







**Tilted square:** It symbolizes dynamic and progressive energy to veer away from stillness and move forward.

**I: "I"** means customer. It symbolizes the corporate philosophy of IBK to put customers first.

**Inside of the square:** It is designed to visualize IBK graphically. It symbolizes the Bank's pledge of bringing a bright future to customers, like the wings of a big bird soaring in the sky.



**Industrial Bank of Korea**

**Win-Wing's B:** "Win" from "Win-Wing" embodies the Bank's pledge to serve as the "Wings for customers' success" and bring success, hope, and bright future for them.

## History

<b>1961. 8.1</b>	Established the Small and Medium-sized Businesses Bank
<b>1994. 11.30</b>	Registered on KOSDAQ
<b>1997. 11.29</b>	Transformed from a government-invested company into a government-affiliated one
<b>2003. 12.24</b>	Transferred from KOSDAQ to Korea Securities Exchange
<b>2007. 1.4</b>	Changed its CI
<b>2009. 6.20</b>	Established domestic corporation in China
<b>2009. 8.3</b>	Announced its service identity as SMART Service
<b>2009. 12.29</b>	Selected as pilot project institution for the expansion of management autonomy
<b>2010. 1.4</b>	IBK core values enacted and declared
<b>2010. 10.12</b>	Elevated to the hall of fame as Customer Satisfaction Management Awardee
<b>2010. 12.28</b>	Acquired grade of excellence in the public agency CS survey for four years in a row
<b>2011. 1.7</b>	Named 2011's outstanding financial company in consumer protection
<b>2011. 5.12</b>	Recorded 10 million retail customers
<b>2011. 8.4</b>	IBK ALTOS Women's Volleyball Team founded
<b>2012. 1.31</b>	Un-designated as public agency

## Awards in 2011

<b>2011. 4.14</b>	IBK Customer Service Center selected as Korea's Outstanding Call Center for five consecutive years
<b>2011. 4.19</b>	Carbon labeling for credit card service
<b>2011. 4.26</b>	Named best agency in ARS operation evaluation, given commendation by KCC Commissioner
<b>2011. 5.13</b>	IBK ON-Bank awarded the Korea e-Banking Grand Prize
<b>2011. 10.14</b>	Cited as Agency for Tomorrow's Workplace filled with Hope
<b>2011. 10.20</b>	Grand Prize in the 13th Korea Design Awards (premier's citation)
<b>2011. 10.24</b>	Grade of excellence in the 2011 Fund Mystery Shopping
<b>2011. 10.26</b>	Named Industrial Leader in CDP (Carbon Discloser Project)
<b>2011. 11.4</b>	Environment Minister's Commendation in climate change response for low carbon, green growth
<b>2011. 11.22</b>	3rd Korea Human Grand Prize (presidential citation)
<b>2011. 11.29</b>	Recipient of Award of Excellence in the Company History Sector in the 2011 Korea Communication Awards
<b>2011. 12.2</b>	FSS Commissioner's Citation in commemoration of the 2nd Smile Financial Day
<b>2011. 12.5</b>	Named excellent agency in anti-money laundering
<b>2011. 12.7</b>	IBK Open recruitment selected as best practice in 2011 Fair Society
<b>2011. 12.13</b>	Presidential Citation in Customer Satisfaction in the 37th Customer Quality Awards
<b>2011. 12.13</b>	Presidential Citation in Customer Satisfaction in the 37th Customer Quality Awards
<b>2011. 12.16</b>	Selected as the best agency in public agency integrity evaluation for two consecutive years
<b>2011. 12.23</b>	Cited as Outstanding Agency in use of Authentic Software



About this report

Introduction and Composition of the Report

IBK has been offering financial services for SMEs’ development and people’s happiness since its foundation in 1961, constantly striving to fulfill its economic, social, and environmental responsibilities. This is the third report detailing IBK’s performance for a year in 2011, six and five years after we published the 2006 and 2007 sustainability reports, respectively. In this report, key issues have been set based on communication with various stakeholders, and IBK’s sustainability management performance has been objectively described. We plan to publish the sustainability report annually to retain sound partnership with our stakeholders. This report introduces IBK’s management activities centered on stakeholders engaging in and sharing IBK’s management activities. We have tried to report our vision, mission, strategy, system, activity, and performance in the relevant fields, and we plan to introduce information that has yet to be prepared in the future.

Reporting boundaries and standards

This report has been drawn up based on GRI(Global Reporting Initiative) Guideline G3.1 and GRI FSSS(Financial Services Sector Supplement). The management performance in this report was derived from using financial statements(or consolidated financial statements), and KRW was used for currency unit. Both Korean and English versions of this sustainability management report are available.

Reporting Period and Frequency

This report details IBK’s performance from January 2011 to December 2011. We have drawn up the report using three-year data so that time series analysis is carried out in terms of quantitative performance. To make the qualitative performance meaningful, we have also included the performance before 2011 and in 2012. In case data collection is impossible based on the date of drawing up the report, the relevant reason has been specified. The report scope encompasses the activities and performance of the IBK head office and branches in Korea. We have reported the performance of overseas branches — where data gathering is difficult — within the limited scope. We shall endeavor to expand the report scope to overseas branches in the future.

Report Credibility

The 2012 Sustainability Report has been reviewed by the Sustainability Management TFT and an external expert committee. We shall receive a third-party assurance to secure reliability of the overall reporting details and data gathering in the future.

Additional Information Offering

Users can check various pieces of information on IBK’s management activities on IBK’s homepage(www.ibk.co.kr), where current and past sustainability reports can also be found. Should you have further inquiries or opinions regarding our sustainability management report, please contact us as at the following:

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## CEO Message

Jun-Hee Cho  
Chairman & CEO of IBK

## IBK is a bank that is like a neighbor preparing for tomorrow together with you

On behalf of all the employees at IBK, I would like to thank you all for your unwavering support and encouragement for the development of IBK.

2011 was a challenging year for us. The global financial market crises in Europe and the U.S. created a trickle-down effect, spurring economic slowdown in virtually every sector, including domestic private-sector consumption, facility investments and the construction industry.

Despite such difficulties, we at IBK consolidated our basic business practices, principles and strategies under the strategic direction of balanced internal stability in 2011. As a direct result of our active implementation for balanced growth with internal stability(including the adoption of an internal stability index, the bolstering of soundness management and the expansion of our retail base), IBK maintained its top-level position in banking sector soundness and the quantity of our retail customers surpassed the 10 million mark. All in all, we at IBK have laid the foundation for the future cooperative growth with our customers for the next century.

We have also come to the realization that IBK is a bank among citizens that fulfills its social responsibility as part of our business philosophy, under the judgment that corporate social responsibility, as well as financial performance, is the paramount factor in sustainability management. In this context, we have done our utmost to ensure sustainable growth in various areas including: customer satisfaction management, win-win growth with small and medium-sized enterprises(SMEs), environmental management, social contribution activity expansion, and job creation.

In order to manifest our commitment in achieving top status in customer satisfaction,, we were the first-ever to declare Service Identity in the financial sector. In so doing, the bond of sympathy among all our employees developed regarding the direction of customer satisfaction. In addition, we fortified our role of a “firm-doctor” by supporting SMEs suffering from difficulties arising from economic recession. Through our funding and highly effective consulting services, these SMEs were able to grow into top-notch companies and expand their growth potential.

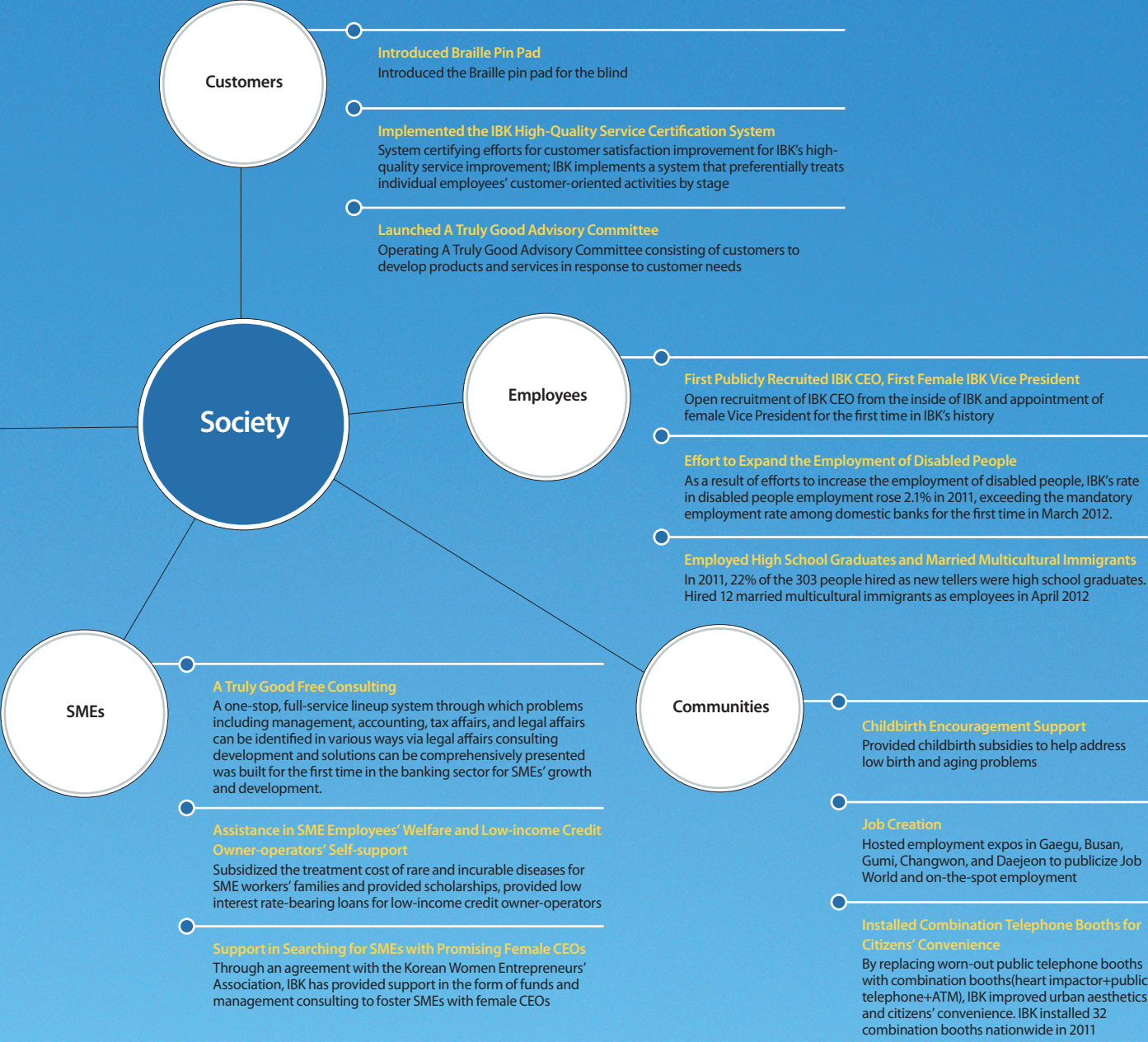
Through our continuous endeavors to practice the national challenge task, “Low Carbon, Green Growth,” we were honorably selected as a leading company in the banking sector for the carbon disclosure project(CDP). We also strove to assist the financially alienated class in gaining independence and exempted and reduced CD/ATM fees, in addition to providing treatment expenses for rare and incurable diseases and scholarships so that benefits can be offered to communities in a timely and appropriate fashion.

In order to solve the challenges of youth unemployment and manpower shortage within SMEs, we created a free employment portal site specializing in SMEs called “Job World.” Furthermore, we assisted in the actual employment of these individuals, which included resume consulting and spot recruitments through the hosting of the Job World Employment EXPO in various regions. For the first time in the financial sector, we intended to lead a recruitment culture that focused on abilities and talents, rather than the “business as usual” approach to recruiting graduates with educational backgrounds from specialized high schools. Moreover, through the creation of a customized employment support system by life cycle(in terms of job creation service) we plan to expand employment opportunities in provincial areas by offering tailored jobs suitable to local industrial features, including high school students with specializations, the younger generation and seniors,

In lieu of a mere one-time effort driven by external change demand, the endeavors of IBK for sustainability management have the potential to lead to a continuous virtuous cycle through the integrity of individual employees. Through the creation of an enjoyable workplace, the improvement of the quality of life for each employee, the establishment of onsite and ethical goal management and internal stability management as the cornerstones of our activities, together with the high priority we place on the satisfaction of our customers, we will do our utmost to make IBK a bank favored by the Korean people.

We are committed to developing and growing together with our customers, shareholders, employees, governmental agencies, communities and the entire Korean nation. I cordially request for your continuous support for and interest in our growth for the next 100 years ahead.





Quantitative Performance in Major Social Responsibility Management

Category	Item	2009	2010	2011
Economy	Asset(KRW trillion)	151	165	180
	Operating income(KRW 100 million)	207,638	184,597	169,167
	Operating profit(KRW 100 million)	8,416	16,514	21,263
	Net income(KRW 100 million)	7,105	12,901	15,522
	Corporate income tax(KRW 100 million)	1,907	4,205	5,106
Customer Satisfaction	Customer satisfaction(full marks: 100 points)	90.5	92.3	93.4
Employee	Education and training expenses per person(KRW thousand)	835	978	1,104
	Education hours per person	127.9	133.3	123.9
Social Contribution	No. of volunteers	19,663	14,325	15,337
	Investment in social contribution activities(KRW 100 million)	736	408	938
	No. of personnel(people)	3	4	7



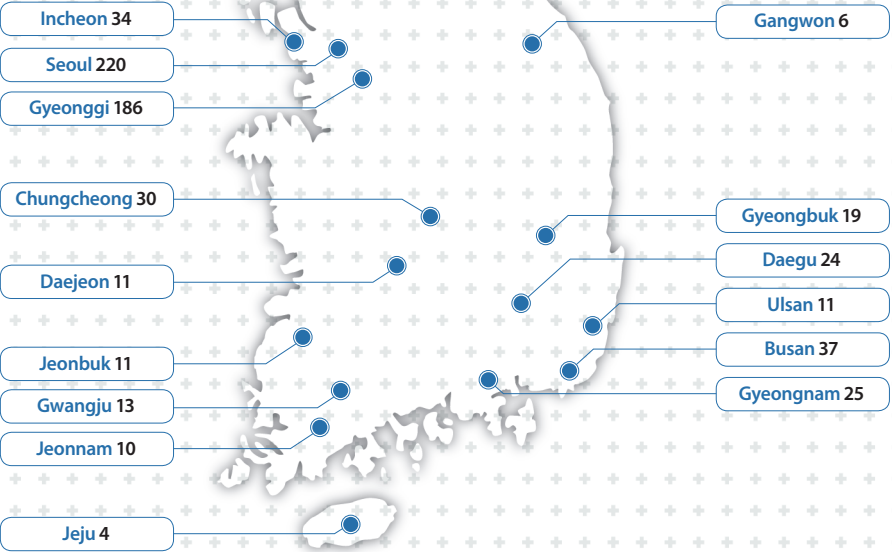


## Company Profile

IBK was founded in 1961 to ensure that the autonomous economic activities of SMEs are carried out smoothly and to promote their economic status by establishing an efficient credit system for SMEs as per the IBK Act. Having endeavored for SMEs’ development and ordinary people’s happiness, IBK contributes to national economic development. Today, it has grown into an excellent bank supported by the Korean people. In the loan sector for SMEs, IBK has provided KRW 5.5 trillion in support or 48.3% of the total increase in loans for SMEs in the banking sector and captured 21.4% of the market to record a 0.7%p increase compared to 2010. In the retail deposit sector, IBK posted a record-high performance of KRW 6.9 trillion. We will do our very best to become a truly good bank by engaging in sustainable banking with new attitude and mindset.

### Domestic and Overseas Branches

#### Domestic



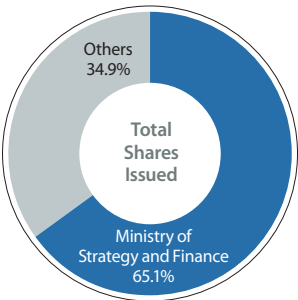
### Corporate Status

unit : KRW million

Name of Bank	Industrial Bank of Korea(IBK)
Date Established	August 1, 1961
CEO	Cho Jun-hee
No. of Employees	10,463
No. of Branches	641(16 abroad)
Address of Head Office	50, Eulji-ro 2-ga, Jung-gu, Seoul, Korea
Capital	3,219,869
Total Assets	179,945,867
Net Income	1,552,216

### Capital and Composition of Shareholders

As a government-invested agency, IBK has as its largest shareholder the Korean government with total shares of 65.1%. IBK's Capital is KRW 3,219.9 billion.

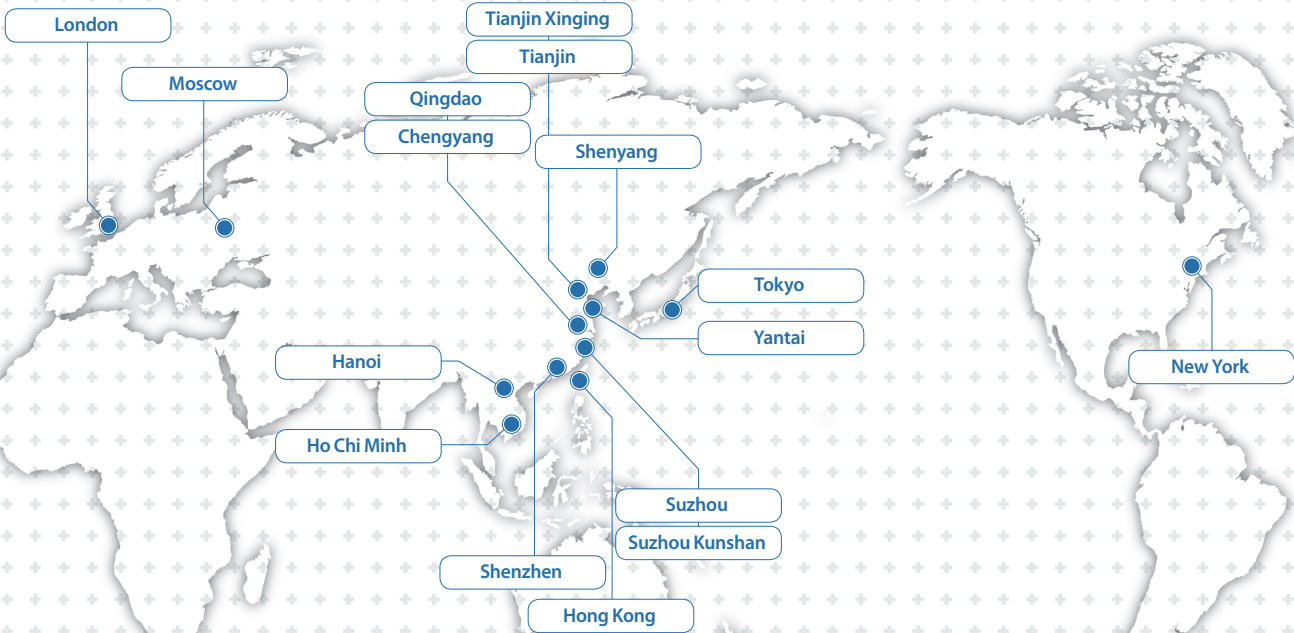


### Subsidiaries

Unit: KRW 100 million, shares, %

Company Name	Address	Main business	Date Established (Y/M/D)	Capital	No. of Shares Owned	Ownership
IBK Capital Corporation	321 Teheran-ro, Gangnam-gu, Seoul, Korea	New technology banking business, installment banking business, factoring banking business	1986. 11. 1	1,655	33,090,308	100.00
IBK Securities Co., Ltd.	50 63-ro, Yeongdeungpo-gu, Seoul, Korea	Finance and investment business	2008. 5. 29	3,770	60,000,000	79.58
IBK System Co., Ltd.	141-7 Toegyero, Jung-gu, Seoul, Korea	IT outsourcing, system development and establishment	1991.3.22 (1991.3.20, etc.)	31	3,449,000	55.63
IBK Credit Information Co., Ltd.	230 Teheran-ro, Gangnam-gu, Seoul, Korea	Claim collection, credit check	2000.1.18 (2000.1.17, etc.)	30	600,000	100.00
IBK Asset Management Co., Ltd.	30 Eunhaeng-ro, Yeongdeungpo-gu, Seoul, Korea	Asset Mgt. business, investment consulting business, investment entrustment business	2004. 10. 26	200	4,000,000	100.00
IBK China Ltd.	Tianjin, China	Banking business	2009. 6. 22	3,225	-	100.00
IBK Insurance Co., Ltd.	37, Chilpae-ro, Jung-gu, Seoul, Korea	Insurance business	2010. 7. 9	900	18,000,000	100.00

#### Overseas



\* Based on June 2012

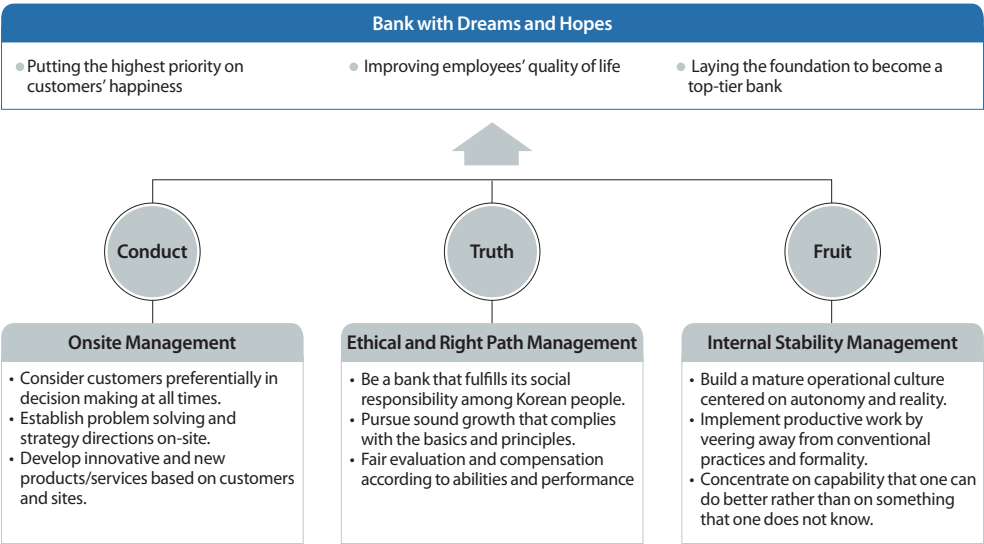




# Vision of IBK

## Vison of IBK

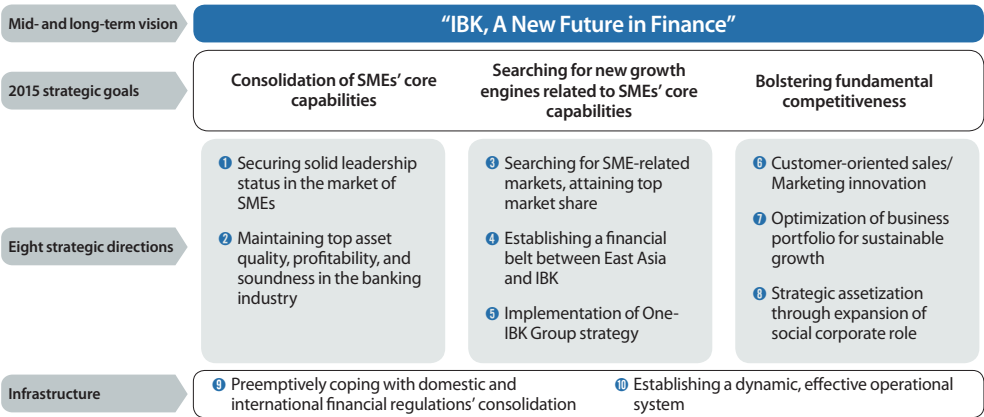
IBK is committed to becoming a bank offering sincere services by putting customer-oriented management into practice while serving customers and seeking solutions to any and all difficulties. We vow to be a warm bank and a true partner bank for our customers, leading the implementation of win-win strategies and sharing benefits and difficulties as an accountable social member.



## Vision

IBK is guided by the following vision: "IBK, A New Future in Finance"

"IBK, A New Future in Finance" expresses IBK's commitment to open a new future of finance in Korea by building a successful differentiation model based on Korea's first bank for SMEs, serve as the benchmark of Asian and emerging markets, and have the model become a global role model. Based on such vision, IBK seeks to develop as a Truly Good financial group fostering dreams and happiness and meeting the expectations of various stakeholders such as customers, employees, government, and markets.



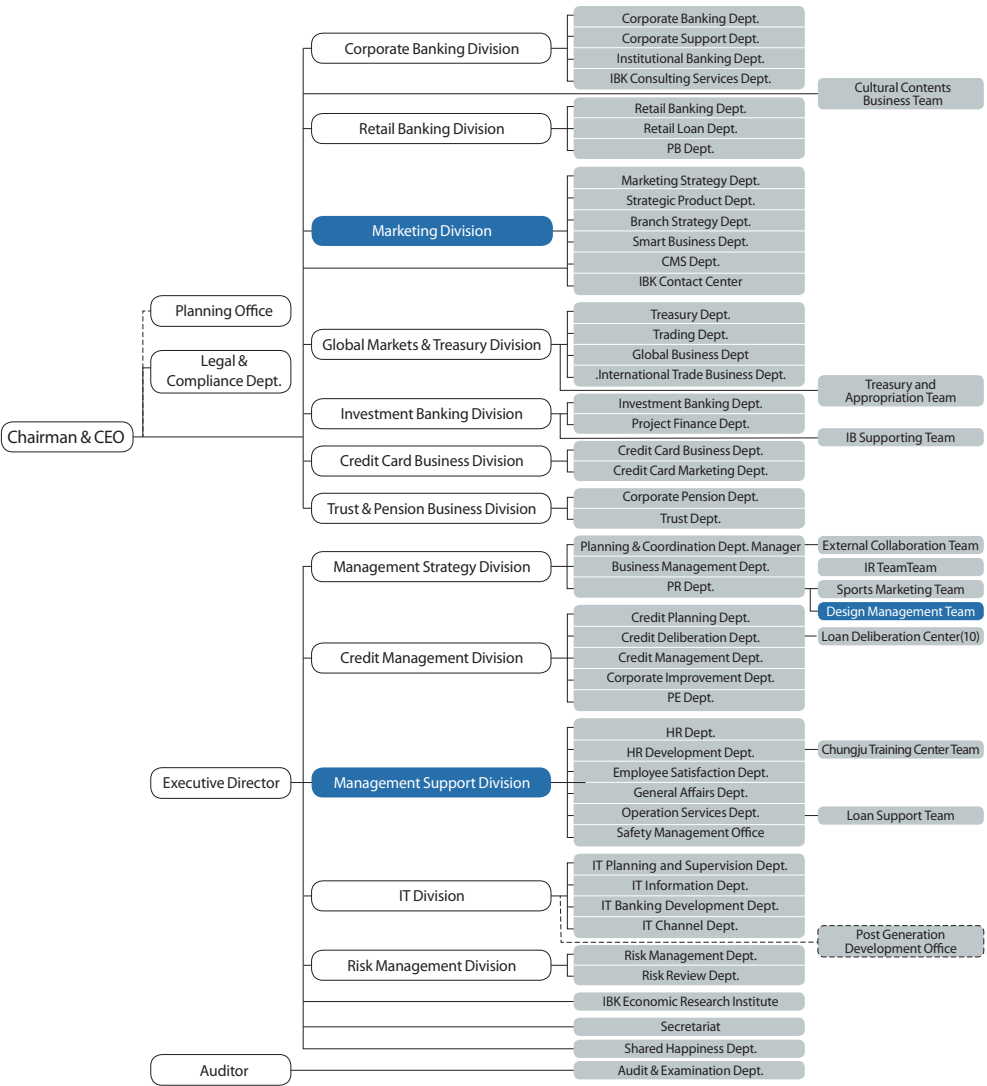
## Core Values

Customers' happiness is the value for vision realization and the highest value among IBK's core values. As the standard and principle with regard to thinking and conduct, customers' happiness should be shared and observed by IBK employees.



## Organizational Structure

12 Business Divisions, 1 Research Institute, 1 Center, 47 Depts., 10 Teams



\* Based on the end of June 2012



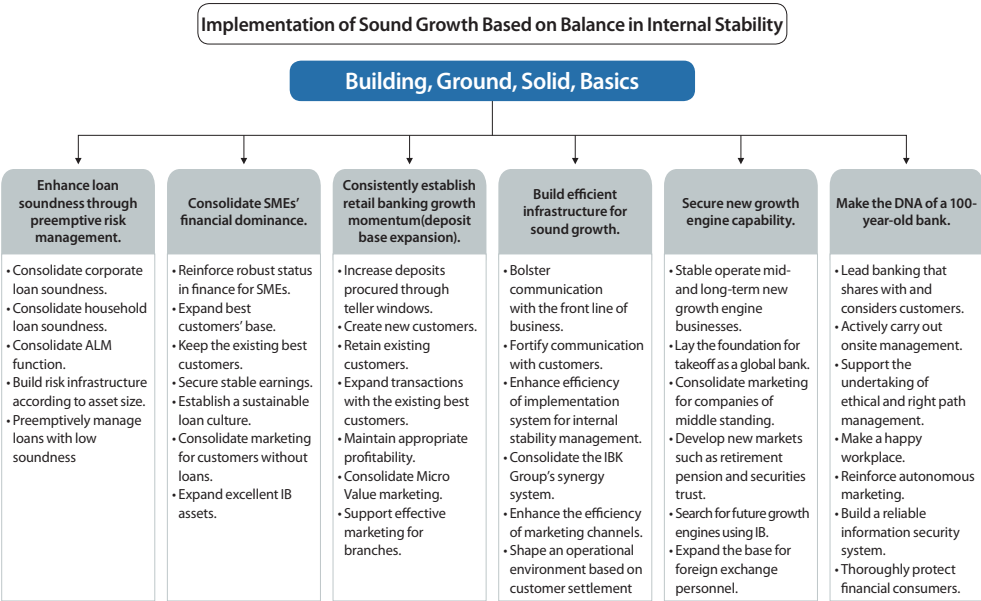


## Management Performance

IBK pursues sound growth through balanced internal stability. Based on IBK’s strategic keywords, “Building on Solid Foundation,” we strive for risk management by establishing infrastructure for loan soundness enhancement, SMEs financing performance dominance consolidation, the constant creation of retail banking growth momentum, and sound growth of IBK.

As of the end of 2011, total assets in IBK’s bank accounts stood at KRW 179.9459 trillion, up 8.0%; total liabilities were pegged at KRW 166.8703 trillion, up 7.8%. Total stockholders’ capital grew 10.4% to KRW 13.756 trillion compared to the end of 2010. IBK’s operating income stood at KRW 2.1263 trillion, up 15.6%. Net income increased 11.7% to KRW 1.5522 trillion compared to 2010.

2011 IBK Review	2012 Internal Environment Analysis	2012 External Environment Analysis
• Securing basic strength through improvement of internal stability	• Keeping the self-esteem of IBK with active soundness management • Expanding IBK’s fruitful banking territory • Building a sustainable organizational culture	• Preparing a management system by viewing the risk of low growth and long-term slowdown as an opportunity

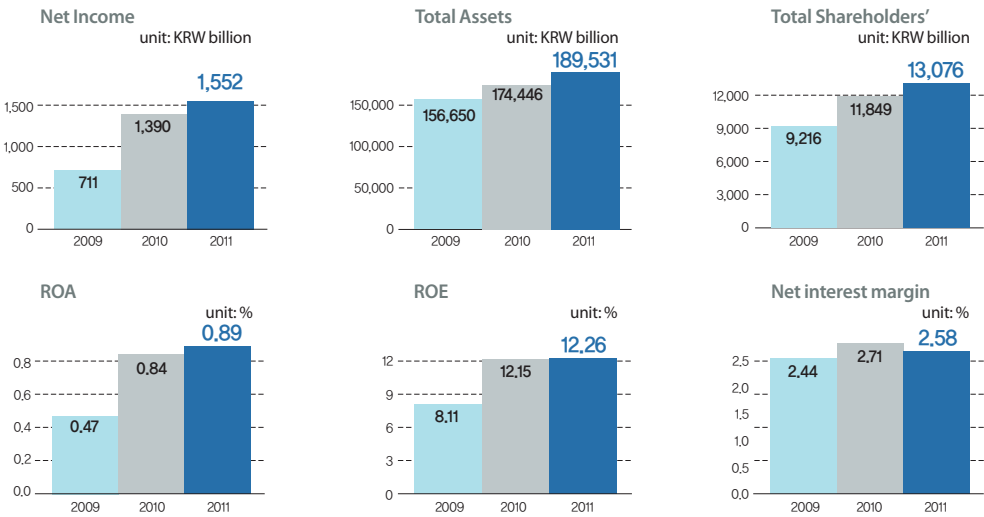


### Building, Ground, Solid, Basics

- Before the traditional multicolored paintwork on wooden buildings gets dry, when building a house, the prop collapses first since the ground is not hard. This was what Dasan, Jung Yak-yong said when a building was built while he was working as a government official in Goksan County.
- This statement means building props on solid ground, establishing pillars, and constructing crossbeams by hardening the ground even though such takes more time. He ordered the building of a house that will not collapse even after a thousand years.

Knowledge Management Method of Sir Dasan(Nov. 2006, Jeong min, Gimm Young Publisher)

## Core Management Performance



unit: KRW 100million, %

Key Financial Data	2009	2010	2011	YOY(% , %p)
Net Income	711	1,390	1,552	11.7
Total Assets	156,650	174,446	189,531	8.6
Total Loans	114,225	123,664	134,635	8.9
Total Deposits	114,128	124,540	138,683	11.4
Total Shareholders' Equity	9,216	11,849	13,076	10.4
ROA	0.47	0.84	0.89	0.05%p
ROE	8.11	12.15	12.26	0.11%p
BIS CAR	11.91	12.54	11.70	-0.84%p
NPL ratio	1.20	1.83	1.48	-0.35%p

## Innovative Management Activities

### ATM Public Telephone Booth

By combining AED(automated external defibrillator) and ATM with public telephone booths, which have become an ugly thing of the past due to the diffusion of cellphones, we have enhanced urban aesthetics, diffused AED, and inhanced public welfare and customer convenience. A total of 32 booths were installed as of 2011, and we plan to install some 1,000 more booths in 2012.

### Loan Interest Rate Cut for SMEs

We have devised a method to enable the drastic cut of loan interest rates for SMEs. We have presented a new standard in the financial market through huge cut of default interest rate by 13%P maximum.

### Introduction of Retirement Pension System

IBK implements retirement pension system for all our employees.

Category	Details
Launching Year	Dec. 29, 2011
Introduction type	DB and DC
Object	All employees of IBK
Operation Agencies	8 agencies including Samsung Life Insurance (Heungkuk Life Insurance, Mirae Asset Securities, Mirae Asset Life Insurance, Hana Bank, MetLife Insurance, Korea Development Bank, Korea Investment & Securities, Daishin Securities)
Operated Amount	KRW 97.3 billion(based on the end of July 2012)
No. of Subscribers	10992 people(based on the end of July 2012)





## Communication with Stakeholders

A stakeholder means an object or individual that may affect or be affected by IBK's management activities or by using IBK's products and services.

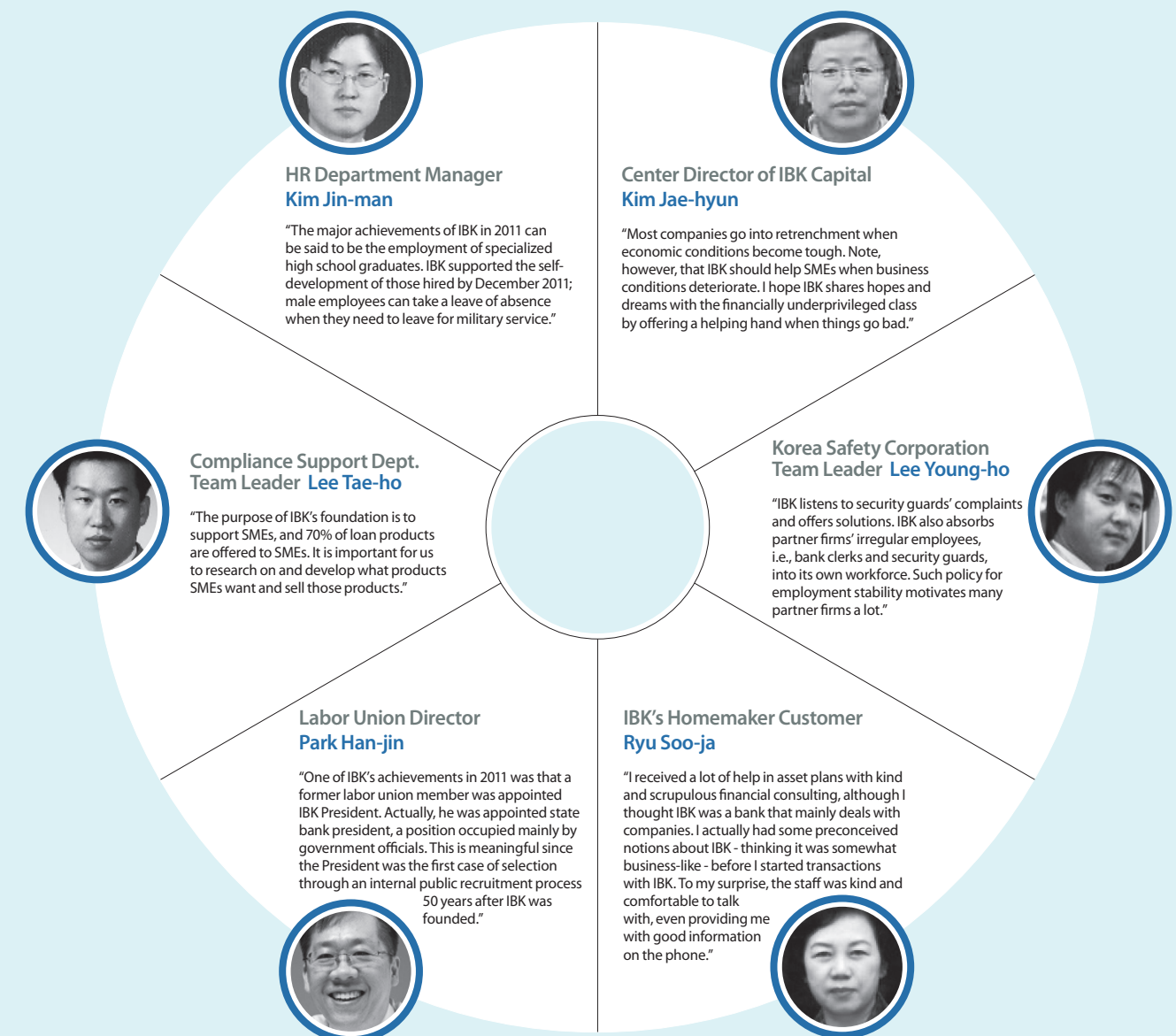
IBK has divided key stakeholders into employees, customers, shareholders & investors, communities, and government agencies. We are doing our best to fulfill our corporate social responsibility to stakeholders.

Amid the rapidly changing domestic and international situations, we at IBK believe that continual communication with stakeholders is important for sustainability management. IBK is committed to consolidating communication channels with each stakeholder, actively identifying their expectations and needs, and strategically reflecting them on its management activities considering materiality and influence of stakeholders' expectations and needs. IBK will create a sustainable society by listening to various stakeholders' valuable opinions.



## Voice of Stakeholders

Valuable comments presented by various stakeholders to IBK. We will humbly accept praises, and reflect on ourselves through criticism. We will make huge efforts to become better IBK through the sincere advice of stakeholders







# Manteriality Test

## Materiality Test Process

We have carried out materiality test to identify the issues seriously affecting the sustainable growth of IBK and stakeholders, and to systematically manage those issues. For materiality test, we have used global assurance standard, AA1000's Five Materiality Test models, based on the impacts on sustainable growth, and IBK stakeholders' interests. We have chosen key issues in consideration of internal and external stakeholders' interests and their influences on IBK through the analyses of IBK's management strategies and previous years' reports, collection of internal and external stakeholders' opinions, and examination of international trends, norms, laws and regulations. The key issues have been determined through the review of Sustainability Management TFT, Management, and Social Responsibility Committee.

### Materiality Test Criteria

Test Factors	Duties
Internal Vision and Mission	Analyses of items on the agenda of the board meeting, past years' reports
Internal System Establishment and Recognition	Interview with employees, system check
Collection of Internal and External Stakeholders' Opinions	Questionnaire surveys targeting customers, communities, employees, partner firms, and SMEs, gathering of experts' opinions
Industry Analyses	Material issues analyses of domestic and international banks and financial institutions
External Stakeholders' Concerns	Media analyses
Social Norms	UNGC, UNEP/FI, UNPRI, ISO26000

## Forming Material Issue Groups

IBK has formed 35 issue groups affecting IBK's sustainable growth through the analyses of international standards including ISO26000 and UNPRI and related domestic laws and regulations, material issues of domestic and international banks and financial institutions, and media research. Centered on the key issue groups, we gathered in-depth opinions from 15 corporate social responsibility(CSR) experts. From May 21, 2012 to June 8, 2012, we conducted questionnaire surveys targeting 863 key stakeholders including 463 employees and 400 customers and communities and measured their concern.

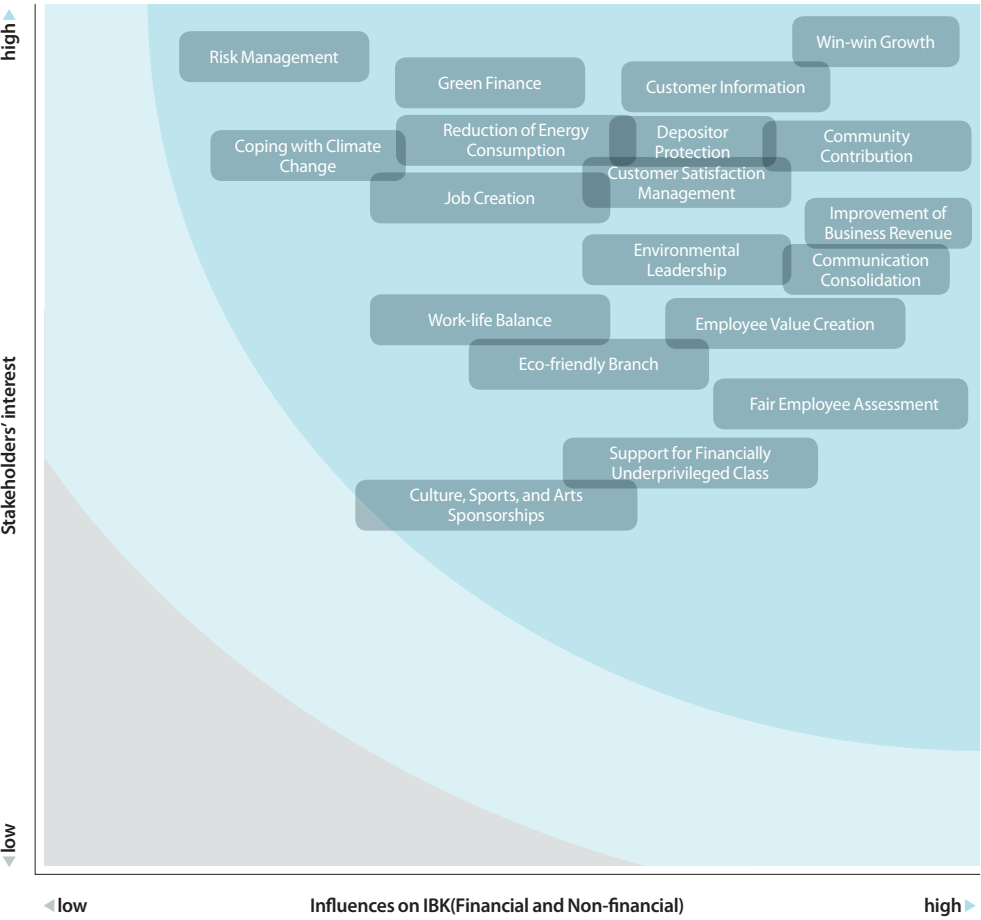
### Material Issue Groups of IBK

<ul style="list-style-type: none"><li>① Continuous improvement of business revenue</li><li>② Win-win growth with SMEs</li><li>③ Customer satisfaction management</li><li>④ Customer information protection</li><li>⑤ Risk management enhancement</li><li>⑥ Depositor protection consolidation</li><li>⑦ Economic growth and job creation</li><li>⑧ Community contribution activities</li><li>⑨ Culture, sports, and arts sponsorships</li></ul>	<ul style="list-style-type: none"><li>⑩ Corporate culture that promotes balance between work and life</li><li>⑪ Equal employment and human rights guarantee</li><li>⑫ Fair employee assessment and compensation</li><li>⑬ Stable employment</li><li>⑭ Support for SMEs and partner firms</li><li>⑮ Local economic activation support</li><li>⑯ Support for financially underprivileged class</li><li>⑰ Communication with stakeholders</li><li>⑱ Employee communication consolidation</li></ul>	<ul style="list-style-type: none"><li>⑲ Establishment of sound labor-management culture</li><li>⑳ Green finance assistance</li><li>㉑ Environmental leadership consolidation in the banking sector</li><li>㉒ Enhancement of job efficiency transparency</li><li>㉓ Ethical management</li><li>㉔ Coping with climate change</li><li>㉕ Reduction of energy consumption</li><li>㉖ Operation of eco-friendly branches</li><li>㉗ Pursuing innovation and change</li></ul>	<ul style="list-style-type: none"><li>㉘ Development of new financial products</li><li>㉙ Governance improvement</li><li>㉚ Active implementation of international standards</li><li>㉛ Minor shareholders' rights and interests</li><li>㉜ Fair marketing</li><li>㉝ Fair trade execution</li><li>㉞ Enhancement of corporate image</li></ul>
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## Selection and Review of Material Issues

IBK has deduced material issues taking into account the stakeholders' concerns and IBK's vision, core strategies, and management performance and selected 18 issues by key stakeholder. We have secured objectivity and transparency through third-party review in terms of the selected material issues.

### Material Issues of IBK



## Core Issues by Key Stakeholder

Customers	SMEs	Employees	Environment	Communities	Shareholders and Government
<ul style="list-style-type: none"><li>• Customer Satisfaction Management</li><li>• Communication Channel Consolidation</li><li>• Depositor Protection Consolidation</li><li>• Customer Information Protection</li></ul>	<ul style="list-style-type: none"><li>• Win-win Growth with SMEs</li></ul>	<ul style="list-style-type: none"><li>• Job Creation</li><li>• Corporate Culture that Promotes Balance between Work and Life</li><li>• Employee Value Creation</li><li>• Fair Employee Assessment and Compensation</li></ul>	<ul style="list-style-type: none"><li>• Green Finance Support</li><li>• Coping with Climate Change</li><li>• Reduction of Energy Consumption</li><li>• Environmental Leadership Consolidation in the Banking Sector</li><li>• Eco-friendly Branch Operation</li></ul>	<ul style="list-style-type: none"><li>• Community Contribution Activities</li><li>• Support for Financially Underprivileged Class</li><li>• Culture, Sports, and Arts Sponsorships</li></ul>	<ul style="list-style-type: none"><li>• Continuous Improvement of Business Revenue</li><li>• Risk Management Enhancement</li></ul>





# CSR Experts Committee

## Domestic Banking’s Social Responsibilities and Sustainable Growth of IBK

As IBK publishes the IBK Sustainability Report for the first time after four years, following 2007 and 2008, we held a symposium wherein Korea’s sustainability management experts were invited to diagnose our sustainability management system and performance to date and we listened to some advice on future strategy establishment. The symposium lasted for about two hours, with the participants debating on domestic financial institutions’ social responsibility and IBK’s sustainable growth.

● **Time:** June 14, 2012(Thursday), 15:00    ● **Venue:** IBK Head Office, Eulji-ro 2-ga, Jung-gu, Seoul, Korea



### Attending Experts (in alphabetical(Korean) order)

- ① Seo Hyun-jeong Manager of UNPRI Korea/Social responsibility investment
- ② Shin Tae-joong Director of Center for Good Corporations/Corporate social responsibility diagnosis and evaluation
- ③ Yang In-mok CEO of The Eco/ Environmental impacts assessment, environmental management consulting
- ④ Lee Won-jae President of the Hankyoreh Economic Research Institute/ Social economy(symposium presider)
- ⑤ Choi Do-seong Vice President for Globalization of Pohang Handong Global University, Former Bank of Korea’s Monetary Policy Committee Member/ Monetary and financial policies

### Attending IBK Staff (in alphabetical(Korean) order)

- ⑥ Lee Gi-seop IBK Corporate Support Dept. Manager/Job creation
- ⑦ Jeon Dae-seong IBK Consulting Service Dept. Manager/Green consulting, green management
- ⑧ Choi Seok-ho IBK Shared Happiness Dept. Manager/Customer satisfaction, social contribution

## Financial Institution’s Social Responsibility

**Director, Lee Won-Jae(Presider)\*** The financial crisis in 2008 reminds me of the financial sector’s role and social responsibility worldwide. In today’s symposium, we will debate on what IBK’s social responsibilities are after presenting opinions on the social responsibilities of Korea’s banking sector.

**Professor Choi Do-seong\*** The financial sector has a public nature and forms an important part of society. Financial institutions should fulfill their social responsibilities by faithfully engaging in their own work. Most companies consider social responsibility management and social contribution activities to be the same and think that the yardstick of social responsibility management depends on the extent of social contribution. I beg to disagree. Social responsibility management should be understood in a management mode embedded

with business management instead of being regarded as a firm’s specific activities. Win-win growth, social contribution, and green management as rapidly emerging issues in society these days should not be the purpose. I suppose true social responsibility management means firms need to be concerned with long-term sustainability, and they should be able to carry out green management, win-win growth, and social contribution. Appropriate finance can detect irregularities such as accounting fraud, and no loans will be offered to firms exploiting child labor. That is because such act may endanger the sustainability of the financial institution concerned from the long-term perspective.

**Director Shin Tae-joong\*** A financial institution can play a role in promoting social responsibility management in society. I think financial institutions can perform the function of a hub promoting other companies’ social responsibility and play a huge part in social responsibility management by extending credits or through loan screening, unlike manufacturers. Financial institutions abroad give more opportunities in terms of loans to firms performing better in terms of social responsibility. If these activities are disseminated, they can play a pivotal role in spreading social responsibility management socially, not to mention financial institutions.

**CEO Yang In-mok\*** Risks related to the environment are growing, becoming an invisible trade barrier in the market. Either Korea’s SMEs do not recognize risks on the environment, or they have insufficient capabilities to cope with such risks. I think implementing environmental management properly through finance or banking is the responsibility of financial institutions.

**Manager Seo Hyun-jeong\*** UNPRI is an international initiative that considers three factors - environment, society, and governance(ESG) – to be at the core of investment. I urge financial institutions to comply with those principles and disclose performance with regard to those principles to various stakeholders. If financial institutions establish strategies based on the PRI principle, a virtuous circle considering ESG may be realized in society.

## IBK’s Social Responsibility

**Director Lee\*** You have offered suggestions on the financial sector’s social responsibility from various standpoints. I think social responsibility should be carried out by combining those suggestions and IBK’s features. IBK has unique properties that are difficult to find anywhere in Korea and abroad. Although founded based on the Industrial Bank of Korea Act, IBK was not included among the public agencies early this year; it also puts great importance on relationships with SMEs, at the same time making an effort to diversify the moment of truth(MOT) with retail customers. I would like to hear your opinions on IBK’s current social responsibilities.

**Professor Choi\*** Currently, SMEs are weak in three aspects: human resources, technology, and capital. Since they have no sufficient human resources, they bring foreign workers into Korea, serve as subcontractors of large corporations due to insufficient technology, and increase credit guarantee because of insufficient capital. IBK needs to cooperate on policymaking with government ministries including the Ministry of Employment and Labor together with the academe for SMEs’ capability consolidation and laborers’ human rights.

**IBK Corporate Support Dept. Manager Lee Gi-seop\*** IBK has actually been operating a job portal since March 2009 to address such problem, albeit partially. IBK also provides assistance of up to KRW 1 million per employee and KRW 100 million per company when SMEs hire employees. Still, I feel there is a limitation in changing perception through those activities only. We also participate in some 30 employment expos, and I think there are some differences between job seekers and employers in terms of expectations, etc.

**IBK Consulting Service Dept. Manager Jeon Dae-seong\*** Many SMEs do not receive sufficient support, and their resources are inferior. Although they perform well, many of them may fold up if a major incident occurs. From a bank’s viewpoint, supporting SMEs poses high risk. Be that as it may, how many banks except IBK can support SMEs?

“Win-win growth, social contribution, and green management as rapidly emerging issues in society these days should not be the purpose. I suppose true social responsibility management means firms need to be concerned with long-term sustainability, and they should be able to carry out green management, win-win growth, and social contribution.”

\_Professor Choi Do-seong





The CEO of IBK said he has two dreams to fulfill during his tenure: first is to lower the maximum lending rate to one digit for SMEs since they are our business partners, and second is to create a working atmosphere wherein employees eagerly look forward to coming to work in the morning and hope for Monday to come sooner during Sundays with regard to employees’ work environment.

\_ IBK Shared Happiness Dept. Manager Choi Seok-ho

**Director Lee\*** A research revealed that SMEs’ survival rate was 25% between 1993 and 2003. In this regard, may we have your comments from the viewpoints of SMEs’ instability, non-sustainability, and labor?

**Director Shin\*** Korea is sensitive to the issue of irregular workers, but the irregular workers’ rate in the banking sector is high. The problem should be solved – however difficult it may be - within the banking sector. IBK is becoming a model case in the banking industry in terms of disabled people employment. I think the issue of irregular workers can be solved if banks care about irregular workers and establish strategies and plans on the issue from the mid- and long-term perspectives.

**IBK Shared Happiness Dept. Manager Choi Suk-ho\*** The CEO of IBK said he has two dreams to fulfill during his tenure: first is to lower the maximum lending rate to one digit for SMEs since they are our business partners, and second is to create a working atmosphere wherein employees eagerly look forward to coming to work in the morning and hope for Monday to come sooner during Sundays with regard to employees’ work environment. Internally, we at IBK are strongly committed to addressing those issues.

**CEO Yang\*** Concerning IBK’s strategy of “Environmental leadership consolidation in the banking sector,” we need to identify clearly who will ask us about the strategy and who will be interested in such a thing through communication. It may be IBK itself or external stakeholders. It is also important to define what green bank is and to form a bond of sympathy on the need for environmental leadership within the organization to consolidate environmental leadership.

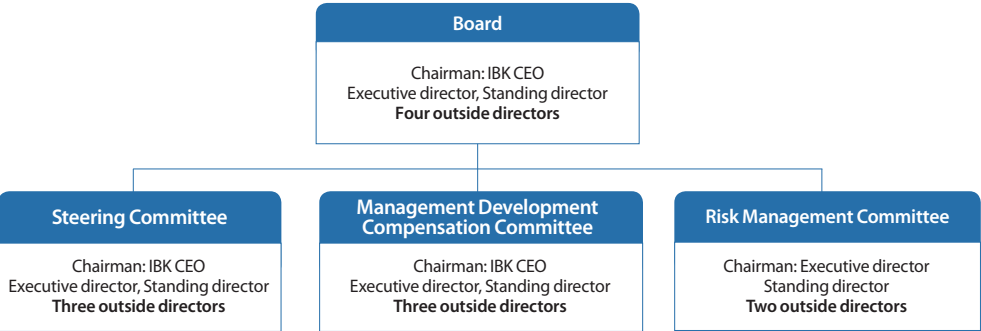
**Director Shin\*** IBK should efficiently communicate with stakeholders. Consulting for SMEs and job creation draw good responses from various sectors of society, and IBK is implementing these. Still, this sort of work needs to be performed by government agencies. It is very important to distribute the IBK Sustainability Report regularly and let people know about our various activities through the report.

**Professor Choi\*** Social responsibility management is a form of management. I suppose IBK has fulfilled its role if it carries out management from the standpoint of social responsibility management. The key to social responsibility management is to ensure the satisfaction and happiness of various stakeholders including customers, employees, SMEs, and communities beyond the stakeholder scope limited to shareholders. If the number of SMEs increases, employment will go up, and customers of IBK will increase. All in all, society becomes happier.

# Corporate Governance

## Composition

IBK’s board of directors(board) consists of the CEO, executive director, and standing directors along with four outside directors with ample practical work experience. The board carries out decision making on the overall management of IBK from an objective, reasonable standpoint and promotes the transparency of such decision making through three committees: Steering Committee, Management Development Compensation Committee, and Risk Management Committee. The IBK CEO chairs the board, and the auditor can state his/her opinion by attending the board meeting.



- **Steering Committee** The Steering Committee consists of the chairman, an executive, and a standing director, with three outside directors appointed by the board. The meeting is convened once every quarter in principle or at the request of the chairman or two committee members. The Steering Committee deliberates and decides on the means to improve the operation and procedures of the board meeting, shareholder value enhancement, and measures to protect stakeholders’ profits.
- **Management Development Compensation Committee** The Management Development Compensation Committee consists of up to four outside directors, and the meeting is called once every quarter in principle or at the request of the committee chairman or two committee members. During the meeting, the committee deliberates and decides on performance evaluation and compensation for standing officers and executive officers and review and approval of fringe benefit system for standing directors and executive officers.
- **Risk Management Committee** The Risk Management Committee consists of the committee chairman, one standing director, and up to two outside directors appointed by the board. The meeting is called once every quarter in principle or at the request of the committee chairman or two committee members. The committee deliberates and decides on the agenda presented to the board with regard to basic risk management plans and important issues and matters related to credit rating and credit risk factors’ estimation.

## Operation and Performance

The board meeting is convened once every quarter or anytime at the request of IBK’s CEO or two directors. The board meeting is held when majority of the board members are present. Deliberation on the establishment and change of business plans, convening of shareholders’ meeting, presentation of items on the agenda, and approval of basic plan for risk management is carried out, and resolution is made by approval of majority of the board members present. The board plays an important role in communication activation for important management issues and matters that should be shared with employees, such as new vision and mid- and long-term strategies. As for IBK’s board meeting operation for 2011, 11 board meetings were held, 41 items on the agenda were decided, and reports on material issues and matters were received.

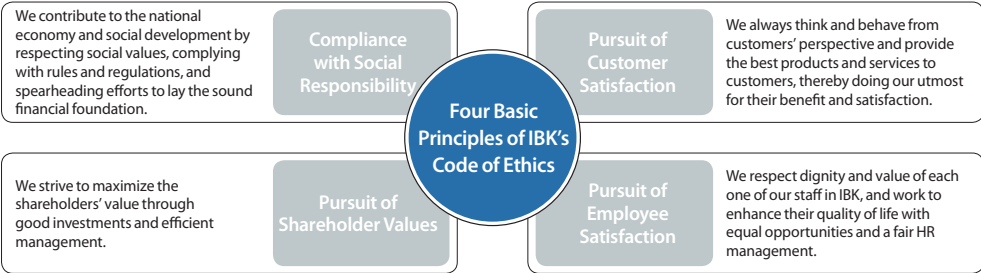




# Ethical Management

## Background and Basic Principles

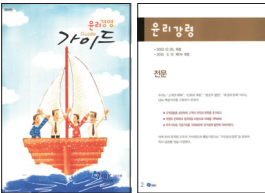
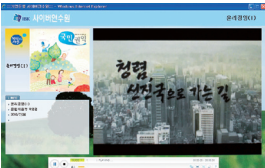
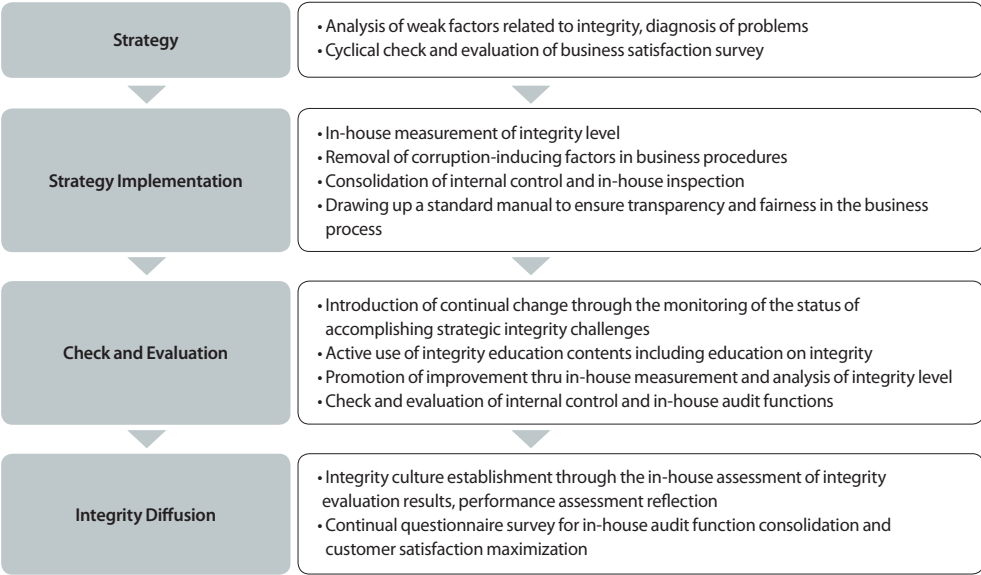
IBK has established the four basic principles of the IBK code of ethics to build employees’ solid ethics awareness and an organizational culture based on integrity. We will make all-out efforts to pursue social responsibility, customer satisfaction, and shareholder value and take the right path at all times.



## Strategies and Performance

We operate the detailed strategies and programs that we have established for integrity improvement so as to execute ethical management across the company. We operate systems and programs and education/training in line with three stages/challenges – zero corruption rate, consolidation of customer satisfaction and trust, and system improvement and preventive activities. Thanks to all these efforts, we were rated grade 1 at the Public Agency Integrity Measurement organized by the Anti-Corruption Civil Rights Commission in 2011.

### Plans to Improve Integrity



Cyber Training Center's Ethical Management(from top) Ethical Management guide(left) Code of Ethics Booklet cover(right)

## Programs for Putting Ethical Management into Practice

Self-diagnosis on Ethical Compliance	Operate a legal compliance self-diagnosis program to strengthen the commitment to practice ethical management by letting employees diagnose items each month through the internal IBK communications network.
Monthly Theme in Ethical Practice	Enhance employees’ commitment to practice ethical items each month.
Clean Contract System	Operate a system that promises to secure procedural transparency and transactional fairness when contracting for various services and goods purchase, to refrain from receiving and offering bribes between the contracting parties, and to receive penalties in case of any breach of the promise with regard to bribery.
Job Integrity Contract System of Officers	IBK operates the job integrity contract system it introduced to maintain high level of integrity with regard to job performance by senior management and to renew its commitment to innovation of ethical management targeting officers.
Clean Card System	To ensure transparency of budget execution and prevent unreasonable execution in advance, IBK operates a clean card system through which the use of card is restricted in member merchants recognized as unsound businesses or luxury entities.
Employees’ Ethical Awareness Diffusion	Send letters of ethics signed by IBK’s CEO on New Year’s Day and Chuseok, encouraging employees to put ethical management into practice and requesting the cooperation of employees and customers.
Operation of Legal Consultant System	IBK operates a legal compliance consultant system to check and guide legal compliance, ethics, and money laundering prevention targeting branch employees and strives to collect opinions related to legal compliance and bottlenecks and to offer employee counseling.
Operating a Whistle-blowing System	To promote the activation of the whistle-blowing system, we enact and implement regulations on issues and matters related to the whistle-blowing object, obligation, investigation, investigation results handling, and informant protection. We have also set up a whistle-blowing center.
Best Regional Division Selection System for Ethical and Proper Path Management Implementation in 2011	IBK implements the best regional division system in ethical and right path management to enhance the trust and faith of customers. IBK’s advancement in terms of eradicating abnormal product sales related to marketing, shift to customer-oriented thinking, and establishment of transparent management evaluation will continue.
Cyber Ethical Management Training	We divided ethical management into 13 major parts to aid in the understanding and practice of ethical management and produced an animated video. With the video registered as training subject at the Cyber Training Center, IBK employees can take and complete the ethical management course.

## IBK's Ethical Management Violation Reporting Center

Ethics Counseling Reporting Center	IBK operates an on/offline reporting center for counseling on employees’ ethical conflict and presents the corresponding solutions.
Clean Reporting Center	An employee inevitably receiving money and valuables and entertainment reports to the clean center; the reported money and valuables are used for social contribution activities.
Financial Corruption Reporting Center	We set up a financial corruption reporting center to foster a sound financial atmosphere and prevent unreasonable requests and pressures from the outside in advance. IBK strives to take proper action so that issues and matters received at the Financial Corruption Reporting Center are handled as quickly as possible.

## Ethical Management Education

unit: hour, people

Category	Total Education Hours			No. of Trainees		
	2009	2010	2011	2009	2010	2011
Ethical Management Education for Legal Compliance(Ethics Compliance, Fair trade, Sexual Harassment, Accident prevention, Personal information protection education)	24	26	28	2,392	2,667	2,995
On-site Inspection Education for Ethics Compliance (Legal compliance consultant’s on-site inspection education and examination)	12 1h per month	12 1h per month	12 1h per month	All branches Employees	All branches Employees	All branches

## Anticorruption Education

unit: people

Category		2009	2010	2011
No. of Trainees by position	Branch manager(Pre CEO)	103	127	121
	Grade 3	1459	1,535	1,588
	Grade 4	268	254	226
	New employee(Grade 5)	189	406	599
	New teller	293	265	381
	Total	2,312	2,587	2,915



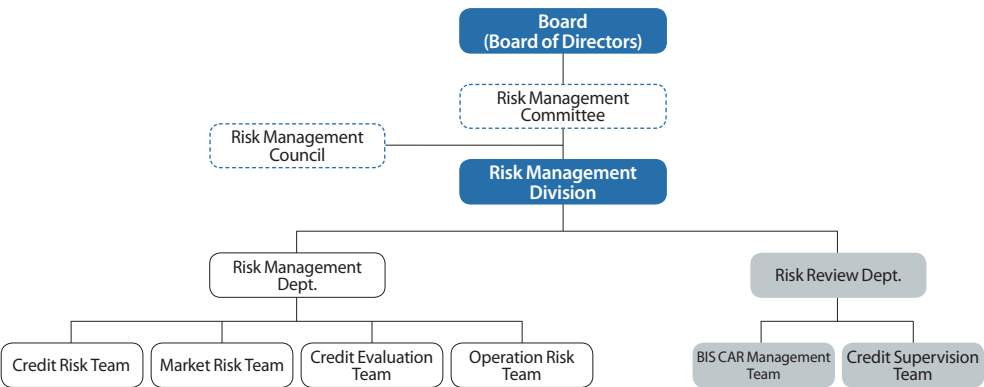


# Risk Management

IBK has organized risk management organizations manned by the best experts in the relevant fields to cope with uncertainties and ensure banking soundness. Based on the organizations, we manage risks preemptively in various fields such as credit risk, market risk, operation risk, and liquidity risk. Since the Risk Management Team was founded in April 1998, we have continually devoted ourselves to the establishment and operation of the risk management system and have applied and successfully managed a Risk-Adjusted Performance Measure(RAPM), High-level Internal Ratings based approach for credit risk, and Risk Review Expert System for the first time in Korea.

## Risk Management Organization System

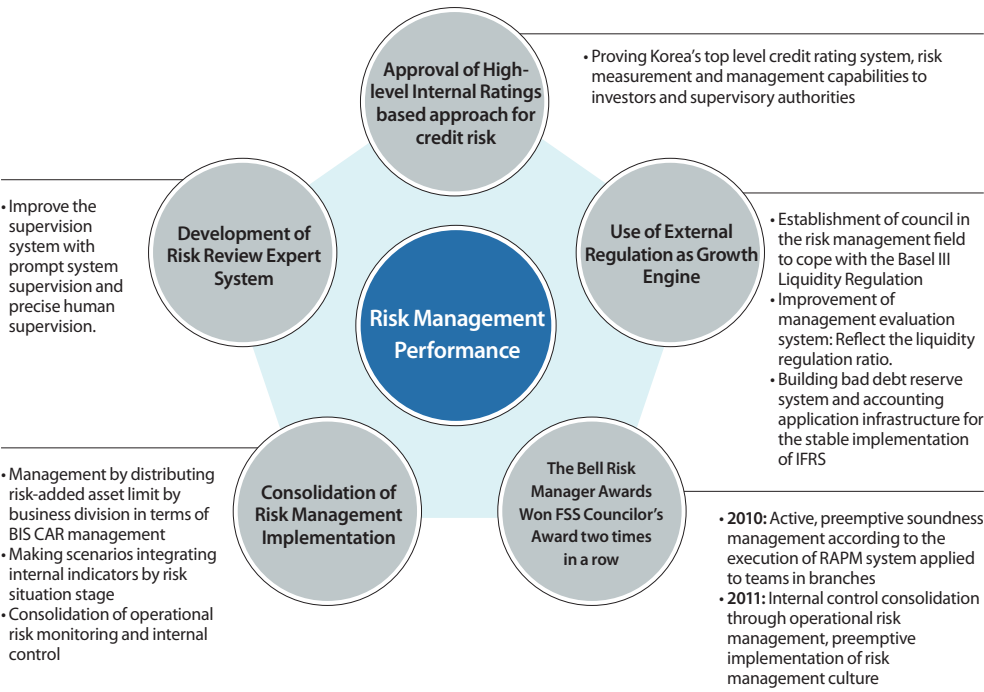
IBK has set up risk management organizations in four stages for systematic risk management. The Risk Management Committee is a subcommittee affiliated with the board. As the top decision-making body empowered by the board, it takes charge of key policy decision making related to risk management and measurement and analysis of Basel II standards' major risks and other risks. A working level committee, the Risk Management Council is a body consulting on risk-related major policies and issues in advance at the working level and is in charge of managing and supervising risk management work. The Risk Management Committee carries out overall assets and liabilities management and makes decisions on the management of liquidity and interest rate risks. Consisting of the Risk Management Dept., and Risk Review Dept., the Risk Management Division takes charge of practical work related to risk management and executes policies decided on by the Risk Management Committee.



- Risk Management Committee  
Decision making on risk management policies and strategies  
Enactment and revision of risk management rules  
Setting and distribution of risk limit
- Risk Management Council  
Prior consultation and adjustment on major systems and issues related to risk management

## Performance in 2011

In 2011, IBK implemented risk management centered on four themes: global regulation consolidation; preemptive soundness management amid the expected slowdown of SMEs' business and recession of the real estate industry; use of external regulation as growth engine, and; consolidation of risk management implementation and culture dissemination. Above all, we have been rated highly in the external creditworthiness and competitiveness enhancement sectors in terms of soundness management by acquiring approval for the application of high-level internal ratings based approach for credit risk and developing a risk review expert system for the first time in Korea in keeping with preemptive soundness management in 2011.



## Risk Management Plans in 2012

IBK intends to carry out risk management advancement relentlessly by expanding risk management infrastructure according to its asset size to cope with the deteriorating soundness of households and companies due to the low global economic growth and continued economic recession.

Plans	Goals
Expansion of risk management infrastructure	Continual implementation of risk management advancement
Preemptive loan soundness management	Early selection of potential non-performing companies, loan management consolidation targeting blacklist loans
Consolidation of risk management education	Enhancement of risk management capability
Development of operation risk indicators	Prevention of unsound operating activities
Internal control consolidation	Job process improvement to prevent accidents

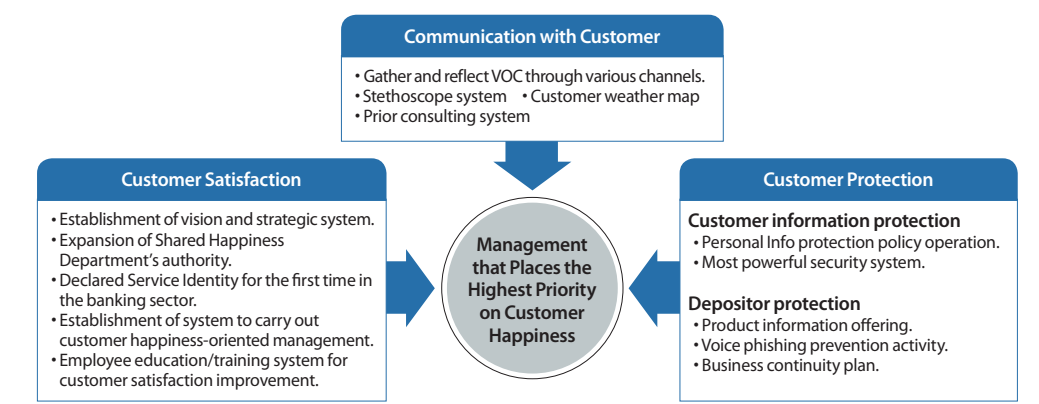


# A TRULY GOOD CONSIDERATION CUSTOMERS

IBK puts customer satisfaction management into practice, aiming at putting the highest priority on customer convenience and benefit increases in all our management activities related to customers. We are doing our utmost to offer better impression, beyond customer satisfaction.

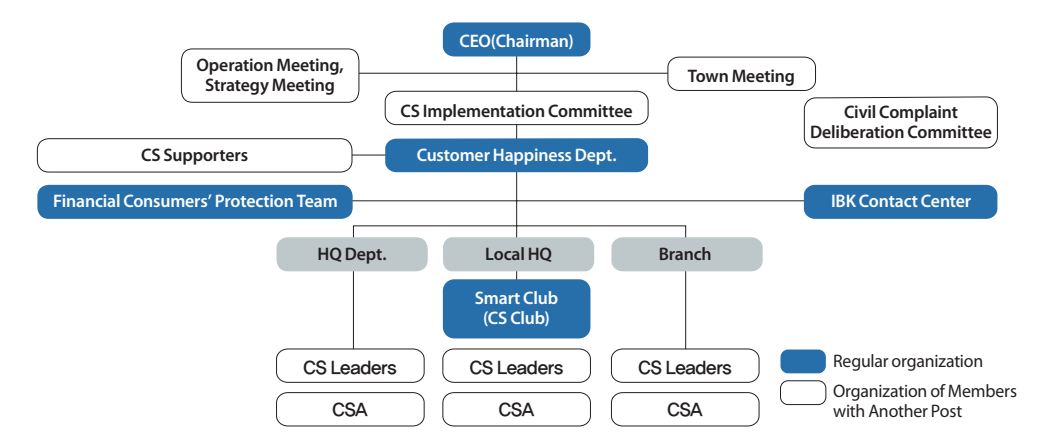
## What We Did

IBK puts customer satisfaction management into practice, aiming at putting the highest priority on customer convenience and benefit increases in all our management activities related to customers. We are doing our utmost to offer better impression, beyond customer satisfaction.



## Who's Accountable

IBK has organized the customer satisfaction(CS) organization affiliated with the executive director to practice management that puts the highest priority on customer happiness. As the top-level decision-making organization in customer satisfaction, the CS Committee carries out various systems improvement and searches for tasks for customer happiness. We also operate CS Monitors and SMART Club(CS Club) organized through the voluntary participation of branch employees. For CS maximization of the front line in banking work, we operate CS Leaders and CSA system.



## Key Performance

- Won Grand Prize in the CS Management Awards for five consecutive years, elevated to the hall of fame(Korea Management Association Consulting)
- Excellent grade in Civil Complaints Evaluation for four consecutive years(Financial Supervisory Service(FSS))
- The only outstanding financial company in Consumer Protection in the banking sector(FSS)
- Introduced a Stethoscope system

## Looking Ahead

IBK shares the vision of "Bank Putting the Highest Priority on Customer Happiness" in 2012 and continually makes an effort to establish SMART Service as a corporate culture. We improve various systems for financial consumers' rights and interests and expand employee education/training.

- Field-centered CS activities
- Establishment of optimal CS infrastructure
- Improvement of internal CS





# Our Commitment

IBK shares the vision of “Bank Putting the Highest Priority on Customer Happiness” in 2012 and continually makes an effort to establish SMART Service as a corporate culture. We improve various systems for financial consumers’ rights and interests and expand employee education/ training.



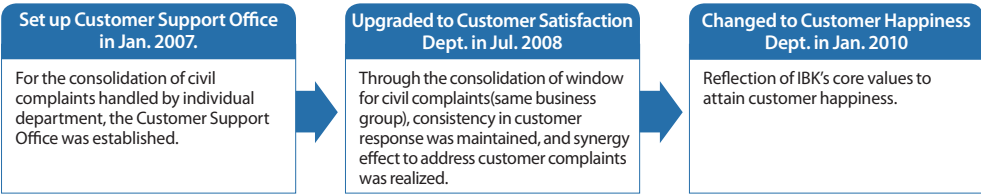
## CS Management Vision and Strategy System

IBK has set as CS goals the retention of excellent grade in PSCI, establishment of optimal CS infrastructure, and improvement of internal CS. As strategies to attain such goals, we have selected the improvement of CS evaluation system, CS education consolidation, and CS culture establishment. By deducing 13 strategic challenges, we put our business philosophy of “Putting the Highest Priority on Customer Happiness” under the slogan of SMART Service of Hopes and Dreams.

CS Vision	Bank that Places the Highest Priority on Customer Happiness		
CS Goals	Field-centered CS activities	Establishment of Optimal CS Infrastructure	Improvement of Internal CS
CS Strategy	CS Evaluation System Improvement	CS Education Consolidation	CS culture Establishment
CS Strategy Challenge	13 CS Strategic Challenges		
CS slogan	SMART Service with Hopes and Dreams		

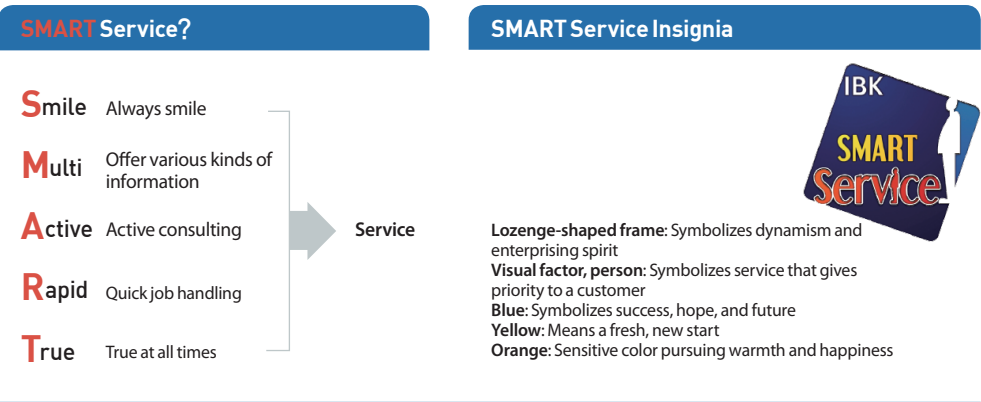
## Expansion of Authority and Responsibility of the Shared Happiness Dept.

IBK set up the Customer Support Office in 2007 and reorganized it as the Shared Happiness Dept. to realize IBK’s core value — customer happiness — beyond customer satisfaction. We expanded the authority of the Shared Happiness Dept. for the immediate resolution of matters concerning organization operation-related decision making and customers’ complaints..



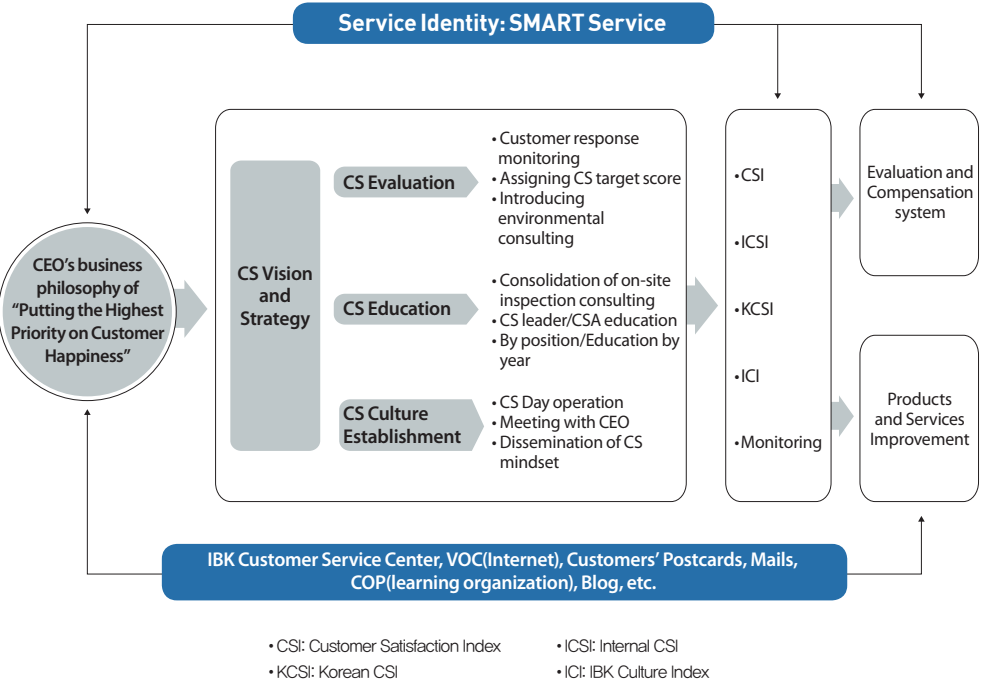
## Declaration of Service Identity for the First Time in the Banking Sector

IBK set forth SMART Service as its service identity for the first time in the banking sector to form all its employees’ bond of sympathy concerning its CS implementation direction and manifest its commitment to be the best bank in CS. SMART Service has upgraded IBK’s CS management by one notch through the production of SMART Service Guidebook, hosting of a Boom-up festival, and education for all employees including the CEO together with a service identity declaration ceremony. The SMART Service Guidebook produced in August 2009 was reorganized into a customer response manual in June 2011 on the occasion of the 50th anniversary of IBK’s foundation.



## Establishment of a System that Realizes “Putting the Highest Priority on Customer Happiness” Philosophy

IBK has established its vision and strategies to put into practice its business philosophy of “Putting the Highest Priority on Customer Happiness.” We evaluate the implementation through various CS survey indices(CSI, ICSI, PCSI, KCSI, and ICI). The opinions received from surveys together with external customers’ opinions like those received by IBK Customer Service Center, VOC, postcards and mails are actively used for products and services improvement. And those opinions are reflected in the evaluation and compensation/remuneration system to enhance employee morale.







Employees’ Education System for CS Improvement

IBK CS education/training programs by position and by job targeting all IBK employees in eight fields for CS improvement.

Number of People Who Completed Education					unit: people
Year	2009	2010	2011	2012(target)	
No. of People Who Completed Education	5,248	7,708	7,781	10,000	

CS Education/Training Program by Position and by Job

Position \ Job	CS Job	HQ	Branch	CS Leaders	Customer Service Center	Others
Executive						
Assistant Branch Manager	CS capability consolidation course by position	Telephone response skill improvement course	IBK workplace manners course	On-site inspection consulting course	Morning assembly course	Customer Service Center CS improvement course
Team Leader						
Deputy Dept. Manager, Deputy Dept. Manager						
Clerk						
Service Personnel			Process service manager course			
Others (customers, etc.)						Job capability consolidation by position

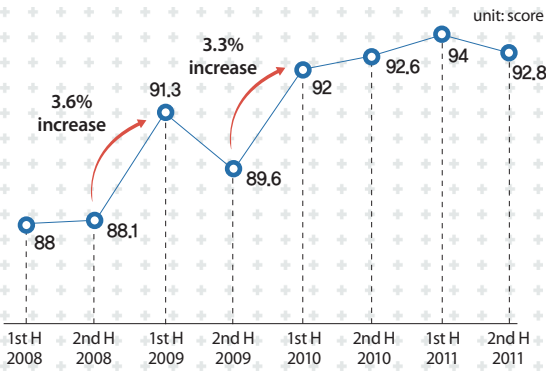
System Operation to Improve CS

CS Mileage System (Established on Mar. 30, 2002)	Reward system for excellent employees in CS to enhance the CS mindset of all employees and emerge as the best bank for customer happiness
IBK High-Quality Service Certification System (Kicked off on May 19, 2011)	System for certifying employees’ CS improvement efforts so as to instill pride among employees through preferential treatment and prize money for excellent CS employees as well as improve IBK’s high-quality service

Performance

Overachievement of CS Target

Since the declaration of SMART Service, IBK’s customer CSI has continually risen. As demonstrated by higher scores of 94 and 92.75 in the first half and second half of 2011 compared to the previous year, all of IBK’s employees strive for service that reads customers’ minds and lets employees fulfill their mission.

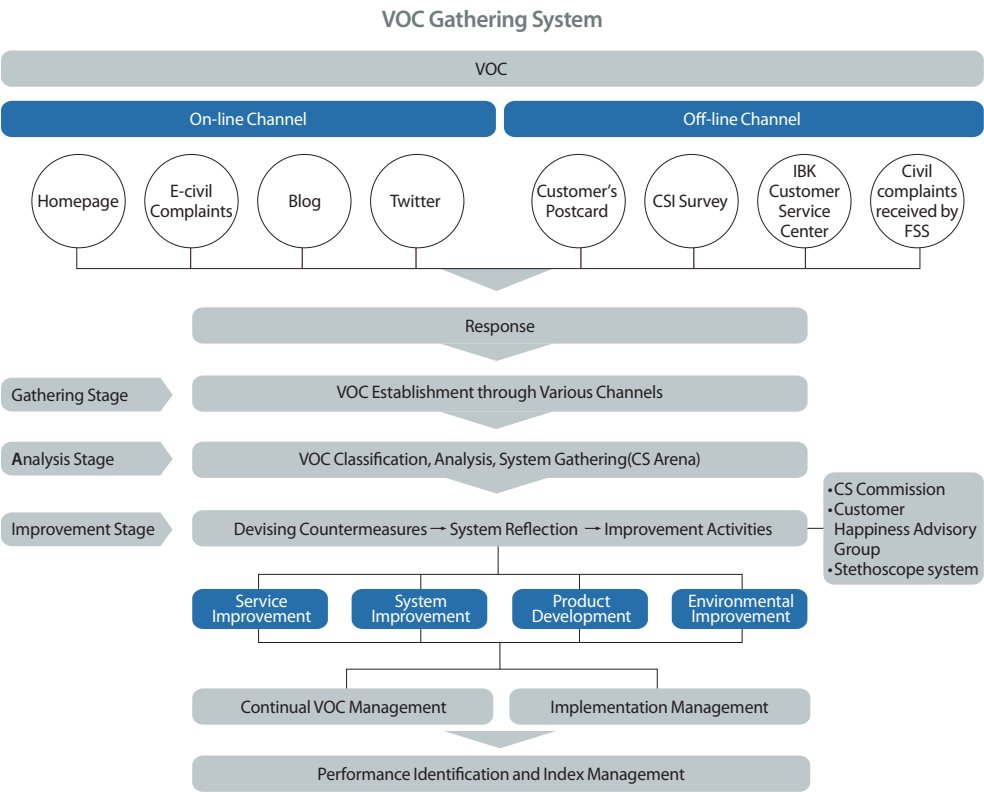


Communication with Customers

IBK always listens to VOC through various channels to enhance CS through smooth communication with customers. We also operate a “24-hour Service Recovery system” to cope quickly with emerging customers’ needs and complaints.

Major Channels and Operational Process

VOC is gathered through online and offline channels. Online channels include homepage, e-civil complaints, blog, and Twitter, whereas offline channels encompass customer’s postcard, CSI survey, IBK Customer Service Center, and civil complaints received by the Financial Supervisory Service. VOC received through various channels is immediately delivered to the branch manager concerned and personnel in charge. VOC received through a branch is supposed to be answered within 24 hours. They are graded according to customer complaints, and solutions are prepared by presenting them to the CS Committee.







Support System

Meeting with Excellent Employees for VOC

We encourage employees through the meeting held quarterly between the CEO and excellent employees concerning VOC. The participating employees get to have the opportunity to talk with IBK's CEO and for commemorative photograph shooting and to share each other's customer response cases. The best practices of the employees are disseminated across IBK through the bank's internal system.

Stethoscope System

We have produced VOC into an IBK broadcasting program to deduce improvements by listening to VOC, and we have shared the program with all our employees since May 2011. The program encompasses the consulting/ counseling details of the IBK Customer Service Center, telephone response cases of branches, and IBK CEO's requests.

Prior Consulting System

IBK operates a prior consulting system to prevent customer's complaints in the process of providing financial products and services. If a new product is planned and developed, and a service is introduced, the possibility of customer complaints is actually discussed with the department in charge of civil complaints in advance through the system. A department that is planning, developing, or introducing a new product is required by the Civil Complaints Handling Regulations to consult with the department in charge of civil complaints beforehand(Article 34.3, Chapter 6 of the Civil Complaints Handling Regulations, revised on Feb. 24, 2009).

Customer Weather Map

This is a system for inducing quick solution to VOC by offering the status of customer complaints acceptance by the local HQ in real time.The customer weather map is posted by the local HQ by classifying the VOC received each business day into three stages(clear, cloudy, rainy).



Customer Weather Map System Screen

Performance

Achieved Excellent Grade in Civil Complaints Evaluation for Three Consecutive Years

IBK had the achievement of acquiring an excellent grade in the civil complaints evaluation carried out by FSS for three years

in a row by preventing customer complaints in advance through Civil Complaints 119, complaining customer visit system, and prior consulting system of products. It also endeavors to block the recurrence of complaints by immediately solving them upon their occurrence.

\*The Civil Complaints Evaluation was launched in 2002 to enhance financial companies' autonomous efforts for civil complaints prevention and offer the information on select financial companies to financial consumers. As evaluation objects, 76 financial institutions in 5 sectors such as banks, credit card companies, life insurance companies, non-life insurance companies, and security companies were considered. Of these, 16 banks were rated grades 1 ~ 5. Grade 1 is considered the upper level, whereas grades 4 and 5 are lower level and are deemed to require special care.

Continual Augmentation in Satisfactory Cases of VOC Acceptance

IBK's satisfactory acceptance of VOC continually increases thanks to a system reflecting the voice of customers at branches as well as product development and by putting SMART Service into practice.

Customer Protection

Customer's Personal Information Protection

IBK places great importance on customers' personal information protection. We have been operating the Personal Information Protection Policy we enacted to protect and manage customers' personal information systematically and safely.

Policy

IBK complies with the Personal Information Protection Guidelines enacted in accordance with the Act on Information Communication Network Use Promotion and Information Protection. Internally, we are fully prepared for customers' privacy protection through personal credit information management protection guidelines.

System

The personal information protection policy seeks to collect and manage the minimum level of personal information to offer optimal services and precise financial information to our customers. For existing customers' privacy protection and stable service support, IBK has set up technical measures including the control of use of in-house PCs and external Internet mails. More specifically, we have secured the stability of computerized ledgers against threats such as deliberate file deletion by duplicating internal saving devices as a timely response to information security-related laws including e-banking supervision regulations and by ensuring the stability of IT infrastructure to cope with accidents and disasters. Based on the access control system consisting of a 4-step firewall as well as the most powerful security system and specialized personnel, we block about 60,000 cases of hacking attempts on the average a month, and we have enhanced IBK's image as an outstanding financial institution. We have built a surveillance system for personal information protection by reinforcing the internal security system and deploying IT leader and personal information protection staff by department, and we offer information protection education frequently.

Performance

Acquisition of International Standard(ISO27001) for Information Protection

IBK acquired international standard certification for information protection(ISO27001) for the first time in the Korean banking sector in May 2006. ISO27001 is an international standard and a highly reliable certification system in the information protection sector for business partners and customer information protection and management.



Acquisition of Domestic and International Information Protection Management System

IBK acquired all domestic and international information protection management system certifications for the first time in the Korean banking sector. In 2002, we acquired BS7799 certification. BS7799 is a certification specifying the requirements in the information protection management system enacted by BSI(British Standards Institution). We earned ISMS in 2005; guaranteeing the status of conformity to standards based on the Korea Information Security Agency's objective and independent evaluation of firms' information protection management systems.





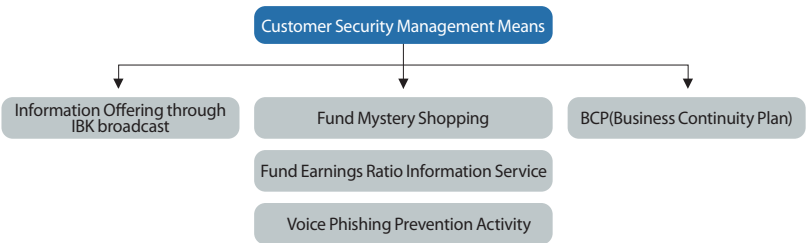


Depositors Protection

During the incident of non-performing savings banks following the global financial crisis, the consolidation of financial institutions’ operational fairness and importance of financial consumers’ protection including investors and depositors have emerged as new issues. Financial products’ consumers – unlike those of other products – are faced with very high asymmetric information. Thus, devising a consistent regulation system for the financial products sales process wherein direct contacts between financial product sellers and financial consumers are made can be the core of financial consumer protection.

Policy and System

IBK designs financial products based on fair and appropriate contract conditions and commissions. We strive to ensure customers’ financial transaction security continually by offering precise information and fair product information(contract conditions and commissions) and delivering cautions and guide to the proper use method to financial product selling staff(teller) through education/training.



Information Offering through IBK Broadcast

IBK produces and broadcasts IBK broadcasting programs for customers to understand precisely and use the relevant products. By producing and placing posters and leaflets on new and existing financial products, we help our customers get information easily.

Fund Mystery Shopping

We ceaselessly make an effort to minimize customer loss that may be incurred by a customer subscribing to a fund through the identification of the fund sales situation by specialized monitoring staff disguised as a customer.

Fund Earnings Ratio Information Service

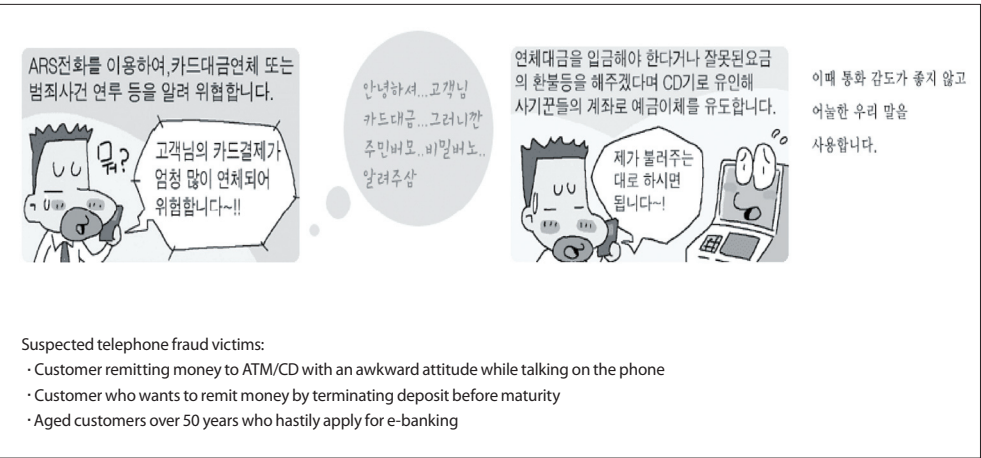
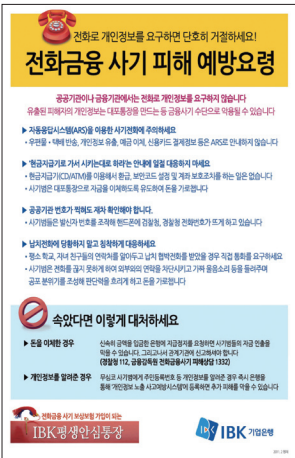
We regularly inform all customers who subscribed to funds after 2009 of earnings ratios; thus preventing losses that may arise in financial transactions.



PR materials for the Depositors Protection Act(left) Guide to IBK Fund Care Service(right)

Voice Phishing Prevention Activity

To prevent voice phishing damages frequently caused by telephone, mail, and messenger, we operate a financial fraud damage prevention system by telephone. We strive to perform jobs quickly and precisely through the relevant education data and job guide.



An employee distributes the PR materials to prevent telephone fraud damage to the ATM/CD machine users(left). An employee guides the suspected voice phishing victim customers to prevent voice phishing(right)

Business Continuity Plan(BCP)

IBK has set up fundamental principles, sharing procedures and methods across the company to restore and resume core work quickly so that a work suspension situation due to an accident/disaster can be dealt with effectively.

Fundamental Principles

- Place the highest priority on human life protection upon the occurrence of crisis including an accident/ disaster.
- Protect the assets of customers and IBK and fulfill its social responsibility.
- Offer continuous customer services by quickly restoring/resuming business.
- Carry out documentation of major issues/matters and maintain the documents.

Performance

The Only One Named Outstanding Financial Company in Consumer Protection in the Banking Sector in 2011

As a result of the Financial Supervisory Service’s evaluation on senior management’s philosophy, leadership, and consumer protection implementation level targeting 19 outstanding financial institutions with excellent civil complaints assessment results, IBK was chosen as an outstanding financial company in consumer protection in 2011, as the only bank in the banking sector.

IBK CEO Cho Jun-hee and FSS Governor Kim Jong-chang holding the plaque of 2011 Outstanding Financial Company in Consumer Protection



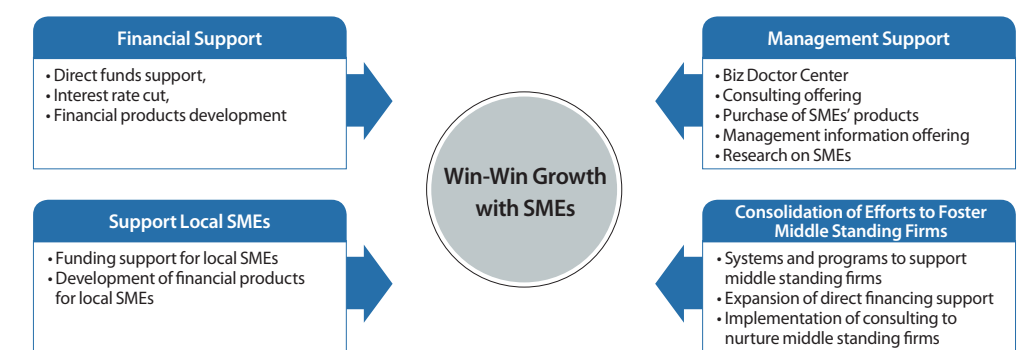


# A TRULY GOOD PARTNERSHIP SMEs

IBK pursues SMEs' stability and prosperity with a conviction that the growth of SMEs leads to national economic growth. We offer systematic financial support and various services as the financial doctor for SMEs that suffer from difficulties in funding and management, and that prepare to launch a business.

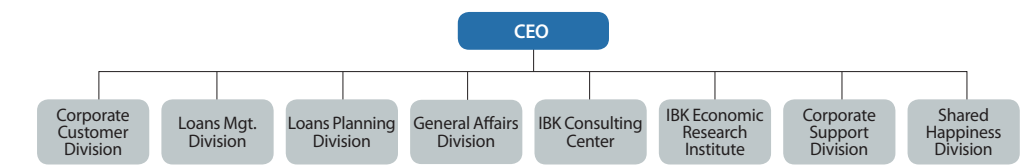
## What We Did

Small and medium-sized enterprises(SMEs) are the grounds for the establishment of IBK and its major customers. Win-win growth between SMEs and IBK is an essential factor. IBK builds a win-win collaboration and development model through systematic financial support, consulting, and various assisting activities as an active supporter of SMEs.



## Who's Accountable

IBK carries out a variety of activities through collaboration between eight departments including Corporate Customers Division, Loans Mgt. Division, and Shared Happiness Dept.



## Key Performance

- Offered KRW 36.4414 trillion in funds to SMEs
- Adopted a Truly Good Free Consulting project; carried out 460 cases of consulting(as of the end of June 2010)
- Aggressively engaged in the establishment of Biz Doctor Center
- Published 70,000 copies of SME CEO reports
- 35 cases of offering consulting to 33 companies of middle standing
- Developed financial products that meet SMEs' needs

## Looking Ahead

Although IBK offers a one-digit lending interest rate to SMEs, it plans a Truly Good Free Consulting aiming at offering 1,000 cases of free consulting by July 2013. We also seek to develop continually loan products related to win-win growth with SMEs and expand the application scope to secondary partner firms. We will increase the circulation of CEO reports distributed to the CEOs of SMEs and provide information on industry trends to SMEs that have no business relationships with IBK.





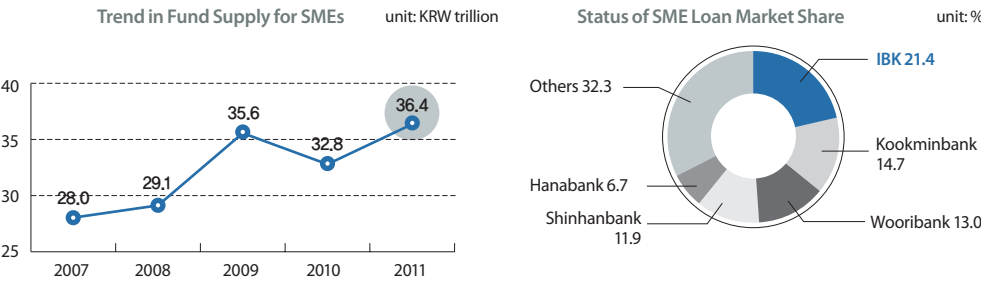
# Our Commitment

IBK carries out various management supports including financial support for win-win growth with SMEs. We make constant efforts for local economic activation through the support of local SMEs.

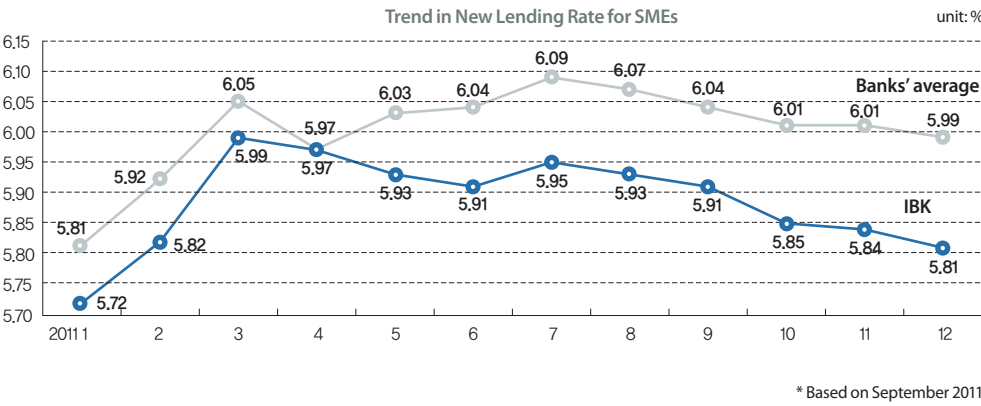
## Financial Support

### Direct Fund Support

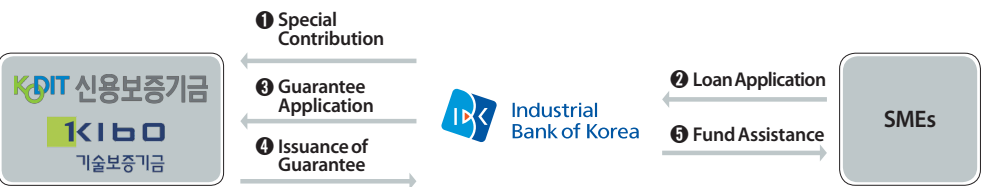
IBK provided SMEs with KRW 36.4414 trillion in funds to solve SMEs’ funding difficulties caused by domestic and international economic recessions including the European financial crisis. In 2011, IBK recorded 130.1% fund supply to SMEs compared to the KRW 28 trillion planned fund supply; its market share was 21.4%, making IBK no. 1 in the loan market for SMEs.



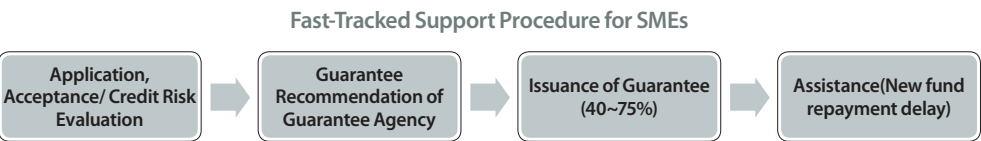
We implemented the policy of cutting lending rates and default interest rates for SMEs. IBK presented a new standard in the financial market with an extreme cut of default interest rate(maximum of 13 percentage points) (based on Sept. 2011). In fact, we reduced the lending rate for SMEs even if such meant a decline in our profit to share in their pain.



IBK contributes to SMEs’ management activation by consolidating linkage support with policymaking financial institutions for SMEs having weak security capability. IBK has secured KRW 5.2 trillion won guarantee capability by specially contributing KRW 180 billion to a credit guarantee institution. We have awarded credit guarantee fee assistance and preferential interest rates to SMEs through special contribution. As a result, we have provided KRW 3.1335 trillion in assistance through special contribution guaranteed loans.



We strive to help SMEs suffering from temporary liquidity crisis by providing funding. We have established a quick assistance system for SMEs suffering from temporary liquidity crisis by operating an emergency liquidity support program(Fast-Track program). As of the end of 2011, we have assisted 3,885 firms(KRW 3.5 trillion or 32% of the supported companies in the banking sector). We also operate a special fund for SMEs suffering from temporary funding difficulty, cognizant of their situation of having to pay for raw material purchases and give bonuses to their employees.



### Development of Financial Products Tailored for SMEs

We have identified SMEs’ needs and developed products designed to solve SMEs’ difficulties and enhance convenience of use of financial products since the financial crisis.

Product(support record)	Product Development Purpose and Performance
<b>Loan On e-trade Receivable Insurance</b> *KRW 429 billion(1,256 cases) (as of December 2011)	<ul style="list-style-type: none"><li>Developed loan on e-trade receivable insurance for the first time in the financial sector to assist in SMEs’ smooth sales amount collection in Jan. 2011</li><li>Solving the problem of lack of funds due to the delayed trade receivables of sellers with trade receivable discount products using Korea Credit Guarantee Fund’s trade receivable insurance</li></ul>
<b>Fund Loans to Support Exporting and Importing firms</b> *Support record(including export/import purchase fund)(as of December 2011): KRW 735.8 billion(12,678 cases)	<ul style="list-style-type: none"><li>Developed loan product for exporting and importing firms in Nov. 2011 to solve business bottlenecks caused by the financial crisis</li><li>Quick fund support for SMEs suffering from temporary fund difficulties due to exchange rate increase and delay of export amount deposit</li></ul>
<b>IBK Comprehensive Export/Import Finance</b>	<ul style="list-style-type: none"><li>Developed the IBK comprehensive export/import finance product for SMEs’ loan convenience in Sept. 2011</li><li>Fund assistance through mutual appropriation of loan limit related to export/import within the integrated loan limit by setting the integrated loan limit in relation to foreign exchange</li></ul>
<b>Loans to Pay Subcontracting Funds of Public Agencies</b>	<ul style="list-style-type: none"><li>Subcontracting fund payment confirmation system adopted by Seoul City</li><li>By participating in the system as a cooperative financial institution, IBK offers support through good trade receivables provided to subcontractors as security.</li></ul>
<b>Collaboration Loan for Win-win Growth</b>	<ul style="list-style-type: none"><li>Offered collaboration loan bearing low interest rates for win-win growth with SMEs by signing agreements with large corporations in Nov. 2008 for the first time in the banking sector</li><li>Signed an agreement with 48 large corporations such as Samsung Electronics, including 16 large firms that newly signed the agreement in 2011</li><li>As of the end of 2011, 3,709 SMEs were supported with KRW 2.5 trillion in funds bearing low interest rates. We plan to expand win-win growth opportunities for secondary partner firms as well.</li></ul>

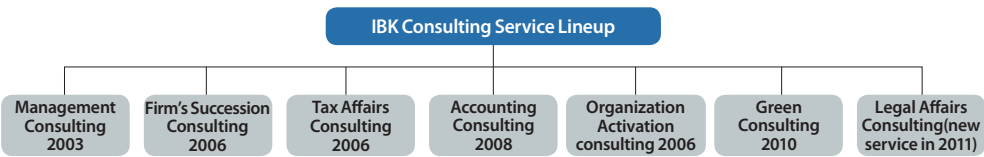




## Management Support

### Offering of Comprehensive Consulting

In a situation wherein domestic and international environmental uncertainties increase, including the aging of first-generation business founders, European economic crisis, and fierce market competition, more SMEs request consulting on the solution to various business management issues. Meanwhile, most consulting companies offer services centered on large corporations. Thus, it is also difficult for SMEs to get high-quality consulting due to the high consulting fees. To address such problems, IBK offers high-quality free consulting to SMEs by employing specialists. By developing legal affairs consulting for the first time in the financial sector in March 2011, we have built a one-stop, full-service lineup system through which we can identify problems in the fields of accounting, tax affairs, and legal affairs from diverse standpoints and present comprehensive solutions.



#### A Truly Good Free Consulting Project

On the occasion of the 50th anniversary of its foundation in 2011, IBK implemented a truly good Free Consulting project in return for SMEs' support and for SMEs' growth and development. This project seeks to offer free consulting to 1,000 small and medium-sized companies for two years(Aug. 1, 2001 ~ Jul. 31, 2013). This project is a huge project, five times larger than the average annual consulting cases for the past 8 years. To address the various needs of SMEs, we offer management consulting including management strategies, management diagnosis, personnel/organization, performance management, and specialized consulting such as family business succession, tax affairs, legal affairs, and green management. Approximately 60 consultants are actively engaged through the reinforcement of 35 experts including market-verified management consultants, accountants, tax accountants, and lawyers. For five months since the implementation of a truly good Free Consulting project, 392 cases of consulting application for management, company succession, and tax affairs have been recorded as of the end of 2011. We carried out 182 cases of consulting out of those applications. Companies of middle standing as selected by financial institutions and government agencies show great interest in IBK's consulting, which is forecast to offer considerable help to companies of middle standing wishing to take off as world-class companies.

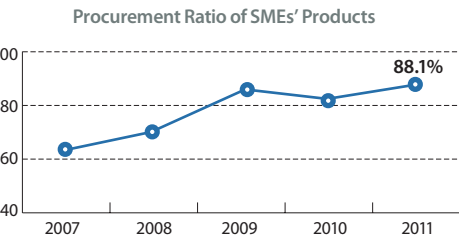
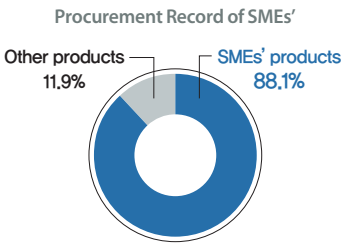
Status of a Truly Good Free Consulting Project

unit: cases

Category	Consulting Details	Support(2011)
Mgt. Consulting	Presenting solutions by analyzing strategies, personnel organizations, and finance	45
Family Business Succession Consulting	Presenting the means to transfer stable managerial rights and to save taxes	42
Tax affairs Consulting	Offering consulting on tax-related bottlenecks and mock tax investigation service	39
Accounting Consulting	Building an internal control system, offering cost analysis and value evaluation service	24
Legal affairs Consulting	Contract review, legal affairs risks diagnosis and consulting	17
Green Consulting	Green strategy establishment, GHG emissions estimation	15
Total		182

### Procurement of SMEs' Products

The procurement amount of SMEs' products out of the total procurement of KRW 152.2 billion in 2011 was KRW 134.1 billion(88.1%), up 6.6%p compared to 2010. We actually over achieved the government's mandatory procurement rate(50%) by 38.1%p. We also executed the procurement budget earlier than expected to activate domestic consumption and support SMEs' sales channels, i.e., reinvigorate SMEs' product procurement. By shunning the practice of selecting the one offering the lowest price as the successful bid, we strive to guarantee an appropriate profit level for SMEs through contract-performing capability screening.



Amount of SMEs' Products		unit: KRW billion
Category	Procurement Amount of SMEs' Products(ratio)	
1H of 2011	87.5(65%)	
2H of 2011	46.6(35%)	
Total	134.1(100%)	

### Offering of Management Information

#### SME CEO Reports

We publish SME CEO Reports in Korea, the only monthly magazine targeting the CEOs of SMEs. Following the massive reorganization in the second half of 2011, we increased the circulation to 80,000. We also provide the magazine to the CEOs of SMEs that have no business relationships with us and consequently consolidate its status as a leading monthly magazine related to SMEs.

#### IBK Friend

Through the home page IBK Friend([www.ibkfriend.com](http://www.ibkfriend.com)), we provide information on the overall management and economy courtesy of the Samsung Economic Research Institute. As of 2011, 920 people from 747 companies used the homepage.

### Consolidation of Linkage Support with the Government to Solve SMEs' Management Difficulties

#### Biz Doctor Center

IBK has played a pivotal role in the establishment of the Biz Doctor Center, which spearheads efforts to solve the various bottlenecks of SMEs including the prevention of a non-performing company issue in advance, M&A consulting, and labor affairs. IBK contributed KRW 5 billion in donation by participating in the building project of the Biz Doctor Center to solve management bottlenecks and promote the growth of SMEs and deployed 16 consultants in four areas: Gumi, Gwangju, Banwol-Shihwa, and Changwon.

#### Hope SMEs Forum

IBK listens to the voices of the front line workers of SMEs, discusses the policy direction with the government and relevant organizations, and presents the directivity of support policy for SMEs in a proactive manner. In 2011, the forum was held quarterly(four times) under the topics "Key to Success of Small Giants," "50 Years of Korea's Policy," "SMEs Ombudsman and Conversation of SME Men," and "Review of Our History," aiming at the advancement of policies for SMEs.

#### Study on SMEs' Situation

IBK delivers to the government through the IBK Economic Research Institute the findings of the study on SMEs' situation from various standpoints. In 2011, three study reports were presented to the government.

**Impacts of Crisis on SMEs and Countermeasures(Report 2011)**  
Analyzed the impacts of increases in interest rates and raw material prices on SMEs  
**SMEs' Fund Situation Check Following Sovereign Shock(Report in 2011)**  
Researched on the impacts of sovereign shock on SMEs' fund situation  
**Fact-Finding Survey on SMEs' Financial Bottlenecks(Report in 2011)**  
Policy effects demonstrated including the abolishment of joint surety system by delivering the findings of the survey to the government



Image of IBK a Truly Good Free Consulting Project implementation





Support Local SMEs

Continual Increase in Loans for Local SMEs

IBK steadily supplies funds to local SMEs located in non-Seoul metropolitan areas, and the loan ratio is continually rising(3% increase compared to 2010). We contribute to local economic development by persistently expanding fund support for local government-recommended SMEs.

Fund Support for SMEs located in Non-Seoul Metropolitan Areas unit: KRW 100 million, %

Classification	2009		2010		2011	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Seoul	170,165	19.3	173,858	18.7	178,962	18.1
Incheon	84,337	9.6	89,644	9.6	94,693	9.6
Gyeonggi	334,589	38.0	355,603	38.2	375,432	38.0
Located in the Seoul Metropolitan Area	589,091	66.9	619,105	66.5	649,087	65.7
Busan, Gyeongnam	115,788	13.2	124,944	13.4	134,666	13.7
Daegu, Gyeongbuk	66,459	7.6	69,031	7.4	72,986	7.4
Honam	36,497	4.1	39,091	4.2	42,218	4.3
Chungcheong	61,318	7.0	67,463	7.3	75,566	7.7
Gangwon	8,819	1.0	9,178	1.0	9,960	1.0
Jeju	2,120	0.2	2,185	0.2	2,263	0.2
Located in Non-Seoul Metropolitan Areas	291,001	33.1	311,892	33.5	337,659	34.3
Total(nationwide)	880,092	100.0	930,997	100.0	986,746	100.0

Measures to Support Local SMEs

Operation of Local Loan Screening Center

We operate the 9 local loan screening centers we have established nationwide, promote quick loan support considering the local features, and lead the activation of SMEs’ support.

Development of Local SME-Only Products

IBK is selling My Town/Village Company Loan Product III that it developed to support local SMEs as well as the relocation of firms in the Seoul Metropolitan Area to the provincial areas and is making an effort to contribute to local SMEs’ development by giving benefits including interest rate cut. We are doing our best to foster local SMEs by giving bonus evaluation points to SMEs located in non-Seoul metropolitan areas in the selection of promising SMEs. We also strive to reinvigorate support for local SMEs including local SMEs’ preferential policy development as well as the continual expansion of loans agreed upon with the local government, development of local SME-only products, and new store setup within the local industrial complexes.

Local Loan Screening Center



Consolidation of Efforts to Foster Middle Standing Firms

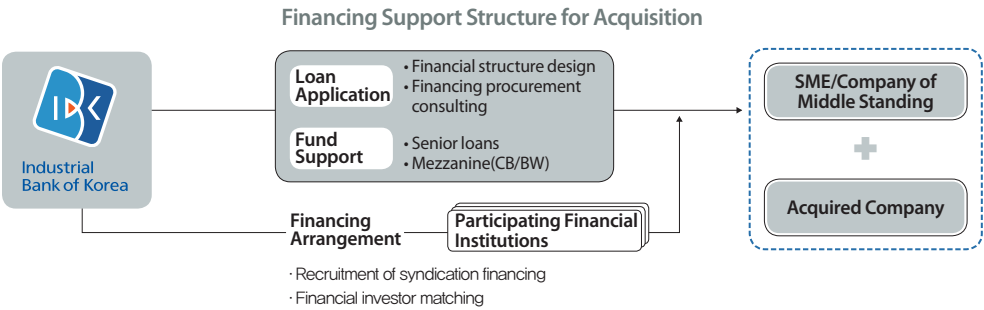
Systems and Programs to Support Middle Standing Firms

We offered 35 cases of consulting to 33 companies of middle standing including companies with reduced export, 300 world-class firms, and global small giants in 2011.



Expansion of Direct Financing Support with Japanese Companies

We have arranged acquisition financing in response to the M&A needs of SMEs(Middle standing firms) and expanded investment subjects to middle standing firms beyond direct investment centered on SMEs.



Implementation of Consulting to Nurture Middles Standing Companies

IBK adheres to the government’s policy to foster middle standing firms by expanding support for outstanding middle standing firms selected by the government and financial institutions. We are doing our best to lay the foundation for middle standing firms to grow into world-class companies through IBK consulting, since middle standing firms as well as SMEs show high interest in IBK consulting.



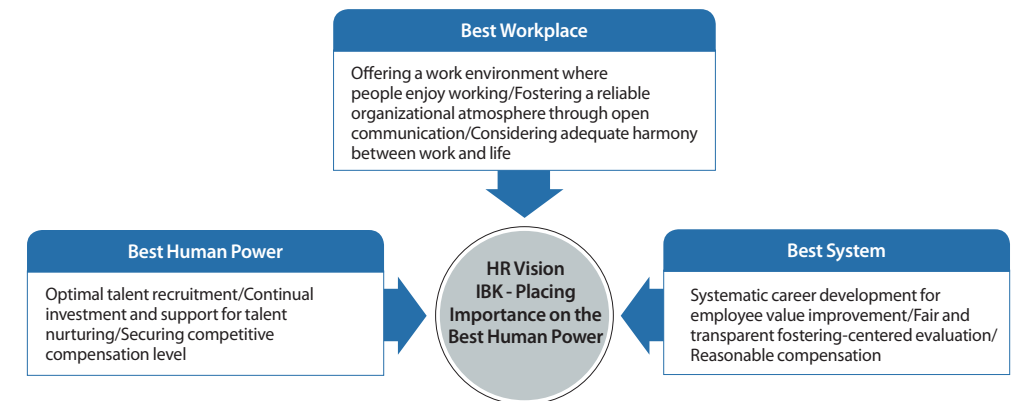
# A TRULY GOOD COMMUNICATION EMPLOYEES

IBK presents HR vision putting importance on talents ranging from HR recruitment to employee value improvement. We will do our very best to be born again as a leading bank aiming at Great People, Great Bank.



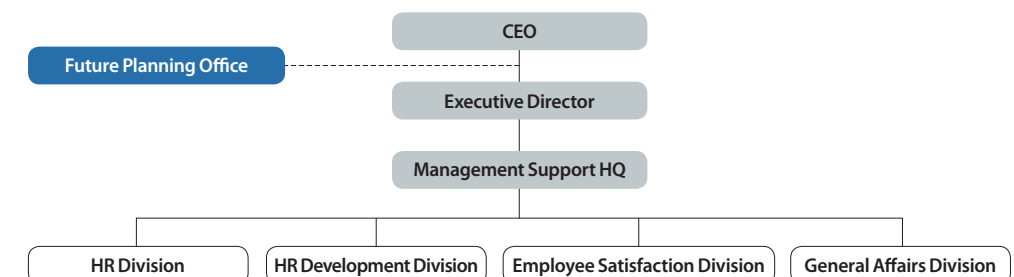
## What We Did

Employees' capability improvement, education/training, balance between work and life, fair performance evaluation, and human resources(HR) management are key areas of sustainability management. Our vision of "The best human power works in the best workplace through the best system" is the way for IBK and its employees to be happy together from the long-term perspective. Therefore, IBK will promote sustainability management policy as a firm placing importance on the best human power.



## Who's Accountable

Four such departments as HR Dept. HR Development Dept., Customer Satisfaction Dept. and General Affairs Dept. seek to be a bank putting high priority on talents, together with Future Planning Office, which is directly affiliated with the IBK CEO.



## Key Performance

- Achieved mandate employment rate of disabled people first-ever in the banking sector
- Opened 8 a Truly Good Day Care Centers
- Labor-management jointly signed the Human Rights Charter for the first time in the banking sector
- Diffusion of Culture of Leaving the Office on Time

## Looking Ahead

IBK intends to increase various employee welfare support programs to make it a workplace that genuinely cares for its employees. Starting from disseminating a truly good day care center nationwide, we will spearhead the fostering of an environment that can maintain work and life balance, aside from offering a variety of opportunities for self-development. We will also help our employees' growth and self-realization by expanding education/training system to foster top notch human resources. We are doing our best to offer equal employment opportunities to everyone and for open recruitment including the expansion of high school graduates' employment.





# Our Commitment

IBK’s talent fostering is based on win-win growth relationship through which employee value enhancement and bank’s competitiveness improvement are conducted together. We carry out employee satisfaction through indiscriminate employment, and various fringe benefits. We strive to retain mutually cooperative labor-management relations.

## Best Human Power

### Optimal Human Power Selection

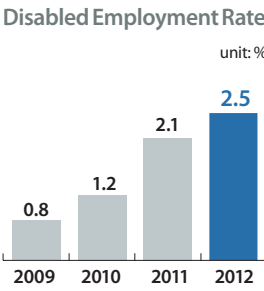
IBK endeavors to secure the best competitive human power equipped with expertise and strong will to win. To select talents meeting IBK’s model personnel, IBK establishes a recruitment culture centered on ability through open employment without restrictions in gender, education, major, and age. We play a leading role in socially equitable employment considering graduates of specialized high schools, disabled people, and young intern employees and actively assist in the female workforce’s social activities.

#### Recruitment of High School Graduates

IBK employed 67 graduates of specialized high schools for the teller position to give hope to young people, i.e., that they can get a job despite their educational background. After recruiting them, we provide help outside of work including consulting on social life and interpersonal relationships by designating work mentors and life mentors. For 2012, we plan to raise the employment of high school graduates as new tellers to more than 30% of the total new tellers.

#### Recruitment of Disabled People

We frequently employ disabled people by establishing a plan to increase disabled people’s recruitment. We actually operated a disabled people recruitment quota system upon new employee recruitment, and we employ more than 3% of the disabled people. In this manner, we link disabled people employment recommendation with the Korea Employment Agency for the Disabled, and we have carried out awareness-shifting education. As a result, our disabled people’s recruitment rate was 2.1%, having employed 102 disabled people in 2011 or 1.0%p more compared to the end of 2010. For 2012, we plan to overachieve the mandatory disabled people’s employment rate of 2.5% by employing more disabled people. As of March 2012, we have actually overachieved the mandatory employment rate for the first time in the banking sector by 2.5%(263 disabled people).



#### Recruitment of Local Best Human Power

IBK adopted a local quota system for the first time in the financial sector in 2005 to nurture regional experts and address the employment problem in non-Seoul metropolitan areas. In this manner, we recruit more than 30% of the total annual employees recruited through the local quota system and graduates of universities in non-Seoul metropolitan areas.

#### Ratios of Local Employees and Managers at Branches Abroad

	Category	2009	2010	2011
No. of Total Workers at Branches Abroad	No. of Expatriates	25 People	24 People	26 People
	No. of Local Employees at the Concerned Branches Abroad	68(73.1%)	73(75.3%)	72(73.5%)
No. of Local Managers*		12(17.6%)	12(16.4%)	13(18.1%)

\* Local employee: Refers to HR employment of those who are from the concerned local branch.

#### Recruitment Status through Local Quota System and Graduates from Non-Seoul Metropolitan Areas

Category	2010	2011	Subtotal
No. of Employed Regular Positions*	406 people	337 people	743 people
Local Quota System	123(30.3%)	121(35.9%)	244(32.8%)
Graduates from Non-Seoul Metropolitan areas	118(29.1%)	103(30.6%)	221(29.7%)

\* Based on working at IBK

### Recruitment Results for Young Intern Workers

Category	2009	2010	2011	
			1H	2H
No. of Employed	326	475	230	232
No. of Working Employees at IBK	274	381	211	209
No. of People who completed internship	236	252	148	169

### Recruitment Status of Female Employees

Category	2009	2010	2011
No. of Female Employees(regular position)	2,321 people	2,459 people	2,579 people
Female Employees’ Ratio(regular position)	32.9%	34.1%	35.3%
No. of Female Managers(assistant branch manager or higher)	17 people/ 785 people	25 people/ 780 people	35 people/ 782 people
Female Managers’ Ratio(assistant branch manager or higher)	2.2%	3.2%	4.5%

\* as of December 31, 2011

### Solving Young People’s Unemployment

We employ young intern workers to solve young people’s joblessness. By providing practical bank work to young intern workers through deployment to business site instead of simple assisting work, we consolidate employment capabilities through the operation of various programs such as job training and workshops. We exempt outstanding intern workers from document screening during public recruitment for regular positions. We recruit more than 20% of young intern workers at public agencies when recruiting for regular positions. Specifically, we recruited 21.9% of the total employed people working at IBK in the first half of 2011 and 23.4% in the second half.

### Support for Female Personnel’s Growth

The female workforce of IBK constitutes about 35.3% of its total employees. We have assigned female branch managers in each local divisions to consolidate female employee’s roles and enhance morale, and the female branch managers’ ratio reached 4.4% at the end of 2011. With such an effort to expand female workforce, the female vice president was appointed for the first time in the 50 years of IBK history in 2011. Actually, we plan to help foster outstanding female workers’ growth continually.

### Continuing Investment and Support for Best Human Power Fostering

IBK operates various programs to enhance the market value of employees by improving their capabilities and increase IBK’s competitiveness. Based on the system of operating business site training and cyber training center, we plan to nurture our employees as core personnel possessing global competency using an education roadmap considering role capability, marketing capability, and job capability by position.

### Environment Supporting Self-Driven Learning Promotion

We have built learning systems wherein job capability consolidation and self-development can be carried out through collective education, such as financial asset manager exam course and planning ability improvement course or cyber training. We have set up education/training facilities in strongholds so that trainees’ moving time to the facilities can be minimized. Education/Training participation opportunities have been expanded by letting instructors visit the facilities. As a result, 6,209 employees received training in 2011, with the educational effect increasing.

### Major Job Education/Training Courses and Performance in 2011

Category		2008	2009	2010	2011
In-house Training	Training by position	4,351	4,250	3,608	5,485
	Job/Function training	1,571	1,579	3,664	1,749
	Business site training	2,823	1,501	109	6,209
	In-house training	3,932	4,617	2,826	599
	Job training abroad	-	-	66	273
	Other training	546	1,250	805	1,440
	Total	13,223	13,197	11,078	15,755
	Cyber training	81,039	70,795	104,000	98,661
	Training via reading and communications	2,931	2,954	8,085	16,881
	Subtotal	97,193	86,946	123,163	131,297
External Training	Financial Training Center	7,849	11,774	14,040	12,183
	(IBK China Job Master)	-	(953)	(4,492)	(4,266)
	Cyber MBA	30	0	33	-
	Dispatch to domestic specialized institutions	399	478	660	448
	Dispatch to international specialized institutions	11	16	15	15
	Academic training	13	14	21	20
	(China E-MBA)	(1)	(7)	(6)	(9)
	Subtotal	8,302	12,282	14,769	12,666
Total		105,495	99,228	137,932	143,963



Education/Training System by Position

IBK uses an education roadmap consisting of education/training, taking into account role capability by position, marketing capability, and job competency. In the new employees’ education course, employees receive self-leadership education/training to foster skills in adapting to the organization and basic skills on customer response. An employee promoted to grade 4 learns professional leadership such as open communication skills and work process management. The team leader course consists of team leadership to conduct team member coaching and efficient team operation. An employee who becomes assistant branch manager learns performance leadership for performance management through strategic thinking. In the case of executives, they receive executive training in the AMP course.

Category		Clerk	Assistant Division Manager, Dept. Manager		Team Leader	Assistant Branch Manager		Executive			
Training Roadmap		New employee training	Basics of marketing	Training for employees promoted to grade 4	Marketing improvement	In-depth marketing	Training for employees promoted to grade 3	Marketing strategies	In-depth Pro-CEO training	Senior management training	Executive training (AMP course)
Training Period		After 4 years of work		After 3 years	After 6 years	After one year		After 4 years			
Required Capability	Capability Role	Second Life Plan									
		<b>Self-leadership</b> - Nurturing capability to adapt to organization - Pursuit of professionalism - Teamwork	<b>Professional leadership</b> - Participator coaching - Open communication - Work process management - Work implementation ability		<b>Team leadership</b> - Efficient team operation - Motivation - Achievement-oriented - Subordinates nurturing		<b>Performance leadership</b> - Growth management - Leading change - Goal setting and sharing - Strategic thinking				
	Job Capability	Loan/Deposit laws, tax affairs, products and credit analyses, window sales communication skills	Financial products, practical insurance work, loan screening/ appraisal and evaluation, sales, real estate financing, customer consulting		Marketing, customer management, operational strategy, planning capability, MBO, presentation		Management diagnosis, marketing strategy, profit increase strategy, problem solving, decision making, negotiation skills				
Job Training		Re-training for new employees		Business site training(basic course, in-depth course)							
		Dispatch training to external specialized institutions, in-house training, in-house cyber training, financial training center(collective training, training via communications, cyber training)									

Implementation Plans in 2012

- IBK intends to implement the following plans to systematically foster specialized human resources and cultivate global mindset.
- Continual implementation of onsite training reflecting branch's training needs, and operation of onsite instructor system to share the experiences of branch employees with ample onsite work experiences
  - Implementation of IBK smart learning(Mobile Training Center) without restrictions of time and place using smartphones
  - Carrying out IBK Financial Specialists course to nurture professional employees(PB, screening experts, foreign exchange experts)
  - Offering cross-marketing training to create new business opportunities and support global marketing
  - Implementation of Global Business Capability Improvement training to understand international business status and acquire financial expertise



Best Workplace

Harmony between Labor and Management

IBK intends to realize internal customer satisfaction by vigorously improving the work environment, welfare system, and grievance handling system so that IBK employees can efficiently dedicate themselves to work.

Signing of Joint Labor-Management Human Rights Charter

IBK declared a joint labor-management human rights charter in the banking sector for the first time in January 2012. The human rights charter prohibits discrimination on grounds of position, gender, religion, age, disability, employment type, and labor union activities and encompasses compliance with legal labor hours, rights to holidays and leave, and importance of compatibility between work and life. The labor-management joint signing of the Human Rights Charter is expected to play a pivotal role in shaping IBK's organizational culture.



Joint labor-management 'signature look' Charter of Human Rights

Communication Channels between Labor and Management

IBK's collective bargaining-applied target ratio(No. of employees targeted for collective bargaining)/Total number of labor union members) is high at 99.9%. IBK prioritizes communication and cooperation between labor and management as partners that mutually encourage and support each other through a horizontal relationship. We promote stable corporate operation and labor and management's mutual development by operating dialogue channels between labor and management in various aspects. More specific policies and systems are handled by the Working-Level Labor-Management Council. In 2011, the Council discussed efficient working hours, rational compensation, and HR system improvement through 18 meetings. Through regular Labor-Management meeting, which serves as a means of communication between senior management and labor union officials, major pending issues are shared by labor and management. In the Special Joint Labor-Management Committee, the causes and status of key pending issues and practical means to solve those are debated in a constructive manner.

Category	Outline(2011)	No. of sessions
Labor-Management Council	• Consultation on workers' welfare enhancement and common labor-management interests	3
Labor-Management Working Level Council	• Related to working hours exemption system adoption • Management evaluation improvement related to closing time culture improvement • Related to holiday work and overtime work • HR system improvement • Collective bargaining on wage	18
Labor-Management Meeting	• Sharing main pending issues through regular communication between management and labor union officers • Seeking solutions through first half and second half regular meetings, and meetings held frequently upon main issues occurrence(including face to face talk between CEO and union head)	Regular meeting: 3 Frequent meeting: 5
Labor-Management Special Committee	• Working hours normalization • Enhancement of work efficiency through improvement of methods of carrying out work	Regular meeting: 9 Frequent meeting: 20



Labor-Management meeting, Joint volunteer activities between labor and management, Labor-Management walking Olleh trails together(from left)



Harmony between Work and Life

Diffusion of Culture of Leaving the Office on Time

To improve employees’ quality of life and expand self-development opportunities, we have implemented the automatic PC off system since 2009. In the automatic PC off system, the PC is automatically turned off after closing time. When night overtime work is needed, approval from the department manager should be requested. Through this, the culture of leaving the office on time can be established, and work efficiency has been enhanced by reducing unnecessary nighttime work.

Grievances Counseling

IBK operates a system for counseling on various grievances that may arise at the workplace and home in everyday life through an agreement with an external agency specializing in counseling. Counseling can be done in various methods including telephone, e-mail, and one-on-one, face-to-face counseling; the confidentiality of counseling details is strictly kept. We offer stress tests for employees who want to undergo the test once a year and make an effort to manage their mental health.

IBK’s a Truly Good Day Care Center

IBK has set up day care centers to offer an environment where employees with little children can work without any worry. By introducing Korea’s top facilities that put the highest priority on the stability and convenience of children, we established 8 day care centers in 2012; currently, up to 550 children are using the facilities. We plan to increase the day care centers nationwide – even in small and medium cities – so that not only our employees’ children but also those of SMEs’ employees can use the convenient day care center by accumulating know-how on workplace day care center operation and management. We intend to engage actively in the resolution of the low birth problem as a state bank that assists SMEs.



Opening ceremony of Hannam Day Care Center, Bus for the day care center, Book area classroom of Bundang Day Care Center (from left)

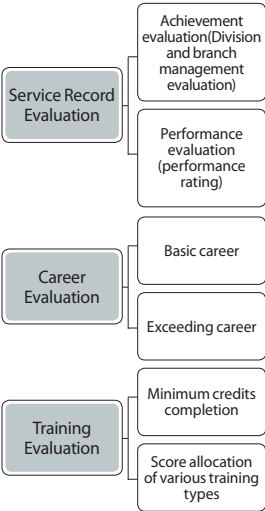
IBK’s Fringe Benefit System

Type	System	Outline
Childbirth Maternity Support	Childbirth leave system	Leave of absence before/after childbirth(within 110 days)
	Child rearing support	Leave of absence for child rearing(two years) Family Day operation: Leaving the office on time every Wednesday Opening of day care center(A Truly Good Day Care Center)
	Life-long learning support	Assistance in child’s education expenses Assisting in children’s school tuition until graduation from college
Family Assistance	Medical expenses assistance	Spouse’s comprehensive medical testing(annually for people aged 35 years or older)
Support for Workers	Specialist’s psychology counseling program	For employees, 24-hour connection, confidentiality principle
	Life-long learning support	Employees’ online foreign language education
	Medical expenses support	Medical expenses: Up to KRW 10 million in support for the person himself/herself, spouse, and unmarried child Comprehensive medical testing system for employees Free vaccination for cervical cancer Free vaccination for influenza
	Stop smoking clinic support	Offering stop smoking counseling programs and rewarding system for employees wishing to stop smoking



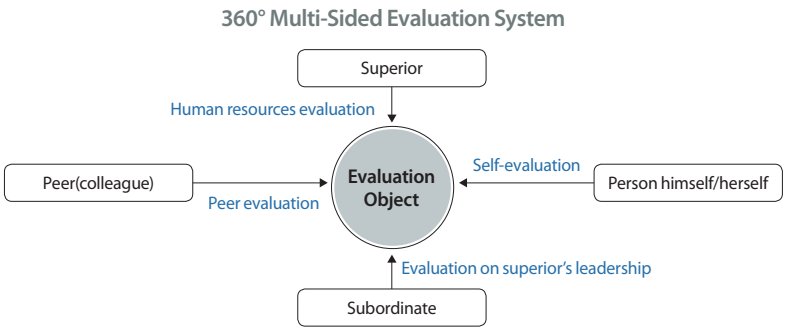
Best System

Comprehensive Service Evaluation



Fair Employee Evaluation

This is a system through which the performance of IBK employees can be evaluated fairly and transparently and their capabilities can be demonstrated well so that they can work toward the vision with pride as IBK members. By devising a system for precise evaluation, we offer performance-related pay reflecting the evaluation outcomes. To enhance the rationality of the performance management system, we have introduced a comprehensive service evaluation system consisting of service record evaluation, management evaluation, and training evaluation. We induce individual capability improvement through diverse and comprehensive evaluations via the assessments of the person himself/herself, peer, and subordinates and superiors on individual role. We also use the system that considers diverse aspects to complement comprehensive service evaluation and use the evaluation results as reference data. The performance evaluation is used for HR management including performance-related pay from a minimum of 50% to a maximum of 150%, i.e., from grade 1 to grade 5, according to the management evaluation and promotion screening. Reward is offered according to the employee’s achievements. In other words, we strive to expand the performance-related evaluation system that preferentially treats employees with outstanding performance and capabilities rather than on a seniority basis.



Communication Channels

IBK believes that communication between employees as internal customers should be activated first to maintain smooth communication with external customers. We help ensure that such communication is conducted from various angles by activating information sharing between employees and by establishing in-house SNS through vivid reports for natural communication culture fostering and communication innovation within IBK, based on horizontal communication and real-time information sharing.

IBK’s Internal Communication Systems

IBK Leaders’ Club	• Employees voluntarily play the role of a medium between site organizations and head office. • Establishment of communication channels with senior management for pending management issues sharing by delivering site voices upon the senior management’s visit to the business site and by immediately monitoring site responses
Business Site Meeting	• Hold as a type of town meeting by senior management’s visit to the local HQ. • By inspecting business sites and carrying out communication with various levels of employees by position, gender, and team, maximize the effects.
Conversation with Young IBK Employees	• While the IBK CEO has a meal with young employees working in diverse fields, site management and sensitivity management are consolidated through unreserved conversation between the CEO and the employees.
Public Contest on Employees’ Ideas	• Activation of creative and passionate employees’ new product ideas, promotion of ideas improvement, and development of products required at the site • Innovative rewarding of participating employees in the contest and high-achieving employees
Employees’ Postcards(Feb. 2012)	• Give out postcards guaranteeing anonymity; the IBK CEO listens to employees’ suggestions and bottlenecks and reflects those by issue. (The place where the postcard will be sent cannot be identified since no postmark is stamped.)



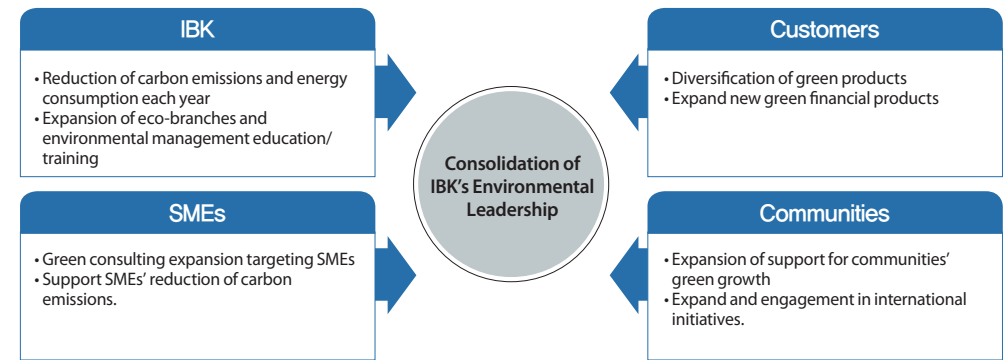


# A TRULY GOOD FUTURE ENVIRONMENT

IBK recognizes the seriousness of environmental problems, such as resources depletion, global warming, and ecosystem destruction, and strives to spearhead the implementation of environmental responsibilities in the banking industry with active responsive activities. We will endeavor for IBK and all our stakeholders to grow green by bolstering environmental leadership in the banking sector.

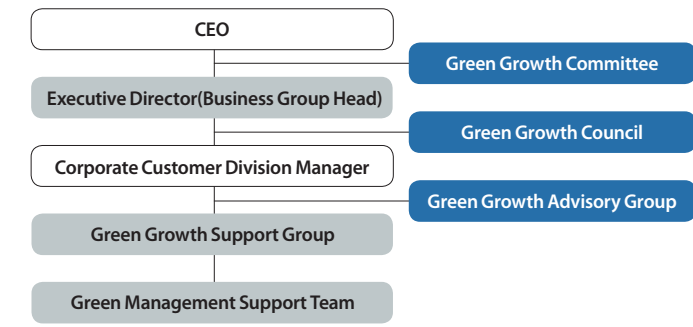
## What We Did

In pursuit of low carbon, green growth, IBK makes all-out efforts to cut down energy consumption and reduce greenhouse gas(GHG) emissions based on the firm belief that the financial industry needs to be engaged actively in realizing such vision. We conduct various green growth activities involving key stakeholders such as customers, SMEs, communities, and international society.



## Who's Accountable

IBK's green management is strategically linked within systematic organization. The Green Growth Committee is the highest decision making body on green management, and the Green Growth Council searches for and selects the challenge tasks for green growth. The Green Growth Support Group and Green Management Support Team are in charge of green growth strategy, research and product development.



## Key Performance

- Attained goals of MBO for GHG
- Selected as CDP(Carbon Disclosure Project) industry leader in 2011
- Enhanced SMEs' eco-friendly competitiveness through green consulting
- Built eco-branches and green training center for the first time in the banking industry
- Operated and launched various green financial products

## Looking Ahead

- Reduce energy consumption by at least 2% each year compared to 2012.
- Actively engage in international initiatives including CDP.
- Expand green consulting services for SMEs.
- Actively cope with the government's GHG and energy management by objective.
- Dominate the banking industry in terms of green product sales compared to total product sales.

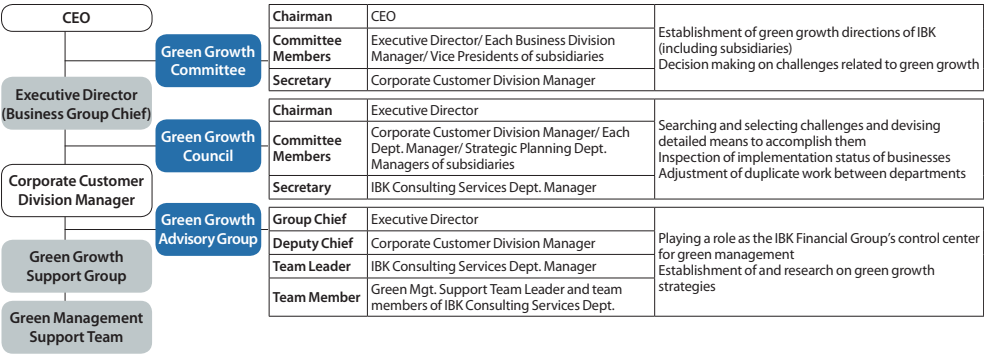


# Our Commitment

IBK’s green management strategies are connected with new business model development in linkage with core management strategies. We establish strategies for customers, SMEs, communities, and international society to exercise low carbon, green management and put those strategies into practice based on environmental leadership as a leader in the financial industry.

## IBK's Environmental Leadership

### Environmental Organization System



### Short- and Long-term Goals for the Consolidation of IBK’s Environmental Leadership

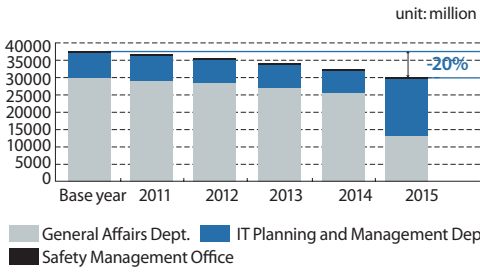
	Short-Term(2012~2015)	Long-Term(2012~2020)
IBK	<ul style="list-style-type: none"><li>Reduction of carbon emissions 20% by 2015, compared to 2010</li><li>Record at least 2% reduction in energy consumption each year compared to 2012.</li><li>Increase of eco-branches</li></ul>	<ul style="list-style-type: none"><li>Build the environmental management system including subsidiaries</li><li>Expand government-implemented low carbon, green growth relevant projects support</li></ul>
Customers	<ul style="list-style-type: none"><li>Diversification of green product</li><li>Development and expansion of new green financial products</li></ul>	<ul style="list-style-type: none"><li>Post upper-level green product sales in the industry compared to total product sales.</li></ul>
SMEs	<ul style="list-style-type: none"><li>Green consulting expansion targeting SMEs</li><li>Loan support for eco-friendly worksites</li></ul>	<ul style="list-style-type: none"><li>Support SMEs’ reduction of carbon emissions.</li><li>Expansion of SMEs’ response support related to emissions trading</li></ul>
Communities	<ul style="list-style-type: none"><li>Expansion of support for communities’ green growth</li></ul>	<ul style="list-style-type: none"><li>Actively engage in carbon emissions trading system.</li></ul>
International society	<ul style="list-style-type: none"><li>Increase of participation in external green management information disclosure including CDP(Carbon Disclosure Project)</li></ul>	<ul style="list-style-type: none"><li>Expand engagement in international initiatives.</li><li>Participate in the carbon emissions trading system.</li></ul>

### Efforts to Reduce Carbon Emissions

#### Establishment and Management of GHG Emissions and Energy Consumption Reduction Target

IBK targets a 20% reduction in carbon emissions by 2015 compared to 2010. By devising an organic collaborative system between departments in charge and designating departments in charge of the overall supervision and implementation of the reduction of GHG emissions/energy consumption(General Affairs Dept., Green Management Support Team), we carry out GHG emissions reduction activities across the organization.

#### Establishment of GHG Emissions and Energy Consumption Reduction Target



### Establishment and Operation of IBK’s Carbon Management System(established in May 2010)

IBK carries out the relevant activities by completing the carbon footprint work in LCA(Life Cycle Assessment) mode for all products/services processes and by deducing possible energy-saving processes to cope proactively with climate change as the first Korean financial institution to do so. To identify GHG emissions by emission source, we operate the GHG inventory we have built in all our branches nationwide. We actually identify carbon emissions based on the international standard ISO 14064-1 and IPCC guidelines.

### Virtualization of Desktop PCs

IBK has realized green IT and shaped an eco-friendly work environment by building the Desktop PCs Virtualization System at the IBK Customer Service Center(Sept. 2010 ~ Nov. 2010) for the first time in Korea’s financial sector. Desktop PC virtualization means offering a pleasant consulting work environment by promoting zero noise and reduction of calorific power reduction through the use of new client without body. After the establishment of the system, we reduced CO<sub>2</sub> emissions by 67%; system establishment is spreading to the Nowon TM Office, Chungju Training Center, and Fund Management Dept. of the head office. If the establishment of the virtualization system is completed through step-by-step implementation, we expect annual CO<sub>2</sub> emissions to be reduced to 213,940 Kg from 481,366 Kg before system establishment.

### Achievements of Desktop PC Virtualization at IBK’s Customer Service Center

calculate based on 8 hours a day

Category	Before Establishment	After Establishment	Reduction Effect
Power Consumption(KW/Y)	369,758	122,290	67%
CO <sub>2</sub> Emissions(Kg/Y)	156,777	51,851	
Equivalent Quantity of Trees(Note 1)	8,251	2,729	

### Establishment and Operation of Energy Mileage System

IBK has built a database on energy expenses(electricity, tap water, oil) in all its 650 branches and head office to practice the enterprise’s green life, targeting a 10% reduction in energy consumption compared to the previous year(KRW 1.2 billion). In particular, we offer incentives to departments/branches recording a 10% energy cost reduction(evaluate every two months, reward given).

### Introduction of the Videoconference System

IBK has adopted the videoconference system since 2010, cutting down CO<sub>2</sub> emissions in the process with zero physical movement and consequently realizing green IT. We expect to improve work productivity and realize time and cost savings as well as address the inconveniences associated with business trips and movement. Currently, 305 employees(Executives, Division Managers, Branch Managers Abroad, Head Office Planning Team Leader, Pb Team Leaders) use the videoconference system for various meetings. IBK has also offered such videoconference system to customers. To customers who want to receive tax affairs and real estate consulting, we have been offering top service through the PC videoconference system since February 2011.

### Adoption of Hybrid Cars for Business

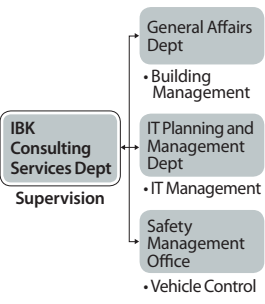
To reduce atmospheric pollution and cut down energy consumption, IBK has replaced medium/large-sized cars with small/semi-medium cars since 2008. We continually carry out fossil fuel use control and fuel efficiency improvement.

In 2012, we purchased 10 hybrid cars, and have been making efforts to reduce carbon emissions discharged from business operation.

### Eco-Friendly Customers’ Standby Slip and ATM Statements

IBK began to use the eco-friendly number ticket in November 2011 for the first time in the financial sector, making an effort to conserve the environment by using eco-friendly paper. We plan to expand the use of eco-friendly office supplies continually.

### Management Organizations






Reasonable Energy Use

Energy Use Reduction Performance in 2011

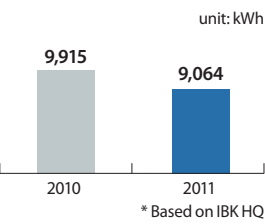
IBK operates a variety of programs across IBK to mitigate energy consumption. Thanks to such efforts, we cut down energy consumption by 10% in 2011 compared to 2010. Electricity use also fell to 9,064,000kwh in 2011, down 8.6% compared to 2010; this translates into savings of about KRW 20 million.

Various Activities to Reduce Energy Consumption

Eco-Health Way	<div><ul style="list-style-type: none"><li>Elevator use control campaign to protect the environment and for employees' health enhancement</li><li>Foster a culture of reducing the use of elevators and encouraging the use of stairs.</li><li>Create eco-health pathways from the Euljiro head office underground floor stairs to the 19th floor stairs.</li></ul></div>
Green Habit Program (Energy and Goods Saving Campaign)	<div><div><ul style="list-style-type: none"><li>Campaign of wearing warm clothes to work in case of indoor temperature of 19°C or lower</li><li>Copying paper quota system: Execute this system among the head office departments first.</li><li>Consolidation of energy and goods saving campaign through energy officer activity activation by floor</li><li>Summer Cool Biz campaign: Wearing of half-sleeved t-shirts from June to August</li><li>Execution of automatic lights off system during lunch break</li><li>Developing part of the outdoor parking lot in the west side of the head office as green park</li></ul></div><div></div></div>
Expansion of Green Technology Products Procurement	<div><ul style="list-style-type: none"><li>Preferential purchase of energy-saving and eco-friendly green technology products upon the procurement of machines, fixtures, and new products</li><li>Items to be procured: purchase of shopping bags for customers by replacing them with eco-friendly shopping bags without coated surface</li><li>Use of environment mark-certified products: photocopying machines, facsimile, etc.</li></ul></div>
Construction of Energy-saving Eco-buildings	<div><ul style="list-style-type: none"><li>Establishment of facilities infrastructure to reduce CO2 emissions by cutting down energy consumption and minimizing waste generation in the head office and branch buildings</li><li>Installation of electricity use control devices including LED lights and automatic sensor lights</li><li>Installation of radiant heat and insulation systems and water saving devices for washstands and faucets</li></ul></div>



Energy Use Reduction Performance



Environmental Management Education/Training

Production of Cyber Video Lectures for Green Finance and Execution of Education

IBK operated online lectures for all its employees to acquire basic knowledge and green mindset on green growth and green finance in April 2010, and it has been educating its employees since then. Meanwhile, we produce and distribute booklets such as One Hundred Questions and Answers on the Green Certification System, Green Statistics, and Climate Change.

Fostering Personnel Specializing in Low Carbon and Green Growth

Through the expansion of cyber training within the bank and by dispatching employees for training at external specialist educational institutions, we foster personnel specializing in renewable energy industry outlook, carbon market and carbon emissions trading, and policies and systematic environment for small and medium-sized venture companies and green finance.

Eco-Branches and Green Training Center

Eco-Branch using Renewable Energy

IBK opened eco-branch No. 1 in March 2010 – the first Korean financial institution to do so – and built the Cheongju Green Training Center using clean energy in May 2011. Eco-branch No. 1 is the Shihwa Industrial Complex branch, where high-efficiency equipment, solar power, wind power facilities, hybrid streetlights, and LED lights yielding high energy-saving effects were installed. We expect annual CO emissions reduction of 7,900kg, which is equivalent to the effect of planting 4,000 pine trees.

Carbon Neutral Building, Green Training Center

The Chungju Green Training Center sought to build a carbon neutral building by using geothermal and solar energy and installing LED lights. The green training center uses clean energy(1.6% of electricity, 16.8% of heating and cooling), and it is open to customers as well as emplyees and their families, By offering a tour opportunity to customers, we are proactively engaging in environmental conservation and enhancement of customers' environmental mindset.

On the rooftop and in front of the IBK Shihwa Industrial Complex branch, solar cell modules and hybrid streetlight were installed (Right under), Hypothetical Diagram of Green Training Center (Under)



Summary of Environmental Indicators

Status of Volume of Raw Materials Used

unit: box

Category	2009	2010	2011
Purchase Volume of Copying Paper	61,961	66,317	69,975

Status of Energy Consumption(scope: head office)

Emission Source	2009	2010	2011
Power Consumption(MWh)	60,884	66,260.1	62,706.3
City Gas Consumption(m <sup>3</sup> )	1,084,845.8	765,271.6	1,551,499.3
Gasoline Consumption(L)	1,337,528.1	4,077,260.6	2,451,473.2
Diesel Consumption(L)	641,550.8	560,399.8	668,287.8
Total Energy Consumption(tCO <sub>2</sub> eq)	37,351.2	44,761.2	40,237.1

Status of Water Use(scope: head office, waterworks and sewage)

unit: ton

Category	Data Gathering Scope		2009	2010	2011
Water Use Volume	Head office	Waterworks and sewage	94,009	98,580	96,303

Reduction of Energy Consumption and GHG Emissions(scope: head office and branches)

Category	Unit	2009	2010	2011
Power Consumption Reduction	MWh	2620	-5376	3554
Reduction of GHG Emissions	CO <sub>2</sub> t	-1340	-7410	4524

GHG Emissions(scope: head office and branches)

unit: metric ton, CO<sub>2</sub>e

Category	2009	2010	2011
Scope 1	8,987	13,867	11,000
Scope 2	28,363	30,893	29,236

\*Scope 1: All direct GHG emissions

\*Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam





# Green Finance

IBK has been developing various green financial products that enable customers to put eco-life into practice. We reviewed the environmental risk application for green finance to be reflected systematically on the banking business with the Ministry of Environment and amended the Green Growth Industry Classification Standards on Jan. 2010.

## Green Growth Industrial Classification Standards

The amendment of the Green Growth Industrial Classification Standards seeks to clarify the object and scope of green growth industry-operating companies centered on the green certification system. As a system that evaluates and proves conformity to certification standards by a specific firm's technology and business, the green certification system consists of green technology certification, green business certification, and specialized green company confirmation. IBK actively reflects the following standards for financial products development

- **Green Technology Certification:** Certify by searching for technology that minimizes GHG and pollutants emissions by saving and efficiently using energy and resources across the entire process of eco-friendly technologies(including convergence technology), such as GHG emissions reduction technology, technology to enhance energy use efficiency, clean energy technology, and zero waste technology.
- **Green Business Certification:** Search for business that minimizes GHG and pollutants emissions by saving and efficiently using energy and resources through green technology.
- **Specialized Green Company Confirmation:** A company at least one year old after its foundation can apply for confirmation. Companies whose green technology sales make up more than 30% as certified in the immediately preceding year are confirmed.

## Green Financial Products

### Loans

IBK supports eco-friendly technologies and companies by developing various loan products for low carbon, green growth. Typical loan products include the IBK Green Company Loan, Green Real Estate-Secured Loan, Loan for Solar Power Generation Facilities Fund, and Renewable Energy Win-Win Guarantee Loan. We actually provided the biggest support in the banking industry in 2011 with KRW 2.6 trillion won.

### Credit Cards

Combining the individual's financial life with eco-friendliness, IBK's green card received carbon labeling certification for the first time in Korea. By providing green mileage as reward for practicing green life, we help our customers and employees enhance environmental awareness. We also offer points jointly with Seoul City according to the GHG emissions reduction by Seoul citizens to promote the practice of green life at home by launching the IBK tyle-Eco Card. In addition, we operate the Pleasant Air LOHAS Card, Environmental Love Card, and Eco Gift Card.

IBK's Green Financial Products					unit: KRW 100 million
Category	Product Name	Date of Launch (Y/M/D)	Amount	Features	
Loans (supply)	Loan for Solar Power Facilities Fund	08.5.29	1,402	Launched solar power facilities loan to support the solar power generation business in 2008; provided more than USD 1 million in support as of December 2011	
	Green Growth Company Loan	09.3.31	24,165	Loan that supports companies designated as green business company	
	IBK Green Real Estate-Secured Loan	10.3.3	1,624	Loan that supports green real estate as designated by the government since 2010; provided more than USD 1 million in support as of December 2011	
	IBK Green Company Loan	10.7.14	132	Loan offered to companies having green technology; provided more than USD 100 million in support as of December 2011	
	Renewable Energy Win-Win Guarantee Loan	11.8.5	61	Support of the credit guarantee type for renewable energy companies requiring investment	
No. of Credit Card Subscribers (cumulative total)	Environmental Love Card	07.7.19	336	Card that contributes part of the sales amount to the environmental culture development fund	
	Eco-Gift Card	09.3.26	506,868	Pursues eco-friendliness by using degradable plastic material, which is completely decomposed after use	
	Pleasant Air LOHAS Card	09.6.16	15,345	Offers cash back to voluntary participants for atmospheric environmental improvement and gives fare discount when public transport means are used to improve the use ratio of public transport	
	IBK Eco-Style Card	11.1.17	496	Card offering points jointly with Seoul City according to Seoul citizens' reduction of GHG emissions at home to promote the practice of green life	
	Green Card	11.7.22	485,447	Card that acquired carbon labeling certification for the first time in Korea(Certification D-2011-001)(Apr. 19, 2011); green mileage provided as reward for putting green life into practice	

Acquired Carbon labeling certification, MOU signing to implement Eco Mileage Card system, Green card, Refreshing Air LOHAS Card(from top)

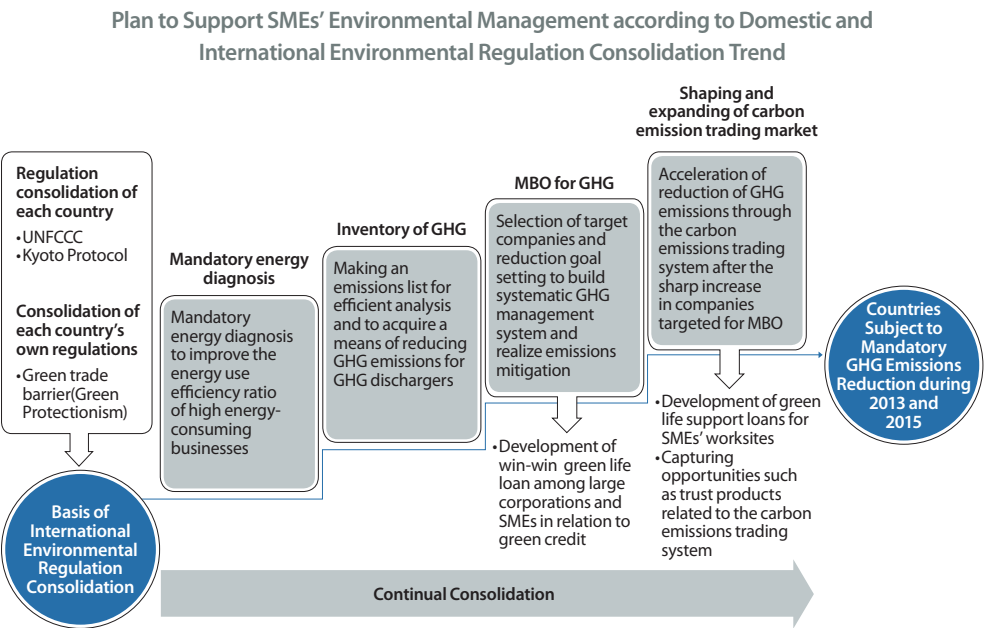






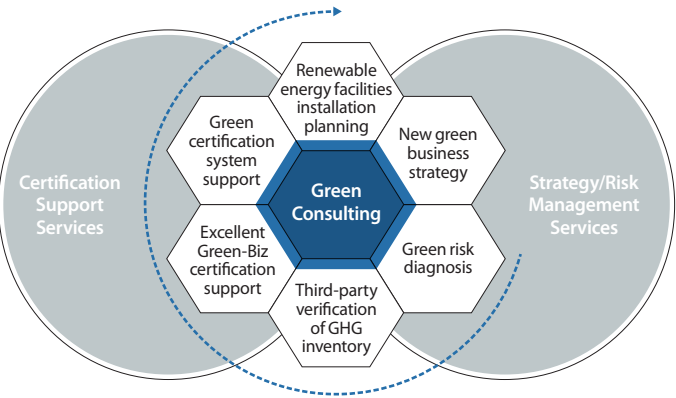
# Environmental Management Support

Environmental management is an essential factor in long-term corporate growth regardless of the firm’s size. Nowadays, it serves as a green trade barrier. Relatively lacking in resources, SMEs have difficulties even in minimal strategic access to environmental management. IBK strives to build the foundation for SMEs to manage and establish strategies for environmental management instead of providing temporary support or education/ training.



## Green Consulting

For SMEs’ own environmental management system establishment, IBK adopted green consulting to offer strategies for managing carbon and GHG emissions reduction projects for the first time in Korea. IBK’s green consulting consists of “Establishment of GHG Emission Statistics” and “low carbon, green growth strategy presentation.”



## Establishment of GHG Emission Statistics

The green growth strategy presentation precisely calculates the GHG emissions, offers the relevant programs and management guidelines, and consists of climate change risk diagnosis and searches for GHG emissions reduction projects tailored for SMEs. Specifically, solutions that can apply to each company's situation include the following: ● comprehensive green consulting, ● renewable energy facilities installation planning, ● new green business implementation strategy, ● agency work for GHG inventory establishment and verification, ● green regulations risk diagnosis, ● green certification system support, ● excellent green biz certification assistance, and ● green SCM(supply chain management) for win-win growth between large corporations and SMEs.

## Low Carbon, Green Growth Strategy Presentation

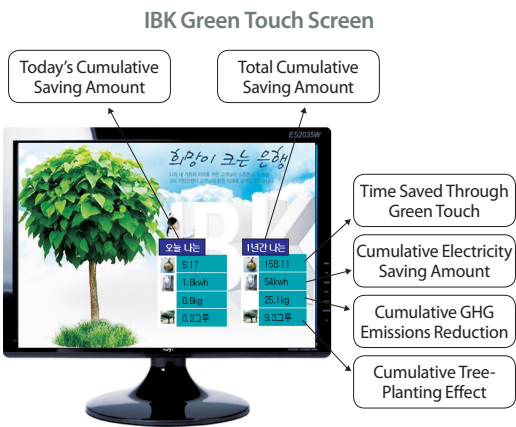
IBK offered consulting on GHG emissions management and carbon market strategies for 61 SMEs as of June 2012. It has been playing a leading role in SMEs’ environmental management system dissemination. We will contribute to SMEs’ environmental management establishment by persistently increasing the number of SME consulting targets.

# Engagement in Initiatives

IBK supports the low carbon, green growth vision as a member of the community and international society. We have undertaken the Green Touch project together with the Ministry of Environment(MOE) targeting Koreans and produced and distributed a booklet introducing the Basic Low Carbon, Green Growth Act and green certification system. We are actively involved in the KRW 750 billion Bio Green Energy Fund participated in by 18 large corporations in Korea including MOE and Korea Environment Corporation for the development of renewable energy.

## Participation in MOE's Green Touch

Goal
• Participation of 10,000 employees, 10,000 customer companies, and 10 million retail customers
Status
• IBK started participating in the green touch project in Aug. 2011 when the project was launched. • Green touch is run on all IBK employees' PCs.
Plan
• IBK closely cooperates in the government's energy-saving policy by sharing matters to be improved to some 10,000 employees and plans to engage actively in this project in the future as well.



## International Society: Industrial Leader of Global CDP in the Financial Sector

IBK signed the global CDP(Carbon Disclosure Project) in 2009 as a member to contribute to the activation of international green investment. In 2011, we became an industrial leader in the financial sector, gaining recognition for our efforts. By participating in CDP's CDSB(Climate Disclosure Standard Board) Working Group in July 2012, we make all-out efforts for the dissemination of the practice of carbon information disclosure by Korean companies.

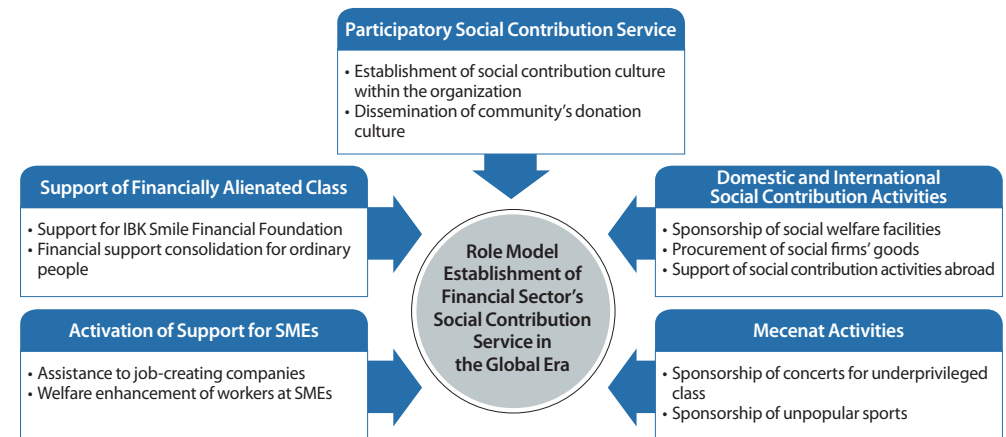


# A TRULY GOOD SHARING COMMUNITIES

IBK conducts various social contribution activities to realize corporate citizenship as a member of a community and a country. As a specialized bank for SMEs, we are doing our best to fulfill social responsibilities for SMEs, and make a beautiful society, where all stakeholders can live together in harmony.

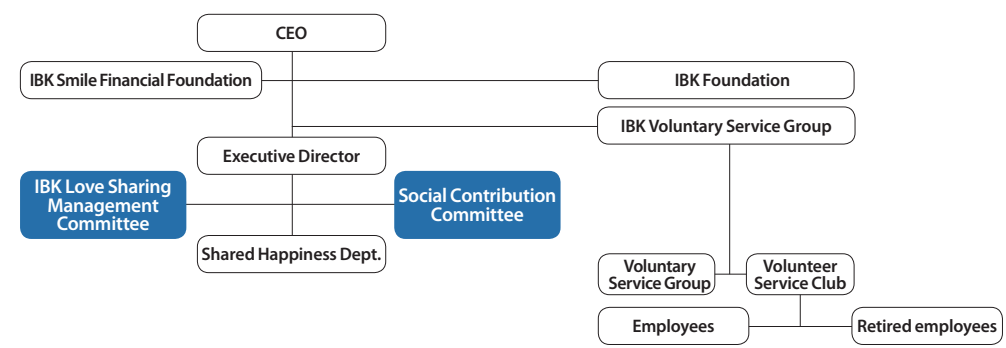
## What We Did

IBK carries out social contribution activities in five core areas like support for financially alienated class, SMEs support activation, participatory social contribution activities, domestic and international social contribution activities, and Mecenat activities. In particular, the activation of support for SMEs is our unique social contribution service, and we are conducting various support activities. We encourage our employees' social contribution activities through corporate participatory social contribution activities and build various support systems through which community members can engage in social contribution activities. In this manner, we expand the scope of participants in social contribution activities.



## Who's Accountable

IBK has formed IBK Love Sharing Fund to disseminate employee's voluntary donation culture. We exchange pending issues of each department on social contribution services by operating Social Contribution Committee in which IBK's executive director participate. Through IBK Voluntary Service Group, we expand nationwide social contribution activities, which are carried out by employees' voluntary participation.



## Key Performance

- Allocating more than 6% of the net income for social contribution service expense in 2011(KRW 93.8 billion)
- 3rd Human Awards ceremony(Presidential Citation)
- Awarded a citation during Smile Finance Day(Financial Supervisory Service Governor's Citation)
- Won the Grand Prize in the Multicultural Family Support and Contribution Awards(Gender Equality and Family Minister's Award)
- Opening of a Truly Good Donation Portal
- Operation of IBK Job World

## Looking Ahead

IBK will strive to secure a role model for company-wide social contribution service and implement a systematic social contribution service through the participation of its subsidiaries beyond its own social contribution service.



# Our Commitment

IBK helps SMEs activation through social contribution activities carried out together with communities and employees, and assists underprivileged class, and implements the Mecenat global environmental support project.

## Support for Financially Alienated Class

### Establishment and Support of IBK Smile Financial Foundation

IBK established IBK Smile Financial Foundation in 2009 by investing KRW 40 billion to support low income class and low credit rating holders’ rehabilitation. We consolidate ordinary people’s accessibility to financial assistance by building a network nationwide including Gangreung, Busan, Daejeon, and Yeosu, as well as Seoul. We operate 17 chapters, the largest among the smile financial foundations of banks and companies. Beyond simple loan work following consulting on loans, we offer advice on customer management or business management using specialist personnel. Since most merchants are one-man owner-operator, and they have difficulty visiting any of the Smile Finance chapters during business hours, we provide the visiting smile financial service wherein our consultant employee visits them and offers consulting. This service has received good responses so far. Through specialized products such as loans for hair dressers, traditional market merchants, delivery van operators, laundry businesses, and car repair businesses, we have provided support worth KRW 11.8 billion, which is four times that in 2011. In this manner, we are writing a new chapter of successfully helping people with low income and low credit rating.

### Launch of Financial Products for Ordinary People

IBK has launched various financial products for ordinary people to reinforce financial support for them. We provided KRW 552.8 billion in support through 41,879 cases as of 2011.

uunit: KRW 100 million, cases

Category of Products	Details	Supply Amount in 2011(KRW 100 million)	No. of Cases
Loan of Fund for Worker's Life Stabilization	Support for SMEs’ workers and financially underprivileged class via a business agreement with the Korea Workers’ Compensation & Welfare Service	654	16,081
National Housing Fund loan	Support in the form of Chonseil(key money paying rent) fund and housing purchase fund for the low-income bracket	3,565	10,293
Change Loan of Dreams	Converting high interest-bearing loans into low interest-bearing loans for the financially underprivileged class	456	4,437
New Hope Loan	Banking sector’s joint financial products for people with low income and low credit rating	853	11,068
Total		5,528	41,879

### Reduction of CD/ATM Commissions for the Socially Underprivileged Class

We try to cut down the financial expenses of the socially alienated class including basic living allowance beneficiaries, disabled people, and elderly people by reducing the CD/ATM commissions for them.

Object	Details
Basic living allowance beneficiaries, next poor class, disabled people, juvenile heads of households, patriots	• Full exemption from charge for cash withdrawal from IBK, regardless of time of transaction(KRW 700 per transaction for cash withdrawal from other banks, regardless of time of transaction) • Full exemption from charge for remittance between IBK accounts, regardless of time of transaction(KRW 500 for remittance to other banks in case of KRW 100,000 or less, KRW 700 in case of more than KRW 100,000)
Elderly people aged 65 or older	• Reduction of commission by 50%



## Support of SMEs

### Creation of Jobs at SMEs

#### Operation of IBK Job World

We launched Job World in 2009 to address the manpower shortage caused by the mismatch of information between job seekers and SMEs recruiting workers.

Status of Members of Job World, a Job Portal, and Number of Employed People				unit: people
Category	Firms Seeking workers	Job Seekers		
	No. of Members	No. of Members	No. of Employed People at SMEs	
2009	34,783	102,366	12,193	
2010	53,572	201,522	24,957	
2011	56,087	244,472	38,123	

#### Best Human Power Matching Support through the Employment Expo

IBK employed 1,101 out of approximately 50,000 expo-visiting job seekers by hosting 10 employment expos by theme suitable for the SMEs’ features in Gwangju, Changwon, and Daejeon in 2011. We held cultural contents industry employment expos for young job seekers who are accustomed to the service industry and digital culture. The hosting of specialization high school graduates’ employment expos was in keeping with the MOU we signed for employment activation with 348 specialization high schools nationwide. We endeavor to foster a social atmosphere of recruitment centered on one’s abilities rather than one’s educational background.

#### Special Preferential Fund

We offer job-creating SMEs special preferentially treated fund to ease the burden of financial expenses such as interest on loans and commissions paid when SMEs employ regular positions.

#### Job World’s Selection and Promotion of Top 600 Companies

By selecting and publicizing Job World’s Top 600 Companies as great workplaces to work in, we activate employment for SMEs and spearhead positive recognition on working at SMEs.

### Welfare Enhanement of Workers at SME

#### IBK Established IBK Happiness Sharing Foundation

IBK Happiness Sharing Foundation in an effort to enhance welfare of the SMEs workers’ family in 2006.

- We implement social contribution service in various aspects for families of SME workers and alienated class by contributing KRW 19.1 billion.
- We provided KRW 2.7 billion worth of subsidies for the treatment expenses of patients with rare and incurable diseases and seriously ill patients, KRW 1.9 billion worth of scholarships to workers working at SMEs and their children, and KRW 1.5 billion worth of national economic education and mentoring projects.
- In particular, the Happiness Network Project has a virtuous-cycle structure to address economic, emotional, and cultural poverty by offering mentoring services through sisterhood relations between scholarship students, patients with rare and incurable diseases, and children of low-income families.

#### Free Treatment for Foreign Workers at SMEs and Multicultural Families

We have implemented the social contribution service of sharing love and health with free treatment in 8 medical fields including ophthalmology, otolaryngology, and dentistry, targeting 455 multicultural families and SMEs’ foreign workers who have difficulties receiving treatment for various diseases.

#### Support for SMEs’ Foreign Workers and Multicultural Families

During the multicultural festival on Chuseok we hosted for foreign workers and multicultural families’ children, we held cultural events including various countries’ traditional play experiences and offered food from each country for free. In this manner, we cheered up foreign workers who could not visit their home countries during the traditional holiday.

Free Treatment for Foreign Workers



#### Case of Free Treatment for Foreign Workers

Nazrul Islam, who came to Korea from Bangladesh to fulfill his Korean dream, graduated from college, the only one to do so out of 4 sons and 2 daughters in his family. To make money, he got a job at a textile factory in Pocheon in October 2010 but was diagnosed with chronic renal insufficiency. Although, his older brother in Bangladesh decided to donate his kidney, Nazrul Islam could not even consider undergoing surgery due to the huge cost. In November 2011, however, he got connected with IBK and completed the kidney transplant surgery. Today, he is working again.





## Participatory Social Contribution Activities

IBK dreams of social contribution activities harmonized with our society. We are doing our very best to create an environment where our employees and all Korean citizens are concerned about social contribution activities and they practice such.

We constantly provide assistance in line with the community's needs and practice voluntary activities – not only head office-centered voluntary activities but also those centered on IBK voluntary service clubs consisting of branch employees nationwide – to implement various types of sharing for the development of both IBK and communities. We strive to disseminate an easy, clean, and healthy donation culture to society through a truly good donation Portal.

### Establishment of Organizations for Social Contribution Activities

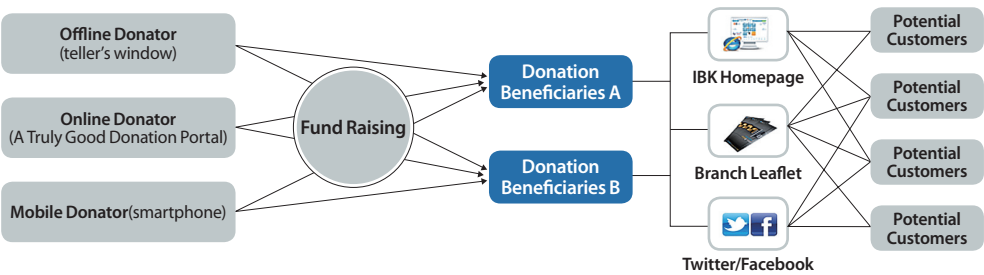
Category	Committee Members	Mission
IBK Love Sharing Fund Management Committee	Planning & Coordination Dept. Manager, PR Dept. Manager, Employee Satisfaction Dept. Manager, General Affairs Dept. Manager, Shared Happiness Dept. Manager	Deliberate and decide on issues and matters related to IBK Love Sharing Fund's management guidelines change, IBK Love Sharing Fund's operation and management, and fund's closing accounts.
Social Contribution Committee	Executive director, Corporate Banking Dept. Manager, Corporate Support Dept. Manager, Institutional Banking Dept. Manager, IBK Consulting Services Dept. Manager, Retail Banking Dept. Manager, Retail Loan Dept. Manager, Marketing Strategy Dept. Manager, Global Business Dept. Manager, Foreign Exchange Business Dept. Manager, Credit Card Dept. Manager, Retirement Pension Dept. Manager, Planning & Coordination Dept. Manager, Management Planning Dept. Manager, Business Management Dept. Manager, PR Dept. Manager, Loan Planning Dept. Manager, Loan Management Dept. Manager, HR Dept. Manager, IT Dept. Manager, Future Planning Office Director, Shared Happiness Dept. Manager	Organization to exchange opinions and discuss development direction on the pending issues of IBK's social contribution services, and to efficiently implement preemptive social contribution services

### Fostering a Sound Donation Culture with Organizations

All of IBK's employees are engaged in social contribution activities. Launched in 2004, the IBK Voluntary Service Group is actively engaged in voluntary activities for communities through the participation of IBK CEO and all employees. As of the end of June 2012, a total of 84 voluntary service clubs(2,065 club members) carried out active volunteer activities in various fields including social welfare centers, facilities for disabled people, and House Repair with Love. To foster a sound donation culture and prepare for social contribution activities, we operate the IBK Love Sharing Fund voluntarily participated in by our employees since 2004. The IBK Love Sharing Fund is operated in matching grant mode wherein IBK contributes the same amount donated by its employees and is used as valuable financial resource for employees' voluntary activities and public services, such as feeding malnourished children, helping poor children in the global village, and donating to disaster relief efforts.

### Dissemination of Community's Donation Culture

IBK opened a Truly Good Donation Portal to link non-profit organizations requiring help with more donors in 2011 New conceptual donation service that has built a system through which sharing can be made without restrictions of space and time, anywhere, anytime, and the donated entities can be transparently operated. As of August 2012, KRW 440,712,873 was raised.



### What is the IBK Love Sharing Fund?

A social contribution activity fund procured in matching grant mode wherein employees have been donating a certain portion of their monthly salary since April 2005 and IBK contributes the same amount to support the underprivileged class



Display of A Truly Good Donation Portal



**Sponsorship of the 2011 One Heart Festival for Disabled People's Families**

We have endeavored to support cultural projects to aid in the understanding of disabled people and instill their rehabilitation in citizens' minds through the sponsorship of the 2011 One Heart Festival for Disabled People's Families held at the special stage in Seoul Plaza.

**Opening of IBK Chamber Hall at the Seoul Arts Center**

As a performance hall with about 600 seats, the IBK Chamber Hall was opened within the Music Hall of the Seoul Arts Center to return love to the Korean people and promote the balanced development of the Korean culture and arts field. We will sponsor cultural activities by jointly planning and producing concerts so that more people can enjoy high-quality performance.

**Supporting a Charity Concert to Help Poor Children in the Global Village**

Supporting the charity concert held in the concert hall of the Seoul Arts Center to help poor children in the global village, we do our best to spread the culture of sharing by sharing in the pain of children suffering from famine and diseases.

## Mecenat Activities



**Sponsorship of the Mokpo City Hall Football Team in the Women's Football WK League**

Through a sponsorship agreement with the Korea Women's Football Federation, we are trying to contribute to the development of unpopular sports support for which is meager. We have also made efforts to activate local sports by sponsoring the Mokpo City Hall Football Team. IBK vows to contribute to the sports industry's development through constant sponsorship.



**Sponsorship of Big Tree Concert for Love of Country**

In commemoration of the Month of Patriots and Veterans in June, IBK helps form a bond of sympathy on the importance of national security and strives to spread the sharing culture by inviting patriots and children from dysfunctional families.



**Operation of Teams in Unpopular Sports**

IBK launched a shooting squad in December 2004 and a volleyball team in August 2011 to draw social attention to unpopular sports. We have been making efforts to promote the balanced development of national sports through systematic support.





#### Sponsorship of Community's Social Welfare Facilities through Onnuri Gift Vouchers of Traditional Markets

We purchased Onnuri Gift Vouchers of traditional markets to play our social role as state bank, promoting branches' voluntary activities along with contribution to traditional markets and supporting social welfare facilities within each regional division.

#### Regular Support for Social Welfare Facilities Nationwide

IBK regularly makes donations to social welfare facilities located nationwide through our regional divisions for social contribution service activation. We are committed to sponsoring continually social welfare facilities nationwide in the future.

#### Helping Flood Victims Suffering from Localized Torrential Downpour in the Central Region

We have made efforts to practice the spirit of sharing with and showing consideration for our neighbors by helping victims of flooding due to the localized torrential downpour in the Central Region of Korea.

#### Inviting Children Living in Islands and Isolated Areas to Seoul

We offered tours in Seoul to 30 children of Dongrang Elementary School to provide them with a vivid, valuable educational opportunity including cultural experience. In particular, we invited children living in islands and isolated areas with inferior cultural environment.

## Domestic and International Social Contribution Activities



#### Subsidy of Rare and Incurable Disease Treatment Expenses

We subsidize the treatment expenses of cash-strapped workers at SMEs and their families who have rare and incurable diseases so that we can share in their pain and give them hope, based on the mindset that we are one big family.

#### Sharing of Kimjang(Winter Kimchi) with Love

About 50 IBK employees made 10,000 Chinese cabbage Kimchi(about 20 tons) at the plaza of the Seoul Museum of History and delivered 10 kg of Kimjang Kimchi to 2,000 members of the underprivileged class within the Seoul area.



#### Procurement of Social Enterprises' Goods

IBK delivered its warm heart to the underprivileged class including the elderly living alone in poor condition by purchasing 300 rice bags(10kg per bag) from a social enterprise, the Three Beans Sharing Center, which pursues public interests such as offering of jobs and social services to the alienated class.

#### Onc Company One Village Sisterhood Relationship

In 2005, IBK forged sisterhood relations with Jeongdang 1-ri Village in Taean-gun, Chungnam. We offer a helping hand to the village -- including picking green peppers and digging for sweet potatoes -- whenever the farm hands are not enough. In addition, we have sponsored the alienated class including social welfare facilities by purchasing agricultural products from them.



#### Signing the Social Contribution MOU with Korean Red Cross

We carry out the improvement of the residential environment including house building and repair for the underprivileged nationwide. In addition, we signed an MOU for social contribution to carry out the global sponsorship service targeting poor children in China and Vietnam. We consistently conduct social contribution activities in this manner.



#### Global Voluntary Activities

IBK launched voluntary activities in Vietnam after holding the Global Voluntary Service Group launching ceremony on Aug. 10, 2011 to extend a helping hand to the alienated class abroad beyond Korea. Consisting of 40 employees, the Global Voluntary Service Group installed drinking water facilities that can be used by 100 households in the Kim Boi area close to Hanoi, Vietnam and offered voluntary services including the replacement of desks and chairs, installation of play facilities, and wall painting for elementary schools as part of the school facilities environmental improvement project.



#### Assistance for Overseas Social Contribution Services

IBK has supported global social contribution services through donations to assist in damage restoration following Japan's disastrous earthquake as part of relief activities of international society. We conducted active global social contribution activities such as expansion of the Minh Tam Vocational Training Center in Hanoi, Vietnam, construction of the new Hanoi Korean School, building of a new Nepal school, and sponsorship of Peking University. We have also subsidized the college education and living expenses of Korean descendants living in Mexico and sponsored 547 children in impoverished countries for three years since 2008.



#### Multicultural Festivals for Foreign Workers

We have taken time out to cheer up lonely foreign workers -- who cannot visit their home countries during the Korean traditional holidays -- through various programs that let them experience Korean traditional culture including pounding on rice cake and Korean classical music performance as well as sharing each country's cuisine and traditional culture.



## Third-Party Opinion Statement by the Review Committee on the Sustainability Report

The formation of the External Review Committee on the Sustainability Report(“the Committee”) is meaningful since it can diagnose the status of IBK’s social responsibility management through communication with external stakeholders and set the direction for moving forward. The primary purpose of the Committee is to help address the areas for improvement by analyzing and drawing up the standards of the sustainability report. Through this, we wanted to offer additional suggestions to consolidate corporate competitiveness by identifying the risk and opportunity factors of IBK. The review statement has been drawn up to review the report details immediately before the printing of the report and refer to the statement for sustainability management system development within the organization. Reliability verification was not conducted for the assertions and data presented in the sustainability report; neither did the review statement present any relevant opinion. The Committee reviewed the report from Sept. 28 to Oct. 4, 2012, and opinions were shared by holding a meeting on Oct. 5. The Committee delivered the review statement personally, and it does not represent the organization’s opinion.

### Sustainability Management Sector

The 2011 sustainability report shows that more consolidated stakeholder communication and materiality test were carried out compared to the previous reports. The 2011 report also reflected the various stakeholders’ voices. In addition, the expectations and needs of stakeholders were identified in the IBK sustainability report based on the stakeholder questionnaire survey. In the aspect of deducing challenging tasks through mutual communication and organizational response, the report is considered to follow such faithfully. Through the materiality test, the report identified important sustainability management issues from the viewpoints of internal/external concerns and risks. Note, however, that management of and response to stakeholders are the main theme of the report. In this regard, two-way communication with stakeholders needs to be attempted. IBK should also build an operational system and a responsibility structure for sustainability management and make mid- and long-term plans.

### Governance

The report shows the total number of board meetings held and the number of items on the agenda. Likewise, the report has described the principle of convening each committee, conditions of opening a meeting, and issues handled. Nonetheless, the report needs to prove whether the mechanism of control and balance works properly through appropriate deliberation on key issues by the board and each committee using specific information on the agenda items dealt with in each meeting, approval rate, and number of people present in each meeting. The report should also include the independence guarantee of the board through the transparent disclosure of outside directors.

### Environment

IBK’s green consulting can be an excellent activity that takes into account the environment, SMEs, and IBK’s sustainability. IBK needs to enhance such activity as its specialized activity. IBK should systematically build the environmental management system, which involves systematically managing all organizational activities or products and services-related

environmental impacts. IBK needs to present the environmental management vision it pursues, set short-term goals, and present action strategies. This way, IBK’s environmental activities can be shared with the members and connected with performance. This report actually comes up short in these aspects.

### Climate Change

IBK’s engagement in CDP since 2011 and the best performance attained in the banking sector are worthy of praise, and the sustainability report needs to explain such adequately. The report should also discuss how IBK identifies the risk and opportunities factors related to climate change and how IBK responds to them.

### Society

IBK’s efforts to develop products for financially alienated people and to expand opportunities to access those financial products are laudable. These activities need to be sustained constantly and to be introduced to various stakeholders. If IBK’s purpose is to provide funding support to SMEs, IBK needs to report the activities, services, or projects for its employees as well. These activities can be good examples of IBK’s social role. As for the reported details in the social sector, the quantitative and qualitative performance reports are asymmetric, concentrating on communities and social contribution activities. There is a need to balance between various stakeholders’ activities and performance reporting.

### Suggestions for Improvement

IBK’s sustainability report needs to add specific items to be pursued to put sustainability management into practice, including detailed challenges to be accomplished, objectives, and periods for achieving the objectives. Moreover, organizations in charge of sustainability management need to be established. The sustainability report is part of sustainability management and should be in line with the comprehensive process to implement strategies and challenges established at the organizational level and to evaluate performance. Through this, IBK can have a clear performance evaluation system for sustainability management and improve performance from the long-term perspective. The sustainability report is also expected to be used as a means of cooperating with stakeholders and to acquire useful information within the organization. We suggest improving the index reporting level further according to the GRI G3.1 standards and raising the quantitative information ratio in future sustainability reports. We also recommend offering a sustainability report trusted by stakeholders through third-party assurance on the accuracy and objectivity of the reported data, sustainability management’s internal process reliability, and computation grounds of performance.

Oct. 2012

External Review Committee for the IBK Sustainability Report  
Sustainability Management Team of Hankyoreh Economic Research Institute  
Lee Jong-oh, Director of KoSIF  
Shin Tae-joong, Director of the Center for Good Corporations  
Park Joo-won, Managing Director of Korea CSR

## GRI Index

■ Fully Reported   ■ Partially Reported   □ Not Reported   N/A Not Applicable

### ● STANDARD DISCLOSURES PART I : Profile Disclosures

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1.2	Description of key impacts, risks, and opportunities	■	5
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2.4	Location of organization's headquarters	■	9
2.5	Location of organization's overseas operation	■	9
2.6	Nature of ownership and legal form	■	9
2.7	Markets served	■	9
2.8	Scale of the reporting organization	■	9
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3.5	Process for defining report content	■	14~17
3.6	Boundary of the report	■	Cover
3.7	State any specific limitations on the scope or boundary of the report	■	Cover
3.8	Basis for reporting that can significantly affect comparability from period to period and/or between organizations.	■	Cover, 9
3.9	Data measurement techniques and the bases of calculations	■	Cover, 13
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	■	Cover
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	■	Cover
3.12	Table identifying the location of the Standard Disclosures in the report	■	71~74
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4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	□	21
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4.15	Basis for identification and selection of stakeholders with whom to engage	■	14~15
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	■	14~15
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	■	14~15



● STANDARD DISCLOSURES PART II: Performance Indicators

Economic Performance			
Index	Description	Reporting Level	Page and Remarks
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EN5	Energy saved due to conservation and efficiency improvements	■	55
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EN7	Initiatives to reduce indirect energy consumption and reductions achieved	▣	55
EN8	Total water withdrawal by source	▣	57
EN9	Water sources significantly affected by withdrawal of water	□	
EN10	Percentage and total volume of water recycled and reused	□	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	Not Applicable
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	N/A	Not Applicable
EN13	Habitats protected or restored	N/A	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	□	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	□	
EN16	Total direct and indirect greenhouse gas emissions by weight	■	57
EN17	Other relevant indirect greenhouse gas emissions by weight	□	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	■	55, 57
EN19	Emissions of ozone-depleting substances by weight	N/A	Not Applicable
EN20	NOx, SOx, and other significant air emissions	N/A	Not Applicable
EN21	Total water discharge by quality and destination	□	
EN22	Total weight of waste by type and disposal method	□	
EN23	Total number and volume of significant spills	N/A	Not Applicable
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	N/A	Not Applicable
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	N/A	Not Applicable
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	▣	59
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	▣	55
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	□	No Violation Case of Law
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	▣	55
EN30	Total environmental protection expenditures and investments by type	□	

Social Performance			
Labor			
Index	Description	Reporting Level	Page and Remarks
LA1	Total workforce by employment type, employment contract, and region	■	46
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	▣	47
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	■	47~48
LA4	Percentage of employees covered by collective bargaining agreements	■	49
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	□	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	□	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender	□	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	■	50, 65
LA9	Health and safety topics covered in formal agreements with trade unions.	■	49
LA10	Average hours of training per year per employee by gender, and by employee category	■	47
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	□	
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	■	47
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	■	21
LA14	Ratio of basic salary and remuneration of women to men by employee category	□	
LA15	Return to work and retention rates after parental leave, by gender	□	
Human Rights			
Index	Description	Reporting Level	Page and Remarks
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	□	
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	□	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	■	23, 49
HR4	Total number of incidents of discrimination and corrective actions taken	□	
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	■	49
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	□	
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	■	13
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	▣	23
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	□	No Violation Case.
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	□	
HR11	Number of grievances related to human rights filed, addressed and resolved through formal	□	
Social: Society			
Index	Description	Reporting Level	Page and Remarks
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	■	41, 66~70
SO2	Percentage and total number of business units analyzed for risks related to corruption	N/A	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	■	23
SO4	Actions taken in response to incidents of corruption	■	23
SO5	Public policy positions and participation in public policy development and lobbying	□	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	□	
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	□	Not Relevant
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	□	Not Relevant
SO9	Operations with significant potential or actual negative impacts on local communities	N/A	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	□	



Financial Services Sector Supplement			
Product Safety			
Index	Description	Reporting Level	Page and Remarks
PR1	Policy for customer's health and safety	<input type="checkbox"/>	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services	<input type="checkbox"/>	No Violation Case
PR3	Type of product and service information required by procedures	<input checked="" type="checkbox"/>	59
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	<input type="checkbox"/>	No Violation Case
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	<input checked="" type="checkbox"/>	28~30
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	<input checked="" type="checkbox"/>	31
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	<input checked="" type="checkbox"/>	Not Relevant
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	<input checked="" type="checkbox"/>	32
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	<input type="checkbox"/>	Not Relevant
Financial Services Sector Supplement			
Index	Description	Reporting Level	Page and Remarks
FS1	Description of policies, with specific environmental and social components applied to business lines	<input checked="" type="checkbox"/>	54
FS2	Description of procedures for assessing and screening environmental and social risks in business lines	<input type="checkbox"/>	
FS3	Description of processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	<input checked="" type="checkbox"/>	59
FS4	Description of processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	<input checked="" type="checkbox"/>	57
FS5	Interactions with clients/investors/business partners regarding environmental and social risk and opportunities	<input type="checkbox"/>	
FS6	Percentage of the portfolio for business lines by specific region, size and by sector	<input checked="" type="checkbox"/>	59
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business	<input checked="" type="checkbox"/>	42~43, 64
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	<input checked="" type="checkbox"/>	59
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	<input checked="" type="checkbox"/>	58
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental and social issues	<input type="checkbox"/>	
FS11	Percentage of assets subject to positive and negative environmental and social screening	<input type="checkbox"/>	
FS12	Voting policies applied to environmental and social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting	<input type="checkbox"/>	
FS13	Access points in the low-populated or economically disadvantaged areas by type	<input checked="" type="checkbox"/>	64, 66, 69
FS14	Initiatives to improve access to financial services for disadvantaged people	<input checked="" type="checkbox"/>	7, 64
FS15	Policies for the fair design and the sale of financial products and services	<input checked="" type="checkbox"/>	24~25, 33, 64
FS16	Initiatives to enhance financial literacy by type of beneficiary	<input checked="" type="checkbox"/>	41

We cordially ask for your participation

To:  
Shared Happiness Dept. of IBK  
FAX 82 02-729-7977

Thank you for your time and effort to read this 2011 IBK Sustainability Report. We will strive to draw up a better report by communicating with you. Kindly send us your comments on this sustainability report, and we will reflect them on our sustainability management activities and report. We cordially ask for your participation in this survey based on your support and affection for IBK.

1. What do you think of this report?

Contents: ☐ Good ☐ Fair ☐ Insufficient  
Understanding Extent: ☐ Difficult ☐ Fair ☐ Easy

2. Which items or section of this report impressed you?

Sustainability Management  
☐ 2011 Highlights ☐ CEO Massage ☐ Company Profile ☐ Vision of IBK  
☐ Management Performance ☐ Stakeholders ☐ Voice of Stakeholders ☐ Framework to Deduct Key Issues  
☐ CSR Experts Committee ☐ Corporate Governance ☐ Ethical Management ☐ Risk Management

A Truly Good Consideration\_Customers  
☐ Customer Satisfaction ☐ Communication with Customers ☐ Customer Protection

A Truly Good Partnership\_SMEs  
☐ Financial Support ☐ Management Aid ☐ Support Local SMEs  
☐ Consolidation of Efforts to Foster Middle Standing Firms

A Truly Good Communication\_Employees  
☐ Best Human Power ☐ Best Workplace ☐ Best System

A Truly Good Future\_Environment  
☐ IBK's Environmental Leadership ☐ Green Finance ☐ Environmental Management Support  
☐ Engagement in Initiatives

A Truly Good Sharing\_Communities  
☐ Support for Financially Alienated Class ☐ Support of SMEs  
☐ Participatory Social Contribution Activities ☐ Domestic and International Social Contribution Activities  
☐ Mecenat Activities

3. Please freely write down your opinion on good things or things to improve in this report.

4. In which of the following groups do you belong?

☐ Retail Customer ☐ Corporate Customer ☐ Private Investor ☐ Institutional Investor  
☐ Person in Charge of Companys' Sustainability Management/CSR ☐ Researcher and Educator  
☐ NGO ☐ Media ☐ Government/Public Service  
☐ Student ☐ IBK's Employee  
☐ Others ( )

Thank you!







## Engagement in Global Initiatives



IBK, which became a member of the UN Global Compact in 2006, complies with the 10 principles on human rights, labor, environment, and anti-corruption.

### CARBON DISCLOSURE PROJECT

IBK is actively engaged in CDP to cope with climate change. It was selected as a leader in the banking sector in 2011.