Sharing

TRULY GOOD BANK, IBK

2013 SUSTAINABILITY REPORT

About Report

Introduction to the Report

This report is the fourth sustainability report of IBK, a partner of small and medium-sized enterprises (SMEs) and the leader in financing and banking for ordinary people. We have drawn up this report to present the performance of IBK in social responsibility management for 2012 and listen to stakeholders' opinions on such performance.

Features of the Report

IBK has set material issues through its homepage, Web mail, and questionnaire surveys for clearer communication with stakeholders. This report has reviewed key issues cited in the 2012 sustainability report and has described performance and future directions. As one of the characteristics of the 2013 sustainability report, it has detailed core performance in four areas – customers, SMEs, employees, and communities – together with IBK's sustainability management system. This means we have actually reorganized the previous year's five areas: customers, SMEs, employees, communities, and environment. This is because IBK's overall management activities are grafted onto environmental management.

Principles in Drawing up the Report

This report has been drawn up based on GRI (Global Reporting Initiative) Guidelines G3.1, FSSS (Financial Services Sector Supplement), and AA1000APS (AccountAbility Principles Standard). IBK's management performance has been detailed based on K-IFRS (Korean equivalent of the International Financial Reporting Standards). The currency unit used in the report is Korean won.
We have introduced material issues in each of the areas of customers, SMEs, employees, and communities and have divided some parts into mission and vision, system, and performance to make this report a more systematic one.

Reporting Period and Scope

The reporting period, based on IBK's performance, was from January to December 2012; IBK's quantitative performance has been reported with December 2012 as the basic point. Data with different basic points have been indicated accordingly. For quantitative data, data for the past three years have been reported together so that time series analysis can be conducted, if possible. Some qualitative performance actually includes activities during the first half of 2013.
The reporting scope encompasses the activities and performance of the IBK head office and domestic branches. In the case of overseas branches, we report our performance in a limited scope. We will endeavor to report more comprehensively the performance of overseas branches – starting with China – in the 2014 sustainability report.
The 2013 IBK Sustainability Report has been drawn up in Korean and English; we at IBK strive to report our social responsibility performance annually.

Assurance of the Report

This report has received third-party assurance from KOSIF (Korea Sustainability Investing Forum) to assure the credibility of the overall report details, data collection, and process of drawing material issues. The assurance results are presented on pages 79 and 80 of this report.

Additional Information Offering

Readers can check various kinds of information on IBK's management activities on IBK's homepage, annual reports, etc. This report, together with the previous sustainability reports, can be checked in the sustainability report category on IBK's homepage (www.ibk.co.kr). Should you have opinions or queries or need additional information on this report, please feel free to contact us at:

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Dear customers, shareholders, government agencies, and citizens:

I would like to express my heartfelt gratitude to all our stakeholders for continuously supporting and encouraging IBK through their unwavering love and affection.

The year 2012 was a difficult one in terms of economic conditions worldwide, due mainly to the financial crisis in the Euro zone and delayed economic recovery in the US. The ripple effect wielded influences on our economy; thus, small and medium-sized enterprises (SMEs) and ordinary people went through huge ordeals.

Doing its best for SMEs' development and delivering warmhearted banking to ordinary people, IBK provided KRW 100 trillion in loans for SMEs for the first time ever in the financial sector amid the difficult economic situation. The number of its retail customers also passed the 1 million mark for the second consecutive year. Through the bridgeheads we secured for overseas penetration for future growth engines, all our employees cemented the fundamental framework of sustainability management while enhancing competitiveness harmoniously.

We at IBK strive to lead an economic virtuous circle, sharing our accomplishments with society. We wish to make banking and financing customer-friendlier and easier to access by reorganizing the interest rate system for their easy understanding and by reducing the maximum lending rate to one digit. We also declared year 2013 as the Innovative Year for Financial Consumer Protection, established the Financial Consumer Protection Center, and vowed to put the highest priority on consumer protection and customer happiness.

SMEs are the very basis of IBK's foundation. We willingly assist in SMEs' management in various ways including financial support for win-win growth with SMEs, which account for about 99% of Korean businesses. Through IBK consulting to help SMEs and middle standing companies take off as world-class companies, IBK presents comprehensive solutions in various sectors including management, accounting, tax affairs, legal affairs, and environmental management. To deal with the manpower shortage of SMEs and youth problem, we have been operating Job World, a free employment portal specializing in SMEs, since 2009. We actually provide various social contribution services engaging stakeholders, based on the spirit of sharing and consideration. In particular, Truly Good Meal Service Vehicle of Love for the underprivileged in communities and Truly Good Nature Sharing to experience nature in national parks are earning raves. With various education/training services including financial and economic education and free customer satisfaction (CS) education, we have disseminated the talent contribution culture in and outside IBK. In particular, we offer many financial products and services support projects so that actual financial benefits can be distributed to the alienated class. In recognition of all these efforts, IBK earned the most excellent grade among 16 banks in the performance evaluation of financial support for ordinary people conducted by the Financial Supervisory Service in 2012.

IBK pledges to become a bank for sharing and consideration – and which can give actual help to SMEs and socially underprivileged class – through ethical and right path management by complying with domestic and international laws and regulations and IBK's code of ethics and through internal stability management that places the highest value on customer happiness. We will make all-out efforts to become the world's top-notch bank that fulfills its social responsibilities as truly required by citizens, while abiding by global standards such as the ten principles of the UN Global Compact and CDP.

Jun-Hee Cho
Chairman & CEO of IBK

"We at IBK will strive to become the world's top-notch bank that fulfills its social responsibilities."

Highlights in 2012

Economy

Deposits procured through teller windows exceeding KRW 100 trillion

- Deposits exceeded KRW 100 trillion in 2012, following KRW 50 trillion in 2007 and KRW 80 trillion in 2010
- Recorded KRW 20 trillion increase in 18 months

Moody's and Fitch, two of the world's top three international credit rating agencies, raised IBK's credit rating

- IBK's credit rating was upgraded from A1 to A3 by Moody's in August 2012 and from A+ to AA- by Fitch in September 2012
- Ranked No. 5 among the 50 safest banks in the emerging market by US financial journal Global Finance in January 2013

Net increase to 1 million retail customers for the second consecutive year

- The number of new retail customers broke the 1 million mark for two years in a row following 2011

Employees

Public recruitment of multicultural families and marriage immigrants together with the employment of disabled people

- Publicly employed people from multicultural families and marriage immigrants as the first commercial bank to do so
- Employed disabled people beyond the mandatory disabled people employment ratio (2.5%) for the first time in the financial sector; operated the routine employment system for disabled people

Realizing HR management centered on passion and performance regardless of educational background and family origin

- Realized transparent and open HR management by ignoring educational background and family origin; laid the foundation for all employees to be promoted based on passion and performance alone

Declaration of in-house civil liberties charter

- Proclaimed the joint labor-management civil liberties charter for the first time ever in the industry

Communities

Setting up teller windows for banking for ordinary people and developing financial products for them

- Set up windows for ordinary people's banking at two branches, opened new branches
- Developed the IBK Steppingstone Lease Fund, IBK Loans to Convert High Interest-bearing Loans for Young Collegians

Industry Leader in the financial sector in CDP (Carbon Disclosure Project)

- Selected as the financial sector's industrial leader in 2012
- Participated in the working-level group of the Climate Change Disclosure Committee affiliated with CDP

Systematic social contribution activities

- Activated Truly Good Donation, a platform of social contribution fund
- Expanded the Truly Good Meal Service Vehicle of Love
- Enhanced the Truly Good Love of Country to honor noble sacrifice for the country

SMEs

Loans for SMEs exceeded KRW 100 trillion for the first time ever in the financial sector

- The balance of loans for SMEs recorded KRW 100.3 trillion in April 2012 for the first time ever in Korea

Proactive interest rate cut; highest rate of loans for SMEs reduced to 9.5% p.a.

- To share in SMEs' difficulties in the management environment due to the long-term economic recession, the lending rate, which was a maximum of 17% p.a., was reduced to a maximum of 9.5% p.a. (as of Jan. 2013)

Expanding green management consulting

- Increased consulting specialists to some 70 people
- As of December 2012, 742 companies in the cumulative term; as of July 2013, 1,051 companies in the cumulative term

Customers

Building system for financial consumer protection

- Declared Our Resolution of putting the highest priority on financial consumer value
- Founded the Financial Consumer Protection Center
- Enacted the operation criteria for preventing irrational discrimination activities

Awarded the grand prize in the 2012 Personal Information Protection Awards

- Received the Committee Prize (highest grade) from the Presidential Personal Information Protection Committee
- Set up the Information Protection Center

Increase in Customer Convenience

- Realized smart bank by setting up smart branches
- The number of ATM+pay phone booths, a new-concept channel, exceeded 2,000 units. (as of Oct. 2012)

Company Profile

IIBK was founded in 1961 pursuant to the Industrial Bank of Korea Act to establish an efficient credit system for SMEs and promote their smooth economic activities. It was released from its appointment as public agency by the government in January 2012, since IBK was deemed to have the foundation to grow through autonomous management. With this, our management autonomy in terms of manpower operation, budgeting, and management assessment, among others, expanded; such expansion has become an opportunity to consolidate our market competitiveness. Meanwhile, the bank's stability is retained without change as in the past through the Industrial Bank of Korea Act as the basis of IBK's foundation, despite the cancellation of IBK's appointment as a public agency.

Contributing to national economic development and growing into an outstanding bank loved by Korean people, IBK provided KRW 6.1 trillion in loan support – a whopping 106.2% net increase from the KRW 5.8 trillion total net increase of loans for SMEs in the banking sector at the end of 2012. We also achieved remarkable loan performance, with loans for SMEs exceeding KRW 100 trillion in September 2012 for the first time ever in the Korean banking sector. As of the end of 2012, the number of our retail customers increased by 1,054,000 people in 2011 to 11,522,000 – that means more than 1 million retail customers for two consecutive years.

Based on the strategy of building operation strongholds in the four corners of the world, IBK signed comprehensive business agreements with global leading banks including Deutsche Bank – Germany's largest bank – and Banco Santander and Bank of China in 2012. We are committed to establishing a new branch network in the Asian region – where many Korean SMEs enter – and to building an Asian Financial Belt through the signing of MOUs with local leading banks in other regions.

CI Introduction

참! 좋은 은행 IBK기업은행

- **Brand slogan:** A Truly Good Bank, IBK's promise to offer the best value to key stakeholders
- **Tilted square**: It symbolizes dynamic and progressive energy to veer away from stillness and move forward.
- **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.
- **I**: "I" means customer. It symbolizes the corporate philosophy of IBK to put customers first.
- **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.

Status of Company

Name of Bank	Industrial Bank of Korea(IBK)
Date Established	August 1, 1961
CEO	Cho Jun-hee
No. of Employees	11,360
No. of Branches	655(Overseas branch included)
Address of Head Office	50, Eulji-ro 2-ga, Jung-gu, Seoul, Korea
Capital	3,219,869
Total Assets(KRW million)	190,762,068
Net Income(KRW million)	1,120,552

*As for overseas branches in China, 11 branches are operated under IBK China corporation

Status of Dividends

Unit: see category

Category	2012	2011	2010
Net income/Net loss(KRW million)	1,120,552	1,552,216	1,389,667
EPS(KRW)	1,695	2,365	2,111
Total amount of dividends (KRW million)	257,590	373,505	264,029
Propensity to dividend (%)	22.99	24.06	20.46

Status by the Number of Shares Owned

Unit: see category

Category	No. of shareholders (people)	Ratio(%)	No. of shares owned (shares)	Ratio(%)
Government	1	0.00	374,583,387	68.60
Government-managed company	2	0.00	8,686,245	1.590
Pension fund	1	0.00	141,400	0.03
Bank	6	0.00	463,847	0.08
Securities company	34	0.04	9,154,005	1.68
Insurance company	14	0.01	1,867,002	0.34
Investment trust	408	0.51	24,570,409	4.50
Other corporations	705	0.87	93,906,009	17.20
Individual investor	80,295	98.57	32,629,126	5.98
Total	81,466	100.00	546,001,430	100.00

Ratio of shares owned

Unit: %

- Government and related agencies
- Pension fund and financial institutions
- Other corporations
- Individual investors

Domestic Branches

Status of Domestic and Overseas Branches

Unit: branches

Classification	Branch	Sub-branch office	Office	Total
Domestic	582	66	-	648
Overseas	5	-	2	7*
Total	587	66	2	655

*As for overseas branches in China, 11 branches are operated under IBK China Corporation.

Overseas Branches

* Based on June 2012

History and Awards

1961. 8. 1	Established the Small and Medium-sized Businesses Bank
1994. 11. 30	Registered on KOSDAQ
1997. 11. 29	Transformed from a government-invested company into a government-affiliated one
2003. 12. 24	Listed on the Korea Stock Exchange
2004. 9. 6	Next-generation system operated
2007. 1. 4	Changed its CI
2008. 5. 29	Established IBK Investment and Securities
2009. 6. 22	Established Domestic Corporation in China
2009. 12.29	Selected as pilot institution of the public agency autonomous management system
2010. 1. 4	IBK core values declared
2010. 10. 28	Awarded the grand prize in the 2010 Korea Sustainability Management Awards
2011. 5. 12	Number of retail customers exceeded 10 million
2011. 10. 14	Recorded 10 million retail customers
2011. 11. 4	Environment Minister's Commendation in climate change response for low carbon, green growth
2011. 11. 29	Recipient of Award of Excellence in the Company History Sector in the 2011 Korea Communication Awards
2011. 12. 5	Named excellent agency in anti-money laundering
2011. 12. 13	Presidential Citation in Customer Satisfaction in the 37th Customer Quality Awards
2011. 12. 16	Selected as the best agency in public agency integrity evaluation for two consecutive years
2012. 1. 13	Won the Presidential Citation in the 2011 Outstanding Job Creation Company Awards
2012. 1. 31	Un-designated as public agency
2012. 3. 14	'Received the Grand Prize in the 2012 Bell Risk Manager Awards for the third consecutive year
2012. 3. 30	Balance of loans for SMEs reached KRW 100 trillion
2012. 5. 29	'New Ordinary People Serving Bankbook selected as hit product in the first half by Asia Business Daily
2012. 8. 27	IBK's credit rating raised by Moody's from A1 to Aa3
2012. 9. 13	IBK's credit rating upgraded by Fitch from A+ to AA-
2012. 10. 22	50,000 young people employed through Job World
2012. 10. 31	Won the CDP Industrial Leader Award for the second consecutive year
2012. 11. 23	IBK Smart Touch received the Grand Prize in the 3rd App Award Korea
2012. 12. 4	Won the Grand Prize in Korea's Communication Management Awards

Status of Subsidiaries

Unit: see category

Company Name	Address	Main business	Date Established (Y/M/D)	Capital	No. of Shares Owned	Ownership
IBK Credit Information Co., Ltd.	Yeoksam-dong, Gangnam-gu, Seoul, Korea	Claim collection, credit check	2000.1.18	30	600,000	100
			(2000.1.17, etc.)			
IBK Insurance Co., Ltd.	Bongraedong 1-ga, Jung-gu, Seoul, Korea	Insurance business	2010. 7. 9	900	18,000,000	100
IBK Asset Management Co., Ltd.	Yeoido-dong, Yeongdeungpo-gu, Seoul, Korea	Asset Mgt. business, investment consulting business, investment entrustment business	2004. 10. 26	200	4,000,000	100
IBK China Ltd.	Tianjin, China	Banking business	2009. 6. 22	3,225	-	100
IBK Securities Co., Ltd.	Yeoido-dong, Yeongdeungpo-gu, Seoul, Korea	Finance and investment business	2008. 5. 29	3,770	60,000,000	79.58
IBK System Co., Ltd.	Chungmuro 2-ga, Jung-gu, Seoul, Korea	IT outsourcing, system development and establishment	1991.3.22 (1991.3.20, etc.)	31	3,449,000	55.63
IBK Capital Corporation	Yeoksam-dong, Gangnam-gu, Seoul, Korea	New technology banking business, installment banking business, factoring banking business	1986. 11. 1	1,655	33,090,308	100

Note) In case the date of establishment and the date of acquisition are different, the latter is indicated in ( ).

Organizational Structure

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

*based on the end of March 2013

Mission and Vision

Core Values

IBK regards customer happiness as the most important core value. We strive to enhance trust with a mindset of assuming responsibility for the happiness of customers and stakeholders. We are doing our very best to maximize organizational capacity through teamwork that acknowledges and considers one another. We endeavor to become a bank that shapes the future through relentless development of creative thinking and demonstration of excellent execution capability.

Management Philosophy

IBK wishes to become a bank that nurtures dreams and hopes to realize our core value of "customer happiness." Such management philosophy carries the dreams and hopes of customers, employees, IBK, and society. We are committed to supporting customers' dreams and hopes, improving employees' quality of life through a workplace where they enjoy working, and laying the foundation to become a top-notch bank by searching for new growth engines. We will embody such basic spirit and core value with onsite management, ethical and right path management, and internal stability management.

Vision

IBK makes an effort to become a true partner of customers and a bank in harmony with citizens by fulfilling its corporate social responsibility. We support the harmonious development of economic, social, and environmental circumstances with a new future in finance, pursuing the happiness of all retail and corporate customers, employees, and communities.

Mid- and Long-term Management Strategies

IBK pledges to be the bank of all Korean citizens with its true and differentiated management activities based on sharing and consideration. We aim at implementing financial policy smoothly and realizing stable growth to cope with the era of persistent low growth. We will cement earnings creation competency and carry out ethical and right path management through internal stability and transparent management by strengthening our responsiveness to rapidly changing economic conditions beyond merely expanding the business scale.

*逢山開道 遇水架橋(Bongsan Gaedo Woosu Gagyo) : Build a road when you meet God, construct a bridge when you encounter water (Samgukji Yeonui : Romance of the Three Kingdoms)

Corporate Governance

Composition

The board of directors (BOD) of IBK consists of the IBK President, managing directors, and outside directors boasting of expertise and ample practical work experiences. Outside directors account for more than the majority. The BOD carries out decision making throughout IBK's management from an objective, rational perspective, and its independence is guaranteed. A Management Council has been set up to deal with matters delegated by the BOD as per the articles of incorporation, and its organization and operation are set forth by the BOD. Likewise, there are three committees under the BOD: Steering Committee, Management Development Compensation Committee, and Risk Management Committee. The BOD is chaired by the IBK President as the top management. An auditor can attend the BOD meeting and present opinions.

Status by the Number of Shares Owned

Category	Name	Career	Remarks
Director	Jun-hee Cho	IBK President	Chairman of the Steering Committee
	Gyu-tae Kim	Executive director	Steering Committee, Risk Management Committee
outside director	Jong-gu Lee	Lawyer at Kim & Chang Law Firm	Steering Committee, Management Development Compensation Committee, Chairman of the Risk Management Committee
	Yong Cho	Former standing committee member of the Financial Supervisory Commission Former Deputy Governor for Political Affairs of Gangwon-do	Chairman of the Management Development Compensation Committee, Steering Committee
	Jae-han Ryu	Former CEO of Korea Finance Corporation	Steering Committee, Management Development Compensation Committee, Risk Management Committee
	Mi-sook Han	Former SME Secretary of the Executive Office of the President	Management Development Compensation Committee

Operation and Performance

The BOD meeting is convened every quarter or at any time at the request of the IBK President or two directors. The BOD mainly resolves and deliberates on the establishment and change of business plans, convening of the general shareholders' meeting and agenda items to be presented, approval of risk management master plan, etc. According to the BOD regulations, a resolution is made when more than the majority consents to the agenda items presented to the BOD. The BOD plays a pivotal role in resolving major management issues/matters that require sharing with employees, such as new vision and mid- and long-term strategies. The BOD held 10 BOD meetings in 2012 and resolved and received reporting on 48 agenda items. The rate of BOD members' attendance to the BOD meeting was 95%.

Committees Affiliated with BOD

The BOD operates three committees: Steering Committee, Management Development Compensation Committee, and Risk Management Committee. Each committee's activities play a role in improving effectiveness, professionalism, and transparency through meetings in each specialized field.

Steering Committee

Chaired by the IBK President, the Steering Committee consists of a managing director and up to three outside directors. The committee meeting is convened every quarter or at any time at the request of the committee chairman or two committee members. The committee deliberates on and resolves improvement measures for the operation and procedures of the BOD, committees within the BOD, shareholder value enhancement, and measures to protect stakeholders' profits. Four meetings were held in 2012.

Management Development Compensation Committee

The Management Development Compensation Committee is composed of up to four outside directors and is convened every quarter, in principle. Note, however, that the committee meeting can be convened at any time at the request of the committee chairman or two committee members. The committee deliberates on and resolves the performance assessment, compensation of standing board members and executive officers, and review and approval of the fringe benefit system for those board members and officers. One committee meeting was held in 2012.

Risk Management Committee

The Risk Management Committee consists of the committee chairman and up to two outside directors appointed by the BOD. In principle, the committee meeting is convened every quarter or at any time at the request of the committee chairman or two committee members. The committee deliberates on and resolves the risk management master plan submitted to the BOD for consideration and key issues/matters pertaining to credit rating and estimation of credit risk factors. Eight committee meetings were held in 2012.

Ethical Management

Right Path Management for the Realization of Core Values

The realization of IBK's core values starts from the basics of ethical and right path management. We divide key stakeholders into retail and corporate customers, executives, shareholders, employees, and society and continuously carry out ethical activities. These efforts were recognized; we accomplished the remarkable feat of earning grade 3 in the 2012 Public Agency Integrity Measurement Results organized by the Anti-Corruption & Civil Rights Commission.

Policy and Strategy

IBK believes that employees' improvement and maintenance of integrity make for one of the most important axes in the financial institution's right path management. We internally establish strategies and plans for implementation for integrity improvement to internalize ethical management in all our management strategies.

Plans to Improve Integrity

Systems

IBK develops diverse and specific programs for all its employees to engage naturally in business through programs for practicing ethical management. We operate and monitor our reporting centers, which guarantee the informants' anonymity. We also collect internal and external stakeholder opinions on ethical management through the reporting centers and various channels and reflect them on our ethics education and systems to improve them.

Ethical Management Practice Programs

IBK runs various programs aimed at disseminating positive recognition of ethical management and conducts ethical management. We will endeavor further for the diffusion of employees' ethics awareness through easy and specific programs.

Self-diagnosis on Ethical Compliance	● Employees themselves diagnose the details for diagnosis through IBK's internal communication network by selecting the monthly diagnosis items. ● Strengthening the commitment to ethical management undertaking by operating a self-diagnosis program for compliance with laws
Monthly Theme in Ethical Practice	● Selecting an outstanding theme through a public contest of themes to instill ethics and integrity awareness among employees ● Sharing the ethical items to be maintained by employees in each month
Clean Contract System	● Securing the transparency of procedures and fairness of transactions upon contracting, including various services and goods purchase ● Refraining from giving and receiving bribes between contract parties, meting out mutual punishment upon violation
Job Integrity Contract System of Officers	● Maintaining a high level of integrity in performing duties as senior management, consolidating the commitment to innovation of ethical management practice
Clean Card System	● Ensuring the transparency of execution of expenditure budget and interrupting inappropriate execution in advance ● Limiting the use of cards at member merchants recognized as unsound business or luxurious establishment
Employees' Ethical Awareness Diffusion	● Sending letters from the IBK President on ethics, asking IBK employees and customers for ethical management practice and cooperation during the Korean traditional holidays
Operation of Integrity and Ombudsman system	● Inspecting and guiding branch employees concerning issues such as law compliance, ethics, and money laundering prevention ● Operating the legal compliance consultant system ● Collecting opinions pertaining to legal compliance at the worksite, collecting bottlenecks and difficulties, and consulting for employees
Operating a Whistle-blowing System	● Investigating the objects and details of whistleblowers' tip-off, investigated results handling, and regulations and operation of whistleblowers' protection
Adoption of System to Prevent Budget Waste in Overseas Trip	● Making a public competitive bid with the mandatory size or larger upon selecting overseas travel agencies ● Preparing an instrument that prevents the use of accumulated frequent flyer mileage points for personal purposes
Execution of Outstanding Local HQ Selection System for 2012 Ethical and Right Path Management	● Selecting the outstanding regional division in right path management ● Exterminating abnormal product sales related to marketing ● Fostering an environment for shifting to customer-oriented mindset and establishing a transparent management assessment system

Ethical Management Violation Reporting Center

IBK's internal and external stakeholders can report to the reporting center any unfair or unreasonable situation in the business or transaction process. In this process, the anonymity of the reporting person is absolutely guaranteed.

In-House Education on Ethics

Ethical management education is essential education for all IBK employees. We are enhancing employees' accessibility online and offline and improving the ethical management process through the Internal Control Council.

Consolidation of ethical management and integrity education	● Enhance and establish recognition of ethical management among IBK employees ● Strengthen the mandatory ethical management and integrity education on top of the annual minimum learning hours completion system
Cyber-integrity education	● Operate integrity courses at the IBK Cyber Training Center. ● Foster an environment for employees to understand ethical management more conveniently.
Internal Control Council	● Organize a council consisting of team leaders by department. ● Carry out internal control process improvement and monitoring, employee guidance & training, program development, and information sharing.

Ethical Management Education

Uunit: hours, people

Category	Total education hours			No. of trainees		
	2010	2011	2012	2010	2011	2012
Education on ethical and legal compliance, anti-corruption, fair transaction, accident prevention, personal information protection	26	28	34	2,667	2,995	3,120

Operation of the Legal Compliance Officer System

Financial institutions should comply with laws and regulations, manage assets in a sound way, and protect depositors. Toward this end, the basic procedures and standards (internal control standards) that should be observed by the management and employees of the financial institution concerned in carrying out their duties need to be set forth (Article 23.3.1 of the Bank Law). A financial institution also needs to check the status of compliance with internal control standards. In case it violates the standards, the financial institution must have at least one compliance officer who reports the violation to the Audit Committee (Article 23.3.2 of the Bank Law). IBK operates the legal compliance officer system in keeping with the trend of consolidating internal control including financial consumer protection and accident prevention.

IBK's System of Legal Compliance Support Organization

- Board of Directors: Deciding the basic internal control policy
- IBK President: Establishing an internal control policy
- Business division manager and assistant branch manager: Supervising legal compliance work in the respective duties
- Legal compliance officer: Planning and supervising the bank's legal compliance support
- Consultant on legal compliance support: Inspecting and guiding the branch's legal compliance
- Staff in charge of legal compliance: Performing legal compliance work at the department or branch
- Employee: Complying with various laws and regulations

Risk Management

Background

IBK ensures the transparency and stability of corporate management with effective and systematic risk management in the rapidly changing financial environment. We are doing our best to protect and increase stakeholder profits by putting the highest priority on stakeholder profits under all circumstances.

To cope with uncertainties and ensure soundness, IBK has built risk management organizations consisting of the top experts in the industry. We carry out proactive risk management in various fields – including credit market operation risk and liquidity risk – based on the organizations. Since it set up the Risk Management Team in April 1998, IBK has been continuously engaging in building and operating a risk management system. As a result, we applied the Risk Adjusted Performance Measurement (RAPM) system, credit risk under the High Class Internal Grade Act, and risk supervision expert system for the first time ever in Korea's financial sector, and we have been operating them successfully.

Risk Management Organization and System

IBK has built risk management organizations consisting of the Board of Director (BOD,) Risk Management Committee, Risk Management Council (working-level council), and Risk Management HQ.

As a subcommittee affiliated with the BOD, the Risk Management Committee is the top decision-making body regarding risk management work and is in charge of important policy decision making related to risks, measurement and analysis of Basel II (International Accord to consolidate bank's soundness) standards' major risks, and other risks delegated by the BOD. If necessary, the committee implements work with the BOD's approval. Other main activities include setting of risk limit by business division and by risk type, measuring and monitoring of risk level, enactment and amendment of the relevant regulations, development of the internal control system for the operation sector, and development of credit rating model. In addition, the committee autonomously oversees the capital-meeting requirements for the BIS capital adequacy ratio and status of asset-liability management (ALM).

As a working-level council, the Risk Management Council is a decision-making body consulting on and coordinating major policies and issues related to risk management in advance. The council plays the role of managing and overseeing risk management work execution and assisting in the Risk Management Committee's policy decision making. Composed of the Risk Management Dept., and Risk Review Dept., the Risk Management HQ takes charge of practical work related to risk management and enforces the policies decided by the Risk Management Committee.

Major Performance in 2012

IBK has propelled risk management centered on four themes – advancement of risk management infrastructure, proactive soundness management, active response to external regulations, and dissemination of risk management culture – amid the persistent domestic and international economic uncertainties, consolidation of financial regulations, SMEs' business slowdown, and forecast continuous recession in the real estate industry in 2012. Above all, the year 2012 was a year when we pursued internal stability in risk management and prepared for the future through the advancement of risk management infrastructure and building of IBK's reputation risk system.

Performance	Details
Expansion of risk management infrastructure according to asset size	● System development in six sectors aiming at management support, based on fortification of core capability with regard to risk management and data analysis * Redevelopment of model of retail loan credit assessment, system for dynamic liquidity/interest rate risk management, system for credit risk factor monitoring, measuring system for commodity derivatives risk, system for loan product monitoring, simulation system for BIS CAR verification
Proactive soundness management	● Focusing on minimizing non-performing loans including consolidation of management for loans requiring caution and those under such grade; relevant department's soundness management support ● Fortification of early-stage sorting out of potentially insolvent companies through expansion of credit supervision objects via system supervision
Consolidation of financial consumer protection	● Preparation of IBK's reputation risk management system * Standards enactment, council organization and operation, identification of factors by department, and preparation of countermeasures
Dissemination of risk management culture	● Production of work manual and education videos for branch employees ● Continual branch visit, offering education/training

Winning the Bell Risk Manager Awards for three consecutive years

IBK received the Grand Prize – the Financial Supervisory Service Governor's Prize – in the Bell Risk Manager Awards for three years in a row; thus solidifying its status as the top bank in the risk management sector. Targeting all financial companies in Korea, the Bell Risk Manager Awards is the first awarding system in the risk management sector in Korea. IBK was awarded the Grand Prize after it upgraded its risk management level and recognition with proactive risk management through the development of the risk supervision expert system in 2012, following the RAPM system applied down to branch teams in 2010 and internal control consolidation and dissemination of risk management culture through operation risk management in 2011.

2013 Risk Management Plan

Soundness deterioration of households and companies is predicted according to the continued global low growth trend, consolidation of supervisory authorities' regulations including consumer protection, and persistent economic recession. Aside from the bipolarization between large corporations and SMEs, deepening bipolarization between SMEs is forecast; therefore, the future management environment in the banking industry – including decline of earnings creation capability due to insolvency increase and regulation fortification – is projected to be more difficult compared to 2012. Under the circumstances, IBK will overcome the current crisis with proactive soundness management and active response to financial regulation and prepare for take-off in the future by building advanced systems and risk management execution capability.

Major Tasks	Details
Consolidation of proactive soundness management	● Induce the reduction of bad debt reserve through system improvement ● Consolidate follow-up management through the early -stage sorting out of potentially insolvent companies ● Induce a proper level of loan handling considering the debt repayment capability
Rigorous preparation for environmental change in regulations	● Realize a Truly Good Bank with rigorous reputation risk management ● Thoroughly respond according to the execution of Basel III regulation and change of international accounting standards
Advancement of risk management to take off in the future	● Redevelop the credit assessment model step-by-step ● Reinforce the integrated risk management of the IBK Financial Group
Enhancement of risk management execution capability	● Fortify total exposure and foreign currency liquidity management ● Expand risk management training

Stakeholder Communication

IBK actively carries out communication by dividing into groups stakeholders related to social responsibility management activities. All our employees share the voices of stakeholders through various communication channels and strive to implement more accountable management activities with all these.
The stakeholder opinions collected using various channels are reflected on IBK's management strategies; such process can serve as a steppingstone for IBK to become a bank that grows continually together with stakeholders.

Customers

Opinions
- Customer information protection
- Depositor protection
- Solving customer inconveniences
- Customer service consolidation

Efforts to respond
- Smart branch installation
- Installation of booths combining ATM and payphone
- Selected as outstanding call center for 5 consecutive years
- Chosen as the best agency in ARS service operation evaluation
- Awarded the Presidential Citation in the 37th Customer Quality and CS Awards
- Employee education on customer information protection
- Inspection Day for Customer Information Protection
- Production of depositor protection stickers

Communication channel
- **Customer satisfaction survey**
- **Voice of customer**
- **IBK direct messenger**
- **Contest of customers' new products**
- Call Center homepage App
- Customer Love Event Day
- Social Square (SNS)

Employees

Opinions
- Employee communication
- Talent fostering training
- Employee welfare improvement
- Healthy labor-management culture
- Transparent organizational culture

Efforts to respond
- Named Tomorrow's Workplace filled with Hope
- Selected as the best agency for two years in a row in the assessment of public agency integrity
- Truly Good Day Care Center
- Cyber training center
- In-house welfare fund
- Event fostering employees' unity
- Implementation of Labor-Management Council

Communication channel
- **In-house COP activities**
- **Employee postcard**
- **Labor-Management Council**
- **Know-CAMP(Intranet)**
- **UC messenger**
- In-house SNS(Communication Square)
- IBK Leaders Club
- WITH IBK(newsletter)
- SMART ON(APP)
- Employee meeting by department

SMEs

Opinions
- Tailored financial service for SMEs
- Win-win growth
- Support for SMEs' workers

Efforts to respond
- Leading in interest rate cut
- Agreement for win-win growth between large corporations and SMEs
- Support for SMEs' risk management and normalization
- Assistance in the form of tailored financial support products
- Subsidy of SME workers' family treatment cost and scholarships

Communication channel
- **IBK Top Management Club**
- **IBK Women Entrepreneurs' Club**
- **IBK Future Entrepreneurs' Club**
- Town meeting
- **IBK, Truly Good Free Consulting**
- Green consulting

Communities

Opinions
- Support for low-income bracket
- Job creation
- Assistance to the financially alienated class
- Community communication

Efforts to respond
- Acquisition of top rating in the assessment of ordinary financial support performance
- Truly Good Meal Service Vehicle of Love
- IBK Smile Financial Foundation
- IBK Shared Happiness Foundation
- Assistance from social welfare facilities by regional division during Korean traditional holidays
- Window for ordinary people's finance
- Stronghold branch for ordinary people's finance
- Development and execution of products for the financially alienated class
- Response to NGO/NPO

Communication channel
- **Job World**
- **IBK Voluntary Service Group**
- **Social contribution program**
- **Support for ordinary people's finance**
- Sisterhood relations
- Mecenat activities for culture and sports
- Financial education for adolescents
- Campaign to activate the neighborhood commercial district
- CDP

Government

Opinions
- Legal compliance
- Perfect sales of financial portfolio (products)
- Activation of support for SMEs
- Transparent management activities

Efforts to respond
- Acquired excellence grade in the 2011 Fund Mystery Shopping
- Activation of facility investment by middle standing companies and SMEs
- Assessment of financial public agency management
- Job agreement with the relevant agencies
- Legal compliance checklist and legal compliance activity report

Communication channel
- Inspection of government offices
- Joint cooperation program
- Regular reporting
- Conference organized by government agency
- Bank-linked activities

Shareholders and investors

Opinions
- Management performance
- Mid- and long-term business prospects
- Investment value

Efforts to respond
- Management performance results release, IR data offering
- Participation in global conference
- Establishment of mid- and long-term business direction

Communication channel
- Annual report
- IR homepage
- IR conference
- Sustainability report
- General shareholders' meeting
- Disclosure of data

Materiality Test

Materiality Test Process

IBK conducts a materiality test to identify issues that greatly interest its stakeholders and which affect its social responsibility management and to manage them systematically. This test is carried out from an objective, balanced perspective, based on the "five materiality test models" of AA 1000 as the international standard used for report assurance. After material issues were selected considering the impacts on IBK and stakeholders' interest, they have been decided through an independent third-party agency's assurance.

*The materiality test seeks to draw the relevant issues by judging what issues are important in terms of corporate sustainable growth and development that consider society and by deciding their influences. This is also called significance test.

Composition of Issue Pool and Stakeholder Interests

To compose the pool of issues that greatly affect IBK's social responsibility management and sustainable growth, we have analyzed IBK's materiality test results, domestic and international financial sector's material issues, IBK's management strategies, domestic and international norms, and CSR institutions' questions. Centered on the composed issue pool, we administered a sustainability management questionnaire to a total of 1,027 people including 627 employees and 400 customers and community members as IBK's key stakeholders from April 22 to April 30, 2013 and measured stakeholder interests.

Analysis Criteria to Draw Materiality Test Issues

Analysis Criteria	Analysis Object
Management strategies and financial performance	Strategic report, previous year's sustainability report, agenda items of BOD
Internal system building and recognition	Internal system checking, employee interview, and questionnaire survey
Industry analyses	Key issues analysis of domestic and international financial institutions, media analysis
External stakeholder interests	Stakeholder interview, questionnaire survey, and response to stakeholder questions
Social norms	UNGC, UNEP/FI, UNPRI, ISO26000

Selection and Review of Material Issues

We have drawn 21 material issues in six sectors (sustainability management, customers, employees, SMEs, communities, and environment) considering stakeholder interests, IBK's vision, core strategies, and management performance.

2013 Materiality Test Analysis

IBK conducts materiality test to set and execute proper social responsibility management. For the test, IBK has confirmed the need for balanced development based on the harmony of solid growth as a financial company, customer protection, and win-win growth with SMEs. As bipolarization deepens, SMEs' various demand-related issues boil down to support and financial policy for SMEs. This report also tackles the relevant details, since various issues have been raised as to the financial institutions' role concerning environmental protection by stakeholder group.

Six Core Areas and Issues

Category	Material issues	Relevant reporting details and pages
Economy and ethics	1 Enhancement of asset soundness	P 6, Company Profile
	2 Improvement of management earnings	P 72, Economic Performance
	3 Transparent governance	PP 11~12, Governance
	4 Risk management	PP 16~17, Risk Management
	5 Ethical management	PP 13~15, Ethical Management
Customers	6 Consolidation of customer protection	PP 25~28, Financial Consumer Protection and Customer Information Protection
	7 Consolidation of customer service	PP 29~31, Customer Satisfaction
	8 Development of social and environmental products	P 33, Social and Environmental Financial Products
SMEs	9 Tailored financing for SMEs	PP 39~40, Tailored Financing
	10 Support for SMEs	PP 41~47, Support for SMEs and middle standing companies, Support for Green Consulting, SMEs' Capability Consolidation
Employees	11 Employment diversity and prohibition of discrimination	PP 51~52, Open IBK
	12 Healthy labor-management culture	P 53, Open IBK
	13 Harmony between work and life	PP 54~55, Joyful Workplace
	14 Talent fostering	PP 56~57, Talent Fostering and Fair Assessment
Environment	15 Coping with climate change	P 58, Environmental Management
	16 Reduction of energy use amount	P 72, Environmental Management and Environmental Performance
	17 Eco-friendly energy use	PP 58~59, Environmental Management
Communities	18 Support for financially alienated class	P 64, Support for Financially Alienated Class
	19 Local economic activation	P 63, Fortification of Ordinary People's Business
	20 Job creation	P 46, Capability Consolidation for SMEs
	21 Social contribution activity	PP 67~71, Social Contribution

Investing in ordinary people and students is IBK's true role.

Jong-Sun Ahn, doctoral degree program,
College of Engineering, Konkuk University

"Although I found out that IBK also deals with personal transactions just a few years ago, I have found that IBK is a truly good bank considering the various personal financial products and kind treatment of retail customers. IBK has distinct differences from other commercial banks; in particular, IBK is widely open to individual customers. I belief the bank that I transact with is for SMEs as well as for ordinary people. I think IBK's social responsibility is to realize genuine social development by investing in SMEs, ordinary people, and students instead of being a bank that pursues only profits."

Warm Sharing

Customer

IBK strives to undertake customer satisfaction management through customer-oriented management policy. All our employees are doing their utmost, aiming at customer protection, customer satisfaction, and customer profit expansion, putting the highest priority on them.

Financial consumer protection

Proclamation ceremony for Our Resolution/Written oath

System development and building

Proclamation of Our Resolution

In January 2013, we held a proclamation ceremony for "Our Resolution" of putting the highest priority on financial consumer value at the conference of IBK's domestic branch managers. All IBK employees signed "Our Resolution" to protect financial consumers and uphold financial consumers' right to know amid the current, rapidly changing financial environment. With this, all our employees have formed a bond of sympathy on financial consumer protection and cemented our commitment to grow as a leading bank in the protection of financial consumers. The full version of Our Resolution has been posted on the initial page of the IBK Website and used as screen saver, so that we can continually maintain our commitment.

Establishment of Consumer Protection Center

IBK prepared for financial consumer protection during the entire year of 2012, recognizing that the protection of financial consumers is an essential element for the continuous existence and growth of IBK. In January 2013, we declared the "innovative year for financial consumer protection" and established the Financial Consumer Protection Center under the executive director. The center manages and supervises financial consumer protection work and strives to uphold financial consumers' rights.

Composition of the Financial Consumer Protection Center

Consumer Protection Team
- Planning and supervision of consumer protection work
- External cooperation on financial consumer protection
- Education on financial consumer protection

Consumer Consulting Team
- Supervision of civil complaint consulting and dispute arbitration
- Civil complaint receipt, handling, and follow-up management
- Reporting the civil complaint handling results
- Civil complaint assessment and management

CS Implementation Team
- CS planning and supervision
- CS quality research and management
- Receipt and management of voices of customers
- CS education and moment of truth guidance
- CS Leaders' operation and management of bonus mileage points

Enactment of Operation Standards to Prevent Irrational Discrimination

IBK respects the human dignity and value of a financial consumer. Therefore, we enact the Operation Standards to Prevent Irrational Discrimination and prohibit the special treatment, exclusion, discrimination, or disadvantageous treatment of specific customers due to gender, religion, disability, age, region of origin, nationality, physical conditions including looks, civil status, ideology, sexual orientation, and educational background. We have also fortified the internal control system to prevent unjust discrimination and have devised the criteria procedures required for the correction and improvement of discriminatory actions and damage relief.

Fortification of Proactive Preventive Action

Monitoring of Financial Fraud via Telephone

We prevent damage by financial fraud via telephone with the consolidation of monitoring if multiple bank accounts are opened in two or more financial institutions on a short-term basis. IBK inspected all terms and conditions disclosed on the homepage in linkage with a law firm and amended 135 cases in the terms and conditions where financial consumer protection is insufficient. We plan to check disclosures on financial products on/offline and take corrective actions according to the result.

2012 Performance in terms of Prevention of Financial Fraud via Telephone

Account victimized by financial fraud (A)		Account victimized by financial fraud (B)		Prevention ratio
No. of cases	Amount (KRW million)	No. of cases	Amount (KRW million)	(B/A)
395	1,915	351	1,565	81.70%

Improvement of Financial Consumers-centered Irrational Practices and Systems

IBK actively detects inconveniences in transactions from the consumer perspective and improves them so that consumers can understand easily and transact conveniently.

Case of improvement of financial consumers-centered irrational practices and systems

Before the change	After the change
All inheritors needed to visit the branch concerned, or a power of attorney is collected.	Payment can be made at the request of only some inheritors (in case of KRW 1 million or less).

Execution of Delayed Withdrawal from CD/ATM to Prevent Financial Fraud Victimizing Ordinary People

One can withdraw money from a bank account – to which KRW 3 million or more is deposited using CD/ATM – 10 minutes later to prevent damage due to voice phishing.

Preventive Service against e-Financial Fraud

To prevent financial fraud wherein a customer's deposit is withdrawn by reissuing the authentication certificate under the name of the customer using Internet banking after customer information is illegally acquired via voice phishing, etc., IBK has cemented security through additional customer authentication methods, including PC designation service and authentication through SMS via cell phone.

Consumer Protection Program

Information Offering through IBK Broadcasting

We reflect branch employees' onsite opinions through a questionnaire survey via educational broadcasting on customer satisfaction by CS Monitors and CS Leaders to disseminate high-class financial service practicing methods and search for subject matters. In this manner, we present a standard proposal for dealing with customers. Through IBK Education Broadcasting, we offer information on financial products and branch business procedures in detail to make efforts to eradicate imperfect sales and enhance employees' job-related knowledge.

Mystery Shopping System

With specialized monitoring agents as mystery shoppers, we continuously identify the sales status of variable insurance and funds and strive to minimize customer inconveniences and losses.

Information Service

We endeavor to prevent financial transaction accidents and improve customer satisfaction (CS) with information services relevant to IBK, such as text information service of subscribed fund, high-amount deposit/withdrawal information service, and fund care service.

Building a Business Continuity Planning System

To cope with operation suspension due to accidents/disasters, IBK completed the building of business continuity planning (BCP) system in 2007 and acquired international certification for the first time in Korea in 2008. According to the basic principles of BCP, we conduct prior inspection so that core business and work can be restored and resumed quickly through annual mock drill. We also offer training regularly to the staff in charge and inspect the major equipment of the BCP Center.

Basic Principles of BCP

- Put the highest priority on human life protection in case of a crisis situation including accident/disaster
- Protect the assets of customers and IBK and fulfill its social responsibilities
- Offer continuous customer service with quick restoration of operation
- Carry out the documentation of major issues/matters and maintain such

IBK Educational Broadcasting on Financial Accident Information

IBK Broadcasting Content

Communication programs between employees	• IMajor news in and outside IBK • IBK Invitation Castle: Introduction of outstanding employees and customers • Network News: Local HQ news • Blue Mail Box: Employee complimenting program
Work-related education programs	• Live and Vivid Marketing: Introduction to marketing techniques and products/systems • CS Broadcasting • Skill Up, Truly Easy Customer Consulting: Consulting Skills
Introduction to major economic issues	• IBK Scrap: IBK news introduced in major press/media
Culture and arts	• Cultural Issues: News concerned with various cultures and arts including movies, musicals, and local festivals

Customer Information Protection

Building Security System

IBK complies with the Personal Information Protection Act and E-Financial Supervision Regulations to manage customers' personal information safely. Aside from building various systems, we strengthen the relevant policies to cope with large-scale computer system glitches and information leak accident.

Winning the Grand Prize in the 2012 Personal Information Protection Awards

In February 2013, IBK was awarded the Presidential Personal Information Protection Committee Chairman's Prize (best grade) for its contribution to the protection of financial consumers' rights including retail customer information among model organizations and companies in personal information protection

Establishment of the Information Protection Center

Pursuant to the Enforcement Ordinance of the E-Financial Transaction Act enforced in May 2012, we adopted a chief information security officer (CISO) system – wherein a CISO taking charge of security in the information technology sector is appointed – and set up the Information Protection Center as an IT security organization to establish independent information security and improve the information security level.

IBK steadily employs information protection personnel to execute the security policy and offers stable customer services and customized security training by job. We also invite external security experts regularly and enhance the security awareness of all our employees.

With the analysis of IBK's information protection status and master plan establishment by requesting information protection consulting to an external specialist agency, IBK actively copes with changes in the IT security environment. In addition, we are fully prepared for internal and external threats thanks to our application of communication section encryption & server access control, output security system, and personal information search system.

Information Protection Center

Information Protection Planning Team	Information Protection Operation Team
• Security planning and policy establishment • Security review of new business • Prevention of information leak including document encryption • Security control of servers and PCs	• Response to DDoS/hacking • Operation and management of security system • Network design and planning • IP address and network management

Acquiring and Retaining Certifications Pertaining to Domestic and International Information Protection

IBK has been making efforts in diverse ways for a long time for financial consumers' information protection. We have been retaining the ISO 27001 – the international standard for information protection – we acquired in May 2006 for the first time in Korea's banking sector. We establish a strategy for top-level certification in keeping with the trend of expansion of international information protection standard (ISO27001) certification and reflect the consolidated security laws and regulations on our IT security guidelines. In this manner, we make all-out efforts for top-notch information supplementation in the industry.

Acquiring Certifications Pertaining to International Information Protection

Certification	Certification body	Details	Acquisition year	Certification mark
ISO27001	International Organization for Standardization (ISO)	International standard for business partner and customer information protection and management	2006	IS90364 / 857799-2:2002

Customer Information Protection Program

We conduct education/training for all employees under the responsibility of the department/branch manager considering the increasing social interest in the Personal Information Protection Act. We actually monitor the collection of selective information and sensitive information collection internally. The education/training details are recorded in the HR information system.

Opening of Cyber Education Courses and Execution of Information Education for IT HQ

IBK opened cyber education courses for all employees in July 2012; since then, it has been offering seven courses including Personal Information Protection and Response to Voice Phishing Accident. We also conducted information education for IT HQ employees under the theme of responding to security threats by inviting experts.

Contest of Ideas to Prevent IT Security Accidents

We created employee awareness and rewarded employees through the contest of matters to improve in IT for the prevention of IT security accidents – including customer information leak and matters to improve for the enhancement of information protection awareness.

Appointment of Staff in Charge of Personal Information Protection

We take action to ensure personal information stability by appointing staff (team leader or higher) in charge of personal information.

Main Duties of the Staff in Charge of Personal Information Protection

- Regular execution of education on personal information protection by department and branch
  - Execution of education on their own upon sending education data/materials
- Regular inspection of status of personal information handling by department and branch
  - Inspection of status of consent collection and status of check
- Complaints handling and damage relief concerning personal information handling by department and branch
- Response and reporting on personal information leak and detection of misuse/abuse
- Destruction of personal information whose handling purpose was fulfilled or whose retention period has expired
- Carrying out work instructed by the department/branch manager with regard to other personal information protection work

Inspection of Status of Personal Information Protection

Through the inspection of status of personal information protection, IBK endeavors to strengthen the personal information protection management system by educating/training the staff in charge of personal information protection and those taking charge of operation of the personal information handling system by department as to the status, problems, improvement measures, and recent trends concerning personal information protection.

Customer Satisfaction(CS)

Employee Education

Education on Communication Leadership for Branch Managers

To foster leaders in good communication through the acquisition of communication skills that can be utilized immediately at the frontlines, together with awareness shift on leadership, we offered education on communication leadership to branch managers (105 managers in the first half and second half) for CS onsite consulting.

Details of Education

CS Leaders and CS Assistant Education

Instructors of the CS Implementation Team visit each local HQ and conduct education for CS leaders so that branch employees can receive education without feeling burdened. We conduct education among CS assistants to foster educational capacity and improve all employees' CS level through standard model practical training.

Scene of education for CS Leaders and CS Assistants from all branches (annually)

Additional Opening of Cyber CS Training Course

We additionally opened a cyber CS training course to fortify the implementation of robust CS activities centered on sites and to improve communication capability.

IBK SMART CS IV (onsite CS course)	IBK SMART CS V(communication)
• CS Leaders: Service coaching skills • CSA: In charge of training progress, method of drawing up teaching plan	• How to improve communication (combined with psychology) • Communication skill by customer

No. of Trainees Completing Education

A total of 9,614 employees completed CS education in 227 sessions of education in 2012. We carry out education aimed at educating/training a total of 11,000 employees in 2013.

Year	2009	2010	2011	2012	2013(target)
No. of trainees completing education	5,248	7,708	7,781	9,614	11,000

Drawing up a Customer Response Manual tailored for each Customer Group

IBK collects CS data, cases of outstanding employees in CS, and branch employees' opinions to enhance customer satisfaction and improve the customer satisfaction level through customer type- and situation-tailored customer response rather than uniform customer response, produces and registers them on "the Know CAMP" (work guide) and CS Arena system (education/training data), and continuously offers main content for branch education/training by chapter twice a month.

The main contents include the approach to and method of dealing with customers by situation as well as how to handle customers lodging civil complaints according to the consulting process, expression of interest, and customer types.

Customer Satisfaction Program

CS Onsite Consulting(all-year-round)

We analyze merits and demerits in customer satisfaction by monitoring each branch and disseminate the know-how of outstanding branches in customer satisfaction. With this, we strive to improve the level of moment of truth service by presenting tailored measures for improvement.

Prior in-depth monitoring	CS onsite consulting	Follow-up management
● Analyzing merits and demerits by window on service quality items (compare with another adjacent bank's branch) ● Monitoring customer response by individual	● Tailored consulting ● Analyzing the CS assessment results for the recent 3 years and presenting measures for improvement ● Monitoring dealing with customers at teller windows, feedback after shooting with a camcorder	● Presenting measures for improvement on poor items as interim assessment result ● Checking the status of measures for improvement and encouraging progress
Step 1 (external specialist institution)	Step 2 (instructor of CS Implementation Team)	Step 3 (instructor of CS Implementation Team)

Selection of IBK CS Monitors to Improve Onsite and Customer-Oriented CS System

We designated 32 outstanding employees in CS activities as IBK CS monitors through a contest. We operate the IBK CS monitors system and play a role in advising centered on sites and customers with immediate feedback on CS systems.

Monitoring Service to Deal with Customers at the Teller Window

IBK conducts monitoring to inspect the service level at the branch teller windows and induce CS improvement in the process. We make efforts to consolidate the service competitiveness of each branch through comparison and analyses with adjacent competitor banks.

Selection of Outstanding Employees of VOC, SMART King, and Outstanding SMART Personnel

We choose about 5 employees through outstanding cases received via the IBK homepage, postcards, and customer service centers and award them bonus CS mileage points. Outstanding personnel in terms of CS mileage points are named SMART King and outstanding SMART personnel and rewarded accordingly. In this manner, we induce continuous interest and engagement.

Production and Distribution of 'My Resolution' Frames to be Placed at Teller Windows

We produce and distribute My Resolution frames to form a trust-based relationship with customers by establishing a customer-friendly image. We utilize this as an opportunity to commune with customers based on our employees' own commitment to customer happiness and promise to customers.

Front and Back of My Resolution Frame

Plaque of Certification for Outstanding CS Branch

Production and Distribution of Plaque of Certification for Outstanding CS Branch and Outstanding Employee Certification Card

IBK produces and distributes plaques of certification for outstanding CS branches – including outstanding employee certification cards to instill a service mindset – in order to enhance the pride of employees at outstanding CS branches and outstanding employees.

Enhancement of Customer Convenience

Realization of SMART Bank through the Installation of SMART Branch

IBK opened a new-concept smart branch that shares the waiting space of the IBK bank branch and KT communications branch with customers in conjunction with KT. We offer differentiated services including convergence products between banking and communications as well as time saving for customers, since banking and communications are dealt with in one place.

Smart Branch

A new-concept bank branch through which customers can avail themselves of simple banking services in keeping with the banking environment change including smart gadget diffusion

Operation Status

Branch Name	Address
Olleh Plaza Yeongdong (sub-branch)	675-3, Yeoksam-dong, Gangnam-gu, Seoul
Olleh Plaza Suwon (sub-branch)	306-1, Yeonghwa-dong, Jangan-gu, Suwon

PR of products and company, offering of financial and life information through large multivision/SMART window at SMART branch

Number of New-Concept ATM-Pay Phone-Combined Booths Exceeding 2,000 Units

IBK unveiled a convergence branch that combined ATM with pay phone booth around the main roads nationwide in partnership with KT Linkers in 2011. The street branch business, which has enhanced convenience of customers' financial life, is rated as differentiated and unique smart banking. Following the installation of the first booth at Seoul Station in September 2011, the number of combined booths exceeded 2,000 units as of October 2013.

Smart Bus Stop (left)/Combined ATM-Pay Phone Booth

Communication with Customers

The collection of Voice of Customer (VOC) is carried out on/offline, and the collected VOC is systematized for reply within 24 hours. The collected opinions are solved using various methods according to the importance of opinions.

VOC Gathering System

Improvement of Follow-up Management System for Civil Complaints and VOC

We search for civil complaints and VOC that require system improvement or computerization development among customer complaints or needs and manage them in a system with the computerization of work improvement requests [(HQ department) –> Review -> Adoption, Implementation period)].

Implementation of Reduction of Civil Complaint Handling Period

For the enhancement of customer service related to civil complaint filing including quick handling of civil complaints, we reduced the handling period of the received civil complaints from 9.29 days on the average in 2011 to 9.14 days in 2012. In the future, we seek to shorten the period to within 8 days.

Acquisition of Excellence Grade in the Assessment of Civil Complaints Occurrence for Five Consecutive Years

We strive to prevent customer complaints in advance or solve them without delay using the Onsite Support Unit for Civil Complaints and pre-product consulting system. IBK earned an Excellent grade for four years in a row in the Civil Complaints Occurrence Assessment organized by the Financial Supervisory Service from 2008 to 2011. Note, however, that we received a Mediocre grade in 2012. We will make all-out efforts to garner an Excellent grade with more rigorous civil complaints management.

Civil Complaints Occurrence Assessment Grade

Year	Grade
2008	Excellent
2009	Excellent
2010	Excellent
2011	Excellent
2012	Mediocre

Increase in Customer Satisfaction Score

Our customer satisfaction index (CSI) rose by 1.6 points compared to the second half of 2011, thanks to our honest services for customers.

No. of Satisfactory VOC Receiving Cases Unit: case

Category	No. of satisfactory VOC receiving cases
2009	2,222
2010	2,283
2011	2,615
2012	3,306

Continuous Increase in Satisfactory VOC Receiving Cases

Satisfactory VOC receiving cases are continuously on the rise, thanks to a system reflecting the voices of sites, product development, and reduction of civil complaints handling time

Social and Environmental Financial Products

IBK is developing new products to solve various social and environmental issues through financial products. We uphold the social and environmental values pursued by customers, and we will endeavor to come up with financial solutions to enable our customers to lead their lives in harmony with the world.

IBK's Green Financial Products

Category	Product Name	Date of Launch (Y/M/D)	Amount (KRW 100 million)	Features
Loans (supply amount)	Loan for Solar Power Facilities Fund	2008.5.29	1,452	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 Corporate Loan	2009.3.31	24,165	Loan that supports companies designated as green business company(Sales suspended in July 2010)
	IBK Green Corporate Loan	2010.7.14	165	Loan offered to companies having green technology; provided more than USD 100 million in support as of December 2011
	IBK Green Real Estate-Secured Loan	2010.3.3	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
	Renewable Energy Win-Win Guarantee Loan	2011.8.5	227	Support of the credit guarantee type for renewable energy companies requiring investment
Credit Card (use amount)	Environmental Love Card	2007.7.19	26	Card that contributes part of the sales amount to the environmental culture development fund
	Pleasant Air LOHAS Card	2009.6.16	1,042	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
	IBKs' Style Eco- Card	2011.1.17	4	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	2011.7.22	411	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

Social Products of IBK

Category	Product name	Date of Launch (Y/M/D)	Amount	Features
Receipt	Dokdo Island is Our Land Bank Book (currently on sale)	2005. 3. 21	KRW 2.7206 trillion (as of March 2013)	Sponsorship worth KRW 900 million for Dokdo Island-related organizations
	IBK 9988 sharing Bank Book (currently on sale)	2012. 6. 18	KRW 880.4 billion (as of March 2013)	Providing KRW 1 billion for scholarships and to cover the hospital costs of SME workers' families
	IBK Displaced People Bank Book (sales ended)	2012. 5. 25	KRW 84.9 billion (as of September 2012)	KRW 50 million worth of support for displaced people organizations
Loans (supplied amount)	Owner-Operator Change Dream Loan	2012.11.12	KRW 800 million (as of December 2012)	Financial support by the government and Bank of Korea for owner-operators with low credibility and low income using loans based on the total borrowing limit
	IBK Start-up Loan	2010. 4. 16	KRW 297.1 billion (as of December 2012)	Support to promote small and medium venture businesses with technological prowess and for their sound development
	IBK Free Workout Loan	2012. 10. 2	KRW 300 million (as of December 2012)	Project propelled jointly with the banking sector to solve the household loan problem
	Social Company Guarantee Agreement Loan	2012. 2. 8	KRW 1.8 billion (as of July 2013)	Fulfilling corporate social responsibility by developing financial products exclusive for social companies to support them
	IBK Social Contribution Loan	2012. 3. 2	KRW 3.2 billion (as of July 2013)	To help one-man creative companies with creativity and professionalism and offer social services, create jobs for the underprivileged class

IBK is striving to lay the steppingstone for SMEs' growth.

Min-Gyeong Lee
Finance and Banking Dept. Manager, Policy Supervision Office
Korea Federation of Small and Medium Business

"I believe IBK's one key social responsibility is supporting SMEs when they need funding or other help. IBK offered a steppingstone for SMEs' management with the lending rate cut to one digit. Although loans for SMEs are recognized as relatively high-risk, IBK can properly assess SMEs' business and risk with know-how accumulated for a long time. For this reason, IBK has been able to maintain solid management soundness despite the increase in loans for SMEs since the global financial crisis. IBK offers SMEs a foothold for growth by assisting them in management/environment consulting as well as in the economic aspect such as loan expansion and interest rate cut."

Gradually Expanded Sharing SMEs

IBK endeavors to foster SMEs that will lead the global economy in the global competition system. We at IBK will concentrate all our competencies on the support of SMEs to make them competitive in the competition with global companies beyond Korea, through various activities targeting SMEs including financial products development and consulting for SMEs.

Financial Support

Fund Support and Interest Rate Cut

Expanding Financial Support for SMEs for the Recovery of Economic Vitality

To solve the financial difficulty of SMEs caused by the prolonged domestic and overseas economic recession, IBK has aggressively expanded financial support for them. During the past global financial crisis, we tried to overcome such crisis together with total loan increase of 91.2% for SMEs in the banking sector. In 2012, we provided KRW 38.3097 trillion worth of funds for SMEs, with our loans for SMEs exceeding KRW 100 trillion for the first time in Korea's banking industry. As such, we have remained No. 1 in terms of financial aid for SMEs.

Balance of Loans for SMEs

Unit: KRW trillion

*Based on KRW-denominated loans

Trend in Funding for SMEs

Unit: KRW trillion

Promoting Win-Win Growth with SMEs by Spearheading Interest Rate Cut

IBK has presented new standards to the financial market with a continuous cut of the maximum lending rate and default lending rate for SMEs since 2011 to share in SMEs' pain, even if such meant risking profit decline on its part. On the occasion of IBK's 51st anniversary in 2012, we lowered the lending rate for SMEs to 10.5% p.a. This was a huge cut from 17% p.a. in 2010 to share in SMEs' difficulties in business management environment due to the prolonged economic downturn. In addition, we reduced the maximum lending rate for SMEs to one digit for the first time in the Korean financial sector on January 1, 2013; thus, the mean lending rate of 20,400 SMEs fell by 0.85%. In January 2013, we adopted a customer-oriented, reduced interest rate system instead of the existing additional interest rate system and newly set up base rates by 12-level credit rating. With this, the mean lending rate of some 17,200 SMEs fell by 0.73%. We will relentlessly strive to offer more lending rate cut benefits to many SMEs.

Trend in Lending Rate Cut for SMEs

Trend in New Lending Rate for SMEs

Support for Win-Win Growth

Support Activation through Win-Win Growth Agreement between Large Corporations and SMEs

IBK launched a win-win growth cooperation program in November 2008 for the first time in the banking sector. Through the program, we have been playing a role in bridging large corporations and SMEs for win-win growth by providing KRW 3.5 trillion worth of funds to partner SMEs by the end of 2012. We signed win-win growth agreements with a total of 74 companies and new agreements with 14 large corporations in 2012. As a result, the win-win growth deposit balance of large corporations that signed the agreement exceeded the KRW 1 trillion marks for the first time in August 2012.

We have improved the program of spreading the warmth of win-win growth to smaller secondary and tertiary partner firms and developed and offered various financial products including win-win growth trade receivables-based loans and win-win growth guarantee-based loans. All in all, we have been contributing to the dissemination of a win-win growth culture.

Concept Map of Win-Win Growth Agreement

Leading Loans for Win-Win Growth Cooperation

For loans for win-win growth cooperation between large corporations and SMEs that have presented a new model of win-win cooperation, we have signed agreements with 74 large corporations including Samsung Electronics, Hyundai Motor, POSCO, and SK Group as of the end of 2012. Through the loans, we have provided KRW 2.6776 trillion worth of support to 3,303 partner firms; thus playing a leading role in win-win growth between large corporations and SMEs. In addition, we are opening a new horizon for win-win growth for the public agencies' partner firms to be benefited by expanding the objects of win-win growth agreement to public agencies.

SMEs Crisis Management

SMEs Crisis Management and Support for Normalization

IBK cements routine risk management from credit extension (loans) to fund collection by dividing the credit extension process related to SMEs into the handling stage, interim management stage, and follow-up management stage. In this manner, we maintain the financial soundness of IBK and our customer SMEs. We have also implemented the Change-up Program as part of potentially insolvent companies' restructuring and have performed credit risk assessment on 635 companies showing signs of insolvency (KRW 2.0288 trillion) last year. Of those, we have selected 194 companies (KRW 726.3 billion) as companies targeted for workout and have induced corporate normalization through actions such as postponement of debt repayment, reduction of interest rate, and additional loan support. We will do our best to lead other banks in the soundness management of SMES by continually improving the early warning system and loan portfolio system and actively carrying out corporate restructuring and vigorous fund supply to SMEs.

Tailored Finance

Products to Support SMEs

IBK endeavors to develop financial products most suitable for fields where SMEs need them most. Instead of financial products that simply create profits, we are committed to developing diverse and tailored financial portfolios through which SMEs and society can develop further.

Product Development to Solve Social Issues Including Job Creation at SMEs

As a product developed in linkage with the Small and Medium Business Administration and Korean Federation of Credit Guarantee Foundation, the IBK Start-up Loan for Young People seeks to engage actively in supporting young people's start-ups and solve the socially serious unemployment problem among young people. The fund for the KRW 80 billion loan was supplied earlier than expected, with good response. On the other hand, the IBK Dream Loan for Young People contributes to job creation through guarantee and direct/indirect investments in initial-stage start-ups and outstanding venture businesses by participating in the banking sector's establishment of Young People's Start-ups Foundation. The IBK Loan for Sprouting Companies involves extending loans preferentially to start-ups with outstanding technological prowess in the cultural content and new growth engine sectors; through this, we have secured a future growth engine. Finally, the IBK Start-up Loan for Seniors is a product for start-ups by those in their 40s~50s. All in all, we have developed various products inducing a boom in start-ups by all age brackets. In addition, we develop a wide range of start-ups support products, including the IBK Restart-up Support Loan for SMEs hoping to establish a company again.

Support Results

Unit: KRW 100 million

IBK Start-up Loan for Young People	832
IBK Dream Loan for Young People	167
IBK Loan for Sprouting Companies	689
IBK Start-up Loan for Seniors	242
IBK Restart-up Support Loan	8

Development of Products to Support Start-ups

As our continuing business for start-up support launched in the previous year, the IBK Loan for Start-ups Serving assists SMEs by dividing them into small businesses, technologically innovative venture businesses, and start-ups by specialized personnel and experienced people. Aside from financial cost saving such as preferential lending rate, specialized services including start-up consulting are supported. The total supply size of the product is KRW 1 trillion.

Development of Products to Activate Facility Investments

The Loan for Purchase Fund by Industrial Complex involves assisting companies moving in to the industrial complex sold by the private sector. The product will offer special exception suitable for the features of the local industrial complex for a certain industry, preferential treatment in exchange rate for investment fund-liquidating overseas business, and advisory service on corporate real estate. We plan to come up with a Corporate Loan for U-Turn from Overseas to provide aid in the form of funds and services when an overseas-invested company returns to Korea.

Development of Products for Globally Competitive Companies

IBK believes that Korea's global competitiveness can be strengthened through SMEs and middle standing companies' technologies and ideas. As such, we actively develop the relevant products. In particular, the Loan to Foster Exporting Small but Robust Companies seeks to foster small and medium-sized companies with world-class technological prowess. IBK provides support in the form of working capital and facility funds required for ordinary operational activities including fund to acquire overseas technology certification, patents, and technology development and commercialization funds for promising technology-owning companies by selecting 500 exporting small but robust companies. This product is of great help in fostering and assisting global small yet robust companies awarded preferential conditions, such as branch manager's arbitrary decision expansion and interest rate cut.

Support Results

Unit: KRW 100 million

Loan to Foster Exporters	10,019
Loan to Foster Exporting Small but Robust Companies	3,038

Support for SMEs related to Cultural Contents

Having set as a new growth engine the cultural contents business, which has huge ripple effects on associated industries and employment creation effects to overcome the Korean manufacturing industry's limitations, IBK launched the Cultural Contents Business Team in January 2012. With the Team reorganized as the Cultural Contents Financing Dept., in July 2013, we actively operate the cultural contents fostering business by designating 54 stronghold branches in cultural contents, commissioning 53 advisory committee members in each sector including film, broadcasting, and performance as well as for tailored, step-by-step cultural contents product development. We devise actual support measures to offer general services combined with loans, investments, and consulting so as to foster SMEs with outstanding cultural contents as globally competitive small yet robust companies including the ff.: Fostering the business of small but robust companies in cultural contents jointly with the Ministry of Culture, Sports, and Tourism; KT Group Cultural Contents Win-Win Growth Business by large corporations to help partner SMEs in cultural contents, and; fund procurement by ecological environment before, during, and after contents production. As a high value-added creation industry, the cultural contents business is expected to play the pivotal role of a vehicle for Korea to join the ranks of developed countries. IBK will strive to have Korea's cultural contents industrial ecology take root while ceaselessly exchanging with government agencies, industrial sector, and academe based on a long-term vision.

Building the Financial Support System for the Cultural Contents Industry

* Typically supported works: Tower, Deranged, Tree with Deep Roots, Lights and Shadows, The King to Hearts, Pororo

Supporting Government Policy

To support government policy for overcoming economic recession and promote balanced national economic development, IBK develops and supports various products. In August 2012, we developed the Facility Investment Fund Loan to provide low interest-bearing facility funds for SMEs and middle standing companies with huge ripple effects of economic activation and job creation for the invigoration of their facility investment. We have also come up with the Movable Assets and Claims-Backed Loan operated with main securities such as machines, inventories, and trade receivables to offer a means of new fund procurement to SMEs with weak security capacity. On the other hand, we have developed the Truly Good Loan for SMEs, which provides low interest-bearing funds to promising SMEs by setting up a lending rate-cut fund for SMEs with extra funds from public agencies. Actually, we offer preferential benefits such as interest rate reduction to new companies. The available loan fund was used up within three months of the launch of the loan.

Support Results

Unit: KRW 100 million

Facility Investment Fund	9,901
Movable Assets and Claims-Backed Loan	728
Truly Good Loan for SMEs	5,152

Facility Investment Fund

Targeting promising SMEs and middle standing companies, we provide facility investment funds in place of business purchasing fund, building purchasing fund, and R&D money to promote corporate facility investment for job creation and economic recovery.

Truly Good Loan for SMEs

We support low interest-bearing funds to promising SMEs operating in the knowledge-based service industry, new growth engine industry, green industry, and cultural contents industry by procuring the Lending Rate-Cut Fund for SMEs using extra funds from public agencies.

Movable Assets and Claim-Backed Loan

This is a loan product to enable movable assets and claims with certain requirements – such as movable assets (tangible assets, inventories) and trade receivables of a company – to contribute to supplementing the security-offering ability of SMEs.

Support for Small and Middle Standing Companies

Management Consulting for SMEs

Tailored Management Support for SMEs

IBK Consulting is IBK's extended system for supporting SMEs so that IBK can play the role of firm doctor offering funds and comprehensive management consulting. In a situation wherein uncertainties in the internal and external management environments grow, SMEs need consulting on various management issues such as management strategy establishment, HR system design, and establishment of strategy to succeed the family business. Cognizant of such need by SMEs, IBK has been offering IBK Consulting since 2003 to provide high-quality consulting to SMEs.

	IBK Consulting					
	Management consulting	Consulting on family business succession/ tax affairs	Accounting consulting	Legal consulting	Green consulting	Start-up consulting
Manpower	Management consultant	Tax accountant	Accountant	Lawyer	Green consultant	Start-up consultant
Detailed sectors	Mgt. strategy, Biz mgt., HR organization, Production mgt., Organization activation, Production mgt., Establishment of IPO strategy	Succession/Tax saving strategy, Governance improvement, Conversion into corporation, Tax affairs diagnosis, Tax consulting	Finance/ Cost analysis, Financial/ Investment strategy, M&A, company division/holding company, Accounting	General legal affairs' risk diagnosis, legal consulting, international law	Green technology consulting, strategy to list green company on the stock market, green SCM consulting, energy consulting	Mentor system, start-up program, professional consulting
Execution period	2~8 weeks	1~2 weeks	3~4 weeks	1~2 weeks	1~3 weeks	Continuously performing a mentor's role

IBK has been implementing the Truly Good Free Consulting project since 2011 – when it marked its 50th anniversary – to repay citizens' love for IBK and develop SMEs. For more professional consulting, we have increased professional personnel to some 70 people including management consultants, accounts, tax accountants, patent agents, and lawyers. With such effort, we over-achieved our target by offering our consulting service to 1,000 companies for 2 years from August 2011 to July 2013 (1,051 companies, as of the end of July 2013).

Details and Performance of 'the Truly Good Free Consulting project'

Unit: case

Category	Consulting details	2011	2012	No. of consulting cases as of July 2013
Mgt. consulting	Present solutions with analyses on strategies, HR, organization, and finance	45	136	69
Consulting on family business succession	Present stable managerial right transfer and means of saving on taxes	42	150	88
Tax affairs consulting	Tax-related bottleneck consulting and mock tax investigation service	39	135	58
Accounting consulting	Building internal control, cost analysis, value evaluation services	24	44	26
Legal consulting	Contract review, legal risk diagnosis, legal consulting	17	44	30
Green consulting	Establishment of green mgt., strategy, estimation of greenhouse gas emissions, etc.	15	51	38
Total		182	560	309

Details of 'the Truly Good Free Consulting Project' and Performance

Unit: case

Since middle standing companies – together with SMEs – show high interest in IBK consulting, we plan to help them take off as world-class companies through IBK Consulting services. We plan to secure differentiated capabilities through the development and systematization of IBK's unique methodology (approach, analysis items, and cases) that can classify and solve SMEs' various agonies and problems in company management by sector and theme. We will continuously make efforts to support the execution of improvement proposal on consulting and enhance satisfaction with consulting with the establishment of a systematic follow-up process and cyclical telephone and visit consulting for companies targeted for consulting.

Support for Middle Standing Companies

Building a System to Support Middle Standing Companies

Middle standing companies wield economic and social influences comparable to large corporations. They not only become a role model for take-off to SMEs but also play the role of healthy partners to large corporations. IBK strives to assist the middle standing companies in various ways including financial aid to back up and develop the Korean economy further.

In particular, 2012 is the year when IBK focused on building the middle standing company support system. By devising a program for fostering exporting small but robust companies, we have developed the Loan for Facility Investments of SMEs, Middle Standing Companies, and Small but Robust Companies for Middle Standing Companies and have built the foundation for growth. In April 2011, IBK enacted the Loan Operation Standards for Middle Standing Companies and clarified the scope of middle standing companies. Based on such reorganization of our internal system, we propelled the founding of Banwol and Namdong Middle Standing Companies Center as part of efforts to offer conveniences to the middle standing companies in using banking and finance. From a screening system aspect, we have adopted a pre-loan ceiling system for smooth fund attraction and IBK branch's quick decision making. New loans and period extension within the approved loan ceiling scope can be handled by the branch manager's arbitrary decision through the pre-loan ceiling system. To enhance the professionalism and efficiency of screening based on an understanding of middle standing companies, we set up the Middle Standing Companies Screening Unit in January 2013. This way, we will strive to become a ladder for SMEs' growth by systematically assisting SMEs in growing into middle standing companies.

Expansion of Support for Middle Standing Firms

At the end of 2012, loans for middle standing companies stood at about KRW 3 trillion, up by KRW 1.2 trillion or 72.0% compared to the previous year thanks to our hard work. The number of companies with loan transactions also rose by a whopping 239 to 635. Centered on the IBK Economic Research Institute, we have delivered the frontline site's opinions to the government through a fact-finding survey on the financial bottlenecks in each field including direct financing and succession of companies and have presented measures for improvement. In this manner, we have contributed to the establishment of middle standing companies' financial support policy.

Status of Support for Middle Standing Companies

Category	2010	2011	2012	Vs. the previous year
No. of middle standing companies (companies)	147	396	635	239
Balance of loans (KRW 100 million)	6,599	17,165	29,516	12,351

We also offer IBK Consulting tailored to middle standing companies to enable their further growth. IBK provided consulting to 327 outstanding middle standing companies from 2010 to April 2013. We will play the role of steppingstone for more middle standing companies to take off as global companies.

As a state financial institution, IBK is committed to building a corporate growth ladder to help SMEs grow into middle standing companies by assisting and fostering them in creating more jobs and growing into more solid firms. We aim to increase loans for middle standing companies by KRW 1.3 trillion in 2013. We will continue to expand dominance and mutual cooperation in the financial market for middle standing companies through programs supporting middle standing companies via government agencies such as the Ministry of Trade, Industry, and Energy and Small and Medium Business Administration.

Status of Consulting Offered to Middle Standing Companies

Category	No. of companies
Hall of fame*	16
Top management/future and women entrepreneurs*	157
Exporting/Small but robust companies with technological prowess	69
Listed companies	31
Middle standing companies linked with other institutions**	50
Corporate customer advisory committee members*	4
Total	327

*Based on internal selection by IBK
** Based on selection by other financial institutions

Support for Green Consulting

As one sector of IBK Consulting, green consulting seeks to provide environmental consulting optimized for SMEs that have difficulties establishing environmental management strategies. Such activity is already included in IBK's enterprise environmental management policy; green consulting aims to improve corporate values through the building of SMEs' green/environmental management, establish an eco-friendly image, and cope with environmental regulations. We played a leading role in disseminating SMEs' environmental management system by offering green consulting to 130 SMEs from 2010 to July 2013. Consisting of green SCM consulting, energy consulting, and clean technology consulting, green consulting is a differentiated consulting service offered only by IBK in Korea's banking industry. IBK plans to endeavor constantly to upgrade SMEs' social responsibility level by continually increasing the number of companies benefitting from green consulting.

Green SCM Consulting

IBK offers green consulting to the partner firms of large corporations through cooperation with the latter using various green consulting items possessed only by IBK in Korea's banking sector. Large corporations provide certification to partner firms that received consulting and continuously offer preferential benefits (additional points upon purchase assessment) during the effective period of certification (minimum of 3 years, renewal possible). Through this, large corporations establish a green procurement system, and partner firms receive benefits from large corporations. Both large corporations and their partner firms then wield the positive effect of building a green management system.

The main purpose of green SCM consulting is to build infrastructure to cope with greenhouse gas regulations and operate and manage it by devising SMEs' carbon management and energy management system. Green SCM consulting is divided into consulting on building a carbon management system and that on building an energy management system.

In the case of building a carbon management system, we estimate greenhouse gas emissions through the onsite diagnosis of companies and diagnose future green regulations via future emissions estimation. We actually provide workers with training for sustainable carbon management system and tool and guidelines to manage greenhouse gas emissions statistics.
For the building of an advanced green management strategy, we judge a firm's current level through carbon and energy management case benchmarking of similar domestic and international companies and present optimal corporate activities to enhance competitiveness in relation to carbon and energy management. In the case of an energy management system, we diagnose the energy consumption pattern via onsite diagnosis, draw optimal means to save energy, and contribute to SMEs' cost savings.

Energy Consulting

IBK's energy consulting service is offered to ease SMEs' burden with regard to energy cost, which increases year by year. IBK conducts onsite diagnosis at SMEs' workplaces using its specialized manpower through energy consulting services. With this, we contribute to the firm's cost savings by drawing optimal energy saving measures and presenting measures customized for SMEs.

Clean Technology Consulting

IBK's clean technology consulting service helps cope with greenhouse gas regulations and various types of certification led by the current government. In relation to this, IBK has a variety of solutions that can be applied by situation according to each company's size and each industry's interest. We constantly provide support in the form of the consulting service we developed to cope with new environmental issues

- Consulting on green management strategy
- Consulting on the planning of renewable energy facility installation
- Consulting on new green business undertaking strategy
- Consulting on building greenhouse gas inventory and agency work of assurance
- Consulting on green regulation risk diagnosis
- Consulting on certification support of green certification system
- Consulting on outstanding Green-Biz certification support

Consolidation of SMEs' Capabilities

Job Creation

"Job World," a Free Job Portal

IBK has recognized the seriousness of SMEs' manpower shortage in town meetings, through which IBK listens to bottlenecks by visiting the worksites of SMEs. In this context, we built Job World, a free job portal specializing in jobs at SMEs (www.ibkjob.co.kr) in February 2009. Since then, we have spearheaded the creation of jobs to solve young people's joblessness and SMEs' manpower shortage. We have cemented Job World's contents and services to solve the mismatch between SMEs' labor shortage and young people's unemployment. Out of 33 employment expos, we held 7 in 2012 centered on provincial areas where employment opportunities are relatively fewer. Actually, some 23,000 job seekers visited the expos, and 422 people succeeded in getting a job on the spot. To activate SMEs' employment, we have set up a Special Preferential Fund to Support Companies Creating Jobs, reduced the interest of KRW 1 million loans and commissions per person in 2012, and provided KRW 5.6 billion worth of assistance to 326 companies. With this, the burden of financial cost was eased on the part of new employee-recruiting companies, and we have contributed to the creation of jobs. We also help improve the recognition of SMEs and employment at SMEs by continuously searching and publicizing excellent SMEs that are good to work in and which are comparable to large corporations in terms of financial soundness, growth, and working conditions. As a result of such effort, the number of employed people surpassed 50,000 as of October 22, 2012, 3 years and 8 months since the launch of Job World in 2009; the number reached 52,209 as of the end of 2012.

Status of No. of Employed People through Job World

Unit: cumulative, people

Selection and Publicity of the Best 600 Companies on Job World

We spearhead the activation of employment by SMEs and dissemination of positive awareness of employment by SMEs by selecting and publicizing Job World's Best 600 Companies that are Good to Work in.

Building an Employment and Support System Covering All Generations

To challenge ourselves with the new goal of employing 100,000 people by 2015, we plan to lay the steppingstone for lifecycle-tailored employment support system covering all generations including specialized high school graduates, young people, and senior generation as well as the underprivileged. We will expand quality employment opportunities by encompassing excellent SMEs equipped with stability and growth potential such as Samsung Group partner firms as our partners. We also plan to assist in customized job creation in line with the local and industrial characteristics by securing excellent talents, such as discharged soldiers, retired financiers, and college students from leaders in industry-university cooperation (LINC). IBK will spearhead the improvement of recognition of SMEs by continuously searching and publicizing excellent SMEs and faithfully fulfilling its social responsibility as a strong steppingstone bridging SMEs and tailored talents.

Welfare Enhancement for SMEs' Workers

IBK Shared Happiness Foundation

IBK founded the IBK Shared Happiness Foundation for the welfare enhancement of families of SMEs' workers and alienated class in April 2006. We covered the cost of disease treatment of 967 families of SMEs' workers who suffer from financial problems due to rare and incurable diseases and serious diseases by contributing KRW 19.1 billion from 2006 to 2012. We also awarded KRW 3.2 billion worth of scholarships to 2,959 children of SMEs' workers who have difficulty paying their tuition because of family circumstances. In addition, we provided KRW 4.4 billion in aid for academic research activities and national economic education for the development of SMEs. In 2012 in particular, IBK actively patronized the welfare service to solve educational bipolarism – such as one-on-one mentoring to support learning and cultural experience activities – so that the young and teenage children of SMEs' workers who have difficulties receiving quality education due to domestic circumstances can grow as healthy members of society.

IBK's Top Three Clubs

IBK offers an arena wherein SMEs engage in business more vigorously by building a network for sharing the experiences and wisdom of SMEs. The club is recognized as a prestigious club that SMEs' CEOs want to join the most since it offers constant networking and useful training/education.

IBK Top Management Club	● Founded the IBK Top Management Club in 1993 ● Holds two management strategy seminars semiannually to reinforce members' management capacity and global competencies ● Offers various and practical programs to members including breakfast meeting and model employees' selection from member companies
IBK Women Entrepreneurs' Club	● Founded in 2012 to help women CEOs' activities – a new driving force of economic development – and to promote win-win growth through networking ● Offers a variety of programs such as management strategy seminars, lectures, and cultural events to share knowledge and build network efficiently
IBK Future Entrepreneurs' Club	● Founded in 2005 to fortify the leadership and management competency of young entrepreneurs having business relationships with IBK and to expand networking ● Holds management strategy seminars semiannually to consolidate members' competitiveness, offers various and useful programs including visit to advanced outstanding firms, participation in industrial expos, and overseas cultural experiences

Procuring Products of SMEs and Social Companies

IBK uses the products produced by SMEs for win-win growth with SMEs. Out of our total procurement amount in 2012, we procured KRW 116.4 billion worth of SMEs' products (83.3%), which exceeded the government's mandatory procurement ratio (50%) by 33.3%. We select our partners through the screening of contract performance capability rather than successful bid based on the lowest bidding price, which may trigger excessive competition and reduce the profits of SMEs in bidding. In this manner, we wish to guarantee proper profits for SMEs. We support the invigoration of social companies with social purpose. Toward this end, we purchase social companies' products and increase the annual procurement amount each year: KRW 49 million in 2010, KRW 80 million in 2011, and KRW 110 million in 2012.

Procurement Record of SMEs'

Unit: KRW 100million

Category	Purchasing Price
2010	1,266
2011	1,341
2012	1,164

Procurement of Social Companies' Products

Unit: KRW thousand

Category	Purchasing Price
2010	49,355
2011	80,197
2012	116,368

Trends of Procurement Ratio of SMEs' Products

Procurement Record of SMEs'

IBK, my workplace, where I eagerly anticipate coming to work in the morning

Sang-Hee Song Section Chief, SMART Planning Team, SMART Banking Dept., IBK

One of the core axes of IBK's organizational culture is respect for employees. We consider the lifecycle of an employee even before he/she joins IBK until post-retirement life. I was a young intern at IBK, and I could learn many things about social life through the Mentor-Mentee system during my internship period. I was also respected as a colleague within the workplace. Currently, the normalization of working hours is implemented with the management's solid commitment, through which a virtuous circle – wherein we can have time to develop ourselves and enhance job concentration and efficiency – is created.

Equal Sharing

Employees

IBK implements an open employment system to select talents. With constant training, IBK actively supports employees' self-value improvement. In this manner, we strive to help employees grow as superb talents. We build an equitable, fair organizational culture so that top-notch talents realize their worth through work-life balance.

Open IBK

Open Employment

IBK has been carrying out open employment since 2005 – the first to do so in the Korean financial sector – regardless of educational background, gender, major, and age. This has actually reflected IBK's organizational culture of putting importance on talents having passion, creativity, and thirst for challenge. We endeavor to diffuse – throughout society – the employment culture centered on ability and competency. In particular, we target specialized high school graduates, disabled people, beneficiaries of basic livelihood support, junior college graduates, and local manpower and play a leading role in employing young intern workers.

29년간 꿈 좇던 이 남자… 은행 보일러공에서 지점장 됐다

고졸 청원경찰 출신이 은행 출장소장 되다

Newspaper Article on Performance-Based Open HR Management Realization

IBK without Threshold

IBK is a workplace where one can design one's own future based on passion, performance, and commitment rather than background such as educational attainment. Lee Chul-hee, branch manager of IBK Shindang-dong, first joined IBK as driver before becoming a boiler repairman. Note, however, that he has continuously endeavored with passion to engage in finance-related work. Finally, 29 years after first setting foot in the bank to work in a regular functional position, he became a branch manager. Similarly, Kim Yong-sul, Wonmi Sub-branch Office manager, began his career as security guard but became a regular employee in 2008 thanks to his kind and honest dealings with customers. He even became the new customer attraction king by visiting day care centers and kindergartens and executing "Easy Economic Education by Learning from Magic." In 2013, he finally became a manager responsible for a sub-branch office. In other words, anyone can become a sub-branch office manager (even a driver can also become a branch manager) at IBK with constant efforts.

Employment of Specialized High School Graduates

To give hope to adolescents that they can be employed regardless of educational background, we employed 67 specialized high school graduates in 2011 and 109 in 2012. We employed them in the first half of their senior year in 2012 to allow them to complete their learning at school normally. IBK fosters these students as preliminary financial talents by operating systematic programs in advance – including the operation of mentor branches and onsite experience of branches – before they undergo training at IBK. After we employ them, we appoint a business mentor and a life mentor for them and provide non-business counseling as well, such as social life and interpersonal skills.

Employment of Disabled People

We employ disabled people all year round by establishing plans to expand their recruitment. With the operation of the disabled people employment quota during newcomer recruitment, at least 3% of the total newcomers we employ are disabled people. We have also carried out linkage of recommendation for disabled people recruitment and education on employees' recognition shift in association with the Korea Employment Agency for the Disabled. As a result, we over-achieved the mandatory employment ratio (2.5%) in March 2012 for the first time ever in the Korean banking sector. We plan to expand the employment of the disabled continually.

장애인고용 우수사업주 인증서

Certificate of Outstanding Business in Employing Disabled People

Recruitment of Beneficiaries of Basic Livelihood Support and Junior College Graduates

IBK seeks to offer opportunities to students from the beneficiary homes of basic livelihood support and who have difficulties getting a job given their lack of sufficient educational opportunities due to environmental factors such as poverty – despite their capabilities and passion – as well as to junior college graduates who are in the dead zone of employment because of college and specialized high school graduates. We nurtured the dreams and hopes of various underprivileged classes in employment by preferentially treating those applicants in the second-half recruitment of new employees in 2012 for the first time ever in the banking sector.

Employment of Local Talents

IBK endeavors to enhance local colleges' competitiveness, induce balanced local development, and contribute to eliminating local college graduates' joblessness. Since 2005, we have been preferentially treating college graduates from the non-Seoul Metropolitan Area through a local quota system for the first time ever in the financial sector.

Local Quota System and Employment Status of College Graduates from Non-Seoul Metropolitan Areas among Employed Newcomers

Unit: people

Category	2010	2011	2012
No. of employed newcomers	406	337	492
Local quota system	123(30.3%)	121(35.9%)	169(34.3%)
College graduates from non-Seoul Metropolitan Areas	118(29.1%)	103(30.6%)	135(27.4%)

Recruitment of Young Intern Workers

To solve young people's joblessness, which has emerged as a social issue, IBK employs young intern workers. We delegate bank work centered on practical work – rather than simple assisting work – by assigning them to frontline branches. With the operation of various programs such as job training and workshops, we bolster their employment capabilities. In addition, we forego document screening for outstanding interns in regular position recruitment. Since 2011, more than 20% of regular employees have been selected from young intern workers. In 2012, we recruited 109 young intern workers or 22.2% of the employed newcomers at IBK.

Young Intern Workers' Employment Results

Unit: people

Category	2010	2011	2012
No. of employed	475	462	500
No. of working employees at IBK	381	420	469
No. of internships completed	252	317	360

Recruitment of Multicultural Families and Immigrants by Marriage

In April 2012, IBK recruited 12 people from multicultural families and immigrants by marriage – who have been alienated from society – for the first time ever in the banking sector. These people are currently handling marketing support work including interpretation for remittance, assisting work in filling up application forms, and financial product guide at branches where many foreign workers transact. Through this, we offer working opportunities to multicultural families and help them foster competency in banking rather than simple miscellaneous work.

Status of Recruitment of Multicultural Families and Immigrants by Marriage

Unit: people

Country of origin	Vietnam	China	Nepal	Indonesia	Philippines	Total
No. of employed	6	3	1	1	1	12

Blanket Shift to Contract Workers with Unlimited Employment Period

The stability of irregular position workers' employment and elimination of discrimination have emerged as social issues. In this context, since January 2, 2013, IBK has turned into contact workers with unlimited employment period 1,132 contract workers with limited employment period ranging from tellers, telephone consultants, office assistants, HQ/division office workers, secretaries, and general specialist contract workers regardless of the number of years in service. We will fill up those positions with contract workers with unlimited employment period in the future as well.

Employees who are Immigrants by Marriage Selected by IBK for the first time ever in the Banking Industry: Park Roy, Sriwatti, and Section Chief Kenneth

Harmony between Labor and Management

IBK has built a sound labor-management culture based on its unique trust and reliability, harmony, and win-win growth. We strive to establish a win-win, cooperative labor-management culture of achieving performance without consuming disputes. IBK's labor union spearheads the implementation of social responsibility as a social member. The labor union has achieved a lot not only for the improvement of union members' quality of life and human rights but also for the development of the community, one of the key stakeholders of IBK.

Official and Unofficial Communication Channels between Labor and Management

Official Channels

- Collective bargaining on wage (yearly)
- Labor-Management Council (quarterly)
- Labor-Management Working-Level Council (quarterly)
- Labor-Management Meeting (quarterly)

Cyclical consultation on major disputed issues/ matters

Unofficial Channels

- Labor-Management Special Committee
- Dept. and Branch Labor-Management Development Council
- Workshop for Labor-Management Harmony
- Labor-Management Cultural Events

Building the basis of trust thru the formation of mutual bond of sympathy

Details of Activities

Labor-Management Council

Consulting on workers' welfare enhancement and common interests of labor-management (two sessions held)

Labor-Management Working-Level Council

Frequent holding of council meetings on working hours exemption system, HR system, Labor-Management Council, and collective bargaining on wage

Labor-Management Meeting

Sharing major pending issues through regular communication between management and former labor union officers (3 regular meetings every 6 months or anytime upon the occurrence of pending issues)

Labor-Management Special Committee

Enhancing work efficiency including improvement of mode of working by convening the Special Committee for the normalization of working hours (7 regular meetings)

Details of the IBK Human Rights Charter

(January 3, 2012)

① Employees' mutual respect and respectful treatment of one another
② Prohibition of discriminatory treatment on grounds of gender, religion, age, disability, etc.
③ Offering a working environment that is free from human rights violation such as sexual harassment
④ Making efforts to foster an environment with home-work compatibility

Declaration of IBK Human Rights Charter

IBK declared the IBK Labor-Management Human Rights Charter for the first time ever in the industry at the 2012 New Year kick-off meeting to realize human rights management through the reestablishment of human rights value. By producing IBK Human Rights Charter frames and distributing them to each department and branch, we stress the importance of human rights management with a new management philosophy for the next 100 years of IBK.

Joint Operation of Labor-Management Cultural Events

We make efforts to enhance employees' commitment to the organization while enhancing trust between labor and management through the joint operation of labor-management leisure utilization programs.

Meeting between single employees (20 employees attended)

Employees watching plays (300 attended)

Ski/Snowboard Camp for Employees (100 participated)

Briefing on college entrance exam for IBK employees' children (18 and 100 attended in the first and second briefings, respectively)

Walking Jeju Olleh Trails (600 participated in the first and second sessions, respectively)

Labor-Management voluntary service (150 employees participated)

Joyful Workplace

Harmony between Work and Life

IBK is doing its very best to think in the shoes of employees and support them reasonably and practically. We will endeavor constantly to foster a working environment that makes our employees commit themselves to work with pride in the company.

Establishment of the Automatic PC-off System

IBK operates the automatic PC-off system wherein PCs are automatically turned off at 7:00 pm – the office closing hours – for the improvement of employees' quality of life and to expand self-development opportunities. Through this system, fast decision making and higher work productivity including improvement of concentration in work were realized, and employees' work satisfaction increased

Adoption of the Health Management System in January 2013

IBK considers employees to be its most valuable asset. Thus, it has adopted a health management system to manage employees' health systematically and efficiently. Through this system, employees can make a reservation for medical checkup and select checkup items. Cumulative management is also possible even though the medical checkup institution is changed. In addition, we support employees in managing their health themselves by analyzing the health risk factors through daily habit evaluation. We will strive for happy home and stable workplace by actively utilizing the health management system and employee counseling program.

Practice of Warm Welfare System that Touches Employees' Hearts

- Happy Naming Service: On April 23, 2013, we launched the service of naming a baby when an IBK employee gives birth for the first time in the Korean banking industry. So far, we have given meaningful and valuable names for 57 babies of our employees as of May 22, 2013.
- Offering congratulatory presents in commemoration of wedding anniversary: In 2012, we offered congratulatory cards and movie tickets to 5,716 employees who celebrated their wedding anniversary during the year.
- Shuttle buses to go home: We operated shuttle buses for employees going home on New Year's Day and Chuseok (369 employees on New Year's Day, 451 during Chuseok)

Operation of Retirement Pension System

Status of Retirement Pension System Management as of the end of June 2013

Category	Details
Object	IBK employees
Management institutions	Samsung Life Insurance and 11 other institutions (KDB, Hana Bank, Kookmin Bank, Mirae Asset Life Insurance, Heungkook Life Insurance, IBK Pension Insurance, Hanwha Life Insurance, Lotte Non-Life Insurance, Korea Investment & Securities, Daeshin Securities, Mirae Asset Securities)
Amount managed	KRW 130.5 billion
No. of subscribers	11,499

Rise in Satisfaction

Overall satisfaction rose in the organization diagnosis conducted to build a desirable organizational culture and enhance job satisfaction constantly through the expansion of employee communication and welfare enhancement. As a result of the diagnosis in 2012, job satisfaction rose sharply compared to the previous year in overall sectors including organizational cooperation as well as addressing disharmony between hierarchical levels.

General Index of Organization Diagnosis

Family- and Children-Friendliness

Expansion of IBK Truly Good Day Care Centers

IBK endeavors to be a family-friendly company that harmonizes work and life and to fulfill its corporate social responsibility with regard to women's entry into society and child rearing. We truly believe that the quality of our employees will improve if their children grow healthy, since our employees are also parents. To devise circumstances wherein employees with infant children can work freely, we have set up IBK Truly Good Day Care Centers. In 2012, we opened centers in Seoul including Hannam and Dogok and Gyeonggi regions. In the first half of 2013, we opened a day care center in Busan for the first time ever in the provincial area, for a total of 9 quality day care centers. We plan to increase the number of day care centers in regions where demand for child rearing is predicted – including Guro-dong – for 2013.

Operation of IBK Truly Good Day Care Centers in 2012 :

Operated Center	Hannam	Ilsan	Pyeongchon	Bupyeong	Dogok	Madeul	Suji	Bundang
No. of accommodated children	100	49	65	49	55	55	49	49

Truly Good Day Care Center (Dogok) – A garden where children can play is created.

Free Communication

Communication Channels

We strive to build a culture of trust between employees through smooth communication by offering various channels for actively presenting opinions on work.

Category	Details of Activities
IBK Leaders' Club	● The only IBK club organized with employees' voluntary participation ● Disseminating to worksites issues/matters that all employees need to share, such as positions, nationwide site organizations, vision/strategy, and CEO's management philosophy ● Playing a bridging role between the HQ/division and branches as a two-way communication channel by collecting and reporting onsite opinions on major management status and new products
Onsite Communication with the CEO for Creative Management	● Onsite open forum for wise answers to silly questions* that can be communicated to onsite employees while discussing major issues at branches through management's visit to the branches * The answers to our problems can be found at the sites.
Dialogue with Young IBK Employees	● Consolidating onsite management and emotion management by genuinely communicating with young employees during the dinner with the IBK President
Contest of New Product Ideas Open to All Employees	● Contest of ideas targeting all employees of the Financial Group for the development of hit products ● Rewarding all employees whose brilliant ideas are commercialized
Employees' Postcards	● The IBK President listens to employees' various opinions through postcards – whose senders are guaranteed anonymity – and handles them on a case-to-case basis.
In-house Learning Organization, CoP (Community of Practice)	● Voluntary accumulation and sharing of knowledge between members with similar interests and purposes beyond barriers of departments and positions ● Sharing the learning results and ideas with management and disseminating best practices
Contest of New Growth Engine Ideas (April 2013)	● Contest of ideas for sustainable growth among employees

Talent Fostering and Fair Evaluation

Top-Notch Talents

Operation of Systematic, Balanced HR Fostering Training Programs

IBK operates systematic life-long education programs considering roles and job capabilities by position, ranging from newcomers to executives. In the employee curriculum, employees receive self-leadership education that can nurture adaptation to organization and basic skills in dealing with customers. In the deputy division manager and department manager curriculum, they can learn professional leadership including open communication skills. On the other hand, in the team leader curriculum, they acquire team leadership through which an efficient team can be operated by coaching team members. Finally, in the curriculum of department and branch manager or higher, they are trained to foster performance leadership for performance management through strategic thinking.

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)
Capability Role	Self-leadership	Professional leadership	Team leadership	Performance leadership	
Job Capability	Job basic	Sales, Customer consulting	Marketing strategy, Customer management	Management diagnosis, Decision making, Negotiation skills	

We conduct customized training reflecting individual employees' job capability level through job knowledge diagnosis that measures job capabilities by comprehensively analyzing employees' job knowledge and work experience. According to job capability level, we open and operate training suitable for the individual level, such as introductory course, basic course, and specialized course. By selecting 175 outstanding employees of branches as instructors, we offer onsite training centered on practical work considering the regional operation environment and merits/demerits. We run a site-centered curriculum by setting up training centers at strongholds by region to minimize the travel time of the trainees. As of the end of 2012, a total of 11,914 employees took 604 courses.

- Group I: Specialized job training courses
- Group II: Basic job training courses
- Group III: Introductory job training courses

*Opening training suitable for the individual level (27 sessions, 2,087 people)

Training System Operation for Job Capability Development and Fostering of Financial Experts

We operate various self-driven learning channels – including Cyber Training Center and SMART Learning – so that employees can develop job capabilities while undergoing systematic training programs for job capability development and working and learning together.

Details of Job Capability Development Training Programs

Category	Branch Job	Head Office Job	Remarks
Basic	IBK Job Master Course*	Planning ability improvement course	Common capabilities
Specialized	Collective Job Training (receipt, retail/corporate loan, foreign exchange)	Training by sending to specialist institutions (IB, asset management, risk, IT)	Capabilities by job

* IBK Job Master Course: Basic job course on overall jobs at the branch

Status of Using Self-Driven Learning Channels

Cyber Training Center	89,026 (people)
SMART Learning	3,619 (people)
Reading via Communications	18,699 (people)

IBK runs pre-learning courses to ensure systematic process from selection to assignment for the fostering of financial experts as core personnel and to secure financial experts as preliminary manpower for future growth.

Selection	Training for Financial Experts	Assignment
Preliminary specialist staff in each field*	Training at specialist institutions including Financial Training Center for 6 months	Actively engaged in the relevant fields as specialist personnel

* Selection of preliminary experts in 2012: 80 for loan screening, 50 for PB, and 201 for foreign exchange; 331 people in all

Fair Evaluation

We operate a comprehensive work evaluation system consisting of work record evaluation, work experience evaluation, and training evaluation for multilateral and comprehensive evaluation. We segmented the proprietor types from 3 to 7 in view of the different proprietors' features, organized an evaluation group, and designed fair competition and evaluation.

2011	Corporate banking	Corporate type					Individual type	–
2012	Industrial complex corporate type	Industrial-commercial type	Commercial-industrial type	City center corporate type	City center general type	Residential-commercial type	Individual type	Total

Category	Definition and Details of Differentiated Evaluation Indices
Industrial corporate type Industrial-commercial type Commercial-industrial type	Consolidate scoring centered on corporate customer indices.
City center corporate type	Indices related to corporate customers are operated in relatively smaller size compared to industrial-commercial/commercial-industrial type.
City center general type Residential-commercial type	Corporate customer-related indices are maintained at a certain level but induce operation activation within proprietors by consolidating scoring centered on retail customers and SOHO indices.
Individual type	Actively inducing business operation based on retail customers

Comprehensive Work Evaluation

- To build a performance-based evaluation culture, we compose work record evaluation 100% for department/branch managers
- Consolidating responsibility management by expanding the reflection ratio of performance evaluation out of work record evaluation for higher positions (Dept./Branch manager: 50% > Team leader: 25% > Team member: 20%)

Enhancement of Professionalism and Fairness of Assessment

Although we operated the Management Assessment Group by separating departments into profit departments and support departments in the existing management assessment, we have ensured professionalism by setting up the IT Dept. Assessment Group. We have enhanced fairness through assessment by dividing support departments into strategy & planning and operation support according to job characteristics. Likewise, we continuously operate a multidimensional assessment system wherein assessors holding various positions can perform assessment – other than the Management Assessment Group or management – when evaluating the HQ/Division organization.

Status of Operation of the Management Assessment Group

Category	Operation mode
Selection	Selecting one month before to identify work sufficiently
Assessment	Independent assessment by assessor through the performance management system

- Strategy and planning: In charge of strategies and planning by business sector at the IBK-wide level
- Operation support: HQ/Division organization in charge of support management including screening management, branch facilities, logistics, and computerization

Multilateral Assessment System of HQ/Division Organization

Eco-friendly Organization

Consolidation of Environmental Leadership

Environmental Leadership of IBK

As a member of society, IBK actively responds to recently worsening environmental pollution and climate change. We intend to build and reinforce environmental leadership wherein all our customers and stakeholders can be engaged, aside from our green management leadership. Consideration of the environment and community is actively reflected not only to reduce IBK's greenhouse gas emissions but to develop new business models as well. We launch activities for all customers, SMEs, communities, and international society to establish eco-friendly management strategies and practice them with leadership based on the thinking that the financial industry should respond to environmental change proactively.

Short- and Long-Term Goals to Fortify Environmental Leadership

	Short-Term (2012~2015)	Long-Term (2012~2020)
IBK	• Reduce 20% of carbon emissions by 2015 vs. 2010 • Reduce energy use amount by at least 2% each year compared to 2012 • Increase the number of eco-friendly branches	• Build an environmental management system in all worksites including subsidiaries • Increase support for government-driven low carbon, green growth projects
Customers	• Diversify green products • Expand the development of new green financial products	• Achieve top green product sales in the industry compared to total products
SMEs	• Expand green consulting for SMEs • Loan support for eco-friendly workplaces	• Support SMEs' carbon emissions reduction • Increase support for SMEs' response to the emissions trading system
Communities	• Expand green growth support for communities	• Actively engage in emissions trading system
International Society	• Increased open engagement in external green management information including CDP	• Expand engagement in international initiatives • Engage in emissions trading system

Establishment and Management of Greenhouse Gas and Energy Reduction Target

IBK has established the reduction target for carbon emissions of the IBK head office by 2015 compared to 2010 and has made all-out efforts to achieve such target. Toward this end, we have been operating by devising an organic cooperation system between departments in charge within IBK. We also practice actively greenhouse gas emissions reduction activities across IBK, including appointing a supervising department related to greenhouse gas/energy (IBK Consulting Center at the Corporate Customer Division).

Target Facilities	Head Office and Branches	Vehicles	Suji IT Center
Detailed reduction plan	① Install inverters for heating/air-conditioning ② Increase installation of highly efficient LED lighting ③ Install exhaust/waste heat recovery devices ④ Upgrade the freezer steam pressure ⑤ Adjust the air ratio of boiler ⑥ Phase out the air compressor ⑦ Hold meetings for energy conservation each month ⑧ Consolidate energy officer activities ⑨ Encourage all employees to comply with the cooling/heating temperature and save energy	① Replace with eco-friendly, highly fuel-efficient vehicles (compact cars, electric cars) ② Train on eco-drive practice (control of sudden stop/start habit) ③ In-house overhaul of implementation status ④ Recommend using public transportation when traveling short distances ⑤ Cyclically manage various vehicle consumables (fuel efficiency improvement effect) ⑥ Encourage controlling the use of air conditioner and maintaining proper temperature	① Improve facilities and equipment for energy efficiency ② Improve energy waste factors ③ Train on the operation of greenhouse gas/energy target management system ④ Consolidate inspection/management with the activation of the energy officer system ⑤ Make the green IT campaign a habit ⑥ Organize and operate a green IT implementation/inspection unit ⑦ Improve the IT system for the enhancement of energy use efficiency ⑧ Realize green IT with the continuous adoption of new IT technologies

Management Organization of Greenhouse Gas and Energy Reduction

Establishment of Greenhouse Gas and Energy Reduction Target

2~3℃ declining effect of sensory temperature by wearing T-shirt (cool biz look) in summer (June ~September 2012) → 10% reduction of energy consumption

2~3℃ declining effect of sensory temperature by wearing cardigans provided by IBK in winter for the first time ever in the banking sector (December 2012 ~February 2013) → 10% reduction of energy consumption

Green Habit Program

IBK wages a campaign to make energy and resource conservation a daily habit through the Green Habit Program. We cut down the head office's electricity use by 240,000 kwh in 2012 compared to the previous year, thanks to the Green Habit Program. This has reduced the previous year's use amount, 9,063,691kwh, by 2.6% (saving KRW 66 million annually).

Energy Saving in Summer and Winter

We prohibit the operation of elevators for floors up to the 4th floor while maintaining indoor temperature at 26℃ and above during summer. We maintain indoor temperature at 20℃ and below in winter.

Wearing Functional Office Wear: Cool Biz Look

IBK employees wear cool biz clothing from June to September. With this, their sensory temperature fell by 2~3℃, and we realized a 10% reduction in energy consumption on the whole. In addition, we provided cardigans for the winter to our employees from December 2012 to February 2013 for the first time ever in the banking sector.

Stringent Energy-Saving Activities

IBK runs a program through which lights at the IBK head office are automatically turned off during lunch break. Likewise, half of the office lights are compulsorily turned off after 21:00 pm, with the outdoor signboard lighting hours at the head office reduced to 23:00 pm from the existing 24:00. In this manner, we make efforts to engage in energy conservation.

Utilization of the Eco-Health Way

We are trying to foster a culture that encourages the use of stairs and minimizes the use of elevators for purposes of environmental protection and health enhancement. We have actually built an eco-health way from the basement floors to the 19th floor of the IBK head office.

Power Saving and Reduction of Waste Generation

IBK has installed power-saving control devices including LED lighting fixtures and automatic sensor lighting fixtures. It also reduces CO2 emissions by reducing the use of energy resources and waste generation at the IBK head office and branch buildings. Moreover, we operate radiation & insulation systems and water-saving devices at sinks and basins. In addition, we preferentially purchase green technology products such as energy-saving, eco-friendly products when procuring supplies. For photocopiers and fax machines, we purchase environmental mark-certified products. In this manner, we are expanding the use of green technology products.

Building Energy-Saving, Eco-Friendly Buildings

We put Green IBK into practice by actively using LED lighting, solar energy generator, and eco-friendly materials for energy conservation at the IBK Customer Service Center and Incheon Namdong Financial Center. In particular, an eco-friendly rooftop garden has been created at the IBK Customer Service Center's rooftop. The Namdong Financial Center has also received "Barrier-Free" certification. We plan to acquire Barrier-Free certification for all newly constructed buildings.

Status of Eco-Friendly Building Construction

Category	Eco-friendly Certification	Energy Efficiency Grade	Completion
IBK Customer Service Center (Hannam-dong)	Acquired green certification	Grade 2 (existing building)	Mar. 2012
Incheon Namdong Financial Center	Acquired preliminary certification	Grade 1	Dec. 2012

Scheduled to Complete Eco-Friendly Building Construction

Category	Eco-friendly Certification	Energy Efficiency Grade	Completed
Newly constructed building of Gwangju branch (no building name)	Acquired preliminary certification	Grade 3	Jun. 2014
Newly constructed building of Cheonan branch (no building name)	Acquired preliminary certification	Grade 3	Dec. 2014

IBK is firmly committed to undertaking social contribution services continuously

Jong-Hee Kim
Green Visit Dept. Manager
Korea National Park Service

"Since 2012, the Korea National Park Service and IBK have been endeavoring to remove inconveniences to enable the socially alienated class to enjoy the national parks' beauty by signing a Social Contribution Business Agreement for the Socially Alienated Class. We mainly promote national park ecological tourism among disabled people, North Korean defectors, and low-income brackets as well as for the school excursion of underprivileged adolescents. As one of the most meaningful accomplishments of the programs implemented with IBK in 2012, we educated multicultural families; 11 of them are currently working as natural environment commentators."

Beneficial Sharing Communities

IBK is launching social contribution activities with the mindset of serving its customers. We try to create a venue for sharing with more stakeholders with long-term social contribution activities rather than one-off activities.

Fortification of Financing for Ordinary People

Setting up a Teller Window for the Financing of Ordinary People

IBK opened a teller window for financial support for ordinary people and a stronghold branch for the financing of ordinary people at two branches in 2012. Based on these, we plan to set up a Financial Team for Ordinary People consisting of one team leader and three team members and four teller windows at branches and two stronghold branches.

Status of Stronghold and Teller Window

Category	Place	Main Duty
Stronghold branch (Dec. 2012)	14-8 Daejo-dong, Eunpyeong-Gu, Seoul (Bulgwang Station branch)	Loans for ordinary people Consulting on products
Teller window(Oct. 2012)	231-4 Noryangjin-dong, Dongjak-gu, Seoul (Noryangjin branch)	

Development and Sales of Financial Products Exclusive for Ordinary People

In 2012, we developed the IBK Collegian Tuition Loan, which assists collegians through no interest-bearing loans, IBK Steppingstone Rent Fund for alternative loan from the secondary financial sector's high interest-bearing loans to our bank loan, and IBK High-Interest Loan Shift Loan for Young Collegians. We plan to develop and sell IBK Preferential Jeonse Loan for Workers to provide Jeonse (rent with key money) fund with low interest in 2013. Likewise, we will constantly increase the existing financial products of IBK for ordinary people.

Status of Financial Products Support for Ordinary People in 2012

Unit: KRW 100 million

Category	Details	Supplied Amount	No. of Loan 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	692	18,990
National Housing Fund loan	Support in the form of Chonsei(key money paying rent) fund and housing purchase fund for the low-income bracket	4,098	10,109
IBK Change Loan of Dreams	Converting high interest-bearing loans into low interest-bearing loans for the financially underprivileged class	480	4,648
New Hope Loan	Banking sector's joint financial products for people with low income and low credit rating	1,475	19,484
IBK Collegian Tuition Loan	Product that offers tuition support with no interest thru an agreement with large corporations	28	890
IBK Steppingstone Rent Loan	Alternative loan from the secondary financial sector's high interest-bearing Jeonse loans to our bank loan	7	24
IBK High-Interest Loan Shift Loan for Young Collegians	Alternative loan from the secondary financial sector's high interest-bearing loans to our bank loan	10	133
	Total	6,790	54,278

Acquired the Highest Grade in the Performance Evaluation for Financial Support of Ordinary People (July 2012)

IBK received an Excellent grade in the Financial Support Activities Evaluation for Ordinary People conducted by the Financial Supervisory Service in July 2012, thanks to its steady financial support for ordinary people. In addition, in March 2013, we were awarded the Grand Prize in Finance for Ordinary People by the Financial Supervisory Commission.

Acquired the highest grade, "Excellence Grade," among 16 commercial banks

2013 서민금융대상

Support for the Financially Alienated Class

Rehabilitation Support through the IBK Smile Financial Foundation

IBK set up the IBK Smile Financial Foundation to assist low-income earners and low credibility holders by contributing KRW 50 billion in 2009. Since then, we have been building a network nationwide such as Gangreung, Daejeon, Yeosu, and Jeju including Seoul. As of the end of 2012, we operated 21 chapters, the largest among smile financial foundations of banks and corporations; thus, we have enhanced ordinary people's accessibility. We also recorded the highest increase rate of 95.7% in assistance amount compared to the previous year and 3,087 cases of assistance in 2012 among the smile financial foundations in the banking sector. Furthermore, we offer the visiting smile financial service wherein we visit merchants – most of whom are one-man owner-operators – and who consequently have difficulties visiting any chapter of the Smile Financial Foundation. IBK not only provides financial support through the smile financial support but also conveys know-how necessary for customer management or management by utilizing specialist employees, subsidizes the medical treatment cost, and awards scholarships to smile finance users and their employees. In this manner, we offer comprehensive financial services.

Amount of Smile Finance support Unit: KRW 100 million

Year	Amount
2010	31
2011	118
2012	155

Status of Chapters of the IBK Smile Financial Foundation (21 chapters)

Commission Cut for the Socially Underprivileged

IBK makes an effort to cut down the financial cost of the alienated class by waiving the commissions for bank account transfer to another bank and e-banking commission for beneficiaries of basic livelihood support and juvenile heads of households. To be of help to a community suffering from natural disasters and accidents, we waived the commissions for customers victimized by the Gumi region's hydrofluoric acid leak in October 2012.

Object	Details
Disabled people, beneficiaries of basic livelihood support, next poor class, juvenile heads of households, patriots	● e-banking transfer commissions fully waived ● Remittance commissions to another bank fully waived
Customers suffering from hydrofluoric acid leak in the Gumi region (Oct. 25, 2012~Apr. 17, 2013)	● Commissions for issuance of various certificates, bankbook reissuance commissions, commissions for capitalization before exchange settlement fully waived ● Cash withdrawal commissions via another bank's ATM/CD and commissions for remittance to another bank's account fully waived

Spearheading the Green Environment

Active Engagement in International Society's Carbon Disclosure Project (CDP)

Industrial Leader in Global CDP in the Financial Sector

IBK became one of the Global CDP signatory institutions in 2009 to enhance corporate value and contribute to the activation of international green investment. In 2012, we were selected as the industrial leader in the financial sector in recognition of our efforts to date following 2011. This way, IBK plays a leading role in green and carbon management among Korea's financial institutions.

Proactively Engaging in CDSB

IBK engaged in the working-level group of CDSB (Climate Disclosure Standards Board) of CDP in July 2012; it strives for the dissemination of the practice of carbon information disclosure in the major business reports of Korean companies. IBK drew up the 2012 annual report based on CCRF (Climate Change Reporting Framework) presented by CDSB; we plan to disclose more details on climate change and green management externally through such annual report, etc.

IBK Received the Industrial Leader Award in the Global CDP Financial Sector in 2012 / IBK selected as Operating Agency of CDSB Korea in 2012

Performing Nature Sharing Project with National Parks

Together with the Korea National Park Service, IBK cooperates to undertake public beneficial functions as a public agency including support for the socially alienated class. We offer an eco-friendly program wherein the alienated class including disabled people, elderly living alone, and children from multicultural families can experience the breathtaking natural views of 20 national parks and historic sites together with natural environment commentators. In particular, the fostering and employment of natural environment commentators generate the subsidiary effect of job creation as well. In 2012, some 350 people participated in the program; we aim to increase the number of participants to 6,430 people by expanding the program in 2013. We endeavor to offer benefits to various classes evenly by distributing the proper number of people by alienated class to reduce the number of people alienated from cultural and natural benefits. We will strive to offer the basis through which more people can easily participate, beyond providing physical support.

Signing Ceremony for the Nature Sharing Agreement with KNPS / Execution of Nature Sharing Program

Social Contribution Activities

Systematic Building and Development of Infrastructure

IBK pursues social contribution activities wherein many people can participate. We have secured the arena where various stakeholders can feel the joy of sharing and serving through the engagement of the community and a variety of stakeholders. We have organized and operated an organization in charge of such work and platform so that warm hearts can spread to places requiring social contribution, for more systematic and strategic social contribution activities. We diffuse IBK's organizational culture across IBK and a culture of warmly embracing the alienated class in society.

Building and Operating the Stakeholders' Donation Platform

IBK opened the Truly Good Donation Portal, a social contribution donation portal, in 2011. The Truly Good Donation Portal is an online fund-raising site connecting non-profit organizations and donators. When one becomes a member of the portal, the donation currency, Wing, is paid considering one's activity index, and one can donate it to one's desired organization. Anyone can transparently deliver donation by using the portal freely. Thanks to the support of many people, the number of members surpassed 10,000 as of April 2013, and KRW 794,867,579 worth of donations (based on June 2013) was raised through the site. Truly Good Donation receives voluntary service applications regularly through the site. IBK donates KRW 10,000~20,000 Wing per applicant to the organization concerned in matching grant mode.

Operation Concept of Truly Good Donation Portal

Shaping a Social Contribution and Donation Culture

IBK tries to repay customers and Korean people for their love of IBK by serving and sharing. In the Social Contribution Committee consisting of each working-level department manager under the executive director, opinions on pending issues of social contribution service are exchanged; the development direction is then debated on, and efficient, strategic social contribution services are promoted.

Operated since 2004, the IBK Voluntary Service Group repays the community for their support and encouragement with active voluntary services through the vigorous engagement of the IBK President and all IBK employees. As of the end of June 2013, 1,776 employees provided active voluntary services at 87 volunteer service clubs in various fields, including visit to social welfare centers and facilities for disabled people and house repair with love.

We also run the IBK Love Sharing Fund wherein employees voluntarily participate. This Fund is operated in matching grant mode wherein IBK contributes the same amount as that donated by employees; it is used as financial source for public beneficial services such as helping underfed children, helping children from poor households in the global village, and aiding in disaster relief efforts through donation. For the transparent operation of this Fund, we set up the IBK Love Sharing Fund Management Committee, which deliberates on and decides the operation, management, and payment of the fund.

Status of Nationwide Activities of Truly Good Meal Service Vehicle of Love

Status of Nationwide Activities of Truly Good Love of Country Service

Participatory Social Contribution

Truly Good Meal Service Vehicle of Love

To implement social contribution services that are helpful to the alienated class, IBK operates the Truly Good Meal Service Vehicle of Love wherein hearty meals are offered to the underprivileged class. This is our typical social contribution service, with vehicles deployed in three places – Seoguipo, Yeongdeungpo, and Suwon – in 2012. We expanded the service to 20 regions including Busan, Mokpo, Daegu, and Gwangju in 2013 and deployed 23 vehicles for the service. In this way, we operate the service while building a nationwide network. In particular, we have found that it will be difficult to operate the service with only vehicle support; therefore, we subsidize the meal service cost and fuel expenses so that the service can be operated stably. We will continuously support the service so that it can position itself as a typical social contribution activity based on customers' voluntary sponsorship and local citizens' voluntary participation.

Truly Good Love of Country Service

IBK tries to relive the spirit of love of country by patriotic martyrs and fallen heroes who sacrificed for our country. Toward this end, we offer the convenience of moving the bereaved and visitors of national cemeteries located in a steep area by providing moving equipment at seven national cemeteries nationwide. Specifically, we provide 37 units of moving equipment including electric carts, electric wheelchairs, security tour vehicles, wheelchair lift buses, and vans suitable for each national cemetery's circumstances to help the elderly bereaved and instill patriotism in the minds of future generations visiting the cemeteries for learning. In this manner, we endeavor to keep the spirit of patriotism alive. For disabled people visiting national cemeteries, we also operate electric wheelchairs and wheelchair lift buses to offer convenience in movement so that such benefit can be evenly diffused. We at IBK will do our best to be a Truly Good Bank trying to help men of national merit and relive the spirit of patriotism.

Employees' Voluntary Service for Truly Good Meal Service Vehicle of Love / Security Tour Vehicle Offered to National Cemetery thru Truly Good Love of Country

Sponsorship for Communities

Support for Areas Damaged by Hydrofluoric Acid Leak in Gumi	Assistance in Crossing up to Dokdo by Swimming
By procuring the IBK Love Sharing Fund and IBK's donation at a ratio of 1:1 for areas damaged by hydrofluoric acid leak in Gumi, Gyeongsangbuk-do, we provided assistance worth KRW 100 million for damage restoration work. We will make efforts to carry out various sharing activities further using our employees' funds.	We supported the Project of Crossing up to Dokdo by Swimming in Commemoration of the 8 · 15 National Liberation Day to foster thirst for challenge and the spirit of patriotism among adolescents. The project seeks to promote love of Dokdo and respond to Japan's assertion of ownership of Dokdo and distortion of history textbooks in commemoration of the National Liberation Day every August 15.
Regular Patronage of Social Welfare Facilities	**Support for Smiling Fathers' Camp**
IBK regularly offers patronage for 166 social welfare facilities nationwide each month to assist in their operation. We offer not only monetary support but also continuous voluntary services through the IBK Voluntary Service Group.	With support for the Smiling Fathers' Camp to foster a culture of work-home compatibility, we seek to help promote fathers' engagement in child rearing based on a recognition of the need for men's child rearing and bond of sympathy and communication within the men's child rearing community.
Assistance in Purchase of Fallen Fruits from Typhoon-Damaged Farms	**Sponsoring a Charity Concert to Help Poor Children in the Global Village**
IBK has conducted activities to purchase fallen fruits from typhoon-damaged farms and give them away to IBK branch customers to share in the pain of owners of the damaged farms. We remember the spirit of sharing and consideration by extending a helping hand to those who need it.	We have held a charity concert to help poor children in the global village at Seoul Arts Center. The concert seeks to contribute to offering equitable education opportunities and laying the foundation for self-reliance to enable children to escape from poverty through support for language classes and vocational schools for children in developing countries; thus ultimately spearheading the eradication of poverty.
Support for Concert to Turn Disability into Normality	**Patronage of Start-ups Contest for Specialized High School Students to Become CEO**
We make efforts to establish a sharing and considering culture by supporting the concert for sharing the pain of disabled people frustrated with their circumstances and delivering messages of hope via music.	IBK shapes an environment wherein the outstanding technologies and novel ideas of specialized high school and Meister high school students can be explored and rewarded. We endeavor to nurture those students' start-up capabilities and expand such opportunity by sponsoring the contest.

Social Contribution Activities in Photos

Training Project of Job & Tomorrow Up

IBK steadily implements training projects to share knowledge that future leaders need to have in dealing with women workers at SMEs. We strive to make education benefits equitable by offering classes consisting of various programs to women workers of SMEs, where opportunities for self-development are relatively fewer.

Campaign to Reinvigorate Traditional Markets

IBK endeavors to reinvigorate traditional markets by patronizing traditional markets' Onnuri Gift Vouchers for some 800 social welfare facilities semiannually as well as supporting the underprivileged. We actively conduct a campaign to purchase goods at traditional markets as well as continuous patronage by forging sisterhood relations with traditional markets. In addition, we strive to assist traditional markets in the activation of unmanned vending machines of Onnuri Gift Vouchers of traditional markets together with ATM by installing and operating combined ATM-Onnuri Gift Voucher booths in five traditional markets in Seoul Metropolitan Area. We will make efforts to expand various forms of support to reinvigorate the commercial zone together with traditional markets.

Shared Happiness Bus Harmonized with IBK

IBK has operated the shared happiness bus service to visit Korean Red Cross, UNICEF, and Community Chest of Korea – including IBK for about 2,000 elementary, middle, and high school students annually. We spearhead efforts to develop new recognition on sharing by introducing the relevant agencies, offering financial and economic education, and providing a tour around the experience centers.

Global Voluntary Service Activities

As a typical financial institution leading banking/finance for Korea's SMEs, IBK provided global voluntary services twice in 2012 to fulfill its social responsibilities and to become a respected bank overseas, not only domestically. In the first half of 2012, the 2nd-period Global Voluntary Service Group consisting of 63 employees visited Thai Binh Village in Vietnam; in the second half, the 3rd -period Global Service Group consisting of 60 employees visited Phu Tho Province in Vietnam. They helped build houses and maintain/repair drinking water and sanitary facilities. Guided by the principle that part of the earnings generated in foreign countries – where IBK does business – always return to the country concerned, we have strengthened ties as a private diplomat through exchange with local residents, not to mention monetary support.

Free Customer Satisfaction, Financial, and Economic Education

We offered financial and economic education to the general public and students and customer satisfaction education to educational and social welfare facilities and SMEs; a total of 1,151 people attended 21 sessions.

Making Food Packages of Love

We delivered food packages made by IBK employees to 8,000 households belonging to the underprivileged class including elderly living alone and juvenile heads of households. In this manner, we have practiced heartfelt sharing.

One Company, One Village Sisterhood Relations

We have been steadily carrying out various support activities in 2012 including village Yut game support for Jeongdang 1-ri Village – with which IBK forged sisterhood relations in Taean-gun, Chungnam in 2005 and assistance to social welfare facilities through the purchase of agricultural products from the producing areas.

Sponsoring the Happiness Concert

We have held the Happiness Concert at the IBK Chamber Hall of the Seoul Arts Center to eliminate our society's prejudice against adoption and to help adopted children grow into happy members of their families without losing their innocent smiles. This way, we try to deliver the true meaning of adoption.

Truly Good Voluntary Activity Camp

We offered environmental education, basketball class, and fish catching experience at the Mt. Yeonin campground located in Gapyeong, Gyeonggi to 90 children of SMEs' employees and children at local children's centers. We will do our best to play the role of a Truly Good Bank offering the warm foundation of society through the voluntary service camp, which nurtures the dreams and hopes of the future generation.

IBK-Wide Social Contribution Activities through Employee Engagement

To enable IBK to fulfill its corporate social responsibility among Korean people, it has expanded assistance to activity expenses and donations for 94 volunteer service clubs nationwide. We endeavor to activate the sharing culture through cases of sharing by operating a social contribution portal, "IBK Sharing and Consideration," on the IBK intranet. To foster a sound contribution culture wherein IBK employees voluntarily participate, we have set up the IBK Love Sharing Fund in matching grant mode wherein the same amount donated by the employees is contributed by IBK. We use the fund as valuable financial source for social contribution activities including disaster relief efforts. To help our underprivileged neighbors, we delivered food packages made by our employees to 8,000 households including underfed children and elderly living alone on the occasion of New Year's Day. IBK also delivered 25 tons of Kimjang (winter Kimchi) made by its employees and subsidiaries to 2,500 homes suffering from difficulties at year-end.

Practice of Sharing through Sports

IBK ALTOS Women's Volleyball Team accumulated KRW 50,000 per score during the 2011-2012 V League season and consequently donated KRW 130 million to 3 welfare facilities in Hwaseong City. During the 2012-13 V League season, we increased the donation to KRW 150 million. At the end of 2012, we contributed volleyball development funds to elementary, middle, and high schools with volleyball teams to enable students to nurture their dream of becoming volleyball players despite their poor environment. We also spearhead the talent donation of athletes, such as operation of volleyball experience classes and shooting classes for specialized high school students.

Performance in 2012

Economic Performance

Net Income
Unit: KRW billion

Total Asset
Unit: KRW billion

Total Shareholders' Equity
Unit: KRW billion

Return On Assets(ROA)
Unit: %

Return On Equity(ROE)
Unit: %

Net Interest Margin
Unit: %

BIS Capital Adequacy Ratio
Unit: %

Substandard or below loans (SBL) Ratio
Unit: %

Possible Ratio of Appropriation of Expense
Unit: %

Core Management Performance
Unit: KRW billion, %

Category	2010	2011	2012
Net Income	1,390	1,552	1,121
Total Assets	174,446	189,531	205,668
Total Loans	123,664	134,635	139,405
Total Deposits	124,540	138,683	153,345
Total Shareholders' Equity	11,849	13,076	13,747
ROA	0.84	0.89	0.59
ROE	12.15	12.26	8.27
BIS Capital Adequacy Ratio	12.54	11.70	12.37
Substandard or Below Loans Ratio	1.83	1.48	1.39

Economic Value Distribution
Unit: KRW billion

Stakeholder	Item	Amount
Shareholders/Investors	Dividend	2,576
Communities	Social contribution service cost	689
SMEs	Purchase and support amount	1,279
Government	Corporate income tax	3,575
Employees	Wage/Salary of employees	7,403

Economic Value Creation
Unit: 100 million

Environmental Performance

Status of Energy Use Amount

Category of emission sources	2010	2011	2012
Power use amount (MWh)	66,260	62,706	83,665
City gas (LNG) use amount (m^3)	765,271	1,401,036	689,418
Kerosene use amount (L)	6,366	5,323	330,467
City gas (LPG) use amount (m^3)	-	150,462	528
Diesel use amount (L)	427,823	487,062	835

*During 2011 and 2012, IBK changed the fuels used for the heating and cooling of IBK head office and branch offices to city gas (LNG and LPG) and diesel to reduce carbon emissions.

Status of Water Use
Unit: ton

Category	Data Collection Scope	2010	2011	2012
Water/Wastewater use amount	Head office	127,936	127,262	127,318

Status of Raw Materials Use Amount
Unit: box

Category	2009	2010	2011	2012
Amount of copying paper purchased	61,961	66,317	69,975	73,037

Status of Fuel Use Amount for Vehicles
Unit: L

Category of emission sources	2010	2011	2012
Gasoline use amount for vehicles	4,077,216	2,451,473	2,746,951
Diesel use amount for vehicles	132,576	181,225	215,228
LPG use amount for vehicles	886,147	13,099	2,283

*IBK reduces the no. of vehicles using gasoline and LPG to curtail carbon emissions and enhance user convenience. Our employees try to use public transportation, if possible, and, in unavoidable circumstances, diesel vehicles with relatively less environmental impacts and good efficiency.

GHG Emissions
Unit: metric ton, CO2e

***Scope**: head office and branches
***Scope 1**: All direct GHG emissions
***Scope 2**: Indirect GHG emissions from consumption of purchased electricity, heat or steam

Social Performance

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

Employees' Training System
Unit: people

Category			2008	2009	2010	2011	2012
In-house training	Collective training	Training by position	4,351	4,250	3,608	5,485	7,773
		Job/Function training	1,571	1,579	3,664	1,749	3,046
		Business site training	2,823	1,501	109	6,209	11,914
		In-house training	3,932	4,617	2,826	599	634
		Job training abroad	-	-	66	273	-
		Job training abroad	546	1,250	805	1,440	723
		Total	13,223	13,197	11,078	15,755	24,090
	Cyber training		81,039	70,795	104,000	98,661	105,593
	Reading training via communications		2,931	2,954	8,085	16,881	18,699
	Subtotal		97,193	86,946	123,163	131,297	148,382
External training	Financial Training Center		7,849	11,774	14,040	12,183	14,830
	(IBK China Job Master)		-	(953)	(4,492)	(4,266)	(4,639)
	Cyber MBA		30	0	33	-	-
	Dispatch to domestic specialist institutions		399	478	660	448	731
	Dispatch to international specialist institutions		11	16	15	15	13
	Academic training		13	14	21	20	22
	(China E-MBA)		(1)	(7)	(6)	(9)	(6)
	Subtotal		8,302	12,282	14,769	12,666	15,596
Total			105,495	99,228	137,932	143,963	163,978

GRI Index

● Fully Reported ◐ Partially Reported ○ Not Reported **N/A** Not Applicable

STANDARD DISCLOSURES PART Ⅰ: Profile Disclosures

1. Vision and Strategy

Index	Description	Reporting Level	Page and Remarks
1.1	Statement from the most senior decision-maker of the organization	●	3
1.2	Description of key impacts, risks, and opportunities	●	3

2. Organizational Profile

Index	Description	Reporting Level	Page and Remarks
2.1	Name of the organization	●	6
2.2	Primary brands, products, and/or services	●	6, 33
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	●	8
2.4	Location of organization's headquarters	●	6
2.5	Location of organization's overseas operation	●	7
2.6	Nature of ownership and legal form	●	6
2.7	Markets served	●	7
2.8	Scale of the reporting organization	●	8
2.9	Significant changes during the reporting period regarding size, structure, or ownership	●	4, 5
2.10	Awards received in the reporting period	●	7

3. Report Parameters

Index	Description	Reporting Level	Page and Remarks
3.1	Reporting period	●	Cover
3.2	Date of most recent previous report	●	Cover
3.3	Reporting cycle	●	Cover
3.4	Contact point for questions regarding the report	●	Cover
3.5	Process for defining report content	●	18~21
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, 8
3.9	Data measurement techniques and the bases of calculations	●	Cover, 72~73
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	●	74~76
3.13	Policy and current practice with regard to seeking external assurance for the report	●	Cover

4. Governance, Commitments, and Engagement

Index	Description	Reporting Level	Page and Remarks
4.1	Governance structure of the organization	●	11
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	●	11
4.3	Composition of the highest governance body	●	11
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	18~19
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	●	11
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	12
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees	●	12
4.8	Principles relevant to management	●	9~10
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	●	11, 24, 36, 50, 62
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	●	12
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	16~17, 29
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	65
4.13	Memberships in associations(such as industry associations) and/or national/international advocacy organizations	●	27, 65
4.14	List of stakeholder groups engaged by the organization	●	18~19
4.15	Basis for identification and selection of stakeholders with whom to engage	●	18~19
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	20
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	●	20

STANDARD DISCLOSURES PART Ⅱ: Performance Indicators

Economic Performance

Index	Description	Reporting Level	Page and Remarks
EC1	Direct economic value generated and distributed	●	72
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	◐	72
EC3	Coverage of the organization's burden in the pension system	○	
EC4	Significant financial assistance received from government	◐	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	◐	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	◐	47
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	◐	51~52
EC8	Supporting and impact of infrastructure investments and services provided primarily for public benefit	●	26~27, 39~47, 54~55, 63~64
EC9	Understanding and describing significant indirect economic impacts	●	37~38, 58, 64~66

Environment Performance

Index	Description	Reporting Level	Page and Remarks
EN1	Materials used by weight or volume	●	72
EN2	Percentage of materials used that are recycled	●	72
EN3	Direct energy consumption by primary energy source	●	72
EN4	Indirect energy consumption by primary energy source	●	72
EN5	Energy saved due to conservation and efficiency improvements	●	58, 72
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	●	59, 72
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	59, 72
EN8	Total water withdrawal by source	●	72
EN9	Water sources significantly affected by withdrawal of water	○	72
EN10	Percentage and total volume of water recycled and reused	◐	72
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	Cover
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	Not Applicable
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	N/A	Not Applicable
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	N/A	Not Applicable
EN16	Total direct and indirect greenhouse gas emissions by weight	●	58, 72
EN17	Other relevant indirect greenhouse gas emissions by weight	○	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	72
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	◐	72
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	○	59
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	○	
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	●	51~52
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	○	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	●	54~56
LA4	Percentage of employees covered by collective bargaining agreements	●	53
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	●	54
LA9	Health and safety topics covered in formal agreements with trade unions.	◐	54~55
LA10	Average hours of training per year per employee by gender, and by employee category	●	30, 56
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	56
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	●	57
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	●	6, 11, 50
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	◐	54~55

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	◐	56
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	●	53
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	N/A	Not Applicable
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	◐	54
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	◐	56
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	○	No incidence of infringing rights of native people
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	◐	57
HR11	Number of grievances related to human rights filed, addressed and resolved through formal	○	

Society

Index	Description	Reporting Level	Page and Remarks
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	41~47, 66~69
SO2	Percentage and total number of business units analyzed for risks related to corruption	○	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	●	15
SO4	Actions taken in response to incidents of corruption	●	15
SO5	Public policy positions and participation in public policy development and lobbying	●	15
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	N/A	Not Relevant
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	N/A	Not Relevant
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	N/A	Not Relevant
SO9	Operations with significant potential or actual negative impacts on local communities	○	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	●	16~17

Product Safety

Product Safety

Index	Description	Reporting Level	Page and Remarks
PR1	Policy for customer's health and safety	◐	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services	N/A	Not Relevant
PR3	Type of product and service information required by procedures	●	33
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	N/A	Not Relevant
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	30~32
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	●	32
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	N/A	Not Relevant
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	◐	27~28
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	N/A	Not 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	●	58
FS2	Description of procedures for assessing and screening environmental and social risks in business lines	●	16
FS3	Description of processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	●	
FS4	Description of processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	●	29
FS5	Interactions with clients/investors/business partners regarding environmental and social risk and opportunities	●	25, 38, 66
FS6	Percentage of the portfolio for business lines by specific region, size and by sector	●	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business	●	37~40, 64
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	●	33
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	◐	
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental and social issues	◐	
FS11	Percentage of assets subject to positive and negative environmental and social screening	●	
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	●	12
FS13	Access points in the low-populated or economically disadvantaged areas by type	●	64
FS14	Initiatives to improve access to financial services for disadvantaged people	●	64
FS15	Policies for the fair design and the sale of financial products and services	●	13, 30
FS16	Initiatives to enhance financial literacy by type of beneficiary	●	41, 47

Independent Assurance Statement

To the Management of IBK

This assurance, as requested by IBK, has been carried out by the Korea Sustainability Investing Forum (KoSIF), an institution independent from IBK and which does not have any interest in IBK. For this reason, we did not offer services that may affect our independence and fairness during the assurance period from 2012 to 2013. We have conducted assurance focusing on the management process and reporting process concerned based on the information presented in the IBK 2013 Sustainability Report. IBK is responsible for the information and opinions described in this report other than the assurance opinion.

Assurance Level and Scope

The level and scope of assurance by KoSIF are as follows:

- Policy, goal, and performance related to sustainability management as described in the report
- Economic, environmental, and social data management system, relevant process, and tools concerned with the collection, analysis, gathering, and reporting of quantitative and qualitative information provided in the report
- Report boundary and process of deciding the reported details
- Extent of application of the principles of materiality, inclusivity, and responsiveness according to the moderate level of assurance of AA1000 AS (2008) Type 1
- Checking whether the principles and indices of sustainability report GRI 3.1 have been reflected on the report

Limitations

KoSIF has conducted site visit to the IBK head office for the assurance, but not to IBK's branches, sub-branch offices, and offices. In addition, we have not conducted external stakeholder interview during the assurance activities. We have acknowledged IBK's non-audited financial data and have checked IBK's energy use amount and greenhouse gas emissions – which did not go through third-party assurance – through a comparison between the data reported to the greenhouse gas and energy target management system and the original data provided by IBK.

Methodology

KoSIF has drawn the assurance conclusion based on the following assurance activities:

- Review of press/media reports on IBK
- Review of the reports of other institutions similar to IBK
- Interview with the staff in charge of drawing up the sustainability report by visiting the IBK head office
- Checking the relevant documents, data, and other information provided by IBK including KoSIF-requested documents and data
- Review of the execution of IBK sustainability report-related policy, mechanism, and performance as described in the sustainability report
- Assurance of materiality, inclusivity, and responsiveness according to AA1000AS (2008)
- Checking whether IBK complies with the principles on description mode, reporting details, and quality based on the GRI 3.1 Guidelines

Assurance Opinion

KoSIF judges that the IBK sustainability report earnestly reflects various policies, management systems, and performance related to sustainability management, guarantees the moderate level of AA1000AS (2008), and meets the principle of Type 1 assurance through the assurance activities mentioned above.

Inclusivity

KoSIF has verified that IBK classifies its stakeholders into customers, employees, communities, government, shareholders, and investors, identifies them, and collects stakeholders' key interests and opinions by building communication channels by stakeholder. KoSIF has not found any major stakeholder group excluded in the stakeholder engagement process mentioned in this report. Nonetheless, we found the communication channels with civil society groups – such as NGO and NPO – to be very weak compared with other stakeholders. Consequently, IBK needs to collect their interests and opinions systematically by building regular communication channels.

Materiality

IBK identifies and reports 21 material issues in 6 sectors through strategy reports, previous year's sustainability report, media analysis, key issues analysis in the banking industry, social norms and CSR-related agencies' questions, and employees and external stakeholders' questionnaire surveys and interviews. KoSIF has confirmed that IBK decides material issues on sustainability management through the process of drawing issues. Nonetheless, we have found balance by stakeholder to be lacking (i.e., SMEs, customers, shareholders, investors, NGOs, etc.) in the execution of the questionnaire survey to draw issues. We have judged that IBK needs to secure a stakeholder pool through which IBK can sufficiently collect various stakeholders' opinions in a more balanced manner to reflect systematically the opinions when selecting material issues in the future.

Responsiveness

KoSIF has confirmed that IBK communicates with stakeholders through the sustainability report concerning response activities and performance, according to material issues on sustainability management as drawn by IBK. In particular, we believe that various policies and programs to respond to issues to consolidate customer protection, such as financial consumer protection, customer information protection, and customer satisfaction – as well as management consulting and green consulting for SMEs so as to respond to the issue of win-win growth and support for SMEs – are IBK's unique and strategic corporate social responsibilities. We judge that the response activities and performance on these two issues are described well in the sustainability report. Nonetheless, issues on labor and human rights are relatively insufficient. IBK needs to complement this in the next report.

Recommendations

The following are matters deemed important for the IBK sustainability report in the assurance process, although they do not affect the conclusion of KoSIF's assurance:

- We recommend that sustainability management vision and strategies be established, and that detailed practice tasks be drawn.
- We recommend establishing quantified sustainability goals categorized into short-, mid-, and long-term goals. Specifically, we recommend that IBK establish an effective system such as setting objectives for each material issue and measuring and reporting performance.
- We recommend that solid governance be built including the relevant organization so that sustainability management can be implemented in an integrated manner and across IBK.
- IBK needs to arrange communication channels by stakeholder systematically from the sustainability management perspective (core channel and subsidiary channel) and develop the channels into a system for deciding material issues affecting stakeholders through routine communication. This way, IBK can reflect their interests on the sustainability report.

KOSIF Korea Sustainability Investing Forum

October 15, 2013
Young-Ho Kim
Chief Director KoSIF

We cordially ask for your participation

Send to

IBK Shared Happiness Dept.
FAX 02-729-6501

Thank you for your interest in the IBK 2012 Sustainability Report. We will strive further to implement better social responsibility management based on smooth communication with you through the sustainability report. Please feel free to send us your opinions on this report; we promise to reflect them on IBK's sustainability management activities and report. We cordially ask for your participation, unwavering support, and interest.

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

☐ 2012 Highlights ☐ CEO Massage ☐ Company Profile ☐ Mission and Vision ☐ Corporate Governance
☐ Ethical Management ☐ Risk Management ☐ Classification of Stakeholder ☐ Materiality Test

Warm Serving_Customer

☐ Financial Consumer Protection ☐ Personal Information Protection
☐ Customer Satisfaction ☐ Social and Environmental Financial Products

Gradually Expanded Serving_ SMEs

☐ Financial Support ☐ Tailored Finance ☐ Support for Small and Middle Standing Companies
☐ Support for Green Consulting ☐ Consolidation of SMEs' Capabilities

Equal Serving_ Employees

☐ Open IBK ☐ Joyful Workplace
☐ Talent Fostering and Fair Assessment ☐ Eco-friendly Organization

Beneficial Serving_ Communities

☐ Fortification of Financial Business for Ordinary People ☐ Support for the Financially Alienated Class
☐ Spearheading the Green Environment ☐ Social Contribution 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 ( )

Thanks for 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.

IBK is actively engaged in CDP to cope with climate change. It was selected as a leader in the banking sector for two years in a row in 2012.

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