

2016 Sustainability Report of KB Securities

Sustainability Report

Contents

Letter From the CEO 03

Company Profile 04

Key Issues

Strategy & Service

Business Strategies and Sustainability 08

Representative Products and Services 12

Customer & Employee

Protection of Customer Information and Customer Satisfaction 18

Talent Development and the Quality of Life 21

Social Responsibility

Social Responsibilities of Finance 26

Social Contribution for the Community 28

Appendix

Corporate Governance 32

Risk Management 34

Ethical Management 36

Stakeholder Engagement and Materiality Test 38

Performance Summary 40

GRI Content Index 42

UN SDGs 45

Verification Statement 46

Additional Information for the Report 48

The integrated KB Securities will have the following changes.

KB Securities came into being with the merger of Hyundai Securities and KB Investment & Securities – the two companies touting long histories and traditions, and strong expertise and competencies.

KB Securities with a higher credit rating alongside a bigger scale from the merger will offer financial services of a new tier to customers.



Raising the credit standing as a large investment bank

External credit standing was revised upwards with enlargement in scale and a higher credit rating with the launch of a mega-scale investment bank (IB) worth the equity capital of KRW 4 trillion. Moreover, customers' accessibility was also improved by securing the best branch network at home and abroad.

KRW 4.1 trillion

A mega-scale investment bank with the equity capital worth KRW 4 trillion



Providing competitive investment solutions that are optimized

Having combined strengths in each business of the two companies through the merger, KB Securities came to have more competitive business portfolios, thus providing optimized investment solutions suited to financial needs of diverse customers.

AA

Higher corporate credit rating with incorporation into KB Financial Group



Gaining cross-affiliate synergies of KB Financial Group

KB Securities will enhance customer values through expansion of the basis for business aligned with financial affiliates in the Group and cross-affiliate collaboration based on stronger brand recognition as an affiliate 100% owned by KB Financial Group.

24

Expansion of hybrid branches of KB Securities – banks

“ KB Securities will suggest new investment directions for customers.”

Looking back, 2016 was a year of many ups and downs with incorporation of Hyundai Securities into KB Financial Group and its merger with KB Investment & Securities, and formation of a blueprint and implementation of business realignment of an integrated securities company. We are rewarded that the integrated KB Securities made a successful launch as an integration of the two companies and deeply thank all the stakeholders for giving us unwavering encourage throughout the journey.

The integrated KB Securities has risen as a mega-scale financial investment company with a leading presence in the industry with equity capital of KRW 4.1 trillion, customer assets of KRW 100 trillion and 3.78 million customers through a merger of Hyundai Securities and KB Investment & Securities. We have such wide-ranging business portfolios ranging from Wealth Management (WM), Investment Banking (IB), Sales & Trading (S&T) and Wholesale (W/S) along with external expansion. We believe that KB Securities as a corporate member of KB Financial Group will exert synergies as ‘One Firm KB’ in all areas – customers, products and sales, etc. – and raised a notch in financial expertise and global competencies.

The financial investment industry witnesses ever-fiercer competitions when volatility in stock prices has risen high amid uncertainties in the management environment at home and abroad and new digitalized financial services have emerged. Financial companies gain sustainable competitiveness by implementing internal competency buildup and cross-industrial cooperation in order to make preemptive and proactive responses. Against the background, KB Securities established a new vision to become ‘a global financial investment company that leads finance in Asia.’ Our plan is to enhance customer values and sustainable competitiveness based on three strategic directions: realigning customer-oriented business models, maximizing synergies and optimally leveraging capital. We would

like to designate this year as the starting year for sustainability management by intensifying fundamental core competencies in the existing business areas, and ensuring cross-business collaboration and synergies among financial affiliates of KB.

Furthermore, KB Securities is enhancing socially shared values by attenuating social responsibilities of finance and contribution activities of the community. We contribute to forming an ecosystem of shared growth for sharing and win-win benefits by engaging in diverse social contribution programs including the financial education under the One-Company One-School program and a campaign for financial sharing as well as acquisition of ‘ISO 14001 for the environmental management system’ for the first time in the industry through accountability and principle-based investment reflective of the Environment, Social and Governance (ESG) values. We would also like to pursue substantial growth and long-term development by acutely responding to changes in the financial environment with higher efficiency in management activities through fair and transparent decision-making, and robustly establishing ethical management and the internal control system in compliance with market order.

We promise to make the best efforts to become a reliable company by creating new values to diverse stakeholders and enhancing corporate sustainability through our economically, environmentally and socially innovative activities. We sincerely ask for your generous interest and support.

Thank you.

윤 경은

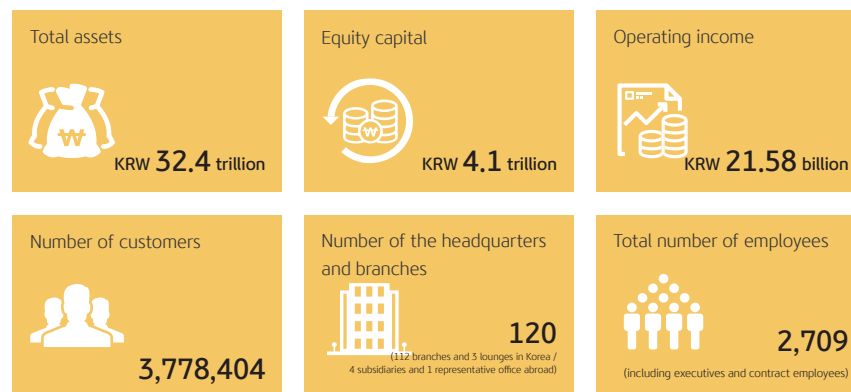
Yun, Kyungeun
CEO and President of
KB Securities

전 병조

Chon, Byungjo
CEO and President of
KB Securities

Company Profile

The merger of former Hyundai Securities and former KB Investment & Securities on December 30, 2016 led to the launch of KB Securities as a mega-scale financial investment company with equity capital of KRW 4.1 trillion, customer assets of KRW 100 trillion and 3.78 million customers. KB Securities came to have competitive business portfolios through all business areas with former Hyundai Securities' top-notch retail competitiveness in the industry, product design and management competencies, and former KB Investment & Securities' competitiveness in the fields of investment bank (IB) and Wholesale. Furthermore, KB Securities as KB Financial Group's 100% owned affiliate secures strong brand recognition and stability, providing diverse financial services needed in the capital market for private and institutional investors at home and abroad as Korea's representative financial investment company. Total assets as of 2016 stand at KRW 32.4 trillion with operating income of KRW 21.58 billion, the credit rating AA for of non-guaranteed bonds and A1 for commercial papers and asset-backed short-term bonds.



※ Based on the consolidated financial statement of KB Securities as of 2016-end
 ※ Net loss occurred due to one-time expenses and changes in accounting standards following the merger of former Hyundai Securities and former KB Investment & Securities in 2016.

Business Areas

KB Securities consists of four areas of business based on target customers and the nature of each business to provide diversified and advanced financial investment services to customers. Each business area provides optimized financial solutions through customer-oriented business strategies.

WM

Providing asset management services for retail customers
 Providing investment portfolios suited to customer demands, for which offering services for diverse investment products, e.g. stock trading and investment in financial products
 Offering diverse and convenient financial transaction services through the nationwide branch network and online media (MTS¹⁾, HTS²⁾, etc.)

IB

Providing financing, advisory and investment services to corporate customers
 Offering corporate financing and IB advisory services, e.g. issuance of corporate bonds, structured finance, IPO3), capital increase and advisory service for M&A
 Providing financial services related to financing and investment in project financing, e.g. Social Overhead Capital (SOC4)) and real estate

S&T

Designing and providing derivatives-linked securities, and brokering and managing bond products
 Issuing diverse profitable derivatives-linked securities and providing them to private and corporate customers
 Providing bond products for bond brokerage and asset management at home and abroad to the Wealth Management (WM) sector

Wholesale

Providing services of stock brokerage for institutional investors and investment in financial products
 Providing stock and derivatives brokerage and prime brokerage services to pension funds and asset management companies at home and abroad
 Offering advisory and financial product services on funds under management for pension funds and corporations

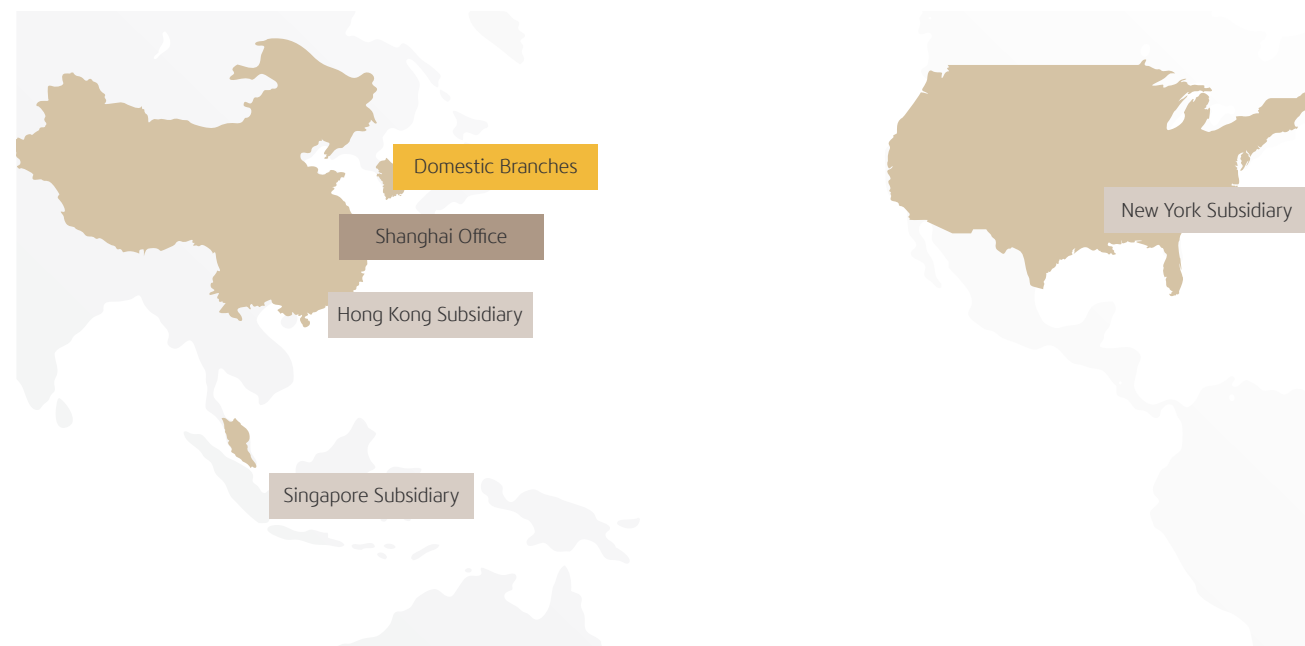
Nationwide Retail Network **115** branches

Overseas Networks **5** branches

Business Network

KB Securities has the industry's largest nationwide retail branch network with 115 branches to provide comprehensive asset management business to increase customer assets. We also run 4 local subsidiaries in major hubs abroad and an overseas representative office in Shanghai to expand our global business.

KB Securities seeks to become a global financial investment company that leads finance in Asia through the network and brand power. Our overseas advancement towards the goal is not an option but a must as we strengthen our local business through collaboration with major affiliates of KB Financial Group.



Domestic Branches

As of Dec 31st, 2016

Seoul	40 branches, 1 lounge	Gyeongbuk	6 branches
Gyeonggi	22 branches, 2 lounges	Daejeon	3 branches
Incheon	3 branches	Chungnam	5 branches
Gangwon	1 branch	Chungbuk	2 branches
Busan	4 branches	Gwangju	3 branches
Gyeongnam	5 branches	Jeonnam	1 branch
Daegu	4 branches	Jeonbuk	3 branches
Ulsan	9 branches	Jeju	1 branch
Total	112 branches, 3 lounges		

※ 110 branches and 10 lounges as of December-end, 2017 – expanding hybrid branches and lounge branches aligned with KB Kookmin Bank

Overseas Branches

Local subsidiaries	Hong Kong Subsidiary
	New York Subsidiary
	Singapore Subsidiary(KB Asset)
	Singapore Subsidiary(HAI)
Local Office	Shanghai Office
Total	4 subsidiaries, 1 office

※ Acquired Maritime Securities Incorporation of Vietnam in October 2017 under the global advancement strategy after the merger

Strategy & Service

KB Securities will continue to grow into a global financial investment company that leads finance in Asia



Business Strategies

We secure differentiated competitiveness by realigning customer-centered business models, maximizing synergies and optimally utilizing equity capital.



Key Products and Services

We provide the top-notch investment solutions to customers based on balanced business portfolios in all business areas of WM, IB, S&T and Wholesale.

Key Performance

Equity Capital

KRW **4.1** trillion

Customer Asset

KRW **100** trillion

Number of Customers

KRW **3.78** million

Sustainable Management

KB Securities has emerged as a mega-scale financial investment company with equity capital of KRW 4 trillion based on balanced business portfolios in business areas including WM, IB, S&T and Wholesale. We can now provide top-notch services and investment solutions to customers by acquiring Korea's top-notch branch network and customer-oriented diverse online service competencies.

Having announced a new vision to become a 'global financial investment company that leads finance in Asia', KB Securities has established a goal to evolve into Asia's top investment bank. All employees at KB Securities provide more specialized financial services driven by customers' deep trust for us under a slogan of a 'life-long investment partner for people' aligned with the goal.

KB Securities plans to strengthen strategic alliance with KB Financial Group with a focus on WM and IB to secure differentiated competitiveness. Moreover, we will continuously generate stable performance by establishing and executing growth strategies by business area based on three strategic directions: realigning customer-centered business models, maximizing synergies and optimally utilizing equity capital.



INTERVIEW

Manager Yu, Jinseok at the Strategy Planning Department

I have high expectations for the integrated KB Securities, an integrated company through the Post-Merger Integration(PMI), to become the basis to move forward as a global financial investment company that leads finance in Asia. It can provide the top-notch financial solutions by integrating strengths of each affiliate. Moreover, it will generate cross-affiliate synergies of KB Financial Group. All the employees will make further efforts to provide financial services of a new level.


Business Strategies

Launch of KB Securities


KB Securities came into being as a large-scale securities company with equity capital of KRW 4 trillion through the merger of former Hyundai Securities and former KB Investment & Securities. KB Financial Group intensively raised competitiveness in the non-banking sector by incorporating KB Securities as an affiliate with 100% equity. Having laid the foundation for stable growth through synergies with KB Financial Group, the external credit standing of KB Securities went up significantly with higher credit ratings.


KB Securities established new visions and strategies led by the 'Integration Promotion Team' to pave the way for mid- and long-term growth and continued growth by generating synergies of former Hyundai Securities and former KB Investment & Securities, let alone their physical integration through the merger.

Highlights of the Launch of Integration

- 

Acquisition of Hyundai Securities (May 31st, 2016)
Hyundai Securities being incorporated into KB Financial Group
- 

Launch of the 'Integration Promotion Team'
Analyze differences of the two companies for creating integration measures, and devise growth strategies for an integrated securities company
- 

Merger (Dec 30th, 2016)
Completion of a physical combination through the merger of former Hyundai Securities and former KB Investment & Securities
- 

Launch of an integrated securities company (Jan 2nd, 2017)
Launch of KB Securities, and pursuit of a chemical combination



We also stably integrated operations, institutions and IT systems of the two companies in order to systematically integrate operations lest the merger should cause trouble.

KB Securities seeks to provide optimal investment solutions to customers through collaboration with major affiliates of KB Financial Group based on its own business competencies and expanded network.

Vision and Strategic Direction

KB Securities established a vision to become 'a global financial investment company that leads finance in Asia' through the Post-Merger Integration (PMI) for the integration process carried on from June 2016. We also set three

strategic directions under the vision: I. Realigning a customer-centered business model, II. Maximizing synergies and III. Optimally utilizing equity capital.

For realigning a customer-centered business model, we plan to develop KB's own differentiated delivery model for customers, and create customer values through innovation. We will also maximize customer satisfaction.

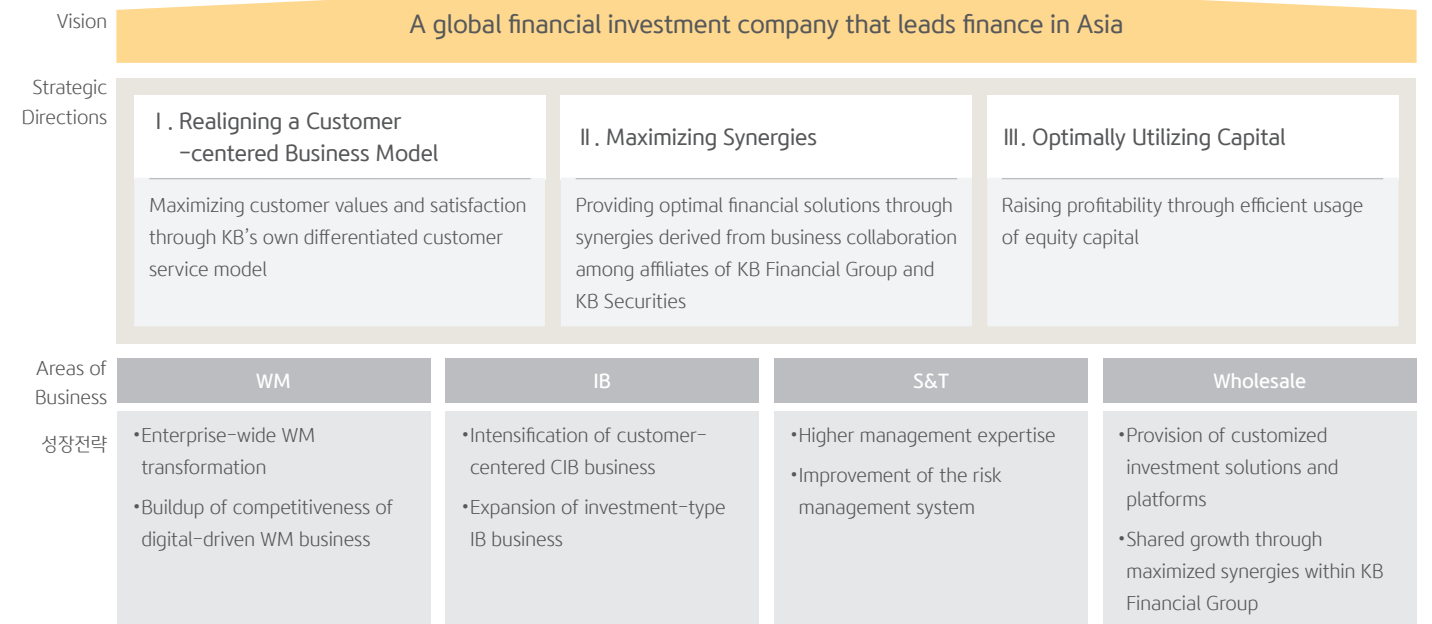
For maximizing synergies, we will strive to create 'collaborative synergies' for each business within the Group and the Company, thereby maximizing the scale of profit.

For optimally utilizing equity capital, we will achieve the highest profitability by intensifying competencies for value added projects to optimally utilize equity capital.

We established growth strategies and key implementation tasks on four business areas - WM, IB, S&T and Wholesale - under the strategic directions.

WM: We seek to grow into 'an asset management partner for all people' suited to the prestige of KB - the stronger retail giant. We will raise competitiveness by differentiating services for new customers and intensifying the enterprise-wide asset management-driven business system of WM Transformation.

IB: We intend to grow under the goal to provide 'investment-type IB to provide optimal corporate solutions.' To this end, we will beef up the customer-centered corporate investment banking (CIB) and scale up the investment-focused IB business.



S&T: We plan to strengthen our prestige as a ‘product factory’ – a key organization for developing products equipped with the top-notch product competencies. We will strive to raise expertise in management and improve the risk management system.

Wholesale: We are committed to growing an investment partner to provide the top-notch solutions and platforms for corporate customers. We will grow alongside them through synergies generated within KB Financial Group along with customized investment solutions and platforms.

KB Securities aims to intensify fundamental competitiveness under the vision and growth strategies and provide comprehensive and differentiated financial investment services to customers. Moreover, we will build a continued growth with customers at all times as a financial investment company that offers financial solutions that are optimized for financial needs of customers.

Core Values

All employees at KB Securities will present the best values and satisfaction to customers through cooperation under the following core values – Harmony (Harmonia), Excellence (Excellentia) and Trust (Fiducia) – to achieve the vision to become ‘a global financial investment company that leads finance in Asia.’

Harmony (Harmonia)
Employees consider mutual respect, team

work and loyalty to their company as the top code of conduct to achieve the common goal of driving customer growth and innovation in the capital market.

Excellence (Excellentia)

We will present most pioneering and differentiated investment solutions to customers based on financial expertise and insight on global finance.

Trust (Fiducia)

We pursue to become the most trusted securities company with the highest sense of accountability by raising the quality of available services and products and focusing on security and safety on financial transactions and customer information.

Six agendas for core strategies

We set agenda for six core strategies to discover optimal investment opportunities in the rapidly changing investment environment and provide the best financial solutions to customers.

The agenda for core strategies are 1. WM Transformation, 2. Synergy Maximization, 3. Buildup of Business Competencies, 4. Portfolio Diversification, 5. Spread of the Performance-driven Culture, and 6. Setup of a Core Business Model for the Future. They are strategically aligned with each business area.

The WM Division intensifies customer-centered asset management service through asset management based on customers’ lifecycle, seeking to realign

into a customer-centered business model. Moreover, we implement strategies to maximize synergies through cross-business collaboration within KB Securities as well as cross-affiliate collaboration within KB Financial Group.

We lay the foundation for sustainable growth by strengthening competencies for core business operations in four business areas: WM, IB, S&T and Wholesale. In addition, portfolios are diversified to prepare for business risks derived from fluctuations in the financial market.

KB Securities internalizes a performance-driven corporate culture to ensure continued growth by overcoming challenges in the endlessly changing environment. We will expand customer values as a global financial investment company, while raising capabilities for execution to implement core strategies, by putting in place core business models driven by digital technologies.



WM Transformation

We focus on innovation to provide efficient asset management services based on customers’ lifecycle.

Improvement of the business scheme to be WM-centered: We realigned the internal KPI system and performance pay system based on increases in customer assets in order to beef up our business in asset management.

Higher expertise of sales personnel: We have upgraded the PB hierarchy scheme – Star PB, Master PB, General PB and Junior PB – to raise sales personnel’s expertise in asset management and improved their competencies through rank-specific training programs. Moreover, we have upgraded personnel competencies of PBs by adding outstanding sales personnel to asset management positions.

Launch of the IPS Division: We launched the IPS Division in early 2017 to upgrade asset management services to customers based on thorough analysis of the financial market at home and abroad. The IPS division consisting of five departments such as asset management, development of investment products, and investment advisory supports all processes for asset management, ranging from designing of investment products and specialized sales for private customers and follow-up management.



Synergy Maximization

We provide optimal financial solutions to customers through collaboration among diverse financial affiliates and business areas within the Group.

Synergy generation through collaboration: Cases in point include hybrid branch strategies in WM and IB between KB Securities and KB Kookmin Bank.

Hybrid Branch Strategies

- A hybrid branch refers to a branch of KB Kookmin Bank and that of KB Securities are placed either in the same building or on the same floor to comprehensively provide customers of both companies with banking services and securities products and services.
- A total of 24 hybrid branches have been established as of 2016-end, and the number is expected to increase to over 50 by 2017-end.

IB Collaboration

- Implementing collaboration on IB between KB Kookmin Bank and KB Securities to comprehensively provide wide-ranging financial solutions to companies
- Providing financial solutions comprehensively on financing including corporate loans, bond issuance, and capital increase



Buildup of Business Competencies

We will raise profitability by strengthening competitiveness in each area of business. We also expand the market dominance by exploring new growth opportunities,

thereby intensifying the basis for continued growth.

WM: We provide differentiated products and services by launching a new business unit for Investment Products & Services (IPS). We released a representative product titled ‘KB able Account’ which is a unified managed account (UMA) and also opened ‘Olla Digital Asset Center’ providing asset management services to online customers, while facilitating digital marketing to acquire customers in non-face-to-face channels.

IB: We provide optimized best IB solutions in line with a corporate lifecycle by establishing coverage models for large enterprises and MEs and SMEs. Moreover, we make steady investment in promising companies that are growing by proactively leveraging new tech finance and PEF, while diversifying income sources including infrastructure and real assets.

S&T: We intensify our competencies as a product factory equipped with top-class product competencies by securing professional workforce and advancing the system. In addition, we strengthened a risk management and control system by launching the Product Control Group(PCG) Department and the Quantitative Model Risk(QMR) Department for stronger risk management and control functions.

Wholesale: We carry on external growth by realigning coverage and business models and expanding strategic product sales for core customers. The Prime Brokerage Service (PBS) has been upgraded to lay the foundation for new growth.



Portfolio Diversification

Portfolios have been diversified without concentrating on specific products so that major business areas could achieve balanced growth, while global businesses have been gradually expanded.

WB: We expand the portion of profits from asset management business by maintaining competitiveness in the existing brokerage business and ensuring differentiated product lineups including overseas bonds and structured products.

IB: We have secured competitiveness in IB advisory business and diversified business portfolios by intensifying investment-type IB models. While dominating a new market that provides comprehensive IB solutions to SMEs and MEs, we will gain new growth engines by vigorously responding to the government’s mega-scale IB development measure, that is, approval of short-term financial operations.

S&T: We generate additional income by issuing new products including ELS for individual stocks and variable ETN. We plan to broaden our income sources with stronger competitiveness in F/X bond brokerage business.

Wholesale/PBS: We increase our market share with core customers including pension funds and institutions and the scale of assets under management by expanding the supply of high-yield overseas and alternative investment

products. We seek to secure future growth engines through the top-notch PBS business in the industry. The PBS Division has established itself as a new income source by increasing the number of institutional clients and customized loan services. Global Business: We plan to foster KB Securities Hong Kong as the IB hub of Asia with capital expansion. Moreover, we stretch out our entry into the emerging market in Asia including Vietnam with high growth potentials.

Global Business: We plan to foster KB Securities Hong Kong as the IB hub of Asia with capital expansion. Moreover, we stretch out our entry into the emerging market in Asia including Vietnam with high growth potentials.



Spread of the Performance-driven Culture

We further boost morale of top talents with a performance-driven compensation scheme and bolster the performance-oriented management system within the organization. Efforts are underway to spread a performance-driven corporate culture by reasonably realigning the performance-based pay scheme for sales personnel at retail business and the headquarters.

Reasonably aligning the performance-based compensation scheme:
We reasonably realigned the retail

performance-based pay scheme under the asset management business strategies. The sales departments at the headquarters have reasonably reshuffled the performance-based pay scheme to further give morale to staff in the organization, given the nature of their business.

Introduction of the wage peak system for higher productivity: In order to stay away from a general model that simply reduces the wage by age bracket, we designed and run a wage system for differential payment of the peak wage depending on five-stage evaluation ratings. Old-age employees, thus, are given further motivation under the measure to suspend the wage peak application when their performance exceeds a certain threshold.



Setup of a Core Business Model for the Future

Attempts are made to apply core business models of the future to ours, especially disruptive technologies, by analyzing the mega trend of digitalization in the financial sector. KB Securities is evolving into a financial investment company that provides optimal investment solutions to customers through digital strategies including designing of a new personnel management process in the era of digitalization and strengthening of an enterprise-wide system for data management and utilization.

Representative Products and Services



The WM Division at KB Securities implements projects under a goal to become ‘a partner for asset growth for all.’ Diverse efforts are poured in to leap forward as Korea’s top-notch securities company in asset management including fostering specialized workforce at the Group level, ensuring asset management optimized for WM channels and intensifying product competitiveness and comprehensive asset management services.

We launched the Investment Product Service(IPS) Division, a mirror organization for close collaboration with KB Kookmin Bank, providing customized products and portfolios based on the house view of WM. Systematic WM training program is offered to nurture the industry’s top-tier professional asset managers. We plan to maximize synergies by increasing the number of bank-securities WM hybrid branches from 24 in 2016 to 50 in 2017, which provides one-stop asset management services based on diverse products and services in banking and securities.

One-stop Asset Management and Consulting Service of Professionals

KB Securities has expanded the customer base for WM through differentiated WM channel strategies and consulting service of professionals at the Group level.

A WM hybrid branch enabling the encounter of financial services in banking and securities provides one-stop asset management services, which will raise customer convenience and differentiates services. In addition, the ‘WM Star Advisory Team’ was formed, consisting of specialists in asset distribution, real estate, taxation, accounting, and legal affairs in the Group, to organize investment seminars inviting customers and providing one-on-one investment consulting services.

Digitalization of the WM Service

Amid a higher portion of online transactions and digitalization of financial services, we improved online media including the Mobile Trading System(MTS)



Investment Banking

and the Home Trading System(HTS) to be more user-friendly and simplified the procedure to open a new non-face-to-face account. For the MTS, we plan to increase customers' accessibility to media by additionally applying the authentication feature using the block chain technology besides the previously adopted features of bio authentication and simplified log-in. The integrated HTS is expected to open by the end of 2017 enabling an integrated balance inquiry to take a glimpse of assets, an asset management communicator, a customized screen for each customer, and an investment diary to guide customers with asset management. We run 'Olla Choice & Care', a service that provides premium online investment information and professional consulting for customers to set their investment goals and plans and help them to better manage their assets in order to provide higher satisfaction for customers in using online services.

The IB Division of KB Securities implements projects under a goal to

achieve 'investment-type IB to provide optimal corporate solutions'.

Growth potentials in the Equity Capital Market(ECM) are highly expected due to increases in marginalized companies and corporate restructuring(M&A) along with the government's willingness to nurture companies with new growth potentials(IPO) including MEs and SMEs. The conventional debt capital market(DCM) is expected to be continuously stagnant the domestic economic cycle for real estate is likely to gradually drop with its peak in 2015, which requires us to diversify SF business including overseas real estate and social overhead capital(SOC), while transforming our fundamentals to stay away from the skewed profits structure towards DCM and real estate PF with low market potentials.

While providing specialized IB services based on strong competitiveness in DCM and ECM, KB Securities expands comprehensive IB services for SMEs and MEs. To this end, we launched the Financial Division for SMEs and the CIB

Center, exploring SMEs and startups with growth potentials and beefing up comprehensive IB services. Moreover, we bolster investment-type IB business to make direct investment, while securing new business opportunities in real estate, infrastructure and real alternative investment based on expanded equity capital.

Diversifying Income Sources by Expanding Investment-type IB Business

KB Securities expands investment-type IB business to efficiently leverage equity capital worth KRW 4 trillion acquired through the merger. We push for investing in equity capital based on analysis of companies with growth potentials, while discovering promising companies. In addition, our IB business is evolving into an investment type by diversifying portfolios through investment in infrastructure, SOC, AI, and companies.

Facilitating the Collaborative Scheme for CIB



Sales & Training

A joint business system was established by introducing the Corporate & Investment Banking(CIB) scheme to maximize synergies between banking and securities. We adopted a matrix corporate system among the Group, the Bank and the Securities Company to facilitate business operations as a 'one-firm', and established a prompt collaborative system through co-location of related business units. In addition, we run the 'KB CIB Committee' to oversee cross-affiliate collaboration and launched a system titled 'KB Partnership RM'.

Overwhelming Competitiveness in IB

KB Securities maintains strong competitiveness in the domestic bond issuance market by ranking first in the industry for six consecutive years as an issuer of corporate bonds and asset-based securities(ABS). We issued ABS with the SOC as the underlying asset for the first time in the industry. We continuously supply specialized WM products aligned with CIB assets to customers by sourcing

high-yield IB assets including overseas real estate as alternative products at this time of low-interest rates.

The S&T business at KB Securities plays stronger roles as a 'product factory generating customer demands'. Its business model and organization have been realigned to enable management and product supply of diverse investment assets as a product factory for the entire Group. In addition, related business units have been strengthened to generate profits stably with capabilities for systematic risk management in all fields of product design and management.

Ranking 1st in the Sales of Retail Bonds

The S&T business at KB Securities touts the highest market share in the bond sales market. Its synergies are explicit with the inflow of customers of the Bank with the incorporation into the Group, while securing the sales network steadily for the past two to three years. Our goal is to be number one in sales of foreign currency

bonds by 2020 by expanding the lineup for foreign currency bonds down the road.

Product Lineup Suited to Customer Needs

KB Securities has a lineup for derivative-linked securities satisfying diverse customer needs including high-yield and high-margin products, stability-driven ones and mid-risk and mid-yield ones. We generate added income by stably expanding the balances and sophisticating operational competencies.

The Wholesale business of KB Securities establishes its prestige for the top-notch institutional brokerage company under a corporate goal to become 'an investment partner providing top-notch solutions and platforms to corporations'.

To this end, the Corporation Business Division nurtures a specialized workforce in institutional stock trading and intensifies competencies of the Research Center. It also builds up competitiveness by expanding diverse services in the stock



Wholesale

market at home and abroad

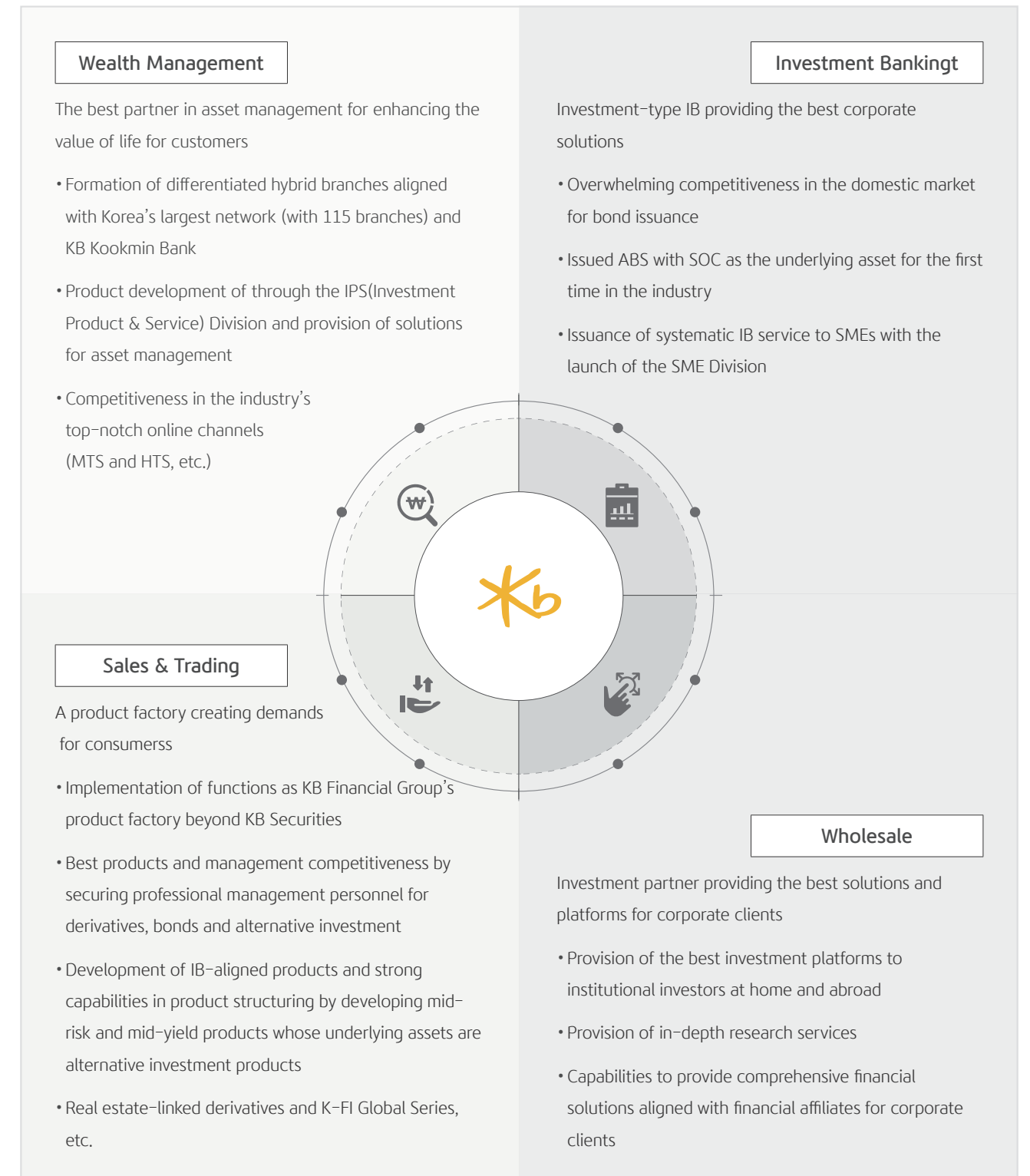
The Financial Product Sales Division puts in place a system to support facilitating the sourcing of overseas alternative investment products to provide comprehensive solutions for asset management for institutional and general corporations, while intensifying the ties within the network of KB Financial Group.

The International Business Division pushes for the business for stocks and derivative business of Direct Market Access (DMA) for overseas investors. The International Finance Department was launched in tandem with the latest trend of service integration. Network business among affiliates within the Group is intensified to cover Cross-Border Deals, IB-aligned trading, and banking.

Synergy Maximization as a Corporate RM

The Wholesale business has strengths in enabling business alignment among financial affiliates based on the brand power of KB Financial Group ranked to be No.1 in the industry. We have a system to explore customers systematically by leveraging the sales network of affiliates, thereby intensifying relationships with customers and increasing value-added product sales, let alone short-term financial ones. In addition, KB Securities plays roles as a corporate Relationship Manager(RM) by involving in secured loans for corporate stocks, trading of stock loans for treasury stocks, block deals and IB-aligned business. We will generate greater performances by maximizing cross-affiliate synergies.

Strengths and Strategies of Each Business Area



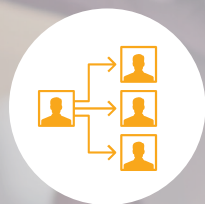
Customer & Employee

KB Securities will put the top priority on customer values and grow alongside employees.



Protection of Customer Information and Customer Satisfaction

KB Securities protects precious information of customers and enhances customer satisfaction through smooth communication with customers.



Talent Development and the Quality of Life

KB Securities nurtures talents equipped with expertise and forward-looking competencies, supporting health and safety of employees, a work-life balance and diverse welfare schemes.

Key Performance

International standard certification for information security

ISO 27001

Score for customer satisfaction in branches

93.1 points

Sustainable Management

KB Securities upgraded the information protection management scheme and system to more safely manage the information on customers whose number has increased to 3.78 million with the launch of the integrated KB Securities. We maintain the top-notch level in protecting customer information through regular inspection of the management scheme in tandem with policies and international standards of KB Financial Group. In addition, KB Securities pledged on virtues to be had by employees and executives including honesty in serving customers, top-notch products and services, changes and innovation and buildup of expertise, having declared a charter for customers under the slogan, 'top priority on customer satisfaction'. Moreover, we provide programs for customer engagement including KB Star Messenger and KB Customer Panel to reflect their feedback to management activities and develop products and services suited to customer needs.

KB Securities introduces systematic talent development programs to provide advanced customer services and generate differentiated competitiveness. We run schemes to recruit, nurture and evaluate employees in consideration of their lifecycle and competency buildup and come up with program to provide welfare benefits and support their work & life balance.



INTERVIEW
Customer Yun, Hyangjin

I use an account I opened at KB Securities. I came to use it because it was easy to open and I was interested in 10-year free stock trading and benefits in credit interest rates but I got more satisfied with online media services providing more convenient and diverse services. While smart banking including fingerprint-authenticated login is convenient, there is always some anxiety over security. The company might strive for information protection, but customers would feel assured to use it only when there is not a single mistake. I hope KB Securities could be a reliable partner for customers.

Protection of Customer Information and Customer Satisfaction

Management Scheme for the Protection of Customer Information

KB Securities re-established policies for information protection and adopted security solutions in line with policies of KB Financial Group after the merger. To this end, we newly applied document security systems and upgraded systems to control document transfer. Policies for managing personal credit information has been strengthened within a PC, and personal information search systems and leakage detection systems were newly introduced.

Exclusive business units for information protection are the Information Protection Division and the Information Protection Committee for decision-making. Executives are allocated to related positions pursuant to laws: the Chief Information Protection Officer, personal information protection officers, credit information managers/protective guards

and customer information managers.

Numerous efforts are poured in to put the top priority on customers and safely protect customer information. In order to block illegal acts from outside, the following systems are installed and managed: network security management, database access control, response to and management of malicious codes and detection of suspicious financial transactions. Diverse checks are reinforced besides regular and mandatory weakness analysis and evaluation for e-banking infrastructure. Customer information is more securely managed than before by devising a deliberative process on security internally.

KB Securities establishes and complies with procedures for managing and protecting personal information. We make sure to get consent from information holders and minimize the items to be collected upon collecting personal information. We use the personal information only within the scope that

is agreed upon when using and storing it, which is safely stored and managed through encryption and authority management solutions.

When providing and consigning personal information, we get consent from customers for providing it to a third party and sign a consignor-consignee agreement and terms and conditions for security management. Personal information provided is immediately disposed of when purposes are reached. Personal information that is stored is statutorily subject to compliance with the duration of preservation, and there are security measures for each stage. Lastly, procedures on personal information inquiry, correction & deletion, the right to request for suspension for process and the right to claim for suspension of contacting were created and are in operation to reinforce the guarantee customers' rights.

KB Securities established a process to implement an immediate fast response along with internal reporting when accidents of customer information leakage occur in accordance with the 'manual to respond to customer information leakage' of KB Financial Group. When customer information is leaked, the scheme for routine operations for information protection immediately turns into an emergency mode immediately. Systematic response procedures are carried out lest additional damage should occur to customers while guaranteeing rights of customers whose

information is leaked and preventing damage. Each department at KB Securities is well aware of its roles and responsive procedures. Simulation training takes place over once a year starting from 2017. We would like to do our utmost to prevent additional damage to customers by taking actions to prevent such damage.

Corporate Culture for the Protection of Customer Information

KB Securities the 'Charter for the Protection of Customer Information' in 2017 by reflecting employees' willingness to more safely manage the customer information after the launch of the integrated securities company. The H-PIN number is used for financial transactions, which is separately managed within the securities company instead of a resident registration number in order to protect customer information. We acquired the international standard on information security of ISO 27001 in 2017.

All employees take part in the internally designated 'Day of Security Check' each month. In addition, information protection training takes place for employees and those of outsourcing companies. We reinforce information protection competencies within the organizations through compliance manager training on information protection and branch training on compliance for customer information besides the statutorily mandatory training.

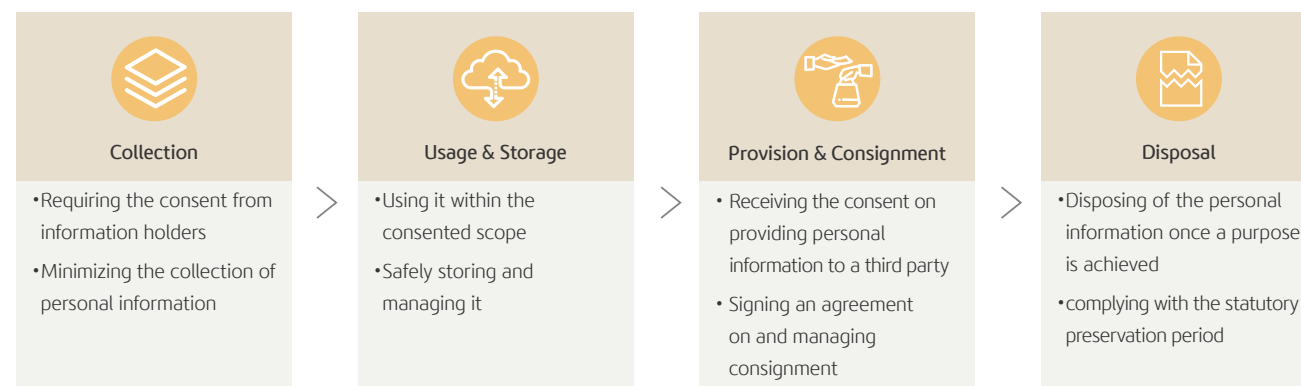
Protection of Financial Consumer Rights

We strive to improve and protect the rights of consumers throughout the entire process ranging from product development, sales and follow-up management by prescribing the 'Protection Rules for Financial Consumers'. The integrated complaint management system has been installed to analyze customer complaints and suggestions in depth, which are shared among related departments and employees to improve institutions and business operations. In addition, annual compliance evaluation and semi-annual evaluation on customer satisfaction services is performed to spread a mindset for consumer protection.

Importance of specialized organizations is emphasized to conduct independent and practical operations for consumer protection. As such, we manage an exclusive unit under the leadership of the supervisor for the protection of financial consumers and organize quarterly meetings of the Financial Consumer Protection Council for enterprise-wide discussions and cooperation on consumer-related plans, policies, issues and matters for improvement, and strive to improve them accordingly.

We run a procedure for preliminary check and consultation to protect financial consumers for developing new products and establishing marketing policies. We implement mystery shopping on our own to establish sound sales practices and

Personal information management and protection procedure



protect investors. Mystery shopping refers to a program to visit and check sales counters under the disguise of a customer to investigate potential incomplete sales to sell products without properly notifying product information and risks to customers. Moreover, training on the sales process is regularly performed, and compliance with the proper sales process is checked through the 'Happy Call'.

KB Securities manages diverse programs for customer engagement including KB Star Messenger and KB Customer Panel to listen to voices of consumers in the stages of product and service planning and development. Matters to be institutionally improved among the feedback gathered from the programs are immediately notified to related departments for their timely reflection in the new feedback system in place. Such efforts contribute to complete sales over the long term by reflecting the consumer feedback to products and services and customers' higher understanding of products throughout the course.

Expansion of Customer Engagement

Customers are engaged in the entire business process to develop products in their perspective to listen to and reflect their diverse opinions.

We review the entire process from encouragement for investing in financial products and follow-up management

in their perspectives and find out improvements to be made based on 'customer through 'customer meetings'. The Financial Consumer Protection Department asks questions on related topics to customers on a monthly basis, and key suggestions are handed over to related departments and customer feedback is reflected to business operations. We launch products suited to customer needs by listening to feedback of outside specialists and customers in product planning and development stages.

One example of products developed through customer engagement is 'able Golden Plan Trust' developed in October 2016. It came into being based on feedback on inheritance and gifting from customers that use living trust and asset trust. 'KB able Dollar Money Market Trust(MMT)' and 'KB able Sell & Buy Trust' were launched as products reflecting the feedback of customers that manage funds in foreign currency. These products enable subscribers to raise liquidity in their fund thanks to free deposit and withdrawal. We plan to continuously develop customized products by collaborating with stakeholders related to financial investment products and inducing customer engagement.

Efforts for Higher Customer Satisfaction

Diverse efforts have been poured in to not only ensure higher customer



1 1st-year KB Start Messenger Launch Ceremony
2 1st-year University Student Supporters of 'KB Young Stars'

satisfaction but also provide customer-centered products and services. Customers' accessibility is raised through the Customer Voice Management System (CVMS) adopted in 2015, and the voices of customers are regularly listened to and the Consumer Protection Council meetings are organized on a monthly basis. Feedback is provided to key customer suggestions and complaints that are collected on a monthly basis in order to contribute to stronger satisfaction. Moreover, diverse events have been planned and implemented to express gratitude to customers, catering to the trust customers have shown to KB Securities.

Development of Customer-centered Products and Services

KB Securities developed the dollar MMT for the first time in Korea that can not only provide occasional deposit and withdrawal features but also provide high yield to customers using foreign currency-denominated fund management services including companies with overseas business, globally active companies and individuals owning foreign currencies. Moreover, we respond to the needs of customers using the services by launching 'KB able Foreign Currency Matching Trust' providing a competitive yield depending on customers' investment period and entrusted currencies and 'KB able Sell & Buy' using the swap premium of KX swap market, using the swap premium of KX swap market.

We also issued the Dollar-denominated Asset Backed Short-term Bond for the first time in the industry. The product was developed to preemptively respond to private and corporate customers' demand for dollar-denominated fund management that has gained a recent spotlight. It has been positively received by the market for having opened up a new path for many more customers to invest in dollars. We plan to develop diverse foreign currency-denominated products by reflecting customer needs.

KB Securities conducted training to prevent sexual harassment, CS training and on-site cultural seminars for corporate clients subscribed to the retirement pension. We could raise their satisfaction for subscription to it by providing such training to their

employees, which otherwise could have been burdensome for the corporations to conduct themselves.

We organized the 'Post-Retirement Life Planning Concert for Employees' in partnership with Seoul Metropolitan Government and the National Pension Service in March 2016. We garnered positive feedback from participants by

organizing talk shows hosted by mentors that lead successful post-retirement lives along with lectures of specialists in different fields for a healthy old-age life.

Business Case | Required ISO 27001, international standard in information security



ISO 27001 is the most renowned international standard in information security. It suggests conditions for information security management systems including information security policies and risk management systems and 114 standard control items in 14 areas. Certification is imposed only by passing stringent screening of certified judges.

With this certification, KB Securities was authorized for managing safe systems pursuant to international standards for protecting customer information and e-financial transactions and raised creditability for the protection of customer information.

Moreover, we prepare for the certification of ISMS, the Korean information protection management system. The ISMS certification is a comprehensive information protection certification system reviewed by Korea Internet & Security Agency. It is based on comprehensive evaluation of 104 control items and 253 specific control items including the management procedure, operating systems and measures related to corporate information protection. We acquired domestic and international certified standards at home and abroad in 2017 as we plan to implement customer-centered policies by putting the top priority on customer information.

Talent Development and a Higher Quality of Life

Support for Talent Development

KB Securities has established education and training systems by rank and job and conduct job and leadership training sessions to nurture talents with expertise in job execution and forward-looking competencies suited to management goals.

In 2016, we opened 15 courses totaling 257 hours for collective job training for job types in WM, and 1,475 employees completed the courses. For non-WM ones, wide-ranging online courses along with outside training of Korea Financial Investment Association were opened, thereby contributing to stronger competencies of staff. Moreover, in-house job training courses per issue in line with the latest trends including the Fourth Industrial Revolution and KB Securities' Digital Finance Academy are opened and

managed. Leadership training for each job rank is regularly carried out through the rank-specific courses for the promoted, leadership courses for branch and team directors and introductory courses for experienced new hires. Moreover, the Joint Bank-Securities Academy is available to provide training for each PB rank and facilitating CIB, thereby raising cross-affiliate synergies.

Open Recruitment

KB Securities pursues open recruitment without restrictions on academic background or major, age or gender except for some job types requiring expertise. The socially underprivileged are considered for recruitment where extra points are given to veterans & patriots, graduates of specialized high schools, the disabled and the lower income group under preferential policies.



Support for a Work & Life Balance

A healthy company can deliver healthy values to customers, for which a healthy life of employees is extremely critical. KB Securities supports employees to ensure a work & life balance for them to fully enjoy their personal life along with their work life. Nighttime and weekend work is minimized, while regular working hours are to be maintained. As a consequence, the rate of employees working off their workdays and on weekends dropped to 2%.

The ratio of employees using their childcare leave is continuously raised by establishing a culture for freely using childcare leaves. We also encourage employees to use their childcare leave by subsidizing returnees from the leaves for childcare. Working conditions are improved for male employees to use their childcare leave.

We strive to raise the quality of life for employees through various programs: offering congratulatory money gifting and vacationing for wedding anniversaries, managing in-house resting stops for employees, supporting employees for their club activities and operating in-house fitness clubs.

Guarantee of Diversity and Fairness

KB Securities strives to create a corporate culture where diversity is respected. The ratio of female employees is raised to

secure diversity in the personnel makeup. As of the end of 2016, the total number of employees stands at 2,658, among which women make up 39.5%, that is, 1,049 people. The percentage of women in management positions of managers and above is 33.6% with 352 employees, and that in intermediate managers as leaders stands at 6.8% or 71 people. The ratio of women among the top management is 0.2% (one division director and one outside director as of 2017). Efforts are poured in to provide equal opportunities and establish measures to foster female talents in order to raise the ratio of female managers and management over the long term

We run the personnel evaluation scheme for all employees once a year for all employees for their fair evaluation. The personnel evaluation consists of multi-dimensional evaluation, covering personal evaluation and human resources survey on achievements and competencies, peer evaluation, self-reporting and self-evaluation. Secondary evaluation and adjustment evaluation take place to guarantee fairness of the evaluation outcome. Multi-dimensional evaluation is used for verification to complement reliability of the personal evaluation outcome. The evaluation outcome figured out is used for various personnel information including promotion and appointments.

Healthcare, Safety and Wellbeing of Employees

KB Securities conducts wide-ranging healthcare programs for employees, while striving to form a safe and happy work environment. The recipient targets also include their spouse, children and family members covered in health insurance of employees.

We reach out to help when incidental damages occur including a disease or death by subscribing to the collective insurance, and respond to the general damage and death, cancer diagnosis, cardiovascular diseases and brain diseases through coverage.

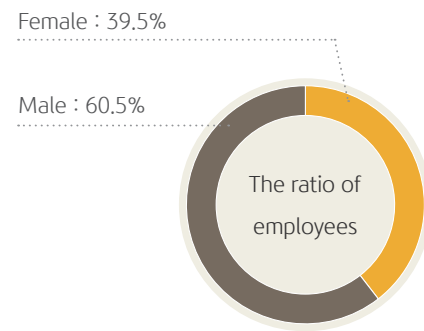
In order to provide a healthy and safe work environment for employees, we broadly apply the scope of occupational injuries and diseases to include injuries that occur during commutes to be reimbursed as damage. Moreover, we strive to reinforce welfare for female employees by running the in-house employee welfare fund besides such welfare benefits.

Handling of Employees' Grievances and Labor-Management Communication

We set up and run the Grievance Handling Committee to resolve grievances including employees' suggestions, discriminatory acts and sexual harassment. We installed a system enabling 24/7 receipt and

registration of grievances in and outside the Company through the intranet, suggesting free feedback on the management and business departments.

We set up and run the Grievance Handling Committee to resolve grievances including employees' suggestions, discriminatory acts and sexual harassment. We installed a system enabling 24/7 receipt and registration of grievances in and outside the Company through the intranet, suggesting free feedback on the management and business departments.



Total Ratio	Female	1,049 persons	39.5%
	Male	1,609 persons	60.5%
The ratio of magement	Female	352 persons	33.6%
	Male	1,068 persons	66.4%

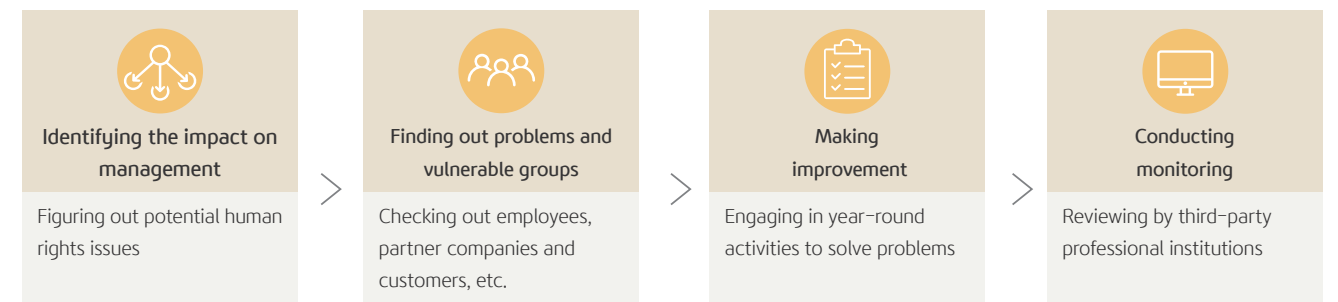
and regional background. KB Securities complies with the Group's human rights management process. The process identifies human rights-related risks focusing on the corporate influence, and also potential human rights issues that might occur within a company or a business value chain. By doing so, tangible and potential human rights issues that might be problematic are recognized and targets of vulnerability are selected. We also devise solutions suited to the nature of the securities industry, and performance activities to make improvement. Performance outcome is monitored and complemented through improvement measures.

We implemented monitoring on execution of improvement measures devised based on risk identification, while conducting evaluation on potential human right issues at the Group level. As a result of evaluation conducted in 2016, the targets being vulnerable to the violation of human rights were female employees and workers involved in emotional labor at points of customer contact such as call centers among partnering companies. Improvements were continuously made for the targets. KB Securities shared the outcome of human rights evaluation of the Group to devise plans for improvement, and carries out activities for continuous improvement.

Human Rights Management

KB Securities complies with principles and policies of KB Financial Group on human rights. We endorse universal values on humans transcending ideological, political, religious and cultural backgrounds suggested by the 'UN Declaration of Human Rights' and 'UN Guiding Principles on Business and Human Rights'. Such human rights principles are considered in all our business activities covering customer response, investment, management of human resources, and relationships with suppliers and partners. While prohibiting child labor and forceful labor, we abide by all labor principles recommended by the International Labor Organization on health, safety and working hours and ratified by the country. Furthermore, we respect diversity of individuals, while prohibiting any types of discrimination against gender, age, race, disability, religion, political traits

Human Rights Process of KB Securities



Business Case | KB Securities, 2017 Healing Camp of Customer Centers



Extending support for workers involved in emotional labor in the blind spot of human rights at points of customer contact to server customers has recently emerged as a critical issue in the Korean society. There might be employees feeling hurt at work despite a company's efforts for stronger customer satisfaction, despite its obligation to do its best for human rights of its employees. As such, KB Securities organized the 'Healing Program' for employees serving customers at its customer centers. We provide refreshing time to employees to protect them at the customer contact points as they are exposed to diverse physical and psychological stresses in the course of responding to customers.

On the first day of the Healing Program, stress relieving programs were conducted including blood circulating massage to relieve stress, body stretching for relaxation and 'brain respiration' to refresh one's brain through a special lecture of 'relieving stress from the body and the mind'. On the second day, activities to heal the psychologically tired mind by producing calligraphic works, etc. Practical programs for stress relief and psychological healing were provided, garnering positive feedback from participating employees.

We plan to provide regular training and healing programs for challenged employees due to emotional labor, and will strive to provide upgraded services to better satisfy and gratify employees.

Social Responsibility

KB Securities will fulfil social responsibilities and grow alongside the community.



Social Values of Finance

We raise financial accessibility for anybody to enjoy financial services, considering the financial impact on the society and the environment.



Contribution to the Community

We initiate wide-ranging social contribution activities to serve as a company in harmony with the community and an affectionate company for our neighbors in need.

Key Performance

Eco-friendly Fund Product
(on an accrual basis)

KRW **1.4** trillion

Financial Education for Youths

6.000 persons

Amount of Social Contribution
Donated

KRW **1.1** billion

Sustainable Management

The UN Sustainable Development Goals (UN SDGs) cover global issues to be addressed for sustainable development of the earth. The issues emerged as common goals to be implemented by countries, companies, NGOs and individuals by 2030 regardless of regions and circumstances. Stakeholders' interest in and demand for corporate social responsibilities in tandem with global trends. Diverse stakeholders including the government, customers, partners and employees consider not only corporate economic performance but also social and environmental impacts. The corporate movement to fulfil social responsibilities and pursue sustainable growth in the financial sector is spreading out fast.

KB Securities preemptively responds to global trends and stakeholder needs on social responsibilities of finance and its contribution to the community. We initiate strategic social contribution under a goal to become the most respected corporate citizen. We achieve sustainable growth alongside the community by engaging in region-based volunteering activities voluntarily engaged in by all employees as well as social contribution programs specialized in the financial industry. In areas of business, we sell financial products in consideration of socially responsible investment principles and the environment, and expand financial services for vulnerable financial consumers while enhancing financial accessibility for the financially marginalized.



INTERVIEW

Park, Hye-hwa, Team Director at Yangcheon Love Welfare Foundation

Employees at KB Securities perform steady social contribution activities each year despite their busy life. They have carried out diverse sharing projects with my foundation for our neighbors in need through the Happy Food, environmental clean-up activities and diverse educational and volunteering activities. We would like to create social values through continued development of region-based social contribution programs reflecting the nature of the securities industry. We truly thank the Company for sharing joy with the community on end, and hope that the Company could continue to show interest in diverse projects we do.

Social Responsibilities of Finance

KB's Socially Responsible Investment

KB Securities complies with KB Financial Group's principles on responsible investment. KB Financial Group formulated the 'Basic Protocol on Loans and Standards on Best Practices' reflecting Environmental, Social, and Governance (ESG) factors, and proactively reflect the factors in the approval process for loans and investment. According to the 'Basic Protocol on Loans and Standards on Best Practices', support for funds used for law-breaking or evading acts including usage of drugs or weaponry is normally blocked, and loans and investment for unsound types of business running counter to the sound development of the national economy and public interest of the society are stringently restricted.

Upon extending funds to companies, the extent of practicing socially responsible management is reflected in evaluation and utilized for decision-making. Specific practices include taking actions for corporate ethical management, actions for environmental protection, engagement in social welfare projects and contribution to job creation. Notably, when implementing large-scale financing

projects with a big environmental and social impact, decisions are made on execution of investment based on the environmental and social impact assessment through on-site inspection of internal inspectors and risk specialists and that of external specialists.

KB Securities can minimize potential risks as well as addressing diverse issues in economic, environmental and social aspects, and raise sustainable corporate values by generating income in a sound manner. Such efforts will enable us to contribute to social and public interest and the national economic development.

Improvement in Financial Accessibility

Financial accessibility refers to broadening of universality of finance by raising accessibility and usage rate of financial services for the financially underprivileged including the disabled and the old-age population.

KB Securities provides the reading service to the visually impaired and the video subtitling service to people with hearing disabilities to raise web accessibility. Moreover, a guidebook to serve the disabled was produced and distributed for employees to understand disabilities and provide appropriate services with proper etiquettes. We acquire the certification for web accessibility each year, supporting the disabled and old-age population to access the information on the website as equally as the non-disabled.

Amid the expansion of online financial services using the Internet or smartphones, the general public came to enjoy highly convenient financial activities, but there are still the digitally marginalized including the elderly that confront relatively greater challenges in life. Customer centers at KB Securities have specialized consultants for the old-age customers aged 65 or higher for phone consultation to provide detailed and polite guidance. Convenience in using financial services has been raised by providing real-time conversational chat service for consultation for the first time as a securities company, while adopting the visible automatic response system (ARS).

Expansion of Financial Services for SMEs and MEs

KB Securities launched the SME Finance Division, and opened and runs the CIB Center in major hub regions including Pangyo, Gasan, Ochang and Busan in 2016. We have expanded IB financial services to SMEs and MEs, and offer wide-ranging corporate finance services including IPO, paid-in capital increase, and Convertible Bond(CB) / Bonds with Warrant(BW) issuance, etc. Moreover, the New Technology Business Financing Division makes direct and indirect investment in tech-savvy companies to provide financial services under more favorable conditions for SMEs and MEs with technological prowess.

Products and Protection for the Elderly

The expected life expectancy increases and there is a continuously higher demand to reduce tax and inherit wealth to offspring through inter-vivo gifts in the aging society.

Against the backdrop, KB Securities launched 'able Golden Plan Trust', a trust-driven inheritance product, in October 2016. It enables saving of the inheritance tax by over 60% depending on the duration in a structure of installment-based payment over the long term, which can contribute to stable livelihood and sound financial planning for children. The trust asset being consigned can be stably managed by being invested in national and public bonds. We also provide the agency service for tax filing through prior consulting. All these benefits led to attracting KRW 22 billion despite such a short sales period of four months. We also installed counters exclusively for elderly investors to protect old-age customers that are increasing in numbers, and provide consulting and financial services suited to old-age investors. We sell products to them after checking out in advance their understanding of the product and cognitive abilities through a letter of confirmation on consultation for old-age investors. We also check out contact numbers of their assistants in preparation for their fluctuating health conditions.

Protection of Underprivileged Financial Consumers

We run an additional process for underprivileged financial consumers lacking in understanding of and experiences with financial investment products. Once identified as underprivileged financial consumers, explanation on the following topics are provided in advance: possibilities of losing the principal which is a financial drawback for customers, the scope of possible losses, drawbacks of early termination, additional burdens for financial consumers, reasons for events of default and cases where guarantee is restricted or disallowed. We check out whether customers have understood the points so that they experience no damage.

Better Environmental Management

KB Securities acquired certification of ISO 14001 on the environmental management system for the first time in the securities sector. The certification is on the environmental management for improving environmental performance throughout entire corporate activities. KB Securities was verified by a third-party certifier as a world-class eco-friendly company.

<p>Service for the visually impaired Reading service</p>	<p>Service for people with hearing challenges Video subtitling service</p>	<p>Service for the elderly Specialized consultants available for additional guidance</p>

Eco-friendly Green Finance

KB Securities makes investment that is essential for the growth of the green industry in consideration of corporate impact on the environment. Specifically, investment is made in projects to develop fuel cells, wind power generation and companies specialized in new and

renewable infrastructure. In addition, fund products of asset management companies investing in stocks and companies where environmental criteria are applied are selected and provided to private and corporate customers for the sake of growth of green finance. Such

investments include those in diverse eco-friendly green finance including new and renewable energies such as solar energy and wind power, the sewage treatment plant fund and investment funds in SRI-related stocks.

KB Securities' Framework for Social Contribution

Type	Product Name	Accumulated Records in 2016 (KRW 100 million)
Products to invest in overseas new and renewable energy companies or funds	KB Japan Solar Panel Private Special Asset Fund(SOC-derivative)	1,009.8
	Multi Global Clean Energy Inc. A	0.6
Products to invest in overseas new and renewable energy companies or funds	Clean Energy Securities Fund	11.8
	KB Gwangju SRF Facility Private Special Asset Fund (SOC)	540.2
	KB Green Infrastructure Private Special Asset Fund(SOC)	693.2
	Eco Energy Generation Private Fund 1	364.0
	KB Seoul Hatbit Power Plant Special Asset Fund (loan)	164.6
	KB Solar Energy Private Special Asset Fund (financial bond)	762.8
	KB Solar Energy Private Special Asset Fund No.2	1,146.8
	KB Solar Energy Specialized Private Special Asset Fund No.3	396.2
	Clean Energy Securities Fund	11.8
	Tomorrow Energy 1 Inc. C1	0.2
Products investing in the Build-Transfer-Lease (BTL) projects for the sewage pipe network	KB Chuncheon Combined & Cogeneration Power Private Special Asset Fund(SOC)	2,105.4
	DS Power Private Special Asset Fund(SOC)	2,047.2
	Clean Energy Investment-type Private Special Asset No.2	355.6
Products investing in the Build-Transfer-Lease (BTL) projects for the sewage pipe network	KB Gangneung Sewage Pipe Network BTL Private Special Asset Fund	357.6
	Clean Water Private Fund No.5	30.2
	Eumseong Sewage Pipe Network BTL Private Special Asset No.1	455.6
Products investing in companies or assets related to environmental facilities	KB Donducheon Dream Power Private Special Asset Fund (SOC)	1,431.8
	Green Power Private Special Asset Fund (SOC)	1,346.2
	KB Nongso Sewage Pipe Network Private Special Asset Fund(SOC)	819.4
	Tomorrow Energy 1 Inc. C1	0.2
Products investing in companies or assets related to environmental facilities	Sustainability Growth Fund	1.0
	Long-term Corporate Value Enhancement Fund	18.0
Total		14,070.2

Community Contribution

Framework for Social Contribution and Directions for Implementation

KB Securities established social contribution goals to become the most respected company and has implemented four strategic directions: 1) exploring and initiating representative projects of its own; 2) ensuring consistency in social contribution projects; 3) establishing a culture for autonomous social contribution; and 4) contribution to local development and buildup of credibility.

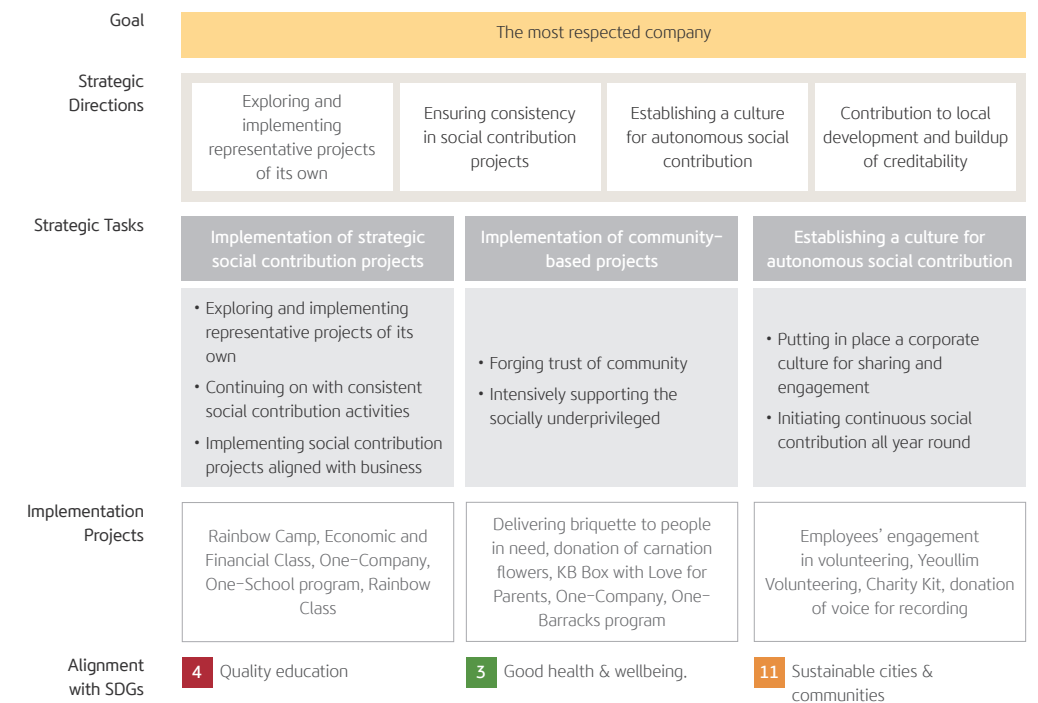
Our strategic social contribution projects are mostly economic and financial education programs based on the impact of our financial business, including the

Rainbow Camp and the One-Company, One-School program, Community-based projects including the Rainbow Class, delivery of briquettes to those in need and donation of voice for narration. Such projects have been developed and operated in alignment with facilities for the disabled and welfare. A culture of sharing has been established in the workplace through such a spirit towards social contribution.

Alignment with the UN SDGs

Social issues cannot be addressed through efforts of a single company or country alone as they evolve in multifaceted and comprehensive manners. As such, KB Securities implements 17

KB Securities' Framework for Social Contribution



UN SDGs to achieve universally shared goals beyond its social contribution vision at the corporate level, and aligns them strategically with social contribution activities. SDGs directly linked to our social contribution activities are quality education, good health & wellbeing and sustainable cities & communities.

One-Company, One School Financial Education

The One-Company, One School Financial Education is a program to provide financial education to adolescents by signing sister school agreements between a financial company and local elementary, middle and high schools, starting from 2015.

KB Securities has implemented the One-Company, One School Financial Education as its key project in order to form societal consensus on facilitation of financial education for youths and necessity for financial education at schools. As of the end of October 2017, we have signed sister school agreements with 97 schools, providing financial education to about 9,000 elementary, middle and high school students, and dispatched financial educators along with educational equipment and materials to schools. Besides on-site education, students' site visit programs are carried out for students to experience future careers.

We plan to provide continuous financial education by signing sister school agreements with over 100 schools by the end of 2017.

Activities for Job Sharing

KB Securities recruits 'health-keepers' or severely blind massage therapists to provide massage services for the underprivileged in order to cater to both needs of recruiting the disabled and ensuring welfare in the community. Starting with recruitment of two health-keepers in 2010, we have steadily carried on the activities to date for eight years.

Driven by positive feedback from the community and the elderly towards the charity massage service, KB Securities has expanded the volunteering centers and recruitment of health-keepers. A total of 15 health-keepers of KB Securities are available at seven volunteering centers in Yeongdeungpo and Gangnam. The health-keepers directly recruited by KB Securities are dispatched to nearby welfare centers for the elderly, providing massage services on site for the elderly with dementia and the low-income elderly living alone.

The program is recognized as a special social contribution model of 'killing three birds with a single stone' with triple benefits: professional massage services for the elderly in need, job opportunities for the disabled and KB Securities' fulfillment of its role as a social contributor.

We plan to expand the recruitment of the disabled by discovering new jobs besides the health-keeper occupation for facilitating more recruitment of the disabled and developing the community.

We seek to continuously achieve shared growth by contributing to diverse community issues as a member of the community.

Sharing Activities in Alignment with Financial Products

We donated funds to the Dokdo Security Guard by accumulating KRW 1,000 per new account at the Cyber Dokdo Branch through the 2002 Dokdo Love Financial Sharing campaign of social contribution. This has triggered us to strive to form an outreaching financial ecosystem by aligning financial products with sharing activities.

In 2016, we performed a sharing activity titled 'ISA with Love' where donations of KRW 3,000 per new account of customers are accumulated as we launched a personal comprehensive asset management account. The donated fund worth KRW 95 million accumulated through the campaign was donated to address such issues as child starvation, and those involving women, adolescents and immigrant refugees.

We plan to reach out more to those in need by aligning diverse charity acts with the KB able Account product by the end of 2017.

Volunteering with Employee Engagement

KB Securities strives to establish a volunteering model with proactive engagement to reach out to those in need throughout a year instead of simply implementing one-time events by expanding the plan for social contribution activities from the onset of the integrated launch.

We extend our warm hearts each year to the underprivileged in each area with the presence of our branches.

We do charity work each year for welfare of the disabled in Gyeongju and Gimcheon, and visit child welfare centers in Jeju for environmental upgrade and repair for the facilities. Our employees also served as one-day teachers for children at local childcare centers in Daechen, Daejeon and Jeonju, etc.

Employees are engaged in environmental clean-up activities. Having participated in a project titled 'Making 100 Forests' carried out by a citizen group of Noeul Park to form 'Forest with the Star Sharing Zone' by planting about 500 trees. They also took part in environmental clean-up in the metropolitan area including Han River Park, Ansan Park and Bukhansan National Park. We have implemented an engagement-driven 'Hands-On' social contribution program as one of the key programs, enabling autonomous engagement of employees nationwide in communication and sharing despite their busy life, overcoming physical



1 Rainbow Classroom, KB Securities
 2 Culture Sharing Event for Children of Low-income Family
 3 Visiting Yemeni Family - ISA Sharing of Love

barriers. The charity activity of giving the 'Carnation Flower for Parental Love' is to make and give carnation flower blossoms to the elderly living alone in the Family Month of May. This year, employees made 1,000 blossoms of carnation flowers to be offered to the elderly at Sinwol Social Welfare Center while serving meals. They also gave to the elderly pieces of rice cakes with a token of respect and gratitude. Employees were also involved in 'hands-on' volunteering on various themes to reach out to the underprivileged: making socks dolls of hope to give out to children suffering rare & incurable diseases, making diffusers with the 'scent of KB' to enable low-income single mothers to be self-sufficient, and making soaps for the lives of children and families in the least developed countries.

We also implemented an event with the participation of customers to hand over 'KB Box with Love for Parents' for the elderly living alone to spend heart-warming holidays during Thanksgiving holidays. Along with customers that applied to participate in volunteering via the website of KB Securities and MTS, we visited houses of the elderly living alone with 200 food kits faithfully packaged by employees. That customers as our partners for delivering win-win benefits for the community participating in the charity work made it even more meaningful.



- 1 Briquette Delivery of Love
- 2 Socksdoll with Hope for Children with Incurable Disease
- 3 Sharing Activities of hopeful voices
- 4 'Dream Carnation' for Seniors, being alone
- 5 'Health Keeper' for Stretching Exercise

Appendix

- Governance
- Risk Management
- Ethical Management
- Stakeholder Engagement and Materiality Test
- Performance Summary
- GRI Content Index
- UN SDGs
- Independent verification report
- Additional Information

Appendix

Independence and Transparency

The Board of Directors (BOD) of KB Securities decide on matters prescribed by the laws or the Articles of Association in accordance with the BOD rules, matters entrusted by the shareholders' meetings and key matters on the basic measures for corporate management and execution of operations. The BOD also oversees the performance of duties of directors and executive officers. It is prescribed that the BOD consists of a majority of or three or more outside directors in order to ensure independency and faithfully perform checks and balances. The current BOD is comprised of eight directors, that is, two standing directors, five outside directors and one non-standing directors.

Decisions made at the BOD and committee meetings are disclosed through quarterly reports. In addition, the 'Annual Report on the Corporate Governance and Compensation Scheme' is disclosed to transparently reveal overall matters related to the corporate governance including annual activities of the BOD, management succession and the compensation scheme.

Expertise and Diversity

The BOD of KB Securities consists of specialists in each sector to guarantee expertise and diversity. As of the end of March, 2017, it consists of three in corporate management, three in securities, one in accounting and one in journalism.

The Outside Director Nomination Committee appoints qualified outside directors with expertise based on verification of qualifications prescribed by related laws and the Articles of Association and recommendation from the shareholders' meetings. Regular and ad-hoc meetings are occasionally organized to converge expertise of directors and faithfully implement mutual complementary functions. By doing so, they help making clear decisions, while professionally responding to diverse issues we confront. If necessary, we fully leverage opinions and assistance of outside specialists.

Category	Name/Period	Gender	Roles	Career Background
CEO	YOON KYUNG EUN 2017.12.31	Male	Chairman of the Board of Directors, Outside Director Nomination Committee, Chairman of the Management Committee	Former CEO of Hyundai Securities /Former Deputy President of Trading Group of Shinhan Investment Corp.
	JEON BYUNG JO 2017.12.31	Male	Auditor Nomination Committee, Management Committee	Former CEO of KB Investment & Securities / Former Deputy President of Investment Banking of Daewoo Securities
Outside Director	NOH CHI YONG 2017.05.30	Male	Chairman of the Risk Management Committee, Compensation Committee, Chairman of the Audit Committee	Former CEO of KB Investment & Securities Former CEO of KDB Capital
	JANG BEOM SIK 2017.12.31	Male	Chairman of the Auditor Nomination Committee, CEO Nomination Committee, Risk Management Committee	Currently Executive Vice President at Soongsil University / Former Chairman of Korean Securities Association
	CHOI KWAN 2017.05.30	Male	Chairman of the CEO Nomination Committee, the Compensation Committee, Audit Committee	Currently Professor of the Department of Business Management at Sungkyunkwan University Former President of Korean Accounting Association
	KIM HYOUNG TAE 2017.05.30	Male	Outside Director Nomination Committee, Audit Committee	Currently CEO of Global Institute of Financial Innovation / Former Visiting Professor of the Business School of the George Washington University
	HONG EJUN JOO 2018.03.31	Female	Chairman of the Outside Director Nomination Committee, Auditor Nomination Committee, CEO Nomination Committee	Currently Professor of the Department of Economics and Finance at Hanyang Cyber University / Former CEO of iMBC
Non-executive director	LEE DONG CHEOL 2017.12.31	Male	Risk Management Committee	Currently Deputy President of Strategy and Synergy, KB Financial Group Inc. / Former Deputy President of Business Management, KB Life Insurance

Sub-Committees under the BOD

Sub-Committees perform roles entrusted out of certain functions prescribed by the laws of the BOD and the Articles of Association. Each sub-committee consists of directors equipped with knowledge and qualifications, thereby contributing to stronger expertise and independence of the BOD. KB Securities has and runs seven sub-committees: Audit Committee, Risk Management Committee, Compensation Committee, CEO Nomination Committee, Auditor Nomination Committee, Outside Director Nomination Committee and Management Committee. Sub-Committees under the BOD

Sub-Committees perform roles entrusted out of certain functions prescribed by the laws of the BOD and the Articles of Association. Each sub-committee consists of directors equipped with knowledge and qualifications, thereby contributing to stronger expertise and independence of the BOD. KB Securities has and runs seven sub-committees: Audit Committee, Risk Management Committee, Compensation Committee, CEO Nomination Committee, Auditor Nomination Committee, Outside Director Nomination Committee and Management Committee.

Sub-Committee	Key Roles
Audit Committee	Job execution & accounting audit, and evaluation of soundness in financial activities and the internal control system, etc.
Risk Management Committee	Control and management of overall corporate risks, including deciding on basic measures for risk management, setting risk ceilings and discussing matters subject to key risks
Compensation Committee	Designing policies for compensation for performance, and evaluation and deliberation of operational adequacy
CEO Nomination Committee	Review and nomination of CEO candidates selected by the Corporate Governance Committee of KB Financial Group
Auditor Nomination Committee	Nominating auditors of the Audit Committee to be appointed at the shareholders' meetings
Outside Director Nomination Committee	Evaluation of activities of outside directors and nomination of outside directors to be appointed at the shareholders' meetings
Management Committee	Opening, closure and transfer of domestic branches, branch offices, regional branch offices and other offices, appointment & dismissal of managers in charge, and decision-making on reprimands of executives

BOD Operation and Performance Evaluation

The BOD organizes quarterly BOD meetings to be briefed on management records, discusses pending agenda and ad-hoc BOD meetings are occasionally held when needs arise. In 2016, the BOD meetings were held 19 times, and the attendance rate of registered directors at BOD meetings was 94% as of the end of 2016. At BOD meetings in 2016, deliberation was made on key decisions made on corporate management: approval of signing of stock exchange agreements, approval of signing of the merger agreement, approval of paid-in capital increase and approval of business plans and budgetary plans for 2017. Moreover, key matters on corporate management including records of KB Securities and affiliates were reported.

In order to support decision-making to be reasonable at the BOD, communication-driving programs are underway including regular briefing and training on economic trends and management status to outside directors. Furthermore, overall activities and performance including independence and expertise of outside directors are evaluated, and the results are utilized as data to decide on service of consecutive terms and candidate nomination.

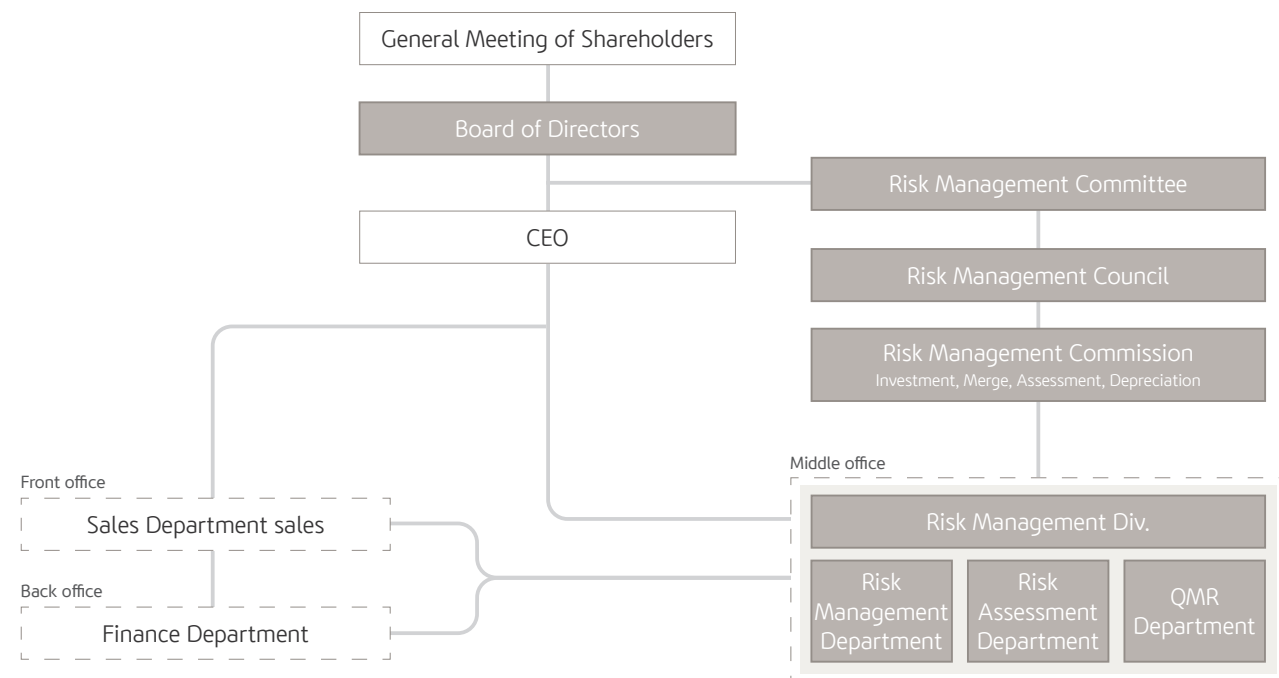
Risk Management

Risk Management System

KB Securities has established and runs an enterprise-wide risk management system to effectively manage risks resulting from the changes in the financial market and efficiently utilize risk capital. We determine the level of tolerable risks in consideration of the financial environment, management plans and equity capital in managing portfolios, and manage risk ceilings in a top-down manner to distribute ceilings per portfolio within the scope. We run a risk-centered decision-making system by analyzing risks and revenues generated from business activities and imposing costs on the amount of risks in accordance with the risk-adjusted performance evaluation system.

Risk Management Organization

KB Securities has put in place a risk governance structure suited to the risk management policies of KB Financial Group as well as related laws. The Risk Management Committee set up under the BOD plays roles as the highest decision-making body for risk management. It manages and oversees corporate risk management by establishing enterprise-wide risk management policies, determining the level of risk tolerability and deciding on the ceiling for major risks. The Risk Management Council as a working-level organization under the committee consists of the chairman of the committee as the risk management officer and management and sales executives. The council conducts such roles as implementation of risk management policies, decision-making on investment and distributing ceilings per strategy within the imposed ceilings.



As the scope of risk management expands with higher volatility in the recent financial environment and diversification of products and the importance of stronger expertise goes up, we set up the Risk Management Deliberation Council under which are sub-deliberation councils on investment, acquisition, fair value assessment, depreciation and credit exposure. Expertise is secured as each sub-council is run under the leadership of the head of each department. The Risk Management Department under the leadership of the risk management officer plays the following roles: drawing up management criteria on risk analysis and ceilings, etc., review on investment agenda, classification of asset soundness, monitoring of the current status of enterprise-wide risk management and reporting to the management and the Risk Management Council.

Risk Management Process

KB Securities' risk management process is based on its own risk management regulations, based on which it conducts risk management operations on the heels of a process of risk recognition, measurement, control, monitoring and reporting. All decisions on investment are subject to the risk management process, and assets are managed within the scope of the ceilings imposed by the council. Each department under the leadership of the risk management officer monitors changes in the market and ceiling management status for each portfolio and reports them to the management. They also report on the comprehensive management status to the committee and the council on a regular basis.

Types of Risks	Key Roles
Credit Risks	Risks of losing exposures that might occur due to other transactional parties' default and lower credit rating and collateral value, etc.
Market Risks	Risks of losing trading positions amid fluctuations in market factors including interest rates, stock prices and foreign exchange rate
Operational Risks	Risks of undergoing loss from inappropriate or wrong internal procedures, personnel, systems or external incidences
Interest Rate Risks	Risks of undergoing lower net interest income or net asset values that might occur when market interest rates change in unfavorable directions
Liquidity Risks	Risks of higher financing cost due to a mismatch between financing and operation periods and unexpected fund leakage, etc. or high-interest rate financing, and risks of loss that might occur upon selling off assets owned to secure liquidity
Sustainability Risks	Risks that might occur due to ESG factors including macro-economic fluctuations, climate change and social issues

Response to Emerging Risks

KB Securities identifies major risks to respond to emerging risks that might impact the business over the long term. We have established and run management measures to preemptively respond to risks resulting from changes in the regulatory environment including the recent scale-up of financial investment companies and also from changes in the government's major policies.

• Changes in the Regulatory Environment

Investment products are expected to diversify due to the government's scale-up policy for financial investment companies and correspondingly broader risks. In the case of approval of short-term financial business slated for the second half of 2017, financial investment companies are to conduct limited loan and deposit business operations, being likely to be exposed to aggravation of asset soundness amid expansion of corporate loans and also to liquidity and interest rate risks due to a mismatch of maturity dates for financing and management of funds. Against the backdrop, we plan to control risks by establishing a preemptive risk management system including formation of a relevant guideline, liquidity ratio for each portfolio and setting of the ceiling for interest rate gaps in order to respond to such changes.

• Changes in the Government's Real Estate Policies

KB Securities discussed the 'new government's real estate policies and KB's response measures' to manage risks in line with the government's policies on real estate regulations. As a consequence, the Risk Management Committee requested for conservative risk management policies to prepare for fluctuations in the real estate market. Accordingly, we manage new investments with a focus on sell-down, and came up with region-specific ceilings to limit exposures for regions that are expected to witness a big real estate price drop. Moreover, we plan to establish and run additional ceilings and management standards for the construction and real estate business for corporate loan portfolios that are expected to see a higher exposure upon acquiring approval for the short-term financial business.

• Stress Test

We regularly perform stress tests to counter unexpected crises and run anti-stress measures. Stress tests were carried out upon the request of KB Financial Group and the Financial Supervisory Service in the first half of 2017 to identify the scale of enterprise-wide loss. Analysis of portfolios was performed which had a significant impact on capital adequacy and a high scale of loss. Meanwhile, additional counter-stress measures are up and running as we established credit ceilings that can respond to liquidity crisis.

Ethical Management

Ethical Management System

As a corporate member of KB Financial Group, KB Securities complies with the 'Ethical Charter of KB Financial Group' and 'Standard Code of Ethics of KB Financial Group'. The ethical management system of the Group is applied to all employees and affiliates & partner companies. All employees in affiliates are engaged in the pledge ceremony for the ethical charter of the Group to declare the willingness to practice ethical management. We also run reporting channels to report detected unethical acts. Moreover, we launched the Internal Control Committee as a consultative body for operating the internal control system. We also make timely responses to major issues on internal control in the Group as well as on ethical management by running the Compliance Monitoring Council consisting of compliance officers and the Working-Level Council consisting of managers in charge of compliance monitoring.

Each affiliate suggests specific standards for addressing ethical conflicts that might occur in performing jobs by running its own 'Guideline of Actions for Legal Compliance of Employees'. KB Securities revised the 'Code of Ethics for KB Securities' to manage its code of ethics as an affiliate as it was incorporated into KB Financial Group in June 2016. We formulated and run a code of conduct on ethical compliance including internal control standards and regulations on anti-money laundering in line with the KB scheme. We manage ethical compliance training programs on a regular basis and provide legal compliance monitoring periodically. Moreover, we operate ethical compliance management programs including mandatory vacationing, whistleblowing and compliance evaluation systems.

KB Securities devised comprehensive measures at the Group level to respond to the enactment of the recently formulated Improper Solicitation and Graft Act, ran contingency teams on the act in all affiliates and performed rank-specific consecutive training sessions to employees. Moreover, we made preemptive response to changes in the regulatory environment by reflecting key matters in the ethical protocol and related bylaws. We also reflect provisions of the integrity pact in contracts that prohibit exchanges of money gifts and entertainment, etc. upon signing various contracts, and run the 'integrity pact system' to mandatorily comply with them. Moreover, we strive to enhance integrity in contractual operations by recommending the formulation and implementation of the 'standard of ethical acts for partners' so that the partners in transactional relationships with KB Financial Group could abide by the principles of socially accountable management.

Ethical Charter of KB Financial Group

KB Financial Group provides the best financial services to customers, puts the top priority on shareholders, and seeks for the growth of and higher quality of life for employees. Moreover, the Group contributes to the national and social development through creation of a sound and fair corporate culture and social contribution activities. As all members of the Group put their top priority on ethical values in their action, they formulate and commit to proactively practicing the ethical charter.

One!	One!	One!	One!	One!
We think and act in customers' perspective at all times, and strive for customer satisfaction with the best financial services.	We do the best to enhance shareholders' rights by maximizing values of the Group through transparent and reasonable corporate management.	We comply with relevant laws and regulations, respect diverse cultures and values, and strive for the national economic and social development and joint prosperity of the mankind.	We share policy directions of the Group, and cluster competencies of the Group based on mutual trust of affiliates in order for sustainable growth of the Group.	We always act faithfully and honestly at all times, and become the icon of exemplary financial corporation with proper attitudes towards working.

Installation of the Internal Control System

In order to practice the code of ethics and related regulations, we run the internal control standard, regulations on compliance support, regulations against money laundering, regulations on whistleblowing and the guideline on mandatory vacationing. We have systematically monitored business operations of branch offices and the headquarters' sales departments as well as compliance with bylaws on joint actions by installing the compliance monitoring system in 2013. We have diverse systems and programs for internal control: mandatory vacationing, whistleblowing, compliance managers, internal control checklist, periodic training for compliance managers, the Compliance Monitoring Committee and the Internal Control Committee and the compliance evaluation system. Moreover, we statutorily established the anti-money laundering system, and were evaluated to have the excellent rating for the anti-money laundering in the internal control system at the evaluation of the current status of anti-money laundering at Korea Financial Intelligence Unit in 2016.

Ethical and Compliance Training

We conduct semi-annual compliance ethics training for compliance managers in each department and branch on a code of ethics, the internal control system, standing rules for commercial acts and anti-money laundering operations.

Employees involved in anti-money laundering periodically take outside training sessions, and distant training take place for all employees. Moreover, anti-corruption training is periodically conducted for all employees on prohibition of provision and receipt of property profits and acceptance of gifts or money as per the Anti-Graft Act.

	단 위	2014	2015	2016
Number of training hours per head on ethics and compliance	시간	18	15	21.1

Violation of a Code of Conduct and Results of Taking Actions

	단 위	2014	2015	2016	
Violation of a code of conduct and ethical regulations	Reporting of irregularities	건	0	0	0
	Acceptance of gifts or money	건	0	0	0
	Violation of internal control	건	36	47	23
	Infringement of privacy and human rights violation	건	0	0	0
	Total case of violation	건	36	47	23
Actions against violation of a code of conduct and anti-corruption policies	Wage cut	건	0	0	10
	Indemnification	건	0	0	0
	Others	건	36	28	13
	Total number of actions taken	건	36	28	23

※ Based on records of (former) Hyundai Securities for 2014~2015, and consolidated records of (former) Hyundai Securities and (former) KB Investment & Securities for 2016

Stakeholder Engagement and Materiality Test

Stakeholder Communication

KB Securities designates key stakeholders impacting business activities as customers, employees, shareholders, investors, partners, community, the government and related institutions. Management directions and performances are disclosed through business disclosure, business reports and the website, and needs and demands of each stakeholder are identified to be reflected in decision-making on business matters. We will acquire sustainability in business activities by fully reflecting the interest and demands gathered through diverse stakeholder channels, and share results of stakeholder engagement by publishing the Sustainability Report on a yearly basis.

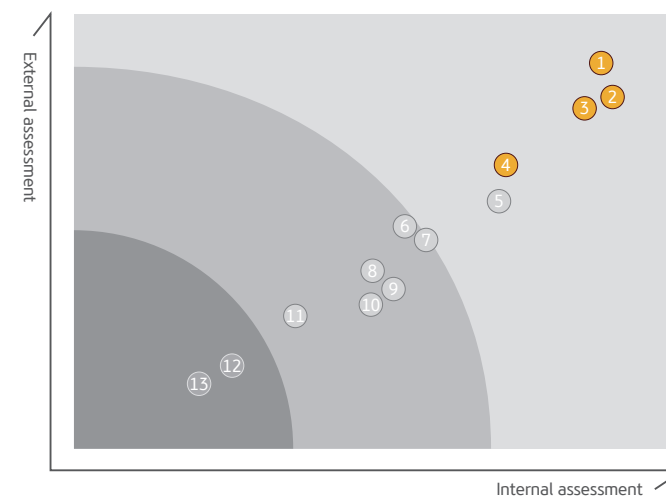
	Customers	Employees	Shareholders and Investors	Partners	Community	Government and Related Institutions
Key Demands	<ul style="list-style-type: none"> Improvement in products and services Institutional improvement Customer satisfaction Handling of customer grievances 	<ul style="list-style-type: none"> Protection of rights of employees Welfare enhancement Labor-management relations Communication within business units 	<ul style="list-style-type: none"> Profitability Sound corporate governance Participation in decision-making 	<ul style="list-style-type: none"> Shared growth Stronger competitiveness Communication and information sharing 	<ul style="list-style-type: none"> Social contribution Addressing local problems 	<ul style="list-style-type: none"> Legal compliance Regulatory compliance Partnership
Communication Channels	<ul style="list-style-type: none"> Branch offices Call centers Website Media materials Customer advisory group 	<ul style="list-style-type: none"> Labor-Management Council Working-Level Consultative Body Grievance 	<ul style="list-style-type: none"> Business reports Shareholders' meetings 	<ul style="list-style-type: none"> Interviews with partners 	<ul style="list-style-type: none"> Local-specific social contribution 	<ul style="list-style-type: none"> Management of the consultative body

Materiality Test Process

KB Securities found out sustainability issues through analysis of the business environment and determined the content to be reported based on the priority. The materiality test was conducted to select items that are important over the long term in economic, environmental and social aspects and might interest stakeholders.

Step1	Step2	Step3	Step4
Review of Issues	Consensus of Stakeholder Opinions	Decision-making on the Priority	Selection of Core Issues to be Reported
<ul style="list-style-type: none"> Business strategies and performances of KB Securities Standard and evaluation of sustainability management Investors' opinions Policies and regulations Industrial and best practices Media analysis Trend and impact analysis 	<ul style="list-style-type: none"> Gathering of feedback from internal and external stakeholders Integration of 363 issues Classification of 27 issues 	<ul style="list-style-type: none"> Materiality analysis in stakeholders' perspectives Materiality analysis in business perspective Review of external specialists Review of the management 	<ul style="list-style-type: none"> Application of GRI G4 Guideline Verification of validity Selection of 13 core issues Decision-making on content to be reported

Results of the Materiality Test



Priority	UN SDGs
1 Business Strategy and Financial Performance	
2 Products and Services	1, 2
3 Social Responsibility of Finance	
4 Customer Data Protection	
5 Customer Satisfaction	
6 Ethics and Integrity	
7 Human Capital Development and Capability Building	8
8 Risk Management	
9 Diversity and Equal Opportunity	
10 Local Community	4, 8, 17
11 Corporate Governance	
12 Human Rights	5, 10
13 GHG and Energy Emission	7, 13, 14

Issues of Materiality ① ②

KB Securities needs to generate synergies in business and raise the operating profits and net income in the nearest future by acquiring competitive portfolios in all business areas by combining the existing strengths through the merger of December 2016.

Issue of Materiality ③

Social responsibilities of financial institutions are critical to cater to global trends and stakeholder needs. We need to strive for accountable investment to maintain social soundness over the long term instead of making profit-oriented investment, and pour in a strong interest in universal finance and financial accessibility to address social bipolarization and discriminatory issues. These matters require preemptive responses because they might become critical risks to corporate management beyond corporate responsibilities.

Issue of Materiality ④

While laws for protecting personal information and the public awareness of the issues have been reinforced, the frequency of customer information leakage is on the rise due to advancement of hacking techniques. Customer information-related issues are serious ones that might cause economic losses including sanctions and fines imposed by the government authority and also lead to customer churn and long-term damage to the brand value.

Performance Summary

Economic Performance

Financial Performance

The merger at the end of 2016 of (former) Hyundai Securities achieved the equity capital of KRW 3.3 trillion, total assets of 24 trillion and current net income of KRW 279.6 billion, and (former) KB Investment & Securities with the equity capital of KRW 600 billion, total assets of 6 trillion and current net income of KRW 47.2 billion as of 2015 led to an integrated launch of KB Securities with the equity capital worth KRW 4.1 trillion.

The merger of 2016 resulted in the current net loss of KRW 400 million due to changes in the accounting standards and the occurrence of related cost including the integration of IT systems. KB Securities on the heels of the merger came to acquire business competitiveness in an early phase thanks to stable integration where strengths of both companies have been combined. As a result, KB Securities generated the performance of KRW 4.2 trillion for the equity capital, KRW 37 trillion for total assets and KRW 91.1 billion for the current net income in the first half of 2017. The performance of 2017 is based on the expansion of sales basis driven by WM assets, boost of synergies and stronger competitiveness in each sector resulting from management strategies as an integrated securities company. Moreover, there occurred transient loss and cost due to the sell-off of Hyundai Savings Bank and Hyundai Asset Management as subsidiaries of KB Securities.

	Unit	2014*	2015*	2016	First half of 2017
Total Assets	KRW 100 million	209,832	237,791	323,819	372,248
Equity Capital	KRW 100 million	30,045	33,020	41,442	42,064
Current Net Income	KRW 100 million	374	2,796	-4	911
Credit Rating	Level	AA-	AA-	AA	AA

* Figures of the consolidated financial statement of (former) Hyundai Securities, the corporation after the merger, for the period of 2014 and 2015

Distribution of Economic Values

Stakeholders	Type	Unit	2014	2015	2016	First half of 2017
Customers	Interest on deposits, RP interest, depository interest	KRW 100 million	1,352.50	1,003.80	946.4	507.7
Shareholders and Investors	Dividend	KRW 100 million	200.5	1,099.50	0	0
Employees	Wage, welfare benefits, etc.	KRW 100 million	3,641.50	3,868.90	3,497.00	1,972.40
Community	Donation	KRW 100 million	10.1	6.5	11	2.7
Partners	IT, fees, advertisements, etc.	KRW 100 million	924.9	942	958.9	444.5
Government	Public utilities fees, corporate tax, etc.	KRW 100 million	376	524.2	528.2	164.4
Total		KRW 100 million	6,505.70	7,445.00	5,941.50	3,091.70

Customer Satisfaction

	Unit	2014	2015	2016	First half of 2017
Customer Satisfaction in Branches*	points	91.4	91.8	91.6	93.1

* A semi-annual customer satisfaction survey conducted via phone for about 2,000 customers (outsourced to NICE R&C)

Environmental Performance

GHG emissions and energy consumptions

	Unit	2016	
GHG emissions	Direct emissions	tCO2e	333,571
	Indirect emissions	tCO2e	3,180,715
	Total GHG emissions	tCO2e	3,514,286
Energy consumptions	MWh	6,821,904	
Water	Water usages	m3	22,008
	GHG emissions	tCO2e	14.53
Wastes	Waste disposals	Metric ton	329.20
	GHG emissions	tCO2e	111.93
Business travel distances	Flights	km	4,301,738
	Trains	km	100,350
	Buses	km	22,024
	Total travel distances	km	4,424,111
	Flights	tCO2e	645.26
	Trains	tCO2e	3.01
	Buses	tCO2e	0.61
	Total GHG emissions	tCO2e	648.88
	Papers	Paper usages	ton
	GHG emissions	tCO2e	67.72

Social Performance

Labor practices

	Unit	2014	2015	2016
Ratio of employees under collective agreement	%	74.4	62.2	61.7

※ As of former Hyundai Securities, former KB Investment & Securities does not have collective agreement

Social contributions

	Unit	2014	2015	2016
Total donations	KRW 100million	10.1	6.5	11.0
Average volunteering activity hours per employee	Hours	2.6	2.6	2.9

※ After launching KB Securities, average volunteering activity hours per employee significantly increased through suggesting directions aggressively. (as of Oct in 2017)

GRI Content Index

Classification	No.	Indices	Page	UN SDGs
General Standard Disclosures				
Strategy and Analysis	G4-1	Provide a statement from the most senior decision-maker of the organization	3	
	G4-2	Key impacts, risks, and opportunities	3	
Company Profile	G4-3	Organization name	4	
	G4-4	Primary brands, products, and services	4-5	
	G4-5	Headquarters location	49	
	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	4-5	
	G4-7	Nature of ownership and legal form	4-5	
	G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	4-5	
	G4-9	The scale of the organization	4-5	
	G4-10	Total workforce by employment type, employment, contract and region	4	
	G4-11	Percentage of total employees covered by collective bargaining agreements	41	
	G4-12	Major characteristics of the supply chain related to the organization's major activities, products and services	4-5	
	G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	4	
	G4-14	Whether and how the precautionary approach or principle is addressed by the organization	34-35	
	G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	45	17
	G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization subscribes or endorses	48	17
	Identified Material Aspects and Boundaries	G4-17	All entities included in the organization's consolidated financial statements or equivalent documents	4-5
G4-18		Process for defining the report content and the Aspect Boundaries	38-39	
G4-19		All the material Aspects identified in the process for defining report content	38-39	
G4-20		Descriptions of material aspect boundaries within the organization	38-39	
G4-21		Descriptions of material aspect boundaries outside the organization	38-39	
G4-22		Effect of any restatements of information provided in previous reports, and the reasons for such restatements	-	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	-		










Classification	No.	Indices	Page	UN SDGs
Stakeholder Engagement	G4-24	List of stakeholder groups engaged by the organization	38	
	G4-25	Basis for identification and selection of stakeholders with whom to engage	38	
	G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	38	
	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	38	
Report Profile	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	Provide the contact point for questions regarding the report or its contents	뒷표지	
	G4-32	In accordance option, GRI Index and report assurance	42-44	
	G4-33	Policy and current practices regarding external assurances for the report	46-47	
Governance	G4-34	Governance structure of the organization	32-33	
	G4-38	Composition of the highest governance body and its committees	32	
	G4-39	Details on whether the Chair of the highest governance body is also an executive officer	32	
	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	33	
	G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	32-33	
	G4-43	Actions of the highest governance body to develop and enhance knowledge related to economic, environmental, and social topics	32-33	
	G4-51	Remuneration policies for the highest governance body and senior executives for the below types of remuneration	33	
	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	36	
Ethics and Integrity	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	22-23, 36-37	
	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	22, 37	










Classification	No.	Indices	Page	UN SDGs
Specific Standard Disclosures – Sustainable Material Issue				
Performance Management System	G4-DMA	Strategy & Service	6-7	
	G4-DMA	Customer & Employee	16-17	
	G4-DMA	Social Responsibility	24-25	
Specific Standard Disclosures – Economic				
Economic Performance	EC1	Direct value generated and distributed	40	8
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	27	13
Indirect Economic Performance	EC7	Development and impact of infrastructure investments and services supported	26-27	9
Indirect Economic Performance	EC8	Significant indirect economic impacts, including the extent of impacts	21-23, 28-30	9
Specific Standard Disclosures – Environment				
Energy	EN3	Energy consumption within the organization	41	7 13
	EN6	Reduction of energy consumption	-	7 13
Water	EN8	Total water withdrawal by source	41	7 13
Emission	EN15	Direct greenhouse gas(GHG) emissions (Scope 1)	41	7 13
	EN16	Indirect greenhouse gas(GHG) emissions (Scope 2)	41	7 13
	EN17	Other indirect greenhouse gas(GHG) emissions (Scope 3)	41	7 13
	EN19	Reduction of greenhouse gas(GHG) emission	-	7 13
Transport	EN23	Total weight of waste by type and disposal method	41	7 13
	EN30	Significant environmental impacts of transporting products and other goods and materials of the organization's operations, and transporting members of the workforce	41	12
Specific Standard Disclosures – Society(Labor Practices and Rights)				
Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	22	
Training and Education	LA9	Average hours of training per year per employee, by gender, and by employee category	21	
Specific Standard Disclosures – Society (Human Rights)				
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	22	

Classification	No.	Indices	Page	UN SDGs
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	41	
Human Rights Grievance Mechanisms	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	37	5
Specific Standard Disclosures – Society				
Local Community	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	26-27	1 2 3 4
Anti Corruption	SO4	Communication and training on anti-corruption policies and procedures	37	
	SO5	Confirmed incidents of corruption and actions taken	37	
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	-	
Grievance Mechanisms	SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	22	
Specific Standard Disclosures – Society(Product Responsibility)				
Product and Service Labelling	PR5	Results of surveys measuring customer satisfaction	40	
Marketing	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotions, and sponsorships, by type of outcome	-	
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	-	
Product Portfolio	DMA	Policy for fair design and sales on financial product and service	17	
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	27	12
Local Community	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	26-27	12 13
	FS13	Access points in low-populated or economically disadvantaged areas by type	26	9 10
Local Community	FS14	Initiatives to improve access to financial services for disadvantaged people	26	9 10
	FS13	Access points in low-populated or economically disadvantaged areas by type	26	9 10
Local Community	FS14	Initiatives to improve access to financial services for disadvantaged people	26	9 10

UN SDGs

The Sustainable Development Goals(SDGs) consist of 17 goals and 169 targets that the international society must achieve to resolve common human problems, environmental problems, and economic and social problems. Taking effect at the UN General Assembly on September 28, 2015 based on the agreement with leaders from 193 countries, the SDGs are expected to be achieved by the international society all together over 15years from 2016 to 2030. KB Securities actively supports the SDGs and is strengthening its sustainability by establishing a foundation for mutual growth with society throughout its business activities.

 <p>1 End poverty</p> <p>By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day</p>	 <p>2 End hunger and achieve food security</p> <p>By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.than \$1.25 a day</p>	 <p>3 Ensure healthy lives and promote wellbeing</p> <p>By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births</p>
 <p>4 Ensure inclusive and equitable quality education</p> <p>By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes</p>	 <p>5 Achieve gender equality</p> <p>End all forms of discrimination against all women and girls everywhere</p>	 <p>6 Management of water and sanitation</p> <p>By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p>
 <p>7 Ensure access to energy</p> <p>By 2030, ensure universal access to affordable, reliable and modern energy services</p>	 <p>8 Sustainable economic growth and productive employment</p> <p>Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countriesnutritious and sufficient food all year round.than \$1.25 a day</p>	 <p>9 Resilient infrastructure and sustainable industrialization</p> <p>Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p>

 <p>10 Reduce inequality</p> <p>By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average</p>	 <p>11 Sustainable cities and human settlements</p> <p>By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>	 <p>12 Sustainable consumption</p> <p>Implement the 10-year framework of programmes on sustainable consumption and production, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries</p>
 <p>13 Action to combat climate change and its impacts</p> <p>Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	 <p>14 Sustainable use of the oceans, seas and marine resources</p> <p>By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollutionnutritious and sufficient food all year round.than \$1.25 a day</p>	 <p>15 Protect terrestrial ecosystems</p> <p>By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements</p>
 <p>16 Peaceful and inclusive societies</p> <p>Significantly reduce all forms of violence and related death rates everywhere</p>	 <p>17 Global partnership</p> <p>Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection</p>	

Independent verification report

To stakeholders of KB Securities,

This verification report involves KB Securities. Having been requested by KISA to verify the ‘Sustainability Report of KB Securities’ (“the report”) as of December 31, 2016, Marcspoon (“the verifier”) presents the following opinions:

Verification standards

The verification was conducted according to Type 1 and the Moderate Level of AA1000AS(2008), and appropriateness was reviewed based on the principles of inclusivity, materiality and responsiveness. It was also checked if the report complied with ISO 26000 as well as the GRI G4 Guideline.

Verification scope

The verification deals with KB Securities’ accomplishments from January 1 to December 31, 2016, the same period covered by the Sustainability Report. Data on the social, economic and environmental performances were evaluated along with reliability of information. Identification of the GRI Index below was included in the verification scope. Information and data on partners and contractors of KB Securities that are outside its organization in the reporting boundary were excluded from the scope.

- GRI G4 Reporting Principles
- General Standard Disclosures
- Specific Standard Disclosures
 - Material Aspects Management Approach
 - Economic Performance : EC1, EC2
 - Indirect Economic Impacts: EC7, EC8
 - Energy: EN3, EN6
 - Water : EN8
 - Emissions: EN15, EN16, EN17, EN19, 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

Verification Process

The verifier verified the facts and data of the report and internal process for reporting as follows.

- Reviewed data methodology and process
- Reviewed data and documents of core contents
- Activities for report period and stakeholders’ interview who are related to performances

- Materiality test process that may influence KB Securities management and is crucially regarded by stakeholders
- Reviewed content and quality in accordance with GRI G4 Guideline

Verification results

The verifier reviewed the content covered in the draft of the report and suggested opinions on it, and made correction in the report, if needed. The verifier affirms that the content covered in the report faithfully and fairly reflects activities and performances of sustainability management activities of KB Securities without any critical error or prejudice through verification practices, and the report was written to be in compliance with the ‘Core Option’ in the GRI G4 Guideline.

The report appropriately reflects the application of AA1000AS (2008) with the principles of inclusivity, materiality and responsiveness and details are as follows:

- Inclusivity : KB Securities owns the engagement process for stakeholders, and proactively gathers their opinions and shares information through diverse stakeholder communication channels. It was not found that any critical stakeholder group was excluded from the stakeholder engagement process.
- Materiality : The report reports issues of materiality to KB Securities in a balanced manner through the materiality test of economic, environmental and social issues. The Verification and Inspection Team is not aware of any issues of materiality being excluded in the report.
- Responsiveness : The report reflects key issues that have been identified, and affirms that KB Securities responds to opinions of stakeholders through the process to respond to stakeholders.

Suggestions for improvement

The verifier highly evaluates the efforts and performances of KB Securities for sustainability management, and recommends the following points for publishing reports in the future and raising the level of socially responsible management.

- Internal communication could be intensified in order for the newly formulated vision and strategies after the integration to be internalized, enabling all employees to share common goals and implement strategies. It is expected that the Company could enhance the social values of finance by considering its social and environmental impact from product and service planning and development to taking final responsibilities. Moreover, the Company could steadily expand its efforts to systematize management on issues of materiality and communicate with external stakeholders, especially being triggered by the publication of the Sustainability Report.



2017. 10. 30 Marcspoon CEO Han Jung Won

한정원

Additional Information

Membership

Financial Security Institute	Federation of Korean Industries	Association for Small Debts
Board of Auditors for Listed Companies	Korea Economic Research Institute	Korea Listed Companies Association
Global Finance Society (GFS)	Korea Employers Federation	Korea Chamber of Commerce and Industry
Capital Market Association for Securities Companies	Korea Capital Market Institute	Korea Derivatives Association
Compliance Association	Primary Dealer Association	Association for Retirement Pension Development

Prizes and Awards

2017	2017 Best Analyst <small>Maekyung Economy</small> 2H 2017 Best Analyst <small>Hankyung Business</small> Winning the prize in the financial/securities category for 11 consecutive years at the Customer Satisfaction Management Awards <small>The Korea Economic Daily</small> 6th Korea IB Financial Awards <small>Yonhap Infomax</small> League Table Awards <small>Money Today thebell</small> 8th Korea IB Awards <small>The Korea Economic Daily</small> 5th Capital Market Award <small>Newspim</small> Best Investment Banker at the KOSDAQ and KONEX Market Best Investment Banker Awards <small>Korea Exchange</small> Prize of Top Excellence in the mobile trading category at the Finance Investment Awards <small>E-daily</small> Grand Prize in the IB category at the Capital Market Award <small>Herald Business</small> 2017 Best Korean Analyst <small>MTN</small> 2H 2017 Best Securities Company & Analyst <small>Hankyung Business</small> 1st Herald Economy's Best Report Award <small>Herald Business</small> Prize of Top Excellence in the customer wealth management category in Asia Today's Financial Award <small>Asia Today</small>	2016	Grand Prize in the non-face-to-face account opening category in the Mobile Brand Award <small>Maeil Business Newspaper</small> 7th Korea Analyst Award <small>Money Today Network</small> 1H 2017 Best Analyst <small>Hankyung Business</small> National Consumer-Driven Brand Award <small>Dong-A Ilbo</small> Thebell League Table Awards <small>Money Today thebell</small> Korea IB Awards <small>The Korea Economic Daily</small> Excellent IB in KOSDAQ and KONEX Market <small>Korea Exchange</small> Best DCM Arranger at Korea IB Award <small>Money Today</small> Grand Prize in the securities category, Korea <small>The Seoul Economic Daily</small>
2016	Winning the prize in the financial/securities category for 10 consecutive years at the Customer Satisfaction Management Awards <small>The Korea Economic Daily</small> 2H 2016 Best Analyst <small>Hankyung Business</small> 2H 2016 Best Primary Dealer <small>Ministry of Strategy and Finance</small>	2015	Thebell League Table Awards <small>Money Today thebell</small> Korea IB Awards <small>The Korea Economic Daily</small> Grand Prize in the securities category, Korea <small>The Seoul Economic Daily</small> Korea Mobile Awards <small>Money Today</small> Market Leader of the Year <small>E-Today</small> 17th Maekyung's Best Securities House Award <small>Maeil Business Newspaper</small> Winning the prize in the securities category for 9 consecutive years at the Customer Satisfaction+ Management Awards <small>The Korea Economic Daily</small> 2nd place, 2H 2015 Best Primary Dealer at the securities category <small>Ministry of Strategy and Finance</small> 6th Korea Analyst Award <small>Money Today Network</small> 1H 2015 Best Analyst <small>Hankyung Business</small> Ranked 1st in the securities category as the 1H2015 Best Primary Dealer <small>Ministry of Strategy and Finance, Yonhap Infomax</small>

KB Securities Company Information

Headquarter /	21 KB Securities Building, Yeouido 4-gil, Yeongdeungpo-gu, Seoul
Local Subsidiaries	www.kbsec.com
and Office	Tel. 02-6114-0114
in abroad	

KB Securities Hong Kong Ltd.

Suite1105,11F,Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong
Tel. 852-2869-0559
Fax. 852-2521-5215

KBFG Securities America Inc.

1370 Avenue of the Americas, Suite 1900, New York, NY, USA
Tel. 1-212-265-2333
Fax. 1-212-265-2676

KB Asset Management Pte. Ltd.

3 Church Street, #21-01 Samsung Hub, Singapore
Tel. 65-6580-2660
Fax. 65-6580-2669

HYUNDAI able INVESTMENT Pte. Ltd.

80 Raffles place #17-02, Uob plaza 1, Singapore
Tel. 65-6580-2660
Fax. 65-6580-2669

KB Securities Shanghai Representative Office

Room1405, North Stock Exchange Building, 528 South Pudong Rd. Shanghai, China
Tel. 86-21-6881-7007
Fax. 86-21-6881-7778

Terminology

- 1) MTS : Mobile Trading System as a stock trading method using mobile communication devices including smart phones
- 2) HTS : Home Trading System as a stock trading method using a PC at home or in an office
- 3) IPO : Initial Public Offering to sell stocks to an unspecified multitude of investors and disclose financials in accordance with legal procedures and methods for unlisted companies on a stock market or KOSDAQ market.
- 4) SOC : Social Overhead Capital as a capital that is indirectly contributed to production activities although it is not directly injected
- 5) PBS : Prime Brokerage Service provided by securities companies for managing hedge funds to provide for hedge fund management companies to provide comprehensive services for loans, securities lending, advisory and research
- 6) RPA : Robotic Process Automation to automate operations requiring repetitive human labor through robotic software
- 7) Open API : An environment for developing application programs that are disclosed for anyone to use
- 8) Capabilities to interpret digital media

2016 Sustainability Report of KB Securities

You can download the PDF of the report
from the KB securities website.

Yeouido 4-gil 21, Yeongdeungpo-gu, Seoul
KB Securities Public Relation Department
02-6114-0333
www.kbsec.com



 **KB Securities**