

Our Passion for Green Wisdom

2009 KB Sustainability Report



About This Report

Report Overview

This is the first Sustainability Report issued by KB Kookmin Bank. As a leading bank in Asian financial markets, KB Kookmin Bank presents this report to describe to stakeholders the activities and performance of its sustainability management in relation to economy, society and environment.

As a good corporate citizen, KB Kookmin Bank recognizes its social responsibilities in an age when humanity is facing such challenges as climate change and global poverty. By publishing an annual Sustainability Report, KB Kookmin Bank will demonstrate its commitments to actively addressing climate change as well as to developing services for SMEs and the underprivileged.

Report Standards, Period & Scope

This report complies with the G3 Guidelines of the GRI (Global Reporting Initiative), and is based on opinions gathered from a broad range of stakeholders.

All corporate activity described in this report is based on data collected between January 1 and December 31, 2009, including quantitative data. So that readers can compare performance across years, the report includes data from 2007 and 2008, as well.

KB Kookmin Bank has 11 overseas branch offices. However, the scope of this report is limited to data collected from domestic Head Offices and branch offices performing major business activities in Korea. Data collected from overseas branches is indicated as such.

Standards of Credibility & Inquiries

Content and data verification was performed by an independent agency. The results of this verification process are available on page 70. For more information about this report, visit the website of KB Kookmin Bank (<http://www.kbstar.com>) and Data Analysis, Retrieval and Transfer System (<http://dart.fss.or.kr>), or check the Annual Report of KB Kookmin Bank. For inquiries about this report, please contact:

Green Business Division, KB Kookmin Bank
36-3 Yeouido-dong, Yeongdeungpo-gu
Seoul, Republic of Korea
150-758

Tel: 82-2-2073-5760
Fax: 82-2-2073-5799
E-mail: wisegreen@kbstar.co.kr
Website: <http://www.kbstar.com>

Global Reporting Initiative
Application Standard



This report meets the requirements of GRI G3 evaluation A+ level and has been verified by an independent agency.

Contents

04	A Message from the CEO
06	2009 Highlights
08	Company Profile
10	Branding & Services
12	Financial Statements & Key Figures
15	Stakeholder Engagement
17	Sustainability Vision & Mission

Relationship Management

20	– Customer Value Creation
27	– Social Contribution
33	– Human Resource Development
40	– Partnership with Suppliers

Green Management

44	– Green Finance
49	– Green Operations

Management Integrity

60	– Governance
62	– Ethical Management
64	– Risk Management

67	Appendix
----	-----------------



About the Cover

The cover illustrates Kookmin Bank's pursuit of human and social development in harmony with nature through progressive sustainability management.

A Message from the CEO



Dear Stakeholders,

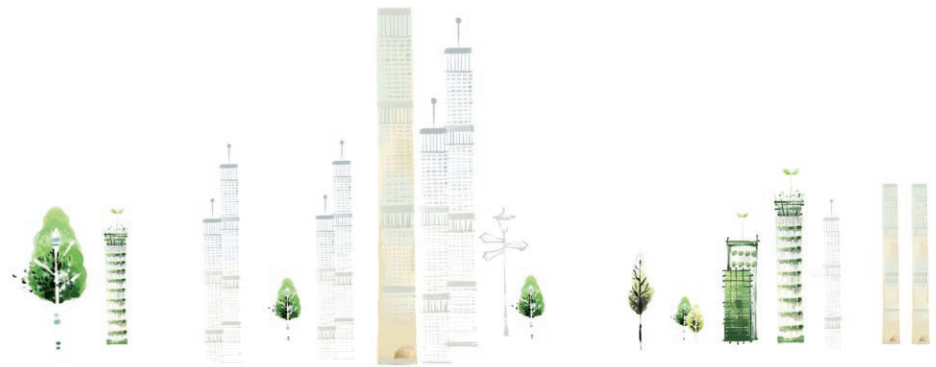
We greatly appreciate your continuing interest and support for KB Kookmin Bank.

KB Kookmin Bank understands that sustainability management is necessary for corporate development and has increased its efforts to practice it.

In 2009, KB Kookmin Bank achieved internal stability based on transparent governance, even amidst the global economic

crisis. 2009 was a meaningful year, as we practiced sustainability management by actively participating in green business and social contribution activities at home and abroad, while also providing financial support to SMEs.

Through these efforts, KB Kookmin Bank has received international recognition for its sustainability management performance. We are currently listed on DJSI Asia Pacific, which includes Asian companies that lead in sustainability.



In 2009, KB Kookmin Bank also launched the Green Finance and Operations Committee to improve the company's performance in the fields of green financing and green operations.

In Green Financing, we have developed an environment-friendly system for customers and clients. KB now provides new products and services in anticipation of a new industrial growth engine and a growing carbon market. We have also established a new framework for environmental risk management. We have made investments more sound by considering environmental and social risk factors in enterprise loan and investment review. In an effort to cope with climate change, we now employ energy and resource conservation practices for greener operations.

For the first time in banking history, KB Kookmin Bank has established a separate organization dedicated to the development of social contribution programs. These programs offer teenagers a variety of educational and cultural opportunities to encourage them to pursue their aspirations. KB Kookmin Bank also runs a variety of social contribution programs in countries such as Cambodia and Vietnam in cooperation with aid and development organizations. We also actively promote microcredit projects to help the underprivileged, including low-income families and the disabled, become economically independent. In December 2009, we established the Smile Microcredit Bank to promote

balanced social development.

The sustainable development of an enterprise begins with the development of outstanding human resources. Thus, KB Kookmin Bank operates an array of training and welfare programs to develop global-level human resources. Because of these programs, Hewitt Associates has named KB Kookmin Bank 'Best Workplace in Korea'.

In addition, KB Kookmin Bank continues to implement innovative activities and policies to promote customer value within its organization, achieving great results and national recognition. KB Kookmin Bank has ranked first in the National Customer Satisfaction Index (NCSI) within the banking field for the past 4 consecutive years.

KB Kookmin Bank is committed to leading in sustainability management and becoming an influential global bank. As always, our goal is to meet the expectations of our stakeholders including our clients, shareholders, staff members and local communities. Your encouragement and support remain as valuable as ever in helping KB attain the highest possible standards.

Thank you.

KANG CHUNG WON, CEO of KB Kookmin Bank

2009 Highlights

During 2009, KB Kookmin Bank provided support to SMEs suffering from the recent financial crisis, and started building a sustainable and environment-friendly banking business model through Green Financing. The Bank not only met the needs of its customers throughout the year, but also firmly maintained its top position in customer satisfaction with innovative products and services. Moreover, the Bank placed priority on fulfilling its social responsibilities through the establishment of Smile Microcredit Bank, regular donations and community-specific welfare services.

January ~ February

Launched KB Green Growth Loans

166,515 Accounts Opened

KB launched "KB Love Your Hometown Card", which donates 0.2% of card usage amounts to Hometown Love Development Funds. 166,515 accounts have been opened under this card.

KRW1.5 Trillion Raised for SMEs

KB raised new funds of approx. KRW1.5 trillion for SME companies. Offered discounts on interest rates, respites for repayment of principals on amortization of loans in foreign currencies, and extensions of due dates.



Sustainability Management TFG Launched

KB launched a Sustainability Management TFG, with the CEO of KB Kookmin Bank as head, for active investment in and support for green growth industries.

March ~ April

MOU for 500-500 Project Executed for Development of Small- to Mid-sized Exporters

KB executed an MOU with Korea Export Insurance Corporation for symbiotic cooperation to provide liquidity for domestic exporters.

Launched Business-Preferential Installment Savings



Established KB Green Economy Volunteer Corps

Eco-Tree Campaign

KB Selected as 'Best Workplace in Korea for 2009'

Established 'RaonAtti', the KB-YMCA Overseas Social Voluntary Corps

May ~ June

KB offered Insurance Policies for Personal Bicycle Riders

Samsung LED's Suppliers supported with KB Green Growth Loans

15,000 Employees in Voluntary Work Day

Around 15,000 employees of KB Kookmin Bank nationwide performed voluntary work in local communities.

Kim Yuna Savings Program Reaches 100,000 Enrollments

"I-Love-Figure-Queen-Yuna Installment Savings" program reached 100,000 account enrollments within 24 days of its release date. This savings product provides donations to help the underprivileged and children with rare or incurable diseases.

Signing Ceremony for Women-friendly Corporate Culture



July ~ August

1,850 'Happy Meals' Delivered

1,850 'Happy Meal' were delivered to undernourished children.



Triple-Active System Introduced

With its new Triple-Active connection system, part of a set of next-generation technology, the Internet Banking Disaster Recovery Center offers non-stop banking service, even in times of unexpected disaster or disruption.

September ~ October

KB green Growth Card Released



DJSI Asia-Pacific & DJSI Korea Joined

KB Financial Group was recognized around the world in 2009 as it became a component of the DJSI Asia Pacific following the sustainability assessment of the 600 largest Asian-Pacific companies in market capitalization. KB Financial Group was also listed in the DJSI Korea following an evaluation of the top 200 Korean enterprises in terms of market capitalization.



November ~ December

KB Carbon-neutral Forest Event Implemented

KB Carbon-dioxide Emission Management System (KB-CEMS) Developed

KB Kookmin Bank plans to minimize greenhouse gas emission and pollutants with its Carbon-dioxide Emission Management System. KB-CEMS measures the amount of carbon emissions in all bank premises and enables a more efficient use of energy and resources in its management activities.

Ranked 1st in Banking Business on National Customer Satisfaction Index (NCSI) for 4 Consecutive Years



KB Gimchi Sharing Love Event

Received "House of the Year, South Korea" Award in Risk Management from Asia Risk

Smile Microcredit Bank Established

KB Offers low-interest-rate loans to people with poor credit ratings, small business owners and low-income families.

Company Profile

Overview As a leader in the Korean banking and financial industry, KB Kookmin Bank aims to extend its leadership in both domestic and Asian financial markets. Since its rebirth in 2001 as KB Kookmin Bank through the merger of Kookmin Bank (established in 1963) and Housing & Commercial Bank (established in 1967), it has provided a variety of customer services including retail financing, corporate financing, investment banking, private banking, and trust and pension services. Drawing on its expertise in financial services, KB Kookmin Bank is now entering more overseas markets in advanced countries as well as Asian countries such as Cambodia and Vietnam.

As it expands its operations abroad, KB Kookmin Bank recognizes its increasing responsibility as a corporate citizen. As leaders in Asian financial markets, we are committed to providing the best services to domestic customers, thus creating economic value. We are also committed to sustainability management by preserving the environment, hiring local workers, and contributing to social programs, thus creating environmental and social value, as well.

[The Overseas Network of KB Kookmin Bank]



Scale & Status KB Kookmin Bank’s network includes 1,198 offices nationwide, including the Head Office in Myeong-dong, Seoul. The Bank has 25,942 officers and employees, serving more than 26 million customers.

KB Kookmin Bank operates 11 overseas branch offices, including New York and London. Eight of these branches offer retail and corporate banking services. The branch offices in Almaty, Ho Chi Minh and Kiev have completed the market research phase and are in preparation to move into business operation. KB Kookmin Bank also entered the Cambodian and Kazakhstan markets in 2009 by investing shares in local banks.

Overview of KB Kookmin Bank

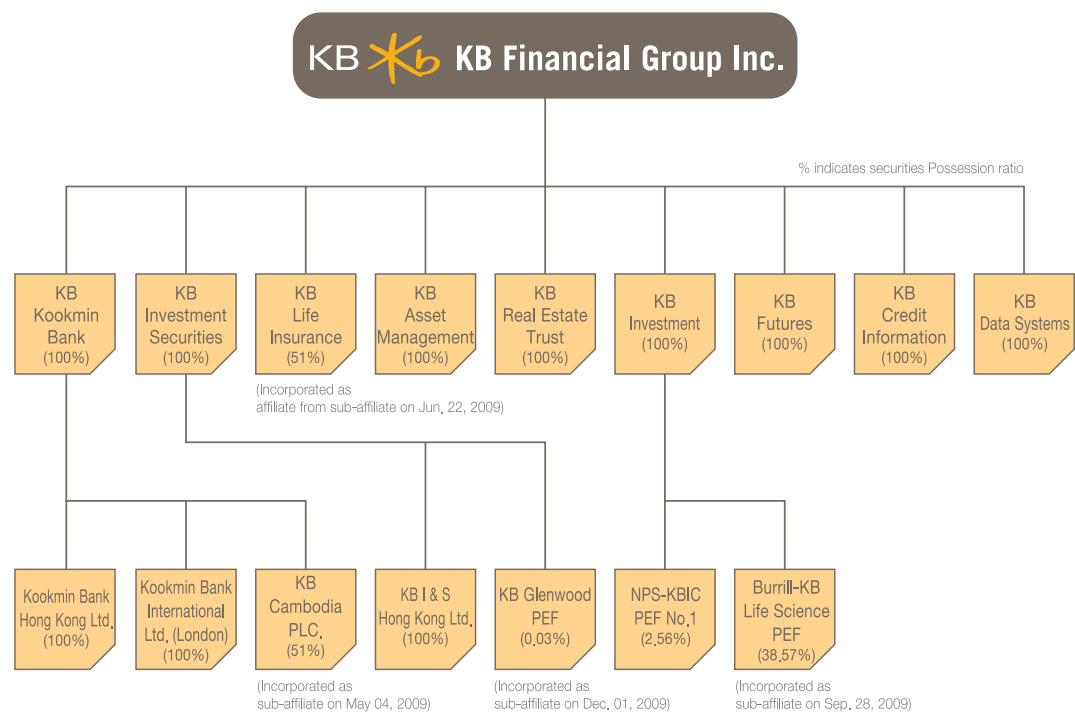
Established	November 01, 2001
CEO	KANG, CHUNG WON
No. of Branch Offices	1,198
No. of Employees	25,942
No. of Customers	26,070,000
Major Services	Banking service, trust, credit cards, etc.

* as of the end of December 2009

Organization Chart & Ownership Structure

Established as a corporation in 2001 through the merger of Kookmin Bank and Housing & Commercial Bank, KB Kookmin Bank became part of KB Financial Group, Inc., which was designated a holding company in 2008. After its establishment, KB Financial Group, Inc., was listed in the stock market in 2008 through a comprehensive stock transfer from KB Kookmin Bank, KB Investment, KB Credit Information and KB Data Systems, etc. KB Financial Group, Inc., is the legal owner of KB Kookmin Bank and possesses 100% of the shares of the Bank.

[KB Financial Group Organizational Chart]



KB Kookmin Bank is the largest shareholder of KB Financial Group, Inc., holding 11.21% of the 386,351,693 shares issued. CITIBANK N.A., National Pension Service and ING Bank N.V. are major shareholders of KB Financial Group, Inc., as well. Particularly, CITIBANK N.A. is a DR Account for foreign investors, and each DR owner has a voting right. Except for the affiliates and the depositary bank, the National Pension Service, which is a government agency, is the largest shareholder. Due to the high stability of these major shareholders, the ownership structure of KB Kookmin Bank is also highly stable.

Major Shareholders of KB Financial Group		
Rank	Name of Shareholder	Ownership
1	KB Kookmin Bank	11.21%
2	CITIBANK N.A.	10.44%
3	National Pension Service	5.19%
4	ING Bank N.V.	5.02%

* as of December 2009

Branding & Services

Major Products & Services

KB Kookmin Bank offers banking, trust and credit card services. The Bank also develops and sells products for retail and corporate customers in deposits, trusts, loans, bonds, credit cards, funds, bancassurance and foreign exchange. The diverse services available for corporate customers include loan, funds management and consulting.



[Portfolio of Major Products and Services Offered by KB Kookmin Bank]

Brand Value of KB Kookmin Bank

KB Kookmin Bank has maintained its reputation as Korea's best brand in the financial sector. The Korea Productivity Center has selected the Bank as the most competitive in its National Brand Competitiveness Index (NBCI) for six consecutive years. The Bank ranked first in the 2009 Korea Brand Power Index (K-BPI), sponsored by Korea Management Association Consulting, a ranking it has held for 11 consecutive years.

Since reconstituting its brand strategies in 2005, KB Kookmin Bank has enhanced the value of its brand through consistency and efficient, transparent communication. These strategies include brand concept, platform and architecture and are based on the brand objective communicated by the slogans 'KB, Your Partner for a Better Future' and 'Trailblazing into the Future with Wisdom'. This brand management framework includes such activities as brand naming, design, trademark management, advertising/promotion, and brand research focusing on value monitoring. In 2007, the Bank issued the 'Public Relations Guidelines' and documented its brand management activities, including CI, design and advertising. The Bank also applied its brand management framework to strengthen brand consistency by ensuring that the Guidelines are followed in all business operations.

Promotional Activities

KB Kookmin Bank is a leading bank in Korea in terms of asset size and the number of customers. It is the Bank of the General Public with 68% of the economically-active population as its customers. Accordingly, the Bank engages in a comprehensive range of promotional activities with the long-term objective of which providing satisfaction gaining the trust, and nurturing the hopes and dreams of every citizen. The Bank reflects this strong relationship with its customer base through its advertising. For example, rather than focusing solely on promoting the Bank, its television commercials remind Korean viewers of contemporary success stories such as Kim Yuna and Park Tae Hwan. Thus, KB encourages the public to believe in their potential and to develop self-confidence.



Overview of Major Products

●●● Savings



KB I-Love-Figure-Queen-Yuna Installment Savings

Offered in honor of Kim Yuna, this account raises funds for the underprivileged including children suffering from rare or incurable diseases. The account donates 1% of the interest payable on maturity to organizations working for these charitable causes.



KB Plustar Account

This savings account allows transactions at both KB Kookmin Bank and KB Investment & Securities. It also allows stock trades and provides preferential rates on margin accounts and other benefits depending on card usage.



KB Junior Star Account

A savings account for children and teenagers, this service allows users to transfer their remaining pocket money to their installment savings account each month. It also grants preferential rates that reflect the features of financial transactions and carries no transaction fee. With this account, children and teenagers learn how to manage money and develop saving habits.

●●● Savings



KB Global Foreign Investment Account

A foreign currency savings account that meets the needs of customers investing directly in overseas stock markets, this account combines two features: a safe foreign currency deposit and overseas stock investment through a securities company. Account holders may deposit or withdraw at any time.

●●● Card Products



KB STAR Card

With over 2 million users, this is the Discount, all-in-one credit card of KB Kookmin Bank. It offers the financial benefits of a bank as well as customized card services.



KB Pointtree Card

The point-accumulation card offered by KB Kookmin Bank. This card is available in three types, marketed by color: Lime, Pine or Cherry. Each card carries some individualized features, and users may choose the type that suits their lifestyles and accumulate points through purchases. They also receive special benefits when using Pointtree as well as opportunities to contribute to social causes through card usage.

●●● Loans



KB Happy Dream Loan (Unsecured Loan)

The KB Happy Dream Loan provides financial opportunities to the underprivileged with little access to financial services, such as low-income workers and small-business owners. Designed as emergency loan, this product allows the underprivileged to obtain loans even if they are not eligible for credit through the conventional credit industry. Credit limit is calculated based on income inferred from national pension contribution and paid health insurance premium.

Financial Statements & Key Figures

2009 Financial Statements

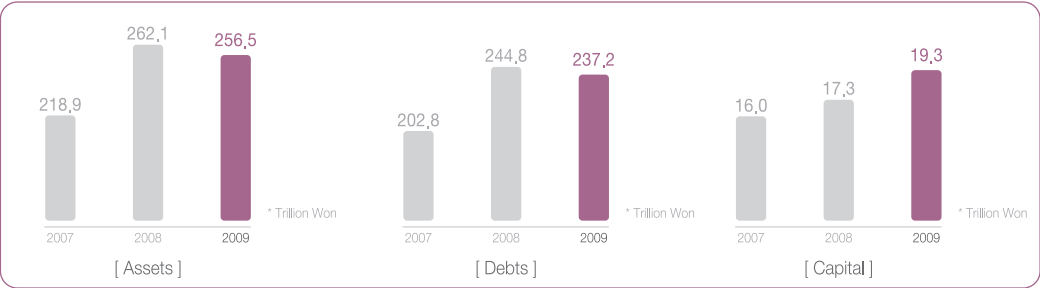
2009 was a challenging year, with a global financial crisis resulting in a domestic recession. Sales and profits fell in most industries due to reduced interest income resulting from increased non-performing loans, reduced non-interest income from sluggish investment, and increased loan-loss provisions from corporate restructuring.

Even during the economic crisis, however, KB Kookmin Bank maintained its top position in the domestic banking industry in terms of assets, total deposits, domestic currency loans, investment trust and bancassurance sales. This remarkable achievement is the result of the Bank’s successful maintenance of asset quality through solid risk management, which was spearheaded by a special Non-performing Loans Control Taskforce and augmented with an accumulation of appropriate loan-loss provisions. Despite having the largest customer base in the domestic market, the Bank has consistently maintained the highest customer satisfaction, ranking first in banking business for four consecutive years according to the National Customer Satisfaction Index (NCSI).

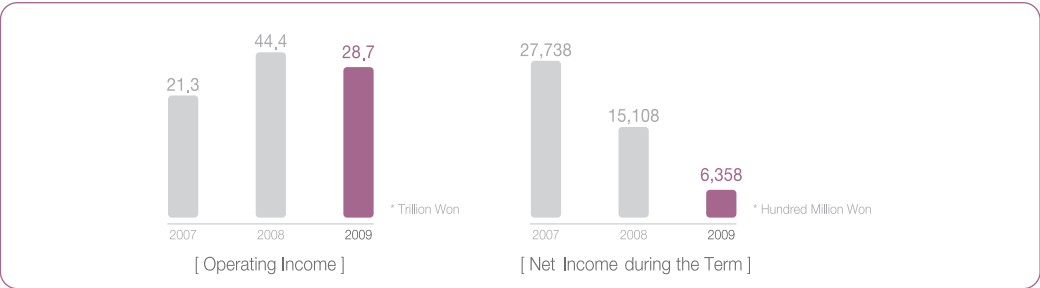
Profitability In 2009, profits in the overall banking industry declined due to the world wide recession and financial crisis. Even under such dire circumstances, however, KB Kookmin Bank recorded 0.24% in ROA (Return On Assets) and 3.42% in ROE (Return On Equity).

Asset Quality & Capital Adequacy KB Kookmin Bank is regarded as one of the best banks in the domestic banking industry in terms of asset quality and capital adequacy thanks to its thorough risk management and conservative funds management. KB Kookmin Bank recorded a provision coverage ratio of 153.20% in 2009, demonstrating that the Bank ensured safe management through provisions against the vulnerable part of its loan portfolio. In addition, the Bank appropriately maintained its capital adequacy, with its BIS-based capital adequacy ratio standing at 14.04% in 2009.

Total Assets, Debts & Capital



Operating Income(Sales) & Net Income



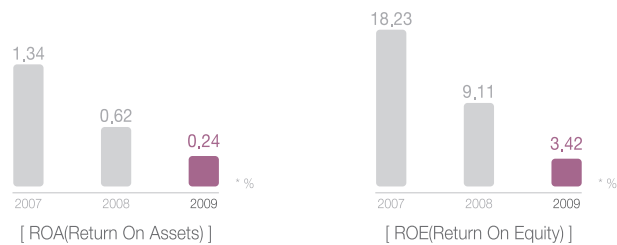
Operational Scale

KB Kookmin Bank has one of the highest operational scales in Korea with KRW268 trillion in total assets, KRW181 trillion in total deposits and KRW204 trillion in total loans as of 2009.

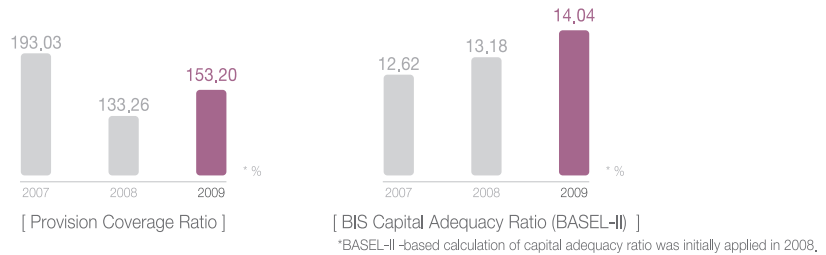
Domestic Market Share

KB Kookmin Bank has maintained its top position in market share, occupying approximately 21% of Korea's aggregate banking market in terms of Won-currency deposits and loans, which are two typical indicators of a bank's market stature in loans and deposits. The Bank recorded KRW170 trillion each in Won-currency deposits and loans in 2009.

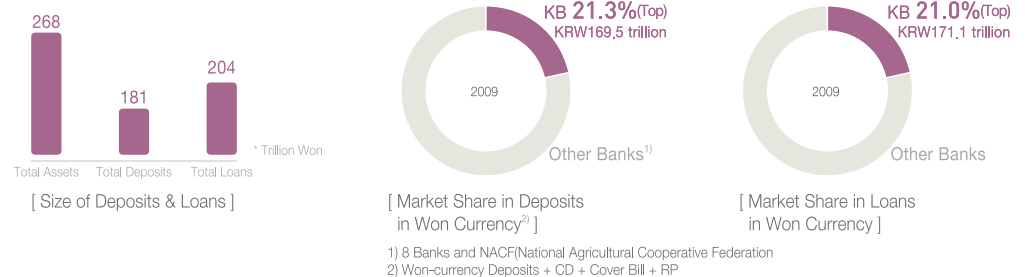
Profitability



Asset quality & Capital Adequacy



Market Status



Financial Statements & Key Figures

Credit Ratings

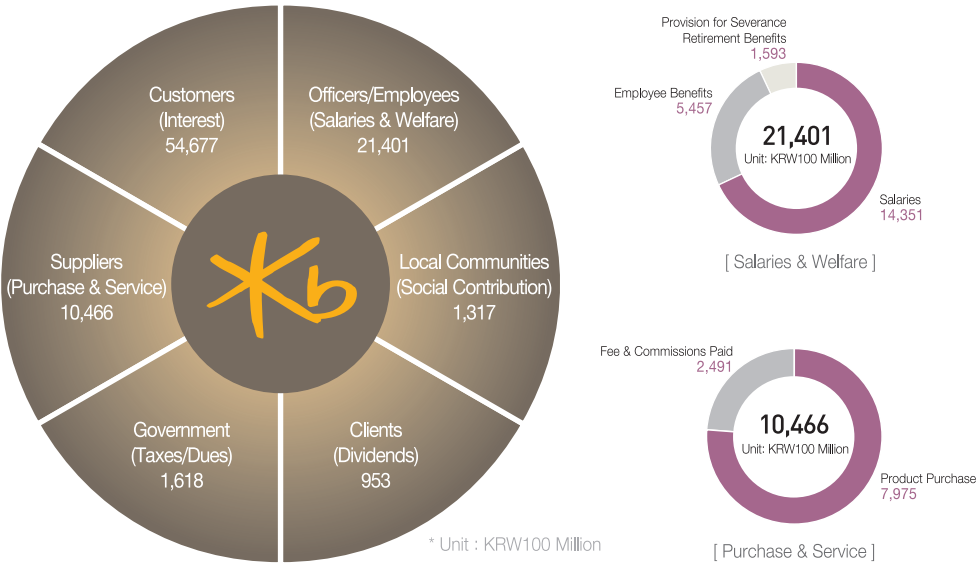
Maintaining its stable financial structure and customer base amid difficult times in 2009, KB Kookmin Bank received excellent ratings from international credit rating agencies. KB Kookmin Bank is also the only commercial bank in Korea to officially receive ratings equivalent to sovereign ratings from the three most prestigious international agencies: a rating of 'A' from S&P, 'A' from Moody's and 'A+' from Fitch.

International Credit Ratings for KB Kookmin Bank

Agency		Rating	Date	Remarks
Moody's	Long-term	A2	02/09/2009	Good credit quality and currently low expectation of investment risk
	Short-term	P1	08/10/2006	Superior credit quality and a very strong capacity for timely payment of less than 12 months deposit obligations
S&P	Long-term	A	03/21/2007	Good credit quality and currently low expectation of investment risk
	Short-term	A1	03/21/2007	Highest credit quality
Fitch	Long-term	A+	06/13/2007	Good credit quality and currently low expectation of investment risk
	Short-term	F1	07/18/2008	Highest credit quality

Creation & Distribution of Economic Value

Through its business operations as well as products and services, KB Kookmin Bank created an economic value in 2009 of KRW28.7 trillion in operating income and KRW635.8 billion in net profit. That created value is distributed to stakeholders in the following forms: interest for customers, dividends for shareholders, salaries and welfare for employees, fees and commissions for suppliers, taxes for the government, and donations or contributions for local communities.



Stakeholder Engagement

Who are Our Stakeholders?

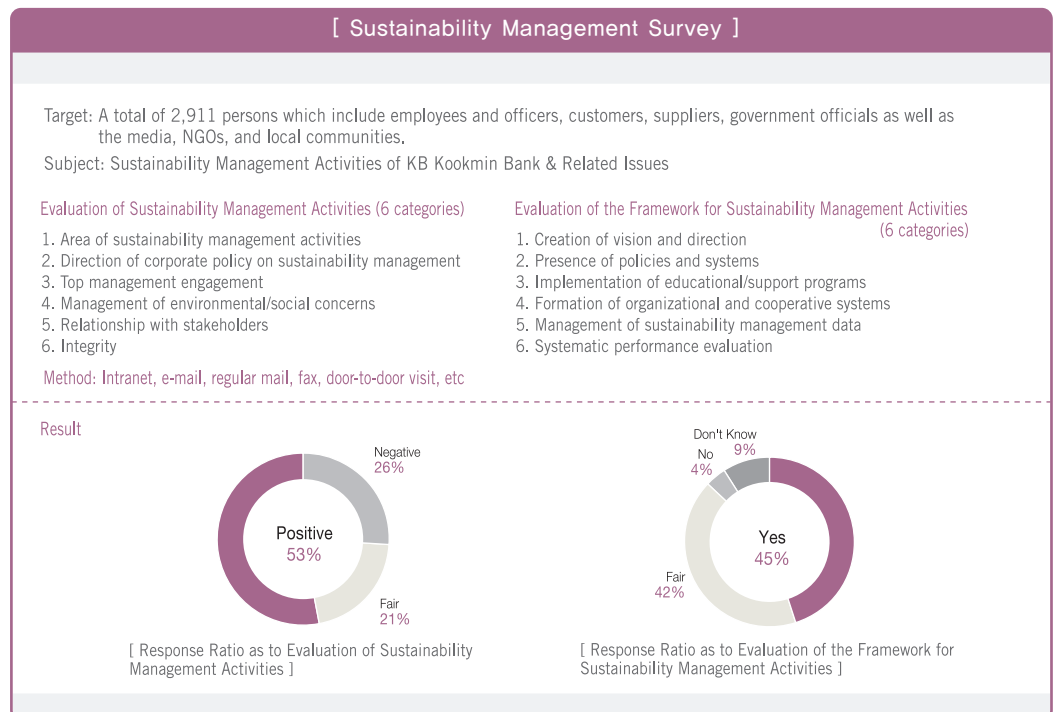
KB Kookmin Bank defines a stakeholder as an organization or an individual who influences or is influenced by the management activities of the Bank. The Bank engages in a variety of communication activities with its stakeholders depending on their influence and importance. Opinions collected from stakeholders provide input at various levels on risks and opportunities. Risks, opportunities and relevant issues are identified and the activities necessary for dealing with them are conducted in the context of sustainability management. The outcomes of such activities are presented in the annual Sustainability Report. Procedures for selecting major stakeholders and communicating with them add to the effectiveness and value of sustainability management, thus enhancing the sustainability of KB Kookmin Bank.

Listen, Understand & Act

KB Kookmin Bank communicates with different stakeholders by capitalizing on its organizational structure, which is characterized by the division into head offices and branch offices. The Bank obtains diverse feedback through activities that suit the features of each channel. It also endeavors to clearly understand the concerns of stakeholders and to take action accordingly.

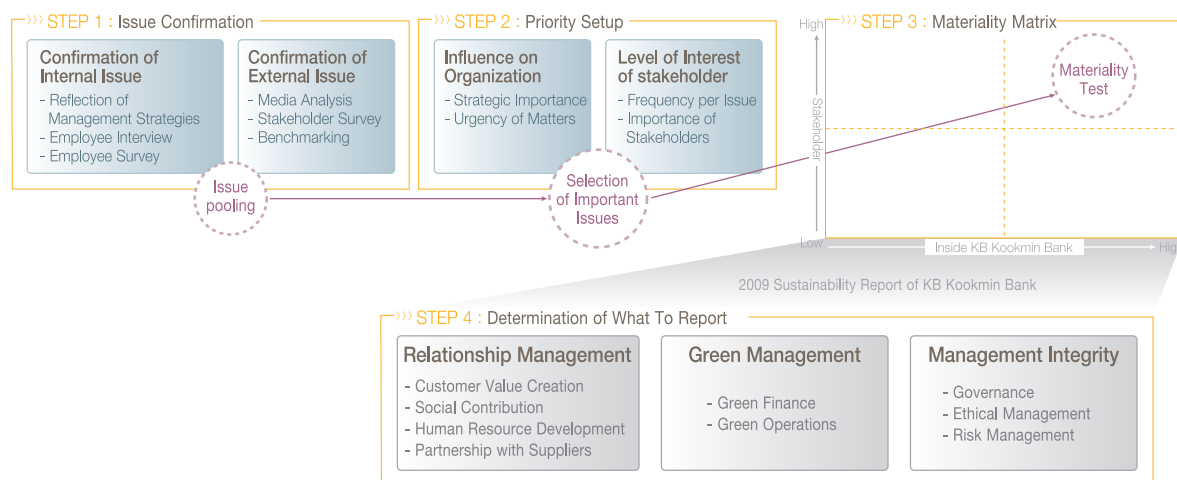
The Bank holds meetings and surveys stakeholders by type on a regular basis in order to collect their opinions. In 2009, it held several meetings to gather views from its business partners and collected detailed views from surveys. Survey topics included customer satisfaction, the attitude of employees, supplier satisfaction, and sustainability management. In particular, the Bank confirmed stakeholders' opinions on risks and opportunities related to government policies and sustainability management by holding discussions with the government and joining various initiatives related to sustainability management.

KB Kookmin Bank has been charting a course for sustainability management based on stakeholders' opinions. Through this process of assessing the level of influence and importance of stakeholder opinions, the Bank has identified a wider variety of risks and opportunities. The opinions of stakeholders are thus reflected in the vision and strategies of sustainability management.



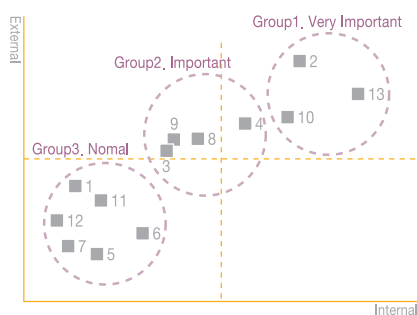
Materiality Test & Outcome

KB Kookmin Bank conducted a materiality test to determine the content of this report. The test used a structured approach illustrated below to identify the most important issues to be covered.



[Outcome of Materiality Test]

The stakeholders of KB Kookmin Bank believe that the following issues are most important with regard to sustainability management: (1) creation of an ethical environment against corruption and money laundering; (2) customer and brand management for enhanced corporate reputation; (3) contribution to local communities as a corporate citizen, including donations and voluntary work.



Materiality	No.	Details
Very Important	13	Creation of an ethical environment against corruption and money laundering
	2	Customer and brand management for enhanced corporate reputation
	10	Contribution to local communities as a corporate citizen, including donations and voluntary work
Important	4	Active control of financial, social and environmental risks
	8	Development of human resources and strengthening of employees' capabilities through training and career development
	9	A desirable working environment with no discrimination and respect for human rights, health and safety
	3	Improved relations with stakeholders, including shareholders, customers, local communities, etc.
Somewhat Important	11	Activities of suppliers for enhanced sustainability
	1	Securing sound governance and transparent operation of the Board of Directors
	6	Green Operations through the saving of resources such as electricity, water and paper.
	5	Appropriate responses to climate change, carbon monitoring, green funds, and participation in the carbon credit market.
	12	Financial services for the underprivileged through active microcredit
	7	Green Finance including investment in renewable energy and biodiversity protection

Sustainability Vision & Mission

KB Kookmin Bank aims to be a global leader in preserving natural beauty and achieving balanced social development through its own sustainability management.

:: VISION

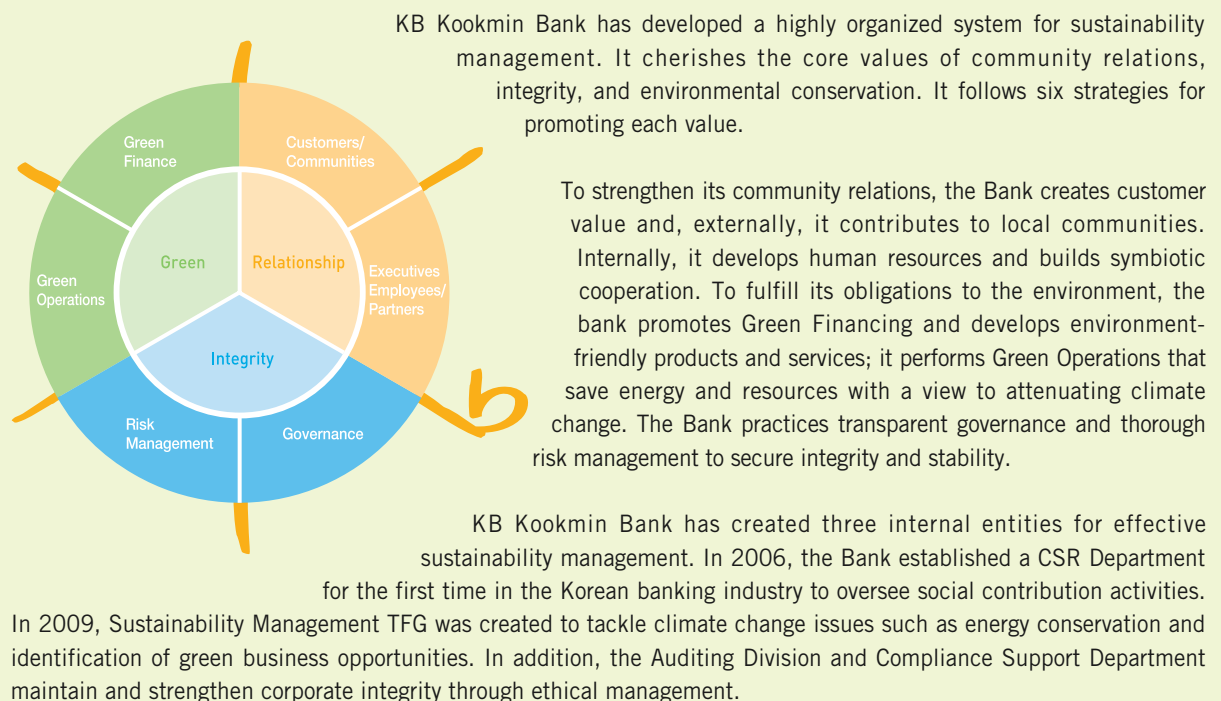
KB Kookmin Bank aims to become a global leader in sustainability management, creating outstanding economic value, fulfilling its social responsibilities as a corporate citizen, and cherishing the core values of community relations, integrity, and environmental conservation.

:: MISSION STATEMENT

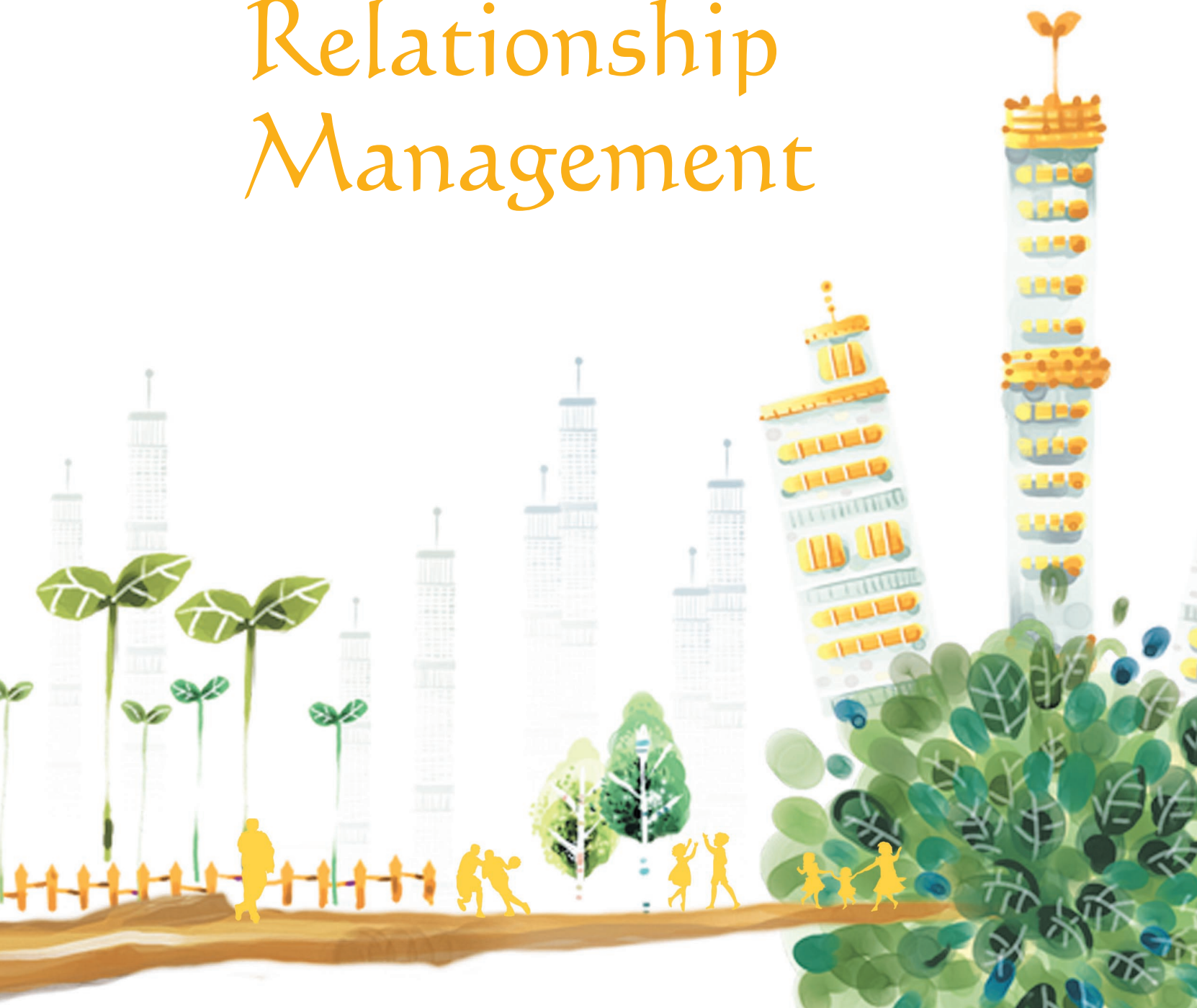
KB Kookmin Bank is taking the initiative in preserving natural beauty and balanced social development through:

- sustainability management that regards customers, local communities and employees
- Green Financing and active countermeasures against climate change
- transparent management and risk management

:: Sustainability Framework



Relationship Management



Relationship Management

Customer Value Creation

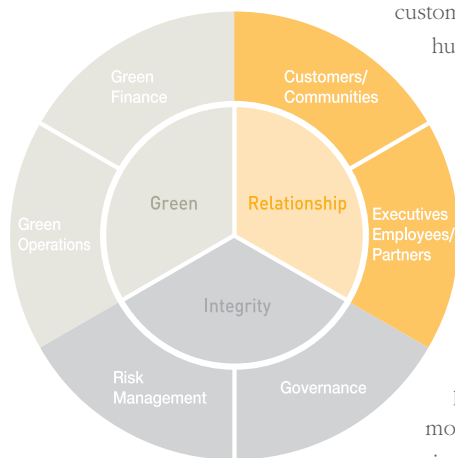
Social Contribution

Human Resource Development

Partnership with Suppliers

Purpose, Background & Approach of Relationship Management at KB Kookmin Bank

KB Kookmin Bank has always practiced Relationship Management by growing along with its stakeholders, including its customers, communities, officers and employees. It emphasizes relational values through customer value creation and social contribution on an external basis, and through human resource development and symbiotic cooperation on an internal basis.



KB Kookmin Bank offers customers differentiated value through high-quality services and implements social contribution activities primarily through youth education. The Bank intends to establish a performance-oriented corporate culture with the goal of becoming a world-class employer that attracts the best people and maximizing the value of its human resources through career development.

Relationship Management is practiced by dedicated departments such as the CSR Department. The bank maintains its high level of customer satisfaction, as well as the talent of its officers and employees, through a variety of training programs. KB Kookmin Bank is committed to becoming a global leader, a model for other financial institutions, in fulfilling its social responsibilities and growing with its stakeholders.

Key performance

Classification		2007	2008	2009
Customer Indicator				
Customer Satisfaction ¹⁾		71	71	71
Community Indicator				
Amount of Social Contribution (in millions of Won)		53,116	89,831	131,721
Staff Indicator				
Number of Officers & Employees ²⁾	Regular	18,112	17,789	18,237
	Open-term (Contractual) ³⁾	-	4,998	6,975
	Fixed Term (Contractual)	8,619	3,245	730
	Total	26,731	26,032	25,942
Average Hours of Training (Hr)		115	150	84
Partner Indicator				
Local Purchase Ratio (%)		93.2	94.6	85.7
Suppliers' Satisfaction		-	-	95.2

1) National Customer Satisfaction Index (NCSI)

2) Local employees hired overseas are excluded.

3) KB Kookmin Bank has been implementing the Open-term Contractual Employment since 2008.

Customer Value Creation

KB Kookmin Bank maintains its top position in customer satisfaction ratings by continuing to improve its premium financial services.

Ranked First in NCSI* for Four Consecutive Years

KB Kookmin Bank has achieved the remarkable feat of being ranked first in the National Customer Satisfaction Index (NCSI) for four consecutive years with its consistent customer satisfaction management.



* National Customer Satisfaction Index (NCSI)

A survey measuring the quality competitiveness of nations, industries and enterprises through a customer satisfaction measurement model jointly developed by the Korea Productivity Center and the University of Michigan.

Customer Satisfaction Management

KB Kookmin Bank maintains its number-one rank in customer relations through stable management, follow-up services and certified training programs for its officers and employees.

customer-oriented culture leads directly to the achievement of global competitiveness. The Bank's Customer Satisfaction Management System consists of four components: (1) Manpower

Customer Satisfaction Management System

Customer Satisfaction Management
No.1 Bank in Customer Satisfaction



Manpower Services
• Enhancement of CS Pride
• Gentrification in Attitude & Ability

Market Competitiveness
• Product, Rate, Channel
• Best Brand

CS Culture
Establishment

Best
Competitiveness

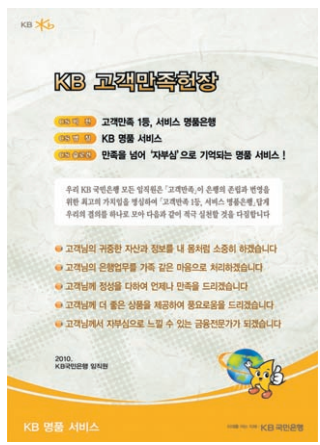
Establishment
of High-quality
Services

System Enhancement
• Operation of Customer-oriented Systems
• Self-renewal from Customary

Service Process
• Settlement of Frequent Complaints
• Vital Few Management

"Service Identity(SI) & KB Customer Satisfaction Charter"

KB Kookmin Bank publicizes both internally and externally its customer service philosophy and its commitment to premium services.



Customer Satisfaction Management System & Strategies

KB Kookmin Bank has achieved the highest rating in customer satisfaction for 4 consecutive years due to three factors: (1) the philosophy and leadership of its CEO; (2) the development of its own system for customer satisfaction based on Service Identity (SI) - the first such system attempted in the banking industry; and (3) the passion and sincerity of its staff toward the customer.

Essential to the Bank's system for customer satisfaction management is the establishment of a corporate culture that emphasizes customer satisfaction, along with the establishment and maintenance of high-quality customer service. This

services, which ensure the development of pride in customer service among the officers and staff; (2) an emphasis on market competitiveness, with the goal of developing innovative financial products and services at competitive rates; (3) enhancement of customer-oriented systems; and (4) a customer service process that eliminates frequent complaints and minimizes management staff.

CEO Leadership The CEO of KB Kookmin Bank is committed to the philosophy that providing the best service to customers is one of key factors for the constant growth and development of the Bank. Accordingly, the Bank has embedded customer satisfaction in its corporate culture through a variety of methods, including periodic CEO messages, training programs, and performance evaluations that reflect the results of internal or external CS surveys.

Well-organized Customer Satisfaction System KB Kookmin Bank identifies and manages the factors influencing customer satisfaction through a close analysis of customer needs. In 2006, the Bank established the “KB Customer Satisfaction Charter” in order to clarify the objectives and expectations of customer service for all officers and employees.

Recognizing that customer satisfaction should be emphasized throughout the KB Bank system, Head Offices promote the culture of customer service at the branches. The Bank promotes the interests of customers through periodic revisions of policy instruments and business processes, thereby increasing benefits to customers, and assist branches in making local customer service more efficient.

Since 2005, KB Kookmin Bank has conducted CS research by analyzing gaps between customer expectations and service standards. It has revised its CS model each year by identifying the level of customer expectations and their service experiences. In order to address deficiencies and elevate CS standards, core management indicators (Vital Few) are identified in each Business Group (Department); CTQ (Critical to Quality) components are isolated and addressed. This process eliminates issues that may lead to

CS Management System - Implementing a 'Vital Few' Philosophy

Background (As-Is Analysis)

1. The perception that CS should be exclusively dealt with by branch offices.
2. 49,54% of customer complaints are related to demand for improvement in system and operational process.
- ATM, ease of borrowing, call waiting time, credit card, thank-you gift, etc.
3. Need for index management for enhancing performance in the Service Quality Index by external organizations

Implementation of Vital Few by Head Offices

Building a monitoring system for operational quality
Improving operational process by systemizing operational metrics

Analyzing customer complaints discovered from outcomes of KCSI/NCSI survey

fatal customer complaints and, in turn, could bring down the level of overall customer satisfaction.

Customer opinions submitted in branch offices are managed by the Bank's VOC (Voice of Customer) system to ensure that complaints are dealt with in a pleasant manner, and that customer praise serves as a benchmarking opportunity. KB Kookmin Bank gives immediate feedback to complaints through the VOC system within 2 business days. The Bank views complaints as opportunities to achieve customer satisfaction by providing customer-oriented solutions. Key examples of customer praise are shared among branch employees to encourage better service.

KB Kookmin Bank considers employee feedback to be vital as well, and it therefore operates a VOE (Voice of Employee) system where branch employees may express their opinions and request that the Head Offices improve relevant policy instruments. Employee feedback is delivered directly to the management. This feedback will assist the Bank in consolidating customer services throughout the system, closely linking the customer satisfaction activities of branches and Head Offices.

'24-hour Express Customer Service'

Branch managers are required to resolve customer complaints within 24 hours.

고객님의 불편사항을 24시간내
지점장이 직접 처리해 드립니다

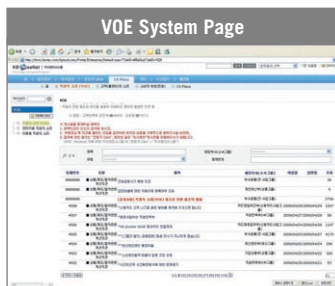
지점장 ○○○○ 민원상담책임자 ○○○○

연락처
지점장 상담전화: 02-000-0000
 후대전화: 010-000-0000
민원상담책임자 상담전화: 02-000-0000
 후대전화: 010-000-0000

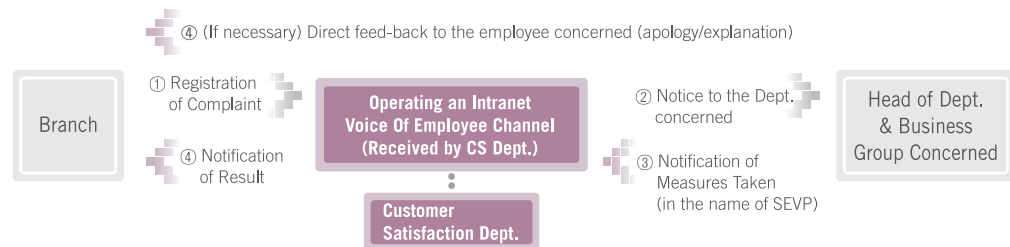
국민은행 ○○○지점

KB

www.kb.co.kr



VOE System



Voluntary/Active Customer Satisfaction Activities of Employees

When Customer Satisfaction Management was first introduced, the Bank's officers and employees expressed doubts about the importance of customer service. However, they now, widely agree on the importance of Customer Satisfaction Management. KB owes this transformation to many factors: the unwavering commitment of the CEO, a highly organized, efficient system for customer support, and employee training programs. The most important factor, however, is the pride that the Bank's employees take in their remarkable achievement: four consecutive years ranked number-one on Korea's National Customer Satisfaction Index.

The objective of the Bank's CS training is to provide consistent, equal customer service. Under an autonomous CS framework, training programs and meetings at the branch level are directed by a CS Performance Manager and a CS Leader designated in each branch office.

Branch-level CS training and reinforcement have been essential to the successful development of a customer-oriented corporate culture. In 2009, the Bank implemented CS education and training in stages and began rewarding employees who demonstrated outstanding skills or effort in customer relations.

Customer Satisfaction Activities



1. CS Meeting (each branch office)



2. CS Leaders Training



3. CS Academy Training



4. CS Consulting Service Training

CS Programs Implementation in 2009

Programs	Details & Efforts
2008 Second-half CS-Star Award & Encouragement Program	<ul style="list-style-type: none"> Retail branches: 270 employees RM branches: 25 employees Certification plaques were granted at an event held by each Retail Sales Support Division
Proposal of CS Services for "KB Financial Group Synergy Creation"	<ul style="list-style-type: none"> Adopted a unified voice message for automatic answering across KB Financial Group Formulated "KB Service Manual" and posted it on the Website of KB Financial Group Supported CS trainings for all the affiliates of KB Financial Group
First-half "KB Customer Happiness Love day" Event	<ul style="list-style-type: none"> Selected totally 110 branches and implemented daily events - balloon art, roulette game, free gift, mini cafe, etc.
CS Excellent Employees' Training for Advanced Services	<ul style="list-style-type: none"> Number of Excellent employees for second-half 2008: 38 (location: Jeju-do) Number of Excellent employees for first-half 2009: 39 (location: Jeju-do)
Provision of "Regular Customers' Benefits" Script & Counseling Booklet	<ul style="list-style-type: none"> Posted the "Main Customers' Benefits" script Posted the Counseling Booklet in the "CS Plaza" section
2009 First-half CS-Star Award & Encouragement Program	<ul style="list-style-type: none"> Retail branches: 280 employees, PB Center: 5 employees RM branches: 25 employees (selected as CS-Star) Certification plaques were granted at an event held by each Retail Sales Support Division
Second-half "KB Customer Happiness Love day" Event	<ul style="list-style-type: none"> Selected a total of 30 branches and implemented daily events - balloon art, roulette game, free gift, mini cafe, etc.

Top Customer satisfaction index in Korea

To maintain its high customer satisfaction index ratings, KB Kookmin Bank conducts two CSI surveys each year, one for each half of the year. These surveys are implemented in all business channels, including retail branches, RM branches, PB centers, call centers, KB card services, internet banking, and mobile banking. The surveys use KPIs (Key Performance Indicators) to reflect achievement of CS objectives. If problems are identified, Bank officers promptly prescribe remedial action.

According to data from these surveys, the customer satisfaction index for retail branches has shown a gradually upward trend over the last 3 years, particularly in the second-half of 2009, when the index reached the highest level ever recorded since its inception. The Bank won national fame in banking services after it received recognition as the highest rated bank in the

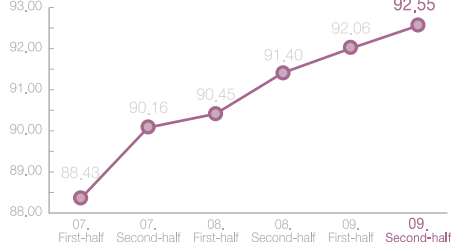
[Rank in National Customer Satisfaction Index(NCSI)]



[Rank in Korean Customer Satisfaction Index(KCSI) by Year]



[CSI Points of Branches]



National Customer Satisfaction Index (NCSI) for four consecutive years and in the Korean Customer Satisfaction Index (KCSI) for three consecutive years. These ratings are the result of regular CS performance measurements.

Customer Satisfaction Awards in 2009

Month	Achievements	Managed by
Dec.	1st rank in the banking business category of the Korean Net Promoter Score (KNPS) for 3 consecutive years	Korea Management Association Consulting
	1st rank in the banking business category of the National Customer Satisfaction Index (NCSI) for 4 consecutive years	Korea Productivity Center
	Outstanding Seller in 'The 2nd Fund Sales Mystery Shopping' event	Financial Supervisory Service
Nov.	1st rank in the banking business category of the Korea After-Sales Service Satisfaction Index (KASSI) for 2 consecutive years	Hankyung Business / Kookmin University
Aug.	1st rank in the banking/distribution business category of 'Korea's Top 1000 Brands'	Jungang Ilbo (Newspaper)
Jul.	1st rank in the banking business category of the Korean Customer Satisfaction Index (KCSI) for 3 consecutive years	Korea Management Association Consulting
Jun.	Outstanding Call Center in the Korean Service Quality Index (KSQI)	Korea Management Association Consulting
Feb.	1st rank in the banking business category of 'Korea's Most Trustworthy Enterprises Awards'	Hankyung Business Prosumer
Jan.	KB Card: Top prize in the finance/card category of 'Excellence in Customer Satisfaction' for 2 consecutive years	Hankyung (Korea Economic Daily)

Snapshots of Customer Service Activities



FUN CS

A variety of Fun CS activities implemented by each office attract not only the hearts of regular customers, but also the first-time visitors.



CS Event

The 'KB Customer Happiness Love Day' event held nationwide won the interest and affection of customers.



CS Promotion

The Customer Satisfaction UCC Contest, with employees in branches nationwide participating, boosted the satisfaction of both external and internal customers.



Customer Satisfaction Index at Call Center

Programs suited to the characteristics of Call Centers, such as CS-UP, CS-TOP customer satisfaction survey, and CS expert certification, took root in the customer-oriented corporate culture.

“KB Rainbow Humanities” Service

In September 2009, KB Kookmin Bank launched a website featuring human-interest stories in an effort to appeal to customer's emotions. This service goes beyond the traditional image and business scope of a bank by demonstrating KB's diverse values online.



Page views	561,843
No. of Visitors	53,405
Customer Participation	804

* As of end of 2009

Customer Value Creation

Through its Customer Satisfaction Management, KB Kookmin Bank reflects the values of differentiation, customization, convenience and security. It offers these values through a variety of infrastructures including but not limited to CRM systems, extension of online service channels, and a thorough security system for the protection of private information.

Providing Customization

The KB CRM system consists of 3 stages-Plan, Do & See. KB executes the design of customer value plan through customer analysis, development and operation of programs, and performance analysis for each channel of customer interaction. KB CRM maintains a database of collecting information collected from points of contact with customers.

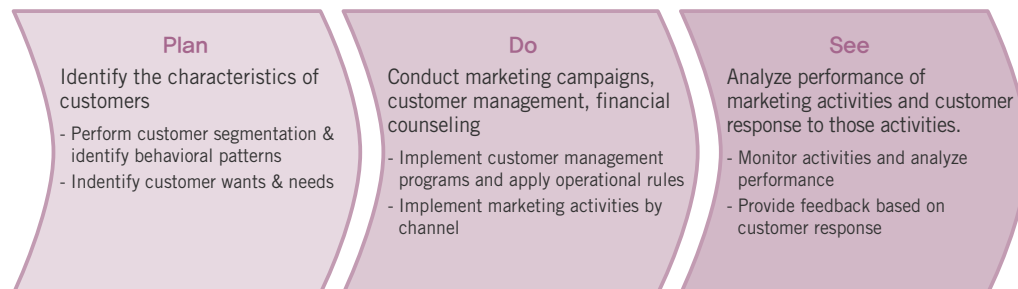
This information supports the Bank's efforts to provide the best products and services by reflecting the characteristics of customers, and ensures close relationships with customers by conveying messages suited to those characteristics.

KB Kookmin Bank is stepping up its CRM training so that customer analysis may be applied at the point of contact. The CRM program also identifies model cases on dissemination, and is incorporating user opinions to upgrade its systems.

Providing Convenience

KB Kookmin Bank continues to offer more convenience to customers, particularly with the expansion of online financial services.

Structure of KB CRM



Improving Web Access for an Increasingly Diverse Society

KB Kookmin Bank offers audible menus for visually-impaired customers, as well as subtitles and manuscripts of news broadcasts for the hearing-impaired. The Bank's website also provides an option whereby physically challenged customers can navigate using only a keyboard. Moreover KB has expanded its English-language website, in recognition that Korea is becoming a multicultural society.



Promotion of CRM Utilization

Classification	Details
User Training	<ul style="list-style-type: none"> • Implementation of marketing activities based on CRM through the promotion of constant training <ul style="list-style-type: none"> - CRM user training (2006~2009) : Total 22,699 individuals - Developing a standard process for CRM utilization by task - Developing cyber training courses along with online training, e.g. supporting visual education data
Diffusion of Model Cases	<ul style="list-style-type: none"> • Continuous identification and sharing of exemplary cases of using CRM for marketing purpose <ul style="list-style-type: none"> - Broadcasting model branches with an exemplary record of using CRM on KBN (internal TV broadcast) - Examples of successful campaigns
Constant Enhancement	<ul style="list-style-type: none"> • Supported the efficient use of CRM in more convenient ways by enhancing systems based on user opinions <ul style="list-style-type: none"> - Applying various DM functions and e-mail channels for strengthening non-face-to-face marketing activities of branches - Expanding the application of external data for identifying/supporting new customers
Reinforcement of Non-face-to-face Channel	<ul style="list-style-type: none"> • Reinforced online/offline marketing support coping with changes in business environment <ul style="list-style-type: none"> - Developing/applying message channels of the internet banking service My KB - Developing online reservation system for consultations

Enhancing Convenience through KB Website Revision As online-based electronic banking services are expanded, customers demand that websites offer more convenience and ease of use and communication. Therefore, KB Kookmin Bank conducted a web-based survey of 23,059 customers and implemented a major overhaul of based on survey results.

The Bank significantly revised its website homepage so that customers can select between a 'Basic View' emphasizing images and 'Text View' displaying images along with text explanations, thus providing a convenient, user-oriented interface. In addition, the online bankbook balancing application was enhanced to enable customers to manage assets more efficiently.

The Bank also redesigned its the 'Life-in KB' menu by introducing useful information on life, culture, and leisure. In addition, a 'KB Lounge' menu was created by gathering the non-financial information that was scattered across the many pages and menus of the website and organizing them into one menu with 10 themes including travel, health/well-being, and women's issues.

KB Kookmin Bank also re-organized the interface and contents for customer feedback. E-mail and messenger consultations were integrated into the product information pages, and access to products was improved by dividing the financial product mall into smaller sections.

In recognition of these enhancements to the customer's online experience, the Bank was awarded the "Integrated Grand Prize in Banking Business" and the "Grand Prize in UI Innovation" for 2 consecutive years. The bank was also awarded the grand prize in "2009 e-Biz Brand Innovation Award" for 2 consecutive years.

Diversity of e-Banking Services KB Kookmin Bank introduced the "USIM-based Joint Bank ATM Service" for the convenience of customers making transactions by mobile phone and initiated the "KB WISE Phone Banking Service" for internet phone users.

With the USIM-based Joint Bank ATM Service, customers may use ATM services by registering their bank accounts in the USIM chips installed in their mobile phones. KB WISE Phone Banking Service is Korea's first phone banking system supporting simultaneous voice and text messaging. A total of 39,650 customers have registered for the service as of the end of 2009.

Providing Safety and Accuracy

Safe e-Banking Services KB Kookmin Bank acquired ISO 27001 certification, the highest international standard in information security. With the acquisition of ISO 27001, the Bank upgraded its information security. It now expects to receive recognition from supervisory institutions, including Basel II, for the safety of its customer information.

CPB (Cyber Personal Bank) Service

KB Kookmin Bank provides customized internet banking services for the employees of blue-chip enterprises by installing a virtual personal bank into their internal groupware. The service, operating since July 2009, furnishes such contents as internet banking, non-document/-visit loan, retirement pensions, and investment techniques. A total of 30 enterprises have signed up for the service as of the end of 2009.

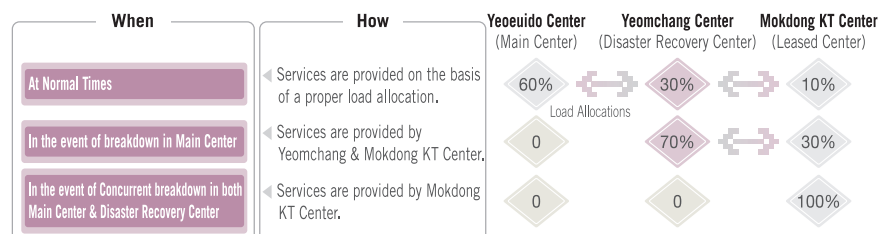


Acquisition of ISO 27001

ISO 27001 established by the International Organization for Standardization, is the most authoritative international certification in the information security management system sector.



Triple-Active Back-up System



In the event that any of the three data-processing centers experiences a system disruption due to malfunction or disaster, the remaining centers may immediately provide back-up as the internet banking systems installed in the three centers are interconnected.

The Cyber Terror Response System

During the DDoS attacks of July 2009, KB Kookmin Bank demonstrated its ability to cope with cyber terrorism by avoiding any disruption to IT services thanks to its Cyber Terror Response System.



The Bank also built remarkable triple-backup system, the first-ever in Korea, to ensure uninterrupted internet banking services. The Center has doubled the Bank's online processing capacity, enabling the Bank to cope more effectively with cyber terrorism, including DDoS, and to provide highly stable services even during the dramatic increases in transactions expected at traditional holidays.

Protecting Personal Information KB Kookmin Bank has strengthened its requirements for the protection of personal information through six revisions to the "Customer Information Management Guidelines." Since their implementation in 2004, these Guidelines have stipulated the criteria for the management and protection of customer information, and provided remedies for illegal disclosure.

To protect customer information, the Bank assigns at least one customer information manager to each branch office to conduct daily inspection of customer information management activities, as well periodic training of personnel in CIM. In addition, the deputy branch manager examines the appropriateness of customer information management on a monthly basis.

Providing Accurate Information & Customer Protection KB Kookmin Bank provides product-related information to its customers in various

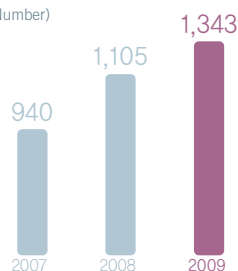
forms, such as by 'invitation letter'. The Bank places the highest priority on providing accurate information on the key contents of financial products or services.

KB Kookmin Bank complies with internal and external regulations on advertising and promoting its financial products. The Bank protects the rights of its users and investors and prevents unfair business activities, including attracting customers away from its competitors in unjust ways. More specifically, the Bank complies with the following Korean regulations: Article 89 of the "Banking Business Supervision Regulation" (announcement of the conditions of financial transactions); Chapter 7 of the "Enforcement Regulations of Banking Business Supervision Services" (protection of rights of banking institution users); Chapter 3 of the "Regulations of the Operation and Service of Banking and Investment Companies" (investment advertisement); and the "Announcement of Financial Products and Deliberation of Advertisement and Promotional Materials for Investment", in accordance with applicable laws including the "Types and Criteria of Unfair Business Practices related to the Provision of Free Gifts" (Clause 6 of Paragraph 2 of Chapter 4 of the Compliance Manual). As a result of strict compliance with all related regulations, no violation with regard to product information and labeling occurred in 2009.

Internal Rules for Products

KB Kookmin Bank stipulates the following in its Compliance Manual: 1) Operation of/compliance with the checklist regarding disclosure of financial products and investment advertisement; 2) Deliberation of promotional materials and compliance with deliberation procedures; 3) deliberation of investment advertisement following pre-approval by the compliance officer.

[Number of Pre-deliberations
on Financial Product Disclosures]
(Number)

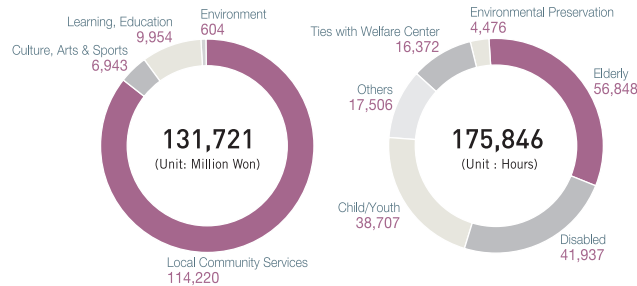


Activities Protecting Customers' Personal Information

Classification	Details
Data Control	<ul style="list-style-type: none"> Recording the details of customer information derived (through printing or downloading) from each Bank system, checking up on the disposal of customer information after termination of the task, and inducing registration of such disposal into the data processing system. Setting up task object code as a compulsory entry item in electronic transactions for preventing unauthorized retrieval of customer information. Limiting the number of employees who may derive customer information through the CRM system: five employees in each branch office. Preventing unauthorized disclosure and hacking into customer information files through the introduction and operation of customer information confidentiality systems.
Management Monitoring & Training Guidance	<ul style="list-style-type: none"> Implementing service instructions after monitoring the management/processing status of customer information in each quarter. Examining unauthorized retrieval of customer information and appropriateness of customer information revision on a regular basis. Inspecting the status of customer information management at the time of on-site inspection of each branch office (Audit Dept.). Implementing comprehensive customer information security training (Semi-annually at least) Including customer information protection/management materials in training courses for internal control manager.

Social Contribution

KB Kookmin Bank practices sharing in various ways, maintaining close relationships with local communities. Community activities focus particularly on the youth, recognizing the importance of this age group for the future. The bank also contributes to society by developing a variety of products that take into account its social responsibilities as a bank.



[Expenditures & Time Invested in Social Contribution, 2009]

KB Kookmin Bank Social Voluntary Corps



As of the end of 2009, about 26,000 employees participated in voluntary activities in 36 voluntary corps and 1,279 voluntary teams.

Such widespread participation in voluntary and social contribution demonstrates that the Bank's corporate culture is sharing-oriented. It is earning a reputation as a financial company that lives up to the expectations of the local communities.

Local Community Contribution Activities

KB Kookmin Bank responds to customers' trust and meets the obligations of a corporate citizen through its active contribution to the development of local communities, the foundation for corporate activities. The Bank has defined the major areas of social contribution and is engaging in a variety of initiatives for the creation of real value. A central feature of its social contribution programs is its social voluntary corps.

The Direction of Social Contribution Activities

KB Kookmin Bank provides actual social benefits through a leading social contribution model that emphasizes approaching the needy and performing community-specific voluntary activities. When it initiated social contribution programs in 2006, the Bank made history in the Korean banking industry by establishing the CSR Department through the integration of both internal and external windows for

social contribution. In addition, the Bank's Voluntary Corps, which relies on the voluntary participation of employees, provides more substantial support and service to the needs of local communities.

KB Kookmin Bank regards charity and investment in youth as key social responsibilities that every bank should undertake in order to nurture hope within communities. Hope within communities in turn leads to a stronger national economy, thus a stronger foundation for banking.

4 Themes & 3 Key Areas KB Kookmin Bank's community support and activities are organized into four themes and three key areas of emphasis. The Bank operates 1,198 branches nationwide. Each branch office faces particular, local issues affecting economy, society and environment. Likewise, its social contribution activities reflect the diverse needs of the branch offices.

Social Contribution Activities of KB Kookmin Bank

Vision of Social Contribution Activities



4 Themes

- Learning / Education
- Arts / Culture / Sports
- Environmental Protection
- Public Service



3 Key Areas

- Youth Support
- Global Support
- Social Voluntary Groups

Winning Social Contribution Enterprise Awards for Four Consecutive Years

KB Kookmin Bank has received the Top Prize in 'the Youth Welfare Field' with its highly acclaimed projects for improvement in youth education, culture and welfare. These projects include 'KB English Camp' and 'KB Happy Meal'.



Accordingly, the Bank has designated four objectives: (1) learning and education for the future; (2) employee participation in local arts, culture, and sports; (3) environmental protection for local communities; and (4) activities customized for local public interests, offering substantive help to local communities. These four objectives form the guidelines for social contribution and reflect the views of local communities as the Bank selects and social projects. These objectives are implemented at three levels: support for youth groups, global social contribution, and operation of social voluntary corps.

The Bank regards support for children as the most important area of social contribution, the foundation of the future, and it promotes an array of activities in support of youth groups. Furthermore, the Bank continues to develop social contribution projects overseas, particularly in Asia, where it is quickly earning status as a leading global bank. The Bank also promotes a culture of sharing worldwide by aiding children in low-income families overseas, as well as by supporting education and developing educational and cultural projects for foreign workers and children in multi-cultural families in Korea. With all these initiatives, the Bank is establishing a much-needed presence in local communities.



[RaonAtti Activities Book 2009]

"RaonAtti" means 'Joyful Friends' in Korean.

"RaonAtti" is the representative overseas social voluntary corps of KB Kookmin Bank, consisting of university students. It has overcome the difficulties that the other university students' overseas voluntary groups experience through the promotion of projects underscoring the necessity of voluntary activities and by gaining the confidence of students with a solid partnership between contributing countries and recipient countries. In addition, the Bank provides a model for organized international voluntary activities by sharing outcomes through the publication of the RaonAtti Activities Book, Guidebook for Overseas Undergraduate Voluntary Corps, and documentaries.

An excerpt from Cambodia Team's 2009 Diary, RaonAtti Activities Report

1. Meal-serving Activity

We served meals to poorly-fed children at the DAIL Community Center every Monday to Friday, 9:00 am ~ 1:00 pm. Activities included cooking, meal-serving, seeing-off children, cleaning-up and washing dishes. These chores were appropriately assigned to each of our team members on a daily basis.



2. Education Activity



We taught Fine Arts, English, Taekwondo and Korean language at the DAIL Community Center every Monday, Tuesday and Friday, 5:30 pm ~ 6:30 pm. English and Korean classes are offered to youths above the age of 13, and tuition is fixed at \$1. RaonAtti paid tuition for children who could not afford it, requiring only that those children promise not to miss any classes. Arts and Taekwondo classes, with no age limit and no tuition, were offered to those who were able to participate. On April 28, all the classes of the term were completed, and students taking Korean and English classes took the advancement test.

3. Math Class at the Korean School



We taught mathematics to the children of Korean residents every Saturday, 12:00 pm ~ 1:00 pm. Before we offered the math class, existing Korean schools offered Hangeul (Korean writing) class only, and the students of these schools had to learn other subjects at foreign schools. The tuition fees of Foreign schools were so steep that most of the parents could not afford them. Fortunately, RaonAtti enabled Korean to learn mathematics in Korean.

Snapshots of Social Contribution Activities

※ For more information on the social contribution activities of KB Kookmin Bank, visit www.kbstar.com > Introduction of Bank > Social Contribution.

Youth Support – Stars shining with hope

The youth lie at the heart of the social contribution activities of KB Kookmin Bank. As the foundation of our future, they deserve to be protected until they come of age. However, for a number of reasons, many of them are still concerned about day-to-day living rather than pursuing their dreams. KB Kookmin Bank builds a strong foundation for the youth by guaranteeing fair opportunities in learning and cultural experience, and consequently, to end the cycle of poverty so that children can grow as healthy members of society.



KB English Camp



KB Youth Sky Theater



KB Happy Meal



KB Museum Strolling



KB Hope Study Room



KB Little Library

Worldwide Social Contribution – A Star shining on the world

KB Kookmin Bank does not confine its social contribution activities to Korea. Recognizing that helping hands are needed everywhere in the world, it spreads charity by visiting remote areas particularly in Asia. The support it provides is not only temporary; the Bank takes its responsibilities as a global bank seriously, taking the lead in Asian financial markets as a social contributor, offering long-term and substantive assistance even in difficult circumstances.



KB Hangeul Sharing Love



KB Overseas Undergraduate Voluntary Corps



KB Global Voluntary Work

KB Kookmin Bank Voluntary Corps – A star full of love

KB Kookmin Bank Voluntary Corps contributes to the development of local communities through active voluntary work, such as visits to welfare facilities and offers of financial education based on the voluntary participation of employees. KB Kookmin Bank believes that such voluntary work contributes to a healthier society.



KB Voluntary Work Day



KB Gimchi Sharing Love

“Opening the Main Office of Smile Microcredit Bank”

Whereas other banks and enterprises are conducting microcredit business mostly in Seoul and other metropolitan areas, KB Kookmin Bank gives priority to financially-isolated areas with few opportunities for microcredit.



Financial Services for Society

KB Kookmin Bank is committed to forming a financial environment where everyone may enjoy the benefits, and this commitment is proven with the Bank's financial support for financially delicate SMEs, as well for low-income classes. The goal is to attain a society where no one is financially isolated. Along with direct support, the Bank has developed public interest products that help needy neighbors, children, disabled residents and elderly people. The Bank is also implementing financial education programs for youth, local residents and long-distance residents, improving financial knowledge so that the general public can make the most of their assets.

KB Kookmin Bank is committed to its social responsibilities as an enterprise. Eliminating society's financial blind spots, stabilizing the working-class economy, and developing national industries with products and services contribute to society.

livelihood through the granting of low-interest loans.

To fund the loan, the Bank plans to secure KRW10 billion on its own for the equity capital of the Smile Microcredit Bank and to extend funds up to KRW50 billion over the next 5 years. In addition, it provides substantial support for the financially-underprivileged through continuous identification of potential microcredit recipients and the expansion of the microcredit branch network. KB Kookmin Bank will develop a variety of support programs and products to ensure that established lending institutions will be more accessible to financially-underprivileged people.

Support for SMEs

KB Kookmin Bank implemented diversified financial support measures for SMEs facing difficulties due to lack of liquidity under a sluggish real economy. This support includes the raising of approximately KRW1.5 trillion in new funds, discounts on interest rates, respite for repayment of the principal on amortization of loans in foreign currency, and extensions of due dates.

Support for the Financially-underprivileged

Public concern over the financially-underprivileged is growing, and the government is addressing this concern through initiatives to extend the availability of microcredit. KB Kookmin Bank also supports low-income people through the KB Happy Dream Loan, also known as the Seed of Hope Loan. In 2009, the Bank established the “Smile Microcredit Bank,” the first in a series of efforts to recognize responsibilities toward the financially-underprivileged, as well as small business owners and low-income people, providing rehabilitation and

Moreover, through a support plan for succession of family business and KRW500 billion occupational funds as special support for small business owners, the Bank has provided much-needed liquidity to SMEs, conforming with the Korean government's plans for earlier budget execution aimed at boosting the economy. In February and March, the Bank focused on providing credit lines to SMEs of up to USD450 million for trade financing. In March the Bank concluded an MOU with the Korea Export Insurance Corporation for the symbiotic cooperation

“Social Enterprise Support”

Joy Vision Co., Ltd., established with the support of KB Kookmin Bank, is Korea's first hairdressing franchise with a specific social mission. Through technical training, job creation, and assistance in business establishment, it is one of Korea's most innovative non-governmental programs for eliminating poverty. Training Programs include a Hair License Class, Creative Business Establishment Class and Skincare License Class, as well as a scholarship system.



Support by Smile Microcredit Bank(as of January 2010)

(Unit: Case, Million Won)

Classification	Application		Credit Granted		Under Credit Analysis	
	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount
Funds: Lease for Business Establishment	103	2,806	1	40	102	2,766
Funds: Franchise Establishment	6	265	-	-	6	265
Working Capital Funds	79	889	3	11	76	878
Retrofitting Funds	19	220	2	15	17	205
Support for Unregistered Business	45	220	11	55	34	165
Total	252	4,400	17	121	235	4,279

to support the liquidity of domestic exporters. In addition, the Bank held the ceremony to conclude the “500-500 Project for the development of small- to mid-sized exporters” along with the Small & Medium Business Administration, Korea Export Insurance Corporation and Korea Eximbank, to assist them in developing their global competitiveness.





Apart from systematic support, the Bank has built a consultation system whereby senior management members visit SMEs to gain feedback on financial difficulty and suggest solutions. It also began visiting client companies in the Guro Digital Complex since January 2009. In May, the Bank provided financial support for approximately 620 potential exporting companies selected by the Gyeonggi Regional Small &

Medium Business Administration based on the conclusion of an MOU with the Gyeonggi Regional Small & Medium Business Administration and Korea Export Insurance Corporation aimed at turning them into blue-chip exporting enterprises in the Gyeonggi area.

Developing Public Interest Products for Local Communities

KB Kookmin Bank, with Korea's largest number of branch offices and customers, as well as the expertise of employees on financial products, develops and sells public interest products. The Bank helps develop a culture of sharing through these public interest products so that it can help local communities with customers.

Key Public Interest Products

Classification	Name	Details	Remark
Deposit Accounts	I-Love-Figure-Queen-Yuna Installment Savings	Donating a certain portion of interest payable to the underprivileged including children suffering from rare or incurable diseases	
Card	KB Pointree Card	Local sponsorship-type product contributing a portion of card usage to regions designated by customers	
Investment Trust (Fund)	KB Kangaroo Regular Savings Investment Trust	Donating a portion of fees for distributors and asset management companies to the children suffering from rare or incurable diseases and children's education	
Loan	KB Happy Dream Loan	Emergency loan for the financially-underprivileged such as low income workers and small business owners	

※ For more details about public interest products, visit the Website of KB Kookmin Bank (www.kbstar.com > Introduction of Bank > Social Contribution > Social Contribution by Theme > Public Interest > Public Interest Products).

KB Kookmin Bank working to stimulate the Local Economy - KB My Home Love Card

KB My Home Love Card is a representative public interest product that assists in the economy of local communities and supports the financially-isolated. Without incurring expenses on their part, customers can contribute to the development of local communities by donating 0.2% of card usage amounts into the My Home Love Development Fund.

The significance and effectiveness of this product in contributing to local communities has been confirmed by the number of cards issued. A total of 166,515 accounts (both retail and corporate) have been opened as of the end of 2009 through the execution of agreements with 76 local governments and 52 public agencies, including large corporations. The card was selected as 'Seoul Economy's Best Hit Product in 2009' in the finance/credit card sector.

KB Kookmin Bank is developing products through which it can better communicate with local communities and offer them substantial support through financial services. KB Kookmin Bank continues to grow as the bank taking full social responsibility as a corporate citizen and taking the lead in the development of public interest products.



Implementing Financial Education

KB Kookmin Bank took the initiative in economic education in 2002 by establishing a Department exclusively in charge of financial education, the first such program in Korea. The Bank published a financial education book called '20 Years Old, When you need to be acquainted with Money.' When the book was published, the term 'financial education' was not familiar, but it was soon followed by multimedia educational materials such as 'Money Stories'.

In addition, the Bank has supported financial education for youth by installing the 'KB-YMCA Youth Economy Education Center' so that children or teenagers can learn about the principles of finance from an early age. It has also provided financial information to the general public online by opening a website for financial education. Utilizing major media outlets, the Bank offers financial education contents to children's programs, and runs columns about financial education in major daily and weekly newspapers and magazines.

The Bank is particularly active in promoting the 'visiting financial education service', thus recognizing the importance of its social responsibilities as a financial institution. Since 2007, employees have volunteered to visit local childcare centers to offer financial education to children. It also supports the Korea Consumer Organization Protection Association through a 'regional tour for financial education'.

In 2009, the Bank inaugurated the "KB Green Economy Volunteer Corps" with the participation of 310 employees volunteering to provide economic education for children and youth. The Bank produced a variety of program materials including customized curriculum by level, video materials, a program summary book and children's songs on economy, and held a workshop to prepare volunteers with skills for creating smooth lecture environment. Using reviews submitted by the volunteers, the Bank is now improving the program and materials.

The volunteer corps continues to offer educational projects for elementary and secondary students, youth in isolated regions, the physically-challenged, and multi-cultural families with a wide range of customized lectures by level from basic principles of money to financial planning. In addition, the Bank helps people reach a consensus on the Green Growth policy of the Government by emphasizing the importance of energy-saving, environmental protection and environment-friendly industry. Since its foundation in April, the "KB Green Economy Volunteer Corps" has offered its economy education program to 367 organizations and 42,290 individuals nationwide.

In addition to the "KB Green Economy Volunteer Corps", KB Kookmin Bank operates an online economy class for offering even more diverse economy education programs. It also opened the "KB Green Children Finance Camp" where children can learn financial principles through experience. KB Kookmin Bank is committed to actively engaging in economic education through the enlargement of the "KB Green Economy Volunteer Corps", diversification of the contents of online economic programs and expansion of the "KB Green Children Finance Camp" as economic education for youth is important for determining the future of the nation.

KB Kookmin Bank works to ensure that 'the flower of financial education in Korea' can blossom by fostering financial knowledge to children, youth and ordinary citizens.

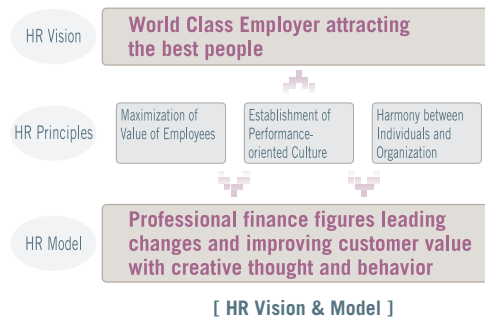
KB Green Children's Finance Camp

150 elementary students participated in the camp at the KB Kookmin Bank Cheonan Training Center in August 2009. It was an excellent opportunity for the children to learn appropriate principles of economics under the motto "experiential finance camp" through enjoyable participation in making financial plans and by understanding good investment behavior.



Human Resource Development

KB Kookmin Bank considers its officers and employees to be the most important asset and strives to become a world-class employer attracting the best people.



Establishing a Performance-oriented Culture

Performance Evaluation & Compensation

The performance evaluation system of KB Kookmin Bank manages performance systematically: classifying organizational goals by branch, team, or individual and helping them accomplish their goals.

The performance evaluation system is used to sustain communication between the organization and individual to improve the performance of the Bank. At the same time, it is used as a tool to stimulate the competence of employees and as the specific vehicle of behavior to ensure an efficient execution of management strategies.

The Bank also enhances the acceptability and reliability of the performance evaluation process by the officers and employees through a year-round evaluation management process. This Process determines and sets business targets, registers and retrieves performance data and interviews and coaches employees.

In addition, the competence evaluation system evaluates the development and demonstration of individual competence after selecting the competence goals needed to accomplish the strategies and core tasks of the organization.

Evaluation results are utilized in general personnel management (promotion, upgrade, training, etc.) to motivate and cultivate competence, which will in turn

lead to performance improvement at the organizational level.

The basic procedures of the KB Kookmin Bank Evaluation System are:

First, to secure the means to realize the vision and management strategies of the Bank.

The Bank enhances the sharing of the values, visions and core abilities of the Bank and focuses on the harmony of evaluation in the short or long term. It strengthens connectivity between organizational and individual evaluation.

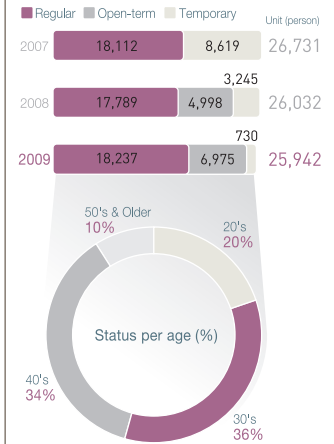
Second, to lay the foundation for competence- and performance-oriented personnel management.

The Bank plans to embed the job-function- and competence-based personnel management system in the organization and build "a competence model" by job function and 'employee level' to utilize employee behavior patterns and to develop the competence of employees.

Third, to secure the fairness of evaluation.

In order to secure the validity of evaluation criteria and the reliability and acceptability of evaluation outcomes, the Bank selects evaluation items according to the characteristics of each job function and secures fairness by establishing the objective measurement index and constructing an evaluation process that includes both assessors and assessees.

KB Kookmin Bank Human Resources
(as of the end of December 2009)



KB Kookmin Bank employs capable human resources with diverse backgrounds to grow as a sustainable enterprise. The Bank enforces non-discriminatory practices by providing fair opportunities to socially-disadvantaged people and revising policies and regulations to actualize gender equality and protection of human rights. The Bank, as of the end of 2009, has a total of 25,942 officers and employees (male: 13,909, female: 12,033).

"2009 Best Workplace in Korea"

KB Kookmin was selected as Best Workplace in Korea by Hewitt Associates as it exhibited excellence in job immersion indicators such as the high performance immersion level of employees (KB:84%, corporations selected as best workplaces in Korea:75%, others 39%).



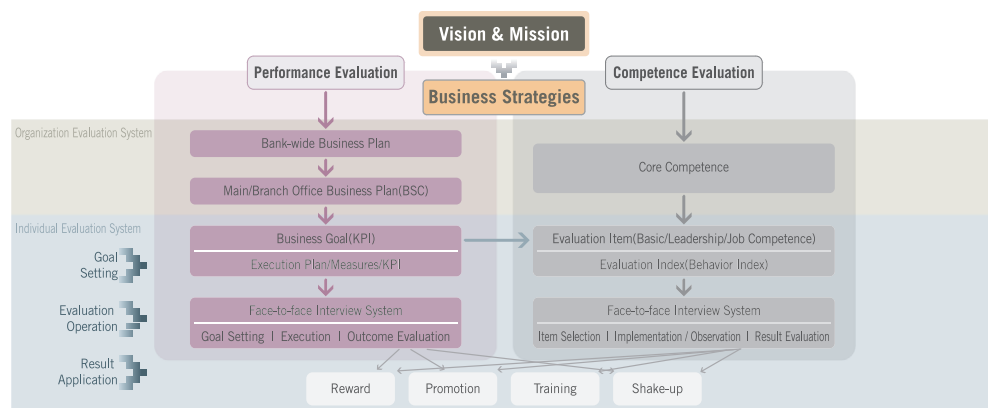
Hewitt Associates

Established in 1940, Hewitt Associates is a human resources consulting and outsourcing specialist company.

Evaluation System The KB Kookmin Bank Evaluation System operates on the basis of a close connection between organizational and individual evaluation.

KB Talent Management In 2009, the Bank introduced the “KB Talent Management” system to establish a performance-based culture. This system promotes an efficient use of human resources in the

Overview of Evaluation System



Best Model of Kookmin Bank Reward System

The Bank actively utilizes a performance reward system. The “Best Model of Kookmin Bank” identifies employees contributing to the development of the Bank and setting a good example to others, and awards them in order to present appropriate role models to all employees.



“A” Class in Cyber Training Evaluation by the Ministry of Labor

KB Kookmin Bank has earned “A” ratings for consecutive 2 years in cyber training assessment conducted by the Ministry of Labor. As a result, the superiority of KB Kookmin Bank’s cyber training has been proven, and the Bank will enhance the efficiency of education via more systematic cyber courses in the future.

Compensation System KB Kookmin Bank’s compensation system is performance-based in order to foster future-oriented financial specialists aiming to become the best in the 21st Century based on creativity and challenge. There is no salary discrimination based on gender for employees in the same job position.

KB Kookmin Bank has different compensation schemes for generalist and specialist positions. This dual-track compensation policy ensures that compensation is appropriate to job characteristics and employee performance. Compensation to general employees is divided into basic annual salary and performance annual salary. Basic annual salary consists of 3 items in addition to basic pay, and performance annual salary consists of 3 items in addition to proportional performance pay and is commensurate with individual or organizational performance. Additional incentives, part of performance annual salary, are paid to highly-performing employees to encourage the will to work and motivate sales competence. For specialist employees, performance pay is higher than basic pay, and differentiated compensation is based on individual performance.

organization through differentiated personnel management. Talented human resources are categorized into four classes, including “Employee of Kookmin Bank Award Recipients” and “Job Specialists”. Privileges are provided if they are promoted or upgraded. They receive CDP management or related training in order to carry out personnel management duties such as assigning proper work duties to employees. The Bank’s differentiated personnel management reflects the performance or competence of individual employees, motivates employees to improve performance, and provides a significant momentum leading to higher organizational performance.

Career Development System The career development system of KB Kookmin Bank is designed to align individual desire with organizational needs. In order to actualize the HR Vision of becoming “World Class Employer attracting the best people”, the Bank defines the requirements and qualifications necessary for conducting assigned business duties; all employees choose jobs according to their own aptitudes and career development plans.

KB Kookmin Bank manages the career path of employees at the individual levels and helps them

become specialists in the areas of their choice. Through a career development system based on the individual aptitude, each employee may select a job position through consideration of his/her competence and area of interest. Through this approach the Bank elevates job satisfaction, operates human resources more efficiently, and enhances the operating performance of the organization.

Human Resource Development (HRD) is implemented with four objectives: enhancement of job competence, sharing of organizational value, enhancement of global competitiveness, and mid-to long-term development of superior human resources through career planning.

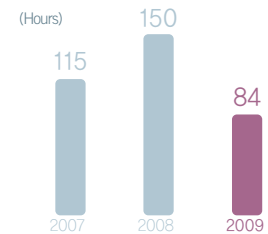
In 2009, in order to strengthen job competence that can contribute to management performance, 21,387 employees participated in 126 courses including job training by CDP, new employee training, and mobile

training. In addition, to develop global banking skills, the Bank introduced KB Finance MBA Courses (2 courses, 70 persons), domestic/overseas MBA courses (9 courses, 18 persons), and overseas local specialist courses (6 countries, 12 persons). These courses develop superior human resources with global mind-sets, leading to long-term growth.

In addition, KB Kookmin Bank supports self-directed learning environments for employees, administering mobile learning programs (the first-ever in the banking industry) to raise the convenience and accessibility of training courses and operating online learning through a cyber learning center. In addition, the Bank directly supports the cost of training programs administered by external institutions. These employee competence and learning motivation programs are expected to enhance individual and organizational capabilities, inducing better performance throughout the Bank.

Average Training Hours Per Person

In 2009, due to concerns over H1N1, scheduled courses such as group training and overseas training were not implemented, resulting in lower average training hours per person. Training courses are scheduled to resume in 2010.



Ave. Training Hours by Position(Hours)

Class	2007	2008	2009
L(S)1	154	176	101
L(S)2	131	160	102
L(S)3	97	204	88
L(S)4	43	42	39
Other	87	110	58

L(S)1 Class : Team Member

L(S)2-4 Class : Head, Team Manager
or Team Member of
Organizational Unit

Training Program

Enhancement of Job Competence

Improving job specialties to contribute to the increase of management performance

- Job training by position/CDP
- On-site mobile training
- Training for acquiring designations

Sharing of Organizational Value

Fostering loyalty and Leadership based on IBP

- IBP training for all employees
- KB Leadership Development Course

Enhancement of Global Competence

Developing global human resources to accomplish global management strategies

- Regional specialist development training
- Global Language Course

Talent Development

Securing talented human resources who will lead long-term growth

- KB finance MBA course
- Domestic/overseas MBA course
- Specialist development course

Key Human Resources Development Policy & Program

KB Kookmin Bank develops and practices the key human resources development programs to achieve the KB vision and strengthen the core growth engine. The Bank develops global human resources through domestic/overseas MBA courses and the KB finance MBA Training Course. In addition, the Bank develops young talent with a global mindset through 'overseas regional specialist' courses and the KB Global Language Course.

Through these courses, the Bank motivates its employees, who in turn contribute remarkably to the consistent performance of the Bank, and provides them with opportunities to enhance their professional competence.

KB Finance MBA Training Course

- Target: Employees displaying high contribution and performance in the organization (70 persons)
- Period: 6 months full-time
- Preliminary Course: Developing stronger loyalties to KB and enhancing leadership competence
- Further Training Course: A specialized MBA curriculum in business management and finance
- Overseas Course: Fostering a global mind-set by participating in overseas university finance courses and visiting local financial institutions

The 3rd Overseas Local Specialist Development Course

- Target: 12 individuals (6 countries including Russia)
- Period: 14 months (2 months in Korea, 12 months overseas)
- Purpose: To assign trained employees to overseas branches after they learn the culture and language of the countries where they are assigned

Long-term, Out-of-house Training Course

- Domestic/Overseas MBA Course (Degree-based): 18 individuals participated in 9 courses, including KAIST Finance MBA, to develop human resources
- Specialist Development Course: 126 individuals participated in 14 courses, including a Global IB Specialist Course, to enhance job competence in core job functions

KB Global Language Course Development & Execution

- Target: Total 115 individuals (1st session: 55, 2nd session: 60) / 5 languages including Russian
- Period & Institution: 4 months (weekend group training)/ Hankook University of Foreign Studies
- 27(49%) of 55 employees who completed this course applied for the regional specialist examination, and 11 students passed

The Innovative Employees Training Program of KB Kookmin Bank



The IBP logo reveals 4 core elements. The human-figure icon on the left represents 'customers,' while the right represents the 'stockholders'. The figure in the center symbolizes the 'staff' who leap to hold the hands of customers and stockholders. The blue oval in background signifies the 'social environment' that forms the basis for the banking industry.

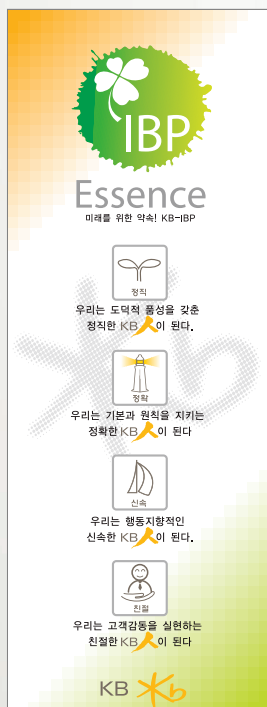
IBP (International Best Practice) Program

KB Kookmin Bank shares the spirit of IBP, which defines the mode of corporate behavior that the best companies in the world commonly adopt, and internalizes it as the corporate culture. Since the 2005 "IBP Training & Practice Resolution Campaign" in which all employees participated, IBP training has been administered to newcomers and those who have not completed the program. As a result, all officers and employees have completed IBP training.

IBP training focuses on sharing and understanding of IBP values such as customer orientation, faith in basic principles, respect for system, concentration on risk management, honesty and compliance, performance orientation, and open conversation. KB strives to share desirable corporate culture in order to transform the Bank's image and to reinforce consistent growth through IBP.

KB Kookmin Bank has inculcated world-class transparency and fairness through IBP's basic tenet of "compliance with standards and principles," and it has laid the groundwork for ethical management and internal control.

Furthermore, it has defined four values - "honesty, accuracy, speed and kindness" - as the 2nd stage of IBP, establishing the foundation for New Start Management.



1st Stage IBP

Definition

The specific mode of behavior that the best companies in the world commonly adopt

1st Stage IBP Code of Conduct

- Provide customer-orientated products and services
- Establish a new service culture
- Secure customer trust through awareness of ethics
- Mutual respect for other employees
- Provide competitive benefits and rewards
- Performance-based compensation
- Prohibit discrimination
- Provide education/training opportunities for career development
- Emphasize honest, profitable financial structure
- Establish culture of savings
- Strengthen risk management capability
- Provide transparent management information
- Continuous development of new markets
- Contribute and raise awareness of social environment
- Address social needs
- Active contribution to local communities
- Maintain a transparent and healthy relationship with supervisory institutions

Contents of promotion

- IBP Training & Practice Resolution Campaign, March to May 2005 (for all executives and employees)
- IBP invitation - diffusion of practical examples
- Video education via KBN satellite broadcasting system
- IBP Practice Evaluation Report

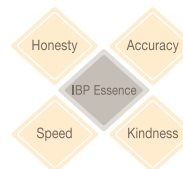
Lay the groundwork for ethical management and internal control through world-class transparency and fair-value determination criteria

2nd Stage IBP

Definition

Practice the value of 'credibility' and 'trust' between The Bank and customers, and among employees

2nd Stage IBP Core elements



Measures for Diffusion

- Establish a specific mode of behavior for the 2nd stage of IBP
- Implement publicity campaigns and training programs to encourage the practice of IBP
- Share and diffuse exemplary IBP conduct in-house

Preparing attitudes for New Start Management



CEO KANG, CHUNG WON speaking to bank employees

In order to embed 2nd stage IBP in the organization, KB Kookmin Bank has established specific behavioral standards and is fostering an atmosphere where each Business Group can practice these standards through continuous publicity and training. The Bank is committed to educating its employees to comply with the standards and principles by internalizing IBP as a core component of its corporate culture rather than just a simple slogan.

Harmony between Organization & Individuals

Activities for Executive/Employee Satisfaction

Employee Awareness Survey This annual awareness survey of executives and employees poses questions on policy and business frameworks, personnel management, corporate culture, leadership, communication and the work environment. The awareness survey measures the morale of employees and may be used to improve morale if necessary. In order to guarantee objectivity, the survey is implemented anonymously by an outside organization. Survey results are used for self-diagnosis, shared at senior management meetings and taken into consideration when establishing business strategies.

According to 2009 survey results, negative perceptions of promotion criteria has waned, and there was remarkable improvement in awareness of leadership. There was also a significant improvement in the evaluation of cooperation and communication between Head Office and branches compared to 2008. KB Kookmin Bank continues to improve job satisfaction among executives and employees by conducting surveys on an ongoing basis.

Employee Grievance Center In order to manage the difficulties that employees face, KB Kookmin Bank operates the Employee Grievance Center over the Bank's intranet. The Employee Grievance Center assigns dedicated in-house consultants to solve problems faced by employees both at work and at home through professional counseling services. It covers a wide range of issues including private matters, family life and issues in the organization. Problem solving through counseling services is expected to improve job satisfaction and ensure a more satisfactory work environment.

Improvement in Work Environment KB has enhanced work productivity and satisfaction through a harmonious balance between work and life. Efforts to improve the work environment carry the slogan of "Enjoy Your Morning, Have Your Evening with Your Family." These efforts are effective thanks to CEO leadership, normalization of working hours, inclusion of 'leaves taken' as a KPI, and restriction of computer use after working hours.

In order to improve the system as well as the work environment, the Bank refrains from holding meetings in the morning and after business hours and from formulating unnecessary reports, but it encourages employees to leave the office on time, unless they have unfinished work, without being overly conscious of their superiors, as well as on Love Family Day.

Employee Awareness Survey - Fondness

As a result of the awareness survey in 2009, 63% of staff expressed high fondness for KB Kookmin Bank, a much higher outcome than the average rate of financial organizations in the world.

Poster Promoting the Improvement of Business Culture



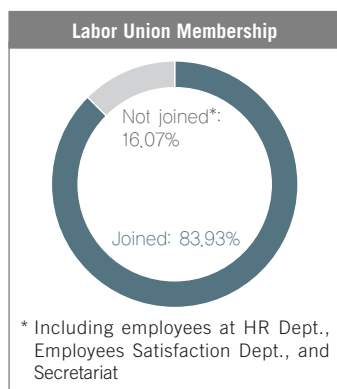
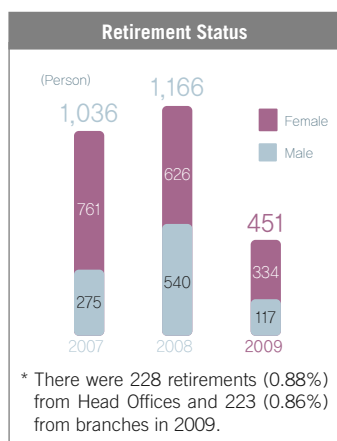
"Love Family Day" - Leaving office on time from the 1st to the 3rd Wednesday of each Month

The Bank observes "Love Family Day" from the 1st to the 3rd Wednesday of each Month to improve work satisfaction and productivity.



Contents reflected in KPI

Classification	Evaluation standard	Score
Normalization of Working Hours	<ul style="list-style-type: none"> - Average off time of employees - Release and setting time of security system - Compliance with Love Family Day 	2% of Total KPI Score
Rate of leaves taken	<ul style="list-style-type: none"> - Rate of compensation leaves taken - Rate of self-development leaves taken - Rate of request-based leaves taken 	



KB Kookmin Bank Labor-Management Consultative Bodies

Various labor-management consultative bodies are in place to promote active communication.

Names
• Labor-Management Council
• Ombudsman Committee
• Welfare Fund Council
• Credit Union Board
• ESOP Board
• Steering Committee for Mutual Aid

Support after Retirement KB Kookmin Bank operates an after-retirement support program. The “New Start Hanmaum Co. Ltd.” is an organization established by KB Kookmin Bank in 2005 to operate back-office functions on commission for financial institutions with the aim of offering jobs to retired staff. A total of 639 employees were working there as of the end of 2009. The Bank also offers job placement programs for retired staff to help them start their after-retirement lives.

To secure livelihood funds after retirement, KB sets aside the whole amount of retirement payments as a retirement allowance and deposit 70.5% of the allowance with a third-party organization. In addition, the retirement pension plan was promoted in 2009 to ensure that retirees can provide for an aging society and for the stable life of its executives and employees. A revision of regulations and introduction of a retirement pension plan are now being prepared after an agreement between labor and management, and the above-mentioned funds will be converted to a DB-type retirement pension after midterm settlement of retirement allowance during early 2010.

Welfare System for Executives & Employees KB staff are covered by national health insurance, industrial disaster compensation insurance, national pension and unemployment insurance, which are under government benefit programs. Various welfare benefits such as children's school expenses are also provided. Particularly, the annual-based general medical examination is implemented for the health of staff over 33 years old and spouses over 35 years old, and in the event of discovery of any disease or abnormality, expenses for examination are granted. In addition, by reflecting the characteristics of duties primarily based on office work, a collective agreement is enforced for safety and health care, environmental examination, danger prevention and education for safety sanitation, periodic health check, psychological health, and resort facility. The agreement also covers accident compensation, disability compensation, maternal compensation, group insurance subscription, medical expenses support, recuperation, medical room operation, physical training promotion activities, and physical activity support. Due to these benefits, there were “zero” cases of occupational disease recorded in KB Kookmin Bank in 2009. (Injury Rate: 0.00002278% / Loss Days Rate: 307

days x 8 hours = 2,456 hours / Absence Rate: 0.00466474%)

Culture of Labor & Management

KB Kookmin Bank has made “Joint Collective Agreements” through annual joint collective bargaining with 34 institutions, including the Korean Financial Industry Union and commercial banks, participating. Chapter 2 of the collective bargaining agreement (Re. union activities) guarantees freedom of association through union training, supply of various facilities and materials, guarantee of union activities and various publicity activities while in employment. The Bank acknowledges the right of the Union to make collective agreements on behalf of union members through collective bargaining with the management as well as the freedom of collective bargaining as it ensures that labor and management conform with collective agreements executed through such bargaining. Freedom of association and freedom of collective bargaining are fully guaranteed throughout the Bank since a separate “supplementary agreement” can be made between KB Kookmin Bank and regional chapters of the Union either under special circumstances of KB Kookmin Bank or regarding the matters designated by the “Joint Collective Agreement”.

After experiencing strikes in the wake of the merger and the consolidation of three former labor unions, the Bank's labor and management have realized the importance of building symbiotic relationships between labor and management through active communication, participation and cooperation. The Bank is ensuring that a new culture of labor-management relations take root through joint labor and management activities and cooperation between labor and management. Based on the cooperative relationship between labor and management established through such efforts, KB Kookmin Bank is advancing KB's vision of becoming “a global bank taking the lead in the Asian financial market beyond Korea.”

KB Kookmin Bank's labor and management jointly operate a standing consultative body for deciding on important policies. Employees in charge of labor-management relations participate in various joint discussions of labor and management issues



through public hearings, TFTs, workshop activities, and in-house and external training sessions. These activities invigorate communications between labor and management, thus establishing a symbiotic culture. Through these efforts, the Bank ensures the sharing of its vision and establishment of a culture of mutual trust and cooperation, greatly contributing to organizational competitiveness and public confidence both at home and abroad.

The quarterly Labor-Management Council discusses common interests between labor and management to improve the welfare of employees and expedite the development of the Bank. It aims to promote mutual cooperation between labor and management by striking a balance between the management rights of employer and labor rights of employees. The Labor-Management Council is considered an effective communication method for the purpose of rationalizing business management and improving productivity; it operates under related laws and regulations and the Regulations of KB Kookmin Bank's Labor-Management Council. In 2009, the Labor-Management Council discussed various issues including the decision to increase the number of transitions of open-term contractual employees into regular employees. A joint Labor-Management workshop is held every year to discuss pending issues of labor and management and the Bank's management issues, as well as the formation of bonds between labor and management. Joint Labor-Management TFTs are created on an ongoing basis whenever it is necessary to cope with important pending issues or to reach consensus and agreement on important business initiatives between labor and management.

Invigorating of Communication

Acting as a leader in channel development, KB Kookmin Bank opened the Kookmin Broadcasting Network(KBN) in March 2005, the first in-house satellite broadcasting system in Korea's financial sector, for smooth and effective communication for its 26,000 employees. KBN delivers not only CEO management policies and management issues, in-house and external important news but also on-the-ground news in real time via employee PCs, TVs and speakers in business sites. It is also actively used for sensitizing employees to policy changes, important marketing campaigns, business initiatives and exemplary cases. It contributes to forming strong bonds among all employees and spreading corporate culture through continuous promotion of green finance/operations, cost saving efforts throughout the Bank, and social contribution activities.

In addition, the Bank utilizes various communication tools, such as in-house intranet and a company newsletter called KB Friends, a PC start-up screen, and the homepage to encourage workers' active participation and ensure smooth vertical and horizontal communications.

Regulations on Notification of Changes in Business

- Immediate notification and notification upon request regarding important changes in business: Collective Agreement, Art.17 (Obligation of Notification) & Supplementary Agreement of Regional Chapter, Art.4
- Dismissal and Downsizing(60 days in advance): Collective Agreement, Art.46 (Limitation of Dismissal), Collective Agreement, Art.47 (Downsizing), Agreement on Stable Employment, Art.7 (Efforts to avoid Dismissal)
- Holding of Personnel Committee (7 days in advance): Collective Agreement, Art.48, (Right of Appeal on Personnel Matters)

In-house Satellite Broadcasting, KBN



KB Friends Corporate Newsletter



Major Labor-Management Cooperation Programs in 2009

Classifications	Details
Labor-Management Council	<ul style="list-style-type: none"> - Increase of transitions of open-term contractual employees into regular employees - Increased number of labor-related training sessions for union members (to 8 times per year) - Establishment of leave system for self-development - Introduction of employee welfare centers - Resumption of support for club activities
Joint Labor-Management Workshop	<ul style="list-style-type: none"> - Discussions of important management issues and strengthened membership, introduction of retirement annuity (held twice)
Joint Labor-Management TFT	<ul style="list-style-type: none"> - Change of business hours, collective wage bargaining and retirement annuity (held 5 times)

Partnership with Suppliers

KB Kookmin Bank is establishing a win-win relationship through communication with its suppliers and, furthermore, is establishing a fair and transparent business relationship with suppliers by encouraging their adoption of ethical management.



• Survey Participants: 244 suppliers

• Survey Period: Nov. 9 ~ 27, 2009

• Questions

1. Observance of fair and rational procedures in supplier selection
2. Appropriateness of the period of company selection and delivery (construction) time
3. Appropriateness of inspection procedure upon delivery (completion) & payment period
4. Positive and kind response from staff in charge
5. Demand for entertainment and improper treatment by the Bank
6. Satisfaction with the overall Bank process of purchase (facility construction)

Results of the survey showed that the average satisfaction level was 95.23%.

Communication with Suppliers

KB Kookmin Bank is improving its procurement policy and processes, including procurement policies vis-a-vis its suppliers. The Bank holds regular meetings and conducts supplier satisfaction surveys to incorporate the opinions of suppliers for the sake of improving the procurement process.

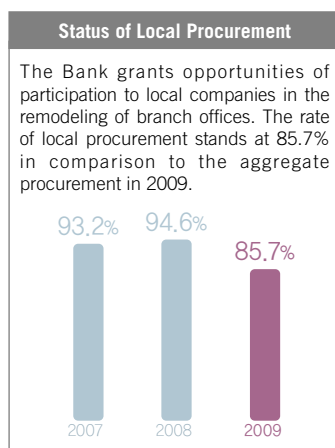
Meeting with Suppliers The Bank holds meetings with major suppliers to establish win-win relationships and maintain amicable relationships. These meetings are held to share the Bank's procurement policy and to collect feedback and suggestions from suppliers on its procurement policies. Supplier meetings address themes (strategic procurement, IT procurement, facilities construction and general procurement) and aim to improve the procurement process according to the characteristics of the suppliers. Proceedings are recorded in the form of minutes, and suppliers' suggestions, when deemed

appropriate after due analysis, are taken into account in the procurement process.

Satisfaction Survey of Suppliers KB Kookmin Bank identifies improvement factors by surveying its suppliers on their satisfaction with the Bank's procurement process. A total of 244 suppliers were surveyed on fairness in selection procedure, appropriateness of delivery period, attitude of staff in charge, improper treatment, and procurement process. After each survey, the Bank communicates results to the respondent suppliers. The Bank is planning to build a database of survey results in order to strengthen the foundation for better relationships with suppliers.

Diffusion of Ethical Management Principles to Suppliers

KB Kookmin Bank has firmly established



transparent transactional relationships with suppliers and is committed to practicing ethical management and transparency of contractual services by inserting the provision that suppliers will not make any improper payments to the Bank in any contract with the Bank. Furthermore, the Bank has diffused ethical management by accommodating the practice of ethical management on the part of suppliers in its assessment of suppliers since 2009.

The Bank has included the introduction of ethical management (establishment, announcement and education of code of ethics), environment-friendliness of the product proposed and social contribution activities in the evaluation criteria for registering suppliers in the AVL (Approved Vendor List), and the same factors are included in the evaluation criteria for the selection of suppliers. In 2009, the Bank conducted an ethical management evaluation on 0.12% of all suppliers. That number is expected to increase.

Agreement on Execution of Integrity Contract

KB Kookmin Bank includes a provision that 'suppliers shall not make any improper payments such as money, gifts, entertainment, etc.' in any contract executed between suppliers and the Bank. The Bank strictly applies this rule, and it disqualifies a supplier from applying for any future contract with the Bank any breach occurs. This is recognized as an exemplary case of ethical management by other institutions.

청렴계약이행 협약서

당사는 공평하고 투명한 기업경쟁과 자유경쟁이 사회발전과 기업경쟁력 향상의 관건임을 깊이 인식하여, 국민은행의 청렴계약제도 시행에 부응하여 다음 사항을 준수할 것을 약속합니다

1. 당사는 계약 체결 및 계약이행 과정에서 본행의 계약관련 임직원에게 뇌물, 선입금으로 금품, 향품 등 금품이나 부당한 이익을 제공하지 아니한다.
2. 당사는 계약 체결 및 계약이행 과정에서 본행의 계약관련 임직원에게 금품, 향품 등을 제공하였을 경우에는 입찰제한, 계약해지, 거래금감 등 엄격한 불이익도 감수한다.
3. 당사는 계약 체결 및 계약이행 과정에서 본행의 계약관련 임직원에게 금품, 향품 등을 제공한 사실이 드러날 경우 계약해지 등 본행의 불이익 처분과 관련하여 민형사상 일체의 이익을 제기하지 아니한다.

년 월 일

확약자 주소:

상호:

대표자:

(인)



Green Management



Green Management

Green Finance Green Operations

KB Kookmin Bank's Objectives, Background & Approach to Green Management

Recently, environmental problems, particularly climate change, have become important issues in corporate management. KB Kookmin Bank has been seeking concrete, feasible measures to assist in the green growth of enterprises and to cope with climate change. Its approach to environmental issues can be divided into two fields: Green Finance and Green Operations.



In Green Finance, the Bank supports the green growth of individual enterprises and identifies new business opportunities in the newly emerging carbon market by developing financial solutions to assist environment-friendly enterprises from various angles. In Green Operations, the Bank is achieving cleaner business operations while coping with the crisis of climate change through energy-saving and carbon emission management measures.

Key performance

Classification	2007	2008	2009
Green Finance Indicator ¹⁾			
Gross Direct Investment for Green Growth (billion Won)	-	-	2,760
No. of Green Product Accounts	-	-	91,449
Green Operations Indicator			
Carbon Dioxide Emissions(tCO ₂)	23,799	27,444	44,375 ²⁾

1) For detailed information on investment and services, please refer to page 46.

2) Total emissions have increased due to changes in the scope of data collection.
For more information on amount of emissions, please refer to page 54.

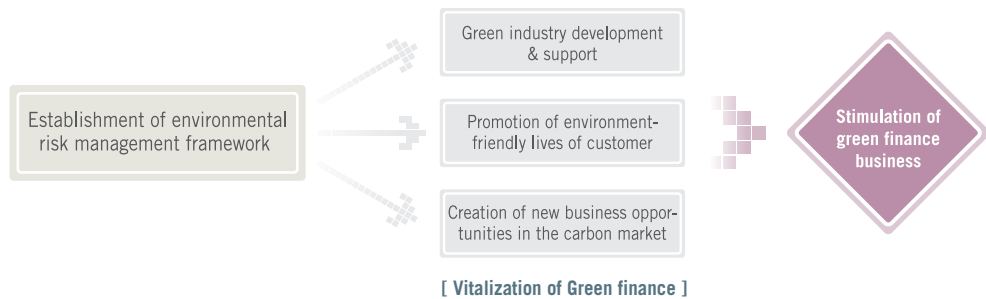
Green Finance

KB Kookmin Bank promotes Green Finance in three sectors.

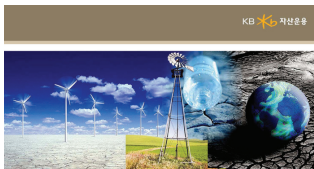
First, the Bank supports the development of green technology and green industry through financial intermediation to enhance industrial competitiveness.

Second, the Bank provides green financial products and services and improves related systems, such as credit analysis, in order to induce customers to lead environment-friendly lives.

Third, the Bank prepares for the tightening of domestic and overseas environmental regulations and creates new business opportunities from the formation of the carbon market.



KB Global Warming-themed Securities Investment Trust



KB 지구 온난화 테마 주식형 펀드

- A Fund that invests in the growth potential of global warming-related enterprises by classifying them into 4 solutions: management of electricity demand, limitation on greenhouse gas emissions, alternative energy and alternative fuel.
- The Fund has been managed by KB Asset Management since 2007, and KB Kookmin Bank is a distributor.

Support for Development of Green Growth Industry

The term Green Growth Industry refers to an industrial sector equipped with environment-friendly technology and manufacturing structures such as new and renewable energy, carbon-reduced energy, and green transportation system. KB Kookmin Bank supports the development of low-carbon green industry from various angles through fund investment, direct investment and lending, and financial products, and contributes to Korea's green growth.

Green Fund Arrangement & Investment

New & Renewable Energy Fund Since 2007, KB Kookmin Bank has invested in solar PV (photovoltaic) projects under the Government feed-in tariffs system in accordance with the New & Renewable Energy Law. The Bank's investment is worth KRW330 billion at inception, along with pension funds, such as National Pension Service and life and nonlife insurance companies. PV power generation is one of the representative new

& renewable energies and is harmless to the environment. Due to policy changes related to the feed-in tariffs system, it will be difficult to make additional investments. The Bank, however, will extend the investment target to businesses other than PV power generation and support the development of low-carbon green industries.

New Technology Investment through Establishment of Green Growth Investment Funds Many SMEs and venture firms with great growth potential find it difficult to obtain direct equity investment from banks. For these companies, KB Kookmin Bank has created the Green Growth Investment Fund with Gyeonggi Small and Medium Business Support Center and KT Capital. Through this Fund, the Bank has invested KRW31 billion into new-technology businesses, SMEs, or venture firms with great growth potential located in Gyeonggi-do. In particular, the Bank focuses its investment on businesses backed by solid technology that are in the rudimentary stage of operation and businesses with an imminent commercialization of carbon emission reduction technology, as well as CDM projects.

Direct Investment and Lending to the Green Growth Industry

KB Kookmin Bank has been engaging in direct investment and lending for new and renewable energy, PV power generation and wind power plants since 2005. In 2009, the Bank loaned KRW19.5 billion to the 33MW wind power plants in Samdalri, Jeju-do. The total cumulative amount since 2005 in direct investments/loans to PV power generation/wind power plants has reached KRW219.7 billion.

KB Kookmin Bank is promoting financial support in the form of a new PV power generation fund or Project Financing in preparation for the formation of the 2nd PV power generation market. It is also actively seeking for opportunities for financial support to wind power and tidal power generation.

KB Green Growth Loan

Overview The KB Green Growth Loan, a public-interest financial product aimed at supporting environmental preservation and the growth of green industries required by the Government's low-carbon green-growth policy, grants loans and other financial services to green growth enterprises.

The major target includes environment-friendly product manufacturers, power plants, and new & renewable energy enterprises related to recycling of general and designated waste materials. The Bank grants branch managers discretion to apply the lowest preferential rates to ensure that more companies have easier access to benefits. In addition, the Bank contributes to the development of green industries by setting aside 0.5% of loan proceeds to the Green Growth Development Fund and donating it to relevant associations, organizations, and public corporations.

Records Since the release of the Green Growth Loan in February 2009, a total of KRW254.3 billion has been granted to 235 companies as of the end of 2009.

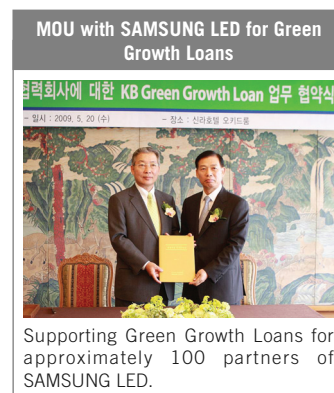
Creation of New Demand through Close Cooperation

Given that green industries are still fragile, the Bank has offered these products drawing on credit enhancement from guarantee corporations. The Bank concluded a business agreement with Korea Industrial Technology Association and Korea Technology Finance Corporation to support enterprises that have won the 'National Green Technology Award'. It executed an MOU with the Korea LED Association, Korea Electronics Association, SAMSUNG LED, and others to provide KB Green Growth Loans to the members and partners of these institutions.

KB Kookmin Bank is fostering the Green Growth Loan as the representative brand of green financial products. It is hoping to create new demand and induce the participation of the general public through far-reaching strategic cooperation with external institutions. In addition, the Bank is extending its service areas by planning additional preferential treatment for companies that practice green purchases or have outstanding green technologies.

Privileged-Business Installment Savings

Privileged-Business Installment Savings is a corporate-only product. By offering diverse prime rates, it helps businesses engaging in low-carbon green growth or those that have opened a payroll account with the Bank. Businesses may receive loan services such as discounted lending rates when they borrow against their installment savings. Businesses eligible for this account are environment-friendly manufacturers that have received an environment-friendly mark or have registered as an enterprise in a new/renewable energy field, including energy generators, waste recyclers, businesses under green purchase agreements, or ISO 14001 series-certified businesses.





Promoting Environment-Friendly Lifestyles

KB Kookmin Bank provides financial products to discourage environmental impact from production or consumption and to induce its customers to adopt environment-friendly lifestyles. The Bank is also implementing various green marketing campaigns.

KB Green Growth e-Step-Up Time Deposit

This is a time deposit account released in February 2009. 1% of proceeds is set aside for donation to green growth-related associations, such as the Korea Eco-product Institute. Business and individual customers are eligible to open this account, and account holders receive preferential rates depending on the total amount of deposit. Account holders also receive indirect benefits by contributing to the transformation of society into an environment-friendly society through 1% of proceeds arising from this account.

KB Green Growth Card

KB Green Growth Card, released in September 2009, is a product designed to contribute to green growth while offering substantial benefits to customers. When using the card at designated environment-friendly merchants, carbon cash-back points corresponding to 0.1% of card usage are offered, and a certain portion of the points is fed into a green growth fund. The card offers discounts of up to 10% for use of public transportation, and

includes other services such as discounts on bicycle purchases, and free-of-charge nonlife bicycle insurance. This card product acts as a catalyst for environmental preservation by reducing carbon emissions from transportation.

KB Business Taxi Corporate Card

This is a corporate card linked to call-taxi services. It allows card holders of a company or public service enterprise to pay taxi fares on a deferred basis after using a call taxi instead of a private car on a business trip or long-distance travel. This product is expected to curtail carbon emissions by encouraging the use of public transportation for business travel. It was first implemented in Seoul in 2009 and is now scheduled to be extended to other cities.

e-Finance Campaign

KB Kookmin Bank, as a Green Bank, has promoted extensive green marketing strategies to raise awareness of the importance of green growth. The use of electronic financial services such as e-accounts, e-mail card statements or online products provides convenience and contributes to resource conservation and carbon emissions reductions by minimizing the use of paper and unnecessary travel of customers for financial transactions. KB Kookmin Bank won positive feedback from customers as a result of the implementation of the Eco-Banking campaign and 'Overnight Eco-Camping'.

Green Industry-related Investments & Products

Classification	Name of Investment/Product	Status of Investment/Sale
Green Growth Support	New & Renewable Energy Fund Investment	KRW1.2 billion ¹⁾
	New Technology Investment through Green Growth Investment Fund	KRW1 billion ¹⁾
	Direct Investment & Loan for Wind Power Generation	KRW19.5 billion ¹⁾
	KB Green Growth Loan	KRW254.3 billion
	Total	KRW276.0 billion
Inducement of Environment-friendly Life of Customers	KB Business Taxi Corporate Card	7,823 accounts
	Privileged Business Installment Savings	16,787 accounts(KRW350.9 billion ²⁾)
	KB Green growth e-Step-Up Time Deposit	21,833 accounts(KRW208.8 billion ²⁾)
	Green Bicycle Insurance	12,144 accounts(KRW490 million)
	KB Green Growth Card	32,862 accounts
	Total	91,449 accounts

1) Investment in 2009

2) Based on the balance as of the end of Dec. 2009

Discovering New Business Opportunities in the Carbon Market

According to research by the Ministry of Environment, the size of the carbon credit market is expected to reach USD150 billion in 2010. Korea started discussing the introduction of carbon emissions trading in earnest as the government introduced a medium-term national greenhouse gas reductions of 30% by 2020 on a BAU (Business As Usual) basis. Carbon credit is a type of security allowing a certain amount of greenhouse gas emission, such as CO₂, for a certain period of time and can be traded in the same way as shares or bonds. The domestic carbon credit market is currently in the rudimentary stage. However, efforts to lay down

an infrastructure for the market are underway and the market is expected fully active in the near future.

In a bid to cope with changes in the market environment, KB Kookmin Bank is laying the foundation for new business opportunities that may arise from the introduction of carbon credit. In 2009, the Bank researched overseas cases of carbon credit by visiting banks and exchanges in European countries such as England, France, Germany, Spain and the Netherlands along with the other members of the Green Finance Council, the decision-making body related to green finance attached to the Financial Supervisory Commission. It is also seeking new business opportunities related to the carbon market.

The Promise of KB Kookmin Bank for the Next Generation: KB WiseGreen

Star Solution for the Next Generation KB wiseGreen

KB WiseGreen is a new brand identity for KB Green Finance which signifies a wise specialization in green finance and green operations while coping well with climate change. KB WiseGreen, is the Bank's promise for the next generation and the future. KB WiseGreen conveys three meanings in the new brand identity:

1. A wise specialist taking the lead in green finance and green operations

KB Kookmin Bank has sufficient expertise as a leading bank in green finance and green operations. KB Kookmin Bank is taking the initiative in preserving the beauty of the environment and acting as a pioneer in green growth.

2. The authentic green promise of KB Kookmin Bank

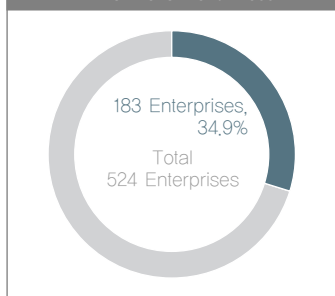
With the sky and earth as its motif the 'e' in WiseGreen stands for a blue sky free from global warming and green land free from environmental degradation. KB Kookmin Bank intends to deliver on this authentic aspiration to form more comfortable and green environment for the next generation.

3. "Green," like a friend who shares the burden

People must achieve green growth together. Profound wisdom, humanity toward people, and familiarity in daily life will be the keys to the green growth age. KB Kookmin Bank intends to share and engage in green activities with society.

KB Kookmin Bank is enhancing the integrity and efficiency of internal and external communications by unifying its green products and activities into a brand identity that includes Green Finance and KB WiseGreen.

Enterprises subject to the Checklist for Environment-friendliness



Businesses subject to Environmental Management Checklist

KB Kookmin Bank classifies the following industry sectors as requiring intensive environment management and applies the Check-list for Environmental Management in their credit analysis:

mining, tobacco, textile dying, fur processing, petroleum product manufacturing, chemicals manufacturing, primary metal manufacturing, electric/gas, sewage treatment, waste treatment, general construction, infrastructure construction, water transportation

Establishing an Environmental Risk Management System

If an enterprise causes social or environmental problems, not only that enterprise, but also its supporting financial institutions find it difficult to escape criticism. Thus, there is an increasing need to incorporate social risk factors such as reputation, human rights, and environmental risk factors, including environmental destruction, pollution and carbon emissions into the credit and project analysis process. Recognizing this need, KB Kookmin Bank works to secure sustainable investment by reflecting environmental and social risk factors in its corporate analysis for investment and lending.

Using the Checklist for Environment-friendliness in Credit Ratings

KB Kookmin Bank recognizes its social responsibilities as a financial institution in granting loans and making investments and regards any negligence of social responsibilities as an expressed risk. From September 30, 2009, the Bank has reflected the results of its evaluations of companies based on the Checklist for Environment-friendliness in determining their credit ratings, when the companies engaging in green industry or industries requiring environmental management with an outstanding credit of not less than 8 billion won wish to borrow from the Bank. This practice is expected to induce enterprises to pay more attention to environment-friendly management and help the Bank enhance its credit risk management.

The Checklist for Environment-friendliness is divided into three parts depending on type of borrowers: "Green Growth Industry Checklist", "Environment Management Checklist" and "PF Environment Risk Checklist".

Since the introduction of the Checklist for Environment-friendliness, the Bank has screened 183 enterprises for environmental risk, or 34.9% of a total of 524 enterprises at the Head Office level through the end of 2009.

Monitoring Implementation

The Bank monitors enterprises receiving loans or investments by re-evaluating their credit ratings on a regular basis. The re-evaluation of a credit rating is generally carried out at 1-year intervals. An environment check-up is implemented as part of this re-evaluation for enterprises subject to a check-up as required by the Checklist for Environment-friendliness. However, since less than one year has elapsed since the checklist's implementation, no enterprise has undertaken an environmental checkup. The Bank will conduct the check-up during the next round of credit re-evaluations.



Green Operations

KB Kookmin Bank established the Carbon dioxide Emission Management System (KB-CEMS) to cope with climate change and is promoting bank-wide green management to save energy and resources. The Bank is developing an advanced system to pursue global green operations.



Establishing a Climate Change Response System

In 2009, KB Kookmin Bank initiated a low-carbon green management system to cope with climate change. As part of the effort, the Bank launched the Sustainability Management TFG (Task Force Group) by investing in infrastructure such as KB-CEMS to monitor and manage Bank carbon emissions.

Launching the Sustainability Management TFG

The Sustainability Management TFG headed by CEO was established in February 2009 to cope with climate change and support green growth of businesses. The TFG achieved solid performance in green finance and management in the short term and was reorganized and renamed the Green Business Division, a formal entity of the Bank, in 2010.

KB Kookmin Bank is committed to reconstituting

the organization to ensure that it can respond appropriately to changes in the business environment and the needs of stakeholders while also becoming a leader in a market where climate change is becoming an important issue.

Infrastructure Development of KB-CEMS

KB Kookmin Bank developed KB-CEMS (KB Carbon dioxide Emission Management System), the first such system in Korea's financial industry, over a 4-month period to apply to all business organizations including branch offices. After a trial run from November 23, 2009 to the end of December 2009, the system has been in full operation since January 2010. KB-CEMS gained attention from many businesses; in particular, it was reported in the "2009 Top 10 Information News" section of the Electronic Times Newspaper as the first non-manufacturing office environment to introduce a carbon emission management system.

Promotional Comic books for Green finance and operations

KB Kookmin Bank published and distributed 12,000 comic books to promote green finance and operations and help officers, employees and customers to understand the Bank's green finance policies and operations.



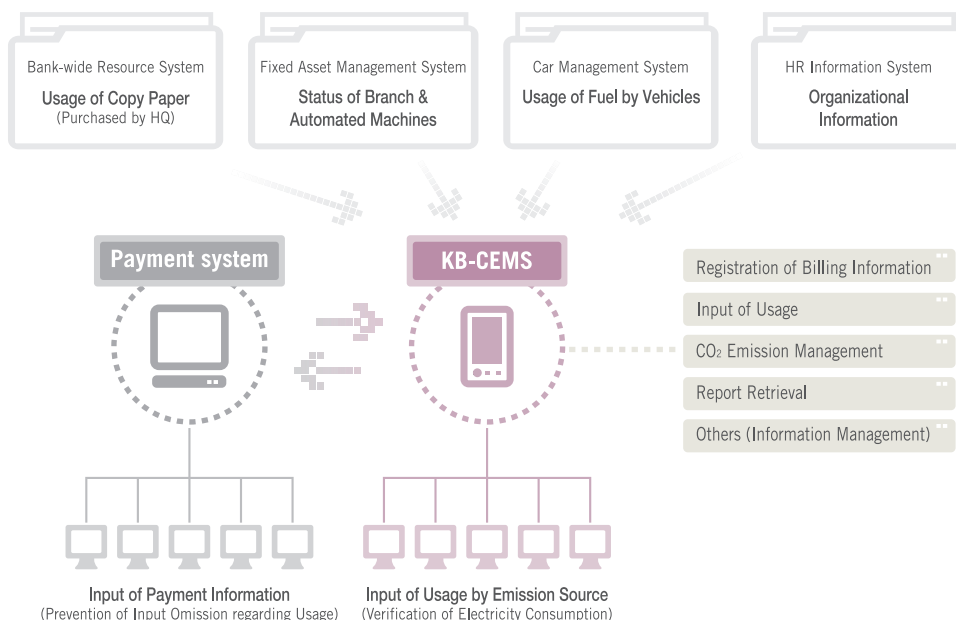
KB-CEMS defines the sources of carbon dioxide emission as electricity, oil, city gas, LPG, district heating, water supply and photocopying. It reflects the characteristics of finance and service business, and calculates carbon emissions by collecting bank-wide data on usage of these resources. KB-CEMS prevents the omission of data on resource usage by linking the Bank-wide Resource System and Payment System. It provides reliable carbon emission data through its own verification system.

domestic and foreign standards such as the IPCC guidelines, “Guidelines for Corporate Green House Gas Emission Calculations” of the Korea Energy Management Corporation and the “Green House Gas Protocol” of the WBCSD/WRI.

KB Kookmin Bank intends to monitor carbon emissions through KB-CEMS while maintaining and managing buildings efficiently in connection with energy- and resource-saving programs.

The formula and scope of carbon emission calculations in KB-CEMS are determined by

KB-CEMS System Diagram



Bank-wide Promotion of Green Operations

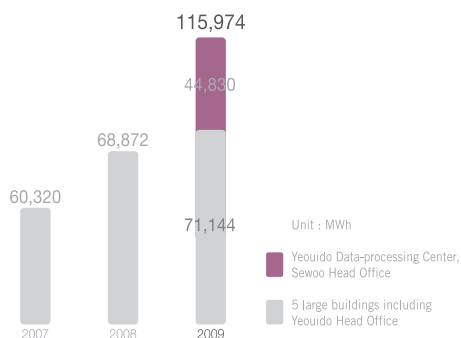
KB Kookmin Bank has set 2009 as the initial year of green operations and promoted bank-wide green operations by practicing 20 daily tasks. KB Kookmin Bank pursues becoming Green Bank by saving resources such as energy, water, and paper.

Energy

KB-CEMS enabled the Bank to monitor energy usage and greenhouse gas emissions bank-wide. Due to difficulties in collecting historical data bank-wide, the Bank has collected representative data on 5 large buildings: Yeouido Head Office, Myeong-dong Head Office, Gwanghwamun Building, Yeomchang Data-processing Center and Jongam Data-processing Center. It extended data collection to Yeouido Data-processing Center and Sewoo Head Office in 2009. Total amount of energy used in 2009 was tallied at 115,973.5MWh, and the energy source used in the largest amount was electricity, followed by city gas (LNG) and oil for heating (light oil).

Total amount of energy usage based on the abovementioned 5 large buildings increased 3% in 2009 compared with 2008. As Yeouido Data-processing Center started full operations in 2009, the total amount of energy usage also increased.

Total Energy Usage in Large Buildings



Electricity Savings In 2009, KB Kookmin Bank conducted an electricity-saving campaign for daily office life. Employees turned on lights only when necessary, pulled plugs when leaving the office to reduce phantom power, shut off power on office equipment not in use, switched off lights in the office during lunch time, and other practices. In

order to practice electricity-saving at a bank-wide level, the Bank formulated and distributed more detailed saving methods, assigned every first Friday of the month as Energy-saving Day, and formed an Energy-saving Check-up Team.

In particular, the Bank carried out an internal campaign in July and August 2009 to save more than 5% in electrical costs over the previous year. It also participated in the 'Energy(-) Love(+)' Campaign conducted by the Korea Energy Management Corporation with 180 branch offices as well as Head Offices to save KRW150 million in electrical costs.

In addition, the Bank replaced some of its lighting at the Head Offices and branch offices with highly-efficient LED lighting. In 2009, the Bank installed LED lighting on the ceilings of the lobbies on the 1st floor and underground parking lots at Yeouido Head Office and Myeong-dong Head Office, ceilings at the grand conference room on the 13th floor at Yeouido Head Office, and at consulting rooms and VIP lounges at 82 branch offices, as well as 68 outdoor signboards. The energy-savings due to the introduction of LED is estimated to be 669.5MWh annually.

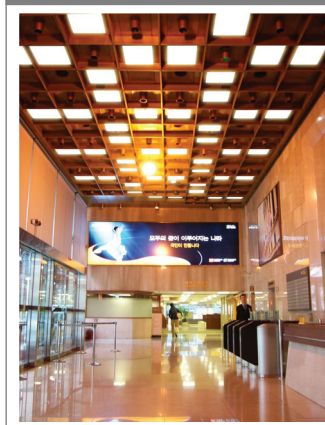
Saving Oil for Heating & City Gas Oil and city gas have been used mainly for heating and cooling bank offices. In December 2009, to reduce the use of oil and city gas in winter heating, the Bank conducted a Winter Energy-saving Campaign that encouraged wearing thermal underwear, maintaining proper indoor temperature and limiting the use of electric heaters.

Saving Gasoline KB Kookmin Bank encourages employees to use bicycles to reduce environmental impact from business travel among branch offices. In 2009, bicycle racks were installed at eight branch offices designated for remodeling. Bicycles were also made available at Yeouido Head Office, Yeouido Data-processing Center and Sewoo Head Office. The availability of bicycles at major Head offices is expected to bring about a decrease in gasoline use of up to 1,382 liters annually. In 2010, the Bank will replace older vehicles with low-carbon, environment-friendly vehicles for business transportation of Head Office employees.

Installation of Heat Exchanger

KB Kookmin Bank installed heat exchangers at 56 branch offices in 2009. The electricity-savings estimated at a monthly average of 268.8MWh.

LED lighting at Yeouido Head Office



'Bicycle for Business Transportation' Campaign



Greenhouse Gases

Carbon Emissions By 2008, KB Kookmin Bank was managing carbon emissions from oil and gas for heating and purchased electricity. In 2009, however, the Bank started to recognize vehicle fuel, district heating, water supply and photocopy paper as major carbon emission sources in bank operations and to manage emissions from those sources.

In 2009, the carbon dioxide emitted from 7 large Bank buildings was 44,375tCO₂. According to a three-year emission trend at 5 large buildings, excluding Yeouido Data-processing Center, which was remodeled in 2008, and Sewoo Head Office, the carbon emissions in 2009 were reduced by 12% compared with the record in 2008. At the same time, indirect greenhouse gas emissions from electricity consumption accounted for the largest share, 90% of total emissions.

Scope of Carbon Emission Management Through 2009, greenhouse gas emissions were calculated for Head Offices, but from 2010, as the KB-CEMS system begins to operate fully, the Bank intends to extend the scope of data collection on greenhouse gas emissions bank-wide.

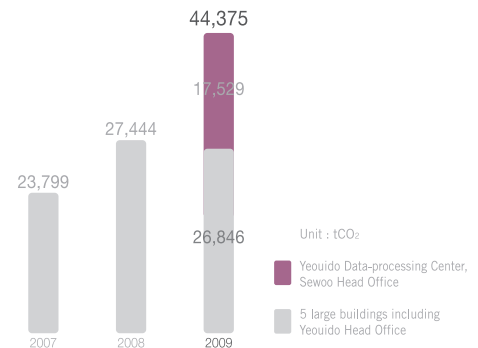
Raw Materials(Copy Paper)

The banking industry, as a service sector, does not use primary raw materials such as metal or mineral resources, unlike manufacturing businesses which process raw materials and provide products. KB Kookmin Bank, however, has been using substantial amounts of paper for bills and receipts, office documents, contract documents and other documents at bank counters and back offices. KB Kookmin Bank now deems copy and document paper a major raw material. Copy paper usage in 2009 was estimated as 1,000 tons based on the amount purchased bank-wide, actual usage at the 7 large buildings was 52 tons.

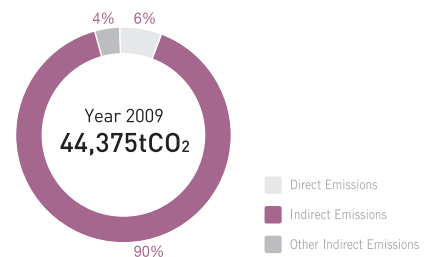
Digitalization of Documents & Business Processes

KB Kookmin Bank understands the impact of paper consumption on the environment, and makes every effort to reduce usage through efficient business

Large Buildings CO₂ Emissions



Ratio of Direct and Indirect CO₂ Emissions



processes. In 2009, through the digitalization project called PPR (Process and Paperless Revolution), the Bank began making its business environment 'paperless', focusing on e-documents with the minimization of bills and tickets generated at branch offices.

The PPR Project focuses on minimizing unnecessary paper in the business process, such as omitting transaction statement printouts. The 'e-document' also enhances business convenience and shortens processing time. Accordingly, in 2010, the Bank is planning to extend its 'paperless' scheme by developing internal digital forms for all transactions and ID scanning. PPR is expected to reduce paper consumption by approximately 280 million sheets at branch offices through the PPR Project, equivalent to reducing emissions by as much as 4,000 tons*.

* Quoted from Korea Electronic Document Industry Association "Low-carbon Green Growth & Corporate Competitiveness Enhancement Plan" (November 4, 2008)

Amount of copy paper used for 3 years

2009 **1,000ton***
2008 170ton
2007 192ton

* Data Collection Scope
2007, 2008: Head Offices
2009: Head offices and branches

Use of Recycled Paper

KB Kookmin Bank has been using recycled papers where possible since 1993 and in 2009, used 74tons of recycled papers in total.

Even if the consumption of recycled papers accounts for a meager part of the bank-wide paper consumption, the Bank plans to increase the use of recycled papers gradually.

PPR Project Effect

Classification	Description	Effects	Remarks
Paperless Scheme 1: Removing common slip / transaction statement	<ul style="list-style-type: none"> • 'Paperless' at branch office • Building e-statement information service system 	<ul style="list-style-type: none"> • Enhancing business convenience and reducing business processing time • Paper reduction in 2010 ~ 2014: approx. 140 million sheets; reduction of CO₂ emissions: approx. 2,000 tons 	Implemented in 2010
Paperless Scheme 2: Developing e-common slip and e-inquiry slip / ID scanning	<ul style="list-style-type: none"> • Omitting paper output of internal digital forms for all transactions and inquiry slip and actualizing e-payment process • Omitting copy of ID and building image inquiry system 	<ul style="list-style-type: none"> • Enhancing productivity through business efficiency • Providing fast, convenient customer services • Paper reduction in 2011 ~ 2015: approx. 140 million sheets, reduction of CO₂ emissions: approx. 2,000 tons 	To be implemented in 2011

Recycling Paper Printed on One Side Each department reduces paper use by recycling sheets with one side used for printing of non-essential information. Departments provide boxes where employees can deposit these sheets of paper to be used again. Since 2009, the Bank has monitored paper usage by computer and has implemented an internal management system to reduce paper usage. By recycling paper printed on one side, the Bank has reduced costs by approximately KRW770 million.

KB Kookmin Bank installed valve controls on water supply equipment to curtail water usage, and all employees use personal drinking vessels.

Water used by KB Kookmin Bank is domestic sewage. The Bank does not treat its own sewage, but relies on local municipal sewage treatment facilities on an aggregate basis. Therefore, the Bank's sewage output has negligible environmental impact on the local area of discharge, particularly to its biodiversity.

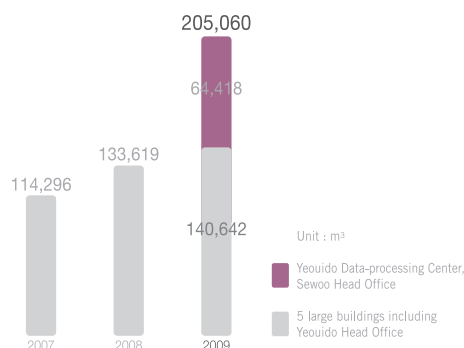
Waste

Most waste discharged from KB Kookmin Bank is office waste. Thus, the waste specified in BASEL Conventions I, II, III and IV, or key harmful substances such as product-packing material are not generated from products or services provided by the Bank. In addition, all currently-generated office waste is managed by an outsourced waste treatment business to minimize environmental pollution. Total waste treatment commissioned by Yeoueuido Head Office in 2009 was 42 tons.

Water & Waste Water

Total water usage from the 7 large buildings of KB Kookmin Bank in 2009 was 205,060m³. Municipal waterworks supply most water, and the Bank does not use underground or recycled water. Since the Bank relies on waterworks as a supply source, it is not directly affected by disruptions in catchment.

Water Usage in Large Buildings



Summary of Environmental Performance

Absolute Performance

Items	Sub-items	Unit	2007 (5 largest buildings)	2008 (5 largest buildings)	2009 (5 largest buildings)	2009 (7 largest buildings)
CO ₂	Total Emissions	tCO ₂	23,799	27,444	26,846	44,375 ¹⁾
	- Scope 1 ²⁾	tCO ₂	1,420	1,398	2,581	2,718
	- Scope 2 ³⁾	tCO ₂	22,312	25,967	24,182	39,728
	- Scope 3 ⁴⁾	tCO ₂	67	79	83	1,929
Energy	Total Usage	MWh	60,320	68,872	71,144	115,974
	- Electricity	MWh	52,623	61,243	57,035	93,699
	- Fuel for Heating/Cooling	MWh	7,697	7,629	14,109	15,977
	- Fuel for Vehicles	MWh	N/A	N/A	-	6,298
Water	Total Usage	m ³	114,296	133,619	140,642	205,060
Copy Paper	Total Usage	ton	192	170	-	52
	- Recycled Paper	ton	0	0	-	74 ⁵⁾
Waste	Total Amount ⁶⁾	ton	23	53	-	42
Scope of Data		Yeouido Head Office	Yeouido Head Office	Yeouido Head Office	Yeouido Head Office	Yeouido Head Office
		Myeong-dong Head Office	Myeong-dong Head Office	Myeong-dong Head Office	Myeong-dong Head Office	Myeong-dong Head Office
		Gwanghwamun Main Building	Gwanghwamun Main Building	Gwanghwamun Main Building	Gwanghwamun Main Building	Gwanghwamun Main Building
		Yeomchang Data-processing Center	Yeomchang Data-processing Center	Yeomchang Data-processing Center	Yeomchang Data-processing Center	Yeomchang Data-processing Center
		Jongam Data-processing Center	Jongam Data-processing Center	Jongam Data-processing Center	Jongam Data-processing Center	Jongam Data-processing Center
						Yeouido Data-processing Center Sewoo Head Office
Scope of Data in Full Time Equivalent						5,782 ⁷⁾
FTE-based Data Collection Rate						22% ⁸⁾

Relative Performance

Items	Unit	2009
CO ₂ Emissions per capita	tCO ₂ /FTE	7.67
Energy Usage per capita	MWh/FTE	20.06
Water Usage per capita	m ³ /FTE	35.47
Paper Usage per capita	Kg/FTE	8.99

* Carbon emissions calculation and energy unit conversions were made according to data sourced by IPCC, Korea Energy Management Corporation, and WBCSD/WRI (Carbon emission factor for power consumption: 0.424kgCO₂/KWh)

- 1) Total emissions have increased due to the addition of Yeouido Data-processing Center and Sewoo Head Office
- 2) Scope 1 (direct greenhouse gas emissions): carbon emissions generated by the use of fossil fuel such as heating oil. Calculated by including light oil for heating and city gas (LNG).
- 3) Scope 2 (Electricity indirect greenhouse gas emissions): carbon emissions from the generation of purchased electricity consumed.
- 4) Scope 3 (other indirect greenhouse gas emissions): greenhouse gas generated by other indirect sources. Calculated by including fuel for vehicles (rented cars), water, copy paper, waste, district heating for 2009, but only including water supply for 2007 and 2008.
- 5) Not including recycled paper usage at Head Offices; amount equals the lump-sum central purchase.
- 6) Based on Yeouido Head Office. Calculated by outsourced waste treatment business.
- 7) As of December 31, 2009.
- 8) Calculated by dividing the scope of data in full-time equivalent to the total number of officers and employees.

Compliance with Laws & Enhancement of Staff Consciousness

For Green Operations, compliance with laws and enhancement of consciousness for voluntary participation of officers and employees are required. KB Kookmin Bank induced active participation of its officers and employees by selecting 20 daily tasks for cost saving as a part of its New Start Management and carried out an Energy Saving Campaign.

Compliance with Environment Laws KB Kookmin Bank complies with all environmental regulations. No violation of environmental regulations occurred in 2009.

20 Daily Tasks The Bank selected eight quantitative measures and 12 qualitative measures for cost saving by raising the efficiency of its business processes.

For quantitative measures, the Bank selected detailed targets for cost saving such as electricity and phantom power, recycling paper printed on one side, encouraging use of intranet, and other activities which resulted in annual cost reductions of KRW3.37 billion, or 117.1% of the target (KRW2.87 billion).

For qualitative measures, the Bank limited the use of color printers, enhanced the culture for meeting and reporting, reduced use of paper cups, and underscored the importance of concentrated work by making use of internal announcements, stickers, posters and circulars.

Promotion of Global Green Management

KB Kookmin Bank espoused global green management in 2009 by becoming a signatory to the Carbon Disclosure Project to cope with climate change. Recognizing that climate and environment issues are becoming more urgent, the Bank actively joined various global initiatives to cope with climate change issues proactively and engaged in various events and campaigns.

Participation in Global Initiatives

Carbon Disclosure Project (CDP) The Carbon Disclosure Project (CDP) is a cooperative effort of worldwide financial and investment institutions to provide information on their strategies to cope with climate change and the current status of carbon emissions. Thousands of institutions throughout the world are disclosing their strategies against climate change and information on carbon emissions through CDP by responding to questionnaires.

Recognizing that financial institutions providing support to enterprises should play leading roles in changing perceptions on climate change, KB Kookmin Bank participated as a signatory to CDP in April 2009. KB Financial Group, which disclosed carbon information by completing a CDP questionnaire and promoted sustainable green management, won recognition as a 'Leader of Climate Change Response' in the banking industry from the CDP Korea Committee in October 2009.

DJSI Asia Pacific, Korea 2009/10 DJSI is an index jointly developed by U.S. Dow Jones, an index



Dow Jones Sustainability Indexes
Member 2009/10

provider with the largest repository of financial information, and Swiss SAM, an institution specializing in sustainability management evaluation. The DJSI World Index consists of that have received superior results the top 2,500 enterprises in market capitalization in terms of sustainability since 1999. As companies are evaluated not only for financial performance but also for social and environmental contribution, those included in the Index are highly recognized by global investors for their sustainability. KB Financial Group, of which KB Kookmin Bank is by far the largest, was included as a component of the DJSI Asia Pacific index targeting 600 Asia-Pacific companies in terms of market capitalization in 2009, and was also incorporated in the DJSI Korea Index targeting Korea's top 200 companies. Therefore, KB Kookmin Bank was widely recognized for its sustainability, as well.

UNEP FI (United Nations Environment Programme Finance Initiative)

UNEP FI is a public-private partnership between UNEP and financial institutions established to propose approaches and roles for financial institutions in environment and sustainable development. Currently, 180 financial institutions from 40 countries all over the world conduct activities related to climate change, insurance, investment, real estate and sustainable management. KB Kookmin Bank has been actively participating in UNEP FI since April 2004.



UN Global Compact



UN Global Compact (hereinafter referred to as UNGC) is an initiative for the ethics and environment of international society launched in July 2000 at the initiative of former UN Secretary General Kofi Annan during the World Economic Forum held in Davos, Switzerland, in 1999. UNGC aims to act on 10 principles addressing human rights, environment, and anti-corruption in world management practices and to promote the implementation of UN Agenda such as the 'New Millennium Development Goal'. KB Kookmin Bank is committed to thoroughly complying with the 10 principles of the UNGC and to obtaining good results in financial performance as well as non-financial performance, including environment, society, human rights, and ethics. For more information on the 10 principles and related activities, see page 69 in the Report.

Yeouido Head Office and Sewoo Head Office. It will also extend the range of goals for future carbon emissions reduction on a gradual basis.

Carbon Neutral Forest

KB Kookmin Bank formed "KB Carbon Neutral Forest" within the Gyeonggi Provincial Forest in Yongin City, Gyeonggi-do, on November 12, 2009. Some 200 guests including representative from KB Kookmin Bank, Gyeonggi-do, Gyeonggi Agricultural and Forestry Promotion Foundation, The Forest of Life National Movement Community, and general citizens took part in the event.

The "Carbon Neutral Forest" is developed by planting trees in enough numbers to offset the carbon emissions generated from corporate activities and daily life. It is an environmental protection program that is becoming more necessary as climate change issues, particularly global warming become more serious. KB Kookmin Bank plans to form more Carbon Neutral Forests in the future.

Sponsorship for the third C40 Climate Leadership Group Summit Conference

KB Kookmin Bank sponsored the third C40 Climate Leadership Group Summit Conference, hosted by Seoul Metropolitan City and attended by mayors and CEOs of 80 cities from 41 countries all over the world. The conference was held for 4 days from May 18, 2009, under the theme 'Urban' Achievements and Challenges in the Fight against Climate Change'.

Carbon Neutral Forest Event



Eco-Tree Campaign

The Bank carried out a tree planting event jointly with public agencies, the ROK Army, businesses and general citizens in the obsolete shooting range of an ROK Army compound.



Promotion of Domestic and Overseas Campaigns and Events

Participation in Carbon Neutral Program

KB Kookmin Bank is scheduled to participate in a Carbon Neutral Program initiated by the Korea Energy Management Corporation. As part of this participation, in 2010, the Bank is planning to set goals for carbon emissions reduction at the 7 large buildings including Myeong-dong Head Office,



Carbon Neutral
탄소중립인증마크

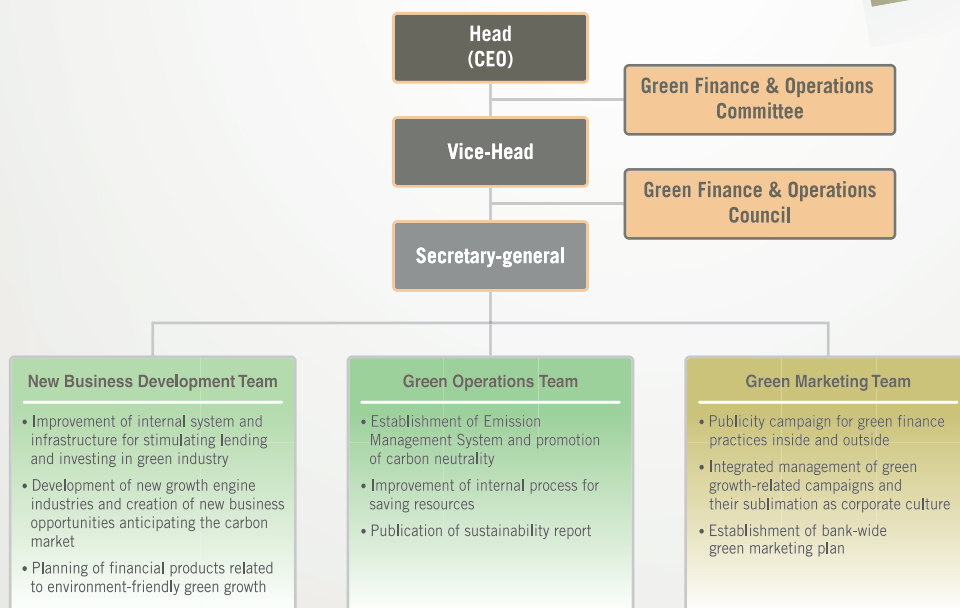
Launching of 'KB Kookmin Bank Sustainability Management TFG' for Bank-wide Promotion of Green Growth

The major advanced countries in the world have actively promoted 'Green Growth' as part of their plans to overcome global warming, environmental risk and economic crisis. To keep pace with this, Korea selected Green Growth as one of four basic directions of Government Operation in 2009 and made every effort to foster it as a new growth engine. Amid changes at home and abroad, it is essential to build a management system to cope with climate change and realize sustainable development. KB Kookmin Bank is taking up Green Growth as an opportunity to create new business and reorganize its portfolio in the financial market, firmly building its position as a leading green bank.

Thus, KB Kookmin Bank launched the Sustainability Management TFG on February 03, 2009 (currently, Green Business Division) headed by the CEO of KB Kookmin Bank, as the first attempt by any financial institution in Korea to promote Green Growth systematically. The Green Finance & Operations Committee consisting of senior management members, together with the Green Finance & Operations Council consisting of General Managers, has made possible the integrated promotion of green growth-related activities which had been previously promoted separately by each department, thus enabling faster decision-making and better-organized promotion.

The Sustainability Management TFG, organized to enhance the bank-wide capability for executing Green Growth, is pursuing economic profit and environmental sustainability through 'Green Finance'. It supports green growth as part of fund brokerage and 'Green Operations' through environment-friendly bank management.

Since launching the 'Sustainability Management TFG', KB Kookmin Bank has promoted green management by releasing a variety of green financial products, including the KB Green Growth Loan, and by participating as a CDP signatory, as well as through many other activities. Such efforts have been widely recognized. Awards include 'the 17th Chosun Ilbo Environment Award' and 'The 7th Global Green Management Award, Green Marketing Section'.



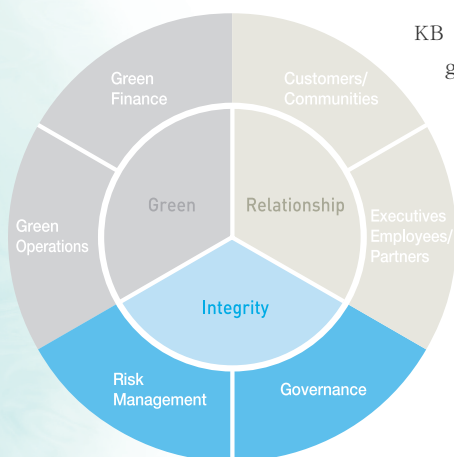
Management Integrity



Management Integrity

Governance
Ethical Management
Risk Management

Management Integrity of KB Kookmin Bank: Objectives, Background & Approach



KB Kookmin Bank practices “Management Integrity” through a transparent governance structure, active ethical management and proactive risk management.

The Bank enhances its integrity by operating committees under the Board of Directors and reinforces counterbalancing functions toward the Board of Directors (hereinafter the BoD). The strong leadership of the CEO and practical programs make its ethical management more solid. It also operates global-standard risk management monitoring.

Key performance

Classification		2007	2008	2009
Governance Indicator				
Ratio of Outside Directors (%)		69.2	57.1	57.1
Ratio of BoD Attendance (%)		90.8	89.2	93.6
Ethical Management Indicator				
Number of employees Practicing Ethical Management (Person)	On-line	26,731	26,032	25,942
	Off-line	10,417	15,639	9,968
Occurrence of Corruption		0	0	0

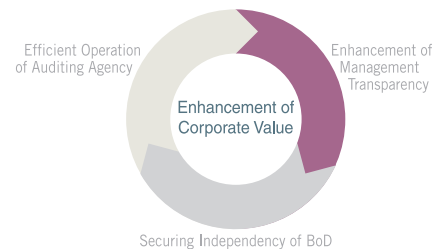
Governance

KB Kookmin Bank enhances corporate value by constantly improving governance and ensuring a transparent decision-making process.

Board of Directors of KB Kookmin Bank (As of the end of 2009)

Classification	Name	Title
Executive Directors (3)	KANG, CHUNG WON	Chairman of BoD CEO of KB Kookmin Bank
	CHOI, IN GYU	SEVP & Executive Director of KB Kookmin Bank
	CHEONG, YONG HWA	Executive Auditor of KB Kookmin Bank
Outside Directors (4)	LEE, SANG CHUL	Advisor, LG Economic Research Institute Chairman of Risk Management Committee
	KIM, MYOUNG JIN	Attorney, Law-World Law Firm Member of Audit and Risk Mgt. Committee
	KOO, TAE JIN	Partner of Horwath Choongjung Accounting Firm Chairman of Audit Committee
	KIM, HONG BUM	Professor of Gyeongsang University Member of Audit and Risk Mgt. Committee

Target of KB Kookmin Bank Governance



Enhancing management transparency: The Bank announces major management information to Financial Supervisory Service and KRX. The Bank provides information on corporate governance through its website.

Assuring independence of the BoD: The Bank operates outside director-led Committees in the BoD to ensure that outside directors can express their views freely, and these Committees play active counterbalancing roles vis-a-vis the senior management of the Bank. The Bank also strives to improve transparency through an "outside director evaluation system" so that their monitoring roles may be strengthened.

Efficient operation of audit functions: The Bank implements an overall framework for active audit functions by publicly disclosing regulations pertaining to nomination of the members of the Audit Committee and establishing an internal reporting system.

KB Kookmin Bank fulfills corporate responsibility through bank management that is mindful of the environment and society. The Bank is undertaking various discussions on sustainable management. Among them, the BoD is the highest decision-making body and plays core roles in the implementation of sustainable management.

Minutes of BoD Meetings related to Sustainable Management

- 6th Meeting (Mar. 25, 2009)
- Revised internal control regulation
- 18th Meeting (Oct. 23, 2009)
- Donated remaining assets of NPL Resolution Fund to Smile Microcredit Bank
(Speech emphasizing Green Finance & Green Operations)
- 19th Meeting (Nov. 19, 2009)
- Give donation to establishment of Smile Microcredit Bank
- 20th Meeting (Dec. 11, 2009)
- Donation to Community Chest of Korea
- 2010 donation plan

Board of Directors

KB Kookmin Bank aims for professional and transparent management through implementation of BoD-focused management. Within the BoD, the Bank has an Audit Committee and Risk Management Committee where outside directors play major roles. This organizational structure enhances its independence, professionalism and transparency. In 2009, the Bank recognized the importance of sustainable management and incorporated it in overall bank management. It discussed subjects related to society and environment such as Smile Microcredit Bank and Green Finance.

Composition of the Board of Directors

The BoD consists of three executive directors and four outside directors and operates two internal committees. The BoD is independent from major shareholders and management, securing

transparency in decision-making. To ensure the professionalism of outside directors and enhance the transparency of the selection process, an "Outside Director Nomination Committee" is in place to deliberate on the qualifications of candidates and to make sure their interests do not conflict with those of KB Kookmin Bank prior to nomination. Final selection is made at the general shareholders' meeting. When the selected directors take office, they are required to take an oath that they do not share any interest with Bank management or major shareholders, in order to prevent: 1) private transaction using bank information, 2) competing action, harming bank interest, and 3) any conduct that has potential conflict of interest.

Operation of the Board of Directors

The BoD is the highest decision-making body in KB Kookmin Bank. In 2009, 20 BoD meetings were held to discuss major management issues.

Scheduled BoD meetings are held quarterly. Unscheduled meetings may take place when a request is made by any director/committee, and the BoD Chairman agrees. Outside directors' evaluations enhance the level of expertise and monitoring capability.

Committees

KB Kookmin Bank operates BoD committees to ensure active operation, more professional decision-making and independence of the BoD. Each Committee includes outside directors so that BoD efficiency and expertise in decision making is maximized.

The Audit Committee is in charge of internal auditing such as finance, compliance, business, management and IT auditing. The Committee takes care of all facets of internal auditing from audit planning, implementation, evaluation, ex-post actions and suggestion of improvement plans. In the event that a director or management violates or shows probability of violating the law or the articles of incorporation, the committee immediately requests the convening of a Board of Directors meeting and eliminates the problem in advance. The committee also evaluates and suggests improvements on the design/operation of internal control systems. It also systemizes ethical management bases such as receiving internal reports of accounting errors and omissions and establishes/revises/abolishes the Code of Ethics.

Two or more independent outside directors, independent from management, and one or more executive directors (executive auditor) comprise the members of the Audit Committee. They have qualifications defined in the articles of incorporation and regulations. One or more finance specialists required by related regulations and the articles of incorporation are included in the Audit Committee so that the independence and expertise of the committee can be strengthened. In 2009, the function was reinforced by revising the clause "The BoD may not re-determine the resolutions of the Audit Committee".

The Risk Management Committee establishes the strategy and policy on risk management and monitors their proper implementation so that all transaction risks are identified, measured, monitored and controlled in a timely manner. It receives periodic reports on ongoing risks and is in charge of new applications of risk measurement models (including credit evaluation model and risk measurement elements) and application/approval of major changes/improvements.

Performance evaluation and compensation

Directors and management receive compensation on their work through performance evaluation.

The composition and compensation status for BoD members are announced in the section "Management Disclosure" on the website of the Bank. Compensation limits are determined in the general shareholders' meeting depending on the performance of the organization, whereas compensation for senior management is based on individual performance evaluation.

The criteria for evaluation/performance are determined by BoD resolution. After the close of business year, the Bank reports annual performances achieved versus business targets by business area to the BoD. By compensating the senior management based on this performance report, the rationality of compensation system based on performance is assured.



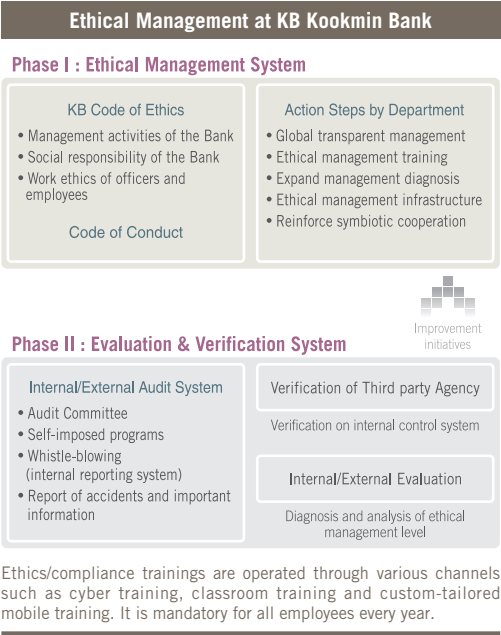
Ethical Management

KB Kookmin Bank practices transparent and ethical management through the strong leadership of the CEO, systematic organization and practical programs.



Status of training on Ethics & Compliance

Item	2007		2008		2009	
	On-line	Off-line	On-line	Off-line	On-line	Off-line
Times	9	451	7	577	8	523
Participants	All staff	10,417 persons	All staff	15,639 persons	All staff	9,968 persons



Ethical management programs

KB Kookmin Bank practices various programs to embed ethical management as a bank culture, rather than managing ethics in writing. The efficacy of these programs is enhanced through the Code of Conduct, programs to practice the Code, training to internalize ethical management and an internal reporting system.

Oath to practice the Code of Ethics and Code of Conduct

The CEO and all employees take oaths to practice the KB Code of Ethics at the beginning of every year. A Specific Code of Conduct has been formulated and is being enforced to cope with various ethical issues that arise in the course of daily business. KB Kookmin Bank Code of Ethics is specified more clearly in the Code of Conduct, which defines the ethical behavior that every officer and employee should observe. Any breach shall be properly dealt with in accordance with internal control regulations to ensure the effectiveness of these codes.

Ethical management implementation program KB Kookmin Bank runs diverse programs to ensure continuous implementation of ethical management. It is operated in a P-D-C-A cycle through system, procedure, standard, training and evaluation.

Ethical management is now ingrained in the culture of KB Kookmin Bank.

Ethical management result

Thanks to the Bank's efforts to ensure ethical management, ethical behavior comes naturally from its employees rather than by imposition. KB Kookmin Bank achieved the Best Grade (AAA) for two consecutive years from KoBEX SM (sustainability survey on major domestic companies) by the Industrial Policy Research Institute of the Ministry of Knowledge and Economy.



Ethics and Compliance Checks

Every Monday and Thursday, none of the employees can commence work without performing ethics and compliance checks on their PCs. In this way, the employees are reminded of their obligations regarding compliance and ethical management.

Prevention of Sexual Harassment in Office

Article 17 of Chapter 2 of the Personnel Regulation defines the prevention of sexual harassment on the job. The Bank administers education on sexual harassment (27 minutes to each employee in 2009), and perpetrators are placed on a watch list.

Description	Content
System (Plan)	<ul style="list-style-type: none"> Whistle-blowing Ethics/Compliance Check Oath to practice ethical management Submit an oath on the prevention of unjust conduct
Procedure and standard (Do)	<ul style="list-style-type: none"> Guidelines on gift receipt, etc. Standards and procedures on external activities Integrity contract system Staff reporting on financial investing Proper management of material information such as the Bank's proprietary information and customer information Prevention of money laundering Consideration of 'ethical management' in performing credit analysis
Training and data provision (Check)	<ul style="list-style-type: none"> IBP implementation program Staff training programs Provision of ethics/compliance folder in Bank
Evaluation (Action)	<ul style="list-style-type: none"> Have monthly meeting on internal control/compliance Reflect ethical management in performance evaluation Conduct yearly internal/external diagnoses on the ethical management level

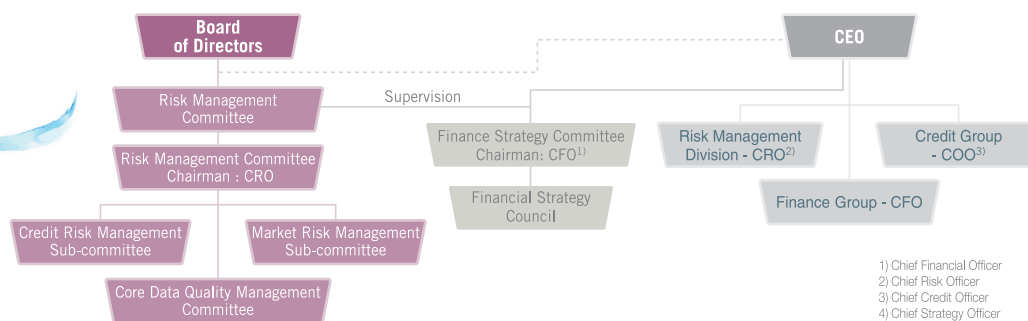


Risk Management

KB Kookmin Bank manages risk proactively by reinforcing monitoring systems and analyzing crisis scenarios. The Bank will achieve its vision of becoming a “Global bank leading the Asian financial market” through risk-based decision making.

Objectives of Risk Management

- Continuous, stable growth through optimization of risk and return
- Assistance in the achievement of financial targets and the Bank's strategic business
- Maintenance of proper credit ratings



[Risk Management Governance]

The Bank has an advanced system of risk management through checks and balances between the BoD and management.

KB Kookmin Bank has received a “House of the Year, South Korea” Award from Asia Risk for two consecutive years. Asia Risk annually selects one financial institution that has achieved notable performance in risk management in each country.



Background of Award

- Maintained lower NPL level than other banks through a conservative credit policy and proactive risk management.
- Established liquidity crisis management plans and coped with liquidity crisis in advance by issuing covered bonds without government guarantee, the first bank in Asia to do so after the financial crisis.
- Secured the accuracy and consistency of core data, which is fundamental in bank management and risk management, through the establishment of a data quality management system.

Risk Management System

KB Kookmin Bank established an advanced system for risk governance, risk management policy/procedure and risk management system/methodology/data by establishing ERM (Enterprisewide Risk Management) and introducing the BASEL II system. It continues to operate these systems successfully. To prepare for the BASEL II system, KB Kookmin Bank received approval from the Financial Supervisory Service on market risk internal model (2005), IRB (Internal Rating-based) approach to credit risk (2007) and AMA (Advanced Measurement Approach) for operational risk (2008). By applying these, the Bank now has a risk management system that befits KB Kookmin Bank's stature as the leader of the Asian financial market.

Risk Management Governance

The Bank designed systematic risk management

governance in order to effectively manage risk under the governance philosophy defined in the Bank's Charter and BoD regulations. The Bank clearly defined the roles and responsibilities of the BoD, internal auditor, working groups and departments within the governance system so that checks and balances in risk management can be maintained.

Risk Management Meeting System KB Kookmin Bank established a risk management framework meeting global standards and is operating various meetings within that framework. The Risk management committee, the highest decision-making body on risk management under the BoD, establishes risk management strategies considering the interaction between management targets and business strategy, determines tolerable levels of risk and supervises risk management policies and the appropriateness of systems. The Risk Management Committee consists of a chairman (selected from outside directors), two outside directors, the CEO and the CSO⁴⁾.

In order to manage more detailed risks related to business, the Bank also separately operates the “Risk Management Council”, consisting of the CRO as chairman and SEVPs of Business Groups, and the “Financial Strategy Council”, which takes exclusive charge of financial risk.

The “Risk Management Council” establishes risk management policy/procedures, supervises appropriateness of risk management work, sets up limits by business group and by risk type, allocates limits and prevents business risk in advance. Furthermore, the Council continuously researches and examines effective ways to reflect social and environmental risks, which are becoming more important.

The “Financial Strategy Council” manages risk by establishing the overall financial strategy of KB Kookmin Bank and setting direction accordingly. The council prevents accidents which may result from financial risk by maintaining optimum BIS level, ratio of owner’s equity, liquidity ratio, interest/liquidity risk management and policy, portfolio strategy by project group/product and other matters that can have a material impact on bank assets/debts.

Risk management policy and procedure

KB Kookmin Bank has established risk management policies as follows, considering that proper risk management maximizes the value of stakeholders:

- 1) Risk management linking profit and owner’s capital
- 2) Risk management at the level of individual risk type and at the aggregate level
- 3) Risk management considering profit making capability and own capital
- 4) Operation of risk management organization and reporting system, independent from risk-taking Business Groups
- 5) Risk measurement and reporting, maintaining consistency and unified indexes
- 6) Prevention of concentrated risk in particular sectors
- 7) Risk measurement policy and procedure implementation by all business groups having risk burden in addition to work groups

Risk management policies established as above are implemented as follows in more concrete ways.

- 1) Identifying all risks which can occur in relation to bank business activities
- 2) Measuring through methodology proper to characteristic of identified risk
- 3) Monitoring and controlling whether measured risk is properly managed within limits
- 4) Procedure for timely reporting of such results in accordance with related regulations

Risk Management System, Methodology, Data Build up

The Bank operates advanced, systematic risk management system/methodology/data. Its implementation of quantitative analysis adds to the effectiveness of risk management.

The Bank established a VaR measurement system and RAROC system to analyze various types of risks such as credit, market, operational and ALM risk in both quantitative and qualitative dimensions, and developed credit rating systems to estimate the values of risk components. Also, the Bank established the model verification framework whereby an entity independent of the model-building team re-examines the appropriateness of risk management methodology. The Bank further established a risk data-warehouse/data-mart and data quality management system to secure the accuracy and consistency of core data. These physical infrastructures form the foundation of KB Kookmin Bank’s ERM system.

Risk Management Regulations

Laws & Regulations

Banking Act, Enforcement Decree of the Banking Act, Regulation on Supervision of Banking Business, Detailed Regulations on Supervision of Banking Business

Internal Regulations

- Internal Capital Adequacy Assessment Process Regulation (ICAAP Regulation)
 - Comprehensive Risk Management Regulation
 - Credit Risk Management regulations
 - Risk Management Committee regulations
 - Risk Management Council regulations
 - Financial Strategy Committee regulations

Guidelines

Market Risk Management Guidelines and 28 other Guidelines

Major Outcomes from 2009 Risk Management

Classification	Details	Outcomes
Advanced Risk Management System	<ul style="list-style-type: none"> Enhancing management utilization of risk Advancing management of appropriate capital Improving derivative product risk management Reinforcing liquidity risk control Examining appropriateness of credit evaluation (credit evaluation model & risk measurement element) and risk measurement model 	<ul style="list-style-type: none"> Established infrastructure to expand RAPM and expanded credit decision making process reflecting risk Included risk factors in 2010 economy forecast and prepared Plan-B scenario Maintained risk management system for new derivative products and established risk measurement process Diagnosed crisis situation related to liquidity risk contingency plan and implemented monitoring of contingency activities Conducted before/after examination on credit evaluation model and established constant monitoring
Strengthened Credit-managing Capability	<ul style="list-style-type: none"> Strengthening overseas branches and country risk management Strengthening support on company structure adjustment through "constant evaluation of company credit risk" 	<ul style="list-style-type: none"> Shared information among all branches through monthly provision of country risk monitoring report Enhanced soundness of credit assets through follow up action dependent on group classification of credit risk evaluation
Enhanced Staff Capability	<ul style="list-style-type: none"> Vitalizing training participation Providing stronger support to foster specialists for each job function Systematic operation of organizational expertise to secure competitiveness 	<ul style="list-style-type: none"> 194 employees participated in on-line and off-line training Attended seminars and training sessions / received related licenses Disseminated risk management expertise throughout organization: total 49 cases



APPENDIX

- Organization Chart
- UN Global Compact
- Independent Assurance Statement
- GRI Guideline Index
- Glossary
- Sustainable Management Awards(2009)
- Agencies enrolled related to sustainable management

Organization Chart

(as of January 8, 2010)

* 13 Groups, 20 Divisions, 68 Departments



UN Global Compact



In April 2009, KB Kookmin Bank enrolled in UN Global Compact to become a company fulfilling social responsibility. The Bank announced that the Bank will abide by and implement 10 principles. The Bank will report its abidance of Global Compact principles through annual Sustainability Report.

Classification	Principle	Action and Performance Indicator	Classification	
Human right	1. Support and respect human right protection pronounced internationally.	<ul style="list-style-type: none"> · Staff education · Education on human right protection and ethical management · Education on prevention of sexual harassment 	HR1 HR2 HR3 HR4	HR5 HR6 HR7
	2. Do not get involved in human rights violation	<ul style="list-style-type: none"> · Number of cases of discriminatory practice 	HR4 HR8	
Labor	3. Acknowledge rights on solidarity and collective bargaining	<ul style="list-style-type: none"> · Current status of labor union and its enrollment · Occurrence of labor disputes 	HR5 LA4	LA5
	4. Abolish all kinds of forced labor	<ul style="list-style-type: none"> · Compliance with Labor Standards Act, ILO and Collective Agreement 	HR7	
	5. Abolish child labor effectively	<ul style="list-style-type: none"> · Compliance with Labor Standards Act, ILO and Collective Agreement 	HR6	
	6. Abolish discrimination in employment and at work	<ul style="list-style-type: none"> · Employment rate of the disabled · Female employment rate 	HR4 LA2 LA10	LA13 LA14
Environment	7. Support preventive approach to environmental issues	<ul style="list-style-type: none"> · UNEP FI · The Policy of Environmental risk management 	4.11	
	8. Volunteer to take bigger responsibility for environmental issues	<ul style="list-style-type: none"> · Green financial product · Carbon neutral program · Manage environmental performance · Reduce greenhouse gas emission 	EN12 EN13 EN14 EN18 EN21	EN22 EN26 EN30
	9. Support development and spread of environment-friendly technology	<ul style="list-style-type: none"> · Energy saving activities · Investment on environment · Supporting promotion of green industries 	EN5 EN6 EN7	EN10 EN18 EN26
Anti-corruption	10. Try to root out all types of corruption including unjust profit-taking and bribery	<ul style="list-style-type: none"> · Introduce "integrity contract system" and implementation · Reinforce self-diagnosis of ethical management 	SO2 SO3 SO4	

Independent Assurance Statement

The assurance was carried out by BSI assurors with a broad range of skills and depth of experience providing a high level of competency for assurance engagement in line with the BSI Fair Trading Code of Practice (Quality control).

The British Standards Institution is independent to KB Kookmin Bank and has no financial interest in the operation of KB Kookmin Bank. This Independent Assurance Statement has been prepared for KB Kookmin Bank only for the purposes of verifying its statements relating to sustainability, described in the scope below and not prepared for any other purpose. This Independent Assurance Statement is prepared on the basis of information presented by KB Kookmin Bank to British Standards Institution.

• Assurance Standards

The assurance follows the AA1000AS (2008) standard of Inclusivity, Materiality, Responsiveness principles.

• Reference to criteria used

KB Kookmin Bank confirmed that the report has been prepared according to the GRI G3 and referred UN Global Compact.

• Scope

The assurance covers the KB Kookmin Bank's sustainability report and focuses on systems and activities on its headquarters and branch offices in Korea except for overseas during the 2009 calendar year.

• Type of Assurance and Assurance Level provided

The assurance adopted Type 1- AccountAbility Principles and the assurance engagement was carried out to provide moderate level of assurance where sufficient evidence was obtained to support their statement such that the crucial risk of their conclusion being in errors could be reduced. The assurance provider evaluated policies, information, systems and processes in place to ensure adherence to the principles. The evaluation of performance information provided does not require the assurance provider to comment conclusions on its reliability.

• Responsibility

The responsibility of this sustainability report belongs to KB Kookmin Bank. BSI's role is to provide the independent assurance statement to stakeholders giving our professional opinion based on the scope and methodology described.

• Methodology

We assessed several assertions and related data sets included in the report and reviewed the systems and processes used to manage and report those using the following methods:

- Reviewed report, policies, documentation and management systems
- Visited KB Kookmin Bank's headquarters in Seoul
- Carried out interviews with staffs involved in sustainability management, report preparation and provision of report information at Korean sites
- Checked systems, initiatives and documents referred to the report
- Followed data trails to initial aggregated source and checked sample data to greater depth during site visits

- **Opinion Statement**

Based on the activities undertaken, we conclude that the sustainability report provides a fair view of KB Kookmin Bank's programmes and performance indicators during 2009. We found that KB Kookmin Bank proceeded on sustainable management based upon six strategic issues in order to achieve value on relationship, green management and management integrity.

- **Inclusivity**

We assessed KB Kookmin Bank adhered to the principle of inclusivity when it has made a commitment to be accountable to those on which it has an impact or who have an impact on it, and had in place a process of stakeholder determination and participation that was applied across the KB Kookmin Bank. We found that the report covered inclusivity issues of KB Kookmin Bank and identified that systematic and wide range of stakeholder participation process were defined well. We appreciate on managing and reporting environmental performance which would be increasingly presented to sustainable management in the future. It is recommended that the strategies and activities would be integrated to various sustainability performances in detail and thus described to the next report, which would contribute to process improvement for sustainable management.

- **Materiality**

We confirmed that KB Kookmin Bank had developed sustainability issues into its sustainability strategies through the organization's materiality determination process. The performance indicators were properly recognized on DMA(Disclosure on Management Approach) of the relationship management, green management and management integrity. We also reviewed that the responsibility, detail strategies and performance monitoring on three aspects were appropriately reported. We encourage that KB Kookmin Bank would establish more advanced corporate culture with the detail action plans and continuous monitoring for determined material issues aiming to achieve sustainable management.

- **Responsiveness**

We noted the responsiveness of the report and communication to the needs of identified groups of stakeholders. The report shows that KB Kookmin Bank has appropriately responded to material issues. We also recommend that the processes will be set to deal with the expected issues that could be raised from various stakeholders, which would reflect to management strategy for better sustainability.

We expects the KB Kookmin Bank will become a leader in the near future, producing predominant economic performance and making efforts on social responsibility as a corporate citizenship.

- **GRI reporting**

We reviewed that GRI indicators referenced in the GRI index pages of the KB Kookmin Bank's sustainability report were reported either partially or fully. We finally comments that the report meets GRI G3 A+ application level.



Managing Director of BSI Group Korea

JungKee Cheon

A handwritten signature in black ink, appearing to read 'J. Cheon'.

22 April 2010

GRI Guideline Index

● Full Reporting ● Partial Reporting ○ Omission N/A Not Available

GRI Index		Page	Reporting Level	Remarks
1. Strategy and Analysis				
1.1	CEO Message	4-5	●	
1.2	Sustainability: effects, risks and opportunities	4-5	●	
2. Organizational Profile				
2.1	Name of the organization	8	●	
2.2	Primary brands, products, and services	10-11	●	
2.3	Operational structure of the organization	68	●	
2.4	Location of organization's headquarters	8	●	
2.5	Number of countries where the organization operates	8	●	
2.6	Nature of ownership and legal form	9	●	
2.7	Market served	8	●	
2.8	Scale of the reporting organization	8	●	
2.9	Significant changes during the reporting period regarding size, structure, or ownership	-	N/A	No changes occurred
2.10	Award received	79	●	
3. Report Parameters				
3.1	Reporting period	2	●	
3.2	Date of most recent previous report	2	●	
3.3	Reporting cycle	2	●	
3.4	Contact points	2	●	
3.5	Process for defining report content	16	●	
3.6	Boundary of the report	2	●	
3.7	Specific limitations on the scope or boundary of the report	2	●	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	2	●	
3.9	Data collection and calculation methods	2	●	
3.10	Re-statements/changes in the presentation of information	-	N/A	First publication
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	-	N/A	First publication
3.12	GRI Content Index	72-76	●	
3.13	Verification of external third parties	70-71	●	
4. Governance, Commitments, and Engagement				
4.1	Governance structure, including responsibility for sustainability	60-61	●	
4.2	Independence of the Chair of the highest governance body	60	●	
4.3	For organizations without a highest governance body: independent and/or non-executive members	60	●	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	38-39	●	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance	61	●	
4.6	Processes in place to ensure conflicts of interest are avoided	60	●	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body in the field of sustainability	60	●	
4.8	Statements of mission or values, codes of conduct, and principles	17	●	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social opportunities and risks	60	●	

GRI Guideline Index

● Full Reporting ○ Partial Reporting ○ Omission N/A Not Available

	GRI Index	Page	Reporting Level	Remarks
4.10	Processes for evaluating the highest governance body's sustainability performance	60	○	
4.11	Implementation of the precautionary approach or principle	64-66	●	
4.12	Participation in/support for external initiatives	55-56	●	
4.13	Memberships	80	●	
4.14	Stakeholder engagement	15	●	
4.15	Basis for the selection of stakeholders	15	●	
4.16	Stakeholder dialog	15	●	
4.17	Statement on the main wishes of stakeholders	16	●	

Economic Performance Indicators

EC1	Economic value generated and distributed	12-14	●	
EC2	Financial implications of climate change	44-48	●	
EC3	Coverage of the organization's defined benefit plan obligations	38	●	
EC4	Financial assistance received from government	-	N/A	No government subsidy was provided
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	-	○	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	40	●	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	33	○	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	27	●	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	30-31, 44-48	●	

Environmental Performance Indicator

EN1	Materials used by weight or volume	52	●	
EN2	Percentage of materials used that are recycled input materials	52	○	
EN3	Direct energy consumption by primary energy source	51	●	
EN4	Indirect energy consumption by primary source	51	●	
EN5	Energy saved due to conservation and efficiency improvements	51	●	
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	44-45	○	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	51	●	
EN8	Total water withdrawal by source	53	●	
EN9	Water sources significantly affected by withdrawal of water	-	N/A	Only used waterworks supply
EN10	Percentage and total volume of water recycled and reused	-	N/A	Recycled water was not used
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	N/A	No land ownership of the land with the aforementioned characteristics
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	-	N/A	No land ownership of the land with the aforementioned characteristics
EN13	Habitats protected or restored	-	N/A	No land ownership of the land with the aforementioned characteristics

GRI Guideline Index

● Full Reporting ● Partial Reporting ○ Omission N/A Not Available

	GRI Index	Page	Reporting Level	Remarks
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	-	N/A	No plans or strategies made due to the industry characteristics
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	-	N/A	No endangered species within enterprise zones
EN16	Total direct and indirect greenhouse gas emissions by weight	52, 54	●	
EN17	Other relevant indirect greenhouse gas emissions by weight	52, 54	●	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	52, 56	●	
EN19	Emissions of ozone-depleting substances by weight	-	N/A	No plans or strategies made due to the industry characteristics
EN20	NOx, SOx and other significant air emissions by type and weight	-	N/A	No plans or strategies made due to the industry characteristics
EN21	Total water discharge by quality and destination	53	●	
EN22	Total weight of waste by type and disposal method	53	●	
EN23	Total number and volume of significant spills	-	N/A	No significant spills of harmful substance occurred
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	-	N/A	No waste with the aforementioned traits
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	-	N/A	A sewage disposal plant is used for the discharge of waste water
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	44-48	●	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	-	N/A	No packaging materials used
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	-	N/A	No changes occurred
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	51	●	
EN30	Total environmental protection expenditures and investments by type	43	●	

Social Performance Indicator

Labor Practices and Decent Work

LA1	Total workforce by employment type, employment contract, and region	33	●	
LA2	Total number and rate of employee turnover by age group, gender, and region	38	●	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	38	●	
LA4	Percentage of employees covered by collective bargaining agreements	38	●	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	39	●	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	38	●	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	38	●	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	38	●	
LA9	Health and safety topics covered in formal agreements with trade unions.	38	●	
LA10	Average hours of training per year per employee by employee category	35	●	

GRI Guideline Index

● Full Reporting ● Partial Reporting ○ Omission N/A Not Available

GRI Index		Page	Reporting Level	Remarks
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	38	●	
LA12	Percentage of employees receiving regular performance and career development reviews	33	●	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	33	●	
LA14	Ratio of basic salary of men to women by employee category	34	●	
Society				
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	27	●	
S02	Percentage and total number of business units analyzed for risks related to corruption	62	●	
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	62	●	
S04	Actions taken in response to incidents of corruption	-	N/A	Not occurred
S05	Public policy positions and participation in public policy development and lobbying	56	●	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	-	N/A	No financial contributions
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	-	N/A	Not occurred
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	-	N/A	Not occurred
Human Rights				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	48	●	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	41	●	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	63	●	
HR4	Total number of incidents of discrimination and actions taken	63	●	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	38	●	
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	69	●	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor	37	●	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	-	○	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	-	N/A	No plans or strategies made due to the industry characteristics
Product Responsibility				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	-	N/A	No plans or strategies made due to the industry characteristics
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of customers	-	N/A	No plans or strategies made due to the industry characteristics

GRI Guideline Index

● Full Reporting ● Partial Reporting ○ Omission N/A Not Available

	GRI Index	Page	Reporting Level	Remarks
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	26	●	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	-	○	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	23	●	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	26	●	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	-	N/A	Not occurred
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	-	N/A	Not occurred
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	-	N/A	Not occurred

Financial Services Sector Supplement

FS1	Policies with specific environmental and social components applied to business lines	43-44, 49, 56	●	
FS2	Procedures for assessing screening environmental and social risks in business lines	48	●	
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	48	●	
FS4	Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	49	●	
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	30-31, 44-46	●	
FS6	Percentage of the portfolio for business lines by specific region, size, and by sector	-	○	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	30-31	●	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	46	●	
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	-	N/A	No independent auditing body within the Korean market
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	-	○	
FS11	Percentage of assets subject to positive and negative environmental or social screening	48	●	
FS12	Voting policies applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	-	○	
FS13	Access points in low-populated or economically disadvantaged areas by type	11, 30-32	●	
FS14	Initiatives to improve access to financial services for disadvantaged people	30-32	●	
FS15	Policies for the fair design and sale of financial products and services	25-26	●	
FS16	Initiatives to enhance financial literacy by type of beneficiary	32	●	

Glossary

AA1000APS	International standard containing three principles of comprehensiveness, completeness and responsiveness in explanation obligation of sustainable management enacted by accountability.
Allowance for bad debts	Account set up to settle the expense which is expected as unrecoverable until the end of period, among not-recovered amount in account receivable
ALM(Asset and Liability Management) Risk	Asset and loan managing comprehensive method of financial institutions to achieve optimization of profitability and risk, considering the scenario on interest environment.
BASEL II	International standard on estimating own capital amount required to maintain business soundness, complementing BASEL I. It requires the provision of own capital on operation risk, reflecting financial loss caused by internal computer system fault of bank or external accidents.
Bancassurance	The partnership or relationship between a bank and an insurance company providing the service of insurance company and bank in one place
BAU(Business As usual)	Forecast of carbon emission amount in the future if there would be no special measure.
BIS Ratio of owner's equity	Ratio of owner's equity preparing for risky asset(Bad loan) of bank defined by BIS(Bank for International Settlement). It is the international standard dated July 1988 on minimum ratio of owner's equity to secure the soundness and stability of banks in each country.
CDP(Carbon Disclosure Project)	Financing method of financial institutions giving loan on certain project and getting interest from the profit of that project. Loan for the projects requiring large amounts of money such as oil exploration, mining, shipbuilding and motor expressway.
CPB(Cyber Personal Bank)	Service providing with asset management and various financial transaction such as Internet banking, direct loan to staffs and investment techniques through Intranet by locating the virtual bank branch in the Intranet of company with CPB contract.
CRM(Customer Relationship Management)	A management technique which operates a marketing program based on information regarding customers or potential customers, arranged in a database analyzed, and indexed for sales activities of services and products.
CS(Customer Satisfaction) Management	Management activity aiming to raise loyalty, and the rate of repeat business. It reveals customer satisfaction regarding products and services, and whether if they met or exceeded expectations.
CTQ(Critical to Quality)	Core demands of customer shifted to business term. They are definitely important quality characteristics from customer viewpoint, which are the improvement objects in 6 Sigma activities.
DDoS(Distributed Denial of Service)	One of the hacking methods attacking particular site by simultaneously operating multiple computers. The attack intends to stop the service by creating an overload, disabling normal operation of server. It does not intend to get information out of site.
DJSI(Dow Jones Sustainability Index)	SAM(Global sustainable management evaluation company) and Dow Jones(Agency providing financial information) developed this stock index for good companies. It selects good companies based on sustainable management evaluation, considering governance and social contribution. It has regional index groups such as DJSI World and DJSI Asia Pacific. Korea Productivity Center, together with SAM and Dow Jones, announces DJSI Korea since 2009.
DR(Depository Receipt)	Stock replacement deed to have foreign deposit agency issue and distribute stock in overseas by a company who wants to issue stock in overseas.
Fixed rate bonus	In contrast with fixed amount bonus, it is a bonus by multiplying certain fixed rate to base salary.
GRI(Global Reporting Initiative)	Non-profit, independent international agency who made international standard on sustainable management report, providing with standardized report indicator of sustainable management report. G3 version is the latest version.

Glossary

IPCC(Intergovernmental Panel on Climate Change)	Inter-government panel in UN on climate change. It issues report on climate change and its impact by collecting research papers and opinions from thousands of scientists.
ISO 27001	International standard on information protecting management system. A certificate system to have worldwide advanced companies utilize the best practice, identify the framework to implement information protecting management of the organization and apply it.
Materiality Test	Methodology of evaluating relative importance of an issue through survey on internal/external parties on the individual issue of sustainable management.
NCSI(National Customer Satisfaction Index)	Customer Satisfaction Index measuring the quality competitiveness of country, industry and companies through customer satisfaction measurement model, jointly developed by Korea Productivity Center and Michigan University of U.S.
PF(Project Financing)	Financing method of financial institutions giving loan on certain project and getting interest from the profit of that project. Loan for the projects requiring large amounts of money such as oil exploration, mining, shipbuilding and motor expressway.
RAROC(Risk Adjusted Return On Capital)	Index measuring the investment efficiency of capital against risk. The system distribute capital (financial asset) dependent on risk of operating asset such as loan and calculates profitability by comparing distributed capital and profit.
ROA(Return On Asset)	Index expressing how much net income after tax has been achieved out of company's total asset. It shows the extent of asset operation efficiency of particular company.
ROE(Return On Equity)	Net income after tax is divided by shareholder equity. An index measuring the profitability of investment in company.
SR(Social Responsibility)	The responsibility of a government, corporation, organization or individual to society at large. It is also called as corporate responsibility for corporation. There are responsibilities in various aspects of human right, environment, labor practice and governance. International standard on social responsibility (ISO 26000) will be effective in 2010.
Sustainable management	Management activities of a company pursuing sustainability comprehensively considering the economic, environmental and social issues affecting company business, while keeping balance. It also considers environmental and social result in addition to financial result.
UNEP FI(United Nations Environment Programme Finance Initiative)	UN agency established to suggest methodology on the roles of financial institutions and what they have to do for the sustainable advancement.
UNGC(UN Global Compact)	An initiative inaugurated in New York UN headquarter in July 2000. UN Secretary General Kofi Annan proposed it for the ethics of international society and environment during 1999 World Economic Forum in Davos, Switzerland.
USIM(Universal Subscriber Identity Module)	SIM(Subscriber Identity Module) card with user information and UICC(Universal IC Card) are combined on one card which has various functions such as user validation, global roaming and electronic commercial transaction. Third generation mobile phones have it.
VaR(Value at Risk) Measuring System	System measuring maximum loss which will occur during target period in certain portfolio under normal market condition.
WBCSD(World Business Council for Sustainable Development)	A council for social responsibility and sustainable development of company. 200 or more multinational companies established it at Geneva, Switzerland, in 1996.
WRI(World Resource Institute)	WRI is an environmental think tank that was launched in 1982 in Washington D.C. in the US to protect the earth and improve people's lives. People from all walks of life including scientists, policy-makers, statisticians are participating in WRI's efforts.

Sustainable Management Awards(2009)

Month	Award/Prize	Managed by
1	Grand prize, Finance/credit card category, KB card, 2009 "Customer Satisfaction Management Grand Prize"	Hankyung
3	1st prize, The best job in Korea 2009	Hewitt Associates, Maekyung economy
4	Grand prize, Korea's Representative Brand 2009	iMBC, Dong-a.com, Hankyung.com
7	Grand prize, The 17 th Chosun Ilbo Environment Award, Environment management category	Chosun Ilbo
9	Green Marketing award, special category, Global Green Management Award 2009	Korea Management Association
	1 st place for 3 consecutive years in bank category, Customer satisfaction in Korean industry(KCSI) 2009	Korea Management Association Consulting
	1 st place brand for 6 consecutive years in service category, National Brand Competitiveness Index(NBCI) 2009 2 nd Half	Korea Productivity Center
10	Leading Company in finance category, CDP(Carbon Disclosure Project) 2009	CDP Korea Committee
11	Model Institution for Money Laundering on The 3 rd Money Laundering Prevention Day	Finance Committee
	Award for 4 consecutive years, Grand Prize for Social Contributions 2009	Hankyung
	"A" grade for 2 consecutive years, Best Cyber Training Award 2009	Ministry of Labor
	Best financial institution, The 10th Asia Risk Awards	Asia Risk
12	Best company, Audit category, Korea Auditors Congress 2009	Korea Auditors Association
	1st place for 4 consecutive years, bank category, National Customer Satisfaction Index(NCSI)	Korea Productivity Center
	Selected as Model Institution for Lending Seed of Hope, 'Sharing Seed of Hope' Grand Prize	Financial Supervisory Service, Maeil Economy

For other award-winning history, visit the website of KB Kookmin Bank (<http://www.kbstar.com>) at Bank Introduction> Bank Guide>Award/History.

Agencies enrolled related to sustainable management

Name of Agency/Association	Purpose of Membership
Korea Auditors Association	Information exchange on audit work
Korea Internal Control Society	Information exchange on internal control work
Korea council of companies on stock exchange	Information exchange on audit work
KMA Consulting	CS related policies implementation
Korea Productivity Center	Education on management strategy and exchange of information on sustainable management
Small & Medium Companies Association	Gathering of economy related agencies
Banks' Federation	Information exchange among banks. Joint response to issues.
Korea Personnel Management Association	Gathering of persons in charge of personnel and training
Industrial Policy Research Institute	Forum on ethical management
Korea Procurement Society	Academic research on procurement
Financial Information Protection Council	Cooperation with other financial institutions on information protection and policy coordination with Financial Supervisory Service
Finance ISAC, KFTC	Prevention of financial information leakage

KB Kookmin Bank is waiting for your precious opinion.

We are waiting for your precious opinion on KB Kookmin Bank's sustainability management and Sustainability Report. Please prepare using the form below and send it by fax, postal mail or e-mail. The Bank will positively reflect it for better report next year.

Green Business Division

KB Kookmin Bank

36-3 Yeouido-dong

Yeongdeungpo-gu, Seoul

150 - 758

Fax : 82-2-2073-5799

E-mail : wisegreen@kbstar.co.kr

Regarding KB Kookmin Bank's Sustainability Report:

1. How would you describe yourself?

① Customer ② Staff ③ Government ④ Our suppliers ⑤ Local resident ⑥ Citizen group ⑦ Media ⑧ others ()

2. How did you learn about this Sustainability Report?

① KB website ② KB staff ③ Internet search ④ newspaper/mag. ⑤ others ()

3. Did this report help you to understand the KB Kookmin Bank's sustainability management?

① very much ② helpful ③ fair ④ no help ⑤ absolutely no help

4. Which part was most impressive to you?

① Customer Value Creation	④ Partnership with Suppliers	⑦ Governance
② Social Contribution	⑤ Green Finance	⑧ Ethical Management
③ Human Resource Development	⑥ Green Operations	⑨ Risk Management

5. Which part would need improvement do you think?

① Customer Value Creation	④ Partnership with Suppliers	⑦ Governance
② Social Contribution	⑤ Green Finance	⑧ Ethical Management
③ Human Resource Development	⑥ Green Operations	⑨ Risk Management

6. Please give your evaluation on this report with following scale.

1) Clear and easy to understand.	No	①	②	③	④	⑤	Yes
2) Reliable.	No	①	②	③	④	⑤	Yes
3) Giving sufficient and useful information on interested issues.	No	①	②	③	④	⑤	Yes
4) Good design which is helpful for understanding.	No	①	②	③	④	⑤	Yes

7. Please feel free to state your opinion on improvement of contents of this report, or on the sustainability management activities of KB Kookmin Bank.

A PDF version of this report is available at:
<http://www.kbstar.com>

If you have inquiry or opinion on KB Kookmin Bank's Sustainability Report, please feel free to use the contact information below.

Green Business Division
KB Kookmin Bank
36-3 Yeouido-dong, Yeongdeungpo-gu
Seoul, Republic of Korea
150 - 758

Phone 82-2-2073-5760
Fax 82-2-2073-5799
E-mail wisegreen@kbstar.co.kr
Website <http://www.kbstar.com>



This report is printed on environment-friendly paper and with soybean oil-based ink.

KB  Kookmin Bank

KB Kookmin Bank
9-1, 2-ga, Namdaemun-ro, Chung-gu,
Seoul, Republic of Korea
100-703
Phone 82-2-2073-7114
<http://www.kbstar.com>

