows:

	2009	2008
	(In millions of Korean won)	
Cash and cash equivalents	₩ 1	₩ 438
Time deposits	2,335	1,747
Total	<u>₩2,336</u>	<u>₩2,185</u>

KB Financial Group Inc.**Notes to Non-Consolidated Financial Statements — (Continued)****10. Capital Stock**

Details of capital stock as of June 30, 2009, are as follows:

	<u>2009</u>
Number of shares authorized	1,000,000,000
Par value per share	₩ 5,000
Number of shares issued ⁽¹⁾	356,351,693

(1) There were no changes in number of shares as of June 30, 2009.

11. Capital Surplus

The excess value, which is greater than capital reserve, of transferred shares of subsidiaries including treasury shares of Kookmin Bank over the Company's issued capital stock is recorded as changes from valuation of equity method investments under the capital surplus of shareholders' equity.

12. Retained Earnings

As required by Article 53 of the Financial Holding Company Act, the Company, each time it declares dividends, is required to appropriate, as a legal reserve, an amount equal to a minimum of 10% of annual net income, until such reserve equals its issued capital stock. The reserve is not available for the payment of cash dividends, but may be transferred to capital stock, or used to reduce accu