

오른길을 묻는다

2014 KB Financial Group
Sustainability Report



오른길을 묻는다

Having recently undergone a series of events involving serious threats to the Group, KB Financial Group has set out on a new course of action, which is to seek a new path of change and growth in constant communication with its stakeholders. With this Sustainability Report, KB raises the question of the "Right and Ascending Way" that the Group ought to pursue. Striving to find and follow a responsible path, beyond the road of efficiency and fast growth, KB intends to maintain communication with its stakeholders year in and year out and reflect their feedback and advice on its business activities. The new path that KB shall pursue must be both right and ascending. Our new slogan captures our determination to find and follow the right and ascending way in constant communication with our stakeholders.

About This Report

This Sustainability Report, the fourth of its kind that concerns the entire KB Financial Group, is a central channel in which records of economic, social, and environmental progresses and achievements achieved by its members are disclosed. This report concerns matters of interest to major stakeholders together with objectives and the advice of independent experts and professionals.

Reporting and Verification Standards

This Sustainability Report was written and prepared in accordance with the Global Reporting Initiative(GRI)'s new G4 reporting guidelines and following the requirements of the "Core" option. To identify and determine the issues to be covered in this report, a materiality evaluation was performed in advance. The selected topics are described and explained in detail in each of the ten chapters of this report. To ensure the reliability and quality of the information presented in this report, the content has been subjected to verification by an independent third-party agency, whose written opinion on the verification process can be found as part of this report as well.

Reporting Period and Scope

This report concerns the sustainability-related activities and achievements of the 11 subsidiaries of KB Financial Group at all its business locations in Korea including the Group's headquarters. In addition to its coverage of major topics and issues, this report also provides information on the specific activities and achievements of each subsidiary, thus providing a balanced view on the progresses at the levels of individual subsidiary and of the entire Group alike. The relevant period for this report spans from January 1 to December 31, 2014; however, it contains quantitative data for the last three years for ease of comparison. Descriptions of some of the qualitative outcomes and achievements also include progresses made in the first half of 2015.

For Questions and Comments

For more information on the Group, you may look to its Web site, annual business reports, listing on the Financial Supervisory Service's Data Analysis, Retrieval and Transfer(DART) System (<http://dart.fss.or.kr>), and/or the Form 20-F Annual Reports submitted to the New York Stock Exchange. Should you have any questions or requests for additional information in relation to this report, please contact us using the following information.

KB KB Financial Holding Inc. Public Relations Department

Tel: +82-(0)2-2073-7822

Fax: +82-(0)2-2073-0639

Website: www.kbfg.com E-mail: jjoo@kbfg.com

Main address: 26 Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul, Republic of Korea

Contents

CEO Message 02

KB 2014 Highlight 04

Company Profile 06

Corporate Governance 08

Sustainable Business Strategy 10

Stakeholder Engagement 12

Materiality Test 14

Sustainability Key Issues

- Key Issues 1. Reinforcing Customer Information Security 16
- Key Issues 2. Ethical Management Anticorruption 22
- Key Issues 3. Brand Value Management 28
- Key Issues 4. Advancement of Risk Management 34

Sustainability Key Performance

- 05 Strengthening Customer Satisfaction Management 40
- 06 Specialized Social Contribution Activities 44
- 07 Social Contributions through Finance 50
- 08 Expanding Support for Small and Medium Enterprises 54
- 09 Expanding the Share of Non-bank Businesses 58
- 10 Enhancing the Satisfaction of Officers and Employees 59

Sustainability Performance of Our Subsidiaries

KB Kookmin Bank 64	KB Kookmin Card 68	KB Investment & Securities 70
KB Life Insurance 72	KB Asset Management 74	KB Capital 76
KB Savings Bank 78	KB Real Estate Trust 80	KB Investment 82
KB Credit Information 84	KB Data Systems 86	

Appendix

- KB Financial Group Sustainability Data 89
- UN Global Compact 91
- Third Party's Assurance Statement 92
- GRI G4 Index 94

“ Please uphold your principles.
That is all I ask. ”



“ Helps us take pride in KB's name.
Changes must begin with the
people. The system comes later. ”

“ Be a friendly and warmhearted neighbor.
That is what befits KB. ”



“ Please tell us the truth.
Honesty is the foundation of a
good partnership. ”

CEO Message

“We will listen to our customers
to find the **Right Way**”



Q. People talk of the recent changes at KB. Can you give us more specific details about these changes?

For one thing, KB reclaimed first place among financial holding companies in Korea in six years, having scored the greatest amount of net term profit in the first quarter of this year. I must point out that this result reflects our success with the stabilization of our governance structure and the normalization of our business capability notwithstanding the crisis last year. In the first quarter alone, we generated a consolidated net term profit of KRW 605 billion, a 68.4% increase from the same period last year. Once LIG Insurance joins KB as a new subsidiary company in the latter half of this year, it will strengthen us as a comprehensive financial group. I believe that these recent achievements indicate the progresses we have been making with the three key objectives I have been stressing since my inauguration: that is, to recover the pride of being Korea's leading financial group; to make the best efforts to regain customers' trust; and to enhance competitiveness through differentiation.

Q. The average life expectancy for stock market-listed companies in Korea is 33 years. KB is well into its 50s now, if we count its days starting with the Housing Bank, its predecessor. What new visions does the Group have in terms of sustainability and future growth?

The continued drop in the interest rate amid the ongoing effect of the latest global financial crisis has set back financial companies in Korea. The resulting decline in profitability has sapped these companies of the impetus they had for future growth. It is therefore noteworthy that KB is the only financial company in Korea that is currently experiencing a boost in performance and power. This was made possible because we boldly sacrificed our short-term performance goals in favor of maintaining a sustainable management strategy single-heartedly focusing on mid- to long-term growth. Please consider our plan for the upcoming voluntary retirement of 1,122 employees in the next 5 years. It will cost us KRW 300 billion or so in the short run, but in the long run, it will enable us to transform our convex-shaped personnel structure into a more efficient pyramidal structure with enhanced business capability. In the area of Fintech, which we predict to be the new engine for our future growth, we have also begun to encourage customers to get familiar with smartphone banking and introduced Portable Branch, in addition to other financial services based on the latest information technology, with an eye to leading the future of the financial market in Korea.

Q. KB has long been perceived as Korea's leading bank and also a trustworthy company. Given this reputation, the recent turn of events must have shocked the company all the more. How do you look back on last year?

Last year was indeed a trial for all of us at KB. We at KB have been working with a strong sense of pride that we were the most trusted company in Korea. Last year's events utterly undermined this self-image, casting a dark cloud over the company's atmosphere and lowering the company morale. We, together with our customers, however, strongly aspired to use the incident as an opportunity for new growth in the long run. We therefore launched a thoroughgoing investigation into the matter, developed a new plan of action, and worked hard to reestablish a culture of reconciliation and honest communication toward restoring our trusted status. I bet the dedication of all our employees and the Group-wide synergy will continue to produce amazing results in the coming months and years.

Q. With your slogan of the "Right Way," you recently raised a new question on the direction in which KB should be headed to ensure its sustained growth. What is the right way that KB ought to follow from now on?

Customers and the market are changing much more rapidly than expected. Companies that solely focus on catching up with this pace of change are likely to neglect latent and potential problems. By the time they come around and recognize these issues, it will already be too late for them to formulate solutions—not without risking great losses and sacrifices. The painful lesson we have learned from the recent KB Kookmin Card incident is that what matters more is not the growth itself, but the right way of growing. Having learned this lesson, we at KB struggle to find the right way that will lead us not to short-term achievements and profits, but to sustained growth. At KB, we continue to ask what the proper roles of finance are what values we ought to provide for our customers, and what our social responsibilities are, and seek answers in constant communication with diverse groups of stakeholders.

I assure you that KB will continue to follow the right way that customers can trust upon. I humbly ask you to continue to be with us on our journey with your feedback and encouragement.

June 2015

Chairman & CEO KB Financial Group Inc. **Jong Kyo Yoon**

2014 KB Highlight

KB Capital launched

Having acquired and merged with Woori Financial as its 11th subsidiary, KB Financial Group renamed the new member "KB Capital."



Won the National Brand Award(NBA, in the corporate brand category) for three consecutive years

KB Financial Group won the 2014 National Brand Award Grand Prize in the financial category for the third time in a row.

Named Korea's "Best Trade Bank" for four consecutive years

In 2014, KB Kookmin Bank was again named the "Best Trade Bank in Korea" by Trade Finance, a prestigious magazine on trade finance, for the fourth time in a row.



Listed in the DJSI Asia Pacific Index for six consecutive years

KB Financial Group was again included in the DJSI Asia Pacific Index for the sixth time in a row.

"KB Good Job Fair" hosted

KB Kookmin Bank held the "KB Good Job Fair 2014" on the last two days of October, providing a bridge between prospective companies and creative and talented students majoring in sciences and engineering.



Won the Grand Prize in the Corporate Social Responsibility Evaluation

KB Financial Group won the Grand Prize in the financial insurance category in the Corporate Social Responsibility Evaluation 2014, performed by the Next Society Foundation.



Jong Kyoo Yoon inaugurated as the new chairman of KB Financial Group and the new CEO of KB Kookmin Bank

On November 21, 2014, Jong Kyoo Yoon was inaugurated as Chairman of KB Financial Group and CEO of KB Kookmin Bank. The inauguration ceremony was held at the Kookmin Bank headquarters.



LIG Insurance approved to become a subsidiary of KB

On December 24, 2014, KB Financial Group finally received authorization from the Financial Services Commission on incorporating LIG Insurance as a new subsidiary of the Group.

Company Profile

About KB Financial Group

In response to the diverse changes taking place in the financial environment worldwide, KB Financial Group came into being with the establishment of KB Financial Holding Incorporated on September 29, 2008, made possible by the comprehensive transfer of the stocks of major subsidiary. As of December 2014, the Group was Korea's largest and leading provider of a comprehensive range of financial services, complete with total assets amounting to KRW 308 trillion and with the farthest-ranging customer basis and network of branches in Korea. KB Financial Holding's subsidiaries located in Korea include KB Kookmin Bank, KB Kookmin Card, KB Investment and Securities, KB Life Insurance, KB Asset Management, KB Capital, KB Savings Bank, KB Real Estate Trust, KB Investment, KB Credit Information, and KB Data systems. The Group's subsidiaries overseas include Kookmin Bank Hong Kong Limited in Hong Kong, Kookmin Bank International Limited in the United Kingdom, Kookmin Bank Cambodia PLC, and Kookmin Bank China Limited.

*As of December 31, 2014

Company Name	KB Financial Group
Chairman & CEO	Jong Kyoo Yoon
Headquarters	84, Namdaemun-ro, Jung-gu, Seoul(Euljiro 2-ga)
Number of Employees	25,233(including all subsidiaries, temporary contracts)
Total Assets	KRW 308,355,708 million
Operating Income	KRW 1,959,123 million
Net Income	KRW 1,415,111 million
Number of Branches	1,301(domestic: 1,289, overseas: 12)
Number of Customers	28,659,386(KB Kookmin Bank)
Major Shareholders and Share Ratios	National Pension Service(9.42%) The Bank of New York Mellon(8.41%) Employee Stock Ownership Association(0.63%)

Vision and Strategy

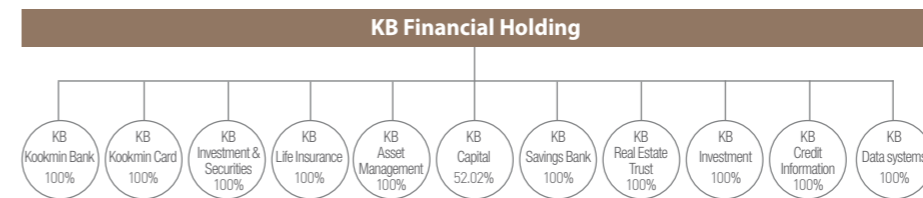
Aspiring toward becoming an international leader of finance, particularly in Asia, KB Financial Group has launched a phase-by-phase management strategy. First, until 2016, the Group will continue to consolidate the basis for becoming a global leader of finance, developing and honing its key strengths and distinction in core areas of business and enhancing the stability of its business operations. Based on analyses of its management environment, the Group has identified four overarching strategy aims—strengthening the basis for growth, reinforcing risk management, enhancing business capability and productivity, and strengthening future growth potentials—as well as 15 core tasks. The Group will regain and consolidate its leadership over the financial market in Korea by 2019 with significant returns on its assets and investment portfolios, and thereby will become ready to predominate the Asian financial market by 2022.

Vision	Global Finance Group Leading the Asian Financial Industry			
Strategic Goals	Securing Unparalleled Competitive Advantages for Key Businesses(~2016)			
4 Strategic Directions	Reinforcement of Growth Basis	Risk Management Enforcement	Enhancement of Sales and Production Capabilities	Strengthening Future Growth Engines
	<ul style="list-style-type: none"> Enhance competitiveness in retail banking Secure competitiveness of the SME sector Improve the organizational constitution to regain customer trust 	<ul style="list-style-type: none"> Improve credit risk management system Secure the highest competency for arrears management among credit card companies 	<ul style="list-style-type: none"> Improve HR management system Optimize channels Increase competitiveness of wealth management(WM) channel Increase competitiveness of insurance channel 	<ul style="list-style-type: none"> Enhance competencies for entry into overseas markets Enhance capacity for multiple on/off-line channels Preoccupy silver/annuity market

Subsidiaries of KB Financial Group

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

To enhance its non-banking operations and to contribute to the stabilization of finance for working-class people, on September 2, 2013, the Group acquired Yehansol Savings Bank, which has become a subsidiary. It merged with KB Savings Bank on January 13, 2014. On March 20, 2014, the Group acquired Woori Financial and renamed it to KB Capital, making it one of KB Financial Group's subsidiaries. In June 2015, the Group finished the acquisition process for the inclusion of LIG Insurance, paving the way for the launch of KB Insurance on June 24, 2015

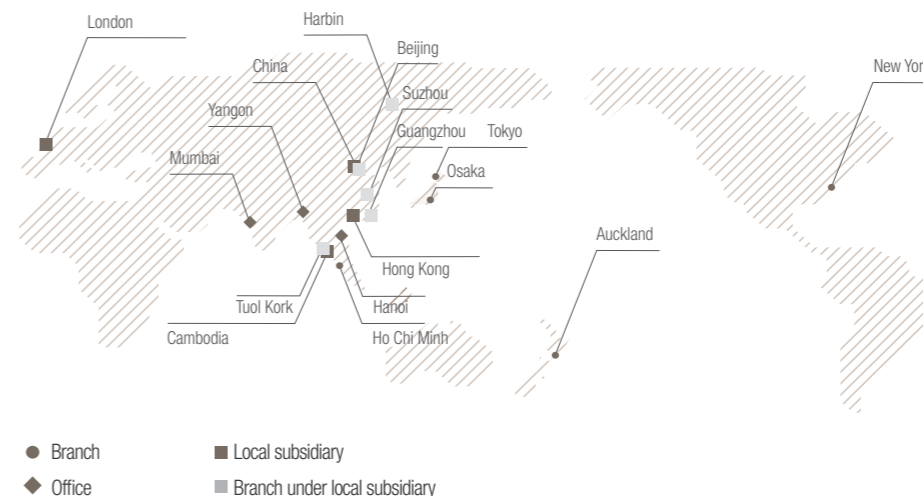


Information on Domestic Branches

Seoul	491	Chungcheong buk-do	27	Daejeon	46	Jeollanam-do	21	Daegu	54	Busan	89
Incheon	64	Sejong	3	Jeollabuk-do	26	Gangwon-do	19	Ulsan	17	Jeju	8
Gyeonggi-do	293	Chungcheong nam-do	28	Gwangju	32	Gyeongsang buk-do	31	Gyeongsang nam-do	40		

Overseas Business Sites

KB Financial Group seeks to enter the overseas markets in Asia, a region with a geographical and cultural proximity to Korea where high growth is expected, under the objective of becoming the leading global financial group in the Asian-financial industry. The Group is on its way to expand its overseas networks through business activities of KB Hong Kong, KB London, KB Cambodia, and Kookmin Bank(China).



Key Financial Statement

Total Asset **5.5%**

2014 KRW 308 trillion
2013 KRW 292 trillion

Equity **5.9%**

2014 KRW 28 trillion
2013 KRW 26 trillion

Net Income **11.02%**

2014 KRW 1.4 trillion
2013 KRW 1.3 trillion

Credit Rating

STANDARD & POOR'S **A** MOODY'S **A1**
* January 2014

Corporate Governance

Board of Directors

The mission of the Board of Directors of KB Financial Group is to provide the support that is necessary for all executives Group-wide to pursue stable and responsible courses of management. The Board also ensures rationality in management decisions throughout the Group with its check-and-balance function, requiring and advising executives to address, correct, and improve any standards, procedures, and practices of management that are found to be faulty. The Board consists of one executive director, one nonstanding director, and seven nonexecutive directors. The Board makes final decisions not only regarding important business matters but also the corporate social responsibilities of the Group. The Chairman of the Board is one of the nonexecutive directors on the Board elected by his or her associates on the Board.

Board of Directors Composition

*As of March 27, 2015

Name	Duty	Experience
Young-Hwi Choi	BoD Chairman	
	Member of the Audit Committee	President/CEO(former)
	Member of the Nonexecutive Director Nominating Committee	Shinhan Financial Group Co., Ltd.
	Member of the Governance Committee	
Jong Kyoo Yoon	Chairman of the Governance Committee	Chairman and CEO
	Member of the Nonexecutive Director Nominating Committee	KB Financial Group
Woon-Youl Choi	Chairman of the Audit Committee	Professor at Sogang University Management Department
	Member of the Nonexecutive Director Nominating Committee	
	Member of the Governance Committee	
Suk-Ryul Yoo	Chairman of the Nonexecutive Director Nominating Committee	Samsung Electronics Advisor
	Member of the Risk Management Committee	
	Member of the Remuneration Committee	
Michael Byungnam Lee	Chairman of the Remuneration Committee	CEO of LG Academy, the corporate university for LG Group
	Member of the Governance Committee	
Jae-Ha Park	Chairman of Risk Management Committee	Senior Fellow at Korea Institute of Finance
	Member of Remuneration Committee	
Eunice Kyonghee Kim	Member of Remuneration Committee	Professor at Ewha Womans University
	Member of Risk Management Committee	Law School
Jong Soo Han	Member of the Audit Committee	Professor of Accounting at the School of Business, Ewha Womans University
	Member of the Remuneration Committee	
Hong Lee	Member of the Risk Management Committee	Senior Executive Vice President of the Sales Group, and Board Director of Kookmin Bank
	Member of the Governance Committee	

KB Holdings is made up of seven subcommittees that are in charge of specific responsibilities to enhance Directors' expertise.

*As of March 27, 2015

Subcommittee	Major Responsibility
Nonexecutive Director Nominating Committee	Recommendation of nonexecutive director
Audit Committee	General task-related audit
Remuneration Committee	Establishment of policy for remuneration and decision-making
Risk Management Committee	Establishment of policy for risk management and decision-making
BoD Operation Committee	Corporate governance; committee operation efficiency
Management Strategy Committee	Preliminary review for important management matters
Audit Committee Member Nomination Committee	Recommendation of audit committee member

Nomination Criteria for Nonexecutive Directors

The nonexecutive directors of KB Financial Group are trusted experts of finance, accounting, law, risk management, HR, and other related business areas requiring expert judgment. In an effort to ensure the fairness and transparency of the appointment, the Group has established explicit rules and procedures on the nomination of nonexecutive directors including the Rules on the Nonexecutive Director Nominating Committee. The Rules require that the Group make use of recommendations and nominations from outside sources, including major shareholders and external advising agencies as much as possible to find and appoint experts of diverse backgrounds to the Group's Board. The Rules, moreover, require the Group to update its pool of possible candidates twice a year and report the details of the management thereof to the Board. The Group is also obligated to evaluate the performance of each nonexecutive director every year and compile review reports, reappointing nonexecutive directors who are found by the Nonexecutive Director Nominating Committee to have excellent records. After the Nonexecutive Director Nominating Committee makes official nominations and reports to the Board, new candidates for directorship and nonexecutive directors to be reappointed to the Board are vetted thoroughly in terms of qualifications and the matter of whether or not to appoint them to the Board is discussed at the Shareholders' General Assembly. The Committee is required to nominate candidates on the basis of considerations of their expertise, reputation for fairness and integrity in office, ethics and responsibility, loyalty, and other such key criteria demanded by the Financial Holding Companies Act and other applicable laws.

Board of Directors Activities and Performance

Key Resolutions

The Board of Directors met 17 times in total in 2014, with the attendance rate averaging 95.9%. The major issues were matters pertaining to operating the emergency management system and minimizing the impact of the vacancy in leadership after the then president and Chairman of the Group was suspended and eventually dismissed from his office. With Young-Rok Lim suspended from his Chairman and President posts in September 2014, the directors convened their ninth meeting of the year and resolved to appoint Vice-President Woong-Won Yun as Acting President and to launch the Board-led emergency management system. In September 2014, the Board also assembled the President Nomination Committee, which met six times in total to nominate and appoint Jong Kyoo Yoon, who was officially appointed as the new Chairman and President of the Group at the general shareholders' meeting on November 21, 2014.

Board Competency Development and Communication Activities

KB Financial Group held two training sessions for nonexecutive directors in 2014. The Group provides orientations for newly appointed nonexecutive directors every year and regularly updates Board members on the progresses of the Group's business activities, investor trends, and other such key topics. The Group also organizes Board workshops to promote active communication between executives and the Board.

Evaluation and Remuneration

Evaluation	The evaluation consists of four categories. Nonexecutive directors are subjected to self-evaluations, peer evaluations, and evaluations by employees. The key criteria of evaluation include the degrees of interest and engagement in the Board meetings, the extents of their experience and knowledge, their fulfillment of Board obligations, and their integrity and personality.
Remuneration	The maximum compensation limit for Board members is determined at a general shareholders' meeting that decides the ceiling on the remuneration for Board members. Long-term incentives for the standing director are to be paid in the form of restricted stock three years after his or her retirement, in true reflection of his or her contribution to the Group's performance.
Disclosures	Under the board rules, the Chairman of the Board reports board evaluation results at an annual shareholders' meeting. Compensation for directors is disclosed in the annual business report.

Board of Directors Activities

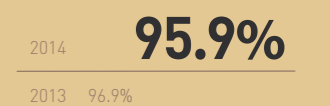
No. of Meetings Held



No. of Resolutions Made



Average Attendance Rate



Sustainable Business Strategy

Sustainable Business Strategy

To become an international leader of finance in Asia, KB Financial Group has established and been systematically implementing a sustainable business strategy. Under the three keywords, i.e., "Wise" for enhancing values for customers and achieving change and innovation; "Smart" for increasing the efficiency of management and strengthening future prospects; and "Sustainable" for identifying and fulfilling corporate social responsibilities, the Group continues to pursue sustainability in five major areas of activities including customer, product and service, operations(ethics and environment management), human resources, and community. For each area of these activities, the Group has identified specific goals to be met and tasks to be completed. With continuous monitoring and feedback from stakeholders, the Group strives to improve its performance under the said sustainable strategy.



KB Philosophy

KB Financial Group aspires to become a financial company that is loved by the people. To this end, the Group carries out its business activities around five core values.



Customer-orientedness

The highest code of conduct for KB members, who put the customers' interests first



Expertise

Secure top-level expertise in each field to meet the customers' financial needs



Innovativeness

Provide customers with optimal solutions based on creative ideas that are free from conventions



Speed

Meet the customer's ever-changing needs through speedy and accurate decision-making that adapts to changes in the financial environment



Performance-orientedness

Build a system and organization where the employees with the best performance are treated accordingly

Sustainability Performance Management

Using a set of performance indicators, KB Financial Group continues to monitor and update its sustainable management performance on a regular basis. There are 14 such performance indicators in total across five categories: customer, product and service, employee, community, and environmental management. These items provide quantitative indicators that make year-to-year comparisons possible.

The number of cases of predeliberation upon public disclosure of information and advertising increased by 867 in a year, from 4,705 in 2013 to 5,572 in 2014. In 2014, the Group also provided KRW 16.9 billion for KB Microfinancing—KRW 4.6 billion more than the amount of support it provided the previous year. In 2014, there were 69 grievance reports filed by employees and executives in total, 30 of which have been addressed and resolved successfully. Employees and executives Group-wide spent 352,420 hours in total on volunteerism and other activities of social contributions, which translate into 14 hours per person on average. In 2014, KB Kookmin Bank generated 120,524tCO₂eq of greenhouse gas emissions in total, which is 5,783tCO₂eq down from the previous year's record thanks to the ongoing efforts to minimize greenhouse gas emissions.

Item	Unit	2012	2013	2014
Customer¹				
Customer satisfaction from external institutions(card) NCSI/KCSI	Rank	First/First First/First	First/First First/First	Second/Fourth Third/Third
Predeliberation on product development	Deliberations	289	301	234
Information disclosures and predeliberation on advertisements	Deliberations	3,630	4,705	5,572
Products and Services				
Yearly amount of KB Smile Microcredit Bank loans(Bank)	KRW 100 million	165	123	169
Green loans(Bank)	KRW 100 million	14,246	8,900	8,988
KB Hidden Star 500 support for outstanding small and medium enterprises(Bank)	KRW 100 million	14,785	19,035	16,800
Employee				
Ratio of full-time employees(Group)	%	74.8	79.9	94.6
Total employee training hours(Group)	Hour	3,756,439	2,875,868	3,284,341
Case of employee grievances resolved(Group)	No. of grievance resolved (no. of grievance reported)	26 (47)	19 (64)	30 (69)
Community				
Social contribution activities(Group)	Hours per person (cumulative number of volunteers)	13.8 (79,481)	13.6 (76,242)	14.0 (80,934)
Amount of social contribution expenses(Group)	KRW 100 million	711	598	521
Number of recipients of economic and financial education(Group) – including visiting and invitational education	No. of persons	44,952	88,534	111,161
Environmental Management				
Greenhouse gas emissions(Bank)	tCO ₂ eq	129,643	126,307	120,524
Amount of paper used(Group)	Box	143,583	130,814	143,722

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

Amounts of Value Distribution


Customer
(deposit interest)
 KRW **3845.5** billion

Shareholders and Investors
(interest and dividends)
 KRW **11635.3** billion

Employee
(pay and benefits)
 KRW **2593.5** billion

Local Community
(contributions)
 KRW **52.1** billion

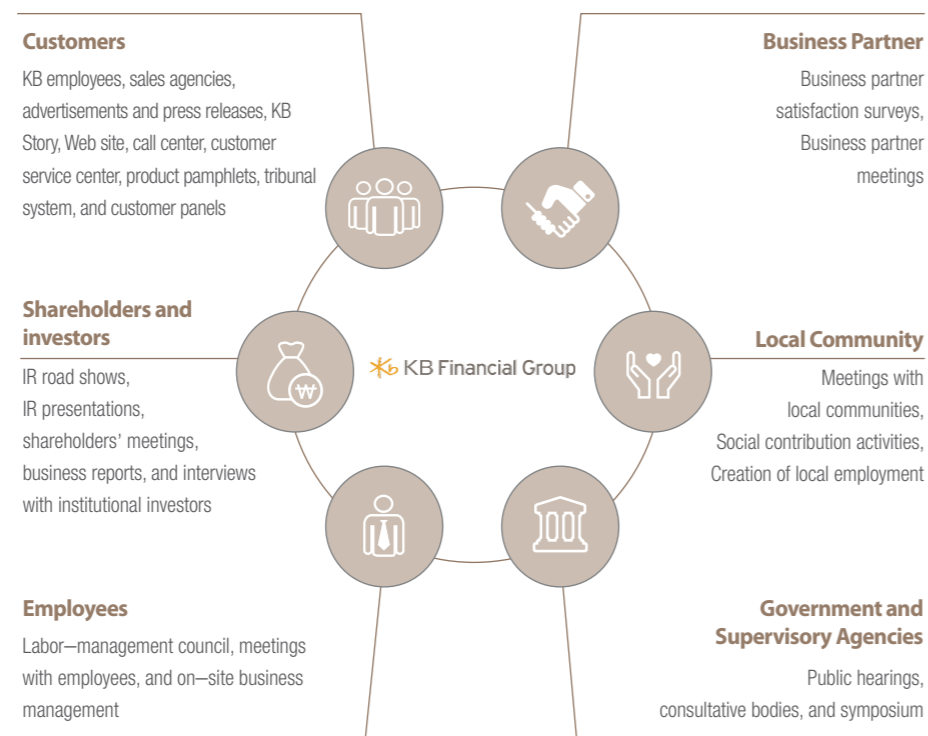
Business Partner
(procurement and services)
 KRW **82.7** billion

Government
(income taxes)
 KRW **486.3** billion

Stakeholder Engagement

Stakeholders Definition and Communication

KB Financial Group listens attentively to the opinions of its stakeholders and exerts efforts in reinforcing its communication with them. On a group level, it transparently discloses its business management direction and achievements made by publicly announcing its business management plans, shareholders' meetings, and business reports on its Web site. Each subsidiary has built channels to communicate with its stakeholders and continuously monitors activities thereof to respond quickly and in a timely manner to stakeholder needs and changes to the business environment. KB Financial Group defines major stakeholders as customers, shareholders and investors, employees, local communities, business partners, the Korean government, and supervisory agencies. KB announces its major roles and communication channels for each stakeholder group.



Communication Channels

For communication channels, KB Financial Group endeavors to meet customer needs by gathering opinions submitted through various communication such as KB employees, branch offices, advertisements and press releases, KB Story, Web site, call center, and customer service center, and then reviewing through each subsidiary. KB Financial Group communicates with its shareholders and investors through IR road shows, IR presentations, shareholders' meetings, and interviews with institutional investors. As for business partners, we conduct business partner satisfaction surveys to continuously discover areas in need of improvement and support. In addition, there are regular meetings with local communities and engagement through social contribution activities. To come into contact with the Korean government and supervisory agencies, we hold public hearings, consultative bodies, and symposiums. To communicate with employees and listen to their opinions as internal stakeholders, each subsidiary holds labor-management councils, staff meetings, and on-site business management. KB Financial Group manages the needs gathered at all times through various stakeholder channels, provides feedback to the stakeholders, and actively reflects the opinions in the Group's business management strategies.

Reflecting Stakeholder Opinions in Business Management

The KB Financial Group is not only open to the feedback of stakeholders, but also persists in implementing suggestions and continuously reflecting improvement in its actual business operations. Each department, which is a point of contact for work with the Group's stakeholders, is working hard to reflect to the maximum the opinions collected throughout the year through a variety of communication channels that it manages. The department responsible for communicating with the shareholders gathers opinions from them and transparently relays their feedback through the annual Sustainability Report. KB Financial Group gives importance to the feedback of its stakeholders. If the suggestions and feedback were not implemented or integrated into the operations, it checks and strictly manages the reasons for such with a disclosure through the Sustainability Report.

Communication Channel	Method of Collecting Opinions	Reflecting Opinions in Business Management
Customers		
KB Customer Advisory Panel	<ul style="list-style-type: none"> Conducted customer satisfaction surveys on additional product services (4 times a year targeting the third KB Customer Advisory Panel that consists of 4,607 customers) 	<ul style="list-style-type: none"> Launched a social contribution product that involves the participation of the customer to contribute to the spread of a sharing culture(KB Love Sharing Installment Savings)
KB Campus Star and Blog Reporters Group	<ul style="list-style-type: none"> Demanded networking and communication utilizing SNS 	<ul style="list-style-type: none"> Operated communication channels targeting young customers and continuously exchanged ideas with them
KB Foreign Customer Advisory Panel	<ul style="list-style-type: none"> Launched the Foreign Customer Advisory Panel and conducted service preference surveys(twice a year, targeting a panel that consists of 225 foreign customers from 29 countries) 	<ul style="list-style-type: none"> Provided departure guarantee insurance claim settlement services to foreign workers Supported Internet banking in multiple languages and expanded contents Supported ATM services in 10 languages
KB Tribunal	<ul style="list-style-type: none"> Collected opinions on how to improve products/services/systems/processes through face-to-face and non-face-to-face channels(total of 62 cases) 	<ul style="list-style-type: none"> As a part of the efforts made to settle customer relations-centered business management, adopted 57 improvement tasks upon review by supervisory agencies and completed the execution of 35 tasks as of February 2015
Shareholders and Investors		
IR Presentaion	<ul style="list-style-type: none"> Quarterly earnings presentation and Q & A sessions 	<ul style="list-style-type: none"> Collected opinions from Koreans and foreigners
IR Conference	<ul style="list-style-type: none"> Shared records semiannually Participated in focus group meetings 	<ul style="list-style-type: none"> Grasped opinions of major Korean and global institutional investors and their trends
Employees		
Labor-management Council	<ul style="list-style-type: none"> Exchanged opinions between labor and management on employees' rights and welfare 	<ul style="list-style-type: none"> Made decisions related to human resources based on deliberation
Collecting internal opinions	<ul style="list-style-type: none"> Shared opinions using the internal intranet(KB Wise-net) 	<ul style="list-style-type: none"> A variety of stakeholders participated, their experiences were posted, and best practices were shared to reflect them in each department's work
On-site business management	<ul style="list-style-type: none"> Collected opinions using the internal intranet(KB Wise-net) (Conversation with CEO; participation of employees in forums; disclosure of the CEO's e-mail account address) Held meetings with employees, "Jump-up" course for branch office heads, and Lunch TalkTalk 	<ul style="list-style-type: none"> Reflected the accumulated opinions when establishing business management tasks Responsible departments reviewed the opinions, drew up tasks for improvements, and reflected them in the work of each department(at all times)
Local communities		
KB Star Dream Volunteer Group	<ul style="list-style-type: none"> Theme Volunteer Group, Talent Dream, and Speed Dream Volunteer Group engaged in activities by region and branch office connected to local community groups 	<ul style="list-style-type: none"> Grasped each region's needs, as well as planned and pursued timely social contribution activities
KB Good Job	<ul style="list-style-type: none"> Held employment expositions to solve the problem of unemployment and provided information on employment in real time using the Web site 	<ul style="list-style-type: none"> Provided a forum for small and medium enterprises(SMEs) who are having difficulty in recruiting and managing employees, to meet with job seekers from the youth and retirees Supported employment funds for the employment of regular full-time employees through KB Good Job
Business partners		
CSR evaluation	<ul style="list-style-type: none"> Encouraged business partners to be socially responsible, and annually conducted CSR evaluation to reinforce loan risk management 	<ul style="list-style-type: none"> Reflected nonfinancial criteria to the business partner credit evaluation
Signing of agreements for financial support	<ul style="list-style-type: none"> Signed agreements for providing financial support to excellent eco-friendly companies designated by the Korean Ministry of Environment 	<ul style="list-style-type: none"> Provided preferential interest rates and KB Wise financial consulting to excellent eco-friendly companies to reinforce their market competitiveness
Government and supervisory agencies		
Enrolling in associations and groups	<ul style="list-style-type: none"> Built cooperative relations with Korea Federation of Banks, Federation of Korean Industries, and Korea Financial Investment Association, among others 	<ul style="list-style-type: none"> Collaborated with supervisory agencies and improved financing Consolidated fair trade and protected investors

Materiality Test

Materiality Test Process

Through KB Financial Group's materiality test, key issues for this Sustainability Report were identified. The materiality test was conducted to verify the elements of the economy, the environment, and social activities that are of vital importance to the business and in which stakeholders are greatly interested.



Step 1 Identifying issues

- Media Analysis** A total of 480 media materials from January 1 to December 31, 2014 were analyzed.
- Related Companies Analysis** Similar companies, companies with excellent sustainable management performance, and other related companies were analyzed.
- Trend and Impact Analysis** Major issues and debates related to sustainable management were identified through media, journals, and research articles.
- National Tasks Analysis** Issues related to social responsibility were identified from the government's national tasks.
- Finance CSR Analysis** Issues were derived from seminars and research reports on the social responsibility of the finance sector in and outside South Korea.
- Sustainable Management Status Analysis** The major challenges for KB Financial Group in 2014 and its future directions were reviewed.
- SR Evaluation Result Analysis** Evaluation results in and outside South Korea, including DJSI and KoBEX, were analyzed to identify the issues requiring supplementation.

Step 2 Stakeholder survey

Survey Based on the 188 issues verified and derived in and outside South Korea, surveys were conducted on 1,015 stakeholders of KB Financial Group for 11 days from March 10 to 20 in 2015. The respondents were divided into an internal group and an external group through KB Financial Group's intranet and home page, and requested to assess the importance of each issue. The importance of each issue as assessed by the respondents was converted into a score on a 0–100 scale, and reflected into the selection of the major issues.

Step 3 Determining and reviewing priority

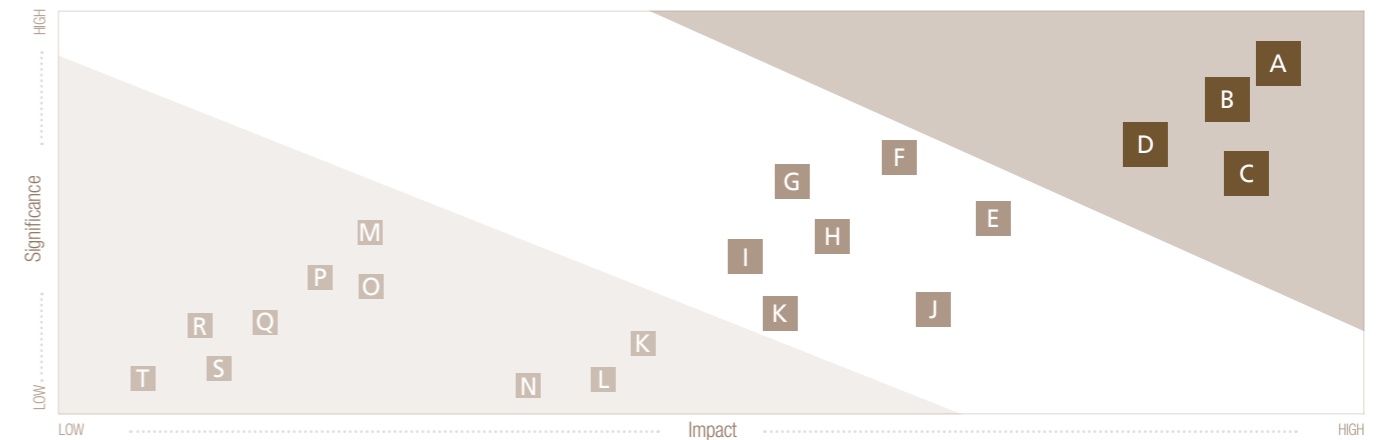
- Determine Priority** By comprehensively considering the importance of each issue from the stakeholders' perspective identified in the course of opinion gathering, and its importance from the perspective of KB Financial Group's business, 20 major issues were derived in terms of priority.
- Review Priority** The priority was reviewed by external experts and the management, which included verification of whether opinions had been properly considered and gathered from external experts along the value chain.

Step 4 Defining report issues

Derive Related Aspects Of the final 20 major issues selected, the top 11 issues were selected as the key issues for the report. The aspects related to each issue were selected based on the GRI G4 Guidelines. The major areas surrounding the key issues were concisely summarized for this report. These areas include: protection of customer information, anticorruption, marketing communication, local communities, indirect economic effect, evaluation of social impact of suppliers, and economic outcomes.

Materiality Test Result

After the material test process, 20 major issues were selected as listed below. Each issue is covered in detail throughout this report. Of the issues selected, the following four issues were set aside as top-priority issues: reinforcing customer information security, enhancement of ethical management and anticorruption activities, brand value management, and advancement of risk management. These issues are discussed in detail, along with the disclosure on management approach(DMA).



Stakeholder Impact by Major Issues

KBFG Sustainability Major Issues	Impact	Employees	Shareholders and Investors	Government and Supervisory Agencies	Customers	Business Partners	Local Communities
A Reinforcing customer information security	86.6	●	●	●	●		
B Ethical Management Anticorruption	85.7	●	●	●	●	●	
C Brand value management	81.7	●	●		●		
D Advancement of risk management	80.7		●		●	●	
E Governance improvement	77.0	●	●				
F Social contribution activities based on the characteristics of the relevant business	77.0	●			●		●
G Revitalization of socially responsible investment	76.3		●	●	●		●
H Expansion of small/medium-scale business enterprises	75.1			●		●	●
I Expansion of participation by stakeholders	72.4	●	●	●	●	●	●
J Diversification of sources of profit through expansion of the ratio of non-banking businesses	70.7		●	●	●		
K Work-life balance	70.3	●		●			
L Fostering of a labor-management culture based on communication and mutual support	69.9	●	●				
M Support for financially underprivileged classes	69.6		●	●			●
N Reinforcement of talent recruitment and fostering system	69.1	●	●				
O Financial risk management	68.7		●		●		
P Improvement of the rate of return from asset management	67.3		●		●		
Q Development of nature-friendly products and services	66.5		●		●		
R Resource/energy saving	65.7	●		●			
S Entry into new global markets	65.4		●	●		●	
T Establishment of environmental policies	63.9		●	●			●

“ Please uphold your principles. That is all I ask. ”

So-Yeon Park(42, Housewife)

Last year's scandal over customer information leakages from credit card companies in Korea instantly sent me into shock and panic. I was worried that my personal information might have already been leaked and used for illegal purposes, and asked myself whether I should withdraw all the money I had in my bank accounts. Fortunately, the worst-case scenario I imagined has not happened to me yet, but I keep worrying every time I use my credit card or do online financial transactions, and wonder whether I should switch to a new card company. Nevertheless, I continue to use a KB Kookmin Card. This is not because I was reassured by the company's announcement of a plan to reinforce customer information security. Nor is it because I have done thorough research of available card companies and decided that KB was indeed more secure than others. This is because I have been a customer of KB ever since graduating from college, and because I still have some faith that KB is at least a little bit more trustworthy than other companies and that, having suffered so much from the scandal, the company would make its best efforts to avoid committing the same mistake. Having paid such a high price, KB must know by now: No matter how much you perfect your system or technology, people are what truly matter in the end. That is why I have decided to place my faith in the employees of KB. Please uphold your principles. Work hard and right. There is no other way. That is all I ask.

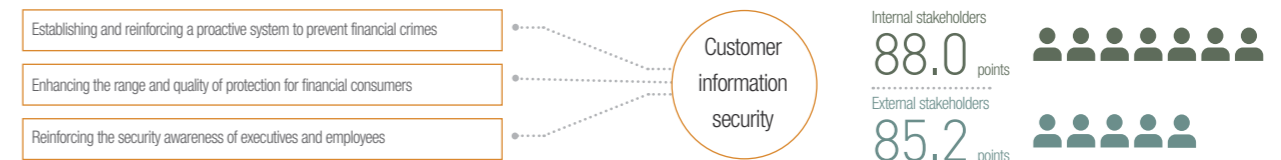
01 Reinforcing Customer Information Security

KB's Way Today

With the increasing complexity and sophistication of financial crimes targeting financial institutions, customer information security has become a matter not only of customers' rights and interests but also of the prospects of sustainability for financial institutions themselves. The value of financial institutions, including KB, have been traditionally evaluated in terms of their profitability, financial stability, growth and other financial values. Strong performances were all that these companies needed to give credence to their continued existence and growth in the future. The recent scandal over the leakages of credit card information in Korea, however, has awakened financial companies to the possibility that they may indeed go bankrupt over matters of information security. The draft for the amendment of the Use and Protection of Credit Information Act, which was passed the National Assembly in January 2015, includes a punitive clause that allows victims of credit card information leakages to claim up to three times the amount of their financial losses in damages from financial companies. Customer information security is now a central matter that may decide the fate of financial companies and therefore requires thoroughgoing and effective plans.

Seeking the Right Way

KB Financial Group asked 1,015 stakeholders to assess the importance of issues regarding sustainable management. "Reinforcing customer information security" was selected as the most important issue among the top 11 issues selected through materiality test, with the issue scored an average of 86.6 points.



KB's Way Tomorrow

The recent incident involving the leakage of information of KB Kookmin Card customers and KB's subsequent suspension did lead to temporary drops in the service charge revenue and a decrease in the number of customers. These events, however, served to reawaken the entire Group, compelling it to reinforce its customer information security systems. The Group gathered all its resources and capabilities to solve the problem and prevent its recurrence, thus establishing a reinforced customer information security system, organizing specialized taskforces in the subsidiary companies, and greatly increasing the personnel and budgets assigned to these purposes. KB has also developed an integrated system for managing customer information security and a new system for detecting suspicious financial transactions, while also enhancing the Group-wide ability to handle similar crises in the future according to a new security manual.

Key Performance Index

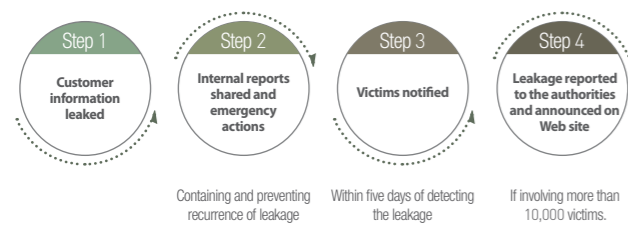
Objectives	KPIs	Nature of Index	2012	2013	2014	2015 Target
Achieve zero sanctions related to customer information security	Sanctions under the laws related to customer information security(no. of sanctions)	Management	0	0	1	0
1. Developing the Customer Information Security Infrastructure	Promulgate a Group charter dedicated to customer information security(%)	Infrastructure	18.1	27.3	54.5	70 up
2. Strengthening Governance over Customer Information Security	Ratio of companies with CISO(Chief Information Security Officer) within the Group(%)	Infrastructure	81.8	90.9	90.9	100
	Ratio of companies with dedicated organizations within the Group(%)	Infrastructure	18.1	18.1	63.6	80 up
3. Reinforcing the Customer Information Security Procedure	Carry out inspections on customer information security status(no. of inspections)	Management	120	140	186	200
4. Establishing a New Culture of Customer Information Security	Designate the Information Security Day for the whole Group	Infrastructure	45.5	54.5	81.8	100
	Participation of employees in specialized courses on customer information security(%)	Management	91.5	95.6	96.2	98

1. Developing the customer information security infrastructure

Developing a counteraction system in case of customer information leakages

KB Financial Group has also established a new counteraction system in case of customer information leakages. When a leakage is detected, an internal report is immediately filed, and a series of predefined security measures are launched into action. These include: deleting the leaked information files; re-collecting leaked documents and other related materials to determine the extent of leakage; blocking the routes of access to the customer information processing systems and managing their security risks; and monitoring and fixing suspected channels of leakage. In addition, the victims are notified within five days of detecting the leakage, and the details of notification are shared with the Customer Protection Officer(CPO). In case of an event involving the leakage of the information of 10,000 or more customers, the victims are notified within 5 days of detecting the leakage, and the details of the notification and its outcomes are reported to the Financial Supervisory Service and other authorities(e.g., the Ministry of Security and Public Administration, the Korea Internet and Security Agency, and the National Information Society Agency). Information regarding such reports is then displayed on the Group's Web site.

Leakage Counteraction Process



Encoding key customer information using personal identification numbers(KB-PINs)

KB Kookmin Bank decided to require the use of KB-PINs in all financial transactions of customers to further protect customer information. KB-PINs are unique sets of numbers that the Bank assigns to all its customers so that they can be used instead of the government-issued(and much important) resident registration numbers. When a customer presents his or her ID to the Bank and his or her resident registration number is entered into the Bank's electronic system, the number is automatically converted into a unique KB-PIN applicable only to that particular customer. The switch from resident registration numbers to KB-PINs helps to minimize the exposure of important customer information on computer screens and documents. Even the resident registration numbers, telephone numbers, and other key features of customer information displayed on computer screens are now masked to ensure maximum security of customer information.

Minimizing the range of required customer information

In all the forms to be filled out by customers and Bank employees, KB Kookmin Bank now requires customers' dates of birth instead of resident registration numbers. Various transaction request forms have been redesigned so that only a minimum possible range of customer information can be collected. Today, customers can perform financial transactions at KB Kookmin Bank by providing only six items of information, including their names and contact information. The new Personal Content Form now leaves more sections of information as "optional" than required. Customers can block the bank from calling for marketing purpose by requesting the block service at www.donotcall.or.kr.

Reinforcing security of online transactions overseas

As more and more Korean consumers choose to buy goods directly from dealers abroad, the convenience and security of credit card transactions have become vital issues for many. In partnership with MasterCard, KB Kookmin Card became the first credit card company in Korea to adopt SecurePay, authorizing credit card transactions involving affiliated distributors overseas using virtual card numbers and expiry dates instead of actual ones. Here, the virtual card numbers become automatically invalidated past certain numbers of transactions or expiry dates that customers themselves define. SecurePay thus helps to minimize risks of hacking and other high-tech financial crimes.

Reinforcing the information security monitoring system

All the subsidiaries of KB Financial Group have adopted network access control(NAC) systems, anti-leakage systems, customer information search systems, and antivirus(V3) systems. These systems allow KB Financial Group and its subsidiaries to determine the presence or absence of required security software programs in given computers, the presence or absence of required customer information in the given databases, whether or not information files have been retrieved for appropriate purposes, and whether or not customer information files have been decoded for appropriate purposes. KB Kookmin Card, for its part, has launched a whole new integrated system of information security control, involving a new internal control procedure and concerning all activities from the creation to the retrieval of system access accounts. Other subsidiaries also block customers' access to risky Web sites. Major subsidiaries, such as KB Kookmin Bank, have also separated their intranets from the Internet networks to block all risks of cybercrimes involving hacking and malignant codes.

Improving other security systems

KB Kookmin Card adopted a Webshell-based solution for blocking all attempts to crack through the company's public Web site. The company, moreover, has established a system for preventing wireless invasions to block attempted attacks and leakages involving the use of unauthorized and illegal access points and wireless devices. In an effort to prevent the leakage of customer information via smartphones, KB Kookmin Card has also introduced a system that blocks unauthorized recording of images.

2. Strengthening governance over customer information security

Korea's first financial company to appoint a CISO

At KB Financial Group, the CIO is an executive officer who develops business strategies using information and technology. The CISO, on the other hand, is the executive officer who is responsible for ensuring information security. Having recognized the distinctive natures of the two tasks and the need to eliminate any and all possible blind spots of information security, the Group decided to create two separate offices for these tasks and became the first financial company in Korea to appoint a CISO. With Jong-Hyeon Kim, former employee of IBM Korea, newly appointed as the CISO and a standing director of the Group, KB Kookmin Bank and KB Kookmin Card also came to appoint their own CISOs, overseeing their respective independent organizations and responsibilities.



Reforming and expanding the information security organization

In an effort to ensure customer information security, each subsidiary of KB Financial Group has set out to reform and enhance supervision over its information security organization. KB Kookmin Card, formerly running a single department (divided into 2 teams) of information security, expanded the department into a 4-team organization, with the number of full-time employees working in the department also multiplying from 13 to 28.

KB Credit Information also launched the new Information Security Team in July 2014 to ensure the professional, independent, and centralized management of customer information and security. The new team has performed four quarterly inspections of information security software programs and of whether customer information is stored in employees' computers throughout all the departments and branches of the Group so far.

KB Investment and Securities likewise created a new independent information security department in July 2014 and appointed its own CISO. The company's new Information Security Department oversees all matters of information security, develops related policies, and performs the required verification tasks to prevent possible leakages and ensure security of information.

3. Reinforcing the customer information security procedure

All subsidiaries of KB Financial Group strictly forbid the transfer of customer information using mobile storage devices. No one in the Group may print out, e-mail, or otherwise transfer customer information without the administrator's authorization. Any and all transferred customer information files are reviewed and monitored regularly in terms of the purposes for which they were transferred and the channels of transfer. All these companies also implement their own information security policies, thus blocking the access of unauthorized parties to the company networks, monitoring and treating viruses and malignant codes in real time, blocking access to hazardous Web sites, and encoding documents. These companies also review the outcomes of these policies regularly to identify and implement improvements.

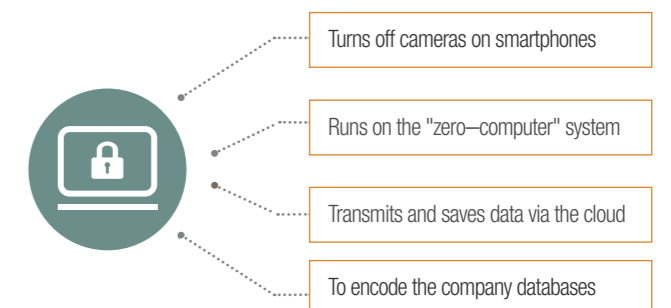
Strengthening monitoring and inspection

KB Kookmin Card regularly monitors its information security procedures and tasks to ensure that all the requirements of its information security policy are complied with. The company also plans to perform on-site security checks at all departments to ensure compliance with information security laws and rules.

Reinforcing internal control and computer security systems

At KB Kookmin Card, a visitor must go through five security posts, including those at the first and second gates, the X-ray security post, and the metal detector, before reaching the company's IT Development Office. The camera on the visitor's smartphone will be automatically turned off once the visitor enters the office so that he or she would not be able to take photographs of internal documents. The personnel working in this office also work with computers without main units. The "zero-computer" system in this office, requiring the personnel to work only with computer screens without any storage units or devices, works by transmitting all the data generated in the office to the secure servers in the centralized computer center via the cloud. As part of its campaign for encoding customer information, KB Kookmin Card will also encode its databases in the future and expand its cloud system throughout the network of its branches and offices.

Internal document control system



4. Establishing a new culture of customer information security

Financial companies operate business networks nationwide (or even worldwide), and customer information is often their most prized asset. In Korea alone, there are approximately four million Internet banking transactions taking place daily. It is therefore of paramount importance for financial companies to prevent all possible attempts at hacking. Employees and executives throughout KB Financial Group therefore strive to establish a new culture that puts customer information security first and encourages the development of innovative solutions.

e—Cleansing Day

All the subsidiaries of KB Financial Group organize e—Cleansing Day events on a monthly basis, checking their information security systems and training employees. The e—Cleansing Day events allow the Group to promptly identify and solve issues with information security. The Group enforces the e—Cleansing Day on the third Wednesday of every month by running the computer safeguard programs and the Internet security software (V3). The Group also keeps the third Friday of each month as the Security Day, requiring all departments and branches to undergo security training and inspect the status of information security using their own checklists.

KB Investment and Securities also keeps the 21st day of each month as the Day of Financial Consumers, actively gathering consumers' feedback and complaints via its branches nationwide in an effort to identify and solve customer information issues.

KB Charter of Customer Information Security

In June 2014, KB Kookmin Bank declared the KB Charter of Customer Information Security, proclaiming customer information security as the first and foremost concern of the Bank and defining the code of conduct regarding customer information with which all employees and executives must comply. KB Investment & Securities, for its part, declared its own Charter of Financial Consumer Protection in 2013. The company's charter emphasizes six principles: the transparency of information on financial products and services;



the protection of customers' assets; the security of customer information; the prompt handling and resolution of customer complaints; and social responsibility toward the underprivileged.

Expanding the range of information security training

All the subsidiaries of KB Financial Group regularly update and train their executives, employees, and contractors on the issue of customer information security.

Pursuant to Article 19.2 of the Rules of Electronic Finance Supervision, KB Financial Group subjected its executives, CISO, IT personnel, and IT security personnel to at least 3, 6, 9, and 12 hours of IT security training in 2014, respectively. The Group intends to raise the information security awareness of all employees and executives to a new level in 2015 by organizing joint information security training sessions with the help of external information security experts. The Group, moreover, will produce and train the industry's finest information security experts capable of taking systematic responses to the increasingly advanced and innovative security risks from outside sources via the short—term information security specialist courses at a specialized training agency. By the latter half of 2015, the Group will also provide support for employees and executives enrolled in the master's—level courses for information security experts.

Information Security Training Performance of KB Kookmin Card

Training Title(Topic)	Date	Trainees
Online training for information security enhancement(provided by Financial Security Institute)	November 1 ~ December 7, 2014	All employees
Collective training and dissemination training on protection of customer information	October 24 ~ October 29, 2014	Personal information protection manager (collective training) All employees (dissemination)

Special Report

Response to Customer Information Leakage from KB Kookmin Card

KB Financial Group plans to transparently disclose the course of events that resulted in the customer information leakage from KB Kookmin Card in 2014, KB's response thereto, and proactive countermeasures taken, as a step forward in using this incident as an opportunity for change. The Group will also disclose its annual progress through its reports until the Group enhances its protection for customer information and until the customers are fully reassured.

Details of Information Leakage

In January 2014, customer information was leaked from multiple credit card companies including KB Kookmin Card. It was confirmed that an employee of an external credit information company tasked with system development illegally obtained customer information by utilizing a weak point in the security program, resulting in the leakage of the data of approximately 53 million customers. Secondary damage was found to be unlikely, because card numbers, expiration dates, passwords, and CVC numbers were not part of the leaked data; as of 2015, there is no reported case of secondary damage.

Speedy Response

Immediately following the incident, KB Kookmin Card set up a "customer response team" to ensure a speedy response to the incident. The company reassured the customers through speedy processing of credit card tasks, to the point of even extending the working hours at its branches to until 6:00 p.m. With this, the working hours were extended to until 9:00 p.m. in 250 major branches. A total of 43 million customers were individually informed of the details of personal information leakage pursuant to the Personal Information Protection Act. Requests for card reissuance were processed as rapidly as possible, and the company offered free SMS notification of credit card transactions for a certain period. In addition, the company allowed each customer to verify whether their personal information was leaked through its home page, and it operated the Personal Information Damage Prevention Center(1899—2900) around the clock to quickly respond to any incident.

Prevention of Recurrence

Following the incident, KB Financial Group reinforced its information security system by building a virtual PC environment, separating the Internet network, employing fingerprint authentication, and carrying out other measures. As for provision and use of customer information between subsidiaries, the Group set up the procedures for approval, inspection, and report of the relevant matters, and built an approval system to process requests and provisions of such information, all in accordance with the relevant laws and regulations. In addition, the Group has continued to improve its customer information management and operation procedures.

January 18	News of customer information leakage spreads All employees were called in to the office through the emergency contact network Established a guideline for customer inquiries Expanded customer consultation personnel(780 → 874)
January 19	Held an emergency meeting presided by the President
January 20	Set up an all—source situation team(19 headquarters, 48 personnel) Posted letter of apology to the customers at all branch offices Distributed customer reception scripts and information guide for customers Included a new message on the prevention of customer damage in the telephone ARS messages
January 21	Selected 981 employees of headquarters to be dispatched to branch offices for support
January 22	Extended working hours at all branches (to until 6:00 p.m.; to until 9:00 p.m. at 250 major branches) Sent e—mails to customers whose personal information had been leaked
January 25	Opened branches on weekends, for the first time
January 27	Once again extended working hours at all branches (to until 6:00 p.m.; to until 9:00 p.m. at 250 major branches) Temporarily suspended customer marketing activities using nonencounter channels (until the end of March)
January 30~ February 2	Implemented emergency duty during the New Year season, and operated an emergency on—call team within the all—source situation team
February 2	President Jae—Oh Shim resigns from his office
February 3	Financial Supervisory Commission announces its decision to suspend KB Kookmin Card from conducting its businesses
February 4	Extension of working hours at branch offices ended; emergency consultations at customer service centers maintained
February 7	Emergency consultations at customer service centers discontinued; ARS consultation related to customer information leakage maintained
February 17	KB Kookmin Card suspended from conducting its businesses (~ May 16)
March 24	Duk—Soo Kim takes office as president of KB Kookmin Card
April 1	Launched the second information leakage search service(for member stores)
April 18	Rearranged the customer information security organization

“Helps us take pride in KB’s name.
Changes must begin with the people.
The system comes later.”

Woo-Jong Seo(30, office worker)

We realize, often too late, an important truth about corruption: the code of conduct and the institutions and systems designed to enforce certain ethics are only minimal means to safety. There are always loopholes in the system that people intent on doing wrong can use all too easily. What really matter are people. The latest credit card information leakage incident must have offended the majority of employees and executives at KB who have done their work with integrity until now. It made me remember the lesson I learned from my first boss. One day, one of the contractors under my supervision offered to treat me to lunch. I went ahead and ate lunch with the contractor and returned to my desk afterward. My boss found out what I had been up to and instantly burst in anger. He yelled at me, "Are you so poor that you couldn't even afford your own lunch? Doesn't this company pay you enough to get your own lunch?" The lunch I was treated to was a simple meal, probably costing less than KRW 10,000. But my boss's anger taught me that what truly mattered was not whether or not I followed the rules to the letter, but how steadfastly I held onto my own sense of self-esteem, which, at the end of the day, was the only safeguard that kept me from caving into temptations. If everyone had as strong a sense of integrity as my first boss, we would see and hear much less of corruption scandals than we do now. Please do not let the few rotten apples contaminate the entire basket. KB has been the leader of finance in Korea. Remember this history, and recover your self-esteem.

02 Ethical Management Anticorruption

KB's Way Today

Corporate ethics based on mutual trust between a company and a customer are much more important in the financial industry than in any other industrial fields. When a corruption incident occurs, the relevant financial company shall suffer direct economic losses because of a fall in customer confidence and its weakened sales capacity. The Tokyo and Osaka branches of Kookmin Bank faced a sanction—business suspension for four months—after an illegal loan of KRW 500 billion and the submission of false data were identified. The loss caused by the prohibition of new business activities for four months was serious. Moreover, the loss was more serious after business activities restarted. The number of customers rapidly decreased because of its falling reputation in Japan. The disposal of the nonperforming loan(NPL), which resulted from the said illegal loan, also caused losses in the relevant branches. As seen in this case, the corruption risk has a much more serious and bigger effect on financial companies than the worsening international financial environment, investment loss, and foreign exchange risk. In other words, the ethical management in a financial company is not only the safest form of investment with the highest rate of return but also the most obvious way to cope with future risks.

Seeking the Right Way

KB Financial Group asked 1,015 stakeholders to assess the importance of issues regarding sustainable management. "Ethical management and anticorruption" was selected as the second most important issue among the top 11 issues selected through materiality test, with the issue scored an average of 85.7 points.



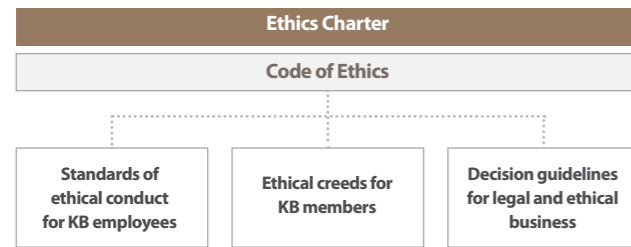
KB's Way Tomorrow

The recent KB Kookmin Bank incident awakened KB Financial Group to the true importance of ethical management. Ethical management is important not only from the perspective of legal compliance and corporate social responsibility, but indispensable for the financial sustainability and risk management of the company. The Group has thus begun to raise a Group-wide awareness of the significance of ethical management, providing objective evidence on how corruption undermines company performance and prospects, and buttressing the internal control systems at the subsidiaries. The Group will continue to pursue ethical management in the future, strengthening Group-wide management strategies and control systems and also deepening individual executives' and employees' commitment to preventing corruption.

Key Performance Index

Objectives	KPIs	Nature of Index	2012	2013	2014	2015 Target
Achieve zero cases of corruption and violation		Management	0	0	1	0
1. Expanding the Infrastructure for Ethical Management	Implementation of the ethical contract system(%)	Infrastructure	100	100	100	Reinforcing objective
2. Strengthening Internal Control	Compliance Monitoring Council(event)	Management	4	4	3	12
3. Encouraging Reports on Noncompliance and Corruption	Corruption report(case)	Management	0	2	6	0
	Bribery report(case)	Management	0	0	0	0
4. Enhancing the Capability for Practicing Ethical Management	Ethical management training time per person(hours)	Management	8.7	10.9	11.1	12.0

1. Expanding the infrastructure for ethical management



New Ethical Management Declaration

In an effort to overcome the limits of the existing framework of ethical management, KB Kookmin Bank launched a series of new programs in 2014 under its New Ethical Management Policy. The New Ethical Management Policy redefines the code of conduct and the principles of ethical management to regain trust from diverse stakeholders and pursue mutual growth and benefits with partners. The kick-off meeting at the beginning of 2014 involved broadcasting a special video clip on the New Ethical Management Policy and also the recitation and the administration of the oath, by the male and female representatives of the company, to the Code of Ethics for KB Executives and Employees, to all the departments and branches nationwide.



Integrity Contract Policy

Before deciding on its contractors and suppliers, KB Financial Group discloses lists of possible conflicts of interests at stake and informs the chosen candidates of the Group's Integrity Contract Policy, requiring the integrity clause to be inserted into the final contracts to be signed. The Integrity Contract Policy forbids KB and its contractors from exchanging any gifts, treats, or other forms of unfair gains before or upon signing any contracts of construction, service, or material supplies ordered by the Group and its subsidiaries. Any violation of this restriction may limit the involved contractor's ability to participate in bidding or even lead to the termination of the contract.

Implementation of the One-Strike Out System

Any executives or employees at KB Kookmin Bank who have engaged in unfair or corrupt business practices, either out of habit or for the purpose of boosting

short-term performance records, and thereby caused disturbance to the financial order will suffer penalties in their performance evaluations. Any individual can be suspended from his or her position for just one major offense he or she commits.

2. Strengthening internal control

In an effort to strengthen and ensure internal control on unfair and corrupt practices, KB Financial Group requires its subsidiaries to establish and operate channels via which reports on any violations can be filed. The Group also requires subsidiaries to submit written reports on the state of compliance monitoring and exemplary cases every quarter for thorough Group-wide monitoring and review. Since the latter half of 2013, the Group has also been auditing the subsidiaries at random dates without prior notice. In 2014, the Group also increased its personnel for monitoring compliance at the subsidiaries and also launched compliance auditing at bank branches combining multiple services. In 2015, the Group also began to organize its Compliance Monitoring Council meetings with delegates of the subsidiaries on a monthly basis instead of a quarterly basis.

Compliance monitoring program

All the subsidiaries of KB Financial Group implement compliance monitoring programs to establish ethical management and prevent financial losses, the decline of its reputation, and any possible legal sanctions that may result from employees' and executives' violations of law. These compliance monitoring programs form the basis of predeliberations on important matters in terms of ethical management and compliance; provide examples of short-swing profits to be returned and other matters of concern regarding possibly unfair transactions of financial investment products; supports compliance monitoring and management at each department according to the compliance checklist; and provides for the compliance training and education of each department's compliance officer.

Internal control meetings

KB Kookmin Bank organizes internal control meetings on a monthly basis, which are attended by all executives and chaired by the President of the Bank himself. The participants discuss various issues of internal control and reaffirm their commitment to ethical management. They also share the results of these meetings with their respective departments and branches.

Developing standards and procedures for external relations

KB Kookmin Card requires its employees and executives to obtain the company's approval first before engaging in any external relations, such as lectures, contributions to publications, and interviews, and reserves the right to require employees and executives to return the financial gains they have made on such external events to

the company. The company's employees and executives who are invited to seminars or other such events with the expenses covered by outside parties can attend such events only when those events bear demonstrable relations to their jobs and when those events involve no unfair gains or other possible conflicts of interests that may affect decision-making by the employees or executives on behalf of the company in the future.

Anticorruption Pledges

KB Kookmin Card strictly forbids its employees and executives from investing in marketable securities on the basis of the information they gain while serving in the capacity of their offices. Employees or executives working in areas or positions designated by law or the Compliance Officers must sign and submit the Anticorruption Pledges to the Compliance Officers upon taking their jobs.

Compliance Manager

KB Investment and Securities appoints Compliance Managers as part of its compliance system. The Compliance Managers, appointed to various departments by the Compliance Officer, supervise and monitor the members of their respective departments to ensure ongoing compliance with laws and rules at all times. These managers devise and regularly update the compliance checklists for their respective departments and prevent possible acts of noncompliance. The Compliance Support Officer also regularly meets with these managers to discuss various issues and possible solutions, and also provides group training for all compliance managers.

Mandatory self-inspection

KB Kookmin Bank requires all branches to perform self-inspection on a regular basis to prevent possible issues of noncompliance amid rapid changes in the business environment and the makeup of risks. To ensure the independence and professionalism of such self-inspections, the branches are required to organize task forces specializing in such inspections. With this, periodic training is provided for these task forces to enhance their capability for inspection. The Bank also performs issue-specific monitoring and random branch auditing projects to survey the state of compliance by employees and executives at the main office and various branches and identify possible vulnerabilities.

3. Encouraging reports on noncompliance and corruption

Encouraging reports on corruption

In an effort to encourage and protect whistle-blowers and reports on corruption, KB Financial Group launched an independent and external channel of reporting in 2015 so that reporters could file their reports with ease at any time of the day

using either the Group Web site or the smart device application. The Group has also opened a new hotline that allows those who wish to place a report to contact the Compliance Officer directly on the Officer's personal mobile phone or via instant messenger apps: Viber and Telegram.

Protecting whistle-blowers

To protect whistle-blowers against any possible disadvantages and also to deter possible acts of noncompliance or corruption, KB Financial Group requires its subsidiaries to operate whistle-blower protection systems, rewarding them with incentives of up to KRW 1 billion per company, for protection programs that are proven to be effective in preventing corruption.

Group-wide whistle-blowing program

In an effort to ensure strict internal control and minimize the effect and scope of possible acts of noncompliance and corruption at the subsidiaries, KB Financial Group has instituted the Group-wide Whistle-blowing Program. Under this program, executives and employees of all subsidiaries and the Group can file their reports via mail, telephone, or the Internet. The department in charge then investigates the claims and facts of the reports. As a result, such departments may require the accused parties to make corrections or improvements and seek penalties for the wrongdoing of parties and rewards for whistle-blowers.

Reporting Process



Clean Reporting Center

KB Capital strives to drive out any and all forms of ethical violations and corruption. Its efforts in this regard include the Clean Reporting Center to which employees and executives who have been involved in wrongful practices or acts of corruption may report themselves voluntarily.

Number of Public Interest Infringement Cases

Category	Detailed Item	2012	2013	2014
Corruption report	No. of corruption reports	—	2	6
	Dismissal	—	—	2*
Bribery report	No. of reports	—	—	—
	Dismissal	—	—	—
Follow-up action	Pay cut	—	—	—
	Others	—	1	7**

* Dismissal of insurance solicitors

** As a result of investigating relevant reports, five(5) people were cleared of the charges and two(2) people received a warning notice.

4. Enhancing the capability for practicing ethical management

A company may have instituted a perfect system of ethical management, complete with declarations of principles and detailed rules and guidelines. Such a system, however, will never work unless all the executives and employees are firmly committed to implementing that system and have internalized the values and principles of ethical management. KB Financial Group provides diverse forms of support to encourage executives and employees to internalize KB's ethical principles and to participate actively in the Group's efforts for ethical management on their own initiatives.

Managing changes in laws and the regulatory environment

KB Financial Group organizes the Internal Control Council meetings regularly to prompt discussions of pressing issues and share information on the current and likely changes in laws and regulations. Whenever new legislations are enacted or existing ones are amended, the Group sends out written notifications thereof to executives. The Group also updates executives on a monthly basis on various legal or regulatory developments.

Increasing ethics education for employees

KB Kookmin Bank requires vice-managers of its branches to hold at least one session of compliance and ethics training for all employees at their respective branches each month. The Bank distributes necessary textbooks and materials for such ethics training, and also includes compliance and ethics into the job-related training courses on offer at its Training Center. The company also provides online ethics training programs that all executives and employees must complete each year. The branches are also required to organize periodic workshops on the illegal and unethical business practices that employees have experienced or committed, thus encouraging free debates among employees on the issues at hand.

Status of KB Ethics and Compliance Training in 2014

(Training hours per person: 9.2 hours)

Category	Count
Collective training by job grade(L0,L1,L2,L3, branch office managers)	29
Collective training by job grade(internal control officers, PB-VM, corporate financial services representatives, local employees of overseas branches, and others)	66
Training for all employees(cyber training and others)	14
Mobile personalized training by department/branch	557

Ethical Management Handbook

KB Capital publishes its Ethical Management Handbook each year, providing the manual on matters of ethics and compliance to improve executives' and employees' understanding of ethical management. The company is currently working on updating its Handbook before its release in 2015.

Encouraging employees' participation

Ethics surveys	KB Capital regularly distributes survey asking executives and employees about their perceptions on the status of ethical management. These surveys help the company measure the ethical awareness of individuals and the organization and also check the progress of ethical practices.
Encouraging innovative ideas for ethical management	KB Kookmin Bank regularly holds company-wide campaigns, asking executives and employees on possible solutions to improve ethical practices and compliance. These campaigns increase employees' interest in issues of ethical management and compliance by providing incentives and rewards for innovative solutions.
Customer surveys	KB Kookmin Bank also surveys its customers on the status of ethical management, seeking to learn and identify which issues capture the attention of customers.

Special Report

KB's Efforts to Eliminate the Root Causes of Financial Incidents

Prevention of mis-selling

KB Kookmin Card conducts self-inspection on areas with a high probability of mis-selling every month. The head(the manager of the branch office/director of the center) of the department in charge of a product and marketing event and the frontline service department(including branch offices) directly register the occurrence of any mis-selling related to relevant departmental tasks in the compliance support system of the company to protect financial consumers and the socially disadvantaged group, and prevent disputes between a customer and the company. KB Kookmin Card checks whether telemarketers perform their tasks according to the standard script previously deliberated and approved by the department, and advises the relevant department to take measures when a matter that requires improvement is found.

KB Real Estate Trust has set up investment recommendation principles to prevent the occurrence of any mis-selling related to trust contracts in its internal control guidelines. With this, it also conducts investment advertising through the compliance officer's predeliberation and the review of the Korea Financial Investment Association. It provides accurate product information through the compliance officer's predeliberation on product guidebooks and product presentation materials to prevent incomplete explanation and data errors related to the provision of product information.

KB Capital obtains the report for the prevention of unfair trade practices and the transaction statement of financial investment products from executives and staff members every quarter to prevent the return of short-swing profits and the illegal use of important undisclosed information. It also conducts one or more training sessions per year.

Management of the Illegal Customer Solicitation Reporting and Reward System

KB Kookmin Card manages an illegal customer solicitation reporting and reward system to prevent touting, the provision of excessive giveaways, customer solicitation of another card company, unregistered customer solicitation, customer solicitation for comprehensive cards, etc. It lists the detailed contents related to illegal customer solicitation on its Web site, and also reports the cases that are reported according to the reporting and reward system and resolved as illegal practices by the Reward Payment Deliberation Committee of the Financial Supervisory Service according to the relevant procedure.

Moreover, it conducts direct-visit training for all branch offices to prevent a fall in the reputation of the company resulting from solicitors' illegal customer solicitation. It collects illegal customer solicitation cases related to the reporting

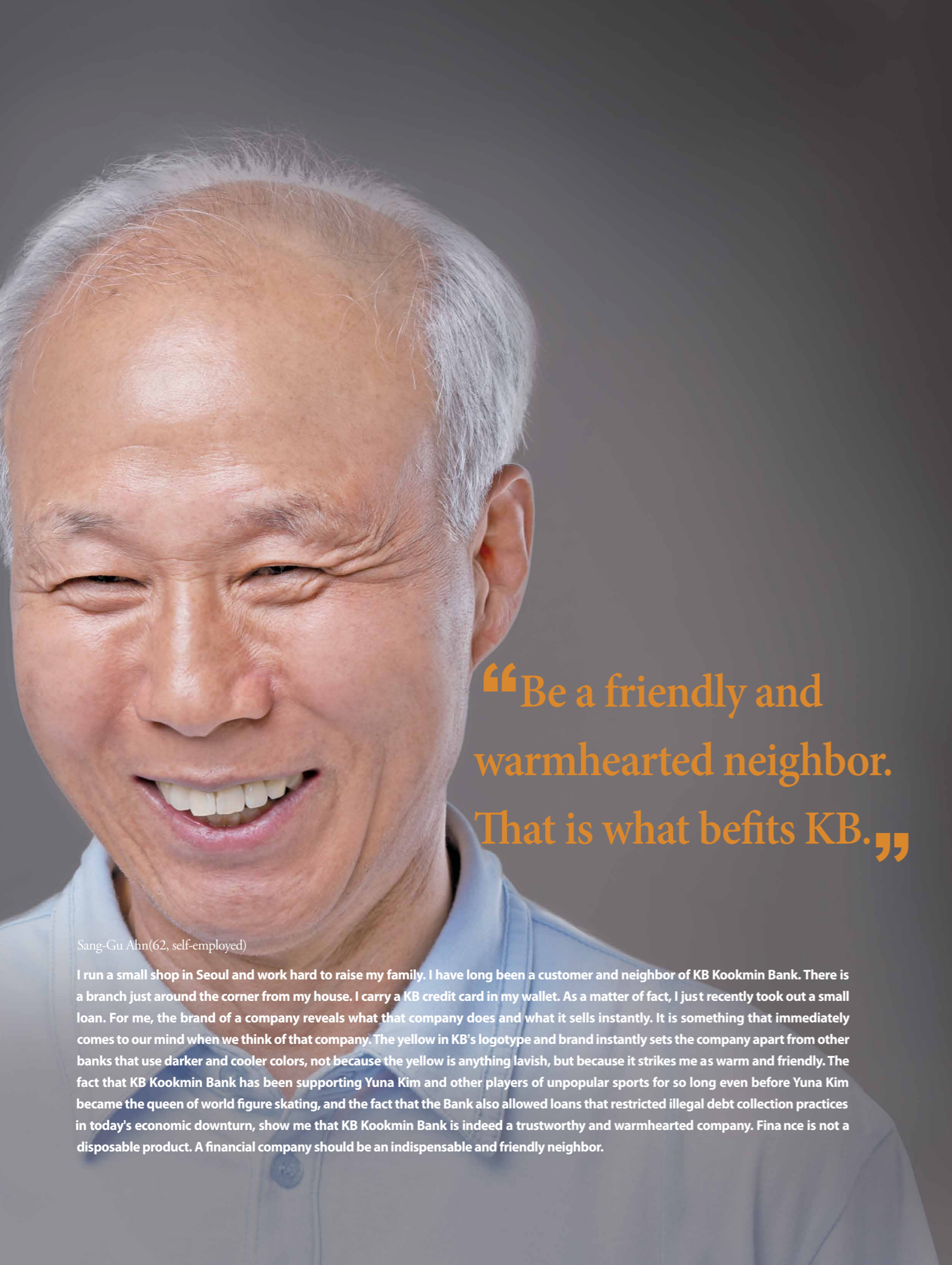
and reward system four times per year(once per quarter) and provides them to branch offices as solicitor training materials.

Status of KB Anti-money Laundering Training in 2014

Category	Target Trainees	Number
Collective	All employees	2
	Promoted employees, PB, local employees of overseas branches, internal control officers, and others	43
	Management	3
Cyber	All employees(including in-company broadcast training)	3
	Internal control officers	1
Document	All employees	39
	L0-converted employees	1
	Department heads, branch managers, and internal control officers	7

Prevention of money laundering

Korea Financial Intelligence Unit(KoFIU) evaluates the implementation status of the anti-money laundering system in financial institutions every year. As a result of the 2014 comprehensive assessment, KB Kookmin Bank was able to obtain an excellent grade. This system prevents the money laundering of criminal funds and terrorism financing through the thorough implementation of anti-money laundering operations on financial transactions such as customer identification obligations(CDD/EDD), suspicious transaction reports(STRs), and even large currency transaction reports(CTRs). Aside from its development, the "Anti-money Laundering Work Implementation Indicator" is managed to allow self-inspection on the implementation level of anti-money laundering operations. KB Investment & Securities carries out the transaction monitoring system(TMS) using the suspicious money-laundering transaction analysis system. It detects the accounts considered to have suspicious money-laundering transactions based on about 50 relevant regulations. In this process, a reporting officer in a branch office is to carry out the first inspection, and then it is to be further examined by a dedicated staff member in the office of compliance support. Moreover, KB Investment & Securities had respectively conducted collective training for the employees of the branch office and online training for all executives and staff members to further reinforce against anti-money laundering.



“Be a friendly and warmhearted neighbor. That is what befits KB.”

Sang-Gu Ahn(62, self-employed)

I run a small shop in Seoul and work hard to raise my family. I have long been a customer and neighbor of KB Kookmin Bank. There is a branch just around the corner from my house. I carry a KB credit card in my wallet. As a matter of fact, I just recently took out a small loan. For me, the brand of a company reveals what that company does and what it sells instantly. It is something that immediately comes to our mind when we think of that company. The yellow in KB's logotype and brand instantly sets the company apart from other banks that use darker and cooler colors, not because the yellow is anything lavish, but because it strikes me as warm and friendly. The fact that KB Kookmin Bank has been supporting Yuna Kim and other players of unpopular sports for so long even before Yuna Kim became the queen of world figure skating, and the fact that the Bank also allowed loans that restricted illegal debt collection practices in today's economic downturn, show me that KB Kookmin Bank is indeed a trustworthy and warmhearted company. Finance is not a disposable product. A financial company should be an indispensable and friendly neighbor.

03 Brand Value Management

KB's Way Today

Given the arrival of the information society, ongoing globalization, and the liberalization of financial markets worldwide, we can hardly overemphasize the importance of financial companies and their brands. The emergence of a new type of financial holdings companies thanks to the loosening of government intervention and the accelerated pace of liberalization under the Capital Market Integration Act now provide newfound opportunities for financial companies. Financial companies in Korea have thus begun to shed their conservative practices and customs and set out to amass new brand assets to attract an ever-increasing number of customers. KB has long been the undisputed leader of financial brands in Korea. The series of recent events, however, has hit the brand severely, causing KB Kookmin Card to lose its first place to Shinhan Card and occupy the second on Brand Stock's Top Index(BSTI) survey in the first quarter of 2015. In a recent survey by Interbrand on the top 50 brands of Korea, KB barely managed to rise to the third place in the financial category. Striving to fulfill its aspirations toward becoming an international leader of finance, KB Financial Group has much effort to make before regaining its position as the undisputed leader of finance in Korea.

Seeking the Right Way

KB Financial Group asked 1,015 stakeholders to assess the importance of issues regarding sustainable management. "Brand value management" was selected as the third most important issue among the top 11 issues selected through materiality test, with the issue scored an average of 81.7 points.



KB's Way Tomorrow

Financial companies in Korea are making diverse efforts to innovate their brands and attract consumers' confidence. Brand marketing may appear to be a short-sighted and lavish tool of captivating consumers. Few, however, can doubt the importance of the brand as a core asset for increasing a given company's long-term value. Now that its brand has suffered an unprecedented decline in value and stature, KB Financial Group seeks to enhance the healthy and stable image of its brand, rather than resorting to attempts at tricking consumers and capturing their immediate attention with high-profile and sophisticated advertising campaigns.

Key Performance Index

Objectives	KPIs	Nature of Index	2012	2013	2014	2015 Target
Interbrand Best Korea Brand	1st of financial Group sector.	Management	1st	2nd	3rd	2nd
1. Advanced Brand Management Strategy	KB Brand Competitiveness Index(%)	Management	54.4	54.9	55.5	56
	Top-of-mind awareness(%)	Management	37.3	26.1	27.1	28
2. Brand Image Enhancement through Advertising	Brand value(KRW)	Management	2,669 billion	2,615 billion	2,473 billion	2,700 billion
3. Promotion of Long-term Sports Marketing	Brand-related external award history(case)	Management	225	180	115	150
4. Promoting the Image of Supporting the Growth of the Future Generation	A survey on the awareness of the future generation/ award winner	Management	No.1 in the "Best Companies to Work For" list	No.1 in the "Best Companies to Work For" list	No.1 in the "Best Companies to Work For" list	Maintenance

1. Advanced Brand Management Strategy

Under its brand slogan, "Enriching the future of customers," KB Financial Group has devised a unique system of values, complete with a map of missions, core values, and brand identity.

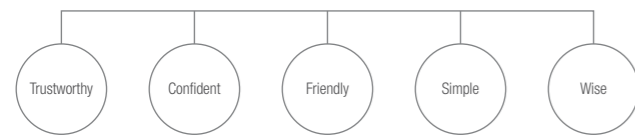
"Enriched Future"(Brand essence)

Enriching the future of customers

With a trustworthy attitude and a respectful heart, we will continue to be your wise partner for finance, introducing you to advanced products and services that will enrich your future.

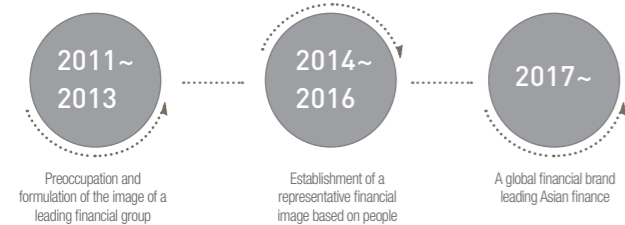
Trust, Respect(Emotional Values)

Leadership, Wisdom(Functional Values)



Establishing a mid- to long-term strategy for enhancing the brand value

Under its slogan, "Enriching the future of customers," KB Financial Group strives to reestablish its image as "the financial institution for the people" by exerting leadership over the Korean financial market with dedication to the realization of people's dreams and hopes. Under its "umbrella strategy" of enhancing the brand value of the Group and the Bank first and letting it trickle down to other subsidiaries, and also its "individual brand strategy" of emphasizing the name, "Kookmin," in the names and activities of all the subsidiaries, KB is effectively being reborn into an international leader of Asian finance.



With the birth of the new leadership and the anticipated changes in the business environment resulting from the merger and acquisition of LIG Insurance and other such developments, KB Financial Group has decided that it needed to redesign its brand strategy. The reconstruction and internalization of the brand and its values will therefore be a major objective of the management in 2015 and also the center of the Group's brand refinement project. The Group continues to advertise and share its core values through consistent image marketing campaigns. In true commitment to the cause of "enriching the future of customers," the Group supports diverse public interest campaigns and also talented professional and aspiring athletes. The Group, moreover, continues to broadcast its core management strategy and diverse activities via various online and off-line channels, thus consolidating its image as a genuine and trustworthy leader of finance in Korea.

Integrated and Group-wide brand management

In an effort to enhance the image of the Group as a specialist of finance and also to ensure consistency among the brand campaigns of subsidiaries, KB Financial Group oversees and manages the Group-wide corporate identity(CI) system. With the addition of new subsidiaries, including KB Capital, the Group has updated its CI management guidelines and corrected misuse of CI elements, thus ensuring greater coherence of brand messages from all its subsidiaries. The Group also makes diverse other efforts to maintain the distinctive elements of its brand, reviewing all the design and advertising projects of the subsidiaries and distributing paraphernalia containing consistent brand images such as calendars.

Category	Content
Operation and management of the Group CI system	<ul style="list-style-type: none"> Development and distribution of the CI management guide for the transfer of a new subsidiary Collection of CI application error cases at the Group level and their distribution to subsidiaries
Design	<ul style="list-style-type: none"> Production, support, and inspection of the design materials of subsidiaries Support and inspection of main event-related designs in the Group Status inspection, planning, production, and management of various advertisement in the Group
Calendar	<ul style="list-style-type: none"> Production of consistent 2015 calendars that reflect the differential identity of KB Financial Group

KB Brand Competitiveness Index

KB Financial Group continues to perform and manage its KB Brand Competitiveness Index(BCI) evaluations. The BCI, developed to gauge customers' perceptions of the brand images and performances of KB Financial Group and its subsidiaries, helps the Group identify and evaluate its competitiveness, fluctuations in transaction rates, changes in financial products traded, statistics on transactions by channel, and major needs for financial products and services. In 2014, KB Financial Group scored 55.5% on the BCI evaluation, 0.6 percentage points up from the previous year and retaining its first place position among financial groups in Korea. KB Financial Group will continue to perform the BCI evaluations and monitor their outcomes as part of its systematic efforts to enhance the competitiveness of its brand.

No. 1 Bank in the Best Korea Brands 2015

In the Best Korea Brands 2015, a survey launched by the international brand evaluation agency, Interbrand, KB Kookmin Bank was named the no. 1 bank and also the 10th best brand across all industries, with a brand value of KRW 2,473.1 trillion.

No. 1 Financial Company in the Top-of-Mind Survey

KB Kookmin Bank emerged as the undisputed No.1 in the Top-of-Mind Survey on Financial Companies in 2014.

* A "top-of-mind" brand is the first brand that consumers associate with a given category of products or services.

2. Brand Image Enhancement through Advertising

Continuously Running Group Image Advertising

KB Financial Group produced and aired two sports-related TV ad: TV ad with Yuna Kim, which carries the message that hope and love are returned to the people under the theme "'Closer to the People," and TV ad with Yeon-jae Son, which carries the message that KB will face new challenges for the people with great hope under the theme "A New Challenge."

Moreover, the Group also released advertisements on papers related to the cheering campaign of the Korea's accomplishments at the Sochi 2014 Winter Olympic Games as a way of celebrating their success and establishing its brand image continuously at the same time. It placed a timely print ad related to sports marketing such as an ad for the celebration of the Asian Games and Inbee Park's championship. It has continuously showed the various aspects of the "people" brand through the product ads of subsidiaries. As a result of continuously carrying forward with these group image ads, KB Financial Group received advertising awards such as the grand prize in the "Asian Economy Advertising Awards" and a bronze prize in the "People Advertising Awards" in 2014.



Hosting a College Student Advertising Competition

Since 2008, KB Kookmin Bank has hosted a college student advertising competition as an avenue for college students to apply their distinctive ideas to creative ads. All students attending or taking a temporary leave of absence from two- or four-year colleges(including graduate schools) can participate in this competition, selecting the sector that they want among print, TV, and story-telling. With this, it hosted the "7th KB Kookmin Bank College Student Advertising Competition" under the theme "Corporate PR, music star, and all products and services of KB Kookmin Bank" and selected a total of 28 teams.

3. Promotion of Long-term Sports Marketing

KB Financial Group has set up a long-term sponsorship scheme as its basic direction to provide substantial support through sports marketing. It focuses on

delivery of a consistent brand message to improve the brand image. Under this, it has largely supported "rookies" with potential, who cry out for support, and refuses to carry out "Star" marketing or investment sponsorship in popular sports events that show immediate effects. This policy exemplifies the management philosophy of KB, "You can make your dreams come true if you make an effort to pursue them." Yuna Kim, In-Bee Park, and Yeon-Jae Son are the very same rookies that this philosophy has led to discover. In 2006, KB Financial Group decided to provide a long-term sponsorship for Yuna Kim who wanted to make her dream come true in spite of the poor training environment she was exposed to and the meagre support she received when she was in high school. The Group has been her reliable supporter that continues to encourage her in her journey in becoming the figure skating queen over the past ten years. Since then, the Group has succeeded in the internalization of its image on the ice, by supporting So-Youn Park, Hae-Jin Kim, and many members of the national sports team. KB Financial Group's efforts in long-term sports marketing can also be found in the case of Yeon-Jae Son, a rhythmic gymnast. Son has also experienced great difficulties in her sports career, especially in 2010—the year that she distinguished herself in the rhythmic gymnastics world—because she could not gather enough funding for her training expenses. Realizing her potential for growth, the Group began to support her in her development as an athlete. She then rose beyond expectations by winning the gold medal at the 2014 Incheon Asian Games, thus making a great contribution to the enhancement of the brand image pursued by KB.



Intensive Support for Winter Sports

KB Financial Group intensively supports players in winter sports events, which are thought of as unpopular sports in Korea. Public interest and financial investment in winter sports are lacking in Korea. Thus, it is quite important to provide players with the opportunity and environment in which they can be devoted to exercises for their development in such sports. KB Financial Group began sponsoring winter sports by first supporting Yuna Kim, a rising figure skating star in 2006. To show

strong support to Yuna Kim in her journey over the past ten years to become the figure skating queen, KB Financial Group has presented her with a sponsorship contract together with an advertising model contract. Kim created history when she received the first gold medal in the Korean figure skating world at the Vancouver 2010 Olympic Games. She also made a great finale in her figure skating career, showing a perfect performance befitting her fame as the figure skating queen at the Sochi 2014 Winter Olympic Games—her retirement stage. Accordingly, KB Financial Group was able to secure its image as a supporter of the growth of the next generation. In addition to Yuna Kim, So—Youn Park and Hae—Jin Kim have come together with KB Financial Group. In particular, Hae—Jin Kim, who is younger than Yuna Kim, is expected to be with KB at the moment she wins a medal at the Pyeongchang Winter Olympic Games based on her performance at the Sochi 2014 Winter Olympic Games. Furthermore, Sang—Hwa Lee, in speed skating, and Suk—Hee Shim, in short track speed skating, won gold medals at the Sochi 2014 Winter Olympic Games with the support of KB. Beyond the world of figure skating and short track speed skating, KB Financial Group has supported the members of the national curling team, which has a relatively low public awareness. It has officially supported the "national curling team" and the "Korea Curling Championship," a selection contest for the national team since 2012. "Curling" is highly favored as a popular sport enjoyed by men and women of all ages in foreign countries. However, it is an unpopular event in Korea because of its unfamiliar game method and Korea's shortage of fields. The number of registered players is less than 700, which is 0.0004% of 2 million registered players in Canada where curling is a national sport. KB Financial Group entered the sponsorship contract with the women's national curling team in February 2012. The team has rapidly achieved good results following the signing of the sponsorship contract. It reached the semifinals at the World Women's



Curling Championship in just the first year of KB's sponsorship. It won a silver medal at the 2013 Winter Universiade and fought well at the 2014 Sochi Winter Olympic Games.

In addition, KB Financial Group has recently made the decision to support the national bobsled—skeleton national team to promote the bobsled—skeleton event as a way to help players succeed at the 2018 Pyeongchang Winter Olympic Games. This includes supporting their participation in international competitions, domestic and international off—season training, hiring of foreign professional leaders, the purchase and management of equipment, and so on up to 2018—the year in which the Pyeongchang Winter Olympic Games is to be held.

An Increase in the Effects of PR Activities through Golf Sponsorship

KB Financial Group has pursued golf marketing in earnest by sponsoring In—Bee Park since 2013. It hosts the KB Financial Group STAR Championship and Women's Amateur Golf Tournament annually and has supported domestic and international players, such as Song—Yi Ahn, Ji—Hyun Oh, and Sandra Gal, as well as In—Bee Park, the representative golfer of Korea.

In particular, In—Bee Park was able to win three championship tournaments on the LPGA tour, such as the Wegmans LPGA Championship in 2014, and had already conquered two tournaments in the first half of 2015. With this, the name of KB Financial Group spread around the world via TV, newspapers, magazines, and Internet media whenever In—Bee Park lifted the trophy. Her impact on KB's public relations was estimated to be worth billions of won.



Foster Various Unpopular Sports and Players

KB Financial Group supports various sports and athletes beyond winter sports, golf, and tournaments. Since 2009, the Group has supported rhythmic gymnastics athletes like Yeon—Jae Son in her growth and the Korea Rhythmic Gymnastics Association. As a result, she won a gold medal at the 2014 Asian Games, which was a first for a Korean national. In addition, KB Kookmin Bank has been a supporter of the Baduk League, the Women's Korean Basketball League, and Anyang FC, and has finalized a sponsorship contract with swimmer Ho—Joon Lee, who dreams of becoming as successful as Tae—Hwan Park.

4. Promoting the Image of Supporting the Growth of the Future Generation

KB Financial Group regards adolescents and college students, people leading the next generation, as the main potential customers of KB, and supports them through various programs so that they can properly grow and pursue their dreams.

"KB Rock Star Talk Concert"

KB Kookmin Bank held the "KB Rock Star Talk Concert" for young people in their 20s and 30s in the Grand Theater, COEX Auditorium, in September 2014. Yuna Kim, an advertising model for KB Financial Group, Seung—Gi Lee, a singer, and Richard Yongjae O'Neill, a violist, appeared in the event, which was held to deliver the right values of the financial institution and fulfill its social responsibility as KB Financial Group. They delivered financial messages under three themes: hope, sharing, and sympathy.



"KB Rock Star Challenge"

KB Kookmin Bank runs the "KB Rock Star Challenge" in which customers in their 20s and 30s can cultivate their spirit of challenge through a global cultural experience and share their passions through encounters with different people. Since its establishment, the program has supported young Koreans traveling around the world and informing others about Korean culture (first period: Mongolia and Nepal; second: Kenya and New Zealand; third: Eastern Europe; fourth: India and Antarctica; fifth: Switzerland and Australia; and sixth: Turkey and Greece). The team plans to leave for Germany, the country where the history of the division and reunification is preserved, in celebration of the 70th anniversary of the division



and the restoration of the national independence on the Korea Peninsula in 2015. KB Kookmin Bank will provide support for all travel expenses.

Creative Children's Story Competition

KB Kookmin Bank hosted "The 6th KB Creative Children's Story Competition" in March 2015. The "KB Creative Children's Story Competition" has been held since 2010 to select stories that will be included in "Children's Stories Are My Friends," a creative children's storybook with a 24—year history. Prize money, a total of KRW 20 million, is given to prize winners with a certificate of award: a grand prize(1 person): KRW 5 million; Best Award(1 person): KRW 3 million; Excellence Award(2 people): KRW 1.5 million each; Participation Award(4 people): KRW 1 million each; and Honorable Mentions(10 people): KRW 0.5 million each. Stories awarded the Participation Award or higher will be featured in "Children's Stories Are My Friends," and this will be distributed to elementary schools, libraries, and village libraries free of charge.



No. 1 in the "Best Companies to Work For" list produced by college students

KB Kookmin Bank was selected as the best bank/financial institution on the "Best Companies to Work For" list made as a result of the "2014 College Students Awareness Survey" for 1,906 college students. A total of 22.7% of respondents selected KB Kookmin Bank as the bank with the highest job preference, the highest social contribution, and the highest customer satisfaction, winning a triple crown for four consecutive years.

No. 1 on the list of the "Best CEO to Be Emulated by College Students"

Jong Kyoo Yoon of KB Financial Group was jointly selected for first place in the list of the "Best CEOs to Be Emulated by College Students" in the financial business sector, released as a result of the survey "Campus Job and Joy" for 1,000 college students in April 2015. CEO Yoon has attracted attention through his "field—oriented customer management" such as meetings with customers as his first order of business, and the creation of an online communication channel, "A Conversation with the CEO," since he took office in November 2014. Through this management policy, KB Financial Group increased its performance and was able to redraw its positive image in five months since "KB Financial Scandal" that was internal dispute over a computer system change.

“Please tell us the truth.
Honesty is the foundation
of a good partnership.”

Jeong-Yeon Kim(21, student)

With less experience, I am not much aware of the business world, so I wondered for days whether I had any qualifications to speak about the risks facing KB today. After days of thinking and wondering, however, I came to the conclusion that the risks of KB are my risks. If I buy a product and it came to me broken, I can request a refund or exchange. If I go to a restaurant and the food I got tastes funny, I can also request that the restaurant cook another dish for me. With financial products and services, things are not that simple. Eventually, we consumers may receive damages for the losses we suffer, but we are forced to undergo immediate financial losses and confusion along with financial institutions themselves, and even to bear part of the responsibility for the consequences. I think KB should take this fact into account and manage its risks differently. When a crisis occurs, the company should think of customers not as objects to be controlled, but as partners to be consulted. KB should inform its customers first of any crisis that has occurred and honestly tell them the amount of burden they are to share. Customers will respond to this as partners, and the partnership between KB and customers will have grown firmer and stronger after the crisis is solved.

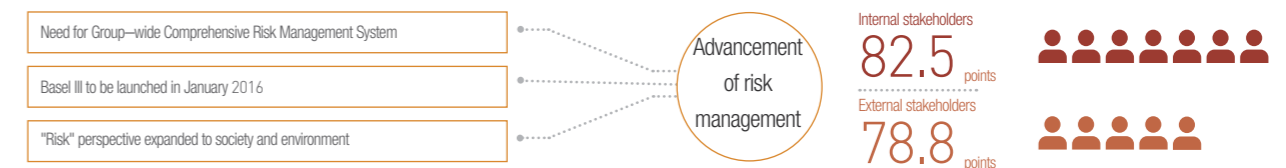
04 Advancement of risk management

KB's Way Today

Since 2000, there has been growing demand for an integrated, Group-wide risk management system at KB Financial Group in response to the changing factors of risks and the growing need to ensure more efficient management of capital. With the Financial Supervision Service releasing its Guidelines on Integrated Risks Management in 2012, requiring the Boards of Directors at financial holding companies to assemble risk management committees and appoint chief officers of risk management, financial companies in Korea have been making various efforts to establish and expand their integrated risk management systems and capabilities. In particular, as the Third Basel Accord(Basel III), a new regulatory framework that enforces risk management not only at banks and credit card companies, but also at other related financial companies providing stock trading, insurance, savings banking, and capital services, is to take effect in January 2016, an increasing number of financial holding companies worldwide are making preparations for the new regulatory regime. Risk management is increasingly perceived as an issue rife with not only economic implications, but also social and environmental ones.

Seeking the Right Way

KB Financial Group asked 1,015 stakeholders to assess the importance of issues regarding sustainable management. "Advancement of risk management" was selected as the fourth most important issue among the top 11 issues selected through materiality test: the issue scored an average of 80.7 points.



KB's Way Tomorrow

According to the Guidelines on Integrated Risk Management, KB Financial Group has reorganized its Group-wide integrated risk management system. The Group has organized a new team specializing in risk management and appointed chief officers responsible for Group-wide risk management at individual subsidiaries to ensure effective management and analysis of various risk factors. The Group, moreover, strives to establish a new culture of risk management, developing and updating related strategies, running monitoring and inspection systems, and providing education and incentives. Approaching risk management from five main perspectives—Policy/Limits, Regulations, Institutions/Processes, Asset Quality, and Management System—the Group continues to identify and prepare against all the possible risks that may affect the Group and the individual subsidiaries. The success or failure of risk management, however, is ultimately a matter of specific crises and incidents rather than of day-to-day efforts. That is why we stay on guard 24/7, anticipating and preventing all imaginable risks.

Key Performance Index

Objectives	KPIs	Nature of Index	2012	2013	2014	2015 Target
1. Expansion of Risk Management Infrastructure	Number of risk management meetings across the Group	Management	6	5	5	6
	Ratio of subsidiaries with teams dedicated to risk management(%)	Infrastructure	81.8	81.8	81.8	Over 90%
2. Enhancement of Preemptive Risk Management	Ratio of subsidiaries with complete risk management guidelines(%)	Infrastructure	—	72.7	81.8	100
3. Spreading the Risk Management Culture	Number of employees who completed the risk expert training course(employees)	Infrastructure	18	4	126	150

1. Expansion of Risk Management Infrastructure

Building Risk Management Systems at Subsidiaries

Recovery of the global economy and the government's efforts to boost domestic demand are expected to result in a somewhat improved management environment both in and outside South Korea. Potential risks inherent in the South Korean economy and others, and the side effects from the relevant policies, may threaten the soundness of financial institutions, which puts more significance to risk management as a means of minimizing such threats. With this, KB Financial Group built an enterprise-wide risk management system to create a working-level risk management culture that upholds fundamentals and principles, and implements comprehensive risk management monitoring across the Group. Through preemptive operation of this risk management system to prepare itself against the inflow of subprime assets during economic recovery and asset growth, as well as growth concentrated around high-risk sectors, the Group will continue to improve the quality of its group portfolios.

Creating a Working-level Risk Management Culture that Upholds Fundamentals and Principles

Enhance risk management capabilities to consolidate a foundation for future growth	Sophisticate risk management for the high-risk asset group	Systematically respond to stronger financial regulations	Build a Group-wide corporate credit rating system(in progress)
<ul style="list-style-type: none"> Build a preemptive risk management system for the new growth of subsidiaries Enhance the risk management system for overseas/substitute investment Expand the risk management culture, and improve the expertise of risk management experts Improve the organizational constitution to regain the trust of our customers 	<ul style="list-style-type: none"> Improve the risk management system for high-risk asset management Enhance the credit loss management system for the Group's loan portfolios Carry out extensive management to ensure healthier small/medium-sized corporations 	<ul style="list-style-type: none"> Build a management system for Basel III internal model of the Group 	<ul style="list-style-type: none"> Preemptively respond to additional regulations of Basel III Improve the management system for regulation rates in each business sector, and improve the infrastructure

Enhancement of Risk Management Organization

KB Financial Group ensured that all subsidiaries implement consistent risk management policies by expanding the authorities of KB Financial Group's chief risk officer(CRO) on the risk management performance of each subsidiary. KB Kookmin Bank operates the Risk Management Committee, a subcommittee under the Board of Directors. The Committee is delegated by the Board of Directors to control the risks incidental to the Bank's business activities. To be specific, the Committee's duties include: policy establishment, determination of the level of risk taking, determination of the risk limit, and supervision of

the adequacy of the risk management policies and systems. The Committee consists of two external directors and one internal director for independent risk management. The chairman of the committee is appointed among the external directors with expertise in relevant areas. The Committee operates the Risk Management Council presided by the CRO as a working-level organization. In addition, Risk Management Councils are set up and operated for each type of risk management to promote and improve expertise in the relevant areas. In addition, the CRO supervises the Risk Management Department, the Credit Risk Management, and the Credit Supervision Department, which employ 120 experts to carry out their duties.



Improvement of Risk Management System

KB Kookmin Bank promoted the preemptive management of increased operational risk and meaningful support for management activities focused on actual businesses through its projects aimed at improving its operational risk management system. The Bank derived potential operational risks and established a plan to manage the risks, redefined the requirements under the Korean Risk Index(KRI), and improved the module for operational risk management. The computer system will begin in 2015, and actual application is scheduled in 2016. A series of financial incidents, including the information leakage from credit card companies in 2014, showed us that financial incidents are capable of destroying a company's value. Under this recognition, the Bank enhanced its full-time monitoring system against increased reputation risk, including the development of a uniform reputation risk index and reporting to the Risk Management Council in case of an issue. Furthermore, with the need for system improvement increased by the changes in the regulatory environment and the criteria for approval by the supervising agencies after the launch of the Basel System in 2006, the Bank improved its insolvency and recovery data and constructed the process for reviewing the recovery sources, thereby reestimating LGD/CCF and carrying out projects to assist with Group Basel II/III adoption. The Bank is currently making efforts to have the related models approved by the supervision agencies. In addition, the Bank completed the project for measurement of assets with aggravated risks to reconstruct the systems related to the improved measurement of assets with aggravated risks.

KB Kookmin Card constructed the system and management structure for the adoption of the Group Basel II/III Capital Regulation System. In relation to the adoption, the company constructed a credit and operational risk management system, developed its own corporate credit rating model, and validated the said model. In addition, the company built the dashboard for major indicators to ensure timely risk monitoring, while reducing costs and improving work efficiency

by implementing the project to reconstruct the strategic operation solution.

Since 2009, KB Investment & Securities has been operating the Risk Management Computer System to ensure effective risk management. The System consists of the Market, Credit, Liquidity, and Operation Risk Management Systems, capable of measuring the volume of risks across the enterprise and within each book on a daily basis, and monitoring limit management. The Risk Management Team employs computer system experts to operate its Risk Management System, and improves the system on a regular basis to test the valuation of various financial products, measure risks, and carry out limit management. Recent efforts include improvement of the Risk Management System and acquisition of the full license for external derivative investment and sales from the Financial Supervisory Commission.

2. Enhancement of Preemptive Risk Management

Expansion of Group-level Risk Management

KB Financial Group defined the types of risks that it faces and set up the Group's five risk management activities, mainly Policy/Limit, Response to Regulations, System/Process, Asset Integrity, and Management System, establishing and implementing detailed plans for each activity per year. In 2014, the Group established risk management policies and limits, stabilized the Group's asset integrity indicators, refined its risk management system, and built a management system for the internal model in preparation for capital regulation under Basel II/III. In particular, in response to the extension of the current low growth and the increased instability within the global financial market, the Group made efforts to improve the quality of the Group's portfolio and consolidate its enterprise risk management system. These activities improved the overall level of the Group's risk management, while improving the Group's overall management quality.

Definition of Risk Types

Credit Risk	The risk of loss from the asset portfolio because of the other party's failure to perform its obligations or the contract or undermined credit rating
Market Risk	The risk of loss from the trading position because of changes in market factors such as interest rates, stock prices, and exchange rates
Interest Rate Risk	The risk of possible decrease in net interest income or net asset value caused by adverse changes in the market interest rate
Liquidity Risk	The risk of loss because of fund insufficiency caused by the discrepancy between the procurement and operation of funds or unexpected expenditure, or the procurement at a higher interest rate or unfavorable sales of assets to resolve fund insufficiency
Operational Risk	The risk of loss caused by an inappropriate or wrong internal procedure, personnel, system, or accident outside the organization

5 Risk Management Activities

Policy/Limit	<ul style="list-style-type: none"> Set risk limits for each subsidiary to ensure balanced growth of its assets Determine the risk appetite(RA) that matches the Group's management strategies to manage its capital adequacy
Response to Regulations	<ul style="list-style-type: none"> Respond to the Financial Supervisory Service's Basel II-III capital regulation <ul style="list-style-type: none"> Stage 1: Build the Group RDM and RWA calculation system Stage 2: Build the management system for the Group's internal model Stage 3: Build the Group-wide corporate credit rating system(in progress)
System/Process	<ul style="list-style-type: none"> Improve the credit rating model and refine the population parameters for risk measurement Improve the measurement criteria for insolvency rate related to bank retail exposure Improve the individual card user credit rating model
Asset Integrity	<ul style="list-style-type: none"> Define/manage the target ratio of asset integrity Optimize the postmanagement process for nonperforming debts Reestablish the credit policies for household portfolios and manage industrial portfolios refinement policies
Management system	<ul style="list-style-type: none"> Build and consolidate risk management systems in new subsidiaries Standardize and specialize risk management in each financial region

Establish the Group's Risk Management Guidelines for Each Subsidiary

KB Financial Group established risk management guidelines for each subsidiary, which is managed by a specific team, based on the subsidiary's characteristics.

Group's Risk Management Guidelines of 2015 for Each Subsidiary

Subsidiary	Guideline	Risk Type
KB Kookmin Bank	Enhanced loan management considering the borrowers' ability to repay management system for system/credit loss	Credit Risk
KB Kookmin Card	Enhanced management of financial asset integrity, and improvement of the recovery rate of delinquent debts Reinforced standard for handling of card financial assets	Credit Risk
KB Investment & Securities/KB Life Insurance	Enhanced preemptive risk management to prepare the Group for a diversified business structure and expanded substitute investment	Market/Credit Risk
KB Asset Management	Enhanced risk management system related to management of substitute fund	Operational Risk
KB Capital/KB Savings Bank	Establishment of asset management system Enhanced preemptive management system	Credit Risk
KB Real Estate Trust	Enhanced management system for concentration risk to distribute business risks	Credit/Concentration Risk
KB Investment	Distinguished risk management suited to the purpose of investment	Operational Risk

3. Spreading the Risk Management Culture

Increase of Risk Management Training

Risk management departments of KB Financial Group's subsidiaries establish and implement annual training plans on risk management contents and major issues for managers and executives/employees of relevant departments. The Group operates voluntary collective learning and workshops under the Community of Practice(CoP) program for credit/market risk managers in each subsidiary. In addition, each subsidiary trains all of its employees with focus on the principles of risk management.

Reflection in Performance Evaluation

The Group's Risk Management Department identifies risk management improvements through annual subsidiary risk management evaluation, and requires each subsidiary to create and implement improvement plans. Performance of these duties are evaluated, and the results are reflected in evaluation of the subsidiary's chief risk officer evaluation.

Incorporation of Risk Areas into Business Tasks

KB Financial Group incorporates risk areas into performance of tasks, such as product development, to spread the culture of risk management to everyday duties. Each subsidiary preemptively controls the risks pertaining to product development and approval process by acquiring approval from the Risk Management Committee, etc., or exercise of the powers of the CRO or the head of the Risk Management Department at the Product Committee. In addition, as for significant new products and businesses, the Group insures consistent implementation of its asset management policies through prior consultation with the Risk Management Department of the holding company. Approval of new products and new businesses are determined based on the quantifiability of risks thereof. New products or businesses expected to cause unquantifiable risks are not approved.

Special Report

KB's Emerging Risk Management

What Is an Emerging Risk?

An emerging risk is a long-term potential risk that could have a material influence on the company's future business, and is defined as a "risk that does not currently exist" according to the definition of Standard & Poor's(S&P). This is a different concept from the emerging risk usually managed in the investment sector. Companies are managing this type of risk from five perspectives, which includes geopolitical, social, economic, technical, and environmental. Examples of emerging risks in the geopolitical aspect include increasing international terrorism, increased weapons of mass destruction, instability in the Middle East, etc. The emerging risks in the social field include infectious diseases, economic inequality, a rapid change in demographic patterns, etc. The risks in the technical field include a blackout situation of telecommunications—infra and Internet, weakness of cloud computing, cyber war and issues on industrial espionage, emergence of new technology and related risks, etc. Environmental risks, on the other hand, refer to climate change, natural disasters, depletion of oil reserves, industrial pollution, loss of biological diversity, etc.

The Emerging Risks in Finance

The emerging risks that influence the financial industry mostly pertain to the risks in terms of an economic perspective and includes oil price shock, suspension of energy supply, instability of the world economy, financial risks caused by demographic changes, variability of asset pricing and commodity market, fluctuations in the exchange rate, etc. Specifically, the management of emerging risks includes the management of loans by companies who experienced the US subprime mortgage situation in 2008 by being prepared for the fact that the real estate market could yield an unexpected result in an unforeseen way.

KB Financial Group's Efforts in Management

KB Financial Group is strengthening its anticipative risk management by identifying the emerging risk that could have the most material influence on future businesses, and responding to it immediately.

Emerging Risk 1 – Possibility of Insolvency of Housing Loans

The risk stipulated as the most material risk that could influence the entire Group by KB Financial Group is the possible insolvency of housing loans and the risk of low growth. As the economic recession continues, much attention is given toward the possible insolvency of housing loans, and the insolvency of KB's major business sectors, such as housing mortgage loan, credit loan, SOHO loan, card financing, car financing, etc., are expected to expand with the potential recession of the domestic and foreign real economy, etc. As it has been judged

that the concern regarding the insolvency of housing loans is more likely revolving around the high-risk group(high-LTV, person with low credit, multiple debtor, etc.), which sensitively reacts to the persisting economic conditions rather than the general problem in the housing sector, the risk in the high-risk group in the housing sector is anticipatively being managed through restraining new influx or soft landing, monitoring, and risk management reinforcement measures. Moreover, since 2011, an intensive analysis of potential risks in the housing sector and anticipative risk management measures were carried out through the operation of the "Group Housing Portfolio Risk Management Council," and related issues, such as key risk index in the housing sector, etc., are being shared through this council that was held for a total of six times in 2014. Feedback on plans are also being sought. In addition, through the crisis scenario test assuming the sharp decline of domestic housing prices, the expected loss size by each risk type and the influence of the profits and losses for the term are analyzed, the results thereof are being reported to the risk management committee, and the management decision is being supported.

Emerging Risk 2 – Low Growth Risk

As the low economic growth rate continues, high-risk assets, such as marginal companies, etc., are increasing, which hence increases the credit cost and has a negative influence on the capital adequacy of the bank. To this end, KB Financial Group established an action plan that involves setting up a timely response system for high-risk issue industries and setting the industrial risk stage for high-risk assets through the Credit Risk Management Executive Council(team leader, new) and confirmed an action plan through an Industry Portfolio Management Council(head of the department). KB Bank is also comprehensively managing the industry portfolio risks, and has established Credit Portfolio Management(CPM) and the management limit of total exposure that reflects the credit policy. It has also set the sublimit of high-risk industries and implemented the new handling standard.

Emerging Risk	Risk of Influencing the Potential Business	Plans to Reduce the Risk
Possible insolvency of housing loans	Expansion of KB's major business sectors, such as housing mortgage loan, credit loan, SOHO loan, card financing, car financing, in the housing sector, etc., because of the domestic and foreign recession of the real economy	<ul style="list-style-type: none"> • Restraining a new influx of high-risk group and monitoring the soft-landing • Operating a Group Housing Portfolio Risk Management Council • Crisis scenario test such as sharp decline of domestic housing prices, etc.
Low growth risk	High-risk assets, such as marginal companies, etc, increase the credit cost and negatively influence the capital adequacy of the Bank	<ul style="list-style-type: none"> • Establishing a timely response system for high-risk industries • Comprehensive management of industry portfolio risks

05 Strengthening Customer Satisfaction Management

1. Expanding Financial Consumer Protection

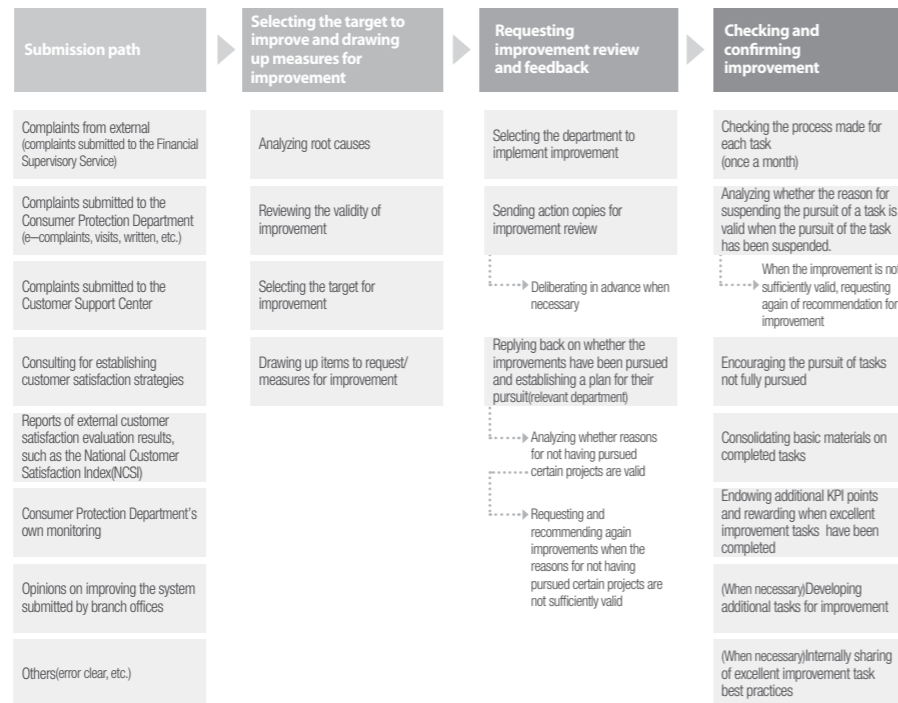
Operating an organization dedicated to consumer protection

With the newly established Financial Consumer Protection Center of KB Kookmin Bank, it has created a process to strengthen financial consumer protection. In addition to the enhancement of advance surveillance and monitoring through collaboration on tasks with the relevant departments, it has also consolidated consumer protection throughout the entire process of "product development-sales-follow-up management." Furthermore, it operates the "Financial Consumer Protection Council," which was held a total of three times in 2014, to provide unbiased processing and prevention of consumer complaints as well as unobstructed decision-making. Similarly, the "Consumer Damage Compensation Committee" has been established and is operated to furnish fair processing of financial inquiries submitted for fixed-value damage compensations and to make reasonable reimbursements.

Improving Consumer Protection System

KB Kookmin Card is identifying tasks for improvement through various channels, such as complaints submitted to the Financial Supervisory Service, Customer Support Center/Internet VOC, employees' ideas, and monitoring. Accordingly, it files official written requests to the relevant departments to improve the system on a monthly basis. These departments then draw up a plan and deliver it to the Consumer Protection Department. Thereafter, the progress status is regularly checked once a month to allot additional key performance indicator(KPI) points, and rewards are given when remarkable improvements are shown in the applicable tasks.

Workflow for Improving the Consumer Protection System



Executing System of Advance Agreement for Consumer Protection

KB Kookmin Bank introduced the "Advance Agreement for Consumer Protection" system in July 2013 according to the "Model Criteria for Financial Consumer Protection." The system entails each headquarters department checking in advance all kinds of tasks, such as the establishment of marketing policies and development of new products inside the bank from a financial consumer protection viewpoint and correcting problematic areas. In addition, it

has taken the measure of the competent department monitoring in advance the areas in need of improvement by selectively forging agreements when it needs to make important rulings on items related to consumers.

Operating a Complaint e-System

KB Capital has built and is operating a complaint e-system to speedily process complaints in addition to regularly providing training on how to prevent complaints. It has established complaints evaluation standards for the follow-up monitoring and assessments. By assigning KPI points with it, it is to actively reflect in its sales activities. In 2014, 112 external complaints and 226 internal were submitted, recording 20% and 36% drop year-on-year, respectively.

2. Providing Customer-centric Products and Services

Participation of External Stakeholders in Product Development

KB Kookmin Bank has external stakeholders, such as external experts, as well as representatives of government agencies and local communities, personally participate in its product development in order to launch products that meet customer needs. On August 2014, it launched the TCB Credit Loan based on the KB Technology Guarantee Fund Agreement forged with the Korea Technology Finance Corporation to support SMEs with superior technologies. Then, in February 2015, it launched the Micro-Enterprise Market Promotion Fund(policy fund) in order to support micro-enterprises and mom-and-pop shopping districts.

External Stakeholder participation project for product development

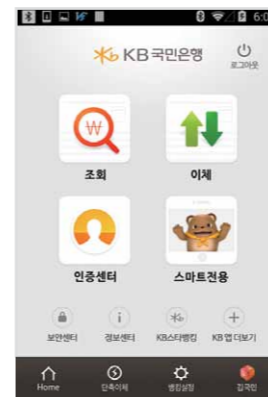
Classification	Stakeholders	Product for participation and development
External experts	Professor Nan-Do Kim, Literature Village	KB Love Your Wife account
Government/	National Pension Service	1. KB National Pension Security Account
Local community	Korea Workers' Compensation and Welfare Service	2. KB Kookmin Keep Hope Account
	Ministry of Health and Welfare	3. KB Kookmin Keep Happiness Account
	Teacher's Pension	4. KB Private School Pension Lifetime Security Account
	Ministry of Science, ICT and Future Planning	5. KB Creative Finance Savings/Deposit
	The Armed Forces Financial Management Corps	6. KB Kookmin Premium Savings(for Narasarang cardholders or enlisted soldiers)
		7. KB Army Preferential Savings(for officers)
		8. KB Army Hope Preparation Savings
	The Special Tax Treatment Control Law	9. KB Kookmin Asset Building Savings/with a fixed interest rate(Deposits Dept.)
	Korea Technology Finance Corporation	10. TCB Credit Loan based on the KB Technology Guarantee Fund Agreement
	Small Enterprise and Market Service	11. Small traders and enterprisers promotion fund

Convenient Financial Transactions for Expats

KB Kookmin Bank operates special branch offices for expats that provide a variety of convenient facilities, are equipped with employees fluent in non-Korean languages, have a special window layout, and operate at flexible hours on weekdays and on holidays, so that expats residing for an extended period in Korea or employed in Korea may conveniently use its financial services, such as foreign exchange/wiring and currency exchange. It has operated three such offices in Wongok-dong, Ojang-dong, and Gimhae since December 2011, and it plans to enhance its support for expats.

Operating After Bank

As a branch office that operates after working hours in order to expand customer access to financial services, After Bank provides specialized services through its customer convenience enhancing facilities such as its consultation-based design layout. As of the end of 2014, it operated five such offices, including the one in Gasan Lions Bells.



KB starbaning mini main screen

Launching the "KB Star Banking Mini"

KB Kookmin Bank launched "KB Star Banking Mini" on October 21, 2014, whose focus is to provide fast and simple transactions such as balance checks and wire transfers. Designed to actively increase customer convenience, "KB Star Banking Mini" consists of optimized menus such as a certifying center, a security center, an information center, and a banking setting function. In addition, it enables smooth and safe banking transactions and its Ullis app—accessible so that even people with disabilities may easily use its services. In particular, it has a shortcut transfer service that saves information on frequent wire transfers, enabling fast and convenient transfers. Also, it checks all images and statements that customers have personally designated on all transaction screens for personalized phishing preventing image feature that can distinguish phishing apps. It thus ensures both convenient and secure banking services.

Number of Online Users

(Unit: person)

Sector	2012	2013	2014
Internet Banking	16,632,244	18,058,223	19,065,495
Mobile Banking	4,116,281	3,928,672	3,868,572
Smartphone Banking	5,460,955	8,002,176	9,484,234
Phone Banking	4,766,251	4,870,204	4,914,616

Opening of KB Portable Branch

KB Kookmin Bank launched Portable Branch in August 2014, which will open a new chapter of outbound sales. If Internet banking or mobile banking services mutually supplemented the existing off-line tasks, then the KB Portable Branch is highly meaningful in that it perfectly provides the hitherto off-line banking services in spaces outside its branch offices. It means the KB Portable Branch has terminals that bank employees used to operate while working at a bank. Therefore, regardless the place where customers are, they can experience real-time banking services, such as opening a bank account, e-finance, and creating debit cards. In 2015, it plans to adopt more devices.

3. Enhancement of Customer Communication

Expanding Channels for the Submission of Customer Dissatisfaction Complaints and Expediting Their Processing

KB Kookmin Bank improved its telephone/Internet complaint e-system and process for proactive and speedy responses to complaints submitted through various channels. It has increased employees responsible for the telephone submission channel and provided regular training for job competency. Also, it had the competent departments connected to complaints directly investigate and register the results for real-time analyses of complaints and system improvement. In the case of Internet VOC, the bank is taking measures so that it may speedily provide replies to customers within 18 working hours. KB Kookmin Card also operates the "Customer Counseling Center" on its Web site so that customers may submit their complaints in real time. Replies to the complaints are provided within 72 hours.

Introducing the KB Tribunal System

KB Kookmin Bank selected 10 tribunes in April 2014, and operates the KB Tribunal System to check the bank's products/services/systems/processes from a customer viewpoint and improve them together with its customers. The system has customer panels directly express their opinions on how to improve problems that they have drawn up based on their personal experiences using a variety of bank channels that come into contact with customers.



2nd Customer panel Startup



4th RockStar Blogger



PR supporters "Campus Star the 9th" Start-up



KB Life Insurance KSQI Best Call Center for ten consecutive years

The panels deliberate with relevant departments in the headquarters, thereby providing the customers with the opportunity to participate in the bank's management. KB Kookmin Bank checks its products/services/programs from a customer's viewpoint by making use of the KB Tribunal System.

Operating the KB Customer Advisory Panel

KB Kookmin Bank gathered 4,607 customers for the third KB Customer Advisory Panel in 2014 and conducted a survey for a total of 4 times on measures to reinforce product competitiveness. After conducting the survey, it reflected the results (contributions linked to products) of "customer reactions to additional service" and launched a social contribution product that involves the customers (KB Love Sharing Installment Savings) to promulgate the sharing culture.

Operating the Expat Customer Advisory Panel

KB Kookmin Bank conducts a survey twice a year on the themes of "reasons for selecting a bank for wage transfer and preferred additional service" and "preferred services for foreign exchange use" in 2014, targeting the KB Expat Customer Advisory Panel, which consisted of 225 customers from 29 countries. During the process of gathering customers panels for 2015, 30% of expat customer panels in 2014 joined again that showed high customer satisfaction from them. In addition, the Bank was able to grasp the need for a departure guarantee insurance claim settlement service for foreign workers through the survey question asking the use of foreign exchange services. It thus successfully launched the relevant service. The Bank now provides Internet banking services in multiple languages so that expat customers may conveniently use the bank's services. In addition, it expanded the contents and form types in multiple languages, as well as now supports ATM services in 10 languages, thereby enhancing the financial transaction convenience of expat customers.

4. Achievements of Customer Satisfaction Activities

Improved the Customer Satisfaction Survey

KB Kookmin Bank improved the Customer Satisfaction Index (CSI) survey into an evaluation (setting targets and relatively evaluating branch offices) and compensation-centered survey (rewarding, experience-based training, etc.). The switch into an on-the-spot/autonomous customer satisfaction index has enabled efficient analysis, and its results are now used for preparing guidelines to improve customer satisfaction.

The Branch CSI Survey Result

	2012	2013	2014
The Branch CSI Survey point	93.76 points	94.56 points	—
[2014 new]			Suitability (Full 4 points)
comprehensive evaluation for deputy branch managers	—	—	Deputy branch manager's VOC gathering and fulfillment (Full 6 points)
→ 10 points assigned			→ Total full 10 points

Selected as an Outstanding Call Center for 10 Consecutive Years

KB Life Insurance has been selected as an "Outstanding Call Center in the industry sector of the 2015 at 12th Korea Service Quality Index (KSQI)," which has been organized by the Korea Management Association Consultants (KMAC) for 10 consecutive years. (KB 94 points, business average 91 points). This could be achieved by immense efforts to enhance customer satisfaction through the diagnosis from review of their call recordings by call center counselors, draw-up improvement by evaluation, enhancing the provision of 1:1 feedback to counselors, and improving individual counselors' service quality based on follow-up checking of results.

06 Specialized Social Contribution Activities

Social Contribution Vision and Future Direction

The KB Financial Group is committed to becoming a "financial group of the people" that returns the love it receives from the people with hope for the people. The Group is therefore sharing love and hope with the underprivileged through all corners of society.

In particular, it continuously supports the education and cultural activities of the "youth" so that they may realize their dreams with hope as the future protagonists of our society. It is thus contributing to their growth into healthy members of society. In addition, it is intensively pursuing social contribution projects for "multiculturalism" to create a beautiful society that respects diversity. It helps multicultural families and expats create a base for self-reliance and supports developing countries as well.

Social Contribution System Map

The Most Respected Corporate Citizen, KB Financial Group		
Taking social responsibility	Win-win growth with local communities	Spreading a culture of sharing
<ul style="list-style-type: none"> Built KB social contribution models Each subsidiary discovered representative projects Engaged in joint group projects 	<ul style="list-style-type: none"> Engaged in local community-focused social contribution activities Provided practical support to beneficiaries 	<ul style="list-style-type: none"> Bolstered the participation of employees in volunteering activities (over 10 hours annually per person) Operated a social contribution practicing period

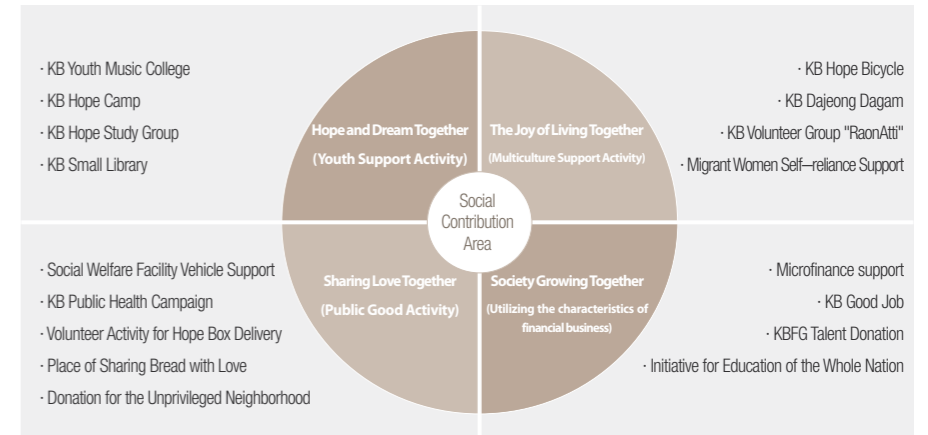
Operating Social Contribution Volunteer Groups

The KB Financial Group operates the "KB Star Dream Volunteer Group," which delivers hope to the marginalized. The group consists of the Theme Volunteer Group, Talent Dream Volunteer Group, and Speed Dream Volunteer Group. First, the Theme Volunteer Group intensively supports the youth and multicultural families, which are key social contribution areas of KB Financial Group. The Talent Dream Volunteer Group is a pro bono volunteer group involving the Group's employees to help society by sharing their talents. It consists of employees with special talents in the fields of culture, arts, physical education, and also in in-house lectures and training on economics and finance. The volunteers in this group share their talents with those in need. The Speed Dream Volunteer Group is an emergency relief volunteer group that operates at all times whenever emergency relief is demanded. Whenever flood damages, typhoons, and other calamities occur, we operate an emergency contact system to deliver relief goods to victims and support their initial emergency relief.

 <p>Theme Volunteer Group Activities in key areas (Youth, Multi-culture, etc.)</p>	 <p>Talent Dream Volunteer Group Employees volunteer to donate their talents</p>	 <p>Speed Dream Volunteer Group Providing speedy relief aid for recovery from damage caused by typhoons, floods, and other disasters</p>
--	---	--

Activity Performance of KB Star Dream Volunteer Group

	2012	2013	2014
Annual cumulative number of volunteers(unit: person)	79,481	76,242	80,934
Average hours of participation per person(unit: hour)	13.8	13.6	14.0



1. Hope and Dream Together(Youth)

KB Financial Group supports various educational and cultural projects for children and the youth, who will lead our future, to help them grow up with dreams and hope into healthy members of society. The projects consist of programs that practically help the growth of the youth, such as "KB Youth Music College," which helps underprivileged children nourish their musical talent, and "KB Hope Camp," which provides young people with disabilities, who have less opportunity to realize their dream, with counseling for career exploration and advice for building social skills.

KB Youth Music College

KB Financial Group continuously offers 120 underprivileged young people with passion and talent in music a higher level of music education program, such as one-on-one tutoring and local and joint recitals, in cooperation with six music colleges(Ewha Womans' University, Sangmyung University, Korea Nazarene University, Chosun University, Gyeongsang University, and Kangwon National University). The programs provide music aspirants with great opportunities, and many of the program beneficiaries succeeded in obtaining admissions to high schools of art or won in national competitions.

KB Hope Camp

KB Hope Camp provides 120 young people with disabilities with programs of professional career counseling, field experience with college student mentors, and a two nights and three days' career camp to help them have opportunities to design their specific career path. In a survey of the participants, more than 94% want to attend again, which shows that the camp has established itself as one of the leading social contribution programs that support young people with disabilities to achieve their dream.

KB Financial Group's Major Social Contribution Program for the Youth

Program	Content
KB Hope Camp	Camp and mentoring for the youth from midteen to college student levels for exploring career path
KB Youth Music College	Support for underprivileged youth with music talent(Cooperation with six music colleges in the nation)
Building a Dream Tree Village with Love	Invitational events for helping the cultural and emotional growth of the children and youth of Dream Tree Village
Medical Support for underprivileged Youth	Medical support for the youth with facial deformation and dental care for the youth living in areas with poor medical services
Youth Culture Café and Learning Support	Establishing spaces for learning and culture events for the underprivileged youth
Local Children Center Environment Improvement	Promoting children's health by improving meal provisions of children center across the country



KB 1:1 music lesson



Mock interview at career camp

KB Hope Study Group

Since 2007, KB Kookmin Bank has run the "KB Hope Study Group" that offers after-school classes for 250 children and youth from 45 local children centers across the country. The program provides children in the centers with customized tutoring through learning ability analysis with the help of volunteering college student mentors and offers cultural experiences, such as going to movies, to support their emotional well-being.

KB Small Library

KB Kookmin Bank has supported six small village libraries that can serve as a community information center for people of culturally alienated areas every year since 2007. With six new small libraries in Sinjeong-dong, Yeongwol, Gimhae, Chilgok, Gimpo, and Dobong in 2014, the program has established 46 libraries in total. "KB Small Library" is built for the purpose of serving as a life-friendly reading and cultural activity space where children can read books at any time and where families can enjoy cultural events. It plays the role of a community culture center for citizens.



Kimpo Woonyang KB Small library established

Making a Place of Hope

KB Kookmin Bank supports the program of "Making a Place of Hope," which provides underprivileged children and teenagers and young adults with study rooms at their home. It has supported 280 families in total by 2014, having created 100 Places of Hope every year. The program includes activities of changing old linoleums and wallpapers of homes, furnishing customized furniture, and providing dehumidifiers and PCs to help children nurture their dreams and hopes in better and cleaner homes. We plan to check old electric wirings and gas pipes in 2015 to ensure the safety of the environment of their homes.



100th Hope space making

Programs for Fine Arts and Physical Education for the Youth with Disabilities

KB Kookmin Card has spared no efforts to provide support for the youth with disabilities with talents in sports and fine arts to help them to grow into healthy members of society. The program makes a true social contribution by sponsoring 30 talented young people with disabilities for educational spending and sporting goods to encourage them to achieve their dream and to overcome their disability. The program will last also in 2015 with detailed plans of giving practically helpful educational support.



Support for fine arts and physical Education for the youth with disabilities

2. The Joy of Living Together(Multicultural Community Support Activity)

KB Financial Group focuses on "Multicultural Community Support" programs that create bases on which multicultural families and migrant workers can build self-supporting lives and support underdeveloped Asian countries. We make contributions to support local communities' development in Asian countries, where KB Financial Group has a major foreign presence, and to help multicultural families in Korea and their children establish themselves as qualified members of our society.

KB Rainbow Love Camp

We started a new social contribution campaign "KB Rainbow Love Camp" to support 200 children from multicultural families with economics and financial education and various cultural experiences. In a two-day camp at the amusement park Everland, children had fun learning basic economics and financial knowledge in the first day and enjoyed rides and safari exploration with their respective partners from KB employees and executive volunteers in the second day. The camp combined a useful educational session and cultural experience, which was greatly received by relevant muticulture welfare workers as well as the participating children.



Culture experience at KB Rainbow Love Camp

KB Hope Bicycle

"KB Hope Bicycle" is a program designed to make contributions to improving the learning environment for children in underdeveloped countries in connection with overseas volunteering activities. In this program, KB has provided 6,000 bicycles to children in Vietnam and Cambodia by 2014. A survey of beneficiary children and relevant workers showed that the program had a positive impact in securing children's right to education and health by increasing mobility and convenience in children's commuting to school and as a result, offering more chances for realizing their dream through expanding the opportunity to receive school education. In particular, KB employees themselves volunteered to assemble and deliver the bicycles to local children and to help improve the education environment in each local country, which had a positive response from the local communities.



KB Hope Bicycle donation event

KB Multicultural Children Mentoring—Dajeong Dagam

KB Kookmin Bank runs project "Dajeong Dagam," which supports multicultural children to learn the Korean language and to adapt well to the Korean society. Dajeong Dagam provides the youth from multicultural families with one-on-one tutoring and cultural experiences over at least one year or more with the help of volunteering college students. It helps the youth increase academic achievement and have healthy growth, both physically and mentally.



Multicultural Children Mentoring Dajeong Dagam

Hangeul Learning Center

KB Kookmin Bank has carried out projects of running "Hangeul Learning Center" since 2008 to make contributions to improving child care services and giving more learning opportunities to preschool children from multicultural families in areas of poor education infrastructure. Hangeul Learning Center contributes to strengthening ties between parents and children in multicultural families by teaching the parents various parenting skills and knowledge to promote their infants' language learning in everyday family life.



Volunteer Group of College Students "RaonAtti" 11th launch

Dream Day Camp

Since 2012, KB Kookmin Card has invited children from multicultural families to a career exploration theme park to help them adapt well to Korea and have opportunities to dream of a bright future. In 2014, 279 children were invited to 6 sessions in which the KB employees and executives participated to give the children happy memories and dreams.

KB Overseas Volunteer Group of College Students "RaonAtti"

KB Kookmin Bank's overseas volunteer group of college students known as "RaonAtti" helps the youth in seven countries suffering from poverty, starvation, and natural disasters. RaonAtti, whose overseas volunteer group of 60 college students is dispatched to countries, including Cambodia and Vietnam, to serve in systematic volunteering activities for more than 5 months, represents a model project of global social contribution.

KB Korean Language Classes in Yangon, Myanmar

KB Kookmin Bank opened "Yangon KB Korean Language Class" in Myanmar in 2013, which is contributing to the nurturing of global talents by teaching the local youth the Korean language and propagating the Korean culture. In 2014, 397 local students were registered in the class and events propagating the Korean culture were greatly received by the attendees.



KB Korean Language Classes in Yangon

Education Support for Underdeveloped Countries

KB Kookmin Card donated the fund raised in matching grants in proportion to the hours spent by KB employees and executives in the "Intensive Social Contribution Period" to education support projects in underdeveloped areas in the Philippines. With this, KB Investment & Securities expanded the "Rainbow Class" program to overseas countries to build an elementary school in Chum Kari, Cambodia, where children had suffered difficulties in learning because of the absence of schools. An employee volunteer group also visited the village for on-site activities.

3. Sharing Love Together(Public Good Activities)

KB Financial Group leads various public interest activities, including support for underprivileged group, to make a better society and to promote sharing.



KB Public Health Campaign: Keeping Brightness Education

KB Public Health Campaign—Keeping Brightness

"Keeping Brightness" is a dementia prevention program, which is the first of its kind staged in cooperation between a business and a private expert group(Korea Association of Senior Welfare Centers) to prevent and moderate symptoms of dementia of seniors who have the possibility of having the disease. A survey of 800 seniors who have completed the program in 2014 showed that the campaign has led a positive impact on them as they achieved better mini mental state examination(simple dementia screening test) scores and built good habits in everyday life such as more time spent working out or in social activities. We plan to improve and standardize the existing program, to run a dementia expert training school for the workers of senior welfare centers, to recruit supporters of the youth to enhance the culture of observing respect toward the elderly, and to launch campaigns of dementia prevention.



Volunteer Activity for Hope Box Delivery

Volunteer Activity for Hope Box Delivery

In the "KB Kookmin Bank Hope Box" program, our employees and executives deliver Hope Boxes containing daily necessities and food to neighbors in need of local communities. KB Kookmin Bank Hope Box is a nationwide-scale volunteer activity carried out at the same time in 33 local head offices once a quarter. The program also received a great response from the employees as not only KB employees and executives, but also their families, can lend a hand in making the Hope Box. In 2014, 8,300 employees and their families attended the program to deliver Hope Boxes to 18,000 households of low income or multicultural families.



Sharing Love with Traditional Markets

Sharing Love with Traditional Markets

KB Kookmin Bank has carried out campaign of "Sharing Love with Traditional Markets" since 2011 to revitalize traditional markets and support underprivileged groups. In the program, aid supplies to be delivered to neighbors in need are bought at traditional markets, which led to a win-win effect of revitalizing traditional markets and supporting underprivileged class.



Place of Sharing Bread with Love Opening

Place of Sharing Bread with Love

KB Kookmin Bank's "Place of Sharing Bread with Love" project based on KB employees and executives' donation opened its first presence at National Red Cross's Yongsan Branch in 2013 and second at Majang Branch in 2014. A total of 246 KB employees and their families participated in this project in 2014 to offer bread of love with their warm hearts to 1,000 households in need.



KB Joseon Royal Tombs Tree Planting

KB Joseon Royal Tombs Keeper

To protect the royal tombs of the Joseon dynasty, which are considered as precious cultural heritage listed as a UNESCO site, we concluded the "Joseon Royal Tombs' Historic and Cultural Environment Preservation and Management Agreement" with the Cultural Heritage Administration in 2013. "Joseon Royal Tombs Keeper" is a program in which KB employees and executives and their families participate to protect our precious cultural heritage for enhancing our historical awareness and caring for our cultural assets. On Arbor Day last 2014, each participating family planted a pine tree at Seo-oreung(Historic Site No.198), and in August, we implemented environment protection activities at Dong-gureung(Historic Site No.193). KB employees and executives and their families of 260 in total participated in the campaign in the year.

4. Society Growing Together(Utilizing the characteristics of financial business)

As a leading financial institution, KB Financial Group has set the initiative of Economics and Financial Education as its major social contribution goal, for which it can use of the characteristics of financial business. Since 2012, KB Financial Group and its affiliates in cooperation with KB Foundation have run economics and financial education programs of the best quality in the industry. The project includes on-site, invitational, and online education programs and is implemented systematically with detailed plans of building infrastructure for trainer training and education contents development, program operation, and searching for attendees' pool.

Enhancement of Education Effectiveness through Talent Donation

The education project developed eight kinds of education programs for students from elementary to high school and conducted on-site sessions at schools and local children centers. The number of students who received economics and financial lectures through this project reached to 245,000 in 2014, and the project established itself as one of the major educational campaigns for economics and financials. The KB Economics and Financial Education project reaches beyond the existing education frame of unilateral lectures and helps students understand difficult content with easy and fun games. For the project, KB Financial Group fully mobilizes its own core ability and hires former and current employees as lecturers to prompt the financial workers to donate their talent.

Also, we recruit college student volunteering groups for this project, particularly from students who take out student loans because of financial difficulties, to give them opportunities to donate their talent and receive financial aid for their school expenses. The number of lecturers from former and current KB employees and college students now reaches 900 a year, leading to the highest-level infrastructure in the size and quality of education.

Initiative for Education of the Whole Nation

The recipients of the education project has expanded to various groups in the blind spots of economics and financial education, such as adults in their 20s(those in military service and college students), seniors, housewives, North Korean defectors, people with disabilities, and people in remote islands and isolated areas. Also, we continue to enhance the collaboration with 11 Local Economy Education Councils and seek for cooperative connections with local community education bases, including senior welfare centers, social welfare centers, Mokdong Youth Training Center, Koreaness Awakening Movement Union, and Geoje Youth Culture Center, to support the reasonable and expansive economic activity of the nation.

KB Economics and Financial Education

Area	2012	2013	2014
Off-line learner	44,952	88,534	111,161
Online site visitors	27,599	30,739	31,988

(Unit: person)

KB Economics and Financial Education satisfies both learners and lecturers with high extent. For the part of the learners, they show an evenly high level of satisfaction at all sections including degree of comprehension, quality of lecturers and textbook, and usefulness in real life, and 98% of them expressed their desire to attend a retraining session. Lecturers also agree with them, marking high satisfaction scores at the sections of quality of textbook, presentation material, gaming tools, teaching plan, and degree of learners' comprehension and engagement. To expand the base of Economics and Financial Education, KB Financial Group has been operating an online education program, which consists of 150 kinds of learning contents for 6 levels of learners from elementary school to young adults, and most of them are created in the form of animated video clips to help easy and fun learning. KB Economics and Financial Education's online learning content is available on KB Foundation's Web site www.kbfoundation.or.kr for free.



KB Silver Economics and Financial Education



KB Star Economics and Financial Education



Multicultural children Economics and Financial Camp

07 Social Contributions through Finance

1. Social Responsibility Finance Infra Establishment

Financial business, with their fundamentals based on customers' confidence unlike other industries, can earn greater trust when you seek to grow together with customers. Because of this, the financial products developed by KB Financial Group are designed with its social and environmental impact in consideration for the promotion of its longer-term sales. In designing financial products, KB Financial Group accepts various opinions from major stakeholders and experts to seek not only profitability but also public interest in a balanced way. Thus, the Group enforces restrictions on products if they are harmful to society even if when they are highly profitable, and prefers to participate in business activities that pursue public interest.

Deliberation and Evaluation before Product Launch

Before launching any new credit card product, KB Kookmin Card ensures a thorough review and assessment of the product appeal, profitability, potential risks, consumer protection, compliance issues, and other matters of importance concerning the new product via the review and decision-making procedure of the Product Committee. The Product Committee, in particular, focuses on assessing the consumer protection and sustainability risks of the new product so as to determine whether and how the new credit card, once launched, will provide and increase values for customers in a sustainable manner. The Product Committee, moreover, regularly monitors customers' reaction to and the sales performance of new products on a regular basis, analyzing obstacles to sales and making the necessary improvements accordingly.

Product Development Process



In selecting product, KB Investment & Securities focuses rather on decisions as to whether the product or the service is the best solution to fully serve the investment purpose of customers during the planned period than on short-term performance or issue-making. For this end, from the phase of selecting the candidate product group, it takes the process of data analysis from various sources and have prebriefing and opinion-gathering sessions with the sales field workers. Also, we check for possibilities of mis-selling and every risk factor until the Product Deliberation Committee reaches unanimous consent on them and have the compliance officer take final deliberation on the adequacy of product sales. Even after sales, it continues to have monitoring on whether the product or the service offered is keeping with the promises made to customers through continuous follow-up checks and adequacy management.

Compliance Officer's Predeliberation

KB Asset Management has a compliance officer preexamine the product catalog and promotion brochures to take the lead in protecting an investor's right and interest by providing objective and correct information. As the deliberation period is strictly limited on collective investment products and their advertisement, it coordinates in advance with the sellers not to publish an advertisement with an expired deliberation period.

KB Savings Bank has conducted four predeliberations of a compliance officer regarding the development of new products in 2014. Also, in preparing or amending terms and conditions, it confirms their adequacy through a checklist and report to supervisory authorities to protect consumers' right.



2. Expanded Financial Support for Social Responsibility

Free Services for Low-income Group

KB Kookmin Bank waives service charges for underprivileged and near-poverty groups. Underprivileged groups who are eligible for this service include recipients of basic living subsidies, people with disabilities, child breadwinners, North Korean defectors, and migrant wives; near-poverty groups include those who are not eligible for basic living subsidy but whose actual income is 1 to 1.2 times the basic living expense. Electronic financial service charges for online, mobile, and telephone remittance and automated teller machine charges for remittance and after-hours withdrawal are waived for these groups.

Financial Products for Low-income and Underprivileged Group

KB Kookmin Bank sells various customized financial products for low-income and underprivileged groups.

Supportive Financial Products of KB Kookmin Bank for Low-income and Underprivileged Group

Product	Description
KB National Pension Security Account	An account devoted to preventing the seizure of national pension payments to secure basic living expense and waiving all sorts of bank transaction fees for the account holder with record of receiving pension
KB Hope Keeper Account	An account devoted to preventing the seizure of industrial accident insurance compensation payments to secure living expenses and waiving all sorts of bank transaction fees for the account holder with record of receiving insurance payment
KB Keep Happiness Account	An account devoted to preventing the seizure of basic living subsidy, basic senior pension, disability pension, or child disability allowances to secure basic living expense for the subsidies' original purpose
KB Private School Teacher Pension Lifetime Securer Account	An account devoted to preventing the seizure of private school teacher pension payments to secure living expenses and waiving all sorts of bank transaction fees for the account holder with record of receiving pension
KB National Happiness Savings	A plan that pays high interest rates to the socially disadvantaged, such as child breadwinners, North Korean defectors, basic living subsidy recipients, single-parent subsidy recipient, work incentive recipients, or migrant wives
KB Love Sharing Installment Saving Account	A plan that pays premium interest to the customers who participate in donations and volunteer activities and makes donations in matching grant to help low-income groups save money and make contribution to propagating social sharing
KB Worker's Asset Building Savings	A long-term installment saving account designed to help low-income groups build assets and exempt from the income tax on the interest incurring during the term of contract under the Tax Reduction and Exemption Control Act
KB Worker's Asset Building Savings at Fixed Rate	A long-term installment saving account that designed to help low-income groups build assets and exempt from the income tax on the interest incurring during the term of contract under the Tax Reduction and Exemption Control Act
Family Love Free Installment Saving Account	A plan designed on the theme of family love that provides premium interest and supplementary services and offers higher interest for disabled customers
KB Junior Star Installment Saving Account	A plan designed for long-term asset building for children. The product provides annual compound interest and indexed special interest to preserve the saving's asset value and offers supplementary customized services such as free child security insurance and discount for online English lessons. The product offers higher interest for customers with disabilities, child breadwinners, and basic living subsidy recipients



KB Love sharing installment savings



KB Kookmin worker's asset building savings

KB Kookmin Bank provides low-interest loan products to poor credit and low-income groups who use high-interest loans from nonmonetary institutions. Also, the Bank prepared an extra judgmental guideline for those who have difficulties in using banks' loan products because of their low income or poor credit records. KB Seed of Hope Loan, launched in November 2010, is designed to provide relief fund via loans for the low-income workers

or small self-employers who are alienated from existing financial services. Those who have an annual income of KRW 30 million or less are eligible for this loan product in the credit line of KRW 2 million to 20 million.

KB Savings Bank runs the government-secured Sunshine Loan for poor credit or low income customers. The product offers loans at a maximum amount of KRW 30 million with 8%–9% annual interest rate.

KB Capital offers loan products for low-income female breadwinning workers or self-employers. The Capital also operates personal loan products for private taxi business belonged to Federation of Private Taxi Transportation Union. The product provides loans at annual interest rates of 9.9%–13.9%, which is lower than those of the products of nonmonetary institution, for those who failed to raise the full amount of purchasing fund to buy vehicles with loans from other financial institutions such as community credit fund. Also, the Capital released "Breezy Parcel Truck Loan" for small self-employers with interest rates of more than 1% lower than the average. This product is designed for the purpose of supporting the parcel delivery business owners to raise purchasing fund to buy commercial vehicles.

KB Capital's Special Loan Products for Low-income Female Breadwinners

Service	Description
Products for female workers with low availability of personal loans	· Jobs with low stability such as workers of restaurants, convenient stores, and cloth shops · Female breadwinners among self-employers running business for make a living
Products for low-income female workers through income recognition criteria mitigation	· The lowest annual income criteria aligned considering basic living expense · Extra criteria for job tenure considering workers with low stability
Low interest rate and more convenient loans	· Interest rates of 6.9%–15.9%, lower than loans from nonmonetary institutions · More convenient application of loans through visit, online, and telephone

KB Kookmin Card has been selling "KB Kookmin Pointree Card" through which credit card rewards are turned into donation funds to help underprivileged groups since September 2006. Funds are raised by collecting KRW 1,000 from each customer of the product and are sent to Good Neighbors, UNICEF, and Community Chest of Korea at the end of the year. It also sells "KB Kookmin Love Card" in partnership with the Home Love Campaign to donate some part of the revenue from the product for supporting poorly fed children and seniors living alone in each local area.

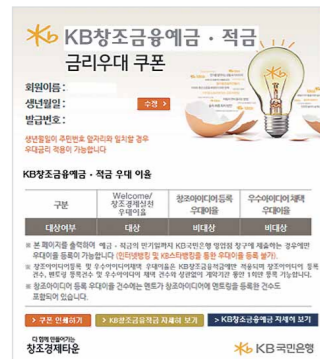
Support the Disabled and the Seniors' Access to Financial Service

KB Kookmin Bank provides low-interest rate car loans and living expense loans for people with disabilities in partnership with the Ministry of Health and Welfare. KB Financial Group has distributed Universal Counter for easy access of wheelchair-bound customers to 562 branches in total as of the end of 2014. The Group also installed 8,295 ATM equipped with Braille displays, screen magnifiers, and voice guidance, and 2,670 among them are designed to fit in wheelchair-accessible booths. It plans to expand the number of counters and ATMs that are friendly to people with disabilities and the elderly and infirm people.

Investment in Young Entrepreneurs

High unemployment and missing hope among young people come up as a great loss to the whole nation. KB Financial Group attempts to play a role of laying the financial foundation for the young people to dream of and challenge for a better future.

KB Kookmin Bank boosts up start-ups by young entrepreneurs with "KB Creative Finance Saving." With the product, the Bank provides financial benefits for young people to open windows to realize their ideas into business with enhanced understanding of the creative economy. Customers can apply for it with a hard copy of coupons downloadable at MYPAGE of HYPERLINK "http://www.creativekorea.or.kr" www.creativekorea.or.kr.



Start-up for KB Creative Finance Saving

Operating Environment— and Climate Change-related Products

KB Kookmin Bank operates green financial products, such as the KG Green Growth Loan and KB Green Esco Company Loan, to support green industries in accordance with the Korean government's "Low Carbon, Green Growth" policy. The relevant products support companies specializing in new, renewable energy(solar energy, wind power, etc.), and bioenergy, as well as companies certified as possessing green technology, by offering them preferential interest rates compared to general corporate loans. The Bank thus contributes to alleviating the financial burden of green growth companies.

KB Kookmin Bank's green loans scale in 2014

(KB Green Growth Loan, KB Green Esco Corporate Loan, and KB Solar Biz loan)

Year	2012	2013	2014
Balance	14,246	8,900	8,988

(unit: KRW 100 million)

State of KB Kookmin Bank's Products Related to the Environment and Climate Change

(Total of five types: four funds types and one banking type Bancassurance)

Products	2012		2013		2014	
	No. of accounts	Balance	No. of accounts	Balance	No. of accounts	Balance
[Fund products]						
Allianz GI Global Eco Tech Securities Investment Trust Equity(stocks)	4,735	362	3,085	243	2,097	174
Samsung Global Water Securities Feeder Investment Trust 1 Equity (stocks)	4,110	265	3,115	170	2,546	82
KB Global Warming Theme Securities Master Investment Trust Equity (stocks)	814	25	504	19	260	7
KB Green Focus Securities Feeder Investment Trust Equity(stocks)	37	0.4	1884	79	932	61
[Bancassurance products]						
Samsung Fire & Marine Insurance's "Samsung Premium Healthy Body! Healthy Heart! Green Bicycle Insurance"	3,219	1.5	4,779	2.1	2,721	1.1

* Fund: as of end-of-year principal balance / Bancassurance: as of new value by year

Furthermore, KB Kookmin Bank plans to involve itself more in solar energy, wind power, wastewater processing, and waste processing projects related to eco-responsible investments that KB Financial Group is actively pursuing at a Group level..

Achievements of KB Kookmin Bank's Eco-responsible Investment

(Offshore, wind power, and solar energy power PF)

	Unit	2012	2013	2014
No. of new brokerages	No.	1	2	2
Value of new brokerages	KRW 100 million	50	1,600	1,391
Balance	KRW 100 million	606	696	914

KB Kookmin Card sells the "KB Kookmin Green Growth Card" and "KB Kookmin Green Card" made of eco-friendly materials to help protect the natural environment and encourage people to practice an eco-friendly lifestyle. The cards provide investment points for bolstering youth business start-ups, whenever energy-saving and green products are purchased or public transportation is used, to encourage people to incorporate environmental protection into their daily lives.

Achievements of KB Asset Management Funds

Set value **KRW 6.6 billion**

KB Green Focus Fund:
invested in green companies

Set value **KRW 60.5 billion**

New and Renewable Energy Fund: solar energy power project

08 Expanding Support for Small and Medium Enterprises

Satisfaction survey of business partners

98.5%

104 companies participated in the survey

Records of supporting SME products and services

KRW 53.3 billion



Launching of four types of loan products that support SMEs and microenterprises

1. Practicing Fair Trade and Enhancing SME Cooperation

Enhancing Communication with Business Partners

KB Kookmin Bank is committed to making various efforts for the consolidation of a fair trade foundation. Each year, it sends letters to business partners to implement a win-win, as well as an ethical and right business management style. It has a channel open for reporting inappropriate work practices. In addition, it conducts a satisfaction survey targeting business partners for convenient and fair transactions, as well as for actively gathering opinions on areas in need of improvement. It then makes improvements accordingly.

Actively procuring SME products and services

The bank actively procures SME products as part of its efforts to practice socially responsible business management and promote win-win growth with SMEs and middle-grade enterprises. To guarantee fairness and transparency in biddings, it holds open tenders so that any company fulfilling certain conditions, regardless of its capital scale or market dominance, may participate. In addition, it shortened the payment date to within 14 days to support the smooth cash liquidity of its business partners.

2. Expanding goods and services for SMEs

Launching New Products that Support SMEs

KB Kookmin Bank launched "KB The Dream" that offers additional preferential interest rates and loan ceiling to Small Office/Home Office(SOHO) private businesses in June 2014. It additionally launched the "KB Microenterprise Story Loan" in August 2014, as a special product to support the growth of business startups and other owner-run businesses, as well as their growth at each stage of their life cycle to actively practice the Korean government's policy of supporting microenterprises and contribute to alleviating the financial burden of small private businesses. In addition, it launched its new products, the "KB Preferential Loan for Technology-Based Creative Companies" and "KB TCB Credit Loan for Excellent Technology-based Companies," as part of its efforts to support SMEs to be more technologically capable. The products focus on supporting the growth of promising SMEs in possession of technological capacity, which is key for the realization of a creative economy that the Korean government is pursuing, by supporting their liquidity. The products are for companies lacking the ability to provide collateral among companies in possession of technological capacity. The bank provides funds to companies based on a loan examination reflecting their technology credit evaluations conducted by a technology evaluating institution.

State of KB Kookmin Bank's Newly Launched Products to Support SMEs

(Unit: KRW 100 million)

Product	Balance as of the End of 2014	Comment
KB Microenterprise Story Loan	5,671	Supported owner-run businesses in the region
KB the Dream SOHO Loan	3,195	
KB Preferential Loan for Technology-based Creative Companies	8,745	Creative finance supporting product
KB Preferential Loan for Technology-based Creative Companies	359	

Pursuing a Win-win Growth with Small and Medium Affiliates

The KB Kookmin Card provides a variety of benefits for a win-win growth with small and medium affiliates. The "KB Owner's Club," a product for owners of small and medium affiliates, provides discounts of up to 10% to affiliate fees in accordance with the used amount. It also issues e-tax invoices for free, as well as provides value-added tax refunds and refunds for other tax and financial services necessary for running a business.

"Sharing Dream" Installment Financial Service

KB Capital provides loan services for installment sales to help the revenue growth of SMEs and middle-grade enterprises. The "Sharing Dream" installment financial service provides customers the benefit of dividing the repayment period of the goods procurement funds, among others. It thus supports the long-term(interest-free) installment financing for durable goods of SMEs and middle-grade enterprises. After being launched in 2013, the product has since offered installment financial services to 15 motorcycle manufacturers, 12 mobile virtual network operators(MVNO), 5 furniture businesses, and other agriculture machines, bicycles, and home shopping vendors, adding up to a total of 58 affiliates as of March 2015.

"Sharing Dream" Installment Financial Service's Characteristics and Strengths

SMEs and middle-grade enterprises	Customer
<ul style="list-style-type: none"> Diversified means of paying for goods procurement and divided payment for expanded revenue Has the effect of promoting sales such as upselling* 	<ul style="list-style-type: none"> Reduced interest rate burden with the use of long-term interest-free or low interest installment payment(vis-à-vis credit card installment) Alleviated burden of goods procurement funds through divided payment in the long term.

*Upselling: sales strategy of selling a more items to customers who have purchased a good or proposing a higher-end product than the item a customer initially intended to purchase

Providing Financial Services to Microenterprises and Business Start-ups at their Initial Stage

"KB Kind CEO Loan"(launched in June 2014) and "KB Kind Affiliate Loan"(launched in November 2014) are credit loan products launched with the purpose of fulfilling KB Capital's social responsibility and role of supporting the financing of the low-income sector. The products alleviate the high interest rate burden of microenterprises and reduce damages incurred from illegal financing and private loans. KB Capital is further working hard to provide the foundation for the future growth of microenterprises.

State of Handled Credit Loan Products for Microenterprises

(Period: June 2014 - March 2015)

Item	Cases of Handled	Amount Handled
Content	101	75.5

Venture Capital and New Private Equity Funding(PEF)

KB Investment & Securities is expanding its new investment mainly in new growth engine industries, such as the next generation IT, green growth, and bioengineering industries, in tandem with changes to the investment environment and leading industries. For this, it invested in 27 companies working in the above fields and new ventures worth KRW 29.7 billion as of end of December 2014. Four PEFs and investments worth KRW 47 billion were made.

Venture

- Future Creative KB Business Startup Supporting Investment Association(KRW 15 billion, completed increase in April) Added KRW 15 billion to the Future Creative Funds(expanded fund scale: KRW 25 billion → KRW 40 billion)
- KB Intellectual Property Investment Association(KRW 50 billion, completed establishment in February 2015) Funds to Support the Commercialization of Intellectual Property(IP), and SMEs and Middle-grade Enterprises in Possession of Excellent IPs

PEF

- PEF for Economic Cooperation between Korea and the Golf Cooperation Council(GCC)(USD 1 million, completed in October of the following year)
- Blind PEF of Investing in Korean Companies That Have Advanced into the Golf Cooperation Council(GCC) Region, and Relevant Projects



KB Good Loan

3. Expanding Support Focused on SME Growth

KB Financial Group provides a variety of corporate services to support SMEs that play a pivotal role in the Korean economy's growth. "KB Wise Consulting" proposes solutions tailored to problems faced by SMEs, while the "Export, Import Financial Service" provides services for the exports and imports of companies, as their firm partner. In addition "KB Hidden Star 500" provides services tailored to SMEs and middle-grade enterprises that it discovers as being outstanding, for their sustainable growth. Other than these representative services, "KB Good Job" is settling as Korea's representative "employment forum" that links job seekers with SMEs and middle-grade enterprises to solve the recent unemployment problem in Korea.

KB Hidden Star 500

"KB Hidden Star 500" is KB Financial Group's project supporting enterprise growth that provides systemic and differentiated services tailored to outstanding SMEs and middle-grade enterprises that have great potential to grow into global firms for their excellent business value, financial stability, and superior technology. Starting with the selection of 38 companies in March 2011, the Group has supported KRW 34.2 billion worth of equity investment and KRW 1.6 trillion worth of loans to a total of 297 companies selected for "KB Hidden Star 500" as of the end of 2014. The Group additionally provides "KB Business Matching Service" to help selected companies and overseas markets, and continues to strengthen its collaborative relationships with related agencies such as the Korean International Trade Association and Korea Trade-Investment Promotion Agency(KOTRA). In 2015 also, it is continuously pursuing "KB Creative Leaders Forum" and "KB Wise Consulting" for the shared growth of excellent SMEs and middle-grade enterprises that transact with the Group. The Group is equally continuously managing Hidden Star enterprises. It is thus devoted to creating social sharing value wherein companies, KB, and the national economy grow together.

Achievements of KB Hidden Star 500

Category	Unit	2012	2013	2014
Selected companies	No.	244	304	297
Supporting loan(balance as of the end of the year)	KRW 100 million	14,785	19,035	16,800
Supporting foreign exchange	USD 100 million	33	41	39
Equity investment	KRW 100 million	569	379	342
Supporting the discovery of overseas markets	No. of cases	53	68	63
Business management consulting	No. of companies	13	9	5
Supporting employment	No. of companies	20	46	27
Employees' practical training on trade	No. of companies (employees)	55(90)	57(110)	34(52)



Support for discovering overseas new customers

KB Good Job

"KB Good Job" is KB Kookmin Bank's project launched in January 2011 providing job information and linking jobseekers to SMEs and middle-grade enterprises to solve the unemployment problem, which is a recent hot social issue in Korea. Through its exclusive Web site(www.kbgoodjob.co.kr), job information is provided in real time and a total of eight job fairs, wherein excellent SMEs and middle-grade enterprises participate, have been held until the end of 2014. In addition, KB Kookmin Bank works in partnership with not only its about 1,200 branch offices, but also the Korean Ministry of Education, Ministry of National Defense, Korea Chamber of Commerce and Industry, Association of High Potential Enterprises of Korea, and other organizations to consolidate a pool of excellent job

seekers and employers, focused on enhancing the quality of employment.

Furthermore, it supports KRW 500,000 for each employment of a regular full-time staff to companies participating in its job fairs. The bank is thus spearheading efforts to provide differentiated services. As a result, "KB Good Job" made the achievement of consolidating 44,000 individual jobseeking members and the registration of 12,500 companies as employers, within 4 years of its launching. Based on this pool and about 17,500 job vacancy announcement registrations, it has provided about 50,000 sets of job information as of the end of December 2014. The scale of people who were supported employment funds has reached about 6,000 within about 3 years and 6 months since the launching of the system. It is thus developing as a clearly representative job linking project of Korea.

The bank plans to strengthen its social responsibility and contribute to the development of local economies by holding the "2015 KB Good Job Excellent Companies' Job Fair in COEX from May 13 to 14, 2015, followed by job fairs linked with local governments during the second half of the year.



(Unit : person, number)

Area	2012	2013	2014
KB Good Job personal membership(total sum)	30,969	38,085	44,144
KB Good Job company membership(total sum)	12,099	12,389	12,513

09 Expanding the Share of Non-banking Businesses

1. Changing the Group Business Portfolio

KB Financial Group is continuously enhancing its non-banking business to diversify its business portfolio, which was hitherto focused on banking services. As a result, it launched KB Capital(former Woori Financial) in March 2014 and the non-banking share of the Group as of non-banking subsidiary, including Assets under Management(AUM), has grown to 32.2%(1.1% growth year-on-year from 2013). In addition, acquired LIG Insurance in 2015 is going to increase the non-banking share of the Group to 35.9%(as of assets at the end of 2014). The expansion of the non-banking share of the Group is expected to further grow in the future.

The Share of Non-banking Businesses in the Group

Year	Share (%)
2013	33.3%
2014	32.2%
2015(estimated)	35.9%

2. Launching of KB Capital

KB Capital was newly launched in March 2014 as the 11th subsidiary of KB Financial Group. KB Capital, which possesses a competitive national retail sales network, is a financial company whose assets have steadily grown in the personal financing field, including automobile financing. This sales direction of the company is strategically in line with that of KB Financial Group, which is focusing its key competitiveness on retail finance. Therefore, KB Capital expects to have a second leap forward of the Group, by it looks promising through the cross-utilization of sales channels with other subsidiaries of the Group and active linking of complex product sales, etc.

The launching of KB Capital was pursued as part of KB Financial Group's efforts to enhance non-bank subsidiaries. In particular, the launching has enabled the Group's new advancement into the installment financing business, which the Group did not possess, and is largely contributing to diversifying the Group's business portfolio. As a result, the Group can now provide more diverse financial services to its customers thanks to having added new financial products, such as automobile installment financing to the bank, card, insurance, and other existing retail financial services.

3. Taking over of LIG Insurance

KB Financial Group participated in the takeover of LIG Insurance in early 2014 and was later selected as a priority negotiator. Then, in June of the same year, it signed share purchase agreement with major shareholders of LIG Insurance. KB also became a Federal Reserve Board-recognized financial holding company in the United States in June 2015. Having thus completed the merger and acquisition of LIG Insurance, KB Financial Group finally launched KB Insurance on June 24, 2015. After taking over LIG Insurance, the Group will get to consolidate a new business field related to insurance, which other financial holding companies do not possess, and provide further differentiated and comprehensive financial solutions to its customers.

As a result, the Group will be able to diversify its product portfolio reflecting customer needs with complex automobile financing products of KB Capital, as well as complex life and non-life KB Life Insurance in terms of product services. In addition, it will be able to utilize the national outbound channel network of LIG Insurance to proactively respond to the recent financial business trend of fewer customers visiting branch offices as well as more actively pursuing customer oriented marketing. KB Financial Group plans to speedily turn LIG Insurance into one of KB subsidiaries and actively develop it to create synergistic effects with other subsidiaries so that indemnity insurance into a key non-banking business field of the Group.



KB Capital Launching Ceremony

10 Enhancing the Satisfaction of Officers and Employees

1. Securing and Maintaining the Creation of Jobs

Leading the Creation of Jobs KB Financial Group is leading the creation of jobs by recruiting a total of 745 employees in 2014 and is reinforcing job security by gradually increasing the ratio of full-time employees. KB Financial Group treats its employees fairly without gender discrimination in all labor conditions and makes an effort to protect the human rights of officers and employees by complying with the guidelines suggested by the contract employee protection laws and protection law for temporarily employed workers.

Employees

	2012	2013	2014
Total sum	25,381	25,153	25,398
Recruitment	538	506	745

Employees by contract type

	2012	2013	2014
Full-time employee	19,353	19,633	25,310
Temporary employee	5,957	5,423	1,284

Aiming for Diversity of Employment Aiming for Diversity of Employment KB Financial Group aims for an "Open Recruitment Policy," which does not put restrictions on academic ability, educational background, and age, based on the principle of diversity and equal opportunity, except for a small percentage of jobs that requires professional techniques and skills.

Employees ratio by gender

	2012	2013	2014
Male	55	55	54
Female	45	45	46

Some of its affiliates, including KB Life Insurance, are running a recruitment system that protects the minorities by preferentially giving an opportunity for interview to minorities such as people with disabilities, etc. As of the end of 2014, there are 207 employees who have a disability and were war veterans working at KB Financial Group.

Recruitment of People with disabilities and war veterans

	2012	2013	2014
People with disabilities	34	33	34
War veterans	163	162	173

Local Recruitment and Nurturing of the Local Manager KB Kookmin Bank has recruited local staff at its overseas branches and trained them as managers.

2. Strengthening the Talent Development System

Strengthens the Competency of the Officers and Employees One of the biggest assets of KB Financial Group is its excellent human resources. KB Financial Group puts the strengthening of the competency of the officers and employees at the top priority, and is cultivating financial experts focusing on work competency, global competency, leadership competency, etc.

Permanent Learning Program KB Kookmin Bank regularly provides training materials employees can access anytime and with which they read about their desired fields in their own time to develop a company culture of continuous learning. This also helps enhance sales and customer service in every area of operations. A "Permanent Learning Program" is regularly conducted. Through the operation of the Permanent Learning Program, the consulting competency of the employees at the counter has greatly increased(first among four major banks), and it is expected that this will lead to a better financial performance in the long term.

Operation Status of the Permanent Learning Program in 2014

Program Name	Field of Learning	Number of People Learning
Product Knowledge Charging Center	Product Selling Competency	2,706
Case Study Letter	Corporate Credit, Foreign Exchange	1,299
KB Asset Management Vitamin	Asset Management	910
Total		4,915

Implementation of Self-diagnosis of Competency Level To efficiently support the achievement of strategy/management goals from the standpoint of HRD, KB Kookmin Bank is providing an opportunity for every employee to reinforce his/her competency level necessary to perform the work at hand(or desired work) through a Competency Development Supporting System(CDSS) before applying for training. Accordingly, it helps employees to check which type of competency they lack and to preferentially undergo the training process necessary to supplement it.

Training Hours and Investment Amounts

(Unit: hours, KRW million)

Subsidiary	2012		2013		2014	
	Total Training Hours	Total Training Cost	Total Training Hours	Total Training Cost	Total Training Hours	Total Training Cost
KB Kookmin Bank	3,581,808	23,527	2,698,207	20,866	3,093,955	20,972
KB Kookmin Card	118,812	1,427	119,437	1,399	117,644	1,610
KB Investment&Securities	6,684	332	3,460	83	3,420	148
KB Life Insurance	15,231	176	12,952	141	9,804	186
KB Asset Management	2,358	38	2,362	39	2,411	50
KB Capital	1,138	18	678	10	12,960	207
KB Savings Bank	4,500	85	3,600	79	6,071	123
KB Real Estate Trust	11,620	64	10,009	41	12,600	21
KB Investment	324	55	436	35	496	24
KB Credit Information	6,705	15	6,660	27	1,932	5
KB Data systems	17,712	173	23,212	371	23,048	355
Total	3,766,892	25,876	2,881,013	23,056	3,284,341	23,656

3. Expansion of an Organization Culture That Promotes Communication

Operation of the Labor-management Council KB Financial Group has been operating a joint labor-management permanent council when making a major policy decision by complying with the overall agreement such as collective agreement and rules on labor-management council, etc. By holding a regular council each quarter, it is making efforts to communicate with the employees by gathering information on the management status, employee grievances and suggestions, and with the participation of the person in charge of labor and management in various activities such as training, etc. The labor union is established in KB Kookmin Bank, KB Kookmin Card, KB Capital, KB Real Estate Trust, and KB Credit Information, and the rest of the affiliates are operating a labor-management council.

Labor Union Membership Rate

(Unit: %)

Subsidiary	2012	2013	2014
KB Kookmin Bank	92.5	93.2	98.0
KB Kookmin Card	92.5	94.3	93.9
KB Capital	92.6	93.9	95.4
KB Real Estate Trust	79.5	78.3	78.2
KB Credit Information	—	93.2	94.0

* The application scope of the collective agreement includes all employees except for officers and contract employees.

Protecting Rights and Interests of Workers When it comes to an important business change, KB Financial Group is making efforts to protect the workers' rights by designating a minimum notification period, etc, pursuant to the agreement on job security, and agreement of the company development council. Pursuant to the agreement on job security, the Group will notify the concerned employee at least 60 days prior to termination and layoff, and 7 days prior to the holding of the personnel committee for the right to explain oneself.

Operation of a Grievance Center KB Financial Group operates various channels and systems for solving the grievances of officers and employees including complaints on personnel, conflicts between employees, sexual harassment, discrimination, etc. A secret corner was established recently within the Grievance Center separate from the grievance handling process where one's name must be registered. This secret corner allowed KB Kookmin Bank to create an environment where employees could talk about their grievances without the pressure of identity exposure.

	2012	2013	2014
Grievance reported	47	64	69
Grievance resolved	26	19	30

Education on Human Rights KB Financial Group promotes a working environment where all the employees are not under any discrimination. It aims for a company culture that welcomes diversity and carries out a preventive education for sexual harassment and etiquette training, etc., among its employees to protect the human rights of everyone and to prevent any unfortunate incidents related to human rights violations.

(Unit: hours, person)

Name	Area	2012	2013	2014
Sexual harassment prevention	Total amount of training hours	24,936	25,540	26,193
	Graduates number	24,936	25,303	25,473



Lunch Talk with CEO

4. Creating a Happy Workplace

Vitalization of Family-friendly Management

KB Financial Group encourages childbirth and protection of maternity through a before-and-after-childbirth leave, spousal maternity leave, and child care leave, and is supporting the education of employees' children in multiple angles. Also, KB Kookmin Bank is making efforts to vitalize the family-loving culture by designating every first, second, and third Wednesday and Friday as a "Family Loving Day" and encourages the employees to leave on time, do something to celebrate the birthday of their spouse.

Performance Management for the Enhancement of Working Conditions

The KB Financial Group operates a KPI to enhance the working conditions.

Category	Evaluation Items	Goal	Rating	
			Branch	Headquarters
Working hours normalization index	Setting time of security system(average time)	Complete setting within 8:00 p.m. (full score within 8:01 p.m.)	10	
	PC-OFF time(average time)	PC-OFF within 19:30 (calculated average time after excluding the Family Loving Day)	5	1
	Complying with Family Loving Day (1st-3rd week Wed/Fri, 4th Wed)	Setting within 6:30 p.m. (full score only if within 6:40 p.m.)	10	
Personal leave usage rate index	Usage rate of self-improvement leave	Over 90% of usage rate	5	2
Controlling working during holidays	A total of 0.5 points of normalization index are reduced every time setting for one holiday dissolved. However, no reduction if resetting is completed within 30 minutes.			-
Total			30	3

5. Supporting Benefits for Officers and Employees

Medical Health Support

KB Financial Group supports a regular health checkup program for its officers and employees and covers medical fees to discover possible health risk factors at an early stage. Also, in case of sickness or injury, various types of support is given, such as coverage of medical fees, leaves, rest, etc., and provision of wellness facilities, such as a fitness center, resort facilities, etc., to help the employees to distress and live healthy lives.

Leisure Life Support

KB Kookmin Bank implements the "Beautiful Peninsula" program, which is a rejuvenation program exclusive for its officers and employees. It aims to enhance the leisure and recreation quality of its officers and employees by providing resort accommodations in popular tourist attractions domestically and other facilities by themes. Moreover, by establishing a culture to use personal leaves throughout the year, it encourages employees not to take their holiday leave simultaneously, which is usually concentrated during the summer time. In 2014, a total 2,475 of officers and employees went for an R&R trip during winter and spring. Other than that, other support measures for employees R&R include summer life training, condominium use support, provision of bus for holiday use, etc.

KB Investment & Securities operates and supports the clubs for the officers and employees' sports activities, such as baseball, golf, hiking, etc., and leisure life such as flower arrangement, playing of musical instruments, etc.



KB Kookmin bank healing café

Special Report

KB and Tax

“KB Financial Group is fully focusing on faithfully carrying out the tax obligation in Korea and abroad held by the corporation. At the same time, we have the responsibility to reduce the tax liability as much as possible within the scope allowed by the law for the company's stakeholders.”

KB's Belief

KB Financial Group believes that the increase in the company's profit and the faithful performance of its tax obligation contributes to a healthy cycle of increase in tax payment, increase in the government's tax revenue collection and public service, enhancement of citizen's security, maximization of stakeholder's interest, etc., and intends to faithfully carry out this responsibility as a socially responsible company.

Group's Tax Policy

KB Financial Group is focused on carrying out its tax obligations faithfully, and at the same time, has the responsibility to reduce the tax obligation within the scope allowed by the law for the company's stakeholders as much as possible, and is complying with the law and paying correct taxes under any system.

For the faithful payment of tax and stakeholder's protection, KB Financial Group has established the principles for compliance procedure for legal tax obligation and tax risk prevention by enacting internal rules, such as tax processing guide, consolidated tax operation rules, consolidated tax process manual, etc., and has clearly set the matters regarding the processes such as roles and responsibilities of tax filing and payment. Despite the clear internal process guidelines and processes as above, a tax appeal case is pending in court. However, the fact that there is a 90% winning chance in the said tax appeal case that occurred because of the difference in interpretation of the tax law with the taxing authorities shows that the tax-related process at KB Financial Group is working.

Status of Tax Payment by Affiliates

KB Financial Group considers its wholly owned subsidiary as an equal single entity, and is carrying out a consolidated taxation in corporate tax. With the

decrease in net profit during the term because of the global financial crisis in 2010, the corporate tax was largely reduced to KRW 203.9 billion; however, with the recovery of sales by major affiliates, such as Kookmin Bank and Card, etc., an average of around KRW 654 billion of corporate tax was paid between 2011 and 2014. Other than the corporate tax, around KRW 150 billion of local taxes, such as property tax, local income tax, residence tax, etc., and national taxes, such as VAT, education tax, stamp tax, etc., are paid annually.

Payment Policy Abroad

KB Kookmin Bank has a branch or a local entity in the USA, Japan, Hong Kong, etc., and performs its tax obligation in accordance with the each country's tax law, and submits detailed documents to the taxing authorities of each country regarding the calculation of corporate tax. Information regarding the cost of corporate tax as calculated under the K-IFRS is stated on the audit report and is being reported in Korea, and is also disclosed at the New York Stock Exchange through Form 20-F.

Cost of Corporate Tax in 2014

(Unit: KRW million)

Category	Cost
Payment of corporate tax	500,815
Cost of corporate tax during the term	512,536
Adjustment matters recognized at the term regarding the corporate tax during the term occurred prior to the previous term	(11,721)
Changes in deferred corporate tax asset(debt) because of temporary difference	31,255
Cost of corporate tax directly reflected in the capital	(45,276)
Recalibration factor for net vested benefit obligation	31,386
Valuation of profit and loss of financial asset available for sale	(79,473)
Valuation of profit and loss of financial asset to be held up to maturity	198
Share on other comprehensive income of related company's investment asset	(6)
Avoidance profit and loss of cash flow risk	2,619
Others	(480)
Cost of corporate tax	486,314

KB Kookmin Bank



“ We aim to become a sincere bank by practicing customer-centered management with providing best financial service. ”

We at KB Kookmin Bank would like to express our gratitude toward our customers, shareholders, and our fellow citizens for their unchanging affection and support. KB Kookmin Bank has defined the three core directions for management: "regain customers' trust," "improve self-esteem of employees," and "improve competitiveness through differentiation." This is to concentrate the Bank's efforts into restoring the status of the Bank as a leading bank that leads the South Korean financial industry. In particular, the Bank intends to continue to remind itself that "without our customers, there is no KB," and solidify the trust of our customers toward the bank through customer-centered management. KB Kookmin Bank will continue to walk with our fellow citizens as a bank that deserves your trust and that shares your hope for the future by fulfilling its responsibilities toward its customers and society.

KB Kookmin Bank CEO Jong Kyoo Yoon

Total Assets
2,754,536

Operating Income
13,767

Equity
219,404

Net Income
10,290

(Unit: KRW 100 million, Date: December 31, 2014, Consolidated statements)

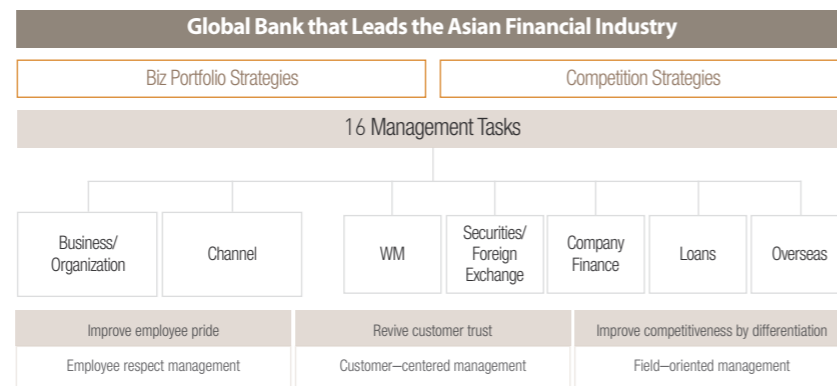
COMPANY OVERVIEW

Date of Establishment	November 1, 2001
Chairman & CEO	Jong Kyoo Yoon
Capital Stock	KRW 2021.9 billion
Headquarters Address	84, Namdaemun-ro, Jung-gu, Seoul
No. of Branches(total)	1,173
No. of Branches(domestic)	1,161
No. of Branches(abroad)	12
No. of Customers	28,659,386
No. of Employees	21,622
Home Page	www.kbstar.com

KB Kookmin Bank has the largest customer basis in South Korea, and one of its greatest strengths is its customer-centered management that makes use of a sophisticated CRM system. Such business capacity enables the Bank to maintain the largest market share among banks in terms of asset size, amount of credits received, loans provided in Korean won, and sales of bancassurance. Furthermore, the Bank secured 9 million customers in its smartphone banking sector, the most prominent channel for the future, thereby consolidating the basis for the Bank's profits in the future.

Management Framework and Business Strategy

KB Kookmin Bank intends to develop and present a new model of financial business that generates sizable values for local businesses and individuals in Asia, and become a paragon of that model itself. In pursuit of its vision of becoming a global bank that leads finance in Asia, KB Kookmin Bank has established a strategy involving two major tactics—the Biz Portfolio and the Competition Programs—and identified 16 specific management tasks to be achieved to that end. KB Kookmin Bank may have its operations in Asia, but its internal organization and business system are indeed of world-class quality on a par with those of multinational banks around the world.



HISTORY

2001. 11	KB Kookmin Bank founded through consolidation between Kookmin Bank/Housing Bank, and listed in the New York Stock Exchange
2002. 10	Created and announced the new CI of KB Kookmin Bank
2003. 12	Completed privatization of KB Kookmin Bank
2010. 02	Launched "MyStar," the system for the next generation
2011. 02	Separated the card business sector from KB Kookmin Bank
2013. 12	Ranked first place in the Bank Section of the National Customer Satisfaction Index(NCSI) for eight consecutive years(Korea Productivity Center)
2014. 05	Selected as best Korea import and export bank for three consecutive years(Asian banker)

Major Achievements

Provided distinguished products and services KB Kookmin Bank has consolidated its status as a leading bank that leads the financial market by providing diverse financial products that meet customer demands, changing its channels, and utilizing its asset management know-how unparalleled in South Korea. As of the end of December 2014, Kookmin Bank operates a massive network of 1,161 branches and serves 28.65 million individual customers, which exceeds half of the entire South Korean population. The Bank holds the top-level competitiveness in the retail finance sector. In addition, the Bank provided distinguished financial services that meet the diverse asset management needs of our customers by completing the comprehensive asset management chain consisting of the Bank's asset management service(Star Table), retirement planning(Golden Life), and real estate management(R-easy Allage). In addition, the Bank provides support for corporate customers through its "Creative Finance Deposit/Saving" and "Technological Finance Support."

Enhanced Competitiveness in the Retail Finance Section KB Kookmin Bank establishes and operates various specialized branches to satisfy our customers by securing a diverse and flexible branch network, which constitutes the core of the Bank's future channel strategies. Afterbank is a specialized branch targeting office workers in their 30-40s, with its working hours adjusted to ensure convenient banking for office workers. KB Portable Branch is a specialized branch that finds its way into the customer's lives. Through these specialized branches, the Bank seeks to communicate with the customers, and brings itself closer to them.

Led the Trends of the Financial Market KB Kookmin Bank launched its mobile banking services for the first time among South Korean banks. Since the launch of KB Star Banking based on smartphone banking, the Bank's new engine for future growth and the hottest issue of the financial industry these days, the Bank solicited 9 million customers as of September 2014, securing the largest market share in the smartphone banking market. KB Star Banking 3.0, under the slogan "My Finance Story on the Palm of My Hand, Breathing Together with Customers," provides simple and convenient user experience highly accessible for various customer types. As smartphone-based financial products continued to grow in terms of popularity, KB Kookmin Bank became an undisputed leading bank in the smart finance market.

Major Products and Services

Sector	Product	Sector	Product
Savings	Kookmin Super Time Deposit Creative Banking Savings and Installment Savings	Bancassurance	Selling insurance products on behalf of insurance companies
Loan	My House Preparation Stepping-stone Loan KB WISE Worker Loan	Asset management	KB Golden Life StarTable
Trust	KB Golden Life Pension and Savings Trust	Investment finance	SOC Project Finance M&A Finance
Investment trust	KB Gross & Value Securities Investment Trust	Derivative	Currency derivative Interest rate derivative Stock derivative
Foreign exchange	Foreign currency exchange, remittance, etc.	Electronic finance	Firm banking Internet banking

Major Awards

Award Name	Awarding Organization
Received the grand prize in the banking sector in "Korea Best Brand Awards 2014" for three consecutive years.	Forbes Korea
Selected as one of the best according to the result of "A Survey of Sustainable Management" for five consecutive years	The Institute for Industrial Policy Studies, Ministry of Trade, Industry and Energy
Awarded "Smart MyHR System" in the sector of the HR System Project for the first time among Korean financial institutions from "Technology Implementation Awards(TIA)2014"	The Asian Banker
Selected as "the 2014 Best Trade Bank in Korea" for four consecutive years	Trade Finance magazine
Awarded the "Smart Web Award 2014" "KB Corporate Banking" for the banking category for two consecutive years	Korea Internet Professional Association

Sustainable Management Activities

Improved Customer Convenience System Kookmin Bank enforced the "Required Customer Document Simplification" system in which the requirement for the submission of documents necessary for a loan application, such as a certificate for the full payment of national and local taxes and a business license, is omitted for small business owners with a corporate loan of KRW 1 billion or less to minimize inconvenience in document submission on October 2014. It also implemented the "Simple Term Extension" system so that customers with good credit rating and security can extend the loan that reaches its date of maturity without a credit rating in November 2014. Accordingly, customers can extend the loan term by presenting only simple documents, without the need to submit documents necessary for credit rating.

Product Sales Survey Kookmin Bank has regularly conducted a "product sales survey" on financial investment products to protect investors from incomplete sales and establish a sound complete-selling culture. It has made a key performance indicator(KPI) evaluation for branch offices using survey results. The branch offices with poor survey results have made an effort to establish a complete-selling culture on the sales scene through separate training programs. Kookmin Bank had conducted a product, sales survey on a variety of financial products such as ELF, ELT, credit cards, variable life insurances, and personal credit loans, nine times since its first survey on fund products on March 3, 2014. It provided a feedback report for each branch office to improve poor matters found in the survey immediately.

Strengthened Deliberation and Evaluation before Launching a Product Kookmin Bank strengthens the deliberation and evaluation process for the sustainability of products and services before launching a new product. The main matters subject to deliberation are all risks related to the product, the pricing policy, task procedures, and infringement of customer rights and interests. The sustainability of a product is evaluated in the following process: the collection of customer reviews, the verification of the Product Committee, the evaluation of Financial Strategy Council, the review of the New Product Sales Council, and postlaunch monitoring.



Creation Financial Package Launch as a first in the financial sector



Customer-customized service enforcement (Star Banking 3.0)

Compliance Officers' Extended Deliberation Each department of Kookmin Bank needs to have the compliance officer's prior review from an aspect of regulatory compliance for its important tasks, such as a new product, among the matters requiring the consultation with and the approval from the director of the headquarters before getting approval from the final approving authority. The main matters checked in the process of the prior review are the unsound business practices related to new products, unreasonable discrimination, compliance with regulations on sales activities, and conformity with the code of ethics.

Compliance Officers' Extended Deliberation

Section	Product Development Deliberation	Advertisement Deliberation
2012	170	774
2013	191	714
2014	112	836

(Unit: event)

Improved Customer Protection System Under the CEO's motto, "VOC is not a nuisance; it is the voice of our precious customers," KB Kookmin Bank considers VOC as the fundamental basis for customer protection. The Bank analyzed the causes for VOC to identify improvements, resulting in the improvement of 32 systems in 2014(11 loan cases, 10 deposits, 4 e-banking, and 7 others). Major system improvements include: "promotion of the interest rate reduction request system" and "inclusion of a cautionary message when depositing into a housing subscription savings account through an automated machine."

Adopted Self-compliance Check To ensure ethical and legal compliance by its executives and employees, KB Kookmin Bank requires all employees to run "Compliance Check" when starting their computers every Monday to begin their tasks, to reflect on their compliance with the ethical codes and relevant laws/regulations when carrying out their tasks.

Association/Organization Membership KB Kookmin Bank promotes social engagement and development by joining the Korea Federation of Banks, the Federation of Korean Industries, and other organizations.

Name	Purpose
Korea Federation of Banks	Promote the development of the financial industry through mutual cooperation between institutions and improvement of the bank businesses
Federation of Korean Industries	Solidify relationships with various areas within the society, and build a healthy economic/social climate
Korean Employer's Federation	Ensure industrial peace and promote economic development by setting the labor-management relations into a reasonable direction
Korea Financial Investment Association	Maintain the business order between members, ensure fair trade, protect investors, and contribute to sound development of the financial investment industry
Korea International Trade Association	Promote international trade, carry out collaborative activities within the private sector, and build the infrastructure for international trade
Korea Management Association	Lead the industrial society with knowledge to contribute to the development of the national economy and to the self-realization of South Korean citizens



Korea Grand Sourcing Fair 2014

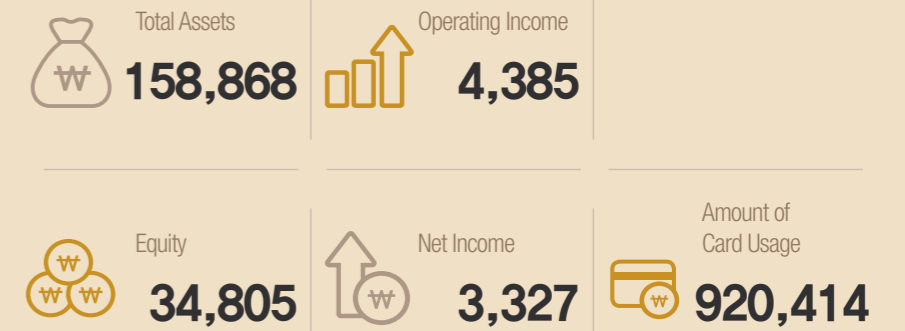
KB Kookmin Card



“ We aim to become Korea’s best everyday service and solution provider in support of people’s lives. ”

Clearly understanding people’s everyday lives, KB Kookmin Card suggests smart ways of consumption aligned with individual lifestyles, and focuses on differentiating its services, emphasizing customer values as its top priority. In addition, the company is committed to adopting technology that will lead the future market and developing convenient goods and services for its customers to offer the best everyday service solutions that will enrich people’s lives. In addition, the company will devise ways to grow in symbiosis with the people and enhance social contribution activities so that it would truly become the “power for people’s lives.” We promise to thus become the best reliable partner of the people.

CEO Duk-Soo Kim



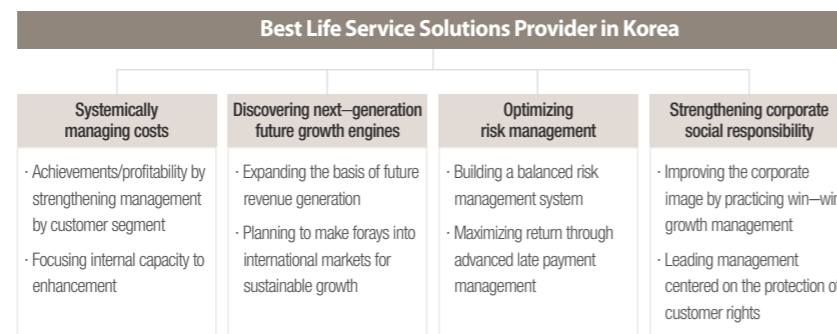
(Unit: KRW 100 million, Date: December 31, 2014, Consolidated statements)

COMPANY OVERVIEW

Date of Establishment	March 2, 2011
Chairman & CEO	Duk-Soo Kim
Capital Stock	KRW 460 billion
Headquarters Address	30, Saemunan-ro 3-gil, Jongnogu, Seoul
No. of Branches(total)	33(branch: 25, Sales office: 8)
No. of Customers	19,010,105
No. of Employees	1,475
Home Page	www.kbcard.com

Founded as Kookmin Credit Card in 1987, KB Kookmin Card was established as a spin-off company of KB Kookmin Bank in March 2011 after the merger of Kookmin Credit Card with Kookmin Bank in September 2003 to enhance its business capability and competitiveness. It aims to become a "New Leader" in the credit card market with its long-term customer relations of over 10 years and innovative product development capabilities. The company has launched credit, check, and prepaid cards that meet customers' needs, and has enhanced its products and services utilizing big data. It is also building a cutting-edge payment infrastructure headed by "K-motion," a mobile app card.

Management Framework and Business Strategy



Main Products and Service

Product	Feature
Credit/check card	<ul style="list-style-type: none"> Hun-Min-Jeong-Eum Card: Provides benefits tailored to each individual customer's lifestyle based on the scientific principles and practical spirit of the Korean alphabet(Hun-Min-Jeong-Eum) Gaonnuri Card: All branch offices provide benefits with the sentiment of caring for the "family," which is considered the center of the world(Gaonnuri)
Electronic wallet	Enables checking discounts and points accumulation by inserting app cards, membership, and coupons, among others, into a smartphone
App card	Can insert several cards into a smartphone, providing the convenience of easy and safe payments

HISTORY

1980. 09	Kookmin Bank launched its credit card business
1987. 09	Kookmin Credit Card Co., Ltd. is founded
1996. 12	Became the first credit card company to reach credit card transactions of KRW 10 trillion
1998. 12	Merged with KLB Credit Card Corp.
2000. 06	Listed in KOSDAQ(for the first time among credit card companies)
2003. 09	Merged with Kookmin Bank
2011. 03	Founded KB Kookmin Card
2013. 12	Ranked No. 1 by the NCSI(National Customer Satisfaction Index), credit card section(for two consecutive years)

Major Achievements

To fulfill its central task of enhancing customer trust, KB Kookmin Card carried out its business activities spanning across six areas including protection of customer information, efficient marketing, systematic cost management, and corporate culture enhancement for new growth.

Major Awards

Title	Awarding Organization
2014 Customer Satisfaction Management Award, Finance/Card Section (seven consecutive years)	Korea Economics Daily
2014 The most trusted brand chosen by consumers	Digital Chosun Ilbo
2014 Grand Prize, Financial Education Section, Social Contribution Award	Strategy and Finance Committee, National Assembly
2014 Hit product for the 2nd half of 2014 – Hangeul Brand Card by KB Kookmin Card	Seoul Shinmun

Sustainability Activities

Talent Development KB Kookmin Card is fostering big data and risk analysis experts through our phased expert training courses. In addition, the company operates mandatory courses for each rank, in-depth courses dedicated to specific areas, such as sales and marketing, and long-term training programs. These programs and courses are the cradles for our finance/business experts.

Environmental Management KB Kookmin Card has been using environment-friendly recycled paper for all printed materials since 2012, to help preserve the environment. We published around 190 types of printed materials using environment-friendly recycled paper, saving 1,816 MW of electricity and 21,030 tons of water.

KB Investment & Securities



“ We will share our growth and development with our customers. ”

As a member of KB Financial Group, KB Investment & Securities is growing as Korea's leading total financial investment company. KB Investment & Securities strives to become a trustworthy financial investment partner, which considers customers' successful investments and happiness as its foremost value. Through an organic collaborative network with other subsidiaries, KB Investment & Securities provides more advanced financial products and services and makes every effort to protect customer assets through strict internal control and protection of customer information. In addition, the company became the first in the industry to develop a MTS stock trade for smartphone financial services and, at the same time, to be set to contribute to the economic development as a company's faithful financing partner. KB Investment & Securities will continue to become a financial investment company that shares its growth and development with customers, and we promise to become a model company that shares great relationships with the communities.

CEO Byoung-Jo Chun



(Unit: KRW 100 million, Date: December 31, 2014, Consolidated statements)

COMPANY OVERVIEW

Date of Establishment	August 16, 1995
Chairman & CEO	Byoung-Jo Chun
Capital Stock	KRW 157.9 billion
Headquarters Address	22nd floor, Shinhan Investment Corp., Yeoeui Avenue, Yeongdeungpo-gu, Seoul
No. of Branches(total)	11
No. of Employees	489
Home Page	www.kbsec.co.kr

KB Investment & Securities is a leader in the issuance of corporate bond/asset-backed securities, and its capability in the IB sector continues to expand as the competitiveness of the equity capital market(ECM)-managed-managed sector has been secured. In addition, despite the continued depression of the stock industries, KB Investment & Securities continues to generate revenue from corporate stock, bond brokerage, etc., by maintaining its competitiveness in the upper ranks of the industry's wholesale sector. To strengthen the role of a future growth engine within KB Financial Group, we promise to grow into a total financial investment company by expanding the WM sector growth, such as retail brokerage and wealth brokerage with the synergy with KB Kookmin Bank product capability, reinforcing online service, such as mobile, etc.

Management Framework and Business Strategy

Strengthening the Role of Future Growth Engine of the Capital Market within KB Financial Group

Strengthening the Power in the Key Business Market	Solidification of Surplus at WM Sector	Securing a New Profit Through Improving Product Competitiveness
<ul style="list-style-type: none"> Improving the capability of a comprehensive solution provider through a balanced growth in the entire IB sector Improving the share rate of wholesale such as corporate/bond/futures through business cooperation with other sales division, and subsidiaries. 	<ul style="list-style-type: none"> Strengthening a high value-added Online Biz(MTS) through improving online system competitiveness Stabilization of profit basis through expanding noncommission profit(credit offering and asset management) Securing a WM foundation through a complex branch of bank-securities 	<ul style="list-style-type: none"> Securing professional personnel who develop product, operate, and establish organization Developing IB-connected product related to corporate deals Expanding customer-centered service for wholesale, retail, and bank customers

HISTORY

1995. 08	Established Yonhap SB Securities, Co., Ltd. 1995. 11; company name changed to Hannuri Salomon Securities, Co., Ltd.
1995. 11	Company name changed to Hannuri Salomon Investment & Securities Co., Ltd.
1997. 10	Company name changed to Hannuri Investment & Securities Co., Ltd.
2002. 10	Established Hannuri Hong Kong local subsidiary
2008. 03	Changed major shareholder and changed name to KB Investment & Securities
2009. 02	Reapproval of financial investment business, registration for investment entrustment business
2010. 12	Received an approval for investment sales business of OTC derivatives 2011. 03 KB Merger with Futures Co., Ltd.
2011. 03	Merged with KB Future
2013. 08	Opened KB Star Campsite, a premium stock consulting service

Major Performance

The company set a record of No. 1 in the corporate bond and ABS-managed sector(15.4% of market share as of 2014 according to Bloomberg) until the end of 2014 for four consecutive years. In addition, the company has achieved diversification of profit structure in the IB sector currently as of 2014(the bell League Table as the standard, KRW 700.2 billion of performance of leading conductor) by reaching No. 2 in the ECM-managed sector. Also, the company is expanding the business area through newly establishing investment financial headquarters and receiving an approval for DLS business. It has also accomplished a turnaround in the WM business in which a foundation has been secured through constant investment.

Sector	Products
Corporate finance/ Investment finance	<ul style="list-style-type: none"> Corporate financial work through acquisition such as stock/bond/corporate bond, ABS, bond denominated in foreign currency, IPO, etc.) Structuralization of real estate project financing(PF), securitization, and arrangement M&A Advisory, Principal Investment(investing equity capital), PEF/SPAC
Corporate sale	<ul style="list-style-type: none"> Providing financial service for domestic and foreign institutional investors such as entrusted brokerage of stock and derivatives, sales of financial products, investment consulting, etc.
Bond sale	<ul style="list-style-type: none"> Brokerage and operating bonds(bond-related securities, derivatives, etc.)
WM sale	<ul style="list-style-type: none"> Providing financial service for individual investors such as entrusted brokerage of stock and derivatives, sales of financial products, investment consulting, etc. Customer-tailored service through various channels(sales branch, HTS, Web, mobile, etc.)
Asset management (sales & trading)	<ul style="list-style-type: none"> Operating intrinsic assets such as stock, bond, derivatives, etc. Providing financial products, such as ELS, ELW, etc., for individual and corporate customers

Sustainability Activities

KB Investment & Securities focuses on investment-type product development peculiar that is specific securities. In 2014, the supply of various structures of ELS/DLS became available through receiving an approval for DLS, and KB Investment & Securities has made efforts to expand the middle-risk, middle-profit product lineup such as sourcing foreign bond investment products, etc. In addition, the WM financial product asset has increased by 241% as a result of strengthening the consulting capabilities of tax-saving investment products and asset management.

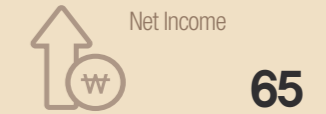
KB Life Insurance



“ We will consider customer trust as our top priority. ”

We would like to express our sincere gratitude to our customers for their steady love toward KB Life Insurance. Through our vision "Life Partner with No. 1 Customer Trust" and our strategic direction of establishing a foundation for profitable growth, we are making efforts to become a trustworthy life insurance company. For this, first, we are enhancing the customer value and trust by providing products and services based on customers' needs and improving customer value-oriented business process. Second, we are making efforts to strengthen the sales competitiveness by enhancing capabilities of distribution channels and developing a synergy effect within the Group. Third, we are consolidating a foundation for continuous growth as a going-concern by improving profitability and soundness through enhanced product portfolio and asset management capabilities.

CEO Yong-Kil Shin



(Unit: KRW 100 million, Date: December 31, 2014, Consolidated statements)

COMPANY OVERVIEW

Date of Establishment	April 29, 2004
Chairman & CEO	Yong-Kil Shin
Capital Stock	KRW 456 billion (As of December 31, 2014)
Headquarters Address	40 Cheongpa-ro, Yongsan-gu, Seoul
No. of Branches(total)	20
No. of Customers	362,785
No. of Employees	303
Home Page	www.kbii.co.kr

Since its founding in 2004, with the beginning of the establishment of the bancassurance channel, KB Life Insurance has gradually established the GA and FC channels and has been providing the best financial services that meet customer needs through diversified sales channels. The company reached KRW 15,600 billion in business in-force and KRW 7,700 billion in total assets, laying its foundation.

Management Framework and Business Strategy



Major Products and Service

Sector	Products
Annuity	*KB Golden Life Platinum Annuity II *KB Golden Life Annuity *KB Wise 100 Years Old Annuity and two other products
Variable insurance	*KB Star Variable Annuity II *KB Golden Life ELS Variable Insurance and two other products
Health/personal accident insurance	*KB National Cancer Insurance *KB National Wise Accident Insurance *KB Family Love Cancer Whole Life Insurance and two other products
Savings insurance	*KB Power Plus Savings Insurance *KB Wise Large-amount Savings Insurance and two other products
Whole life insurance	*KB Family Love VIP Whole Life Insurance *KB Family Love Whole Life Insurance and two other products

HISTORY

2004. 04	Established KB Life Insurance
2004. 06	Started bancassurance marketing
2005. 01	Equity participation(49%) by ING
2008. 02	Started agency marketing and telemarketing
2009. 06	Started financial consultant(FC) channel
2011. 03	Received a Top Excellence Award in the category of infra establishment/internal control at the "2010-2011 The bell Risk Manager Awards"
2013. 11	Selected as the certified family-friendly company by the Ministry of Gender Equality and Family
2014. 02	Reached KRW 7 trillion in total assets
2014.04	Korea's excellent call center for nine consecutive years at KSQI

Major Performance

KB Life Insurance Customer Satisfaction Center has been selected as Korea's excellent call center in the category of life insurance industry for nine consecutive years at the "Korea Customer Satisfaction Index(KSQI)" evaluation hosted by Korea Management Association Consulting(KMAC). Under KSQI, the quality of call center service of the public institutes and companies is categorized into 16 items, including reception condition, customer greeting, consulting attitude, processing, closing attitude, etc., by KMAC, and can be recognized as the excellent call center only when the score of 90 or above is obtained.

Sustainability Activities

Improving customer value-centered business process With the enhancement of financial consumers' awareness of their rights and the rising importance of protecting financial consumers, the existing financial paradigm is transforming rapidly to protect financial consumers. In line with this trend, KB Life Insurance is taking various measures to improve customers' trust by establishing the company-wide perfect sales process and running customer complaint prevent campaigns such as distribution channels having ownership for handling its respective complaints and conducting customer complaint prevention training.

Establishing Footing for Value-focused Sustainable Growth To establish a footing for sustainable growth focused on value, KB Life Insurance is making efforts to create a balanced channel portfolio and product portfolio and to set a trust-based sales culture. It is also promoting a sustainable and profitable growth strategy focused on value in the medium and longer term.

Expansion of New Growth Engine To respond to the environmental change and to develop a foundation for a sustainable growth, KB Life Insurance is in the process of developing various new growth engines. It is currently running a project to develop an online insurance system to enter the online insurance market and is continuously making efforts to catch and commercialize market opportunities through promoting and discovering areas with various synergies within the Group.

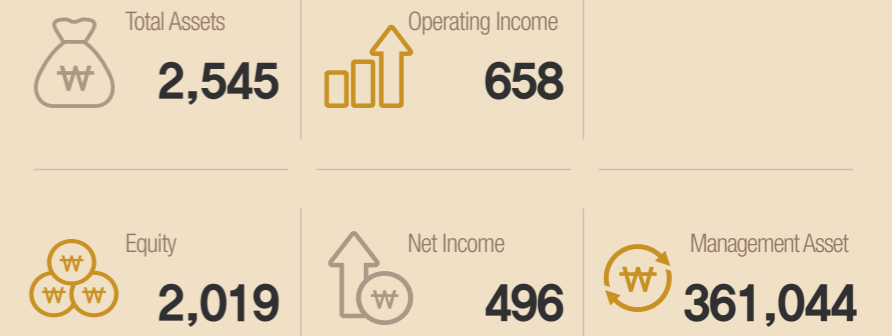
KB Asset Management



“ **KB Asset Management aims to manage customer's assets through management and risk management based on the principle of long-term investment.** ”

As a total asset management company, KB Asset Management manages assets worth a total of KRW 40 trillion across various fields, such as stock-bond-raw material-SOC-real estate, etc. The company took a leadership position in the long-term fund market where its management capabilities are devoted, and has been suggesting optimized investment portfolios to customers through providing various products. In addition, in the alternative investment sector, with years of management experience and expertise, the company manages a variety of domestic and international infrastructure funds(around KRW 5 trillion) including capital restructuring project, power generation project, energy project, etc.

CEO Hee-Kwon Lee



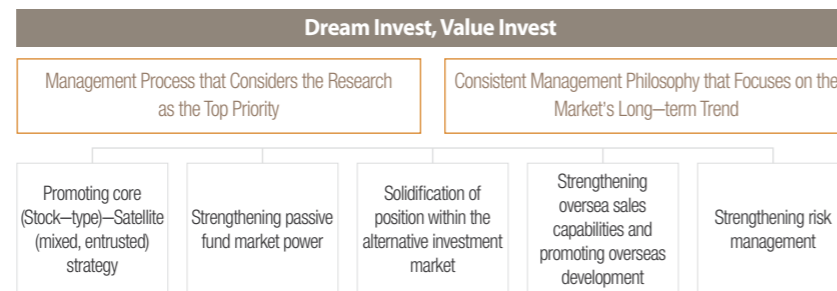
* Management Asset: based on amount of trust at Korea Financial Investment Association as of the end of 2014
(Unit: KRW 100 million, Date: December 31, 2013, Consolidated statements)

COMPANY OVERVIEW

Date of Establishment	April 28, 1988
Chairman & CEO	Hee-Kwon Lee
Capital Stock	KRW 38.3 billion
Headquarters Address	25th floor, Shinhan Financial Investment Building, 70 Yeoeui-daero, Yeongdeungpo-gu, Seoul
No. of Employees	159
Home Page	www.kbam.co.kr ETF: www.kstaretf.com

With the long-term profit rate of the managed asset as the management philosophy, KB Asset Management aims to be one of the top ten asset management companies in Asia by 2020; its major services include management and sales of investment trust assets and investment-trusted assets. With this, KB Asset Management is focusing on the sustainability and stability of the management profit rate by adopting fund manager performance evaluation system centered on a long-term profit rate for the first time in the industry. Especially in 2014, even with the decrease in the market size of the domestic stock fund, the main field, KB Asset Management took a top position in the long-and short-term profit rate. In the competitive area of domestic stock fund, the company provides the KB Value Focus Fund(setting amount of KRW 1.7254 trillion, profit rate of 137.79% after the setting), KB Retirement Pension Dividend 40 Fund(KRW 981.3 billion, 127.384%), KB Small and Medium Stock Focus Fund(KRW 673 billion, 79.02%), etc. In particular, in the category of long-term fund, which is an essential product for sustainable growth(Retirement Pension Fund, Infra Fund), KB Asset Management achieved No. 1 in the amount of trust deposits as a result of implementing a "Right Asset Management."

Management Framework and Business Strategy



HISTORY

1988. 04	Established Kookmin Investment Consulting
1992. 12	Company name changed to Joo Eun Investment Consulting Co., Ltd.
1997. 08	Started investment trust management business; changed company name to Joo Eun Investment Trust Management Co., Ltd.
2002. 06	Company name changed to Kookmin Investment Trust Management Co., Ltd.
2004. 04	Company name changed to KB Asset Management Co., Ltd.
2008. 09	Major shareholder changed to KB Financial Group
2012. 03	Reached KRW 5 trillion in domestic stock fund
2013. 01	Reached KRW 30 trillion in total amount of assets under management

Major Products and Service

Products	Description
KB Value Focus Fund(equity)	Company's asset of profit value or long-term investment in stocks that are undervalued compared to blue-chip business models.
KB Retirement Pension Dividend 40 fund (fixed income balanced)	A leading retirement pension fund investing in treasury bond and high-dividend blue-chip stocks(below 40%)
KB SME Focus Fund(equity)	Concentrated investment in strong SME's with high growth potential and stable profit generation.
KB Star Korea Index(equity)	Index fund following KOSPI200, a leading Korean stock index
KB Star Euro Index(equity)	Index fund following Euro Stoxx 50, a leading European stock index
KB Korea Long-shot Fund (equity balanced)	Pursuing "bond interest rate + a" through bond investment + long-shot domestic stock strategy

Sustainability Activities

Implementing Internal Control Compliance and Pledge All the officers and employees at KB Asset Management are drafting a compliance undertaking based on the internal control rules when joining the company. With the drafting of the compliance undertaking, they promise not only to abide by the relevant laws and internal control rules and guidelines, etc., but also to faithfully cooperate to the request to provide information made by the compliance officer.

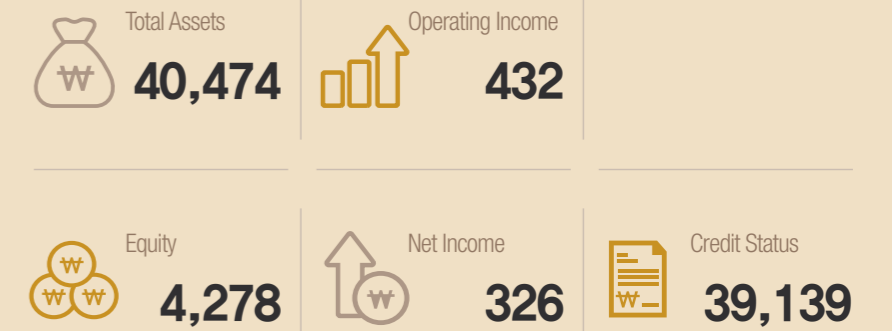
Chinese Wall/Establishing System Preventing Conflicts of Interest As the importance of information protection has been increased, Request Form for Providing Information is being drafted where a prior approval on matters regarding the provision of information, etc., must be obtained from the compliance officer. Not only that, internal control is being strengthened by the enactment(amendment) and implementation of the internal control rules and internal control manuals.



“ KB Capital will contribute to the customers' happy future. ”

All the officers and employees of KB Capital are exerting efforts for the customers' happy future as its foremost value and to always be a close and reliable partner. Despite the difficult domestic and international management environment, KB Capital has accomplished significant growth. In particular, in 2014, KB Capital was incorporated into KB Financial Group and was able to establish footing for its second leap to the future. We will solidify "KB Capital for automobile finance" as a corporate brand by focusing our capabilities in the more competitive field of car finance, connecting subsidiaries in the field of personal finance, etc. In addition, we will establish footing in order to grow into a global company by realizing system advancement and actively seeking overseas market development. KB Capital promises to be the No. 1 credit financial company in Korea by maximizing profits based on substantial and crisis management.

CEO Ji-Woo Park



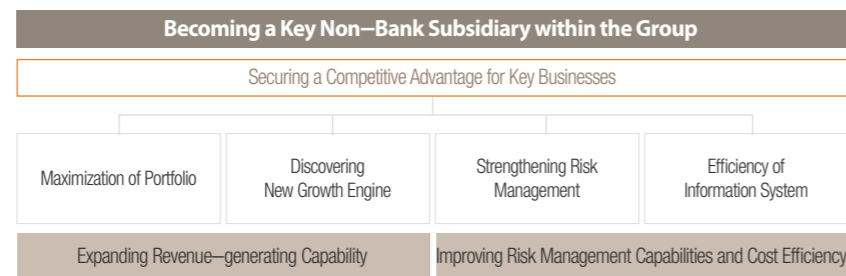
(Unit: KRW 100 million, Date: December 31, 2014, Consolidated statements)

COMPANY OVERVIEW

Date of Establishment	September 19, 1989
Chairman & CEO	Ji-Woo Park
Capital Stock	KRW 107.5 billion
Headquarters Address	295, Hyowon-ro, Paldal-gu, Suwon, Gyeonggi-do(Ingye-dong)
No. of Branches(total)	19 branch(6 office)
No. of Customers	350,000
No. of Employees	459
Home Page	www.kbcapital.co.kr

KB Capital is a specialized credit financial company that mainly engages in installment loans, lease, personal and corporate credit, and mortgage loans. It provides various automobile finances such as installment-lease-rent, etc. through 19 nationwide networks, domestic/imported carmakers, and dealer networks. Also, through such expertise and exclusive review, KB Capital became the first company to successfully deploy a credit loan model linked to banks. It is leading the vitalization of low-income groups' finance by providing a credit loan through around 1,200 sales branches of Kookmin Bank. In 2014, while solidifying its relationship with existing domestic car sellers, KB Capital reached a performance of KRW 1.5050 trillion—a 12% increase compared to that of last year—by expanding its partnership with imported car dealers. Thus, it is growing into a non-bank key subsidiary within the Group through its rental car expansion, which has been two years since its release, and the sales of durable goods.

Management Framework and Business Strategy



Major products and service

Sector	Products
Automobile Finance	New car finance, used car finance, imported car finance, commercial vehicle finance, lease and car rental finance, direct finance service
Personal Finance	Credit loans, mortgage loans, installment of durable goods, loans for stock-purchasing, direct finance service
Corporate Finance	Corporate mortgage loans, corporate operation loans, medical device lease, facilities lease

HISTORY

1989. 09	Establishment of Hanmi Lease Co., Ltd.
1999. 06	Name changed to Hanmi Capital Co., Ltd.
2006. 06	Change of major shareholder Korea City Bank to Osage
2006. 12	Hanmi Capital and Ssangyong Capital merged
2007. 10	Name changed to Woori Financial Co., Ltd.
2013. 09	Joint venture capital establishment with Mahindra Finance/Business cooperation
2014. 03	Name changed to KB Capital Co., Ltd.

Major Performance

Strengthening Automobile Finance Capabilities We are promoting a strategy to expand the market share in and out of automobile-related financial services, which is our key business area. In the imported car sector, we strengthened our role as an exclusive financial company for Jaguar-Land Rover, and have solidified our position as the No.1 in the M/S imported car sector by expanding partnerships with imported car dealers such as Benz, BMW, etc. In the domestic car sector, we have reached KRW 1.5050 trillion in the imported car and new domestic cars category, a 12% increase compared to that of last year. This was achieved through strengthened reinforcement of the relationship with existing domestic car sellers. In the used car sector, we are implementing a sales strategy that secures sales at the relevant complex by partnering with the used-car sales complex. With regard to rental cars that have been released 2 years ago, we handled 1,903 new cars, which is a 244% increase compared to that of last year.

Sustainability Activities

Strengthening the Communication Culture among Officers and Employees KB Capital operates various systems to strengthen the communication among officers and employees and to boost morale. By making and providing an in-house newsletter, "KB Talk Talk," which provides and shares various news on the status of the company and its subsidiaries, as well as to create a shared corporate culture, KB Capital has strengthened its communication efficiency among employees. In particular, the articles posted were directly written by the employees and aimed to enhance company loyalty. It is regularly implementing a monthly event that develops a bond between employees, such as the creation of the "Compliment Relay System," where an admirable person is selected among its officers and employees. In addition, KB Capital attempts to overcome the difficult market situation by strengthening the communication among officers and employees and by boosting the morale through bonding events among officers and employees such as by celebrating Hof Day, which offers a free communication forum among officers and employees, a special event that gives vital power to its employees(Chobok, Jungbok, Malbok, etc.), and tracking.

KB Savings Bank



“ KB Savings Bank considers the creation of customer value as its top priority goal. ”

At KB Savings Bank, all employees exert their efforts to grow into the best savings bank through the enhancement of its status as Korea's leading savings bank by giving low-interest financial support for low-income groups, stabilizing the economy of low-income groups, and vitalizing the related finance of small and medium enterprises. In addition, to fulfill its social responsibilities, the company regularly carries out various social contribution activities each year and leads the realization of ethical management. As a subsidiary of KB Financial Group, KB Savings Bank will continue to be with its customers by providing optimized products that takes in consideration the local development and creation of customer value as its top priority goal, etc.

CEO Yeong-Man Kim



(Unit: KRW 100 million, Date: December 31, 2014, Consolidated statements)

COMPANY OVERVIEW

Date of Establishment	January 13, 2012
Chairman & CEO	Yeong-Man Kim
Capital Stock	KRW 40 billion
Headquarters Address	260, Songpa-daero, Songpa-gu, Seoul
No. of Branches(total)	11 branch including headquarters sales division
No. of Customers	272,647(register based)
No. of Employees	158
Home Page	www.kbsavings.com

As one of the subsidiaries of KB Financial Group, KB Savings Bank is an exclusive bank that provides financing for low-income groups. Also, it is exerting efforts to be a savings bank that shares its growth with low-income groups and local small and medium enterprises, based on the fact that it has the largest financial network in Korea with stable asset management. The company prepares to gain footing for long-term growth by recovering the trust of its customers and revamping its internal setting to strengthen the finance for low-income groups, which is its top priority. As the first step, the company does its best to grow as a blue-chip savings bank that leads the economic stabilization of low-income groups by focusing on on-site sales such as strengthened contact-type business relationship with locals, small business owners, etc.

Management Framework and Business Strategy



Major Awards

Title	Awarding Organization
Received an award from the Good Loan Awards in the savings bank sector	Dong-A Ilbo
Received the Excellence Award at the Excellent New Financial Product(Product Name: KB Good Anybody Loan)	Financial Supervisory Service

HISTORY

2012. 01	Establishment of KB Seomin Co., Ltd.
2012. 01	KB Seomin Co., Ltd. received approval for mutual savings bank and a capital increase of 22 billion(KRW 34 billion of paid-in capital after the capital increase) Name changed to KB Savings Bank Co., Ltd.
2012. 01	Approval to establish branches(Jangchoong-Dong, Yeouido, Nonhyun-dong, Pyeongchon, Bundang)
2012. 01	Started business
2014. 01	Merger with(former) Yehansol Savings Bank(KRW 40 billion of paid-in capital after the capital increase)
2013. 09	launched "KB Good Loan" to stabilize financial support for low-income groups

Major Products and Service

Product Name	Target	Characteristics
KB Good Loan		A leading credit loan with below mid-interest for financial support to low-income groups
KB Good and Speedy Loan	Individual	Credit loan for salaried workers such as employees, government employees, teachers, soldiers, professionals, etc.
KB Good Conversion Loan		Credit loan conversion for customers who took out a credit loan from other financial institutes
KB Good CEO Loan	Individual business owners	Loan for individual business owners where up to 80% of the card sales amount can be loaned
KB Good Franchise Loan		Loans that support start-ups and operational funds for excellent franchise members

Sustainability Activities

Talent Development The company trains the Financial Risk Manager(FRM) and masters in credit review analysis through a professional training program for efficient marketing and proactive risk management. It is also making efforts to strengthen its expertise by implementing a training program tailored for each position, in-house group training, etc.

Strengthening Local Social Contribution Activities The company continuously carries out community-based social contribution activities such as volunteering activities for free meal service(Hasan Paul's House), supporting juveniles of multicultural families, supporting household items for senior citizens who live alone, etc. As part of its social responsibility, the company also participates in the "Sharing Hope: KRW 1 for 1 m Charity Walking Event," which is annually hosted by the Korea National Red Cross. In addition, the company also participates in the project for the improvement of the residential environment of low-income groups and provides support in projects for juveniles with rare and obstinate diseases.

KB Real Estate Trust



“ We will consider customer satisfaction and the fulfillment of social responsibility as our top priorities. ”

KB Real Estate Trust always strives to deliver trust and satisfaction to its customers. KB Real Estate Trust attempts to fulfill its customers' needs by creating a steady and stable financial company, amidst market insecurity, through faithful and precise management based on fundamental and continuous growth that is based on business diversification. In addition, the company is developing new business areas based on its knowledge on real estate-related laws and programs, including the Trust Act. With a highly ethical mind-set, all the officers and employees at KB Real Estate Trust will continue its commitment to building a company that prioritizes customer satisfaction, fulfills its social responsibilities, and achieves healthier growth.

CEO Sun-il Chung

Total Assets
2,048

Operating Income
200

Equity
1,839

Net Income
148

(Unit: KRW 100 million, Date: December 31, 2014, Consolidated statements)

COMPANY OVERVIEW

Date of Establishment	December 3, 1996
Chairman & CEO	Sun-il Chung
Capital Stock	KRW 80 billion
Headquarters Address	15/16th Floors, Samwon Tower, 124, Teheran-ro, Gangnam-gu, Seoul
No. of Branches(total)	3 domestic branches including its headquarters
No. of Employees	146
Home Page	www.kbret.co.kr

Within KB Financial Group, KB Real Estate Trust consists of a group of experts responsible for real estate development, management, disposal, and REITs services. The company plays a role as a full real-estate trust company that returns profits after managing and operating the real estate entrusted by the customer. The company strives for stable business operations and consumer protection by reinforcing risk management, management efficiency, and ethical management. Moreover, it maintains the largest amount of trust deposits in the industry based on its high credit rating and strong funding power.

Management Framework and Business Strategy

Under KB Real Estate Trust's aim to be "Korea's No.1 Real Estate Trust Company," it implemented four business strategies in 2014. First, the company exerted efforts for "Strengthening Market Power" by reinforcing the competitiveness in winning a contract, increasing REITs performance, and creating a new source of revenue. Second, the company exerted efforts in "Strengthening Risk Management" by establishing a proactive risk management system. Third, the company attempted to achieve an "Increase in Management Efficiency" through the improvement of sales productivity, organization alignment, reinforced personnel capabilities, and cost reduction. Fourth, the company carried out efforts in "Practicing Ethical Management" by reinforcing consumer protection, etc.

Best Real-Estate Trust Company			
Aiming for the Best	Leading the Market	Total Real Estate Service	
Strengthening Market Power • Reinforcing competitiveness in winning a contract • Increase in REITs performance · Creating new source of revenue	Strengthening Risk Management • Establishing a proactive risk management system	Increase in Management Efficiency • Improving sales productivity · Organization alignment · Reinforcing personnel capabilities and reducing costs	Practicing Ethical Management • Reinforcing consumer protection, etc.

HISTORY

1996. 12	Founded Joo Eun Real Estate Trust Co., Ltd.
2002. 09	Company name changed to "KB Real Estate Trust"
2002. 12	Approval for REITs Asset Management Company
2005. 03	Relocation of headquarters(124 Teheran-ro, Gangnam-gu, Seoul)

Major Performance

In 2014, KB Real Estate Trust modified its rules and improved its systems. Also, it enhanced its efficiency and reasonable organizational operations by establishing and implementing its reengineering plans. Based on this, the company had achieved KRW 39.9 billion in commission revenue, which is a 16% increase compared to that of the last year. As of the end of 2014, the total amount of trust deposits had reached KRW 17.8 trillion, thus becoming the No. 1 in the industry. In the REITs sector, the company released REITs for rental houses—a first in Korea—and successfully purchased the YTN Tower. It also successfully purchased the Ssangyong Building at Dongja-dong with the cooperation of KB Asset Management. On the other hand, by winning lot-solid hotel projects, which is a profitable real-estate product based on its low interest in a form of leveraged land trust, the company completed the early parceling-out of the Ramada Encore East Hotel at Seogwipo. In addition, the company won a contract for agency tasks and a special structure project of a local housing association in Haeundae-gu, Busan by engaging in market-tailored sales activities, and thus developed the niche market by constructing duplex homes in the Yoingin area, etc.

Sustainability Activities

Strengthening Human Capabilities KB Real Estate Trust implements its training programs each year to strengthen expertise. In 2014, the company strived to strengthen the expertise of its officers and employees by performing in-house group training, providing outsourced training to foster professionals, carrying out telecommunication training through a financial training center, inviting professionals for lectures, etc.

Strengthening Risk Management KB Real Estate Trust continuously makes improvements to risk-related programs. In 2014, to reinforce the risk management system, the company implemented "Operating standard of limit for each project cost" for the proactive risk management reinforcement of leveraged land trust and to resolve concentrated risk. It also carried out a risk evaluation manual for each development type, an accident prevention program regarding the project cost payment, improvement of the internal control process, reinforcement of the IT sector, regular checkup on customer information protection-internal control task compliance, and reinforcement of the management method of important documents.

KB Investment



“ We support the sustainable growth of small and medium-sized venture firms and medium-sized companies. ”

KB Investment aims enable the company to become the best through the innovation of investment companies and the improvement of corporate value and shared investment on small—and medium—sized venture firms, including medium—sized companies, which will be the next—generation growth industry that will lead Korea’s future industry. KB Investment is continuously bringing out the sustainable growth of companies through the provision of a comprehensive management support service, along with the investment on small—and medium—sized venture firms, including medium—sized companies, in order to find the growth engine within the rapidly changing management environment. As the top leading investment firm in the industry, KB Investment will always exert its best efforts to be an investment partner that will have shared growth with the companies.

CEO Choong-Sun Park



(Unit: KRW 100 million, Date: December 31, 2014, Consolidated statements)

COMPANY OVERVIEW

Date of Establishment	March 27, 1990
Chairman & CEO	Choong-Sun Park
Capital Stock	KRW 44.8 billion
Headquarters Address	9th floor, 731, Yeongdong Ave., Gangnam-gu, Seoul
No. of Branches(total)	1 domestic headquarter
No. of Customers	133(firms and institution)
No. of Employees	36
Home Page	www.kbic.co.kr

Founded in 1990, KB Investment is mainly responsible for "Venture Investment" intended for domestic and foreign unlisted small and medium-sized venture firms, "Growth Capital Investment" to support the growth medium-sized companies, and "Buyout Investment" for corporate management. Since its founding, the firm has invested in about 700 companies and listed over 100 companies, fulfilling its role as an investment partner that helps small and medium venture firms grow.

Management Framework and Business Strategy

KB Investment	
Top-down Allocation	Bottom-up Selection
Strategy composed of portfolios based on macroeconomic change, analyzing the industry and trend of growing business types, etc. <ul style="list-style-type: none"> Economic analysis: Macro and microanalysis Analyzing industry and business type Analyzing demand and supply of venture investment markets Plans for diversified investment: Investment time, business type, region, stage 	Strategy composed of portfolio that considers the characteristics and growth stage of investment companies, financial characteristics, etc. <ul style="list-style-type: none"> Maturity of industries, perspective for growth, trend for change Expected cash flow after investment and major change in financial index Relative comparison of major financial ratio at the related business Management source of the company: Strategy, key products and service, human resource, loyalty of officers and employees, task concentration level

Major Awards

Award Name	Awarding Organization
Received a commendation from the President in 2012	President
Received a plaque of appreciation in the job creation category in 2013	Korea Financial Corporation(KoFC)

HISTORY

1990. 03	Founded KLB Venture Capital
1999. 01	Changed trade name to Kookmin Venture Capital
2001. 12	Merged with Frontier Investment
2002. 06	Merged with Kookmin Technology Banking
2005. 04	Changed trade name to KB Venture Capital
2009. 07	Changed trade name to KB Investment
2012. 08	Total amount of assets under management exceeded KRW 1 trillion(total amount under management: KRW 1,425 billion)

Major Performance

KB Investment has invested in about 770 companies and has 115 corporate results. It had 133 companies in portfolios and investments in various industries on February 2015.

	Sector	Product	Product
Venture Investment	IT	Radio telecommunications and semiconductor/next-generation displays, new biodrugs, medicine, medicines, medical devices, and health care devices	Companies that need corporate value improvement through a secure growth engine and establish practical strategy
	Green Industry	Alternative energy, the second battery, environment-friendly new material, environment-friendly water treatment technology, etc.	Companies that have an opportunity for increased performance through growth opportunity followed by the reestablishment of the business model
	FinTech	Mobile security/approval/payment system and service algorithm-based financial technology	Companies with damaged corporate value because of a management dispute or problems with corporate governance, and those where corporate governance improvement is available
	Parts	Weight reduction, new material, and chemical technology	

Sustainability Activities

Sustainability Activities KB Investment promotes social responsibility as the important major task by having an interest and consideration for local communities, which can be easily neglected. In May 2014, the company took 30 elderly ladies from the Yongbo Elderly Nursing House to Everland, watched My Love Tarzan, Seal Show, etc., went on simple rides, and had a fun and happy outing. As part of the warm "winter sharing," the company provided manual labor services, such as meals, laundry, and cleaning, for senior citizens in December.

Improving Security Awareness of Employees KB Investment implements information security and personal information protection training for officers and employees. In particular, the company is reinforcing the security awareness of officers and employees by implementing continuous training on document management, etc., for the information security of companies that are KB Investment's major customers. With this, the company does not fail to abide by legal procedures such as obtaining a consent letter for providing personal information when receiving personal information from major shareholders.

KB Credit Information



“ We will provide customers with a touching service that goes beyond satisfaction. ”

As a specialized organization for the postmanagement of credit, KB Credit Information is leading the industry based on its excellent professional staff and systemized bond management system, despite the difficult management environments such as depression of the bond collection market, etc. In particular, the company is also playing a key role in setting a virtuous cycle in the financial transactions and realizing a healthy credit society through an efficient bond collection management. KB Credit Information promises to become the future No. 1 total credit information company with an aim to provide "Market Trust and Customer Satisfaction, and Satisfactory Service" by discovering a new growth engine while keeping the highest level of competitiveness in the industry, based on the reinforcement competitiveness in key business areas such as bond collection, etc.

CEO Hyeon-Cheol Oh



(Unit: KRW 100 million, Date: December 31, 2014, Consolidated statements)

COMPANY OVERVIEW

Date of Establishment	October 9, 1991
Chairman & CEO	Hyeon-Cheol Oh
Capital Stock	KRW 6.26 billion
Headquarters Address	22nd/23rd Floors, Gateway Tower, 107, Huam-ro, Yongsan-gu, Seoul
No. of Branches(total)	18 branches, 2 agencies
No. of Customers	7,471
No. of Employees	149
Home Page	www.kbci.co.kr

KB Credit Information is a top-tier credit information company that leads the domestic credit information industry in terms of credit management size and stability by collecting more than KRW 317.7 billion per year and managing KRW 4.3 trillion credits since 2012 within the KB Financial Group. Based on the know-how, professional and the company's scientific and systematic credit management system obtained through the collection of the financial credits for years, the company provides a distinguished service from other companies and is in charge of one of the mainstays of integral improvement within KB Financial Group.

Management Framework and Business Strategy

KB Credit Information as No.1 Total Credit Information Company Pursuing "Services for Market Trust and Customer Satisfaction"

Laying a Stable Platform for Growth by Improving the Percentage of Collection

Increasing Value within the Group by Securing and Implementing Mid- and Long-term Growth Engines

Maximizing Debt Collection within the Group

- Strengthening management exclusive for credits
- Strengthening the internal competition
- Strengthening credit analysis capabilities

Increasing Productivity by Strengthening Sales Capabilities

- Securing and preferring excellent credit manager
- Upward leveling of credit manger's task capabilities

Profit-oriented Management Streamlining

- Vitalizing low-cost and high-return businesses
- Strengthening on-site IT

Major Products and Service

Sector	Products
Credit Collection	Demanding and collecting repayments of debts from creditors on their behalf for the nonperforming loans that occurred during the commercial transaction and by being asked to collect the civil credits where notarized documents has been obtained
Lease Investigation	Investigation and reporting of usage status, moved-in households, lease status, etc., on the collateral goods at the time of the loan
Agency Service for Receiving Documents	Providing documents to the entrusted organization after receiving the loan applicant's identification certification(including own writing), loan documents, supplementary documents, etc.

HISTORY

1999. 10	Establishment of Joo Eun Credit Information Co., Ltd
2002. 05	Merger with KM Credit Information, company changed the name to Kook Eun Credit Information Co., Ltd.
2002. 12	Company name changed to KB Credit Information, Co., Ltd.
2008.09	Incorporated into affiliates of KB Financial Group
2009.01	Announced mid and long-term vision(No. 1 Credit Information that Aims for End-to-End Service)
2011.03	Operations entrustment with Korea Asset Management Corporation
2013.04	Obtained certification for excellence in web accessibility

Major Performance

Maximizing Credit Collection Performance within the Group There have been several difficulties in 2014, including the shrinking of collection activities caused by the decrease in the credit collection market and customer information leakage. However, the company maximized its contribution, such as reducing the default rate and creating special profit within the Group by collecting more than KRW 260 billion credits every year through diverse efforts such as reinforcing the dedicated team system by each credit and default rate, strengthening the internal competitive system, implementing various promotions by each implementation purpose and time, and creating a policy that favors an excellent credit manager, etc. In addition, the company newly accepted and managed, etc. around KRW 48 billion credits from KB Capital and even more as it expanded its role within the Group.

Establishing Revenue Base Outside the Group The company secured the volumes for future Kamco credits by being re-selected as the mandate after participating in the bidding for the entrustment of Kamco credits on February 2014. In addition, the company is making various efforts to diversify a revenue base outside the Group by satisfying the qualifications for asset manager under the Asset-Backed Securitization Act, reinforcing management of trade an asset management companies such as KNS, My Asset, Discovery Asset Management, etc., strengthening concentrated management on civil and commercial credits, etc. and has achieved 199.2% collection rate compared to that of last year, etc.

Sustainability Activities

Minimization of Complaints As KB Credit Information deals with late payment credits, the company is always tasked of having to deal with various complaints from the debtors. Therefore, to minimize the complaints, all the officers and employees at KB Credit Information establishes a triple management system with a dedicated team for complaint management, business operating team, and the complaints officer of each sales office. Also it is making various efforts such as training more than once per month on how to prevent illegal debt collection, etc. As a result, for three consecutive years since 2012, the number of complaints has decreased.

KB Data Systems



“ KB Data Systems aims to grow through communication. ”

KB Data Systems realizes customer satisfaction by always providing the best IT quality and services. Furthermore, the company is a professional financial IT company that continuously researches and develops IT technologies so that the IT sector will contribute to the advancement of the financial industry. Above all else, KB Data Systems cherishes the value of humans based on the idea that humans and technology are the assets. With this, the company, as a member of the society, is contributes to social development by continuously communicating with the social communities through social contribution activities in order to fulfill its corporate social responsibilities. By maintaining an attitude based on the fundamentals and principles, all officers and employees of KB Data Systems will make a concerted effort to play its part in KB Financial Group, to become a leader in financial industry, and also to breathe and grow with the members of the society.

CEO Yoon-Tae Kim



313



0.9



145



3

(Unit: KRW 100 million, Date: December 31, 2014, Consolidated statements)

COMPANY OVERVIEW

Date of Establishment	September 6, 1991
Chairman & CEO	Yoon-Tae Kim
Capital Stock	KRW 8 billion
Headquarters Address	13/14th Floor, Jaram Building, Police Mutual Aid Association, 78, Mapo-daero, Mapo-gu, Seoul
No. of Branches(total)	1 domestic headquarter
No. of Employees	237
Home Page	www.kds.co.kr

As a company with the experience and knowledge that supported the growth of Korea's top financial institutes through concentrated thinking and research on finance, KB Data Systems provides an optimized total IT service from consulting to system setting, and operation by precisely analyzing the customer's need within a rapidly changing financial environment, based on its rich understanding in finance and the know-how accumulated in hundreds of project experience. The company provides a professional IT service with a systemized organization structure and the best technology. Moreover, the company strives to realize a perfect system with unerring precision by having the best quality management system in the industry.

Management Framework and Business Strategy

Through core values, including the "Realize Customer Satisfaction(Customer Trust) with the with Best Quality and Service, Secure Top Talent with Expertise and Commitment(Importance of Talent), Pursuing Precision with Righteous Mindset and Actions(Precision Management), Leading Change through Creativity and Innovation(Creative Innovation), etc., KB Data Systems aims to realize its vision of being "Korea's Top IT Service Designer."



HISTORY

1991. 09	Establishment of Kookmin Data Systems, Co., Ltd.
2005. 04	Company name changed to KB Data Systems
2008. 12	Established Kookmin Bank's next-generation Internet banking systems
2009. 05	Established Kookmin Bank's next-generation management information systems
2010. 12	Established Kookmin Bank's card injection systems
2011. 07	Re-established Kookmin Bank's e-HR systems
2011. 11	Established Kookmin Bank's new entrustment operation systems
2012. 03	Established Kookmin Bank's Total Real Estate Information Systems
2013. 10	Received THE ASIAN BANKER's "Best project prize— HR system, lending platform"

Major Products and Service

In order to establish a top-tier system, KB Data systems provides an optimized system that fits the customer's needs through the provision of various solutions in core technologies for each sector. Through this, we create an advanced financial environment to improve customer competitiveness and service reinforcement.

Based on the experience of establishing a next-generation system, we strive to realize the customer satisfaction and success through enhanced quality management system reinforcemnt, top professional staff, and rich know-how in order to provide an optimized solution that fits various financial environments, such as securities/insurance system and next-generation system, etc., for a savings bank as well as the establishment of a basic financial infra.

Sustainability Activities

Under the clear business strategy of the SM business expansion, selection, and concentration of SI business, KB Data systems makes multi angled efforts to improve the Group's IT capabilities through security improvement of the subsidiaries' IT system operation and by playing a key role in the establishment of an important IT system within the Group. In terms of the subsidiaries' IT system operation, we aim to proactively prepare for security accidents and, at the same time, fundamentally block the leakage of customer information, technology, and KB's financial IT know-how by gradually replacing our personnel with outsourced staff. Furthermore, by focusing all capabilities in the sector where there is a need to minimize technological dependability on outside companies for the systematization of IT capabilities within the Group, and where there is a high possibility of growth — like playing the role of the leading subsidiary in a total information protection center and the risk management sector, such as an IT solution related to subsidiary smart financing, ALM, and the Basel system, etc. — KB Data systems will continue to faithfully perform its role as KB Financial Group's IT subsidiary.

Appendix

- KB Financial Group Sustainability Data
- UN Global Compact
- Third Party's Assurance Statment
- GRI G4 Index

KB Financial Group Sustainability Data

Efforts for Energy Saving and Promotion of Environment—friendliness(KB Kookmin Bank)

KB Kookmin Bank has been extending various efforts to save energy and promote environment—friendliness. Newly introduced LED, automatic light sensor and energy—saving sockets prevent energy waste. Other preemptive activities include the use of low—carbon and high—efficiency fuel for heating and changing the company's official vehicles into hybrid automobiles.

Energy Consumption by Source

(Unit: TJ)

Classification	Energy Source	2012	2013	2014	
Direct Consumption (Scope 1)	Buildings	Diesel	17.87	5.66	5.61
		LNG	114.22	126.34	112.05
		Other	19.10	15.78	9.82
	Vehicles	Gasoline	134.70	128.80	128.12
		Other	13.85	11.81	8.95
Subtotal		299.75	288.39	264.55	
Indirect Consumption (Scope 2)	Buildings	Electricity	2,287.45	2,237.81	2,147.08
		Steam	11.70	11.81	12.70
	Total	2,299.16	2,249.61	2,159.78	
Total		2,598.91	2,538.00	2,424.33	

Cost Reduction

Nature friendly Branch Offices. In order to build nature—friendly branch offices, KB Kookmin Bank changed the existing fluorescent lights into LED lamps. 220W fluorescent lamps used in 3,915 flat panel lights of our branch offices were replaced with 80W LED lamps. 52W fluorescent lamps used in 3,136 downlights at front desks were also replaced with 20W LED lamps. In addition, 50W fluorescent lamps used in 388 halogen lights were replaced with 8W LED lamps. The 28W fluorescent lamps used in 3,480 bar—type lights were also replaced with 20W LED lamps.

Year	Objectives	Electricity Reduction	GHG Estimation	Cost Reduction
2012	97	1,500,826 kWh	700 tCO ₂ eq	187,603,250 won
2013	94	2,505,423 kWh	1,168 tCO ₂ eq	313,177,875 won
2014	93	2,233,162 kWh	1,041 tCO ₂ eq	279,145,250 won

* Estimated by assuming 1 KWH = KRW 125

Pilot Introduction of High—efficiency Light Fixtures in the Head Office. KB Kookmin Bank further in its energy consumption efforts by introducing high—efficiency light fixtures in our Head office building. We replaced 32W fluorescent lamps used in 540 ceiling lights on the 9th floor of our Head Office building in Yeouido to 22W LED lamps. 32W fluorescent lamps that were used in 224 lights in the cafeteria ceiling of our Head Office building in Myeongdong were replaced with ten15W LED lamps and 214 22W LED lamps.

Year	Objectives	Electricity Reduction	GHG Estimation	Cost Reduction
Head office of Yeouido	9 floor office	17,410 kWh	8 tCO ₂ eq	2,176,250 won
Head office of Myung—Dong	Employee Restaurant(14 floor)	5,853 kWh	3 tCO ₂ eq	731,625 won

* Estimated by assuming 1 KWH = KRW 125

Proactive Energy Saving KB Kookmin Bank appointed "Energy Saving Leaders" at each department and branch to save energy. The company also selects and notifies Monthly Energy Saving Activities to all employees. On the first Friday of each month, Energy Saving Activities Checklists are prepared and filed. In addition, each energy Saving Leader reviews the department/branch's energy use for the previous, and assesses the possibility of additional energy-saving activities. Furthermore, KB Kookmin Bank promulgated and distributed KB Energy Saving Manual in December 2013, and launched its KB Energy Saving Activity/Checkup Day program in August 2014. Through these efforts, KB Kookmin Bank successfully reduced its energy consumption. Electricity consumption decreased by 4% from 233,111 MWh in 2013 to 223,655 MWh in 2014, and LNG(liquefied natural gas) consumption decreased by 11% from 2,898km³ to 2,570km³.

Efforts for Greenhouse Gas Reduction and Resource Saving

KB Financial Group is keenly aware of the importance of our environment. Thus, the Group has been continuously paying close attention to the related issues such as climate change, greenhouse gas emission, and resource waste. KB Kookmin Bank was selected as "Company Subject to Greenhouse Gas Control" in 2012. After selection, the company has been extending efforts to meet its greenhouse gas emission goal under the relevant laws and regulations, exceeding the target reduction amount by a large extent in 2014.

In addition, KB Kookmin Bank became the first bank to be included in the emission permit trading system adopted for the first time in South Korea in 2015. In order to achieve the goals imposed under this new system, the Bank has been bolstering its greenhouse gas monitoring system, and carrying out other activities aimed to reduce greenhouse gas emission.

Target Greenhouse Gas Emission for 2014

KB Kookmin Bank calculated its target total amount of greenhouse-gas emission for the year 2014 based on its direct/indirect emission in the preceding year. Business sites with small emission amount(5% of the total amount) were excluded from calculation, and the target emission amount for 2014 of 117,876 tCO₂eq, which was determined through a consultation with the government, was converted based on the total amount. The expected emission in 2014 was calculated based on its emission amount from 2009 to 2011 in accordance with the target emission calculation method proposed by the government, and the building-business type reduction rate in 2014 of 7.93% was applied for the calculation of the expected emission amount.

(unit: tCO₂eq)

Direct emission target	Indirect emission target	Total target
16,878	107,106	123,984

Greenhouse Gas Emissions and Resource Consumption

Classification	Unit	2012	2013	2014
Direct Greenhouse Gas Emissions	tCO ₂ e	18,167	17,194	15,888
Indirect Greenhouse Gas Emissions	tCO ₂ e	111,476	109,113	104,636
Energy Consumption	MWh	721,789	704,874	673,305
Water Use	km ³	168.447	153.149	158.137
Paper Use	Box	144,131	131,426	144,537
Total Business Trip Distance	Km	3,281,564	4,039,693	3,602,169

* The data scope of greenhouse gas emissions and energy consumption is applied to the KB Kookmin Bank .

* The data scope of water use is applied to six head office buildings of KB Kookmin Bank under operation of ISO 14001 .

* The paper used refers to A4-sized paper, and one box contains 2,500 sheets.

* The data scope of the total business trip distance pertains to KB Kookmin Bank and the amount of expenses related to business trips was converted into distance(KRW1,000 1.34km)..

Waste

Affiliate	Unit	2012	2013	2014
KB Kookmin Card(recycled)	m ³	212	215	100
KB Kookmin Card(landfill)	m ³	451	459	481

UN Global Compact



Human Rights

Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2 : make sure that they are not complicit in human right abuses.



Labour

Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4 : the elimination of all forms of forced and compulsory labour;
Principle 5 : the effective abolition of child labour; and
Principle 6 : the elimination of discrimination in respect of employment and occupation.



Environment

Principle 7 : Businesses should support a precautionary approach to environmental challenges;
Principle 8 : undertake initiatives to promote greater environmental responsibility;
Principle 9 : encourage the development and diffusion of environmentally friendly technologies.



Anti-Corruption

Principle 10 : Businesses should work against corruption in all its forms, including extortion and bribery.

KB Kookmin Bank has joined the UN Global Compact(UNGC), which is an international agreement that stipulates the social responsibilities of the global enterprise, and declared that it will sincerely implement ten principles in four areas—human rights, labor standards, environment, and anti-corruption.

Third Party's Assurance Statement

To the Readers of KB Financial Group Sustainability Report 2014:

Foreword

Korea Management Association Registration Inc.(hereinafter "KMAR") has been requested by of KB Financial Group(hereinafter "the Group") to verify the contents of its Sustainability Report 2014(hereinafter "the Report"). The Group is responsible for the collection and presentation of information included in the Report. KMAR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

Scope and standard

KB Financial Group describes its efforts and achievements of the sustainability activities in the Report. KMAR performed a Type 2, moderate level of assurance using AA1000AS(2008) as an assurance standard. KMAR's assurance team(hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI G4 indices as below, where professional judgment of the team was exercised as materiality criteria.

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

- Reporting Principles
- General Standard Disclosures
- Specific Standard Disclosures
 - Generic DMA of each of following material aspects
 - Economic Performance: EC1, EC2
 - Indirect Economic Impacts: EC7, EC8
 - Energy: EN3, EN6
 - Water: EN8
 - Emissions: EN15, EN16, EN19
 - Effluents and Waste: EN23
 - Transport: EN30
 - Employment: LA1
 - Training and Education: LA9
 - Investment: HR2
 - Freedom of Association and Collective Bargaining: HR4
 - Human Rights Grievance Mechanisms: HR12
 - Local Communities: SO1
 - Anti-corruption: SO4, SO5
 - Compliance: SO8
 - Grievance Mechanisms for Impacts on Society: SO11
 - Product and Service Labeling: PR5
 - Marketing Communications: PR7
 - Customer Privacy: PR8
 - Financial Services Sector Disclosures: FS7, FS8, FS13, FS14

This Report excludes a data and information of joint corporate, contractor etc. which is outside of the organization, i.e. KB Financial Group, among report boundaries.

Our Approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows:

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

Our Conclusion

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

- **Inclusivity** Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.
 - KB Financial Group is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder group left out during this procedure.
- **Materiality** Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.
 - KB Financial Group is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.
- **Responsiveness** Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.
 - The assurance team could not find any evidence that KB Financial Group's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

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

Recommendation for Improvement

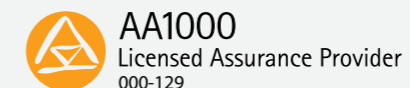
We hope the Report is actively used as a communication tool with stakeholders and recommend the following for improvements.

- The Group needs to set up strategies related on sustainability and more systematic performance management system.
- We suggest that the Group continually improve materiality analysis process and performance management system to minimize the gap between views of the company and its stakeholders in respect of its sustainability performance.

Our independence

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

July, 1st, 2015



K. H. Park
CEO Ki Ho Park

GRI G4 Index(G4 CORE)

Classification	No.	Disclosures	Page
Strategy and Analysis	G4-1	Provide a statement from the most senior decision-maker of the organization	2
	G4-2	Key impacts, risks, and opportunities	2
Organizational Profile	G4-3	Organization name	6
	G4-4	Primary brands, products, and services	6
	G4-5	Headquarters location	7
	G4-6	"Number of countries where the organization operates, name of countries with locations of major operations, or with specific relevance with sustainability issues covered in the report"	7
	G4-7	Nature of ownership and legal form	6-7
	G4-8	Markets served(geographic breakdown, sector served, and customer / beneficiary type	6-7
	G4-9	Scale of the organization	6-7
	G4-10	Total workforce by employment type, employment contract and region	64, 68, 70, 72, 74, 76, 78, 80, 82, 84, 86
	G4-11	Percentage of total employees covered by collective bargaining agreements.	61
	G4-12	Major characteristics of the supply chain related to the organization's major activities, products and services	6-7
	G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	6-7
	G4-14	Whether and how the precautionary approach or principle is addressed by the organization.	14-15
	G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	91
	G4-16	Memberships of associations(such as industry associations) and national or international advocacy organizations in which the organization subscribes or endorses	13, 67
Identified Material Aspects and Boundaries	G4-17	All entities included in the organization's consolidated financial statements or equivalent documents.	6-7
	G4-18	Process for defining report boundaries and content	14-15
	G4-19	Material Aspects identified in the process for defining report content.	14-15
	G4-20	Descriptions of material aspect boundaries within the organization	14-15
	G4-21	Descriptions of material aspect boundaries outside the organization	14-15
	G4-22	Effect of any re-statements of information provided in previous reports, and the reasons for such restatement	No restatement made.
Stakeholder Engagement	G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	-
	G4-24	List of stakeholder groups engaged by the organization	12-13
	G4-25	Basis for identification and selection of stakeholders with whom to engage	12-13
	G4-26	Stakeholder engagement approach, including frequency by type and by stakeholder group	12-13
Report Profile	G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	12-13
	G4-28	Reporting period	About this report
	G4-29	Date of most recent previous report(if any)	About this report
	G4-30	Reporting cycle(such as annual, biennial)	About this report
	G4-31	Reporting cycle(such as annual, biennial)	About this report
	G4-32	"In accordance" option, GRI Index and report assurance	94-95
	G4-33	Policy and current practices regarding external assurances for the report	92-93
Governance	G4-34	Governance structure of the organization	8-9
	G4-38	Composition of the board and its committees	8-9
	G4-39	Details on whether the Chair of the highest governance body is also an executive officer	8-9
	G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	8-9
	G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	8-9
	G4-43	"Actions of the highest governance body to develop and enhance knowledge related to economic, environmental, and social topics"	8-9
Ethics and Integrity	G4-51	Remuneration policies for the highest governance body and senior executives for the following types of remuneration	8-9
	G4-56	Description of the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	24-27
	G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	25
	G4-58	Internal and external systems of the organization that enable the reporting of unethical or illegal acts and integrity related issues of the organization	25

Classification	No.	Disclosures	page
Specific Standard Disclosures : Economic			
Economic Performance	EC1	Direct value generated and distributed	11
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	53, 89-91
Indirect Economic Performance	EC7	Development and impact of infrastructure investments and services supported	50-53
	EC8	Significant indirect economic impacts, including the extent of impacts	44-49
Specific Standard Disclosures : Environment			
Energy	EN3	"Energy consumption within the organization"	89
	EN6	Reduction of energy consumption.	89-90
water	EN8	Total water withdrawal by source.	89
Emission	EN15	Direct greenhouse gas(GHG) emissions(Scope 1)	89
	EN16	Energy indirect greenhouse gas(GHG) emissions(Scope 2)	89
	EN19	Reduction of greenhouse gas(GHG) emissions	89
Transport	EN23	Total weight of waste by type and disposal method.	91
	EN30	"Significant environmental impacts of transporting products and other goods and materials of the organization's operations, and transporting members of the workforce"	89
Specific Standard Disclosures : Society(Labor Practices and Right)			
Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	59
Training and Education	LA9	Average hours of training per year per employee, by gender, and by employee category.	60
Specific Standard Disclosures : Society(Human Right)			
Investment	HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	61
Freedom of Association and Collective Bargaining	HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	61
Human Rights Grievance Mechanisms	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	61
Specific Standard Disclosures : Society(Society)			
Local Community	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	44-49
Anti-Corruption	SO4	Communication and training on anti-corruption policies and procedures.	24-25
	SO5	Confirmed incidents of corruption and actions taken	24-25
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	21
Grievance Mechanisms	SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	41
Specific Standard Disclosures : Society(Product Responsibility)			
Product and Service Labeling	PR5	Results of surveys measuring customer satisfaction	43
Marketing	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotions, and sponsorship, by type of outcome	-
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	21
Product Portfolio	DMA	"Policy for fair design and sales on financial product and service"	66
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	51-52
	FS8	"Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose."	53
Local Community	FS13	Access points in low-populated or economically disadvantaged areas by type	52
	FS14	Initiatives to improve access to financial services for disadvantaged people	52

오른길을
묻다

**2014 KB Financial Group
Sustainability Report**

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

26 Gukjegeumyungro8-gil, Yeongdeungpo-gu, Seoul
KB KB Financial Holding Inc. Public Relations Department

Telephone: +82-2-2073-7822

Fax: +82-2-2073-0639

