

Daegu Bank's Sustainability Management Reporting & Communication



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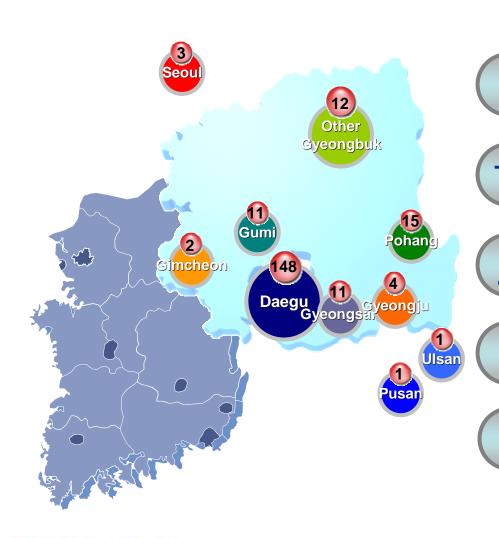
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I . About Daegu Bank

Bank Profile



The first regional bank in Korea (Established in Oct.7, 1967)

Total Asset Size: 22billion Dollars

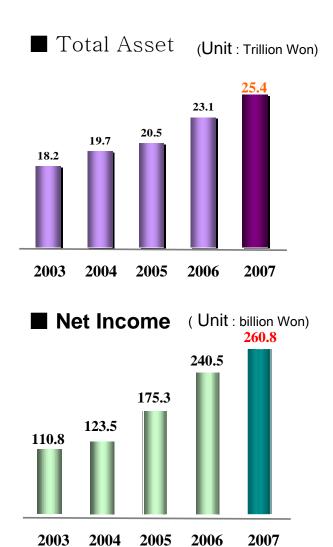
Market Share : 44% in Daegu, 20% in Gyeongbuk

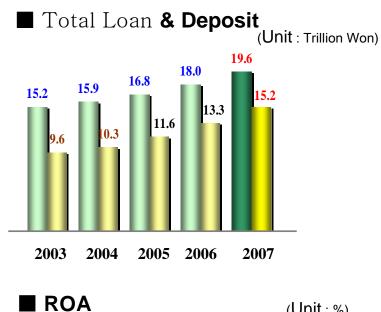
Branches (Nr.): 209

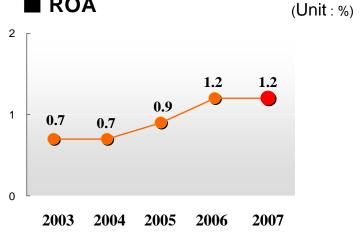
Employee (Nr.): 2,825



Financial Performance





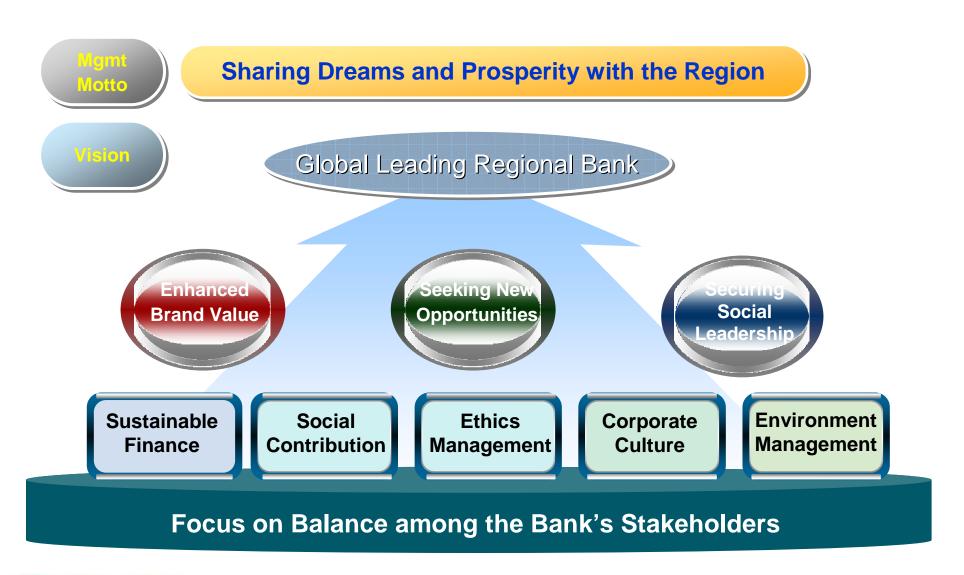






II. Sustainability Mgmt & Reporting

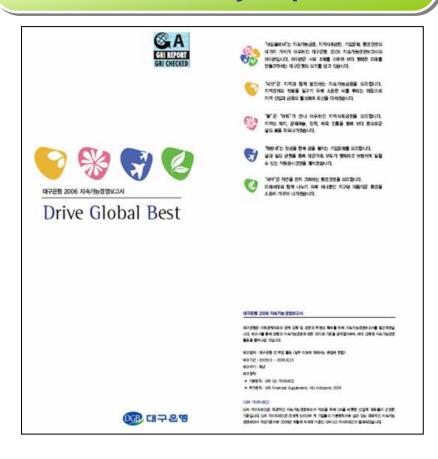
Sustainability Management





Sustainability Report

DGB Sustainability Report 2006



Our Initiatives

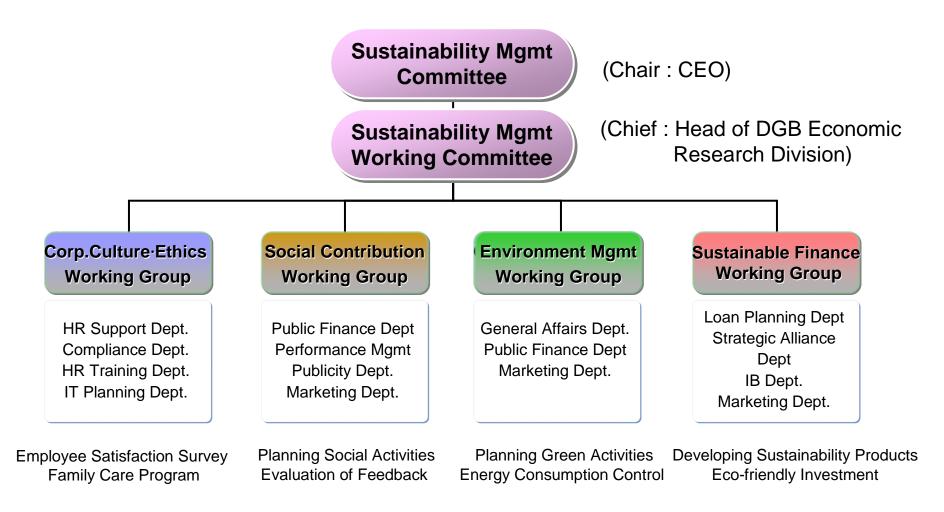
- Obtained GRI A grade for the first time in the Korean banking sector
- The report integrates the annual report
- GRI G3 guideline reflects additional financial indicators in advance
- The report also reflects VfU (i.g. German environmental guideline for financial institutions)
- Printed in eco-friendly paper using bean oil





SM Organizational Structure

Organizational structure designed to promote sustainability management







III. Internal Communication

CEO Focused on Sustainability Management







DGB STOP CO₂ 플랜(Ⅱ)

세계 각국의 정부와 기업, 국민들이 탄소 배출 감축의 중요성을 미리부터 깨닫고 에너지 절감과 친환경 경영에 전력을 기울이고 있습니다.

그러나 우리나라는 아직까지 환경문제와 에너지 절약에 대한 정 부의 의지가 미약할 뿐만 아니라, 기업과 시민들의 인식 또한 부족 하여 너무도 안타까울 따름입니다.

한편, 우리 대구은행은 최근에 재무적인 성과뿐만 아니라, 환경경영을 비롯한 지속가능경 영 부문에서도 앞서가는 은행이라는 점을 국내외에서 인정받았습니다.

지난해 11월에 환경재단이 주최한 "2007로하스경영대상』 과 12월에 산업자원부가 주관한 "지속가능경영대상』을 수상하였습니다. 또한 지난 2월에는 국내 은행으로서는 처음으로 아시아머니"의 "아시아최우수경영기업상』을 수상하였습니다.

시아머니"의 『아시아최우수정행기업상』을 수상하였습니다.

지난데 11월에 환경제단이 주최한 '2007로하스경영대상, 과 12월에 산업자원부가 주관한 '지속가능경영대상, 을 수상하였습니다, 또한 지난 2월에는 국내 은행으로서는 처음으로 아

양 부분에서도 알시가는 은행이라는 점을 국내외에서 연경받았습니다.

요심은 소리 리토를 본 하는데 시스라지 의미있다. 시리라는 테스의의의 비롯이 기록되었다.

CEO LETTER

- Every staff receives weekly CEO Letter
- Sharing the SM core value
- Provides the relevant information

In-service Training & Conference

- AGM, General Managers Meeting, In-service training of the newly recruited
- PR materials



Sustainability Management Initiatives



Declaration Ceremony of DGB Sustainability Management

- September 27, 2006
- Sustainability Mgmt declared in public
 - Started publishing sustainability report in accordance with GRI guideline
 - Formulated Sustainability Management strategy considering ESG
- Joined the UNEP Financial Initiatives.

Sustainability Management declared for the first time in the Korean banking sector



Sustainability Management Initiatives



환경재단과 DGB STOP CO2 협약

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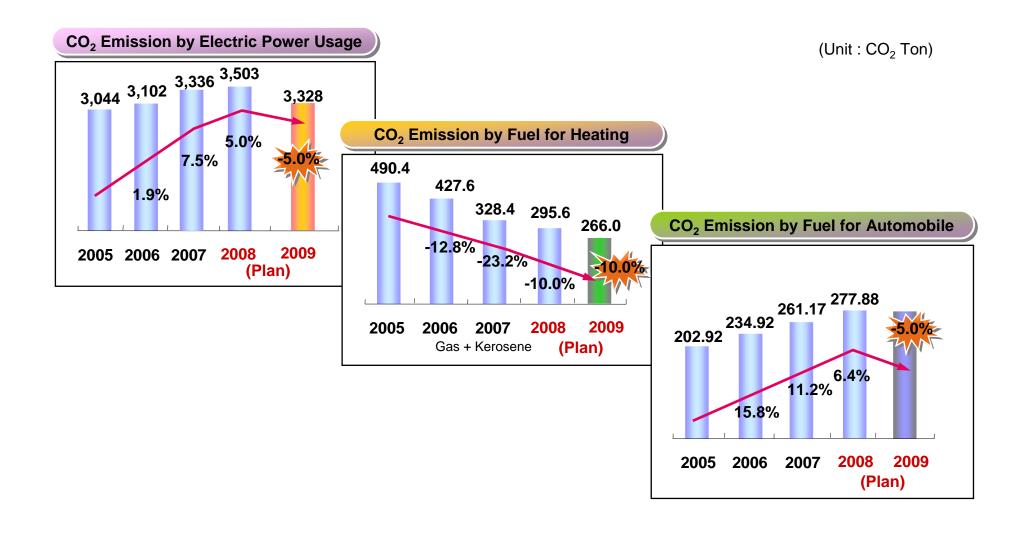
DGB STOP CO2 Resolution

- March 25, 2008
- DGT STOP CO₂ Plan
 - Energy consumption control by energy sourcies (electric power, using water, fuels for heating and company vehicles, and others)
- STOP CO₂ Campaign MOU Signed
 - Daegu Bank & Korea Green Foundation

Low Carbon Plan



Energy Saving Plan by Source





Environment Management



- ► Built Gyeongsang Gamyoung Park
- ► Built Bronze Statue of "Win-win Hand"
- ► Gumi Dongrak Park tree plantation
- Conserving Dokdo Island, Shincheon& Nakdong River





- ▶ DGB Solar Power Plant at a branch (Banyawol br.)
- Activities

 Energy Saving Campaign
 - ► Regional Energy Saving Movement





- ► Activities to reduce CO₂ emission
- ► Tree Planting : Mongol, Daegu region
- **▶** Strengthened Eco-friendly Investment

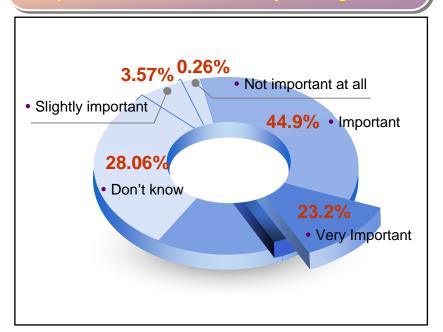




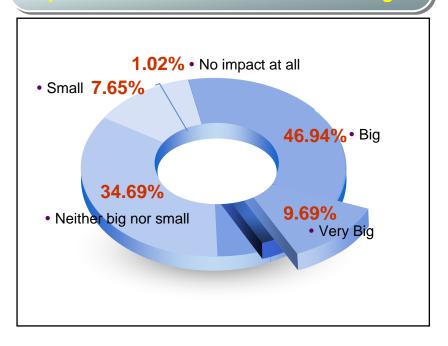
Sustainability Management Survey

The employee survey on the Sustainability Management Program facilitates the internal communication (Survey: June 10~12, 2008)

Importance of Sustainability Management



Impact of SR on Stakeholder Focused Mgmt







IV. External Communication

Joining Global Initiatives

Joining global initiatives, Daegu Bank pursues sustainability management program that lives up to global standard

- Jul.18,2006 Joined the UN Global Compact
- Sep.27,2006 Adopted the UNEP FI Manifesto
- Jan.5, 2007 Joined the CDP 5
- Oct.23,2007 CEO participated in the UNEP FI AGM & Global Roundtable (First Timer in the Korean banking sector)











Communication with Investors

Communication with the investors on the Sustainability Management Program



CEO's IR Activities

Non-deal Roadshow & Conference : 15 times

IR Activities (2007)

- Quarterly Analyst Meeting: 4 times
- Non-deal Roadshow & Conference : 78 times
- Conference Call: 28 times
- One-on-One & Small group meetings: 191 times

Investors support
Sustainability Management Program



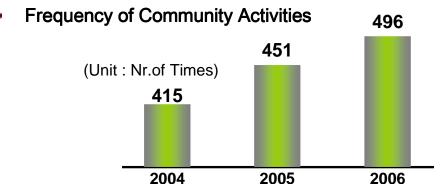
Communication with Regional Society

Social contribution as a tool for promoting communication with the regional society



DGB Community Service Corps

- Launched in 2002 with 23 divisions (2,626 staffs joined)
- Environmental activities, blood donations, etc.



Senior management is actively engaged in

- Various social volunteering activities
- Writing relevant articles in newspapers
- Delivering lectures at workshops & conferences



Communication with Regulators & Government

Support for growth of sustainable finance through cooperation with government



Engaged in the evaluation of environmental risks (Pilot Project) driven by Ministry of Environment (MOE)



Engaged in a research project with MOE for introducing Credit Management System taking into account environmental information of borrowers



2006

2007

Engaged in the evaluation of environmental risks (Project Finance) driven by MOE

Cooperation with the local governments and public institutions

- Local government officers (Daegu) in-service training on the agenda of sustainability management
- Gumi received consultation on sustainable growth / Provided support service for joining the Global Compact
- Daegu City signed MOU for Solar City Project: Solar power plant (50MW) should be built on the buildings of public institutions in the region

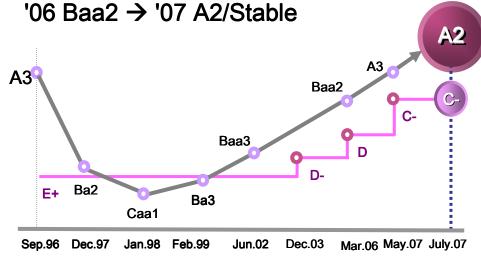




Achievements of Sustainability Management

Upgraded Credit Ratings

* Moody's Rating upgraded 3 notches:





- Improved Financial Performance
 * All-time High Net Income (250 million dollars for 2007)
- Enhanced Corporate Brand Value
 * '08 Ranked 297th: The Global 500
 banking brand index (The Banker)
- Awards
 - * '06 Grand Prize for Eco-friendly Management (The Korea Economic Daily)
 - * '07 LOHAS Management Prize (Korea Green Foundation)
 - * '07 The 2nd Sustainability Management Award (Ministry of Commerce, Industry and Commerce • The Korea Chamber of Commerce & Industry)
 - * '08 Grand Prize for Customer Satisfaction(The Korea Economic Daily)
 - * '08 "2007 Asia's Best Managed Company" (Asiamoney)





Thank You I

Daegu Bank

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