IBK
BEYOND SUSTAINABILITY

2023 IBK SUSTAINABILITY REPORT

Industrial Bank of Korea

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Interactive PDF

This report is published in an interactive PDF format and is made available in Korean and English for communication with global stakeholders.

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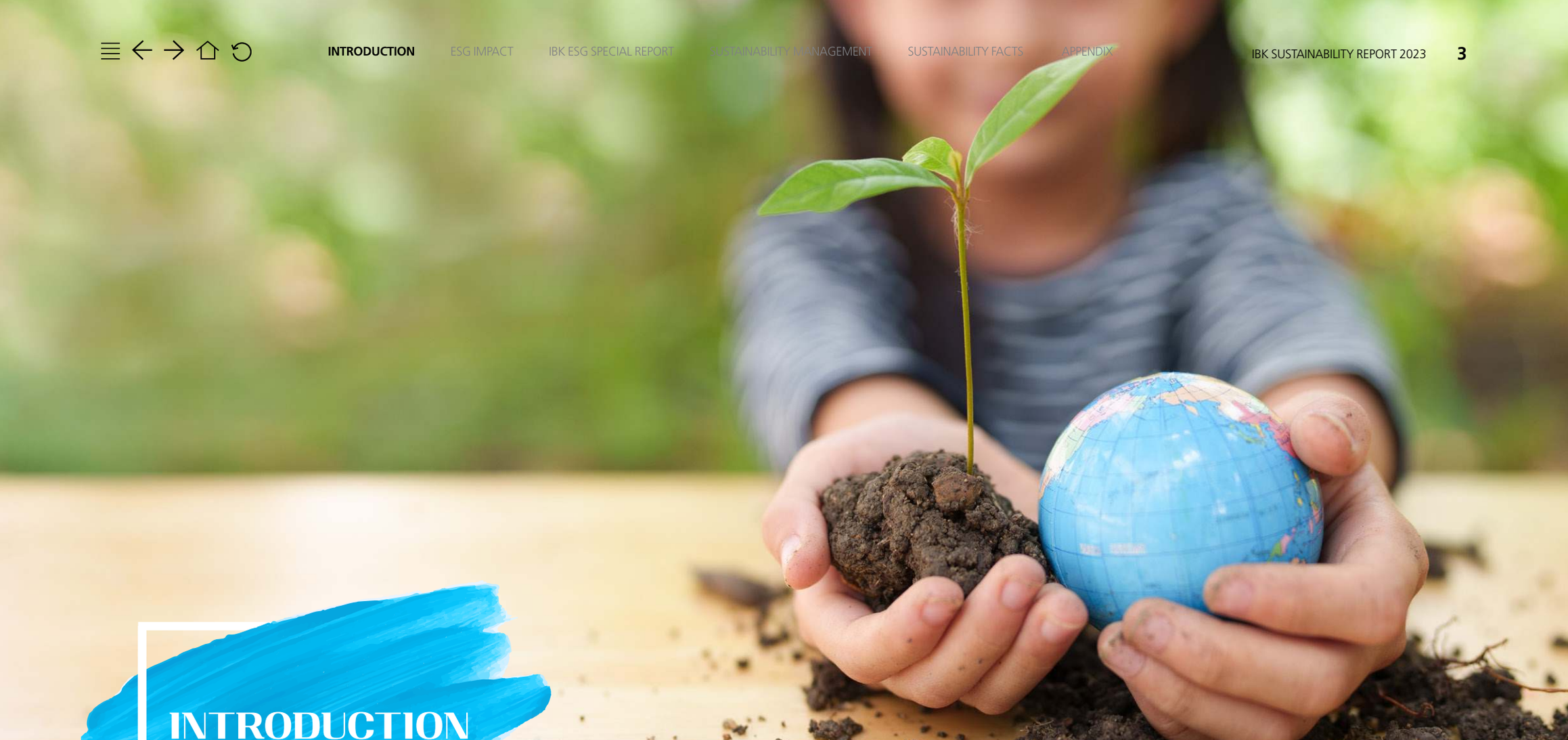
COVER STORY

The cover of the 2023 Sustainability Report shows the blue sea painted by a child. The blue whale and the green sea turtle in the sea painted on the wall are endangered species. Is it possible for her to see these animals as she is today when she grows up to become an adult? We want to let people know, through the cover, the preciousness of the marine ecosystem and biodiversity we used to forget in our busy daily life. Industrial Bank of Korea (IBK) will try to protect our precious nature so that children can look at a blue whale and reminisce even later as adults.



INTRODUCTION

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CEO's Message

We express our heartfelt gratitude to all the stakeholders who have provided unwavering support for and trust in IBK.

Amidst the ongoing global crisis, we find ourselves confronted with yet further complex challenges, hindering our ability to fully embrace the joy of seeing each other's faces after COVID-19 that were concealed behind masks. These challenges of high-interest rates, inflation, economic recession, nationalism, climate change, and polarization loom over us, posing threats to our daily lives again.

However, amidst these challenges, a ray of hope emerges through the lens of ESG. The ESG framework, which gained prominence during the ascent of COVID-19, is now evolving into a catalyst for addressing the issues we currently face. ESG demands considerable effort, promising to transform concerns about the future into expectations and hope.

For IBK, ESG represents a response to the demands of the next generation and serves as a significant milestone in the pursuit of value-based finance. It is often said in challenging times, 'Go back to the basics.' Therefore, IBK strongly emphasizes Environmental, Social, and Governance (ESG) principles, aligning with its fundamental role as a public finance institution. We are actively creating a sustainable society in which no one is left behind through multifaceted support, such as the green transformation of SMEs, job creation, support for the less privileged, and consulting.

IBK believes that enhancing the value of customers, the company, and society ultimately leads to an increase in our value. Having successfully weathered crises while remaining closely intertwined with the Korean economy for the past six decades, we remain steadfast in our commitment to tackling the challenges that lie ahead.

With a new vision of becoming a globally renowned financial group that delivers exceptional service through innovation, we are dedicated to creating a bank that embodies more valuable finance.

Thank you.

Kim Sung-Tae
Chairman and CEO

About IBK

IBK was founded to support the business activities of small and medium-sized enterprises.

Vision

World's Leading Financial Group
Providing the Best Services in Innovative Ways

Strategic direction

Value-Creating Finance | Enhance values for all related parties

Robust bank

- Market Leadership
  - Strengthening support for SMEs
  - Securing future growth drivers
  - Stimulating technology ecosystem
  - Enhancing group synergy
- Substantial Management
  - Preemptive risk management
  - Sustaining balanced growth
  - Achieving digital competency
  - Generating tangible global outcomes

Principled Finance

- Customer Trust
  - Customer-oriented management
  - Protecting financial consumers
  - Advancing internal control system
  - Maintaining zero financial incidents
- Social Responsibilities
  - Inclusive finance
  - Increase financial accessibility
  - Performing corporate citizenship
  - Practicing global ESG

Happy and Fulfilling Organization

- Fair personnel management
- Equal opportunities
- Competent talents
- Work and life balance
- Trust and harmony
- Vibrant workplace

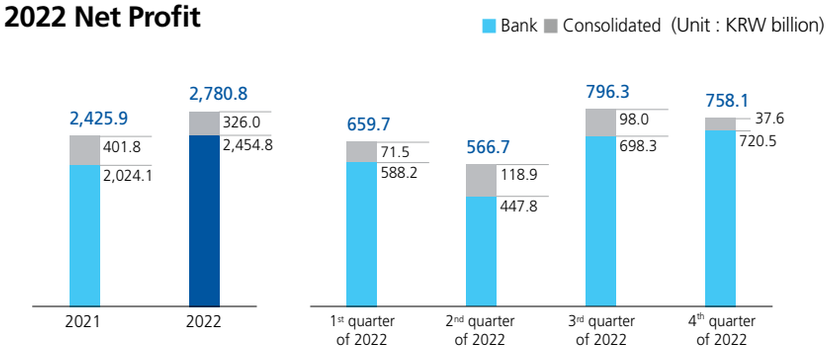
Core values

- Together with customers
- Trust and responsibility
- Passion and innovation
- Communication and teamwork

General Status

Founding Date	August 1, 1961
Grounds for Establishment	Industrial Bank of Korea Act
Bank CEO	Kim Sung-tae
Total Assets (consolidated)	KRW 431,980 billion
Head Office Location	79 Eulji-ro, Jung-gu, Seoul

2022 Net Profit



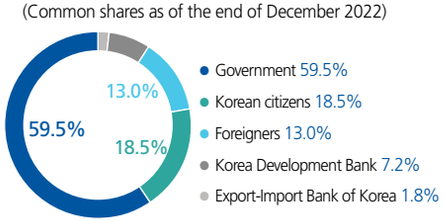
Credit Rating

(As of 2022)

Credit rating company	
Moody's	Aa2
S&P	AA-
Fitch	AA-

Composition of Shareholders

(Common shares as of the end of December 2022)

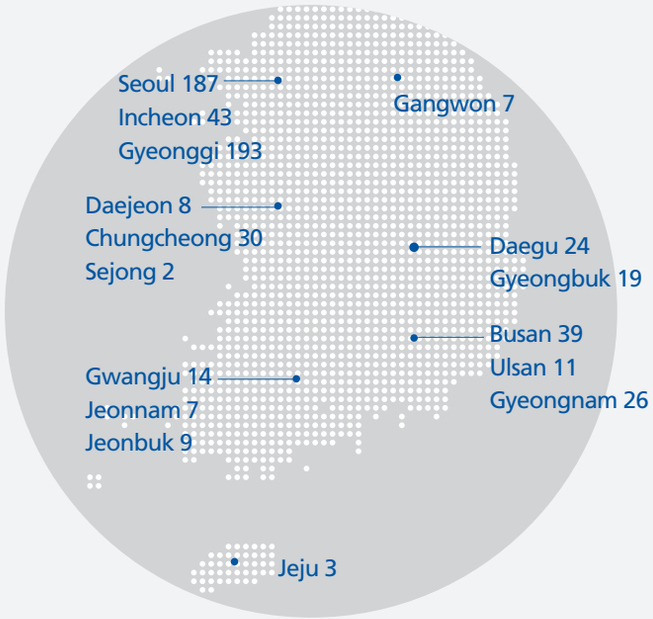


Status of Domestic and International Branches

21 Regional Headquarters

622 Branches

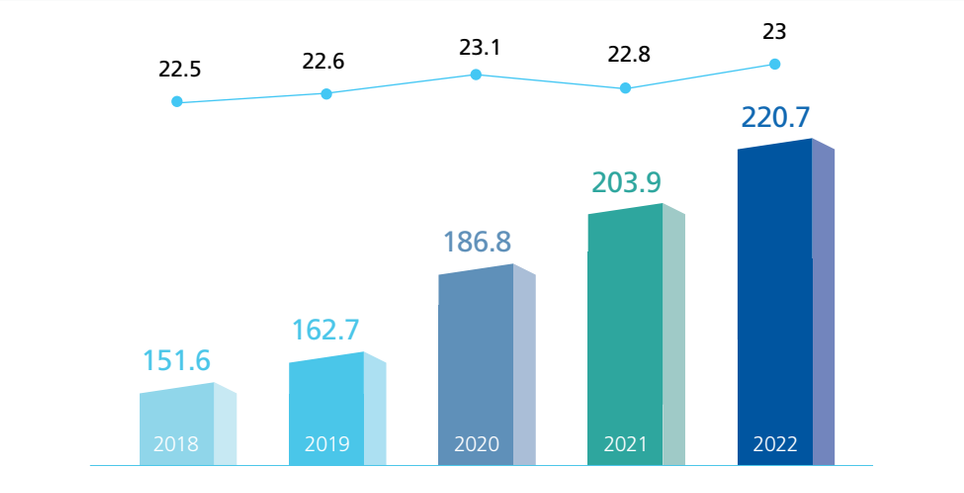
59 Overseas Branches



Reached SME Loan Balance of KRW 220 Trillion

IBK achieved an SME loan balance of KRW 220 trillion and maintained the no. 1 market share of 23% in the SME loan market.

SME Loan Balance and Market Share (Unit : KRW trillion, %)



Diverse Financial Support Initiatives for SME Growth

(As of 2022)

The ratio of technology finance loans
30.4% (KRW 98.9 trillion)
No. 1 in the banking sector

Low-Credit SME Support
56.9% (KRW 13.2 trillion)
No. 1 in the banking sector

Venture Capital Supply (2022 supply results)
KRW **697.8** billion

Winner of Two Awards at the Global SME Finance Awards

At the Global SME Finance Awards organized by the SME Finance Forum (SMEFF) in September 2022, IBK won two prestigious awards: SME Financial Institution of the Year and Innovative Product of the Year. The Industrial Bank of Korea was internationally recognized for its expertise in SME policy finance, making it the first Korean financial institution to be awarded.

Received S Grade in 2021 Government-run Bank Management Assessment.

IBK got S Grade in the 2021 Government-run Bank Management Assessment. As a result of the efforts of all employees and executives to support small businesses and micro enterprises at the forefront of COVID-19, we achieved S Grade in 9 years since 2012.

About IBK Financial Group

IBK collaborates with its subsidiaries to offer various services and foster synergy.

Finance for a Better Tomorrow

Industrial Bank of Korea

IBK캐피탈

- Corporate financing
- Investment financing
- Installment and lease financing, etc.

A specialized credit financial business company that offers leading financial services to conglomerates, SMEs, and startups.

IBK투자증권

- Overseas stock trading
- IPO support on SMEs, etc.

An investment company that offers market-leading asset management, advanced financial products, aiming for new customer value creation.

IBK연금보험

- Personal insurance
- Retirement pension, etc.

Specializes in pensions and helps customers plan a stable future by offering top financial services.

IBK시스템

- IT consulting
- System development
- System operation

A total IT company that offers comprehensive computer solutions based on accumulated knowledge and technologies.

IBK저축은행

- Financial support for small businesses
- Regional corporate financing
- Microfinancing

Supports people and SMEs and always puts customers first.

IBK서비스

- Facility management, maintenance
- Security service
- Catering, etc.

A field-centered, partner-oriented company that manages subcontracting work for IBK.

IBK자산운용

- Asset management
- Investment advisory
- Investment entrustment, etc.

Specializes in managing the assets entrusted by customers and ensuring profitable returns.

IBK신용정보

- Debt collection
- Credit checks
- Credit management, etc.

Undertakes debt collection and provides corporate credit information to foster a sound business culture.

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ESG Management Vision and Strategy

IBK is committed to practicing ESG management aligned with its core purpose of supporting small and medium-sized enterprises. Our vision of being a sustainable bank that sticks to the basics is realized by internalizing ESG values across all levels of management, encompassing environmental, social, and sector-wide governance objectives. Moreover, we actively support SMEs adapting to ESG objectives by fostering mutual growth and creating a sustainable society.

IBK Vision

Sustainable bank that sticks to the basics

Goals

Green management
to drive eco-friendliness and climate change response

Responsibility in management
to fulfill social responsibilities as a corporate citizen

Compliance and ethical management
based on sound and transparent governance

Key Tasks

- Climate action
- Expand green finance
- Create eco-friendliness

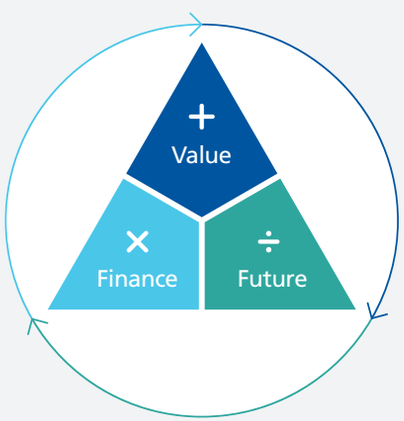
- Protect financial consumers
- Respect for employees
- Expand inclusive finance
- Expand social contribution

- Practice compliance and ethical management
- Risk management
- Information protection

Supporting SMEs

2023 IBK X ESG Keywords

In 2023, IBK has set three keywords to promote ESG management with various stakeholders, including customers and employees.



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The 2023 IBK ESG keywords are 'increasing the value, multiplying finance, and sharing the future.' It contains the meaning that IBK will multiply (x) synergy with customers, share (÷) a better future, and increase (+) the value of IBK.

* IBK plans to select and disclose ESG keywords yearly through a contest.

IBK Financial Group actively fosters a sustainable society by implementing systematic ESG management.

IBK기업은행 금융그룹 IBK캐피탈

IBK Capital has established the ESG Council to advance, implement, and oversee ESG management initiatives systematically. In 2022, the council discussed the performance of ESG management and formulated promotion plans for 2023, exchanging information to build consensus on ESG management within the organization.
Moving forward, IBK Capital will persist in identifying significant ESG-related tasks through the ESG Council's operations while actively engaging in ESG management at the broader IBK Financial Group level.

IBK기업은행 금융그룹 IBK투자증권

IBK Securities identifies improvement tasks for ESG management through the ESG Management Council and implements them company-wide. Additionally, the organization is expanding the ESG management system by incorporating ESG principles into all levels of management. To foster a strong ESG culture, a monthly ESG campaign is conducted internally; ESG training sessions are provided to ESG managers and relevant departments, and executives receive special ESG lectures.

IBK기업은행 금융그룹 IBK연금보험

IBK Insurance actively practices ESG management by investing in eco-friendly businesses. Simultaneously, the company reinforces responsible management by developing preferential products for employees of SMEs and offering fee discounts.

IBK기업은행 금융그룹 IBK자산운용

IBK Asset Management establishes an ESG investment philosophy and strategy to bolster the trustworthiness of investment management. The company incorporates ESG-based evaluations into its actual investment activities.

Fundamental Philosophy

Active Consideration of ESG Risks and Opportunities in Investment Decision-Making

↓

ESG-enhanced **Fundamental** Approach for Better Alpha Generation
(Fundamental investment and ESG process optimization for long-term stable excess returns)

+

Detailed Plan

Screening	Integration	Thematic	Risk-Management
Selective investment in companies with high ESG-performance through positive screening	Identification of ESG risks and opportunities using ESG ratings	Discovery and investment in thematic stocks that contribute to environmental and social sustainability	Management and minimization of negative impacts of ESG risks

We will continue cultivating ESG values through collaborative efforts within the financial group.

IBK기업은행 금융그룹 IBK저축은행

IBK Savings Bank has established the ESG Management Council to promote, implement, and oversee ESG management tasks. Through an internal consultation system, the bank has formulated standards, procedures, and regulations for systematically managing ESG activities. The ESG Management Council has been crucial in determining the ESG management strategy, policy, goal setting, and performance evaluation.
In recognition of IBK Savings Bank's commitment to ESG management, the bank was honored with the Financial Services Commission Chairman's Award in the ESG finance sector at the 16th National Sustainability Management (ESG) Conference. The bank received high praise, particularly for its continued practice of inclusive finance, rooted in social responsibilities and ethical management.

IBK기업은행 금융그룹 IBK신용정보

IBK Credit Information has formulated ten practical ESG tasks and developed detailed action plans within its ESG management system's framework for internalizing ESG management practices. By executing these ESG tasks, IBK Credit Information aims to enhance corporate value and make meaningful contributions to the sustainable management of the IBK Financial Group.

IBK기업은행 금융그룹 IBK시스템

IBK System played a vital role in establishing the 「IBK BOX ESG」 system, which aims to instill ESG management practices among SMEs. This contribution has dramatically assisted in advancing the overall ESG management framework within the IBK Financial Group.

IBK기업은행 금융그룹 IBK서비스

To engage in ESG management, IBK Service is actively incorporating eco-friendly products for the environmental enhancement of its branches. Furthermore, the company is taking proactive measures to prevent accidents by implementing a safety and health management system. IBK Service is committed to creating a secure working environment by enforcing safety and health management regulations. It has established a comprehensive manual to respond to major industrial accidents and introduced a safety inspection day to ensure ongoing safety measures.

2022 IBK ESG Highlights

Climate Action

CDP Leadership
Grade A

First policy finance institution to declare coal finance
(April 2022)

Joined the **Equator Principle**
(September 2022)

EQUATOR PRINCIPLES

SME ESG Consulting

Development of ESG Self-Assessment Tool, A total of
688 companies
completed the assessment
(As of 2022)

SME Recovery Support Consulting **72 companies**
KRW 367.6 billion
(As of 2022)

Provided **820 cases** of labor consulting
(Cumulative from 2013 to 2022)

Fulfilling Social Responsibilities

Bloomberg Gender Equality Index
Newly Added

Bloomberg Gender-Equality Index 2023

Employee Donation Campaign
「Precious Steps」 Donation
KRW 408 million

Job Creation Projects
Cumulative Employment
200,000
(Cumulative from 2009 to 2022)

ESG Awards

LACP Vision Awards
Sustainability Report
Platinum Prize

CDP Korea Awards
Awarded
Carbon Management Honors Club

K-ESG Management Awards Grand Prize in Overall ESG Areas

2022 K·ESG 경영대상 Environment Social Governance

External ESG Evaluation

Korea Institute of Corporate Governance and Sustainability
Overall Grade of A

Overall Grade: A | Environmental: A+ | Social: A+ | Governance: B+

Korea ESG Research Institute
Grade A

FTSE4Good Index
Newly Added

2022 CDP Korea Awards - Carbon Management Honors Club Award

IBK received the Carbon Management Honors Club award at the 2022 CDP Korea Awards. The bank's commitment to setting carbon-neutral targets and implementing an environment and energy management system played a significant role in this recognition.

CDP, a global ESG evaluation agency and non-profit organization, conducts annual assessments and disclosures of climate-change responses and carbon management strategies for listed companies worldwide. IBK was honored to be qualified for the 'Carbon Management Honors Club' by achieving "Leadership A" status, a distinction granted to only 1.6% (283 companies) among 18,000 participating companies in the 2022 CDP climate-change response evaluation. Only five companies in Korea were included and IBK was the only financial institution among them, so it is a more meaningful result.

Furthermore, it received "Sector Honors," recognizing its excellence within the financial sector. IBK will continue to lead the way in responding to the climate crisis, actively practicing and promoting sustainable initiatives by disclosing climate-related information.

New Addition to the Bloomberg Gender-Equality Index (GEI)

IBK has been included in the Bloomberg Gender-Equality Index in recognition of its consistent efforts in ESG management–specifically in promoting a culture of gender equality and fostering an inclusive work environment.

The Bloomberg Gender-Equality Index (GEI) is a primary ESG index that evaluates the gender equality practices of listed companies worldwide and selects organizations for inclusion. The evaluation criteria encompass various aspects, including the development of female talent, gender pay parity, the promotion of an inclusive culture, sexual harassment policies, and the establishment of women-friendly brands.

IBK is working to establish an organizational culture that embraces diversity, emphasizing gender equality. IBK's participation in the United Nations Women's Empowerment Principles (WEPs) since March 2022 demonstrates its commitment to eliminating women's advancement barriers. Notably, the bank is leading in improving gender equality by appointing female independent directors and expanding opportunities for advancing talented female employees. As of December 2022, the ratio of female managers has increased to 35.4%, and significant efforts have been made to enhance the work-life balance system. This includes introducing a groundbreaking three-year parental leave policy, a first in the banking industry, and expanding flexible work arrangements. Moreover, IBK operates the most significant number of workplace daycare centers among financial institutions, with 13 centers, including the recently opened 'IBK Truly Good Daycare Center' in Mapo, Seoul. Moving forward, IBK aims to drive substantial organizational innovation by leading the way in nurturing female talent and fostering a culture of gender equality throughout the bank.

The Women's Empowerment Principles : 7 Principles

1. Establish high-level corporate leadership for gender equality.
2. Treat all women and men fairly at work–respect and support human rights and nondiscrimination.
3. Ensure the health, safety and well-being of all women and men workers.
4. Promote education, training and professional development for women.
5. Implement enterprise development, supply chain and marketing practices that empower women.
6. Promote equality through community initiatives and advocacy.
7. Measure and publicly report on progress to achieve gender equality.

Participation in ESG Initiatives

IBK actively engages in diverse global initiatives to incorporate responsible ESG management practices, aligning with the prevailing international trends. Participation in domestic and overseas initiatives provides valuable opportunities to acquire advanced ESG management knowledge and to collaborate with international organizations and industry leaders. We will continue to engage in nationwide efforts to foster a more prosperous society.

Joined in April 2021

CDP
Carbon Disclosure Project

The project requires companies to disclose their environmental impact transparently, particularly concerning climate change and forest preservation.

Participated as an observer in May 2021

CWI
World Bank CWI Project

The initiative enhances the transparency and efficiency of the carbon credit market, which is operated differently in each country.

Joined in September 2021

GFANZ, NZBA
Glasgow Financial Alliance for Net Zero, Net Zero Banking Alliance

An alliance to attain carbon neutrality (net zero) of financial assets, such as investments and loans, by 2050.

Joined in December 2021

UN FHI
UN Financial Health and Inclusion

An initiative guided by the Principles for Responsible Banking to facilitate inclusive finance and enhance the financial health of customers.

Joined in January 2022

BNBP
Biz N Biodiversity Platform

The platform helps disseminate corporate social responsibility for biodiversity conservation and use, and supports relevant decision-making.

Joined in March 2022

WEPs
Women's Empowerment Principles

The initiative spreads a culture of gender equality in the workplace and promotes the advancement of competent women.

Joined in September 2022

Equator Principles
Equator Principles

Voluntary action agreement by financial companies to refrain from providing financial support in cases where large-scale development projects pose risks, such as environmental destruction and human rights violations.

Joined in 2006

UNGC
UN Global Compact

The world's largest voluntary corporate citizenship initiative for sustainability management and improvement of corporate citizenship.

Joined in June 2020

TCFD
Task Force on Climate-related Financial Disclosures

A global consultative body was established to disclose financial information related to climate change.

Joined in March 2021

PCAF
Partnership for Carbon Accounting Financials

The partnership for developing standards and guidelines for measuring GHG emissions from financial assets such as investments and loans by financial institutions.

Joined in March 2021

SBTi
Science Based Targets initiative

The initiative establishes and supports GHG-reduction goals based on scientific evidence to keep global warming at or below 1.5°C, 2°C.

Joined in April 2021

UNEP FI
UN Environmental Programme Finance Initiative

A public-private partnership between the UN Environment Programme and the financial sector.

Joined in April 2021

UN PRB
UN Principles for Responsible Banking

Principles that regulate the roles and responsibilities of banks to fulfill the Paris Climate Agreement and UN SDGs.

Stakeholder Engagement and Communication

IBK classifies stakeholders who significantly impact sustainability activities into several categories: SMEs, individual customers, employees, government, communities, shareholders, and investors. IBK is communicating well with stakeholders actively by identifying key topics and concerns for each stakeholder group and integrating them into ESG management activities.

Stakeholders	SME	Individual Customers	Executives and Employees	Government	Local Communities	Shareholders and Investors	Partners
Communication Channel	• IBK Changgong • IBK 1st Lab • SME Consulting • Management Club • i-ONE JOB • IBK BOX	• Voices of Customers (VOC) • Customer Satisfaction Survey • WIN Class • i-ONE Bank • Customer Center	• Communication Postcard • Human Rights Counseling Center • Labor-Management Council • Whistleblowing System • Leader's Club	• Cooperation Program for Parliamentary Inspection • Public Institution Business Performance Report • Business agreements with related agencies	• IBK Happiness Sharing Foundation • IBK Smile Microbank Foundation • Joint Daycare Center with SMEs • IBK Sports Teams • Online community platform	• General Meeting of Shareholders • Annual Report • Sustainability Report • IR Website • IR Conference • Public Disclosure	• Partner Meetings
Areas of Interest	• Supporting SME competency development • Supporting establishment of SME ESG management system • SME financial support	• Providing safe and convenient financial service • Protection of financial consumers • Information security and customer privacy protection • Expansion of inclusive finance	• Work-life balance • Employee professional development • Fair hiring • Improving workplace culture • Employee health and safety	• Reinforcing environmental management • Expanding inclusive finance • Creating quality jobs	• Social contribution activities • Supporting arts and culture • Supporting less-popular sports	• Improving corporate governance • Enhancing risk management • Expanding compliance and ethical management	• Communication and growth with partners • Transparent transactions for ethical management

2022-2023 Stakeholder Communication

Participation in the OECD Sustainable SME Finance Platform

In January 2022, IBK became a founding member and co-chair institution of the 「OECD Sustainable SME Finance Platform」, launched alongside COP26. Through this platform, IBK collaborates with policy banks from various OECD countries, including the UK, Canada, and France, to facilitate knowledge-sharing and conduct joint research. The primary objective is to drive the green transition and foster sustainable growth among SMEs while developing effective support policies tailored to their needs.

The platform presented its first joint research report in December 2022, addressing sustainable SME finance. IBK plans to conduct a survey on global financial institutions' carbon neutrality and research on ESG data collection for SMEs in 2023. Through active participation, IBK strives to promote the green transition of SMEs by sharing knowledge and experience with fellow members.

MEMBERS

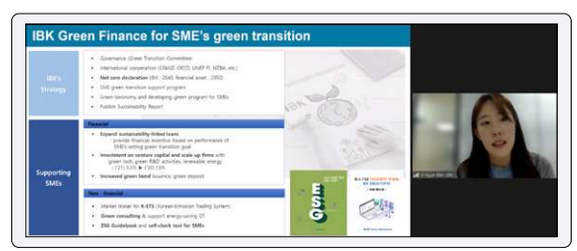
KNOWLEDGE PARTNERS

IBK Academic Research Support Conference

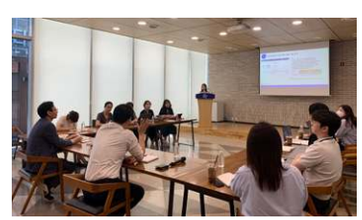
The '2nd IBK Academic Thesis Research Support Project Academic Conference' was held in September 2022 in collaboration with the Korean Economic Association. IBK conducted a research support project addressing SMEs' challenges from January to September 2022. During the conference, excellent research projects on topics like the impact of 4th industrial-era technology on corporate performance and the relationship between green finance and small business management performance were presented. IBK will continue to expand research support on SMEs and policies through ongoing research support projects.

Publication of the UN PRB Report

The Principles for Responsible Banking (PRB) is an international agreement that outlines the responsibilities of banks in implementing the Paris Climate Accords and the UN Sustainable Development Goals. IBK has pledged its support for responsible banking, aligning its ESG management with international standards. In September 2022, IBK published its first implementation report detailing the bank's sustainability management strategies and accomplishments. An implementation report is a report that connects global ESG management promotion strategies and shared objectives. IBK's first implementation report aimed to feature genuine ESG practices and distinctive plans, setting it apart from other financial institutions. In December, IBK conducted an official meeting with the UN PRB to discuss its ESG management. The executive overseeing the meeting, the head of the Management Strategy Group, emphasized IBK's dedication to ESG management. This meeting allows IBK to outline its sustainability management strategies and goals, discuss business direction with stakeholders, and strengthen connections with international organizations.



Graduate School Affiliated ESG Expert and Manpower Training



In May 2023, graduate students in the Department of Convergence of Climate and Environmental Studies at Sookmyung Women's University evaluated the ESG of IBK, among the financial industry, on the subject of 'Company and ESG Diagnostic Evaluation Case.' They evaluated the ESG management of IBK for each sector, environment, society, and governance based on the evaluation criteria and method they set themselves. Then, they shared evaluation details and results with IBK's ESG management Department. IBK also contributed to cultivating human resources in the university through communicating with students, like discussing points and directions to improve the previous sustainability reports.

Double Materiality Assessment

IBK conducted a double materiality assessment to ensure transparent and reliable communication with stakeholders. The materiality test employed the principle of materiality from the GRI Standards and utilized a dual materiality approach to identify key material issues in IBK's ESG management endeavors. This test is an annual practice, and for this year's assessment, external stakeholders, including ESG experts and customers, actively participated in the process.

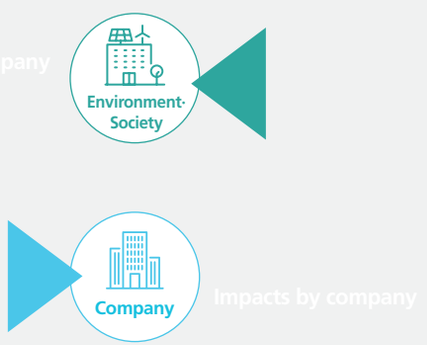
Double materiality assessment concept

Financial Materiality

The degree of positive and negative impact that external sustainability-related factors can have on the company's financial condition from an internal point of view.

Assessment areas and targets

- Short and mid- to long-term impact on finances and value creation
- Executives and employees



Environmental & Social Materiality

The degree of positive and negative impacts a company's management activities can have on the environment and society from an external point of view.

Assessment areas and targets

- Material impacts on the environment and society arising from management activities
- Government officials/policy-makers, shareholders and investors, customers, media and NGOs, academic experts, and partners

Double materiality assessment Process

Step 1

Create Issue Pool

- The preliminary issue pool comprises 82 issues, including those consistently raised by IBK over the past two years and issues identified through evaluating outstanding companies by DJSI and KCGS.
- Following the categorization of GRI-based issues, the draft issue pool undergoes analyses utilizing internationally recognized indicators such as DJSI, MSCI, KCGS, TCFD, and SASB, resulting in a refined set of 28 issues.
- The final issue pool is derived by comparing it with the material issues identified in the previous year, resulting in a refined set of 23 issues.

Step 2

Conduct materiality assessment

Environmental and social impact

- Analyze 1,500 online articles
- Conduct analyses on eight domestic and international companies within the same industry
- Conduct analyses on global guidelines such as GRI, UN SDGs, and ISO 26000
- Conduct surveys on external stakeholders such as ESG experts, customers, and media

Financial impact

- Conduct analyses on IBK's internal strategies, such as core values and ESG strategies
- Perform analyses using international standard indicators, including SASB, TCFD, DJSI, MSCI, and KCGS
- Conduct analyses of ESG-related laws applicable to each identified issue
- Conduct an employee survey

Step 3

Select material issues

- Select the top-12 issues based on analyses of environmental, social, and financial impacts

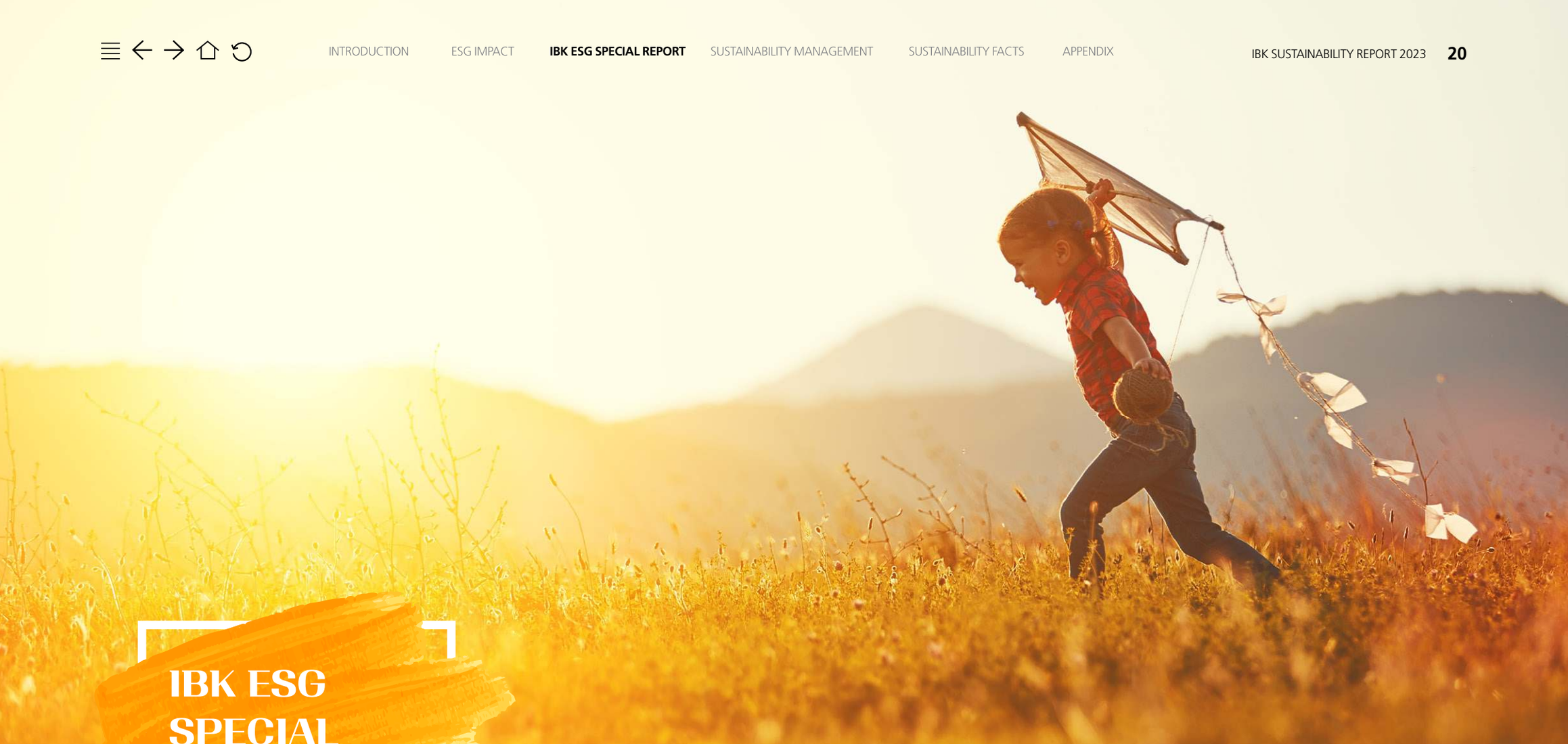
Management of Top Material Issues

After comprehensively evaluating the environmental, social, and financial impacts, IBK has identified and included the following 12 issues as top material in the 2023 Sustainability Report.

● High ● Medium

No.	Material Issue	Impact on materiality		Impact on stakeholders					Related policies and goals	Implementation plans and achievements	Report page	GRI
		Environment ·Society	Financial	Executives and employees	Customer	Partner	Local Community	Shareholders and Investors				
1	Strengthening of information security and privacy protection	●	●	●	●	●	●	●	Promote zero financial-security incidents	Establishment of an Internal Security Threat Monitoring System; maintenance of the ISO 27001 (Information Security certification); and acquisition of the ISMS-P certification	100-104	418-1
2	Reinforcement of compliance and ethical management	●	●	●	●	●	●	●	Enact of the IBK Ethics Charter	Establish an anti-corruption (ISO 37001) and compliance management (ISO 37301) system; operate a whistleblowing system	89-91, 94-96	205-2
3	Protection of financial consumers	●	●	●	●	●	●	●	Enact IBK Financial Group Financial Consumer Protection Charter	Operation of voice phishing monitoring system; achieving the highest grade in KCPI	58-61	non-GRI
4	Establishment of climate change response system	●	●	●	●	●	●	●	Establish Climate Risk Management System Roadmap	Implementation of climate risk review within the Risk Management Committee; analysis of physical risk transition risks	41-45	201-2
5	Reinforcement of environmental management	●	●	●	●	●	●	●	2040 Carbon Neutrality; 2050 Financial Assets Carbon Neutrality	Operate environmental-management (ISO 14001) and energy-management (ISO 50001) systems; expand the use of electric vehicles	46-47, 53-56	305-5
6	Expansion of digital finance	●	●	●	●	●	●	●	Establish digital vision and goals	Promotion of two million hours of work automation; expansion of i-ONE asset management service	62-64	non-GRI
7	Establishment of sound governance	●	●	●	●	●	●	●	Comply with the Industrial Bank of Korea Act, Act on Corporate Governance of Financial Companies, etc.	Disclosure of board evaluation results; composition of the BOD with experts with specialized field and experience	85-88	non-GRI
8	Human rights protection	●	●	●	●	●	●	●	Establish Human Rights Management vision and goals	Operation of Human Rights Management Committee; progressing human rights impact assessment; operation of Human Rights Counseling Center	92-93	non-GRI
9	Fostering a Positive Work Environment	●	●	●	●	●	●	●	Realize family-friendly HR policy and gender equality	Family-Friendly Certification; improving female manager ratio; labor-management council meetings	67-73	401-3, 405-1, 407-1
10	Recruitment and Development of Human Resources	●	●	●	●	●	●	●	Establish the IBK talent development system	Digital Talent Development Training; progressing training to foster financial experts; selecting Young Star PB	65-66	404-1, 404-2
11	Supporting SMEs in their Transition to Green Practices	●	●	●	●	●	●	●	Increase the ratio of green finance by 13% by 2030	Introducing ESG-specialized products and ESG consulting programs; signing business agreements for companies practicing carbon neutrality	21-22, 28-30, 49-52	non-GRI
12	Enhancing customer convenience and accessibility	●	●	●	●	●	●	●	Expand inclusive finance and microfinance	Operation of a mobile branch (U-IBK); expansion of specialized corporate branches; launching microfinance products	74-77	non-GRI

* Customer : Including corporate customers and individual customers ** New important issues : NO. 1, 5, 6, 8, 9, 10



IBK ESG SPECIAL REPORT

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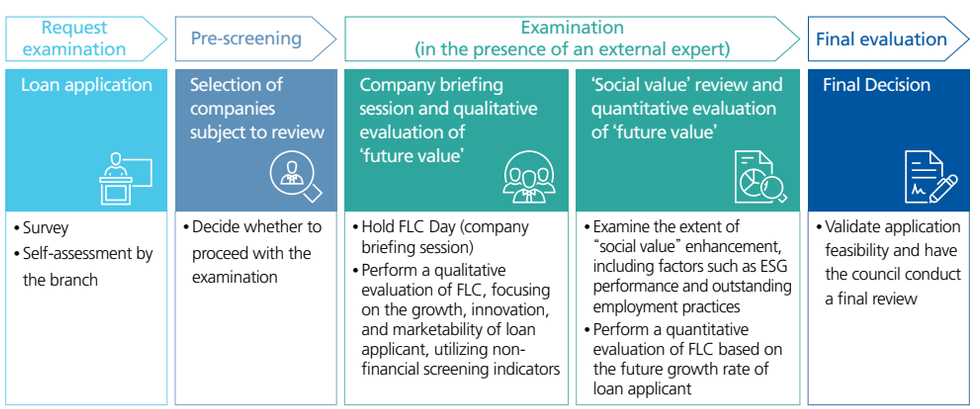
ESG Finance

IBK acknowledges the crucial role of finance in addressing diverse social issues, including global warming and income inequality, and fostering a sustainable society. By actively involving and communicating with stakeholders and emphasizing the value of ESG beyond the scope of financial support and banking stability, we can shape a brighter future that does not burden future generations. We will continue striving to serve as a conduit for promoting positive values by collectively working at the financial group level.

Loans

Measuring social value through the IBK FLC Council

In February 2023, the IBK Forward-Looking Criteria (FLC) Council was established to identify and foster companies with significant growth potential, despite needing more management performance indicators, such as financial statements, that make receiving loan support in the existing screening system challenging.
IBK seeks to actively discover companies with excellent future value through a loan application review process based on growth potential rather than debt repayment ability. Additionally, the examination process includes the evaluation of 'social value' factors, such as ESG management, as evidenced through corporate investor relations (IR) activities.
Social value reviews assess how much a company contributes to increasing social utility. Through social value evaluation, we offer preferential treatment and support in loan decision-making by considering corporate employment, environmental management, coexistence with the local community, and sustainable production and consumption.



Enhancing the loan review process using ESG indicators

IBK leverages its proprietary big data portal to incorporate the degree of ESG management into the loan review process. To assess the level of ESG management, we gather 30 events associated with the environment, society, and governance through our big data portal. These events are then categorized as positive or negative and undergo thorough reviews. We assign weights to each event and determine the ESG level by calculating the total score utilized during credit reviews.
To enhance the loan-review process reflecting ESG-related information, we intend to update the "Loan Review Checklist" currently used during the loan-review stage. As a first step, to consider the eligibility of companies operating in green industries, we will examine whether they are engaged in Green New Deal initiatives according to the government-selected "Innovative Growth Common Criteria." Additionally, we will augment the checklist by including positive and negative events related to ESG, classified in the big data portal. This comprehensive process will enable us to assess associated ESG risks and potential preferential treatment.

Special ESG Products

(As of 2022)

Name	Details	Outcomes (Cumulative)
Equipment Loan for Successful ESG Management	ESG-specific loan product in operation designed to assist SMEs in their green transition and implementation of ESG management practices.	KRW 853 billion
Loan for Successful ESG Management	Sustainability Linked Loan(SLL) product designed to support companies to set and implement ESG management goals on their own. Companies need to select and submit their KPIs and Sustainability Performance Targets(SPTs) to avail of the loan. After verifying the ESG performance level of participating companies, IBK offers a reduction of the interest rate based on the grade of the ESG Certificate.	KRW 184.4 billion
IBK Evergreen Sky Loan	IBK Evergreen Sky Loan is a specialized product tailored specifically for companies in the energy and environment sector.	KRW 36.1 billion

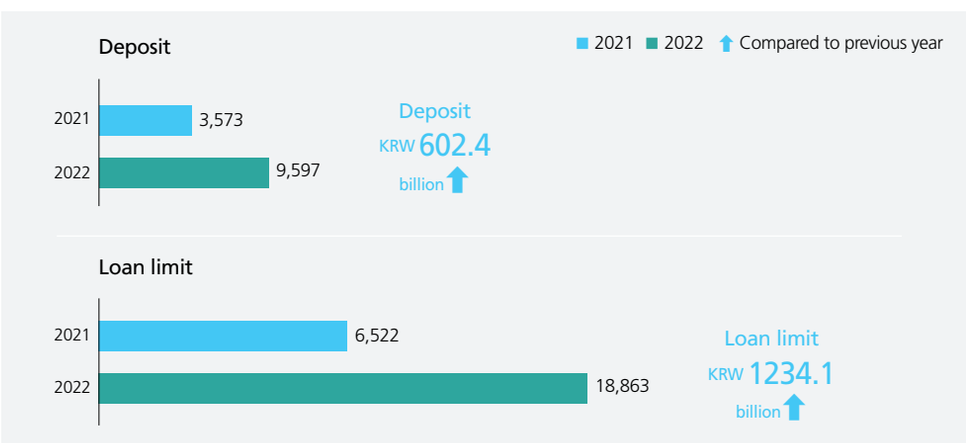
Expansion of ESG Partnership Agreement

IBK has introduced a low-interest loan program that is collateralized by the deposits of contracting institutions and large and medium-sized companies. This program aims to provide partner SMEs with financial assistance in the form of low-interest operating funds. By the end of 2022, the ESG Partnership Agreement Loan reached a limit of KRW 1.9 trillion, allowing partner SMEs to receive financial support at favorable interest rates. Compared to the previous year, the expansion of the partnership agreement has resulted in a net increase of KRW 1.2 trillion in the loan limit within the ESG sector.

Procedure for receiving support

Partnered Growth Loan Status

(Unit : KRW 100 million)

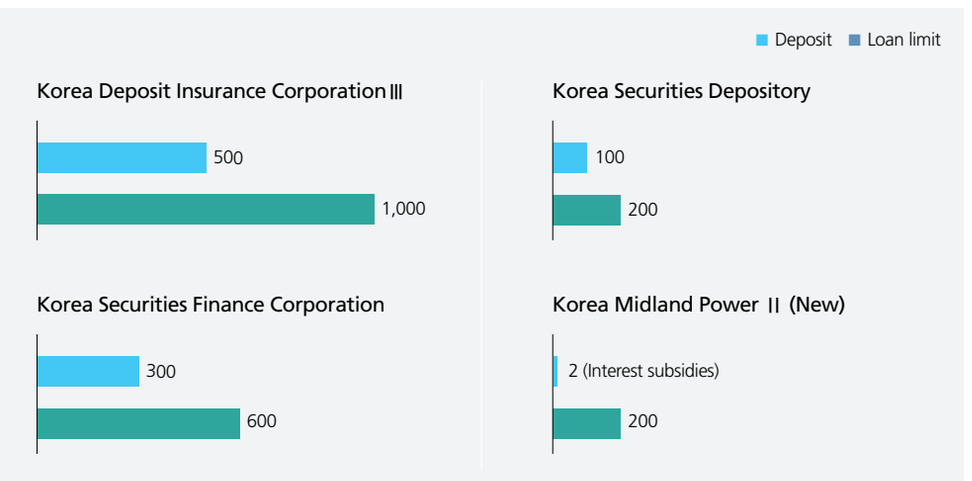


We will further enhance our financial support for partner SMEs by expanding the ESG Partnership Agreement and integrating non-financial services such as the "ESG Self-Assessment Tool."

* **The "ESG Self-Assessment Tool"** is a dedicated tool designed for SMEs, allowing them to assess their ESG management level using mobile devices conveniently.

ESG Partnership Agreement Status in Relation To the "ESG Self-Assessment Tool"

(Unit : KRW 100 million)



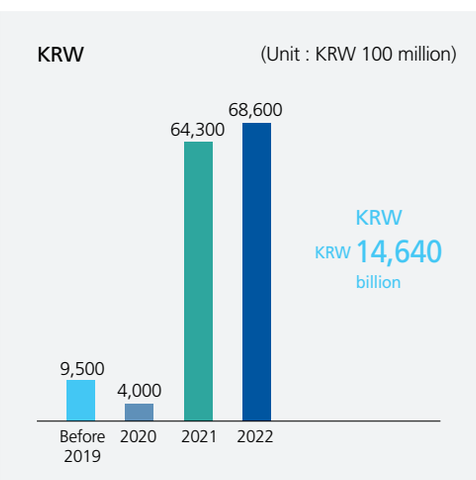
Bonds

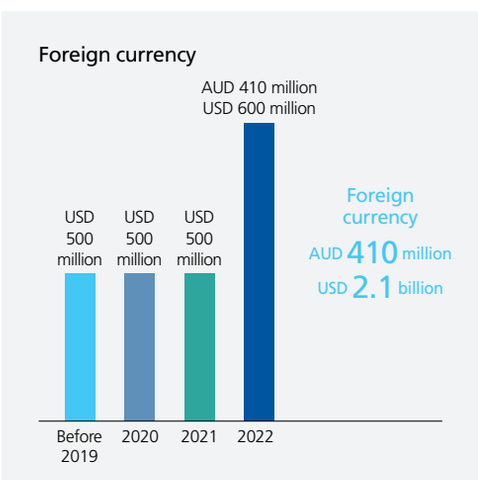
Expanding the Issuance of ESG Bonds

In 2022, Industrial Bank of Korea issued KRW 6.86 trillion in bonds, accounting for 74.5% of the total value of KRW-denominated ESG bonds issued by the bank. Furthermore, IBK participated in the green bond revitalization demonstration project led by the Ministry of Environment and successfully issued KRW 60 billion of green bonds for the first time. This initiative has significantly contributed to the overall revitalization of the ESG bond market. To enhance transparency and investor confidence as we increase the issuance of ESG bonds, we automated the calculation of fund utilization and social contributions, previously done manually.

In March 2022, IBK issued its first ESG-type kangaroo bond worth AUD 410 million in the international financial market, attracting significant interest from ESG investment institutions. In October 2022, we successfully issued USD 600 million in global social bonds, with active participation from high-quality ESG investment institutions. In 2023, we will solidify our role as a leading ESG bank by expanding our procurement methods, including regular ESG bond issuance and green bond issuance, in collaboration with international organizations.

ESG Bond Issuance Status





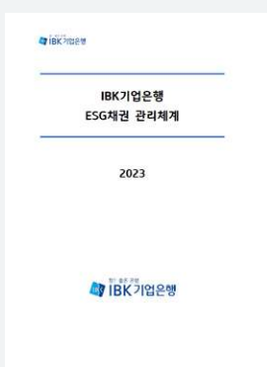
IBK's ESG bond guideline

ESG bonds aim to use for specific projects that issued funds have social benefits such as improving the environment, society, and governance. Social bonds, green bonds, and sustainable bonds are all included. IBK prepared a guideline each for Won, foreign currencies, and ESG bonds so that ESG bonds can be issued and funds can be used transparently.

IBK's ESG bond guideline applied social bond principles, green bond principles, and sustainable bond guidelines, the international criteria established by the International Capital Market Association (ICMA). In addition, on the domestic criteria, IBK's ESG bond guideline followed the green bond guidelines issued by the Ministry of Environment and the Financial Services Committee and key elements presented on K-taxonomy by the Ministry of Environment. It consists of contents related to purposes of funds, procedures of evaluating and selecting a business, fund management, and ex post facto reporting. Among the target businesses, the green eligible category includes manufacturing equipment using core technologies for greenhouse gas reduction, such as new and renewable energy, eco-efficient farming such as smart farm technology, vertical farming, and agricultural microorganism. The conversion category also includes liquefied natural gas(LNG) and mixed gas-based energy production businesses that contribute to reducing greenhouse gas emissions. As such, the ESG bond guideline contains policies related to energy, agriculture, oil, and gas. It acquired certification from an external professional institution for the appropriateness of the ESG bond management system.

IBK will create social values by issuing ESG bonds suitable for the purpose, managing funds transparently, and reporting after the fact based on the ESG bond guidelines.

Won·Foreign Currency
ESG Bond Guidelines



Investment

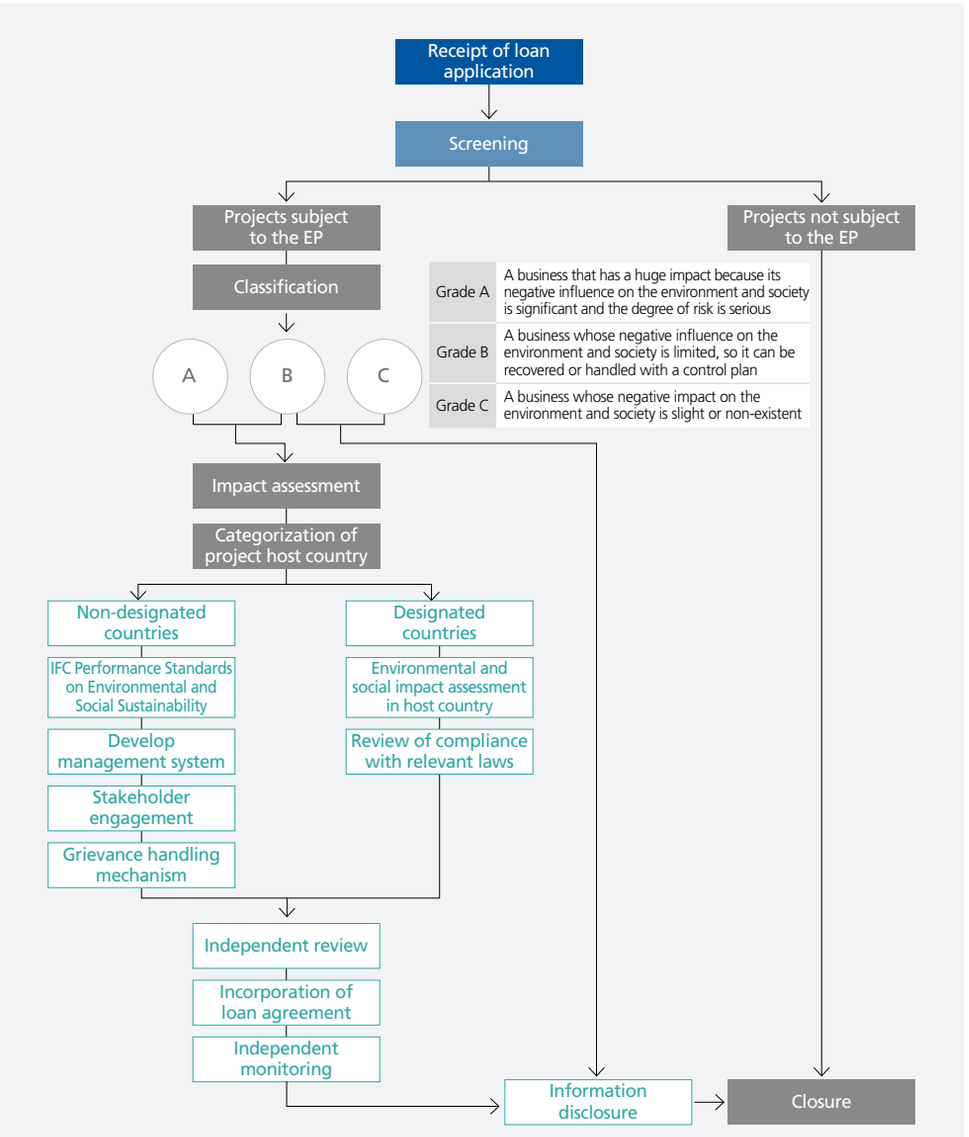
Joining the Equator Principles

IBK recognizes that large-scale development projects could adversely affect humans and the environment. As a financial institution, we formally embraced the Equator Principles in September 2022 to systematically handle environmental and social risks and effects. Furthermore, we established an environmental- and social risk-management system to ensure responsible investments with minimized environmental and social risks. We have established this management system to assess the project's environmental and social impact at every stage, from review to collection. We have assessed the project's environmental and social impact at every process stage, from review to collection. We have developed the "Environmental and Social Impact Review Manual through collaboration with the IB department." This document incorporates international standards such as the International Finance Corporation (IFC) Performance; the World Bank Group's environmental, health, and safety guidelines; and relevant domestic and foreign laws and regulations. Moving forward, we will strive to minimize the negative impact of our investments through IBK's environmental and social risk management system. Additionally, we will commit to ensuring transparency by publishing an annual Equator Principles Implementation Status Report. Furthermore, we will proactively fulfill our social responsibility in sustainable finance by progressively expanding our implementation of the Equator Principles project.

Subjects and Application Standards of the Equator Principles

Scope	Application Criteria
Project finance (PF) or real estate finance	The total project capital costs should be USD 10 million or more
Advisory services of project finance (PF) or real estate finance	The total project capital costs should be USD 10 million or more
Project-related corporate loans	Corporate loans that meet all of the following conditions: • The total expected loan amount should be USD 50 million or more • The majority of the loan should be related to a project (In the case of syndication, the total amount of loans to participating institutions) • The loan tenor should be at least two years
Project-related acquisition finance and refinance	Acquisition financing and refinancing that meets all of the following conditions: • The underlying project should be financed in accordance with the Equator Principles framework • There should have been no material changes in the scale or scope of the project • Project completion should not yet have occurred at the time of signing of the loan agreement

The Equator Principles Review Process



Roles and Responsibilities of Environmental and Social Risk Management System

Executives

- When high-risk environmental and social risks are identified, we implement approval-related procedures

The Equator Principles Department

- Screens applicability of the Equator Principles for the project
- Classifies project category and analyzes impact using the "Environmental and Social Impact Review Document"
- Makes recommendations to projects classified as high-risk to ensure compliance with the EP framework
- Manages third-party independent review process
- Manages incorporation of loan agreements, related laws, etc.
- Independent monitoring/reporting; information disclosure management
- Reflects revisions of the Equator Principles and related standards to internal guidelines
- Progresses employee training on the EP

Investment Department

- Explains the Equator Principles and collects environmental and social impact review surveys from borrowers
- Receives and submits project-related evaluation data (environmental and social impact assessment report, etc.)
- Communicates with clients to fulfill requirements of the EP Department
- Incorporates the EP requirements in loan agreements and collects information disclosure agreements

Screening Department

- Checks applicability of the EP during the investment application review process; for applicable projects, incorporates the assessment results of the EP Department in investment review

Projects Subject to the Equator Principles

After conducting a thorough assessment of environmental and social risks in line with the Equator Principles following our adoption, we verified that no projects were rejected and that all projects (8 projects as of June 2023) adhere to the requirements of the Equator Principles.

Daejeon Sewage Treatment Plant Facility Modernization Project 1	This project involves relocating and constructing current sewage treatment facilities in Yuseong-gu, Daejeon Metropolitan City, through private capital. The total investment for this endeavor amounts to KRW 1.24 trillion, and IBK has arranged financing of KRW 430 billion. This initiative is an environmentally friendly green infrastructure project that incorporates green finance. As a policy-driven financial institution, IBK has actively worked toward supporting green finance. The project is anticipated to enhance balanced regional development by strengthening environmental protection, including water purification and odor prevention, by adopting eco-friendly construction methods (greenhouse gas reduction facilities). Additionally, it aims to improve the quality of life by establishing convenient underground and above-ground facilities for residents' use.
Renewable Energy Transmission Network Construction Project in the United States 2	IBK has committed US$50 million toward a transmission network project worth US$5,246 million. The project aims to supply hydroelectric power from Quebec to New York City, supporting the city's carbon-neutral policy objectives. It is an essential component of the renewable energy infrastructure expansion, contributing to the transition toward a carbon-neutral society. Before initiating the project, IBK verified that external experts conducted thorough independent reviews. These reviews confirmed the absence of significant adverse impacts. Additionally, comprehensive management plans, including reduction measures, were diligently prepared to ensure the project minimizes potential environmental and social consequences.

Establishing Investment Processes Using an ESG Checklist

IBK has created a dedicated ESG checklist for fund investments and is presently utilizing it to conduct pilot investment reviews. We intend to increase the use of the ESG checklist progressively.

Area	Name	Details	Considerations
E	Environmental strategy	Operate an organization dedicated to implementation of environmental policies	• Company-wide organization for environmental management • Form a working team; assign roles and responsibilities
	Environmental management	Establish action plans to reach environmental goals	• Disclose established policies and detailed plans (if any) related to environmental management
S	Customer satisfaction	Operate a system to enhance customer satisfaction	• Customer-feedback handling record • Operation of a customer-compensation organization for damages/losses
	Social contribution	Engage in activities to build community trust	• Establishment and operation of social contribution policies • Communication channel for gathering opinions of residents
G	Protection of shareholder rights	Operate institutional measures to protect shareholder rights	• Provide various ways to exercise voting rights • Share the agenda of the shareholders' meeting
	Board of Directors	Ensure board independence, diversity, and expertise	• Ratio of independent directors in the BOD • Attendance rate and expertise of registered executives

Introducing a Fund to Facilitate ESG Transition for SMEs

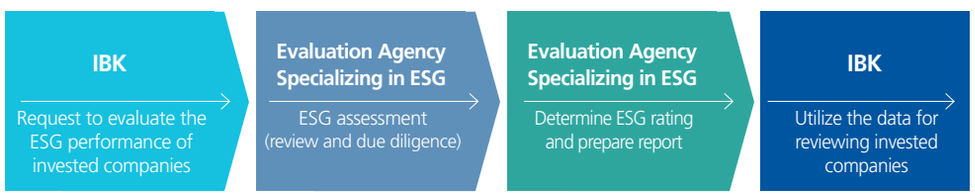
In order to enhance ESG investment, IBK allocated KRW 50 billion to the Green New Deal through the IBK New Deal Fund No. 2, KRW 40 billion to the IBK Financial Group-DS Green Finance Fund, and KRW 3 billion to the IBK-Smilegate ESG Fund No. 1. These investments aim to promote the growth of innovative startups in the green sector and assist SMEs in their transition toward sustainability.

Implementing a Negative-Screening Clause for Direct Investments

IBK incorporated a negative-screening clause in its investment business guidelines, excluding industries such as casinos, alcohol, tobacco, and coal power generation from consideration as new investment targets. This proactive measure helps prevent adverse environmental and social effects and allows us to fulfill our social responsibilities.

ESG Evaluation for PEF-Invested Companies

Through a business agreement with the NICE Information Service, IBK became the first company in Korea's financial sector to introduce 'ESG management implementing status assessment' by invested companies. During the assessment, IBK takes into consideration socially responsible investments that encompass financial aspects as well as non-financial factors such as environment (E), society (S), and governance (G).



After considering factors such as eco-friendly industries, employment stability, job creation, and other considerations based on the ESG evaluation report during the actual investment review process, IBK invested in 6 out of 15 companies, amounting to KRW 17.5 billion of ESG investment, in 2022.

Continuous Expansion and Launch of ESG-Themed Funds

In response to growing interest and demand from investors regarding ESG, IBK bolstered its ESG product range by introducing six new products in 2022. These offerings were developed by exploring diverse themes to cater to the evolving market needs. IBK presently offers a total of 20 funds for sale, which includes 14 existing products along with six newly launched ESG-themed funds. As of the end of 2022, the total sales balance amounts to approximately KRW 94.6 billion.

We aim to expand beyond eco-friendly themes to broaden the range of ESG investment products consistently. This includes offering ESG-related products for companies with a solid social reputation and governance. Moreover, we intend to generate synergies by expanding the product lineup with child funds that complement our existing parent funds.

Furthermore, our plans include enhancing the capabilities of our sales staff by offering educational videos on ESG-themed products. We intend to establish an AI-based post-management process tailored to each market situation for our subscribing customers and provide yield-management services as part of our offerings.

IBK Financial Group Subsidiaries Actively Participate in the Spread of ESG Finance.

IBK기업은행 금융그룹 IBK캐피탈

IBK Capital is actively engaging in ESG finance, a growing trend worldwide. In 2022, it made a direct investment of KRW 180 billion in companies demonstrating strong ESG capabilities while also expanding the creation of new ESG funds. Moreover, in its investment decision-making process, it promotes the adoption of ESG finance by considering non-financial ESG factors that can impact a company's long-term financial value during screening.

IBK기업은행 금융그룹 IBK연금보험

IBK Insurance invests in green bonds and other eco-friendly projects to promote the expansion of ESG finance and support carbon neutrality. In 2022 alone, it made substantial investments totaling KRW 211.8 billion in various ESG projects, specifically focusing on green bonds associated with the electric vehicle industry. Moving forward, IBK Insurance will continue to promote a greener future.

IBK기업은행 금융그룹 IBK투자증권

IBK Securities is at the forefront of expanding ESG finance by actively promoting acquisition, trading, and issuing ESG bonds. It has successfully acquired social bonds from organizations such as the Korea Credit Guarantee Fund, the Small and Medium Business Corporation (SBC), and the Korea Housing Finance Corporation.

Furthermore, we are actively pursuing ESG finance diversification initiatives, including youth rental housing development projects, investments in eco-friendly green companies, and participation in IPOs. We are also expanding our support for domestic and international new and renewable energy infrastructure, such as financing arrangements for wind-power-generation projects in Hoji Village, Yeongdeok.

Notably, sales of ESG-related funds, public and private, exceeded the annual target of KRW 20 billion in 2022, achieving a remarkable 172% growth rate.

IBK기업은행 금융그룹 IBK자산운용

IBK Asset Management actively expands investments and provides financial advice for various renewable energy businesses such as solar power and fuel cells. In 2022, it supported the transition to eco-friendly energy by identifying and participating in government-led private investment projects, including the Green Smart School initiative.

2022 Major Investment Performance in the Eco-Friendly Sector (As of 2022)

Product Names	Product Details	Amount
IBK Social Infra General Private Equity Asset Investment Trust	For the renovation of aging schools with digital + green convergence as a core policy project of the Korean version of the New Deal	Pledged KRW 100 billion
IBK Daejeon Enviro General Private Equity Asset Investment Trust	For private investment projects related to the green transformation of sewage treatment plant facilities	Pledged KRW 200 billion

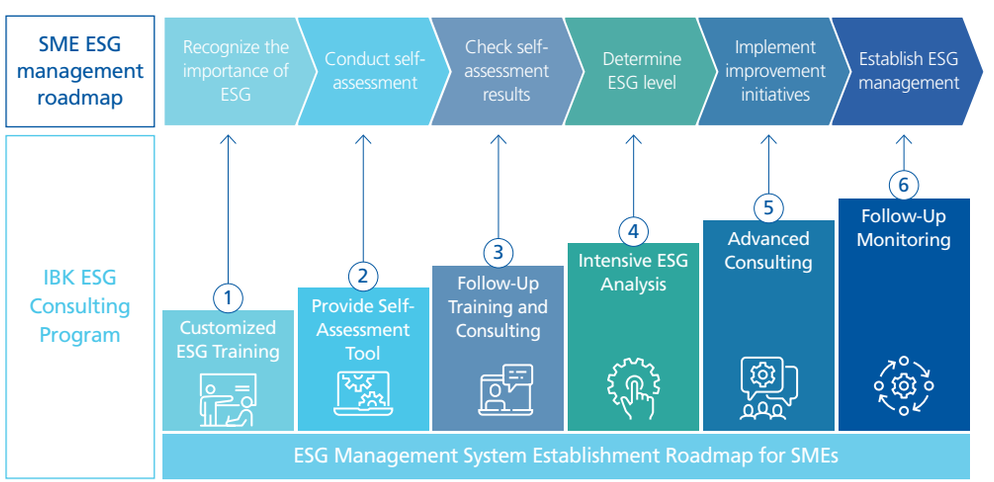
ESG Consulting

As a leading expert in SMEs, IBK offers personalized diagnostics and consulting services at every stage of business development to assist customers in addressing ESG risks and implementing ESG management practices. To further promote the significance of ESG management among SMEs, we have published an updated ESG guide and a report highlighting the current state of a green transition.

Providing specialized ESG consulting programs tailored specifically for SMEs

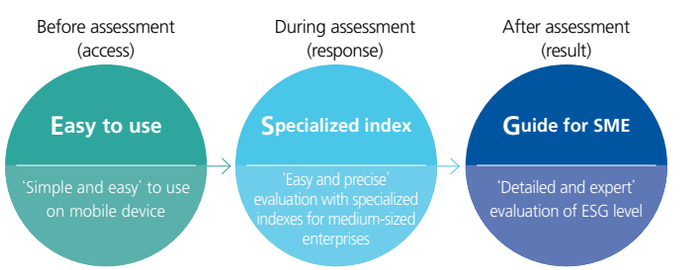
IBK provides ESG consulting programs to support ESG management by SMEs. Focusing on SMEs, we provide specific plans addressing the "when, whom, what, and how" of ESG management.

To raise awareness of ESG, we offer customized education programs and have introduced an online ESG self-assessment tool to make ESG management more accessible to unfamiliar SMEs. Moreover, our consultants conduct on-site visits to SMEs, providing a detailed assessment of their ESG management levels and offering in-depth consulting services to address specific challenges in each ESG area. Moving forward, we are committed to actively supporting SMEs in responding to ESG risks and implementing effective ESG management practices through tailored and step-by-step ESG consulting based on their unique circumstances.



Introduction of ESG Self-Assessment Tools

IBK introduced the "IBK ESG Self-Assessment Tool" to promote and spread awareness of ESG management among small and medium-sized enterprises (SMEs) facing challenges in adopting ESG practices. The self-assessment tool provided by IBK offers convenient access through mobile devices. It specializes in SMEs and presents precise results at the corporate ESG level. Utilizing a comprehensive ESG rating, sector-specific grading, and issue-based results, the self-assessment tool shows ESG management areas and improvement directions tailored to each company. This catalyzes SMEs to enhance their ESG management practices and facilitate their transition. From July 2022, when it was first launched, through December 2022, 688 companies have successfully conducted ESG self-assessments. For these companies, we offer a premium and comprehensive ESG analysis service as a follow-up to their initial self-assessment. This service is designed to accelerate the adoption of effective ESG management practices among SMEs.



E	**Convenience** | 'Anytime, anywhere,' 'easy and convenient' access via PC or mobile device
S	**ESG Index** | Presented with specialized indicator sets tailored to 22 distinct industries **Assessment Method** | Simple and accurate diagnosis with Yes/No selection
G	**Reporting results** | Delivers expert-level reports with ESG management insights and improvement recommendations **Level Comparison** | Provides comparison of ESG management level of companies in the same industry (average, highest/lowest points)

Providing Intensive ESG Analysis Consulting Service

IBK offers a premium consulting service and intensive ESG analysis to support significant business partners and exporting companies in their obligations or preparations for ESG compliance, including compliance under the EU supply chain due diligence system or similar requirements.

As part of the intensive ESG analysis, executive and employee ESG training is provided to foster a company-wide culture conducive to ESG implementation. Subsequently, a tailored ESG evaluation, considering the company's unique characteristics, is conducted based on information gathered through document submissions and face-to-face due diligence.

At the time of evaluation, the company's ESG rating and improvement recommendations are presented using indicators of E·S·G elements and on-site due diligence. This enables SMEs to assess their current ESG performance before implementing ESG management practices.

Afterward, priority is assigned to the areas of improvement identified through materiality principles among the deficient ESG factors. A final briefing session is conducted to guide the improvement direction, offering practical and actionable consulting that goes beyond a mere ESG diagnosis. Our goal is to assist SMEs in effectively coping with their ESG challenges.

Intensive ESG Analysis Consulting Process

Preliminary visit	ESG data collection	Face-to-face due diligence	Evaluation	Report results
• Identify corporate ESG needs • Explain assessment tools; conduct basic training	• Gather ESG data through online, FAX (document submission)	• Verify authenticity of ESG data; collect additional information • On-site interviews	• Implement customized ESG evaluation to reflect the unique characteristics of the company	• Provide result reports • Conduct in-person briefings

Sharing Best Practices of ESG Consulting

Every month, employees are provided with insights into best practices concerning the ESG consulting application process, outcomes, and the importance of adopting ESG management within SMEs. We proactively identify SMEs in locations where consulting is highly needed, effectively identifying companies at high risk if they fail to prepare for ESG management and providing necessary consulting services.

ESG Consulting Best Practices ①

Company overview	An SME that supplies alloy steel to large domestic and foreign companies as a unique alloy steel manufacturer.
Reason for applying for consulting	• To respond to domestic conglomerates' exclusion policies for suppliers with inadequate ESG management • To maintain business with significant customers and mitigate ESG risks when exporting
Consulting details	**Preliminary visit** Education on ESG concepts and key ESG areas **Due diligence** • Check certifications, systems, and documents • Inspection and accurate assessment of the company's ESG management level **Result** • Suggested change for ESG management along with implications derived from the assessment • Instead of just providing the assessment results, identify specific issues and present recommendations
Review of consulting	"The need for introducing ESG management was urgently felt as we explored supporting prominent domestic companies and potentially expanding into the European market. The consulting process proved to be an invaluable opportunity for integrating ESG management into our business plans."

ESG Consulting Best Practices ②

Company overview	An industrial film producer supplying domestic and global steel and automobile companies
Reason for applying for consulting	To receive an initial assessment of ESG management level to address the supply chain ESG requirements of large corporations
Consulting details	**ESG self-assessment** Conducted a preliminary assessment by answering the ESG questionnaire composed of 50 items **Intensive ESG analysis** • Check certifications, systems, and documents • Review ESG assessment items that large companies require for their suppliers **ESG briefing session** • Explanation of ESG assessment ratings and results • Suggest improvement measures for supply-chains based on ESG assessment
Review of consulting	"By receiving comprehensive consulting services, including on-site ESG education for SMEs, ESG assessments, suggested improvement measures, and supply-chain ESG response plans, we have clarified the necessary steps to prepare for ESG management. It helped define the "what and how" in our approach to ESG readiness."

Publication of Revised ESG Guide for SMEs

In October 2022, we published the "Revised Edition of the ESG Guide for SMEs" to enhance the timeliness of the previously released guide. This revised edition incorporates the latest domestic and international ESG trends, as well as consolidates and organizes the support programs offered by both IBK and the government. The revised edition maintains the existing framework, covering the meaning and background of ESG management, current status, and response directions. However, it also incorporates changes and the latest trends since its initial publication. This updated guide provides detailed insights into companies' vulnerabilities and improvement areas, accompanied by IBK ESG consulting best practices. To give practical assistance to SMEs' ESG management, we distributed 23,000 copies of the revised guide to 622 branches and regional headquarters nationwide and ensured its delivery to our customers.

Sustainability research report for Korea's SMEs

In September 2022, IBK released the "Small and Medium Enterprise Green Transformation Investigation Report," following a comprehensive fact-finding survey conducted to assess the state of SMEs' green transition. The report presented sustainability risks of customers and critical findings on SMEs' awareness of green transition, social responsibility, and expectations toward financial institutions in promoting sustainable practices. Furthermore, the report outlined industry-specific support measures to enhance and facilitate the adoption of green transition practices among SMEs.

Proactive Identification of SMEs for ESG Support

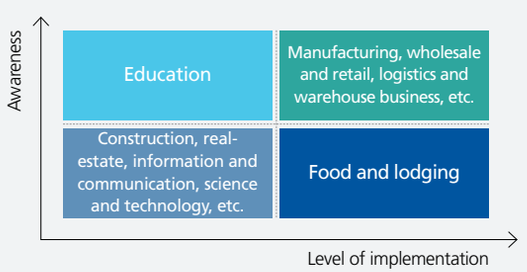
IBK proactively identifies and supports SMEs needing ESG management support by leveraging a network structure model, a first of its kind in the financial sector. The network structure model is a web-like framework that integrates transactional relationships among all companies. It facilitates the extraction of meaningful company information through comprehensive big-data analysis.

With the growing number of requests for ESG management from domestic and international large companies, we have prioritized support for our first-tier partners. Among these partners, we identified 4,936 companies that actively implement ESG practices, including eco-friendly certified companies and those engaged in energy-saving initiatives such as water and electricity conservation. Subsequently, we facilitated the provision of "IBK Intensive ESG Consulting" to these suppliers. We will gradually expand our efforts to ensure more SMEs can receive ESG support.

Enhancing the Financial Doctor Program to Incorporate ESG Assessment Results

The Financial Doctor Program objectively analyzes and diagnoses a company's current status and competitiveness to better assist in driving its growth. When the program was expanded in March 2023, the company evaluation report was enhanced by incorporating an ESG assessment section. Companies conducting ESG self-assessments receive comprehensive results and industry average values. For companies that have yet to undergo the assessment, sample results and diagnostic methods are provided to actively support SMEs in their early establishment of ESG management practices.

Support-Plans for Each Area of Green Transformation Industry



Categories	Characteristics by area	Support plans
Manufacturing, wholesale and retail, logistics and warehouse business, etc.	High external demands from stakeholders and a strong awareness and willingness to practice.	Priority support in the short term - expand green-specialized products/investment • Innovative product, green-based venture investment (IP)
Food and lodging	Waste-reduction efforts exist, but there needs to be more connection to green transformation.	Need to increase and expand awareness - actively identify outstanding innovative cases to promote the dissemination of green awareness. • Promote business with recognized certifications or awards
Education	The idea of green transformation is well-established, but there are insufficient concrete outcomes or tangible achievements.	Enhance competencies and implementation - provide practical guidance and encourage practice • Utilize ESG-platform and ESG guidebook
Construction, real-estate, information and communication, science and technology, etc.	Low public awareness and limited willingness to practice stemming from demanding social responsibility and a need for information.	Priority support in the short term - expand investment in green-specialized products • Expansion of dedicated organizations, 1:1 support

SME Support

IBK was founded to foster independent economic endeavors of SMEs and enhance their financial standing by establishing an efficient credit system tailored to their needs. With over 60 years of expertise in supporting SMEs, IBK possesses a distinct advantage in assisting these businesses in maintaining competitiveness through job creation, financial support, and market assistance. We are committed to enabling sustainable growth for SMEs through restructuring efforts. We will continue establishing a harmonious economic landscape in Korea that promotes balanced development and coexistence between large enterprises and SMEs.

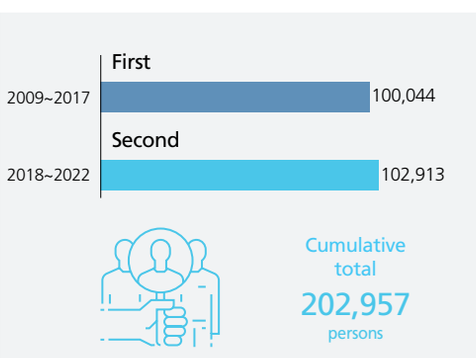
Job Support

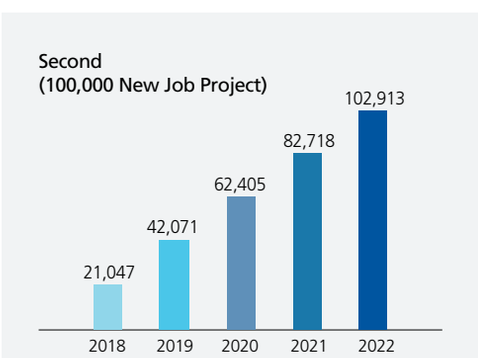
Achieving 200,000 Cumulative Job Matches

IBK's job support project was initiated based on feedback received during a meeting with CEOs of SMEs regarding the challenges they faced in recruiting new employees. In 2009, IBK launched the "Youth Employment Project for SMEs" as the first financial institution to address SMEs' hiring difficulties. Since 2018, IBK has led the "Project to Create 100,000 New Jobs." Through implementing of various initiatives such as operating i-ONE JOB, an employment portal dedicated to SMEs' organizing job fairs, and providing financial support to recruiting companies, the second project surpassed the first by accelerating job matching by four years and two months. As a result, a cumulative total of 200,000 jobs were successfully created.

Job Creation Project Status

(Unit : persons)





Status of Key Projects Related to Job Support

Starting in 2023, we plan to transition from our existing performance-based support approach to the "Job Matching System" in response to the evolving job market. This upgraded system aims to provide tailored support for each SME, facilitating the recruitment of talent that aligns with their specific needs and requirements. In addition, we plan to provide practical training to employees in SMEs by strengthening links with external educational institutions. We also intend to offer a range of non-financial services, including cultural support, to improve the overall welfare of workers.

Providing i-ONE JOB "Job Diagnosis Consulting"

In 2022, IBK's SME recruitment portal, i-ONE JOB, introduced a new service called "Job Diagnosis Consulting," which is a service that offers personalized 1:1 analysis and a customized report on job seekers' aptitude, educational background, and job readiness. Through the diagnosis process, we offer a comprehensive checklist for employment preparation, provide additional insights compared to existing successful candidate data, and deliver tailored employment guidance and solutions as part of our one-stop service for job seekers. In 2023, we plan to enhance recruitment support for SMEs by implementing an AI-based service called "AI Talent PLUS+," which will recommend the most suitable candidates to recruiting companies.

Holding Job Fairs

IBK organized 66 job fairs between 2009 and 2022, facilitating direct communication between recruiting companies and job seekers. So far, about 3,900 recruiting companies and nearly 590,000 job seekers have participated, and 7,700 persons have found new jobs.

In 2022, IBK collaborated with government ministries and related organizations, including the Ministry of Maritime Affairs and Fisheries and the Seoul Metropolitan Government, to host a job fair. A special job matching day for "digital innovative talent" was organized to address recruiting companies' demand for digital personnel. This initiative resulted in an impressive matching rate of 72%. Since 2017, we have played a key role in overseeing the planning and operation of joint recruitment fairs in the financial sector, continuing the support of job creation efforts.

Job "Chaeum" Fund

Since 2018, IBK has been operating the "Chaeum" fund, amounting to KRW 60 billion, to provide financial support of KRW 500,000 per person to companies that have hired full-time employees for over three months. As of 2022, KRW 19.5 billion has been provided to alleviate the financial burden on SMEs. To enhance user convenience, we have introduced a new non-face-to-face process, allowing customers to apply for funds directly through i-ONE JOB without the need to visit a branch.

Enhancing Employment Opportunities for the Socially Underprivileged

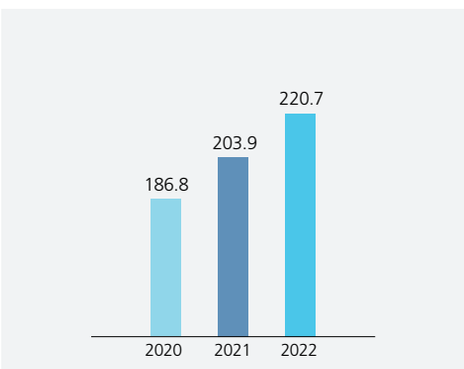
IBK launched the "1 Company, 1 Person with Disabilities Recruitment Campaign" to promote inclusive management and supportive policies among SMEs for hiring persons with disabilities. Simultaneously, we actively strive to foster employment opportunities for socially disadvantaged individuals. These efforts include establishing a dedicated recruitment center for female-led companies within i-ONE JOB and awarding KRW 10 million scholarships to exceptional students from specialized high schools who secure employment in SMEs.

Financial Support

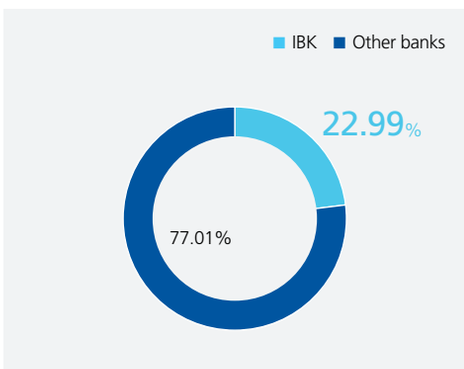
SME Loan Support

In response to the government's SME-fostering policy, IBK provided KRW 63.9 trillion in loans to enhance SME productivity and competitiveness in 2022. By the end of 2022, the balance of SME loans at KRW 220.7 trillion increased by KRW 16.8 trillion from the previous year-end, constituting 80.9% of the total loan portfolio. Furthermore, to alleviate the challenges SMEs face due to high-interest rates, exchange rates, and prices, IBK implemented an interest-rate reduction policy amounting to KRW 850 billion over three years. In 2022 alone, interest-rate reductions worth KRW 320 billion were provided, effectively providing a safety net for troubled SMEs.

SME loan balance (Unit : 1 trillion won)



Proportion of SME loans (As of 2022)



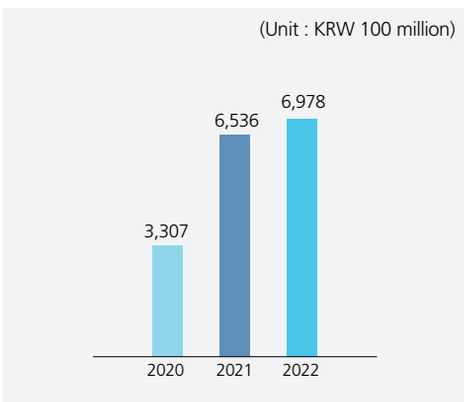
Signing a Business Agreement related to Supply Chain Stability

In order to support SMEs facing increased management difficulties due to rising raw-material prices, IBK made notable contributions to guarantee institutions, issued preferential guarantee letters, reduced guarantee fees, and provided low-interest loans with guarantees. By the end of December 2022, a total of 334 instances of financial assistance amounting to KRW 252.4 billion were extended to businesses susceptible to fluctuations in raw material prices. This support was particularly aimed at companies affected by the Ukrainian crisis, manufacturing firms with a raw material-to-sales ratio of 40% or higher, and enterprises with an import-to-sales ratio of 40% or higher. IBK remains committed to actively supporting SMEs in order to enhance the stability of their supply chains.

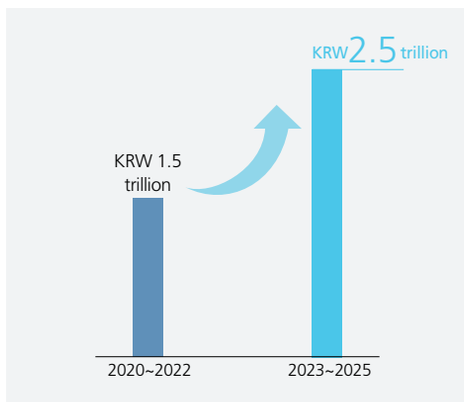
Promoting ESG-focused SMEs and Startups through Venture Capital Funding

IBK set a goal of supplying venture capital of KRW 1.5 trillion to support the growth of innovative companies over the past three years (2020-2022) and exceeded the target by providing a total of KRW 1.6821 trillion. The amount of venture capital supplied in 2022 reached a record high of KRW 697.8 billion, an increase of KRW 44.2 billion from the previous year.

Amount of Venture Capital by Year



Venture Capital Goal



We plan to continuously support the innovative growth of companies by supplying venture capital of KRW 2.5 trillion over the next three years (2023-2025) to foster promising industries and help bridge the technological gap. Specifically, we intend to actively assume the responsibility of policy finance by abstaining from investing in companies that adversely affect the environment. Instead, we aim to identify and nurture innovative venture companies operating in the green sector. Additionally, we are committed to supporting carbon neutrality by establishing a green company fund.

Financial Support for Small Business Owners

IBK offers a range of non-face-to-face loan products, including credit, guarantee, and real estate loans, to cater to the needs of busy small business owners who might need more time to visit the bank. In 2022, we introduced the i-ONE Successful Merchant Loan, specifically designed for small business owners, allowing them to access loans even in non-face-to-face settings conveniently.

Non-Face-to-Face Loan Products for Small Business Owners (As of 2022)

Category	Number of Subscriptions	Amount (KRW 100 million)
i-ONE Loan for Small Business Owners	11,853	1,991
i-ONE Credit Loan for Partnered Growth (Korea Federation of SMEs II)	1,041	238
BOX Credit Loan for Sole Proprietors	769	195
i-ONE Successful Merchant Loan	298	47
Total	13,961	2,471

Furthermore, we have implemented a range of loan products and specialized systems tailored to the needs of small businesses, aiming to address the management challenges they face amid complex crises such as the prolonged impact of COVID-19, high-interest rates, inflation, and volatile exchange rates. In 2022, we introduced the "Small Business Growth Promotion Facility Investment Program" to enhance the competitiveness of small-business owners through increased facility investments, offering financial services and specialized consulting for activities such as land acquisition, new construction, and machinery purchases. Our objective is to consistently expand customized assistance for small business owners.

Major Loans and Programs for Small Businesses (As of 2022)

Category	Number of Subscriptions	Amount (KRW 100 million)
Haenaeri Loan	27,336	56,941
IBK Small-Business Hope Loan	32,752	8,729
IBK Small-Business Growth Promotion Facility Investment Program	540	1,718
Total	60,628	67,388

Financial Support for Cultural Content

As a state-run bank supporting SMEs, IBK plays a leading role in policy finance by supporting SMEs in the production of cultural content. IBK is the only first-tier financial institution with a dedicated department overseeing cultural content finance. Since its establishment in 2012, this department has facilitated loans and investments totaling KRW 6,600 billion until 2022 for businesses that produce cultural content.

Status of Financial Support for Cultural Contents Over the Past Three Years (Unit : KRW 100 million)

Year	Loan	Investment			Total
		Direct	Indirect	Subtotal	
2020	11,932	190	31	221	12,153
2021	8,997	202	14	216	9,213
2022	9,839	249	35	284	10,123
Total	30,768	641	80	721	31,489

In 2023, we aim to support the cultural technology industry and increase investments in high-potential new media sectors like the metaverse, AR, and VR. Furthermore, we will enhance financial assistance for content companies facing financing challenges by expanding the scope of contract guarantee institutions.

Expanding Investment in Industrial Complexes and Knowledge Industrial Centers

IBK is fulfilling its role as a policy finance institution by expanding investments in industrial complexes and knowledge industry centers. We support SMEs by investing in industrial facilities associated with their business sites, enabling them to own their premises. In 2022, related assets of KRW 805.1 billion were supplied.

Major Projects related to Industrial Complexes and Knowledge Industry Center in 2022

Project Name	Details
Cheonan Techno Park General Industrial Complex Development Project	• Industrial complex creation project (business area: 277,000 pyeong) • IBK funding of KRW 90 billion
Jincheon Technopolis Industrial Complex Development Project	• Industrial complex creation project (business area: 234,000 pyeong) • IBK funding of KRW 40 billion
Seoul Dangsan SK Knowledge Industry Center I, II Development Project	• Knowledge industry center development project (gross floor area: 33,000 pyeong) • IBK funding of KRW 110 billion

Support for Opening New Sales Channels

Support for Online and Offline Sales Channels of SMEs

IBK conducts the Market Luxury Maru project in collaboration with KORAIL to expand the sales channels of SMEs. SME Luxury Maru is a specialized retail store exclusively selling products from SMEs. It generates significant exposure and publicity for the companies featured within its premises, located in four high-traffic train stations (Seoul Station, Daejeon Station, Dongdaegu Station, and Gwangju Songjeong Station). As of the end of December 2022, 236 small and medium-sized enterprises are featured in SME Luxury Maru.

IBK, in collaboration with the Korea Economic Daily and the Ministry of SMEs and Startups, actively engages in the Best SME Products of the Month project. Outstanding SME products are featured in the Korea Economic Daily, through which a new sales channel is created. In addition, we produce promotional videos for SME products with Home & Shopping and broadcast them 2-3 times a month through Home & Shopping TV and a non-face-to-face channel (YouTube). We also actively promote SMEs through IBK's official YouTube channel and Instagram account. For example, we support restaurants impacted by COVID-19 by promoting them through a YouTube series, "Meat Restaurant II." Additionally, we discover and showcase unique small businesses via the "PEOPLE" series on Instagram. Through the YouTube series "EgoodsGood" and the Instagram series "Shopping Cart," we introduce and actively promote the products of startup companies.

YouTube				Instagram	
Meat Restaurant II	Don't Touch Me II	Money Q&A	EgoodsGood	PEOPLE	Shopping Cart

SME Export Support

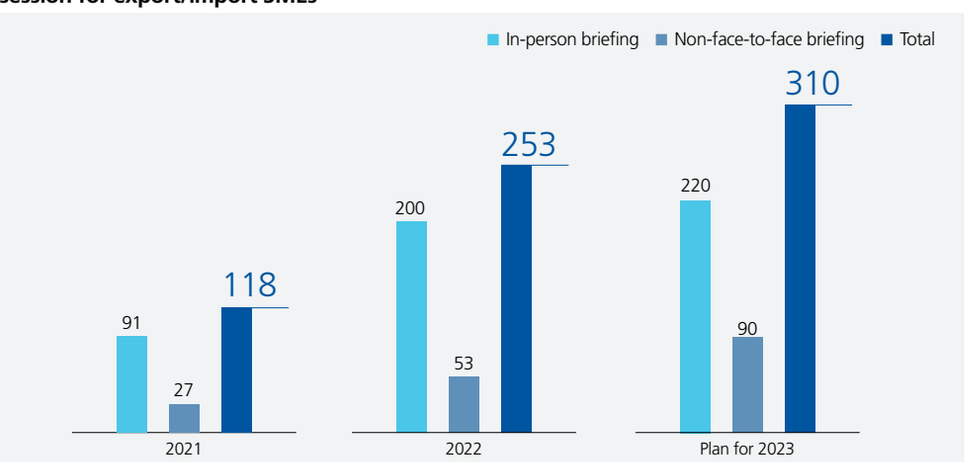
IBK extends financial consulting services and favorable exchange rates and fees to SMEs selected by related agencies like the Ministry of SMEs and Startups, the Korea Trade-Investment Agency (KOTRA), and the Korea International Trade Association (KITA). In collaboration with Samsung SDS, IBK operates the "Export SME Logistics Support Program," delivering comprehensive financial and non-financial aid. This program encompasses funding assistance and logistics expense reductions for SMEs involved in export activities.

We supported companies participating at the China International Import Expo, facilitated export/import matching with customers of affiliated banks abroad, and assisted in payment and settlement for export companies entering overseas online shopping platforms like Amazon. In 2022, we organized four seminars in partnership with Samsung SDS, Amazon/Alibaba, and TikTok, exclusively tailored for export companies aspiring to enter overseas online shopping malls. These seminars covered various topics, including logistics support, store entry assistance, and online advertising.

Additionally, we offer tailored exchange risk management solutions to small and medium-sized exporters and importers facing challenges in managing currency risks. These solutions are provided through in-person visits or non-face-to-face briefings to meet the specific needs of businesses. Lastly, we offer exchange risk management training videos on our YouTube channel to actively support our customers in effectively managing exchange rate risks.

Current status of exchange-risk-management briefing session for export/import SMEs

(Unit : number of occurrences)



Support for Restructuring

Tailored Corporate Restructuring Support for SMEs

IBK is operating a customized restructuring support program in three stages to alleviate the debt repayment burden and overcome the liquidity crisis for SMEs experiencing difficulties due to COVID-19 and the three high (high-interest, high inflation, and high exchange rate).

Overview of Restructuring Program

Preliminary Assessment	Restructuring Plan by Stage*			Specialized External Support
	Stage 1 Pre-Fast Track	Stage 2 Fast Track Support	Stage 3 Change-Up	
• Review theme • Consulting • Evaluation of corporate improvement	Companies that have temporary liquidity issue		Companies with signs of insolvency	• Value-up Program KODIT • Structural Improvement Program KOSMES • Corporate Structure Innovation Fund K-Growth
	Solely supported by IBK	Jointly supported by the banking sector, Korea Credit Guarantee Fund, and Korea Technology Finance Corporation	Supported by IBK alone or jointly by financial creditors	

* Promoting high-level restructuring depending on how insolvent a business is, how much it is in financial difficulty, and how intensively it needs to be restructured

In Stage 1, IBK provides support through a pre-fast track for companies with minor weaknesses. Stage 2 involves banks jointly offering fast-track finance to address temporary liquidity challenges. Finally, in Stage 3, companies showing signs of insolvency receive support for restructuring through the coordination of all financial creditors. Through this program, we assist companies in formulating tailored management improvement plans, deferring debt repayment, and reducing loan interest rates.

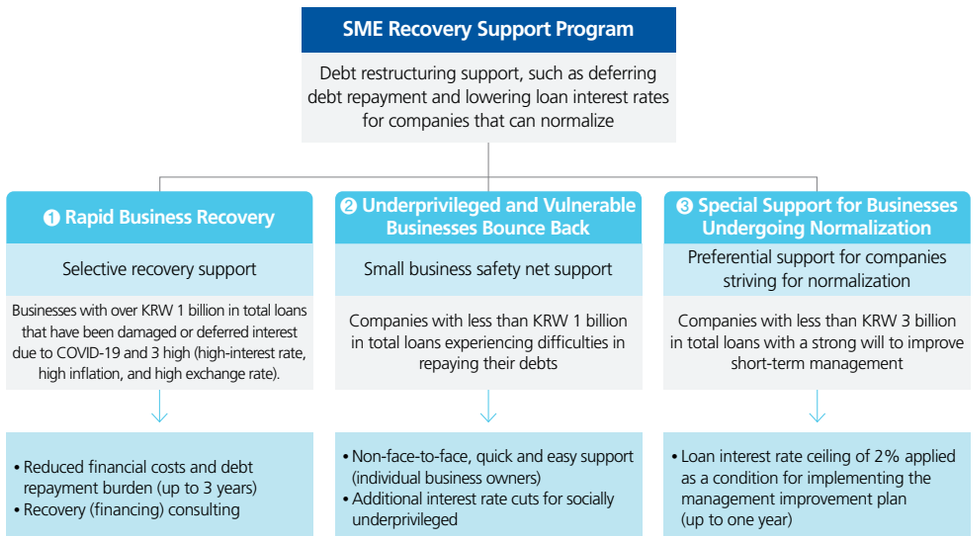
Overview of Restructuring Program

(Unit : KRW 100 million)

	2020		2021		2022	
	Number of companies	Amount	Number of companies	Amount	Number of companies	Amount
Pre-Fast Track	91	4,372	60	2,334	179	6,112
Fast Track	118	6,068	90	4,211	63	2,594
Change-Up	110	2,786	67	2,367	179	2,275
Total	319	13,226	217	8,912	421	10,981

Amidst the COVID-19 pandemic from 2020 to December 2022, we successfully refinanced debts totaling KRW 3.3119 trillion for 957 companies, helping establish a solid foundation for them to overcome the crisis.

Launching the New SME Recovery Support Program



In order to support the normalization of SME management and enhance their financial stability, we have developed an improved SME Recovery Support Program consisting of three programs. We have transitioned from providing universal emergency support to SMEs facing difficulties due to COVID-19 to implementing a selective recovery support program in alignment with the normalization plan of financial authorities. As part of this process, we have implemented the Underprivileged and Vulnerable Businesses Bounce Back Program to ensure that struggling businesses are included and provide active support in overcoming the crisis until the complete resolution of COVID-19. Furthermore, we are providing support through the "Special Support Program for Businesses Promoting Normalization" to address the potential risk of weakened management among vulnerable business groups affected by rapid inflation, interest rates, and exchange rates. The SME Recovery Support Program is a unique program that is more precise and supportive than the existing corporate restructuring system. As of the end of 2022, we supported the debt restructuring of 255 companies worth KRW 536.9 billion, helping recover companies in crisis. Going forward, we plan to expand support programs for vulnerable companies suffering from deteriorating economic conditions to provide a safety net for growth.

ESG Restructuring Guide

Reviewing restructuring targets, we assess the ESG management initiatives using the ESG Review Table for Restructuring Companies. We are establishing a safety net to facilitate the growth and recovery of SMEs that prioritize ESG efforts. This includes enhancing support measures such as offering additional preferential interest rates for companies with outstanding ESG management evaluations. IBK will continue to expand support for companies practicing social values such as ESG management.

ESG Review Table for Restructuring Companies

Category	Evaluation Indicator
E Environmental	Eco-friendly production process
	Waste and hazardous material management system
	Use of renewable energy and/or in-house environmental protection policy
S Social	Employee working conditions improvement policy
	No industrial accidents in the past 3 years
	National safety certification for manufactured products
	Efforts to address social problems, such as community participation and donations
G Governance	Internal control system, employee ethics regulations, and reporting channels
	Disclosure of ESG information
	(For externally audited companies) Stakeholder autonomy in management participation

SME Recovery Support Consulting

We provide a restructuring consulting service to assist SMEs facing business crises, sharing their burdens, and exploring solutions through in-depth discussions. In addition to guiding companies in developing their restructuring plans, we offer support concerning various restructuring programs.

We introduce the Change-Up Program to companies that may need to be more open about restructuring or facing challenges in restructuring methods. Through this program, we assist in facilitating the sale of idle assets to improve the financial structure.

In addition, we advise companies with significant technological expertise but limited access to funds due to high levels of debt to consider seeking investment from corporate restructuring fund managers, enabling them to secure external investment. In 2022, we provided recovery consulting support to 72 companies, laying a solid foundation for overcoming the crisis.

SME Recovery Consulting Status

(Unit : KRW 100 million)

	2020		2021		2022	
	Number of companies	Amount	Number of companies	Amount	Number of companies	Amount
Consulting	59	3,923	26	1,893	72	3,676

Support for Restructuring through Capital-Market Participation

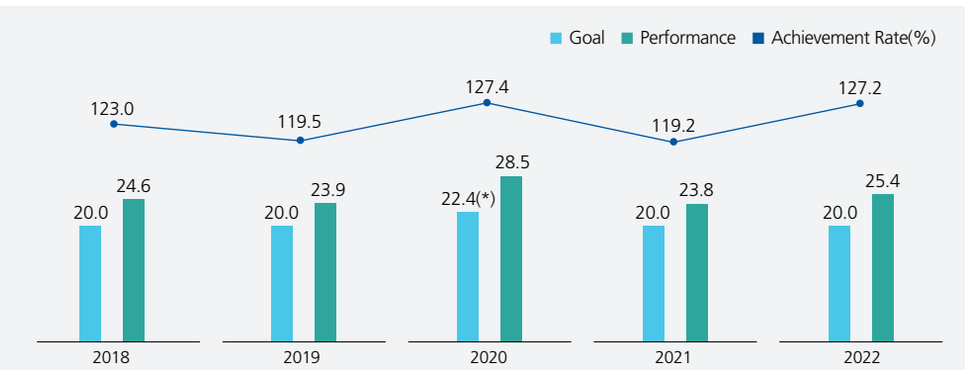
IBK participated in creating the Corporate Restructuring Fund, which has been established three times (in 2018, 2020, and 2021, respectively) under the guidance of the Financial Services Commission, with an investment of KRW 200 billion. The Corporate Restructuring Innovation Fund, totaling approximately KRW 4.9 trillion, supports companies with solid technological capabilities but weak financial structures. Through the identification and recommendation process, 43 companies received investments of KRW 1.665 trillion by the end of 2022. This prevented the potential technology of these companies from being lost and established a foundation for business recovery. IBK will continue actively discovering and supporting SMEs that exhibit growth potential but require investment support.

Startup Support

Achieved External Startup Supply Target of KRW 20 Trillion

Since 2017, IBK has supported financing over KRW 20 trillion for startups yearly. In 2022 we achieved 127.2% of our annual target by providing KRW 25.4 trillion in funds.

Fund Supply Goal and Performance Status for Startups over the Past 5 Years (Unit : KRW trillion, %)



* Fund supply target has been temporarily adjusted due to government investment.

Operation of IBK Changgong Technology Matching Program

IBK Changgong is IBK's representative startup incubation platform that supports the successful scale-up of startups. Since opening the first Changgong in Mapo in December 2017, three additional centers in Guro, Busan, and Daejeon have opened, making the total number of operating centers four. To discover and support young entrepreneurs, IBK Changgong operates Seoul National University Camp and UNIST (Ulsan National Institute of Science and Technology) Camp in collaboration with universities. In addition, we utilize the Industry-Academia-Research Technology Matching Program to strengthen the technological capabilities of IBK Changgong companies. This program facilitates the introduction and commercialization of technology by matching the technology needs of IBK Changgong-fostered companies with the expertise available at universities and research institutes. The participants include eight research institutes, including the Agency for Defense Development and Korea Institute of Science and Technology Information; five universities, including the Korea Advanced Institute of Science and Technology (KAIST); and the Korea Invention Promotion Association. Twenty-one technologies from 13 companies have been successfully matched through this initiative. In the future, we plan to actively support startups in establishing a foothold for growth.

IBK Changgong UNIST Camp

In partnership with the Ulsan Institute of Science and Technology (UNIST), we have established IBK Changgong UNIST Camp to proactively identify and support talented young entrepreneurs with innovative ideas and technology. In partnership with UNIST, we select technology-based startup teams and provide comprehensive support at the IBK Changgong UNIST Camp. The camp offers programs for early-stage startups, including company diagnosis, team building, business model establishment, startup education, mentoring/consulting, and IR support.

Location	UNIST Business Building
Program Details	Fostering program Company diagnosis, mentor-mentee meeting, common training, IR support, Demo Day, Open Innovation, etc.
Supported Companies	Five teams (2022, second half)

SUSTAINABILITY MANAGEMENT

Environmental

Climate Action 41
Green Finance 49
Create Eco-Friendliness 53

Social

Protection of Financial Consumers 58
Digital Finance 62
Talent Management 65
Respect for Employees 67
Inclusive Finance 74
Social Contributions 78

Governance

Governance 85
Compliance and Ethical Management 89
Risk Management 97
Information Protection 100

ENVIRONMENTAL

Climate Action

Green Finance

Create Eco-Friendliness

22/23 HIGHLIGHTS

Climate Risk Management-System Roadmap

Physical risks and Transition risks Analysis

Establish **Green Finance** strategies

Coal Financing and **Investment** Policy

IBK Zero-Carbon Installment Savings

IBK Green Challenge

Climate Action

IBK acknowledges carbon neutrality as a shared objective to prevent the climate crisis and safeguard livelihoods. We have implemented and actively promoted climate risk mitigation and management strategies to address escalating global warming. In addition to our commitment to achieving carbon neutrality by 2040, we have devised a roadmap for carbon-neutral financial assets and are undertaking various initiatives to minimize greenhouse gas emissions. We stand by our partners, supporting the development of low-carbon businesses and facilitating the green transition, ensuring that SMEs are kept in this long-term pursuit of carbon neutrality.

Climate Change Opportunities and Risks

Climate Change Opportunities

Climate change is an irreversible phenomenon with profound global impacts that extend across time and space. The resulting ecosystem changes are already evident worldwide, exerting significant ripple effects such as disrupting economic and social structures, including markets and corporate environments, etc. Despite the uncertainties associated with climate change, there are opportunities for improvement that can lead to positive transformations.

Opportunity factors	IBK's climate-related opportunities	Timeline	Potential financial impact	IBK response
Resource Efficiency	Use of more efficient modes of transport; Move to more efficient buildings	Short-term, mid-term, long-term	Reduced operating costs; increased value of fixed assets	Expand introduction of EV; build an eco-friendly data center
Energy Source	Use of lower-emission sources of energy; participation in carbon market	Mid-term, long-term	Reduced exposure to future fossil fuel price increases; reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon	Strengthen role of GHG emissions market maker; establish energy saving operation system
Products & Services	Development and/or expansion of low emissions goods and services; ability to diversify business activities	Short-term, mid-term, long-term	Increased revenue through demand for lower emissions products and services	Launch of special financial products for low-carbon transition (SLL, zero-carbon savings, etc.) Acquire Environmental Product Declaration for i-ONE Bank; conduct ESG consulting
Markets	Access to new markets	Short-term, mid-term, long-term	Increased revenues through access to new and emerging markets	Issue green bonds of KRW 60 billion; expand green building PF investment

※ Short-term: within 2 years, mid-term: 2-10 years, long-term: after 10 years

Climate Change Risks

Climate change caused by human selfishness, such as rapid industrialization and misuse of resources, is causing numerous adverse effects, and the resulting damage is intensifying beyond repair. As per the IPCC 6th report, approved in March 2023, the current (2011~2020) global surface temperature is 1.1℃ higher than that of the pre-industrial era (1850-1900). The report also highlights that climate abnormalities and regional extremes are becoming more widespread and pronounced as global warming intensifies.

Hence, we have classified the risks posed by climate change into transition risks and physical risks and assessed their potential financial implications. Physical risks refer to the economic expenses associated with increasing extreme climate events, such as typhoons, floods, and heat waves, and changes in long-term climate patterns. Transition risks are financial losses that can occur during a rapid transition into a low-carbon economy. They can occur in policy changes, sudden technological development, and changes in the preferences of customers and investors.

	Risk area	IBK's climate-related risks	Time	Potential financial impact	IBK response
Physical risks	Acute	Increased severity of extreme weather events such as cyclones and floods	Short-term, mid-term, long-term	Write-offs and early retirement of existing assets Reduced revenue from decreased production capacity; Reduced revenue and higher costs from negative impacts on workforce	Operation of environmental and energy management systems Sophistication of Business Continuity Planning (BCP) Analysis of physical risk scenarios
	Chronic	Decline in labor productivity due to long-term changes in climate patterns	Long-term		
Transition risks	Policy & Legal	Enhanced emissions-reporting obligations; exposure to litigation	Short-term, mid-term, long-term	Increased operating costs (higher compliance costs)	Introduction of environmental/ social risk screening; Expansion of green finance (issuance of ESG bonds) Establishment of GHG reduction strategies for financial assets Declaration of the Coal Financing and Investment Policy Operation of negative investment principles Analysis of transition risk stress tests
	Technology	Substitution of existing products and services with lower emissions options	Mid-term, long-term	Increase in probability of default (PD) and loss given default (LGD) due to write-offs and early retirement of existing assets	
	Market	Uncertainty in market signals	Mid-term, long-term	Expansion of loss risks and reduced demand for goods and services due to shift in consumer preferences	
	Reputation	Increased stakeholder concern or negative stakeholder feedback; shifts in consumer preferences	Short-term, mid-term, long-term	Reduced revenue from decreased demand for goods/services	

Establishment of Climate Risk Management System Roadmap

Financial impacts triggered by physical and transition risks can lead to an increase in financial risk and deterioration in the overall soundness of IBK. We have established a climate risk management system roadmap with six initiatives to prepare for this.

1 Expand climate risk disclosures	2 Identify and assess climate risk by client portfolio	3 Document climate risk management	4 Establish climate risk internal control policies	5 Regularly monitor and report results to management
• Expand Sustainability Report-related disclosures	• Measure GHG emissions of financial assets • Conduct climate risk stress test • Estimate PD and LGD considering climate risks • Build a data collection monitoring system	• Specify roles and responsibilities by business unit and function • Operate climate risk management standards	• Establish a triple defense model (Sales-Risk-Audit)	• Report to Risk Management Committee

6 IBK Mid- to long-term climate risk management

- Build a carbon reduction strategy for portfolio
- Improve bank-wide portfolio with focus on the environment
- Strengthen management of regions and industries susceptible to climate risks
- Monitor climate risks of assets by department (loans, PF, securities, etc.)

In 2022, a scenario analysis was undertaken to identify climate risks within the asset portfolio and evaluate their financial implications. While this initial assessment provides an initial understanding of the potential impacts, we aim to enhance the analysis further once financial authorities release the regulatory guidelines. This will enable us to develop a roadmap aligned with the guidelines and establish a robust management system for effective climate risk management.

Analysis of Physical Risks

With the increasing frequency and intensity of extreme weather events like heatwaves, heavy rains, and cold waves caused by global warming, concerns over physical risks are growing. In the case of IBK, the potential impact of physical risks was analyzed through scenario analyses, focusing on the potential destruction of real estate assets and the increase in credit risk resulting from the decline in the collateral values of financial assets.

Real Estate Analysis

A physical-risk analysis was conducted to proactively assess potential material damage, including real estate, resulting from abnormal weather events such as natural disasters. For objective and accurate analyses, we utilized the Vulnerability Assessment Tool to Build a Climate Change Adaptation Plan (VESTAP) and the Private Enterprise Climate Change Risk Assessment System (CRAS) provided by the Ministry of Environment and the National Climate Risk Adaptation Center of the Korea Environmental Research Institute.

Analyses of Physical Risks

VESTAP(Vulnerability Assessment Tool to build Climate Change Adaptation Plan)

: Using the RCP scenario, calculation of the vulnerability index for each region based on the occurrence of natural disasters

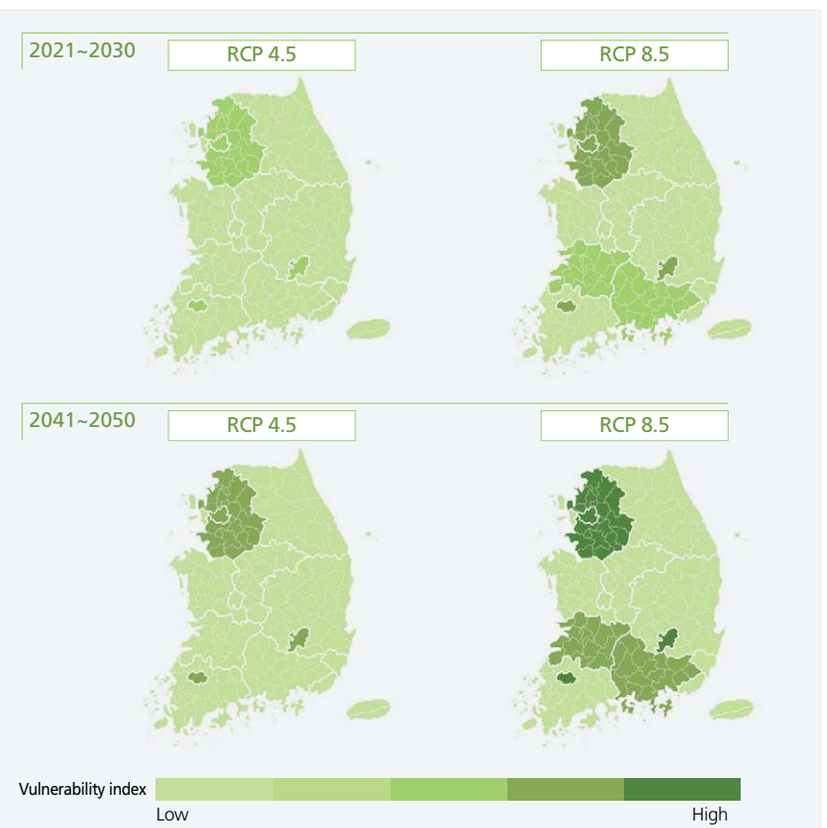
CRAS(Climate Change Risk Assessment System)

: Estimation of building damage caused by natural disasters using RCP scenarios

1) The RCP (Representative Concentration Pathways) scenario states that an increase in atmospheric CO_2 concentration leads to an increase in radiant energy per unit area, resulting in a rise in average global temperature.

For the analysis, we employed the RCP scenarios, which consider variations in greenhouse gas concentrations caused by climate change. Specifically, we adopted the RCP 4.5 and 8.5 scenarios[1] for comparative analysis.

Type	Details	Temperature increase by 2100 (℃)	Concentration of CO_2 in 2100 (PPM)
RCP 4.5	An intermediate scenario where a significant reduction in greenhouse gas is achieved	2.6	540
RCP 8.5	A scenario where emissions continue to rise at the current rate	4.8	940



According to the vulnerability index calculated for each region, the estimated damage to owned real estate due to natural disasters such as heatwaves and floods is projected to be KRW 5.27 billion from 2021 to 2030 and KRW 9.23 billion during the period of 2041-2050 under the RCP 4.5 scenario. Under the RCP 8.5 scenario, it was analyzed that damages would be KRW 8.58 billion between 2021 and 2030 and KRW 15 billion between 2041 and 2050.

Scale of Real Estate Damage Caused by Natural Disasters (Unit : KRW 100 million, %)

Category	2021~2030		2041~2050	
	RCP 4.5	RCP 8.5	RCP 4.5	RCP 8.5
Damage Amount	52.7	85.8	92.3	150
Rate of Decline in Collateral Values	0.57	0.92	1.01	1.63

IBK has comprehensive property insurance coverage for all its real estate. This means partial compensation for losses resulting from natural disasters is possible. Therefore, even in the RCP 8.5 scenario with continued greenhouse gas emissions at the present rate, the collateral value decline rate between 2041 and 2050 was determined to be only 1.63%, indicating a negligible impact. Moving forward, we plan to consistently monitor the extent of damage resulting from physical risks and effectively manage them to prevent any spillover into financial risks.

Analysis of Financial Assets

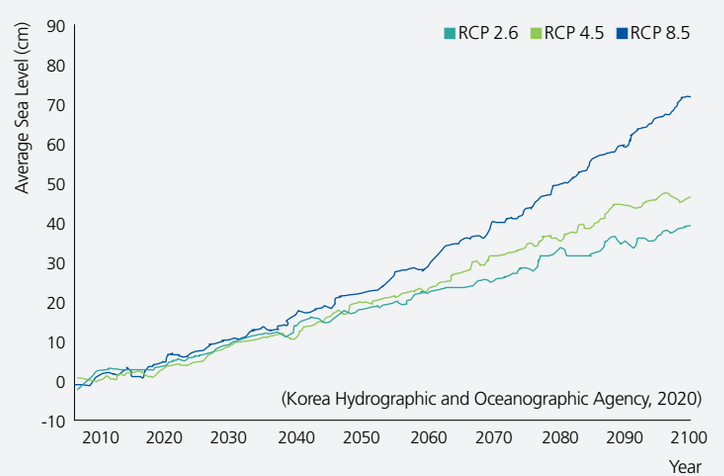
Due to 24% of our real estate collateral being situated in coastal areas, IBK conducted a comprehensive analysis of physical risks to assess the potential impact of sea-level rise caused by global warming on the value of our portfolio collateral. To ensure an objective analysis, we utilized the climate information portal of the Korea Meteorological Administration and the sea-level rise scenario provided by the Korea Hydrographic and Oceanographic Agency to estimate the potential collateral loss.

Projections of Sea Level Rise by Climate Change Scenario

Climate Change Scenario

Scenario	Rise of Sea Level
(RCP 2.6) Stringent pathway	40cm
(RCP 4.5) Intermediate scenario	51cm
(RCP 8.5) Continue to rise throughout the 21st century	73cm

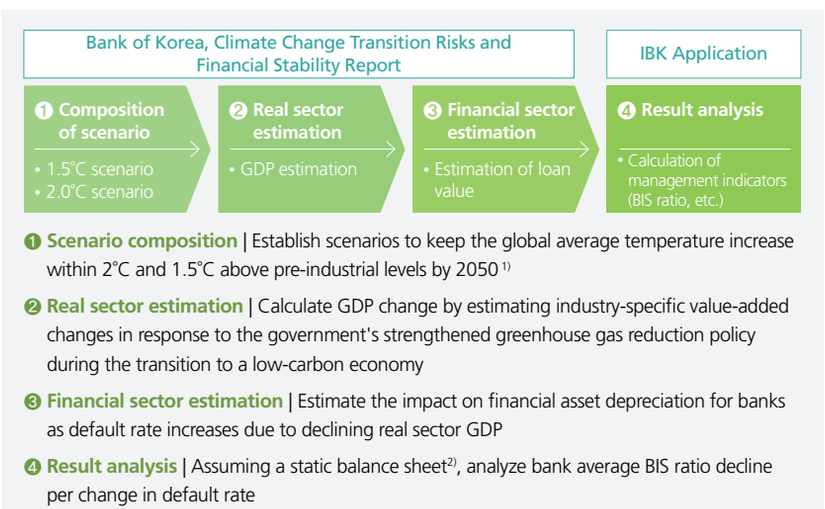
Projections of Sea-Level Rise by Climate Change Scenario



Based on the analysis, under the RCP 8.5 scenario with continued greenhouse gas emissions, the projected sea-level rise of approximately 73cm by 2100 is expected to lead to an estimated collateral loss of around KRW 1.0373 trillion for IBK's financial assets. Physical risks are characterized by long-term impacts of 50 years or more and high uncertainty. IBK plans to refine its risk analysis when the scenario work currently underway by the Financial Supervisory Service is completed.

Analysis of Transition Risks

Changes in policies, technologies, and customer preferences in transitioning to a low-carbon economy can pose new risks to the real economy and financial system. Comprehensive GHG emission-reduction policies and the advancement of low-carbon technology contribute to the risk of stranded assets for high-carbon companies, negatively impacting their financial stability. As IBK primarily deals with assets tied to SMEs operating in high-carbon industries or susceptible to transition, there is a significant likelihood of potential losses for the bank. It is essential to proactively identify and prepare for potential performance risks. Therefore, IBK conducted a risk analysis using the Bank of Korea's top-down scenario.



Reconstructed from (Bank of Korea, Climate Change Transition Risks and Financial Stability, Kim Jae-yoon and Jeon Eun-kyung, 2021)

According to data from the Bank of Korea, estimates for the real sector show that the transition to a low-carbon economy will lead to higher production costs and a decrease in added value, especially in high-carbon industries, negatively impacting the GDP. By 2050, the GDP will decrease by 2.7% in the 2°C scenario and 7.4% in the 1.5°C scenario compared to the reference scenario.

1) It is based on the fulfillment of the orderly transition of the Network for Greening the Financial System (NGFS) to a low-carbon economy.

2) Estimating the scale of shock if the current level of response to climate change continues, based on the assumption that the financial asset portfolio possessed is identical to the portfolio at the reference point during the analysis period

The increase in production costs and the decrease in added value and profits for high-carbon companies will raise their credit and market risk, resulting in higher default rates.

Impact of Transition Risk on Default Rate Changes (Unit : %p)

Category		2030	2040	2050
2°C scenario	High-carbon industry	3.7	6.6	10.2
	Medium and low-carbon industry	0.0	0.0	0.1
1.5°C scenario	High-carbon industry	6.3	9.8	18.8
	Medium and low-carbon industry	0.0	0.1	0.4

At the end of December 2021, the high-carbon industry represented 14.2% of IBK's total exposure at default (EAD). To assess climate risk, a stress test was conducted by applying changes in default rates to this exposure. Based on the analysis, if IBK maintained its current response to climate change, the estimated BIS ratio in 2050 would be 12.28%, reflecting a decrease of 2.52 percentage points from the baseline. Additionally, the estimated required capital for climate risk is projected to increase by KRW 3.7127 trillion, reaching KRW 19.2969 trillion.

Result of climate risk stress test (Unit : KRW 100 million, %, %p)

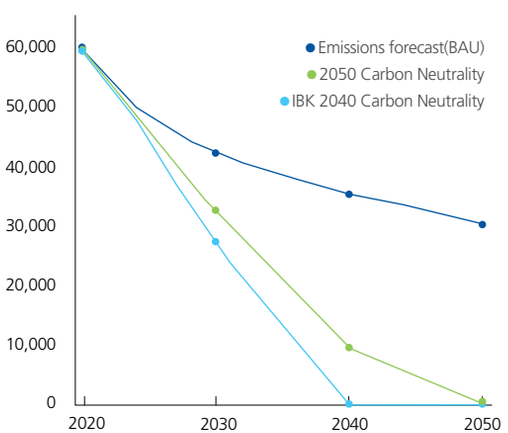
Scenario	Baseline	Analysis results		
	2021	2030	2040	2050
BIS Total Capital Ratio	14.80	14.02 (△0.78)	13.24 (△1.56)	12.28 (△2.52)
Climate risk required capital	155,842	172,241 (+16,399)	181,242 (+25,400)	192,969 (+37,127)

IBK plans to enhance its stress tests by incorporating climate economic scenarios into the "Climate Scenario Joint Working Group" of the Financial Supervisory Service. Furthermore, we aim to actively respond to the accelerating climate crisis by consistently managing sufficient capital for climate risks as reserve capital, thereby ensuring preparedness for potential climate crises.

Strategies for Promoting Carbon Neutrality

IBK 2040 Carbon Neutrality

Addressing climate change requires setting clear targets and indicators. IBK has set an ambitious goal of achieving carbon neutrality by 2040. As a government-owned bank and corporate citizen, IBK aims to share its accumulated experience with SMEs and stakeholders, implement exemplary practices, and evaluate and monitor climate change-related opportunities and risks by using GHG emissions as a critical indicator for tracking progress. Since establishing our goals, we have implemented an internationally compliant environment and energy management system to effectively reduce greenhouse gas emissions.



Annual targets (Unit : tCO_2eq)

2020 (Base year)	59,554
2030	27,203
2035	13,406
2040	0

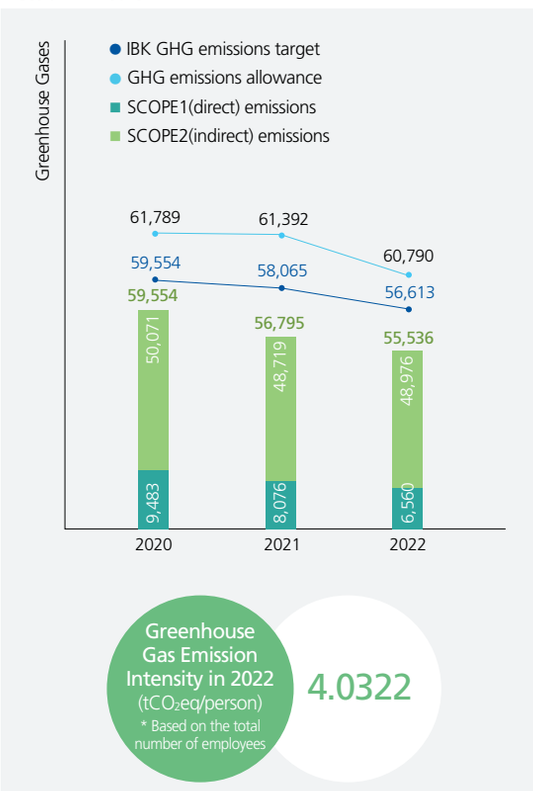
A Look at the IBK Carbon Neutrality Issue

IBK commenced the construction of a new data center in Misa District, Hanam, Gyeonggi-do, in December 2021 to address the issues of aging infrastructure and limited space for computing equipment in the current data center in Yongin. The new data center is expected to establish a robust infrastructure for digital transformation and is scheduled to be completed in March 2024. Installing and operating the data center makes adjustments of greenhouse gas emissions and reduction goals (path) inevitable.

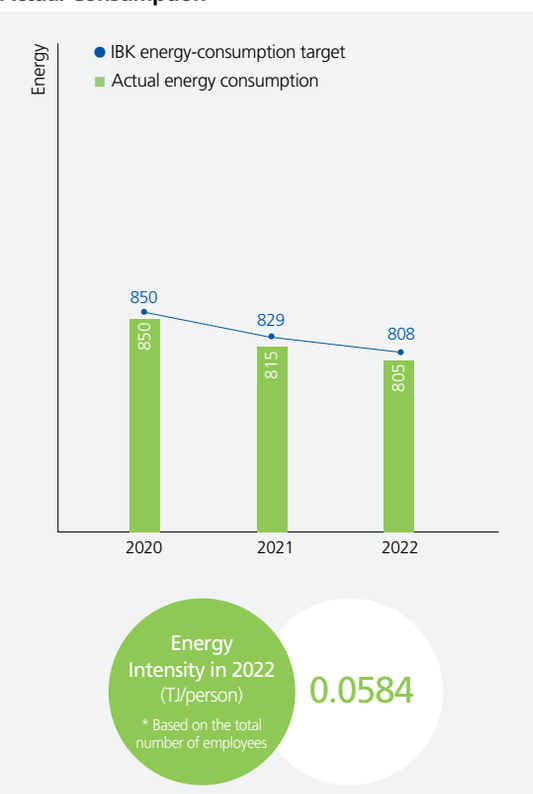
GHG Verification Opinion
KOREAN STANDARDS ASSOCIATION

Since 2017, IBK has been included in the greenhouse gas target-management system in compliance with Article 42, Paragraph 4 of the Framework Act on Low Carbon, Green Growth, and has been actively reporting on its GHG emissions. After undergoing verification by a third party, the emissions are reported to the government. With steady efforts to control and reduce, GHG emissions were reduced to 55,559 tCO_2eq in 2022, approximately 8.6% (5,231 tCO_2eq) below the government's allowable emission limit. Since joining the system in 2017, we have consistently surpassed our GHG emission-reduction target for six consecutive years.

Greenhouse Gas Emission Target and Actual Emission (Unit : tCO_2eq)



Energy Consumption Target and Actual Consumption (Unit : TJ)



IBK 2050 Financial Assets Carbon Neutrality

Climate changes, including extreme heat waves and intense rainfall, are not merely a predicted future risk; it is a reality that our generation is facing. To fight against rapidly changing climate change, all members of society should make concerted efforts to attain carbon neutrality.

As part of this, IBK aims to reduce its own emissions (Scope 1&2) and achieve carbon neutrality for financial assets by 2050 and calculates and controls greenhouse gas emissions associated with its owned financial assets annually. IBK has calculated financial emissions by classifying these assets into six categories (corporate loan, development PF, commercial property, mortgage, stock, and bond) using the PCAF methodology, a global initiative, and collecting relative internal data to calculate financial assets' emissions.

PCAF Financial Emissions by Asset Type

(Unit : KRW 100 million, tCO_2eq, tCO_2eq/KRW 100 million)

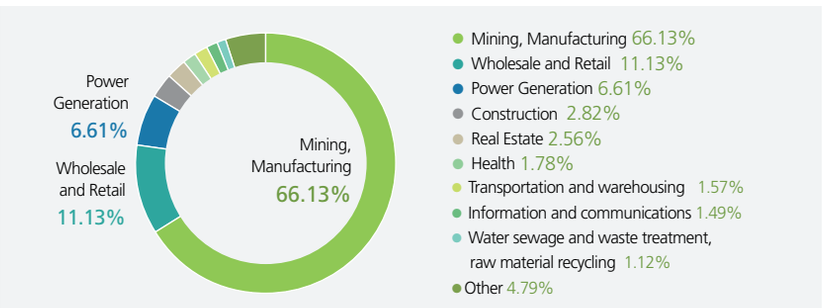
2020	Financial Assets	Emissions	Intensity
Corporate Loans	1,645,006	13,484,365	8.20
Power Generation PF	5,877	821,902	139.85
Commercial Real Estate	88,168	235,684	2.67
Mortgage	100,804	70,102	0.70
Stock	2,455	10,956	4.46
Bonds	1,094	5,313	4.86
Total	**1,843,404**	**14,628,322**	**7.94**

2021	Financial Assets	Emissions	Intensity
Corporate Loans	1,794,191	18,487,123	10.30
Power Generation PF	6,946	1,233,206	177.54
Commercial Real Estate	129,392	126,358	0.98
Mortgage	107,620	57,500	0.53
Stock	2,790	20,405	7.31
Bonds	311	2,662	8.56
Total	**2,041,250**	**19,927,254**	**9.76**

As a result of the calculation, loans to SMEs take charge of most of the entire financial assets of IBK, established to support small and medium-sized enterprises. The total financial emissions from SME loans reach approximately 93%. Especially in 2021, IBK proactively supported SMEs affected by the COVID-19 pandemic, resulting in increased financial assets and subsequent growth in financial emissions compared to the last year. Regarding the share of financial emissions by significant industries, mining, and manufacturing industries comprise over 77%.

Share of Financial Emissions by significant industries

(Unit : %)



* Measurement of financial emissions as of the end of 2021

IBK, as a policy financial institution, will help to transit high-carbon companies into green companies and foster low-carbon companies by providing financial and non-financial support rather than regulating immediately. In this process, financial emissions might experience a temporary increase. However, IBK, in the change of paradigm, will lead the creation of an environment where SMEs can measure their emissions themselves and contribute to a low-carbon economy by expanding varied supports so that SMEs won't be left behind.

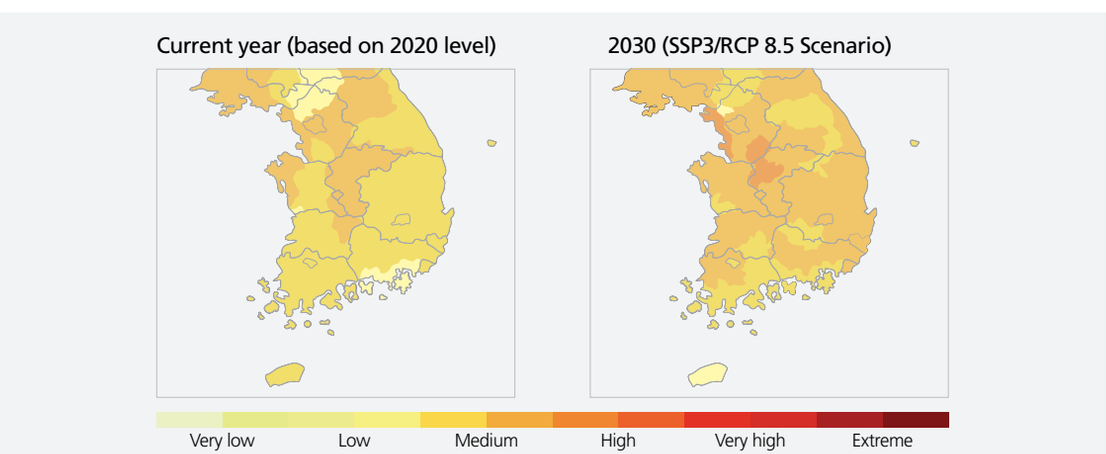
In addition, IBK will establish a management system grafted with digital technology to improve work efficiency and increase the accuracy of collected data when collecting data to calculate financial emissions later. We will responsibly achieve carbon neutrality by overcoming the limit of SMEs' data absence and advancing the system to calculate financial emissions.

Natural Capital Risk

Natural capital refers to the Earth's natural assets, including animals, plants, and the ocean, which provide valuable resources and ecosystem services essential for human well-being. The international community has acknowledged the risks associated with the loss of natural capital and is implementing proactive measures to address this issue. IBK is also taking steps to recognize and manage the impacts and risks of natural capital, aligning with international efforts.

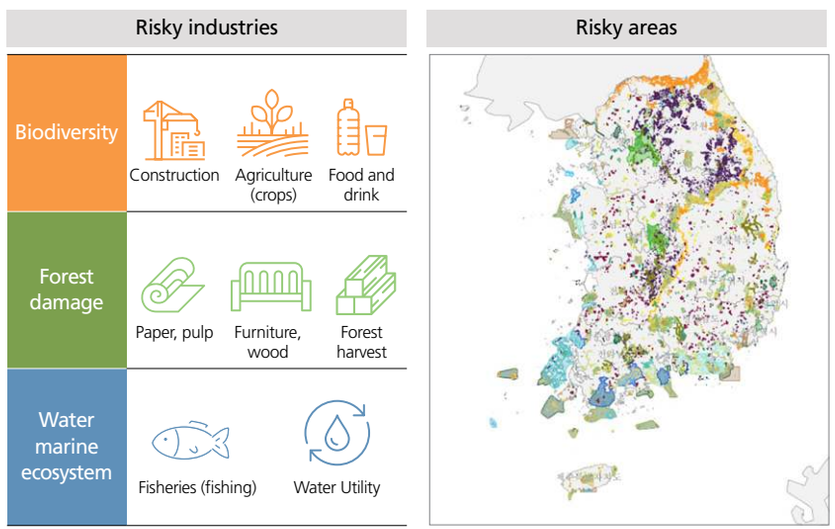
Analysis of risks associated with water

While IBK is not directly involved in water-related issues, it recognizes the importance of understanding water-related matters and their impact on the industry. To identify and evaluate water risks, including water scarcity, floods, and water pollution, we utilized the 'water risk filter' from the World Wide Fund for Nature (WWF) to assess industry-wide impacts. Given our business sites' diverse customer base and nationwide presence, we take a holistic approach to assessing risk across the Korean Peninsula rather than focusing on specific regions. This enables us to identify and manage risks effectively, considering the nature of the financial industry and the geographic distribution of our portfolio. The filter utilizes the most pessimistic scenario (SSP 3 / RCP 8.5)[1] to analyze 2020 (current) and 2030 risk levels and presents water risk classified into 6 stages (very low, low, medium, high, very high, extreme). The analysis of water risk on the Korean Peninsula indicates a medium level for both the current year (2020) and the projected year (2030), with some variations observed across different regions.



Natural Capital Risk Management

IBK identifies water risks (including to the marine ecosystem), biodiversity, and forest damage as key natural capital risks. We focus on specific industries and regions to minimize their impact and actively monitor them during financial support processes. Especially, IBK adopted external policies related to natural capital risks, such as biodiversity damage. Natural capital risk industries are determined based on the World Economic Forum (WEF) and World Wide Fund for Nature (WWF) guidelines. Risky areas are selected by considering protected sites designated under domestic law and International Union for Conservation of Nature (IUCN) categories. IBK actively manages these areas to mitigate natural capital risks.[2]



Source : KDPA

1) A scenario that combines Shared Socioeconomic Pathways (SSP) and Representative Concentration Pathways (RCP), which leads to unequal and unstable socio-economic development (SSP3) and high greenhouse gas emission levels (RCP 8.5).
2) Protected areas under domestic law (national parks, natural reserves, UNESCO biosphere, forest genetic resources, Baekdudaegan, marine ecosystem) / IUCN category (nature conservation areas (wildlife areas), national parks, natural monuments, habitats, landscape protection, natural resource protection)

Green Finance

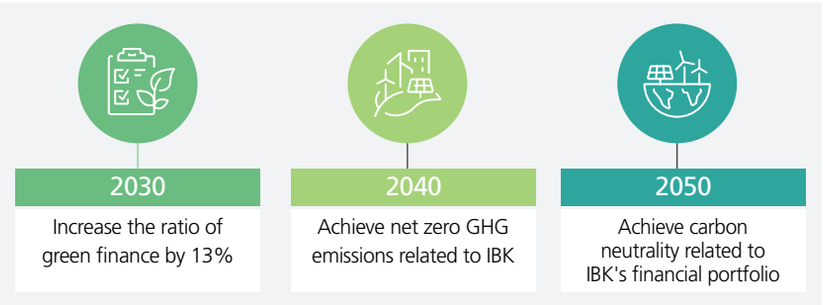
As climate change and abnormal weather patterns continue to impact various parts of the world, there is a growing global recognition and demand for green finance. IBK, as a government-run financial institution, is fulfilling its social role by actively supporting the green transition of SMEs for a low-carbon economic structure.

Strategy for the Promotion of Green Finance

Green Finance Strategy

In 2022, the Green Finance Promotion Strategy was formulated and discussed at the expansion management meeting, including executives at the division-head level or higher level. During the meeting, we developed green principles and processes and established a foundation for green management. We select specific tasks to expand investment in new and renewable energy and increase financial support for the green transition. We are committed to implementing the strategy through strong collaboration with relevant departments.

Goals



The Industrial Bank of Korea has set the following goals under its Green Finance Promotion Strategy. As we await the government's green taxonomy bank application plan and operating standards, we will categorize and support green activities as innovative items aligned with the Korean Green Taxonomy (K-taxonomy) developed by the government. We aim to increase the green share to 13% by 2030. In addition, we have set a 2040 net zero target for our emissions and a reduction target for financial assets by 2050.

As we advance, IBK will lead in addressing the climate crisis in collaboration with SMEs and support their smooth transition to green practices as a green bank that works with SMEs.

Vision

Global Green Banking with SMEs

Strategies

To establish a green foundation for IBK based on sustainable growth infrastructure

To support the green transition of SMEs without alienation

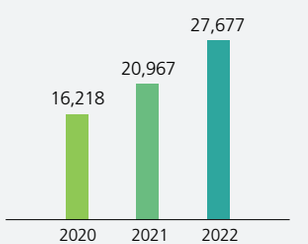
Tasks

- Build a management system (governance)
- Prepare management principles and processes
- Manage GHG emissions (promote carbon neutrality)
- Manage and evaluate risks
- Expand public disclosures

- Extend green finance investments and loans
- Prepare custom support programs
  - Support the transition of companies with high GHG emissions (Change of business type, etc.)
  - Provide proactive support to suppliers of conglomerates

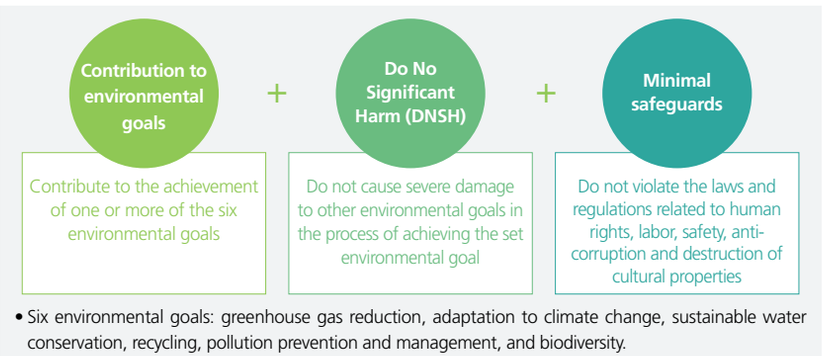
Green Finance Performance

(Unit : KRW 100 million)



Expanding Green Finance

IBK categorizes green activities according to the government-developed Korean Green Taxonomy (K-Taxonomy) Guidelines and provides support for green finance based on these classifications. The K-Taxonomy sets forth principles and standards of green economic activities based on the following three principles:



IBK actively expressed opinions and participated in the development stage of the K-Taxonomy Guidelines to promote the expansion of green finance. Furthermore, by leveraging the K-Taxonomy and utilizing big data information, we categorize green finance-related companies into green finance-promising companies, high-carbon emitting companies, and supply chain partners of large corporations and analyze their transaction histories. In the future, we plan to expand green finance and actively support SMEs' green transition.

Coal Financing and Investment Policy

In April 2022, IBK established a management principle of Coal Financing and Investment Policy to start suspending investment and financial support for coal-related assets. The decision to adopt this principle was reached during the 1st ESG Committee meeting in 2022.

IBK Coal Financing and Investment Policy

1. Exclusion of new PF investments to build new coal power plants at home and abroad
2. Exclusion of investments in bonds issued by the SPC to build new coal power plants at home and abroad
3. Exclusion of investments in bonds issued to invest in coal plants at home and abroad
4. Expansion of green finance investments to drive carbon neutrality and responses to the climate crisis

1) Based on the results of industrial ratings, differentiated loan policies such as preferential rates, standard terms, and management evaluation are applied to industries categorized as preferential, general, and watchlist.

2) Transition Vulnerability Factor: an index that adjusts the carbon intensity of the entire industry to reflect the direct and indirect greenhouse gas emissions needed to generate one unit of added value for each industry.

Implementation of Green Transition in Loan Portfolio

IBK is implementing a green transition in its loan portfolio by converting existing loan assets from high-carbon industries to low-carbon industries. To this end, carbon-related indicators are reflected in the Industrial Rating (IR)[1] evaluation by industry.

Carbon-related indicators	Classify industries based on the Transition Vulnerability Factor (TVF)[2], which considers direct and indirect carbon emissions by industry

Furthermore, we promote carbon emissions reduction by increasing financial support for SMEs that are actively working to reduce their carbon emissions. We are actively utilizing policy funds, such as the carbon neutral transition lead project support fund, to expand long-term, low-interest financial support for decarbonization companies, aiming to facilitate the transition to carbon neutrality.

Establishment and Implementation of Green Financial Business Management Guidelines for Chinese Corporations

In February 2022, IBK Chinese Corporation introduced the Green Financial Business Management Guidelines to support the green finance initiatives of companies involved in solar power generation and eco-friendly equipment manufacturing. When establishing management performance evaluation criteria for Chinese corporations in 2023, new indicators have been introduced specifically for new loans utilizing the Green Loan product. This initiative incentivizes Chinese corporations to engage in green finance activities actively.

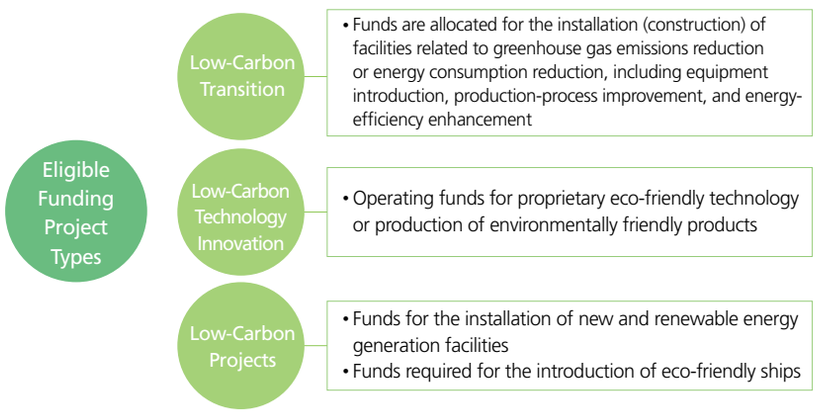
Guidelines for Green Financial Business Management: Targets and Preferential Considerations for IBK China Corporations

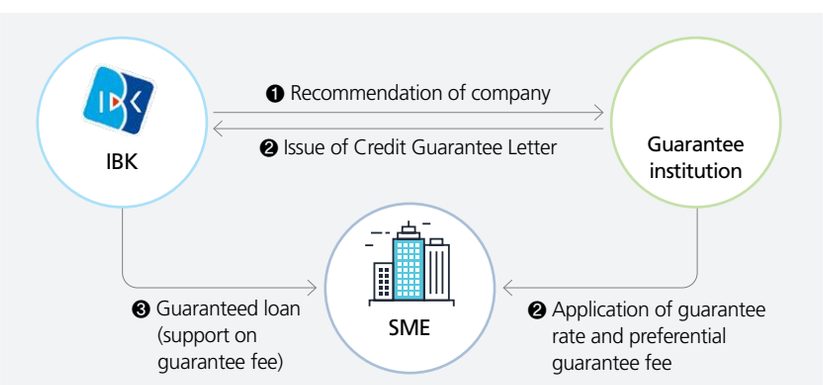
Grade	Target	Preferential advantages
A	Companies undertaking excellent environmental protection initiatives	Reduction of priority screening fee
B	Companies that have passed environmental protection or are not related to environmental protection	No preferential advantages
C	Companies with environmental protection warnings	No new loans, by principle; loan interest rates cannot be reduced
D	Companies with insufficient environmental protection measures	No loan issuance; gradual recovery of existing loans

Expanding Green Financing

Signing Business Agreements with Companies Promoting Carbon-Neutrality

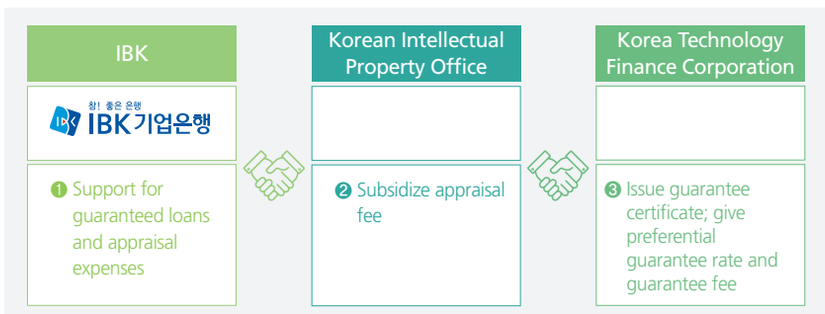
IBK is partnering with the Korea Credit Guarantee Fund to support companies needing funding for carbon-neutral activities. This includes issuing preferential guarantee certificates and offering assistance with loans and guarantee fees. As of the end of 2022, KRW 10.4 billion has been allocated to support businesses transitioning into low-carbon, promoting low-carbon technology innovation, and undertaking low-carbon projects.





Supporting Commercialization of Patented Green Technology

By partnering with the Korean Intellectual Property Office and Korea Technology Finance Corporation, IBK has enhanced its support for SMEs with promising environmental-related intellectual properties (IPs). The Korea Technology Finance Corporation evaluates environmental IPs and issues preferential guarantee certificates, while IBK Korea provides loans using these certificates as collateral. IBK and the Korean Intellectual Property Office offer fully support IP valuation fees to encourage ESG management.



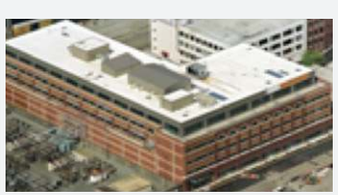
New Agreement on Funding for Carbon-Neutral Transition Projects

In July 2022, IBK entered into a new agreement with the Korea Industrial Complex Corporation for "funding carbon-neutral transition projects." A carbon-neutral conversion pilot project is a long-term investment project to reduce greenhouse gas emissions with substantial potential for technological and economic advancements. As of the end of 2022, a total of KRW 26.9 billion in low-interest rate funding was provided to SMEs and large companies recommended by the Korea Industrial Complex Corporation. As we advance, we plan to take the lead in creating a carbon-neutral industrial ecosystem to achieve carbon neutrality by 2050.

Establishment of KRW 100 Billion Green Fund

IBK established the IBK Financial Group-DS Green Fund with a value of KRW 100 billion. The fund aims to support the green transition of SMEs and promote the discovery and development of startups in green sectors such as new and renewable energy. It is a fund jointly managed by IBK Investment & Securities, IBK Capital, and DS Asset Management and supported by IBK with an investment of KRW 40 billion; it will be operated for the next five years. Despite the current downturn in the investment environment, IBK is committed to fulfilling its role as a policy finance institution by actively identifying and investing in green venture companies.

Major Green Building PF Projects in 2022

Project Name	Details	Photo
KT Gangdong Branch Officetel Development Project	• Participation in the development project of an officetel (mixed-use) building (total floor area of 25,000 pyeong) that has obtained preliminary green building certification (G-SEED) • Funded KRW 50 billion	
Lasalle Anseong Logistics Complex Development Project	• Participation in the development project of a logistics complex (total floor area of 12,000 pyeong) that has obtained preliminary green building certification (LEED) • Funded KRW 35 billion	
Mortgage Loan for an Office Building in Seattle, USA	• Mortgage support for an office building (total floor area of 8,000 pyeong) that has obtained preliminary green building certification (LEED) • Funded US$ 30 million	

Major Hydrogen and Renewable Energy Projects in 2022 and the First-Half of 2023

SK Incheon Liquefied Hydrogen Plant Project
December 2022

Project details The construction project of a 30,000-ton annual liquefied hydrogen plant; was co-arranged and participated by three national banks (IBK, KDB, and Export-Import Bank of Korea).
Total funding KRW 361.5 billion in arrangements, KRW 75 billion in participation

Project details Arranged financing for the first RE100 fund in the domestic financial sector to sell new and renewable energy produced under the 'RE100 Corporate Customized Fund' to RE100 promoting companies
Total funding KRW 200 billion

Launch of IBK Zero Carbon Installment Savings

In August 2022, we introduced the IBK Zero Carbon Savings account product, designed to encourage ESG practices through energy-saving activities. It is a product that offers a preferential interest rate based on reducing electricity consumption for residential households. To ensure ESG data, such as household electricity consumption, we have established business agreements with residential data companies. As of the end of 2022, we have achieved 8,039 sales and continue to generate interest in environmental protection.

ESG-Specific Savings Products

(As of 2022)

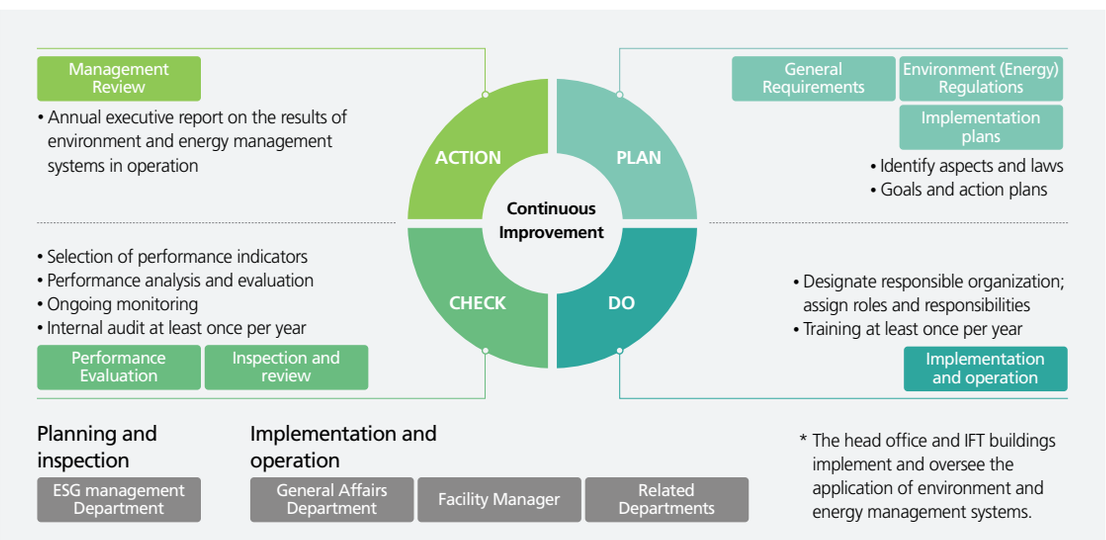
Product Name	Details	Performance (Cumulative)
IBK ALL Right Corporate Account	A cost-averaging or lump sum savings product that favorably treats companies practicing eco-friendly and social values	KRW 164.1 billion
IBK Evergreen Sky Account (Corporate)	A savings account product that provides prime rates to companies signing an environmental-protection pledge or participating in low-pollution projects	KRW 2,270.6 billion

Create Eco-Friendliness

IBK has implemented an environment- and energy-management system aligned with international standards to foster an eco-friendly society. Furthermore, the bank has introduced and expanded multiple initiatives to reduce greenhouse gas emissions IBK is also making diverse efforts to cultivate an eco-friendly culture while instigating a shift in perception among all employees. Moving forward, we aim to spearhead the development of an organizational culture that views green management not as a mere means to achieve carbon neutrality but as a fundamental goal. By doing so, we seek to foster a culture that prioritizes environmental sustainability and contributes to creating an eco-friendly society.

Environmental Management System

Operation of ISO 14001, 50001



In 2021, IBK introduced environment and energy management systems as an initial step toward carbon neutrality. The systems are built on international standards (ISO) and follow the PDCA model, emphasizing continuous performance improvement.
Annually, the system undergoes an external examination by a professional institution to ensure compliance and maintain international certification qualifications.

Performance indicator | Performance indicators are internally designated and operated to objectively measure and continuously improve operational performance. Selected performance indicators, taking into account their significant impact on both internal and external aspects of the environment and energy fields, are then categorized into operational and management indicators.

Operational indicators	Energy consumption, greenhouse gas emissions Water consumption, waste discharge, indoor air quality, etc.
Management indicators	Ratio of energy-saving and eco-friendly building management, violation of laws during training hours, electric vehicle replacement ratio, etc.

Education and training | To enhance professionalism and cultivate a skilled workforce, we provide training programs for the personnel in charge. In 2022, three training sessions totaled 24 hours of training. After the training, we maximize the effectiveness by evaluating the training outcomes and incorporating the results into developing next year's plan.

Internal audit and management review | Internal audit is conducted at least once yearly to evaluate the effectiveness and suitability of environmental energy management implementation and operation. The review involves a comprehensive checklist comprising 61 items across 16 fields to ensure meticulous management of the overall system operation, including ongoing monitoring and compliance assessment. To ensure effective system operation, comprehensive reports are submitted to the bank's executives, including the CEO, who is responsible for the system, at least once per year.

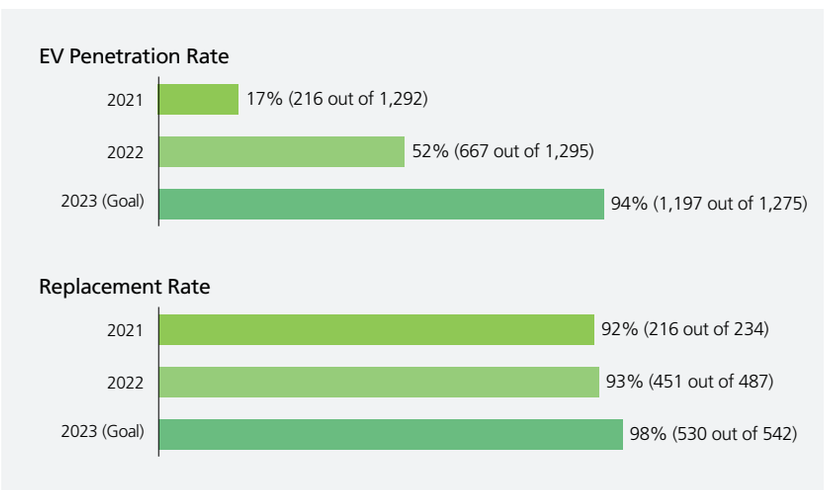
Reduction of Greenhouse Gases

Expanding Use of Electric Vehicles

Since 2021, we have initiated the adoption of electric vehicles for business purposes, and in 2022, out of the total of 487 newly leased vehicles, 451 (93%) were electric vehicles. As part of our ongoing efforts toward the transition to electric vehicles, IBK aims to have over 94% of its entire vehicle fleet composed of electric vehicles by 2023. Through this initiative, we actively contribute to reducing greenhouse gas emissions and improving air quality.

In addition, 213 charging infrastructures were installed in 87 (84%) of the 103 privately owned buildings. We aim to complete the installation of charging infrastructure in all self-contained, privately owned facilities in 2023.

Electric Vehicle Penetration Rate and Replacement Rate



*EV Penetration Rate: Ratio of electric vehicles to total vehicles
**Replacement Rate: Ratio of electric vehicles to vehicles replaced in the given year

1) Building Energy Management System: an IT-enabled system that effectively manages various building facilities, including electricity, air conditioning, security, and disaster prevention.

2) A system that utilizes nighttime freezing of ice and daytime melting to provide cooling for buildings.

친환경건축물 인증서

Establishment of Energy Conservation System

Using the Building Energy Management System (BEMS)[1], real-time energy consumption is monitored and efficiently managed. The Euljiro Head Office and Finance Tower are implementing power-saving measures like temporarily turning off lights after work hours and during lunchtime to minimize unnecessary energy consumption. Moreover, IBK buildings adhere to government energy-conservation regulations, implementing practices such as maintaining heating temperatures below 17℃ and reducing office lighting by more than 30%.

In 2021, we successfully achieved 100% LED lighting usage in Euljiro Headquarters and Finance Tower and replaced existing lighting with LED lighting in 531 out of 622 branches (approximately 85%). Furthermore, the Euljiro head office and Finance Tower employed an ice storage cooling system[2] that utilizes nighttime electricity, reducing power consumption.

Furthermore, when opening or relocating a branch, IBK aims to select buildings certified for high energy efficiency. Additionally, the bank prioritizes eco-friendly materials with an E0 grade for the layout construction of these branches.

Chungju Training Center Receives Eco-Friendly Building Certification

The Chungju Training Center, situated near the Chungjuho Water Source Protection Area, is a top-rated eco-friendly building featuring a non-dischargeable water supply and a renewable energy system, certified by the Korea Institute of Energy Research. Our domestic water non-discharge system effectively purifies and reuses the wastewater generated on-site. Furthermore, the building has solar panels and a geothermal heating and cooling system that operate continuously. These systems have contributed to substantial savings of approximately KRW 14 million in water and electricity expenses during 2022.

Enhancing the Role of GHG Emissions Market Maker

In 2015, IBK joined forces with Korea Development Bank as a market maker in the government's Greenhouse Gas Emissions Trading Scheme, which aimed to regulate companies emitting greenhouse gases. Our primary goal during the initial stages of implementation was to establish a solid market foundation and ensure market stability by focusing on providing sufficient liquidity. In response to the recent supply-demand imbalance leading to increased price volatility of greenhouse gas emission rights, we proactively purchased emission rights from companies, effectively contributing to the stabilization of prices.

IBK Transaction Volume and Share within the GHG Emission Trading System

Category	2021	2022	2023 Plan
BK trading volume (tons)	516,295	361,981	500,000
Total market volume (tons)	12,499,509	11,105,903	11,000,000
Share of IBK transactions (%)	4.13%	3.26%	4.55%

Implementation of Digital Carbon Diet Program

To reduce carbon dioxide emissions from the use of digital devices, we implemented the Digital Carbon Diet Program. Digital carbon refers to CO_2 generated in digital devices, such as Internet use, data consumption, and standby power. In order to minimize power consumption during business operations, we conducted the Empty Unnecessary Mailbox/Disk Campaign to reduce storage device usage and minimize the power consumption of office PCs by installing a program to automatically switch to power-saving mode.

Creating an Eco-Friendly Culture

Promotion of IBK Green Challenge

To foster a culture of ESG activities among our customers, we introduced the IBK Green Challenge, a program that offers eco-friendly incentives. By engaging in eco-conscious practices such as minimizing paper usage in daily life and opting for public transportation, customers earn mileage points and receive eco-friendly gifts as rewards. This initiative aims to promote and encourage customers' engagement in ESG activities. Over the course of approximately two months, a total of 15,643 customers actively participated in the challenge. IBK remains committed to fulfilling its corporate social responsibility and will continue to prioritize sustainable initiatives.

Customer Challenge Process

Challenge Theme	Category	Details
Green Finance	IBK Zero Pay	• Small Business Support Mobile Easy Pay
	Non-Face-to-Face Account Opening	• Paperless Account
Green Consumption	Purchasing ESG Products	• Social value consumption; purchasing products in Touch with IBK Mall
	Using transit card	• Using IBK card as transit card
Green Activities	Green Pledge	• Pledging to participate in low-carbon, eco-friendly activities
	Getting certified for participating in green activities	• Posting green activities on SNS

Producing Eco-Friendly Calendars and Items

IBK developed an eco-friendly calendar for 2023, utilizing FSC-certified eco-friendly paper and soybean oil ink. In our continuous efforts to enhance sustainability while reducing costs, we have reduced the usage of metal springs and the number of packaging bags for the 2023 calendar. Furthermore, we have introduced recycling bags and upcycled tote bags to encourage employees and customers to adopt an eco-friendly lifestyle. The recycling sorting bag features a spacious size and partition, making it convenient for storing and sorting a large volume of recyclables. On the other hand, the upcycled tote bag is crafted from R-PET material derived from recycled PET bottles, offering practicality and a stylish design that complements any outfit.

Eco-Friendly Calendar

Recycling Sorting Bag

Upcycled Tote Bag

i-ONE Bank Acquires Environmental Product Declaration

IBK conducted the first-ever environmental evaluation in the entire digital financial service sector by the Korea Environmental Industry and Technology Institute under the Ministry of Environment. In May 2022, IBK obtained Environmental Product Declaration certification. IBK is emphasizing its eco-friendly branding by displaying the certification mark on the loading page of the i-ONE Bank app.

Establishment of Zero Carbon Emissions Education Platform

To proactively address environmental concerns, we run diverse educational platforms to achieve zero carbon emissions. In April 2022, we launched a digital bookstore, or e-library, to offer our employees a reading environment free from the limitations of time and space. Furthermore, we are enhancing an eco-friendly learning platform to ensure effective learning outcomes. This includes reorganizing the virtual training center, a job learning platform.

Category	New Digital Bookstore (E-Library)	Upgraded Virtual Training Cente (PC/Mobile)
Details	• 60,000 books • Available for PC/mobile/tablet	• Reorganization of job courses, UI/UX improvement • Operation of at-home training as an alternative to in-person group training
Results	• Saving resources through the use of e-books • Annual savings of KRW 120 million in paperback book costs	• Reduction of carbon emissions from transportation and accommodation during in-person group training

Creating a Paperless Meeting Culture using IBK Meeting Notes

IBK Meeting Note, a tablet and PC-supported business application, enables paperless meetings by digitizing the entire process. The solution is being utilized in various meetings, including nationwide branch manager and expansion management meetings. IBK aims to foster a paperless meeting culture to contribute to carbon-emission reduction efforts.

2022	Meeting Usage	Storage Usage	ESG Performance
Usage	2,433 meetings, 44,015 participants	18,043 registered use, 6,171 users	13,794,357 sheets of paper saved

SOCIAL

- Protection of Financial Consumers
- Digital Finance
- Talent Management
- Respect for Employees
- Inclusive Finance
- Social Contributions

22/23 HIGHLIGHTS

Korea Financial Consumer Protection Index (KCPI)
The Highest Grade

Work Automation
2 million hours

Talent Development Strategy
for new 60-year

Family-Friendly Company
Certification

Joined **SME Finance Forum**

Employee Donation Campaign
「Precious Steps」

Protection of Financial Consumers

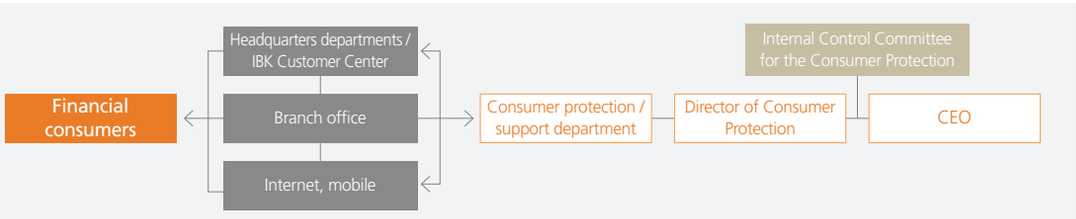
IBK approaches all tasks from the standpoint of financial consumers. Our primary objective is to offer top-quality products and services, ensuring that we recommend and sell the most suitable options to meet the needs of our customers in a transparent and easily comprehensible manner. Our ongoing efforts are directed toward preventing financial mishaps, thus ensuring our valued customers' utmost protection and well-being.

System to Protect Financial Consumers

Financial Consumers-Centered Protection System

To promote a consistent culture of financial consumer-centric management across the IBK Financial Group, IBK introduced and implemented the "IBK Financial Group Financial Consumer Protection Charter" in 2021. This charter encompasses a set of guidelines for ensuring consumer protection and ethical conduct. In April 2022, IBK created and distributed the "IBK Global Charter for Financial Consumer Protection," aiming to promote a culture emphasizing financial consumer protection's significance in 59 overseas stores. The charter was translated into the respective languages of each country. In October 2022, the IBK Financial Consumer Panel was established to gather comprehensive feedback from financial consumers regarding implementing financial products and systems, both before and after their introduction. Furthermore, the Financial Consumer Protection Internal Control Committee[1], a management level committee that oversees product/service reviews, conducted at least two annual meetings, serves as a platform to deliberate management strategies for enhancing financial consumer protection. In 2023, a new Financial Consumer Protection Internal Control Council was established under the Financial Consumer Protection Internal Control Committee to reinforce the financial consumer-centric management system.

1) Attended by the CEO of IBK, Managing Director, Head of Financial Consumer Protection Group, head of Risk Management Group, Compliance Officer, and heads of relevant groups and departments



Increasing Internal Control of Investment Products

IBK actively enhances internal control throughout the investment product selection, sales, and follow-up management process. The goal is establishing a sales culture focused on long-term consumer trust and interests, prioritizing their needs over short-term bank profits.

The Non-Depository Commodities Committee oversees the planning and selection of investment products. During the product sales phase, we performed a self-assessment called Online Fund Mystery Shopping to safeguard consumers on non-face-to-face channels. By addressing identified shortcomings, we achieved the top position among all financial companies in external evaluations conducted by the Korea Financial Consumers Protection Foundation.

Operation of Investment Product Policy Council

We strive to protect financial consumers by systematically operating the Investment Product Policy Council following the "strategize – evaluate – follow-up" procedure.

Achieving the Highest Korea Financial Consumer Protection Index (KCPI)

IBK attained the highest rating of "Excellent" in the Korea Financial Consumer Protection Index (KCPI) Evaluation, conducted by the Korea Management Association Consulting. This evaluation assesses the level of consumer protection across companies, including compliance with the six sales principles of the Act on the Protection of Financial Consumers, thereby highlighting IBK's strong commitment to enhancing consumer-protection competitiveness.

Compliance monitoring of all branches under the Financial Consumer Protection Act

To celebrate the second anniversary of the Financial Consumer Protection Act, enacted in March 2021, all IBK branches conducted a compliance check to prevent incomplete sales and foster a trustworthy business environment following the Act.

Our plan entails conducting thorough inspections of business sites to identify and rectify areas requiring improvement. This includes examining adherence to the six sales principles outlined in the Financial Consumer Protection Act, assessing sales procedures for investment/guaranteed products, and evaluating the operational status of systems for consumer protection.

Financial Consumer-Protection Education

IBK provides various training programs related to protecting financial consumers. Completing relevant training is mandatory to qualify for the sales of financial products with a potential risk of principal loss. Additionally, regular accident-prevention training, which covers scenarios involving customer inconvenience, is offered to ensure customer safety and satisfaction.

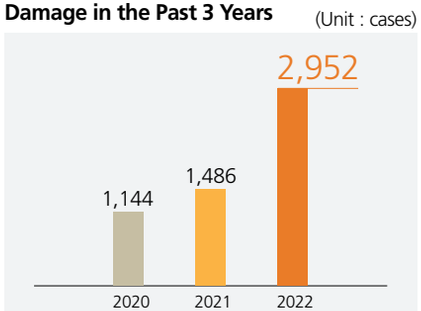
2022 Financial Consumer-Protection Education Status

Category	Investment Product Seller Qualification Training	Financial Accident Prevention Training
Training Details	• Before qualification: Protection course • After qualification: Continuing course	• Legal obligations : anti-money laundering, financial sanctions, etc. • Cyber : Act on the Protection of Financial Consumers, self-employment audit, etc. (15)
Number of people completing the course	• 3,341	• 1,249

Financial Consumer Protection Status Evaluation

IBK conducts an annual financial consumer protection evaluation to assess consumer protection level and identify potential risk factors concerning consumer rights and interests. In addition, IBK receives on-site assessment from the Financial Supervisory Service every three years. The evaluation encompasses various aspects, including the financial consumer internal control system and dedicated organization; standards and procedures for the development, sale, and post-sale stages of financial products; financial consumer protection training for executives and employees; provision of financial consumer information; and measures to prevent harm to vulnerable individuals, among others. Based on the on-site evaluation, IBK inspects the internal operations and enhances systems to minimize damage to financial consumers. This includes proactive monitoring to address rapidly increasing financial fraud and other risks. A representative example is a monitoring system to protect customer assets from voice phishing crimes. Through this system, IBK preemptively identifies the evolving types and characteristics of voice phishing crimes. Based on this intelligence, regular notifications are sent to customers via SMS and other channels, informing them about instances of voice phishing damage and providing appropriate response methods.

Number of Prevented Voice Phishing Damage in the Past 3 Years (Unit : cases)



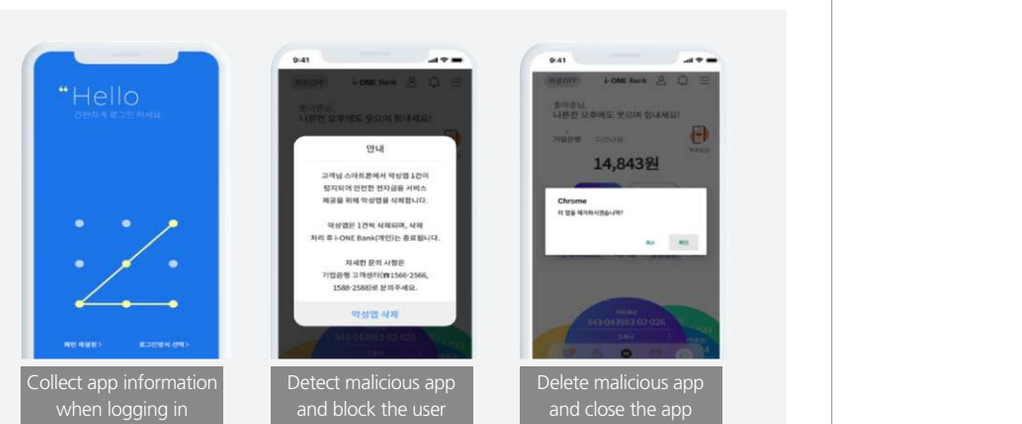
In September 2022, a customized financial fraud prevention diagnosis table was created and implemented, reflecting customer characteristics. "Voice Phishing Zero Day" was also implemented, making various efforts to minimize damage from financial fraud at the sales site. As a result, in 2022 alone, we successfully prevented a total of 2,952 incidents of voice phishing damage.

Furthermore, we are actively working to prevent the influx of suspicious business entities by implementing a robust account opening verification system to eliminate fraudulent practices associated with fraudulent bankbooks. In 2022, 3,566 attempts to open fraudulent bank accounts were blocked through on-site inspections.

Implementation of Personal Mobile Banking Security Service

To proactively safeguard financial consumers against electronic financial fraud, IBK has introduced a dedicated security service called "i-ONE Bank Malicious App Detection and Blocking." When users log in to i-ONE Bank using a smartphone with a malicious app installed, IBK collects information about the installed applications on the user's device and blocks access to the service.

Malicious App Detection and Blocking



* It is possible that some malicious apps may not be currently detectable; however, IBK is continuously enhancing its solutions to address any such gaps.

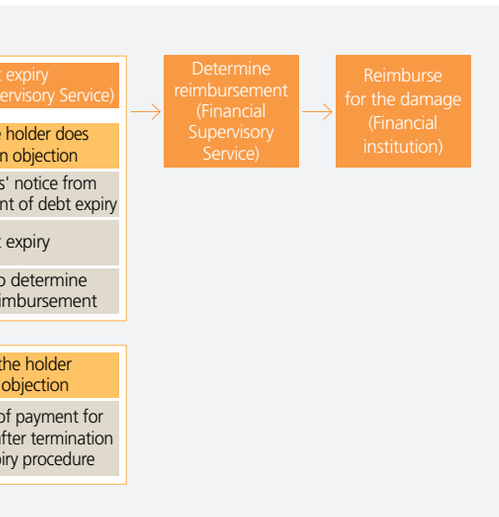
Strange ATM Transaction Notification Service

IBK introduced strange ATM transaction notification services to combat financial fraud, including voice phishing, and proactively prevent potential harm to financial consumers. In a strange ATM transaction, an e-mail is immediately sent to the supervisor and cashier.

Financial Fraud Relief

In April 2022, IBK distributed a damage relief procedure guide so that customers can quickly and easily learn about the complicated damage refund procedure in case of damage caused by voice phishing. In the future, we plan to expand guidance through non-face-to-face channels to strengthen further follow-up management for customers suffering from financial fraud.

Financial Fraud Relief Procedures (For financial Victims)



Supporting Victims of E-Mail Hacking in Overseas Remittances

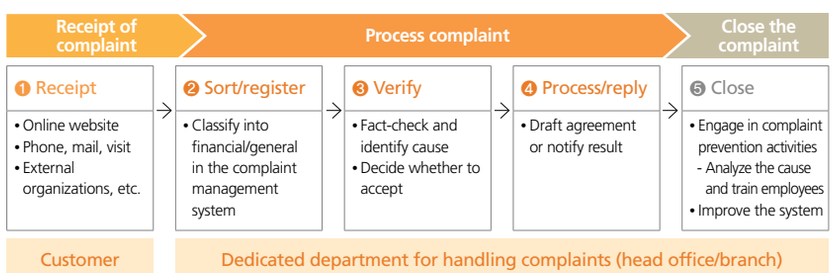
IBK has established a post-management computer process specifically addressing issues related to email hacking and fraudulent transactions. Upon receiving reports of related damages at the branch, IBK promptly responds by providing support for recovering losses. This includes actions such as requesting the return of funds or suspending payments to overseas banks, as well as ensuring seamless collaboration with international banking institutions.

Enhancing Customer Rights and Interests

Prevention of Financial Consumer Complaints

To proactively prevent civil complaints, IBK has compiled 200 cases of complaints in various areas, such as deposits, credit, cards, foreign exchange, and digital finance. These cases have been used to create a 'Civil Complaint Defense Crisis Encyclopedia,' which includes countermeasures and prevention tips. This resource is provided to branches to assist them in effectively addressing and preventing civil complaints. Moreover, we operate the "Civil Complaint Prevention 119" program, which serves as a dedicated reporting channel for branch employees to address the risk of complaints proactively. This program aims to prevent complaints beforehand, consistently enhance our systems, and address any identified deficiencies in the complaint-handling process.

Complaint Handling Process



Right to Request Interest Rate Reductions

The right to request interest rate reduction allows customers to ask the bank for a reduced interest-rate based on improvements in their credit status, such as an increase in income and property and a rise in creditworthiness. IBK consistently promotes and guides customers to facilitate the activation of the right to request interest rate reductions. Twice a year, IBK sends information about the interest-rate reduction request system to all customers and operates a promotional week for interest reduction. As of the second half of 2022, IBK has approved 73.8% (12,159 out of 16,473) of interest-rate reduction requests. IBK will intensify promotion and guidance so that the exercise of the right to request interest rate reductions can be activated continuously.

Employee Training on Improving Customer Satisfaction

IBK conducts an annual customer satisfaction survey to improve financial consumer satisfaction. We identified areas for improvement based on the customer satisfaction survey results and feedback from the Voice of Customer (VOC). Despite the limitations of on-site training, we conducted 41 sessions of 'Video CS Consulting' and organized 'IBK Every1,' a one-day non-face-to-face training program. This program, attended by 2,487 individuals across 11 sessions, aimed to foster consensus among executives and employees in enhancing financial consumer satisfaction. Besides training for executives and employees, IBK is striving to make better products and services by reflecting customer opinions through satisfaction surveys by product and service.

Status of Customer-Satisfaction Improvement Training in 2022

Course Name	Number of Times	Number of Attendees
Video CS Consulting	41	518
Branch Training: IBK Every 1	11	2,487
CS Training Video	39 episodes	All employees
Training for Head Office and Regional Offices	3	191
Basic CS Training	15	1,622
Advanced CS Training	15	1,051
Financial Customer Protection Academy	3	601

Operation of the Companion Desk

IBK has expanded the operation of the Companion Desk, a specialized service window for financially vulnerable individuals, in areas with fewer branches of financial institutions among branches with a high concentration of elderly customers. To ensure efficient operations, IBK designated an employee responsible for the Companion Desk and provided training to enhance their competence in handling the service.

Digital Finance

Recognizing digital transformation as a crucial aspect of survival rather than an optional endeavor, IBK has formulated a digital vision, goals, and strategies. In tandem with these objectives, the bank has implemented digital key performance indicators (KPIs) to assess performance and has extended the adoption of digital transformation across all business domains.

Digital Transformation

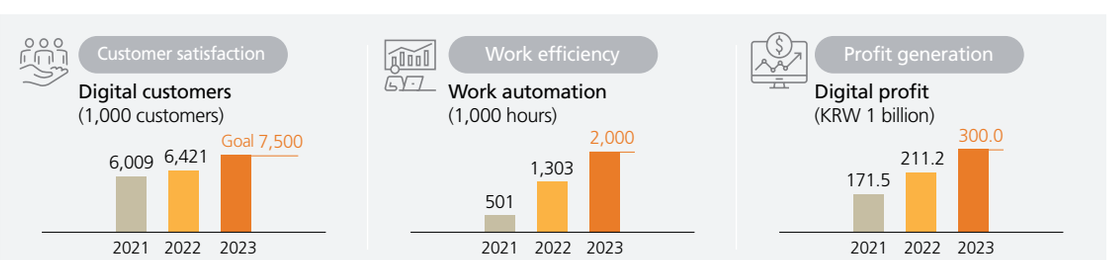
IBK Digital Transformation Strategy

IBK established a clear digital vision, set goals to provide a definitive direction for its digital strategy and foster consensus among all employees. The digital vision of IBK is based on "Easy, Fast, and Safe Digital IBK." This vision emphasizes the importance of safety as the foundation of customer trust, ensuring customers can access stable financial services without concerns about electronic financial fraud such as phishing, smishing, and voice phishing.

Digital Vision and Goal

Digital Vision	Easy, Fast, and Safe Digital IBK		
	Easy	Fast	Safe
	• Customer-centered service • Easy terminologies	• Intuitive UI/UX • Minimize transaction steps	• Enhance financial security • Stable service

※ Changed "Convenient" in the existing digital vision of "Easy, Fast and Convenient Digital IBK" to "Safe"



IBK is actively working toward achieving the goals of customer satisfaction, work efficiency, and profit generation. These goals include securing 7.5 million digital customers, achieving two million hours of work automation, and generating KRW 300 billion in digital profits by 2023, respectively.

Promoting two million hours of work automation

In January 2022, IBK initiated the "Two Million Hour Work Automation Project" to automate all banking operations. To identify all the tasks suitable for automation, IBK reviewed the work scope and work manuals across 77 departments in the headquarters, resulting in a comprehensive list of 11,000 tasks.

IBK organized business automation idea contests and branch workshops to address 'pain points' in the field. Through these initiatives, they compared the identified 'pain points' with work manuals and checked for missing tasks. In addition, IBK conducted interviews with 490 employees at the headquarters to specify work processes and identify tasks that could be automated. Through this process, IBK identified over 2.1 million hours of work that could be automated. After confirming that achieving the digital intermediate goal was feasible, IBK established a step-by-step implementation plan, starting with tasks that will bring significant improvement.

Analyzing tasks to be automated by inspecting all branches and head office tasks was a pioneering effort in the financial sector. In September 2022, IBK further enhanced its global presence by showcasing its method of discovering automated tasks at the Global Automation Conference. We plan to improve the digital transformation system by continuously identifying various tasks, incorporating feedback from field departments, and actively implementing them in practical work processes.

Building a Digital Ecosystem through Partnership with Fintech Startups

In 2022, IBK operated the open innovation organization IBK 1st Lab[1] in its 3rd and 4th terms. During this period, 10 innovation experiment projects focused on 14 fintech startups and financial innovation. Among them, three companies successfully continued to the next stage and are being considered for actual implementation in the bank. IBK actively supports fintech startup events organized by financial authorities and related organizations. It fosters the investment attraction of fintech companies nurtured by IBK and promotes innovative services launched successfully through collaboration with fintech companies to the public.

1) "Innovation test bed" that discovers various external innovative technologies and ideas and conducts tests for bank application

Payment Service, IBK BOX POS

IBK BOX POS is an innovative payment service that enables users to utilize card payment terminal (POS) functionality simply by installing a smartphone app. The BOX POS can be used for free without additional costs, such as communication and POS installation fees, and supports various payment methods, such as Zero Pay and easy payment. In 2022, we participated in the "Traditional Market Wireless Payment Terminal Supply Project" in collaboration with the Small Enterprise and Market Service, supporting BOX POS and Bluetooth card terminals with a receipt print function. With direct visits to roughly 300 traditional markets, we effectively deployed BOX POS devices to approximately 3,000 merchants across nearly 100 markets. This initiative was undertaken to advance the digitalization of the payment ecosystem and assist merchants in transitioning to digital payment solutions.

Promoting Digital Partnerships

IBK has reinforced external collaboration to internalize AI technology and acquire competitive data. Through cooperation with a specialized AI voice-recognition company, we have jointly developed the interactive AI voice-assistant service called "i-ONE ask." This represents a groundbreaking milestone in the banking sector, as it marks the first instance of leveraging AI voice technology for employees' sales activities. The result is a mobile app service that empowers users to instantly retrieve on-site information, including sales status and corporate data, using voice commands alone. This innovative solution eliminates any limitations related to time and physical location. We are actively engaged in a project to launch the official service following a successful trial operation.

Furthermore, we are dedicated to gathering and leveraging diverse non-financial alternative information by establishing a business agreement with the Korea Financial Telecommunications and Clearings Institute (KFTC). By integrating the high-quality alternative information obtained from the Korea Financial Telecommunications and Clearings Institute with IBK's corporate data, we have developed the "AI Model-based Corporate Bankruptcy Prediction Model." From now on, we will persistently explore valuable alternative information to drive business innovation, including developing a corporate-risk management model.

Offering Free Education Programs to Enhance Digital Competitiveness of Small Businesses

IBK, in collaboration with Naver, Korea's No.1 online platform, provides the "Online Expansion Support Program for Small Businesses" twice yearly. This program focuses on essential knowledge for small businesses, including online store setup and management, finance, tax, and labor. It offers real-time consultations and expert advice through live Q&A sessions to address specific business concerns and provide guidance.

IBK-Naver Online Expansion Support Program for Small Businesses

Category	Online training	Live Q&A Time and Consulting
IBK	• Utilization and management of financial products for small businesses • Tax and labor affairs for small business owners	• Growth strategies for small startups • Expert guidance on tax and labor affairs
NAVER	• Basics of signing up and operating a NAVER smart store • Know-how for online customer service	• Online selling for beginners • Online selling Q&A

Furthermore, in support of small business owners wishing to expand their online sales base, we have signed a business agreement with Cafe24 to strengthen the digital competitiveness of small businesses. We plan to develop and operate customized education programs according to the e-Commerce entry stage, from building their online shopping malls to developing global business.

Expansion of i-ONE Asset Management Service

i-ONE Asset Management is a part of My Data services that consolidates and analyzes fragmented personal credit information from banks, insurance companies, securities firms, and credit card companies, offering a comprehensive analysis. Initially launched in January 2022, the MyData service primarily offered features like personal asset management, support for SME employees, and day-to-day finance services. Over time, the service has expanded to include diverse services catering to a broader spectrum of consumer needs.

Date	Added services
March 2022	Launched 'Raise Your Credit Score' service
April 2022	Launched 'Sell Your Vehicle' and 'Mobile Coupon Market' services
July 2022	Launched 'i-ONE Health App' and 'Public Offering Notification' services
October 2022	Launched 'Health App for Children' and 'All Transaction Notification' services
January 2023	Launched 'Regular Expense Management' service
March 2023	Launched 'Year-End Settlement Report' service

IBK received favorable evaluations from external institutions, including the highest rating in the banking sector. The My Data service has achieved various accomplishments, including being selected as the "2022 Brand of the Year Chosen by Consumers" and receiving a Commendation from the National Assembly Planning and Finance Committee.

Thanks to its high-quality service, the number of registered customers for the My Data service reached one million within only about ten months after its launch. As of the end of December 2022, there were 1.26 million new subscribers.

Our vision is to expand our services and become an integral part of our customers' daily lives by incorporating essential lifestyle financial services.

Internalizing digital finance

Data Visualization Contest, Visual IBK Challenge

IBK organized a company-wide data visualization contest to enhance employee engagement and promote the effective use of data. We conducted pre-training sessions to ensure that employees without prior experience or knowledge in visualization could participate. By transforming large volumes of data into visually appealing images, we were able to communicate key insights and generate public interest effectively. We plan to hold such sessions regularly to further strengthen all employees' digital and data capabilities.

Capacity-Building Program for Internalization of Key Technologies

To internalize key technologies in the financial IT sector, IBK established dedicated research and development (R&D) organizations for each type of technology. 32 employees were carefully chosen to specialize in six new technologies with significant potential in the financial sector, including big data and cloud computing. These selected employees actively engaged in professional development activities, such as attending special training programs at educational institutions and participating in IT fairs, to further develop their expertise and skills.

In addition, IBK organized a metaverse-based "employee experience-type non-face-to-face IT expo" to enhance employees' understanding of the latest digital technologies. Through this initiative, IBK facilitated collaboration with leading domestic and foreign IT companies, allowing employees to access various technologies.

Talent Management

IBK has established a new education system to cultivate talented individuals with leadership qualities to drive digital transformation in human resources development. This system aims to facilitate quick adaptation to job changes and foster the rebuilding of organizational culture. Recognizing the crucial role of human resource management in shaping a company's future in sustainable operations, we are fully dedicated to offering diverse professional development opportunities that support employees' essential education and enhance their capabilities.

Talent-Development System

Establishing a New Talent-Development Strategy

IBK established a new human resources talent-development strategy in 2022. The talent-development strategy consists of three academies, each focusing on developing the necessary skills for bankers and establishing their respective roles. Under the new system, all employees can voluntarily and intuitively design their career development paths, thereby enabling them to grow into well-rounded financial professionals with diverse competencies.

Talent Development System for the New 60 Years

Job			Leadership			Digital		
Job Field	Field of Specialization	Asset Management Field	Manager level	Director level	Associate branch manager level	Branch office	Head office	Digital job group
Connecting regulation → theory → practice	Intensive training by field of specialization	Investment, tax and marketing capabilities	New on the job			Enhance interest	Data basic	Specialized institution
						Digital literacy	Data analysis	Linkage with university
			5~6 years	3~4 years	2~3 years	Digital proficiency	Data fabrication	Degree program

Employee Competency Development

Digital Talent-Development Training

IBK nurtures digital transformation leaders and provides training to develop a digital mindset among all employees offering digital academy courses in three stages for each field, with the targets and objectives subdivided into specific categories. Last year, 4,411 employees completed this training.

Status of Digital Academy Training in 2022

Digital sales	Digital planning	Digital development
Lv 1 Ideation	Lv 1 Data basic	Lv 1 Training through an educational institution
Lv 2 Digital literacy	Lv 2 Data analysis	Lv 2 Training through a research institution
Lv 3 Digital proficiency	Lv 3 Data fabrication	Lv 3 Digital contract department
3,426 employees	385 employees	600 employees

IBK annually sends around 40 individuals to digital training programs, including Seoul National University's "IBK AI/Fintech Curriculum," and KAIST's "Digital Finance Specialist Course." These programs cover AI, prediction models, deep learning, blockchain, digital assets, fintech I, and business analytics – training individuals to become digital experts.

Job Training for Nurturing Financial Experts

To effectively respond to the dynamic financial markets, develop skilled professionals and nurture individuals with robust job competencies, IBK conducted an annual job training encompassing 12 comprehensive courses and 39 departmental courses. In 2022, 6,151 employees proactively enrolled in the customer interaction course, recognizing the importance of enhancing their job competencies.

2022 Job Academy Training Status

Category	Comprehensive course (12)	Special course (39)
Curriculum	Job (10), asset management (2)	Job (28), asset management (9), customer protection (2)
Course details	Customer interaction, job procedures, etc.	Intensive courses by job, case studies, etc.
Number of employees who completed the course	2,262	3,889

Supporting Acquisition of Certification

We provide comprehensive support for all employees, including local employees at overseas branches, part-time and contractors, to obtain certifications and licenses. Our support includes subsidies for certification acquisition, various training programs to prepare for qualification exams, and reimbursement of training-related expenses. The subsidy amount is determined based on the employee's job rank. We actively encourage employees to improve their competencies through self-directed development. This includes providing support, covering tuition fees for banking-related academies and language exams.

Young Star PB

In May 2022, IBK selected Young Star PBs to support the development of promising talents in asset management. These individuals received specialized training and participated in internal and external activities to enhance their professional competency and foster growth.

Professional competencies	+	Internal and external activities
Courses on humanities, liberal arts, ethics, etc.; seminars on asset management; internal/external expert training		Press releases and interviews IBK Asset Management YouTube Being a lecturer in the PB sector

Asset Management Expert Development Training

To systematically nurture asset management experts, IBK implements a range of training programs and prioritizes acquiring qualified personnel in asset management. Furthermore, we offer comprehensive training to all branch office employees, covering essential business knowledge related to the complete sales process and investment products.

Contents of Asset Management Expert Training

Category	Target	Details
Complete sales and accident prevention	New VM Supervisory at the PBA/VA/FA centers	• Laws related to investment products and regulations on receiving remittance • Investment product sales process
Intensive course on investment products	General VM	• Investment products/ intensive training; intensive training on investment strategy related to tax
	Professional PB/VM	• Intensive course on high-level investment products • Cases of market, real estate, and tax practices
	PB·VM	• Consulting techniques and specialized seminars
Professional training	PB OJT	• Training at the Financial Training Center
	Excellent PB·VM	• Advanced finance course at Seoul National University
Inspect market issues	PB·VM	• Market diagnosis and policy briefing

Supporting Retiring (Planned) Employees

IBK provides an educational program for employees approaching retirement, focusing on career development opportunities and preparing for the next phase of their lives. After completing the program, which offers options such as career design, re-employment, and entrepreneurship, employees can also receive one-on-one consulting to enhance the program's effectiveness. In 2022, 235 employees completed the training over six separate sessions.

Status of Training for Employees that will Retire in 2022

Category	Career design	Re-employment, entrepreneurship
Training Details	• Managing post-retirement life, talent and aptitude • Career planning and consulting	• Skills and knowledge related to re-employment and entrepreneurship • Resume writing and interview skills
Number of people completed the course	• 55 / 2 sessions	• 180 / 4 sessions

ESG Training

IBK conducted the "ESG for Everyone" course to foster employee engagement in ESG and communicate the company's ESG strategy direction. To enhance the ESG knowledge and capabilities of employees involved in promoting and managing ESG tasks, such as ESG managers in different departments, IBK provided training on various topics, including ESG concepts, current trends, ESG issues in the financial industry, and relevant laws, systems, and initiatives for assessing ESG in SMEs. Furthermore, we ensure that all employees stay informed and educated on recent ESG issues, climate change, gender equality, and the current status of IBK's ESG initiatives through monthly ESG newsletters. To promote ESG awareness and understanding of executives and employees, dedicated ESG training sessions have been allocated, covering a wide range of topics, including ESG concepts, environmental management, biodiversity, and ethical management.

ESG Management·Environmental Management Training by Position (Training for Employees)

Target	Persons	Date	Hours
Training for Those Newly Promoted to Rank 3	139	March 14, 2022	1 hour
Training for Those Newly Promoted to Rank 4	224	April 4, 2022	1 hour
Pre-CEO Training	31	June 20, 2022	1 hour
Competency Building for Directors (1st half of 2022)	51	Jun 21, 2022	1 hour
Competency-Building for Managers (2nd half of 2022)	143	September 27, 2022	1 hour
Competency-Building for Directors (2nd half of 2022)	53	November 8, 2022	1 hour

Respect for Employees

IBK is committed to fostering a sense of purpose and pride among its employees, achieved through establishing a fair organizational culture and a reasonable compensation system to create a happy and fulfilling work environment. IBK remains dedicated to promoting employee satisfaction through regular and active communication with its workforce.

Fair and Inclusive Management

Fair Evaluation of Personnel Based on HR Scoring

IBK strives to enhance objectivity and fairness in personnel management by using quantified HR scores. The HR-scoring system at IBK quantifies employee evaluations across four categories: performance, competency, organizational contribution, and conscious management. Currently, the HR-scoring system is utilized in the evaluation process for associate branch managers or higher positions. However, the plan is to expand the system's scope to include a broader range of positions.

Main Contents of HR Score

Performance	• Management performance evaluation (work performance) • Efforts to achieve performance targets	Conscious management	• Score deducted in case of disciplinary action
Competencies	• Work performance (competency) • Comprehensive evaluations of competencies • Multifaceted reviews • Self-development efforts	Contribution to the organization	• Job contribution (years of service) • Organizational contribution (social value creation, etc.) • Working in remote places or unpopular branches, etc.

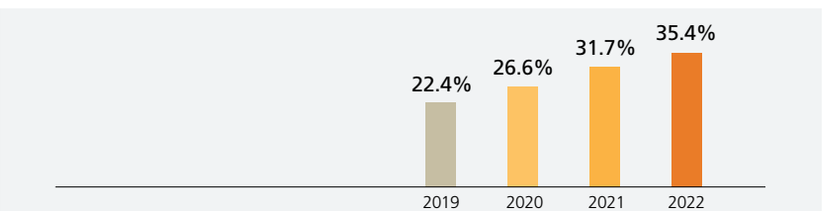
Inclusive Management

To accommodate employees working in remote regions, IBK allows them to select their desired work locations and has shortened the transition period between branches from three years to two years, recognizing the difficulties associated with long commutes. Furthermore, we conduct semi-annual HR counseling to gather diverse feedback on HR matters, including challenges and desired positions. This enables us to facilitate the transfer of branch office employees to the head office, creating opportunities for career development in various fields.

Gender Equality

IBK strives to eliminate the glass ceiling and ensure equal opportunities for all genders. As a result of fair recruitment practices prioritizing merit and equal opportunities, the proportion of female full-time employees at IBK reached 43.3% as of 2022. The representation of female managers is also benchmarked against the OECD average to ensure equitable management practices. All employees at IBK are evaluated based on objective performance indicators, guaranteeing equal opportunities for career advancement. As a result, the proportion of female managers has reached 35.4% in 2022. IBK is committed to promoting a culture of gender equality and ensuring that diversity becomes a catalyst for sustainable development.

Ratio of Female Managers



* Managers : employees at grade-3 (team leader) or higher

Open Position System

IBK is implementing various open position programs to strengthen the sales force and foster a dynamic organization. To further motivate outstanding employees, IBK is expanding its open position system for associate branch managers, targeting grade-3 team leaders across the country. Furthermore, IBK is actively identifying and recruiting talented individuals with passion and competencies through targeted employee open position programs tailored to specific fields.

2022 Open Position System

Category	Details
Flexible workforce	• Selection and placement of branch staff desiring to work at the headquarters → Improving the transfer rate and ensuring fairness in allocating desired job positions for branch staff.
Specialized workforce	• Individuals with proficiency in four areas: asset management, IB, accounting, and digital → Recruiting individuals specialized in each field
Digital workforce exchange	• Identify exceptional personnel in the IT field and assign them to relevant departments → Providing timely support for digital transformation projects by department

Socially Responsible Hiring

IBK is adopting policies and processes prioritizing individuals from underprivileged backgrounds, showcasing its dedication to fulfilling social responsibilities and promoting inclusivity in the hiring process. During the hiring process, IBK provides 20% preferential points to individuals with disabilities and 5~10% preferential points to veterans. In addition, IBK implements a separate screening process to ensure quality job opportunities for individuals with disabilities and veterans, further promoting inclusivity and equal employment opportunities. IBK adopts a regional recruitment approach, dividing the selection process into Gyeonggi, Yeongnam, Chungcheong/Gangwon, and Honam/Jeju regions to attract local talents nationwide. Furthermore, the bank is committed to addressing discrimination against academic backgrounds by offering full-time positions to outstanding high school graduates. In recognition of its commitment to creating a healthy workplace culture and realizing social values through measures like expanded employment of young professionals2) and giving preferential treatment to the underprivileged, IBK was awarded the grand prize (1st place) in the 2022 E-Daily Best Workplace Award.

Recruiting Talented Individuals

IBK practices blind recruitment based on job and competency, disregarding gender, age, and academic background, in line with the National Competency Standards (NCS). The recruitment process includes application reviews, written tests, practical tests, and interviews. To ensure objectivity and fairness, AI-based competency and personality assessments are utilized. Furthermore, IBK actively recruits external experts in diverse areas, including digital and AI, to strengthen the bank's expertise and competitiveness.

Supporting Retiring (Planned) Employees

IBK operates an outplacement program to support and facilitate the successful transition of employees nearing retirement. We offer educational expense support to employees with over ten years of service nearing retirement, subject to their application.

Course Name	License and Certification Course	Startup Course	Academy Course
Course Details	Accreditation/private license	Startup in the desired field	Attend an educational institution
Examples	Licensed real-estate agent, certified management consultant, etc.	SOHO startup, Startup in technical fields, etc.	Language, information management, etc.

1) Hiring rate of individuals with disabilities

2022 Goal: **3.6**%, actual: **3.63**% 2023 Goal: **3.6**%

2) Hiring rate of veterans

2022 Goal: **8**%, actual: **8.03**% 2023 Goal: **8**%

3) Hiring rate of young individuals

2022 Goal: **3**%, actual: **3.1**% 2023 Goal: **3**%

1-hour training for all employees (As of 2022)

IBK trained all employees to improve their awareness of disabilities

Supporting Work-Family Balance

Family-Friendly HR Policies

IBK implements various systems related to pregnancy, childbirth, and childcare to facilitate work-life balance for employees. In July 2019, IBK became the first bank in the industry to extend parental leave to three years, promoting a family-friendly work environment. Additionally, reduced working hours, flexible schedules, and family-care vacations are implemented to support work-life balance.

HR Policy Related to Pregnancy, Childbirth and Childcare

Category	Support Measures	Details
Pregnancy	Infertility Treatment Day/Leave	• Infertility Treatment Day | One day of paid time off for infertility treatment, including procedures such as artificial insemination and in vitro fertilization (IVF). • Infertility Leave | Up to two years of leave if unable to work due to infertility treatment
	Prenatal Checkup Day	• Varies based on pregnancy week; for regular check-up of pregnant female employees
	Reduced working hour for pregnant employees	• Allowed to reduce working hours by 2 hours per day without any wage disadvantage
Maternity Period	Maternity Leave	• Birthing Persons | Up to 90 business days off (120 days for multiple births) • Spouse | Up to 10 days of paid time off
	Childcare Leave	• Up to 3 years of leave for employees who are pregnant or have children under the age of 8 or in the 2nd grade of elementary school or younger for the purpose of raising children
	Miscarriage/ Stillbirth Leave	• Number of days depends on the pregnancy week prior to the miscarriage / stillbirth
	Nursing Time	• 30+ minutes of nursing time twice a day for female employees with infants under 1 year of age
Childrearing Period	Reduced working hours during childrearing period	• Option to work half-days (morning/afternoon) during childcare leave
	Selective Working Hours	• Option for employees with children under the age of 9 or under the 3rd grade of elementary school to start work one hour later than normal
	10 AM Start Time for Parents of Children Entering Elementary School	• Parents of children entering elementary school can start work at 10:00 am for the month of March.

Operating the Highest Number of Workplace Childcare Centers in the Financial Sector

IBK operates 13 daycare centers, known as "Truly Good Daycare Centers," the highest number among companies in the financial industry. We are dedicated to assisting our employees with young children achieve a work-life balance by providing high-quality childcare services. Moving forward, we plan to offer robust support to address societal challenges such as low birthrates and career interruptions while addressing the shortage of childcare facilities.

Truly Good Daycare Center Operation Status (As of March 2023)

Category	Seoul (6 centers)	Metropolitan area (5 centers)	Provincial area (2 centers)
Daycare center locations	Guro, Dogok, Madeul, Mapo, Hannam, IFT (Uljiro)	Bupyeong, Bundnag, Suji, Ilsan, Pyeongchon	Daejeon, Busan

Family-Friendly Certification

Family-friendly certification refers to a certificate granted by the Ministry of Gender Equality and Family to companies that demonstrate exemplary family-friendly practices after a thorough screening process. The screening process includes evaluating compliance with the Labor Standards Act and the Equal Employment Opportunity Act, and assessing the systems related to work-family balance. IBK successfully obtained re-certification[1] in December 2022, demonstrating excellent evaluation results.

Special Lectures on Childrearing and Coaching

In December 2022, IBK organized a special childrearing lecture for 100 employees and their children. Through the parent-child relationship enhancement program, we have facilitated fostering stronger bonds between parents and children and helped address childrearing concerns. In 2023, we plan to reintroduce the special lecture on childrearing, previously held as a one-off program, as a regular cultural event to provide continuous support and guidance to parents.

1) (Initial certification) 2014
→ (1st re-certification) 2019
→ (2nd re-certification) 2022

Improving Workplace Culture

Promoting a Healthy Communication Culture

Despite the resurgence of COVID-19, IBK has prioritized effective communication management to build trust and empathy among employees and customers through proactive on-site communication activities. The CEO visited sales branches nationwide, engaging in two-way communication by discussing management issues, addressing employee grievances, and listening to on-site feedback. The CEO also visited customers and industrial sites, including innovative companies and those with strong ESG practices, to gather field opinions and help address challenges.

We fostered open communication by sharing the results of our communication management efforts with employees. This included a booklet documenting the "Communication Postcard" contents and the CEO's responses. Communication postcards featured interviews with executives and employees and changing workplace culture, encouraging a shared understanding and consensus on the desirable organizational culture.

In addition, IBK maintains sound labor-management relations through regular and constructive communication with employees via the Labor-Management Council. In 2022, five labor-management council meetings were conducted to enhance communication between labor and management, address workplace concerns, and build more vital trust.

Leadership Guidebook

IBK has developed the IBK Leadership Guidebook to assist leaders in demonstrating effective leadership in their daily lives and fostering practical behavioral changes.

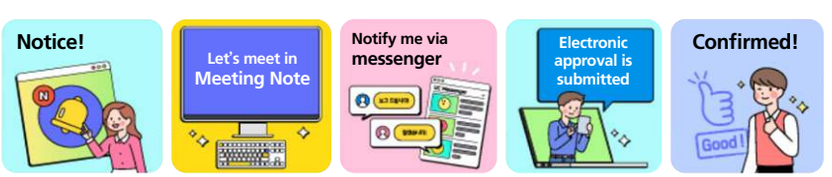
IBK 3R Reporting

IBK developed the IBK 3R Reporting Campaign to reduce workload, enhance efficiency, and foster horizontal communication.

Let's Learn about IBK Reporting Campaign!

	Inefficient reporting	IBK 3R Reporting Culture
Remove	Printing out on paper to share and verify information When ordering work reviews or reports, direction and purpose of the report is not shared	Use collaboration support systems and electronic devices such as meeting notes instead of printing out on paper Provide clear direction, purpose, and information and avoid being vague
Reduce	Emphasize the amount, format, and design of the report rather than the content A lot of time is spent on side tasks such as preparing reference materials, etc. Duplicate approval process exists, electronically and on paper	Make reports concise and simple, focusing on the main points Minimize side tasks unrelated to the report content Actively utilize electronic approval systems and minimize use of written approval / duplicate work
Replace	Reporting in writing and in person is a common practice Report preparation and review are done at every level of hierarchy	Actively simplify reports using email, messenger, and in-person When preparing/reviewing report, everyone involved in the process should do it together

As part of the IBK Reporting Campaign, an emoji called "Bogoticon" has been introduced to promote an efficient reporting culture through various channels, including verbal, messenger, and e-mail.



1) Workplace harassment disciplinary action cases in 2022: 0

Preventing Discrimination and Bullying

Following the implementation of the revised Labor Standards Act, which prohibits workplace harassment, IBK has developed comprehensive guidelines to prevent and address workplace bullying. These guidelines outline procedures for handling bullying incidents, protecting victims, and defining various forms of inappropriate behavior. The guidelines have been distributed to all staff members. Furthermore, we provide annual workplace bullying prevention training to all employees, and tailored training sessions on this topic are included in various job-specific training programs. Moreover, we implement systematic preventive measures, such as developing a handbook guiding supervisors, perpetrators, victims, and bystanders on appropriate actions in cases of workplace bullying. We aim to foster a healthy work environment by proactively managing conflicts and preventing incidents, with the support of an Ethics Officer who is an expert in counseling and psychology. When workplace harassment is identified during an investigation, we take decisive action, including disciplinary measures[1]. We strive to create an organizational culture that respects the human rights of all employees.

Workplace Bullying Handling Process

Request support	• Anyone who experiences or witnesses workplace bullying and wishes to receive counseling can apply for counseling • Strict confidentiality will be maintained, including the identity of the reporting person
Counseling	• Conduct counseling with the reporter and the victim to understand the details of case and victims' needs • Based on the victim's request and preferences, determine the primary resolution
Investigation and actions	• Victim requests separation from the perpetrator: No investigation conducted • Victim requests apology and agreement: Conduct brief investigation and report • Victim requests company-wide investigation: Conduct formal investigation for permanent resolution
Verification and disciplinary action	• Victim requests separation from the perpetrator → Prepare counseling report; implement appropriate measures • Victim requests apology and agreement → Communicate the victim's request to the perpetrator and agree on a resolution • Victim requests company-wide investigation → Implement disciplinary actions as necessary
Follow-up	• Continuous monitoring of the situation, including ensuring fulfillment of agreements and addressing any instances of retaliation

Employee Satisfaction Survey

IBK conducts a semi-annual employee satisfaction survey to enhance workplace satisfaction. The survey evaluates work-life balance, personal life satisfaction, sense of meaning at work, work contribution, relationships with colleagues, work protection measures, and burnout experience. The results are then analyzed based on department and position. A total of 1,514 employees participated in the first half of 2022, and a total of 3,160 employees participated in the second half. Both survey results for 2022 were shared with all employees through the portal site. IBK will continue to conduct employee satisfaction surveys regularly to analyze the satisfaction levels of employees closely. These surveys will help identify areas for improvement and enable the establishment of an institutional safety net for employees within IBK.

Customized Employee-Care Program

IBK implements tailored mental health care programs to ensure the well-being and happiness of our employees in their work life. We actively listen to employees' concerns and provide personalized guidance by offering role-specific training and workshops at our regional headquarters. Additionally, we provide stress-relief training tailored to specific job roles.

Furthermore, we operate the "Leadership Challenge" program for team leader-level employees to enhance manager-level satisfaction with work-life balance. At our regional headquarters, our leadership workshops provide counseling and facilitate the collection of grievances.

Additionally, our IBK Career Development Coaching program assists new employees and employees up to the 4th manager level in discovering the meaning of their work. We identify employees' inclinations through personality type analysis and provide tailored career management coaching. We also collect position-specific grievances and offer personalized career development guidance through counseling.

Mindfulness Program

We operate a mindfulness program to manage job stress related to emotional labor proactively. The mindfulness program is a self-directed psychological training program available for all employees. In 2022, the mindfulness program was offered seven times, with 414 branches and 1,361 employees participating. Due to increasing employee interest, the program will be expanded in 2023 to accommodate 1,800 employees, providing broad support for their psychological well-being.

2022 Mindfulness Program Statistics						
	1	3-Minute Mindfulness	4	Solution to My Mind	7	Thanks Notes
	2	Calligraphy I	5	Calligraphy II		(7 times in total)
	3	Copying (Writing) I	6	Copying (Writing) II		

Open Counseling Program

IBK operates an open counseling room where employees can seek confidential and comfortable support for work-related difficulties. In addition to in-person counseling, we provide virtual professional counseling to employees experiencing psychological problems due to interpersonal conflicts, sexual harassment, and human rights violations at work through various non-face-to-face counseling channels such as messengers and phone calls.

In 2023, we plan to expand the operation of on-site counseling to resolve grievances at sales sites and strengthen support for protecting rights and interests. We plan to extend the on-site counseling services, previously available only in remote branches, to all branches interested in receiving support. This expansion aims to foster communication, encourage collaboration among branch staff, and promote organizational vitality and mutual understanding.

Employee Health and Safety

Occupational Safety and Health Policy

Safety is the top priority of IBK in management, so IBK is establishing a safety management system to prevent and respond to safety accidents. IBK has established its Safety and Health Management Regulations following the Standard Safety and Health Management Regulations of the Ministry of Employment and Labor and the Occupational Safety and Health Act.

Each year, IBK establishes an annual safety management responsibility plan[1], which includes the IBK safety and health management policy and the goals for promoting safety and health, subject to the board of directors and executive approval. We set a safety and health goal of "maintaining an accident-free workplace through prevention and site-centered safety management." Each year, we evaluate the level of achievement in reaching this goal. In 2023, We aim to set "Zero deaths from industrial accidents, zero deaths from safety accidents, and zero injuries." In addition, we operate a quarterly Safety Management Committee[2] to discuss the performance and plans for safety and health activities.

1) Specify safety and health promotion goals, facilities subject to safety management, safety budget, organizational composition, etc.

2) Attended by the managing director, the head of management support group (safety management manager), and the heads of relevant departments

Safety and Health Organization

The safety team operates autonomously under the direct supervision of the executive director. The head of the management support group is appointed as the general director of safety and health management, while department heads and branch managers are designated as supervisors. Furthermore, the performance of safety and health management managers and supervisors is assessed biannually as part of the management performance evaluation process.

Safety and Health Performance Management

IBK promotes a performance-oriented organizational culture by strengthening management responsibility and safety evaluations.

Health and Safety Performance Goal and Indicator

Category	Performance goal	Performance indicator	
		Indicator name	Goals
CEO	Maintain zero accident through prevention and site-oriented safety management	deaths from industrial accidents	0
		deaths from safety accidents	0
		injuries	0
Deputy CEO	Maintain zero accident through prevention and site-oriented safety management	deaths from industrial accidents	0
		deaths from safety accidents	0
		injuries	0
		Regular safety inspection	As required by the law
	Expand safety culture company-wide	Implement and participate in Safety Management Committee	Once a quarter
Head of Management Support Group (Safety Management Director)	Maintain zero accident through prevention and site-oriented safety management	deaths from industrial accidents	0
		deaths from safety accidents	0
		injuries	0
		Regular safety inspection	As required by the law
	Expand safety culture company-wide	Implement and participate in Safety Management Committee	Once a quarter
		Employee safety and health training	Monthly
Safety Team	Maintain zero accident through prevention and site-oriented safety management	deaths from industrial accidents	0
		deaths from safety accidents	0
		injuries	0
		Regular safety inspection	As required by the law
	Expand safety culture company-wide	Implement and participate in Safety Management Committee	Once a quarter
		Employee safety and health training	Monthly
	Continuous improvement of company-wide safety and health	Conduct risk assessment	Periodic: once a year Non-periodic: as needed
		Establishment of safety management plan	Once at the end of the year
		Safety and health improvement task progress rate 100%	100%
		Ongoing safety inspection	Weekly/monthly

IBK conducts semi-annual inspections of safety and health compliance and management responsibilities, implements improvement activities, and reports the results to the management.

Risk Assessment

IBK conducts annual hazard and risk assessments at business sites as part of its safety and health responsibility plan. The scale of the risks is evaluated, and appropriate risk-reduction measures are established and implemented.

Annually, facility managers and site managers (including subcontractors) of six major buildings, including the head office, IFT, Hannam-dong Customer Center, Suji IT Center, and Giheung/Chungju Training Center, conduct risk assessments to identify and evaluate potential risk factors. In 2022, a total of 149 harmful and risk factors were identified. Upon selecting 37 improvement tasks[1] measures were implemented to enhance the environment and address safety concerns, including preventing falls and reinforcing safety railings in hazardous areas. These initiatives resulted in increased employee satisfaction and improved work efficiency. Furthermore, we have consistently maintained a record of "zero deaths from industrial accidents" and achieved lower figures than the annual averages of the nursing-accident rate in the financial and insurance industries and death rate per 10,000 people[2] as reported by the National Statistical Office.

Deaths from Industrial Accidents

(Unit : persons)

2020	2021	2022	2023 (Goals)
0	0	0	0

Employee Health and Safety Training

IBK conducts safety and health education to enhance employees' awareness and prevent safety accidents. Safety and health videos related to "Safe TV" content from the Ministry of Public Administration and Security on TVs were used at the head office and sales branches for the training. The training raised safety awareness and was awarded the 2022 Minister of Public Administration and Security commendation.

Additionally, we regularly post monthly safety reports that are shared with employees. We provide comprehensive guidelines and information on various types of disasters and safety accidents relevant to real-life situations. Moreover, we have implemented an internal safety and health suggestion system and an employee-reward system. Furthermore, we organize an annual company-wide contest to recognize and award three exceptional employees for their outstanding practices in safety management. IBK is committed to continuously collecting and incorporating ideas from employees to foster a safer working environment.

1) High-risk and lack of legal requirements
2) Number of deaths per 10,000 people: Number of deaths/ number of worker*10000
2020 average: 0.20‰
2021 average: 0.23‰
Source: Ministry of Employment and Labor, Industrial Accidents

Occupational Safety and Health Program

Program Name	Details
Facility safety inspection	• Semi-annual inspection of facilities at all branches; request and implement improvement measures
Safety Day	• Safety inspection on the first Friday of every month in all branches; employee safety training by the associate branch manager
Expand Safety Inspection of IBK-Owned Building	• On-site inspection of 103 IBK-owned buildings by industrial safety experts and fire code experts • Check the health and safety measures according to the Occupational Safety and Health Act and check old facilities • Fire-prevention and security checks
Joint Firefighting Training with Local Fire Authorities	• Fire-safety manager conducts training for businesses in IBK-owned buildings at least once per year • Provide fire training, including reporting, evacuation and initial firefighting
IBK Safety Accident Investigation Manual	• Investigate the organization in charge, its role, cause, etc.; report results and inspect implementation
IBK Serious Industrial Accident Response Manual	• Response procedures, first aid tips, emergency contact, follow-up strategies
Eligible Contractor Selection System	• Establish a process for selecting and managing a subcontractor, i.e., develop an evaluation table, to select a company with preventive measures and ability to respond to industrial accidents
Safe Work Permit System and Work Suspension Request System	• Proceed with work only when pre-investigation of dangerous work is done, and safety measures are confirmed • Establish a procedure for requesting workers to stop work in the event of an industrial accident or a dangerous situation
Inspection and Improvement of Hazardous Chemical Use	• Review adequacy of use and management and MSDS of substances exposed to subcontractors and workers
En-Route Inspections and Joint Inspections of Subcontractor Workplaces	• Weekly en-route inspections conducted by the subcontractor management department representative for each facility • Semiannual joint inspections conducted by the subcontractor management department representative and on-site representative (subcontractor) for each facility
Organize and operate digital working-level advisory groups	• Hold regular meetings with the subcontractor management department representative and on-site representative for each facility • Share information on industrial accidents and improvement measures identified during joint inspections

Inclusive Finance

IBK actively enhances accessibility to ensure that individuals facing financial disadvantages do not encounter difficulties utilizing our services. We are at the forefront of promoting inclusive finance by expanding microfinance and issuing cards for trustworthy borrowers to support the economic independence of financially disadvantaged individuals.

Expanding Financial Accessibility

Expanding Accessibility for Financially Disadvantaged Groups

IBK strives to eliminate financial blind spots by sending mobile offices (U-IBK) equipped with banking facilities and workers to provide in-person financial services for customers and soldiers working in remote areas where it is challenging to visit bank branches. In 2022, IBK created the new Financial Harmony CAR Program[1] for financially disadvantaged groups in farming/fishing regions, students, and multicultural families. In particular, IBK provided financial education and financial services to students in Busan, Seoul, Geochang, Muju communities, etc. In addition, IBK has enabled financial transactions like deposits and withdrawals using counters and ATMs at post offices through a business partnership with Korea Post, thereby expanding financial support for SMEs and customers in regions without branches.

2022 Financial Harmony CAR Program Implementation Status

(Unit : number of times, persons)

Category	Details	2022	
		Number of times	Persons
Financial Harmony CAR	IBK mobile office (U-IBK) visits customers to provide education and service	42	800

1) Financial Harmony CAR Program partners: Busan Marketing High School, Guro Middle School, Ansong High School, Geochang High School, etc.
(IBK provided financial education and services in collaboration with educational institutions)

Education on Finance and Economy

As a public financial institution, IBK is crucial in supporting fresh graduates and financially vulnerable individuals. We provide customized education on finance and the economy to students and military personnel, aiming to enhance their financial knowledge and prevent financial accidents. In collaboration with 'Financial Education Council,' IBK also conducted digital financial education for customers from senior and multicultural families. IBK provided leaflets and video lectures through YouTube channels so customers could learn repeatedly and use digital finance safely.

Status of Education on Finance and Economy Provided in 2022

(Unit : number of times, persons)

Category		Details	2022	
			Number of times	Persons
Future Generations	Pre-School	• Understanding the concept of saving and economy	29	2,733
	Students	• Allowance management and good savings habits	268	15,024
	Military Personnel	• Proper financial transactions and prevention of financial fraud	110	24,283
General Public		• Credit management and financial technology for young professionals	25	2,048
Total			432	44,088

Expanding Financial Accessibility of the Financially Vulnerable

To enhance the accessibility to digital finance for elderly customers unfamiliar with digital devices, we provide easy-to-use banking services with large fonts and user-friendly interfaces. We support the digital transition of older adults through intuitive screens, simplified menus, and fraudulent account inquiry services to prevent transfer errors and phishing.

Our services are annually certified with the "Web Accessibility Certification Mark" to ensure visually impaired individuals can conveniently use online banking. We also improve financial accessibility for hearing-impaired customers by offering visible ARS and sign language counseling services.

Additionally, we offer i-ONE Bank Global, a mobile banking service exclusively for foreigners, and provide overseas remittance guidebooks in multiple languages for the convenience of foreign customers. We improve financial accessibility for foreign customers in overseas remittances by offering mobile guidebooks in various languages, including English, Chinese, Japanese, Vietnamese, and Indonesian.

Support for Customers and Companies Affected by Disasters

IBK extended financial support to individual customers affected by torrential rains and Typhoon Hinnamnor, providing emergency funds of up to KRW 30 million. This assistance was aimed at helping to stabilize housing and alleviate the burden of loan repayments. Furthermore, we extended notable exceptions for loan maturity and deferred credit card payment charges for up to six months to provide additional relief to customers in disaster areas. As of the end of 2022, support of KRW 244 million was provided for 26 cases.

IBK implemented special loan extension standards for SMEs and small business owners affected by natural disasters, reducing repayment burdens and supporting the business continuity.

Eligibility

1. SMEs that experienced human and property damage from forest fires, torrential rains, and typhoons.
2. SMEs that incurred business damages, such as suspension of business or delays in delivery due to forest fires, torrential rains, and typhoons.
3. Small business owners and SME partners suffered loss or damage from forest fires, torrential rains, and typhoons.

As of the end of 2022, loan support was provided in 43 cases of affected businesses, amounting to KRW 29.2 billion. This support included extending the loan period by one year without repayment of the principal or reducing the limit, and deferring the repayment of installments.

Promoting a Campaign to Find Reserve Funding for Employees of Closed Businesses

IBK has increased the frequency of its campaign offerings from once to twice per annum to improve the rate of severance pay disbursement for employees of closed businesses who have been unable to claim their entitlements. As of the end of 2022, 3,770 employees from closed businesses have received KRW 9.4 billion from reserves, demonstrating IBK's commitment to inclusive finance.

Expanding Global Financial Accessibility

In September 2021, IBK partnered with the Saudi Arabian government to establish the SME Bank, a specialized bank to support local SMEs in Saudi Arabia. The project was completed in December 2022. We supported four areas, including establishing management strategies, product development, risk management systems, and loan systems. In 2022, IBK dispatched our employees to Saudi Arabia for four months to jointly supervise the credit system establishment project. In September, we invited executives from Saudi SME Bank to Korea for SME finance know-how training.

Furthermore, in December 2022, we joined the SME Finance Forum[1], allowing us to share financial expertise with leading institutions in SME finance worldwide and participate in international policy projects to promote inclusive finance. IBK will continue to expand collaboration with international networks to expand global financial accessibility.

1) The establishment was deliberated at the G20 meeting in 2010 to facilitate knowledge sharing, collaboration, and innovation among its members; it is operated by the International Finance Corporation (IFC) under the IMF.

Expanding Specialized Corporate Branches

IBK is increasing its support for SME finance by introducing a new branch model, consisting of digital finance kiosks and corporate counseling services. In response to SME financing needs, we have introduced small, enterprise-specific branches in industrial complexes. In 2022, we successfully expanded the Namdong Enterprise Smart, Hwaseong Enterprise Smart, and Gyeongsan Enterprise Smart branches. As of the end of 2022, we are operating seven specialized corporate branches.

Supporting Microfinance

Expanding Support for Microfinance and Financially Vulnerable Individuals

In 2022, IBK provided KRW 654 billion in microfinance products and actively promoted support for the financially vulnerable by supplying KRW 172.1 billion in New Hope Spore Loans, a representative microfinance product. IBK extended the coverage of the Stable Living Loan for Workers, designed in collaboration with the Korea Workers' Compensation and Welfare Service, to include non-permanent workers and workers in particular employment. This expansion resulted in emergency support amounting to KRW 89.6 billion. Additionally, the interest rate for loans covering temporary living and medical expenses was reduced by 0.5%p, from 1.5% to 1.0%. To help offset the prolonged effects of COVID-19, IBK has launched a range of customized microfinance products and provides strengthened support for individuals and businesses facing financial vulnerability.

Performance of Major Microfinance Products in 2022

Product Name	Number of Businesses	Number of Subscriptions (case)	Amount (KRW 100 million)
❶ Safe Conversion Loans	2,598	2,621	3,396
❷ Bridge Guarantee Secured Loans	5,054	5,081	1,230
❸ Sunshine Loans 15	4,583	5,125	549
i-ONE Sunshine Loans 15	453	453	66

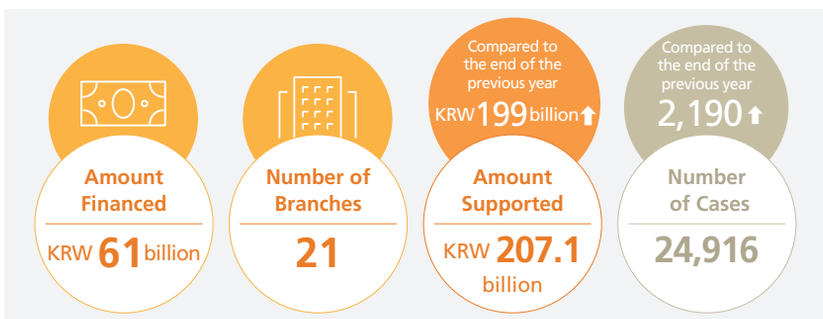
❶ The Safe Conversion Loan has been introduced to replace variable and mixed-rate loans with fixed-rate loans, aiming to alleviate financial burdens for the general public and vulnerable individuals caused by increasing interest rates.
❷ The IBK Bridge Guarantee Secured Loan supports small business owners who have closed their businesses to repay their loans and start anew.
❸ i-ONE Sunshine Loan 15 is a non-face-to-face product of Sunshine Loan 15 that provides living-costs support to those with low credit.

We will continue to expand microfinance products via non-face-to-face channels, offering customer-tailored options to support low-income and low-credit individuals. We aim to serve as a financial safety net for the less privileged and enhance customer convenience by diversifying financial support channels.

Operating the IBK Smile Microbank Foundation

The IBK Smile Microbank Foundation, which was established with a total contribution from IBK, aims to empower financially disadvantaged individuals, including those with low credit and low income, by supporting them to start anew and achieve financial independence. The IBK Smile Microbank Foundation provides unsecured and non-guaranteed loans to support startups and business operations for individuals in lower-income groups who lack access to traditional financial institutions. Moving forward, IBK will continue to expand support for financially vulnerable groups through microfinance funding and introducing new products.

IBK Smile Microbank Foundation Status (As of 2022)



Expanding Faithful Loan Payers Recovering Credit

In April 2021, IBK collaborated with the Credit Counseling and Recovery Service to launch a project issuing credit cards for faithful loan payers recovering their credit. This initiative aimed to support financially disadvantaged groups and promote inclusive finance. As of the end of 2022, as many as 35,000 individuals have been supported under this project. IBK is expanding the service to include those who took out loans from the Korea Asset Management Corporation. For faithful repayers who have been repaying for more than 12 months after receiving refinancing from the Korea Asset Management Corporation, IBK issues debit cards with post-pay transit card functions and low credit limits. This shows that IBK actively strives to fulfill its social responsibilities as a public financial corporation.

Active Support for Financial Recovery Using the Debt-Reduction System

IBK provides special exemptions and debt relief programs to small business owners, etc, to support the economic recovery of debtors.

The special exemption program for small business owners reduces debts by up to 90% for each delinquent period, specifically benefiting delinquent debtors with debts of KRW 30 million or less and small business owners adversely affected by the COVID-19 pandemic.

Small Business Owner Special Relief Program Status (May-June 2022) (Unit : KRW million, %)

Number of Businesses	Number of Agreements	Amount Owed	Amount Repaid	Amount Exempted	Percentage Exempted
185	185	2,103	809	1,294	61.5%

The special debt-exemption program is a system that temporarily expands the scope of debt reduction and installment payment periods to support the recovery of debtors holding special bonds. Debts were additionally reduced by up to 80% depending on the particular receivable period, and the installment period was increased from three to five years to lessen the repayment burden.

Special Debt-Reduction Program Contract Status (Unit : KRW million, %)

Sep.~Nov., 2021	Oct.~Dec., 2022
5,671	7,784

Moreover, to support the economic recovery of financially vulnerable individuals and low-income groups, we are implementing debt reduction and installment repayment for card receivables at all times of the year. After debt reduction and installment repayment, we have supported the financially vulnerable group's economic independence by canceling overdue and public information from the Korea Credit Information Services.

Status of Contracts for Debt Reduction and Installments with Regard to Credit Card Receivables (2022)

Category	Number of Subscriptions	Amount (KRW 100 million)
Debt reduction	1,213	17
Installments	1,210	43

Reduction of Early Repayment Fee

From November 2021 to June 2022, IBK implemented a temporary 50% reduction in early repayment fees for customers who had taken out loans at high-interest rates. This initiative aimed to alleviate their financial burden, incentivize loan repayment, and secure financial resources to provide loans to needy people.

After implementing the fee reduction, the reduced early repayment fee was at about KRW 1.28 billion over approximately eight months for a total loan amount of KRW 1,141.3 billion. In 2023, IBK plans to entirely exempt early repayment fees for all vulnerable borrowers on eligible loan products.

Furthermore, we're operating an ongoing system for exempting early repayment fees for non-face-to-face credit loans and microfinance to support financially disadvantaged individuals, including the working class.

Expanding ATM Fee Exemptions

IBK now provides a complete exemption from ATM fees during operating hours for senior customers aged 65 years or above. Previously, there were no fee reductions or exemptions for ATMs of other banks or out-of-network banks during business hours, but this policy change ensures total exemption. This further demonstrates IBK's commitment to fulfilling its social responsibility as a bank and improving customer satisfaction.

Education on Follow Up Management of Loans Such as Debt Collection Policy

IBK has its principles and systems for fair debt collection activities under "Follow-up Management of the Loan". We provide training on follow-up management of loans, such as debt collection policy, for all employees of IBK. This is an education to not only develop knowledge related to loan follow-up management but also prevent bad debts. Each year, 21 topics are selected and provided with detailed explanations using actual cases. In 2022, we selected situations that may occur at the business site, such as business handling related to provisional seizure, business handling in case of customer rehabilitation and bankruptcy, and fraudulent acts in banking transactions.

Social Contribution

IBK actively engages in diverse social contribution projects to fulfill our corporate social responsibilities. We strive to fulfill our unique roles and responsibilities by supporting SMEs, expanding assistance to local communities, and aiding non-mainstream culture, art, and sports sectors in need.

Partnered Growth With SMEs

Operating Daycare Centers for Workers at SMEs

In April 2018, IBK launched the IBK Namdong Love Daycare Center, the first daycare center for SME employees operated by a financial institution in the Incheon Namdong Industrial Complex. This was to support work-life balance and address the issue of low birthrates. In March 2019, a second daycare center, IBK Gumi Love Daycare Center, was opened and continues to operate.

As of the end of 2022, 33 SMEs in the Namdong Industrial Complex and 45 SMEs in the Gumi Industrial Complex are part of the consortium. Any child of a worker from these participating companies is eligible for admission to the daycare center.

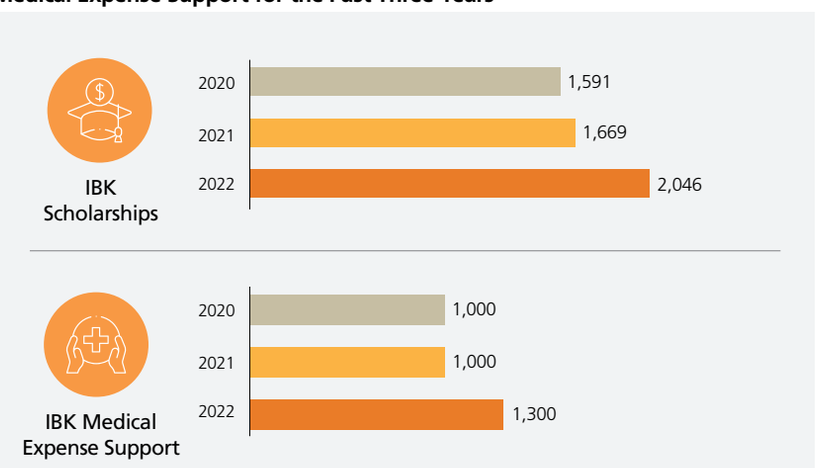
IBK Scholarships and Medical Expense Funding Projects

In March 2006, IBK established the IBK Happiness Sharing Foundation, a public welfare foundation, to improve welfare conditions for families of workers in SMEs. To support this cause, IBK has contributed KRW 71.4 billion to the Foundation.

Through the Foundation, IBK provided scholarships of KRW 18.9 billion until 2022 to about 10,700 children of workers at SMEs who have outstanding academic records despite difficult circumstances. Additionally, undergraduate recipients of IBK scholarships provided one-on-one online learning mentorship to children of SME workers. In 2022, a total of 94 mentors and mentees engaged in 1,417 mentoring sessions, amounting to 1,072 hours of mentorship. As of 2022, IBK provided aid for medical expenses of KRW 14.3 billion to about 3,300 family members of workers at SMEs who have rare, intractable, or serious diseases. In 2022, we significantly increased the support for scholarships and medical expenses by over 25% compared to the previous year, aiming to provide tangible assistance to families of SME workers facing economic challenges. For 2023, we have allocated budgets of KRW 2.2 billion and KRW 1.5 billion for scholarships and medical expenses, respectively, as part of our ongoing commitment to supporting community coexistence.

Current Status of IBK Scholarships and Medical Expense Support for the Past Three Years

(Unit : KRW million)



Community Support

IBK Hope Design

IBK operates the IBK Hope Design project that leverages the skills and expertise of our employees to provide professional solutions aimed at enhancing independence and growth of small business owners.

Since 2016, we have actively worked to revitalize approximately 419 outdated small business districts, including Yeomcheongyo Handmade Shoes Street in Seoul, Daeshin-dong Socks Alley in Daegu, and Nampo-dong Dried Fish Market in Busan. Additionally, we supported the emergency restoration of the Gurye Five-day market following a sudden natural disaster. In 2022, the Gucheon-dong Tool Market in Suwon, which boasts a rich history and tradition of 70 years, transformed and was recreated as a vibrant marketplace that showcases its unique specialties and characteristics. To revitalize the street and create a lively atmosphere, specially designed shops were installed, and worn-out signboards, screens, standing prop signboards, and market guides were replaced, giving the Gucheon-dong Tool Market a fresh and lively look.

As a government-owned bank, we remain committed to injecting new vitality into marginalized small business districts through our IBK Design of Hope initiative.

A new look of the tool market in Gucheon-dong, Suwon

Support for the Vulnerable in Disaster Areas

IBK actively participates in community recovery during a disaster or emergency. In 2022, forest fires in the East Coast and Miryang regions and torrential rains in the metropolitan area, caused significant damage to the residents living areas. IBK donated a total of KRW 420 million to support the livelihoods of residents. Additionally, emergency relief kits and free meals were provided to residents in the affected areas.

Especially since 2012, IBK has deployed the Truly Good Food Truck to provide free meals during national disasters. The initiative aims to support the underprivileged in the local community, including the elderly living alone, by offering free meals. As of the end of 2022, 10,000 free meals have been provided to approximately 2.6 million people.

IBK also supports spreading a culture of sharing in the local community. Through its 21 regional headquarters across the country, IBK regularly supports welfare facilities in need. Additionally, IBK actively supports volunteer club activities within the company.

Enhancing Subway Safety: Partnership with Seoul Metro

In October 2022, IBK hi Card signed a business agreement with the Seoul Transportation Corporation, to promote a safer subway environment and contribute to society. Safety promotional material was developed for this initiative, emphasizing the four principles for preventing platform slipping accidents. These materials were prominently displayed in subway stations, effectively raising awareness and helping to prevent subway accidents. Through this proactive approach, IBK demonstrated its commitment to championing subway safety and fulfilling its social responsibility.

Overseas Social Contribution

IBK supports local Korean schools in countries with overseas branches and conducts donation campaigns as part of its social contribution efforts. In the future, IBK will further enhance its ESG management at overseas branches to fulfill its social responsibilities as a policy finance institution and improve its local-friendly brand image.

2022 Overseas Contribution Performance

Country	Program	Details	Remarks
USA	Support Korean schools	Korean history, culture, language, etc.	Annually since 2018
Philippines	Support Korean International Schools	Korean language, exhibitions, etc.	Annually since 2019
Cambodia	Flood relief donation	Support for migration expenses for flood victims	-

Campaign and Donation to Support Animal Shelters

IBK initiated a donation campaign through i-ONE Bank, which matches customer donations to animal shelters. 6,099 customers participated and donated KRW 30 million to shelters for stray dogs and stray cats[1]. This initiative has raised awareness about abandoned animals in the community and enabled us to fulfill our social responsibility better.

Main Contents of the Campaign

Category	Support Details
Promotion of protection activities	External | Introduction of animal rescue activities of sponsored shelter groups Internal | Introduction of IBK's sponsorship and employee volunteer activities
Introduction of Animals in Shelters	Introduction of abandoned animals at the shelter and connecting with prospective adopters (Dog shelter) Animal Freedom Solidarity, (Cat shelter) I love you, Butterfly
Animal Protection Information	Information on how to deal with abandoned animals, pet etiquette, etc.

1) When a customer clicks the "donate" button, IBK accumulates KRW 5,000 in donations; total donations were KRW 60 million in 2022

Supporting Culture and Arts

Expanding Support for Emerging Artists

IBK started supporting new artists to foster the culture and arts industry. First, we initiated the IBK Music Live for the Way Back Home to support the performance activities of emerging musicians whose opportunities for activity were limited due to the prolonged COVID-19. From April to November 2022, a total of 12 performances featuring diverse genres, from indie band music to classical music, jazz, and musicals, took place in Euljiro, Hannam-dong, Busan, and Gwangju. The Music Live initiative offered young musicians a valuable platform to showcase their talents to the public, leaving lasting impressions on the audience.
IBK Art Station was established to identify and provide support to talented artists under the age of 45 years with outstanding artistic abilities but faced with limited opportunities to exhibit their work. IBK Art Station utilized the lobby of the IBK headquarters to host three art exhibitions featuring diverse genres, including installation art and painting, to support and promote new artists.

IBK organized "The Art Plaza: LINK by IBK," a visual arts exhibition and art market, for five days from November 2 to 6, 2022. The event aimed to promote culture and arts, revitalize the local commercial district, and demonstrate IBK's commitment to ESG management. "The Art Plaza: LINK by IBK" served as a platform to connect and support various entities in the art ecosystem, including creators, planners, and galleries. This alternative art market had no admission or participation fees. All proceeds from artwork sales were directly paid to the artists, promoting a virtuous cycle within the culture and art ecosystem. IBK's efforts to support the culture and arts sector were recognized, and the bank was honored as a "2022 Culture and Arts Support Excellence Institution" by the Ministry of Culture, Sports and Tourism. Moving forward, IBK will continue to plan and support its own culture and arts projects, including exhibitions and scholarship programs, to create social value, generate employment opportunities, and bridge gaps in the culture and arts field.

Support for the Sports

Operating IBK Sports Teams

IBK operates the IBK Altos Women's Volleyball Team and IBK Shooting Team to communicate with various stakeholders and to promote and expand the base for less-popular sporting events. The IBK Altos Women's Volleyball Team has contributed greatly to the development and success of women's volleyball since its establishment in August 2011. In 2022, IBK set a vision for advanced club culture and implemented an operational plan to lay the foundation for a renewed atmosphere. Additionally, we organized a volleyball competition for the general public, which is now in its third year. We actively expanded the volleyball base by hosting youth volleyball classes for students in Hwaseong, our hometown. We are also dedicated to diversifying our social contribution projects through sports, including talent donation activities for athletes during the off-season.

In 2022, the IBK Shooting Team implemented a new operational strategy to excel in major international competitions, including the 2023 Hangzhou Asian Games and the 2024 Paris Olympics. The team has adopted a customized training system to ensure their skills remain at the highest level and has created a supportive environment for focused shooting. Furthermore, the team actively engages in social contribution activities by organizing the third high-school shooting competition and donating talent to student teams.

IBK기업은행 알토스 배구단

IBK기업은행 사격단

Extending Support for Less-Popular Sports

As a part of its social contributions, IBK endeavors to expand the base for less-popular sports. IBK signed an agreement with the Korea Baduk Association and hosted the IBK Cup Women's Baduk Masters. This tournament aimed to rejuvenate women's Baduk by providing opportunities for amateur female players. It offered substantial prize money, with the winner receiving KRW 30 million and the semi-finalist receiving KRW 12 million, making it the highest prize among women's Baduk tournaments in Korea.

IBK also signed an agreement to form the IBK Grand Slam Junior Team to sponsor prospective tennis players for the advancement of tennis in South Korea. IBK will sponsor KRW 1 billion over three years to support junior athletes' participation in ITF junior competitions and training at overseas tennis academies, aiming to achieve a top-10 ranking within three years.

Furthermore, IBK has become an official partner sponsor for weightlifting and wrestling, which have become less popular despite their history of being among the most competent teams. Over three years, KRW 600 million will be provided to assist in training promising athletes and support the national team.

SPECIAL PAGE

ESG with Employees

Employee Donation Campaign, "Precious Steps"

To celebrate the first year of IBK's implementation of the 2040 Carbon Neutrality initiative, we launched "Precious Steps," a donation campaign that encourages all employees to walk together and actively engage in carbon-reduction efforts. With the participation of executives and employees, IBK successfully raised a donation of KRW 408 million, which was then used in various environment-related projects. This initiative not only supported eco-friendly social contribution activities but also helped establish a consensus among executives and employees regarding the importance of ESG management.

Target steps	204 million steps
Target achievement rate	200 %
Donation	KRW 408 million

IBK Financial Group Blood Drive

All employees of IBK Financial Group actively contributed to addressing the national blood-supply the shortage caused by COVID-19. They participated in the IBK Financial Group Blood Drive, where a total of 1,004 voluntary blood donations were made by employees. These donations were delivered to the Korea Children's Leukemia Foundation supporting their efforts to provide vital blood supply to those in need.

Blood donations	1,004
Economic benefit of blood donation	KRW 50 million

* Approx. KRW 50,000 per pack of blood (considering the cost of blood transfusion)

Donating Books for Reading

Every year during the Christmas season, IBK donates books used in training. Through this program, IBK aims to provide the latest edition books to less-privileged individuals while also promoting environmental conservation by recycling paper books. By the end of 2022, approximately 550 books have been delivered to less-privileged individuals and families of SME workers.

IBK Employees
Send books to the Foundation

↓ ↑

IBK Happiness Sharing Foundation
Issue receipts for donation

↓

Beneficiaries of Book Sharing
Families of workers at SMEs and less-privileged

SPECIAL PAGE

IBK Financial Group Social Contribution Activities

IBK기업은행 금융그룹 IBK캐피탈

IBK Capital remains committed to conducting social contribution initiatives for underrepresented community members, including individuals with disabilities, less-privileged children, elderly individuals living alone, and single mothers. In 2022, IBK Capital extended support to neighbors affected by unexpected natural disasters, such as the wildfires on the East Coast, and made donations to a total of 13 locations. Moving forward, IBK Capital will continue to uphold its social responsibility by gradually expanding the scope of donations to address the needs of vulnerable communities within the local area.

IBK기업은행 금융그룹 IBK투자증권

IBK Securities actively participated in Earth Day activities in 2022 by organizing a cleanup event at Hangang Park in Yeouido. Additionally, it sponsored the Youth Hope Fund with a donation of KRW 20 million and demonstrated support for the youth cultural program. As a responsible corporate citizen, it actively engages in various social contribution initiatives, including purchasing products from SMEs to support socially vulnerable groups and participating in joint sponsorship efforts.

IBK기업은행 금융그룹 IBK저축은행

IBK Savings Bank initiated the "Walking with the IBKSB" campaign, where executives and employees aimed to achieve 50 million steps collectively. For every ten steps taken, KRW 1 was contributed toward scholarships. Through collaboration with the local volunteer and administrative welfare center, five students with outstanding academic performance and in need of support were awarded scholarships of KRW 1 million each, totaling KRW 5 million.

IBK기업은행 금융그룹 IBK시스템

IBK System is fulfilling its social responsibilities through regular sponsorship of Mindeule-ul, a facility for disabled people, participation in the IBK Relay of Love blood donation campaign, 1 Company 1 Village (Chuncheon Onsaemi Village) affiliation, and supplier consulting support.

GOVERNANCE

Governance
Compliance and Ethical Management
Risk Management
Information Protection

22/23 HIGHLIGHTS

ESG Committee
Operation

ISO 37001
ISO 37301
International Standards

Human Rights Impact Assessment
All indicators are evaluated with satisfactory ratings

Stable BIS Ratio Management

ISMS-P
Certification

Protection of Personal Information
S Grade

Governance

IBK recognizes the importance of reliable, efficient, and transparent corporate governance in ensuring the steady growth of the organization and safeguarding the interests of stakeholders, including shareholders. Since sound governance can be established under proper checks and balances between members, we have been maintaining mutually balanced governance by emphasizing the roles of the board of directors and management and at the same time, distributing function and authority.

Board of Directors

Organization of the Board of Directors

The IBK board of directors supports responsible management practices while fulfilling its supervisory role, ensuring rational decision-making and effective organizational management. As stipulated in the Board of Directors Regulations, the IBK board of directors consists of the CEO, deputy CEO, and other directors. The bank's chairman serves as the Board's chairperson. According to Article 33 of the Articles of Incorporation, IBK shall maintain a board structure with one standing director and up to four independent directors. The majority of the board members must be independent directors to ensure independent oversight and the ability to monitor management without any conflicts of interest arising from a non-outside director also serving as the Board's chairperson.

Composition of the BOD

(As of April 2023)

Name	Date of birth	Position	Expertise	Career highlights	Term
Kim Sung-tae	June 27, 1962 (Male)	Chairman & CEO	Finance, management	Executive Director of IBK (former) CEO of IBK Capital (former) Head of Business Strategy Group at IBK (former)	January 3, 2023~ January 2, 2026
Kim Hyung-il	July 5, 1964 (Male)	Deputy CEO	Finance, management	Head of Management Support Group at IBK (former) Head of Innovative Finance Group at IBK (former)	March 21, 2023~ March 20, 2026
Kim Jeong-hoon	June 24, 1958 (Male)	Independent Director	Finance	Adjunct Professor, Dankook University (current) Head of the Audit and Examination Office at the Korean Banking Institute (former)	April 8, 2021~ April 7, 2024
Chung So-min	October 12, 1971 (Female)	Independent Director	Law	Professor at Hanyang University School of Law (current) Member of the Financial Development Deliberation Committee, Financial Services (current)	April 8, 2021~ April 7, 2024
Lee Geun-kyung	December 25, 1950 (Male)	Independent Director	Finance, management	CEO of Aladdin Investment (current) Deputy Minister of Finance and Economy (former)	March 28, 2023~ March 27, 2026
Jeon Hyun-bae	October 20, 1968 (Male)	Independent Director	Economy	Sogang University Department of Economics Professor (current) Member of the Credit Recovery Committee (current)	March 28, 2023~ March 27, 2026

	Chairman & CEO Kim Sung-tae	Deputy CEO Kim Hyung-il	Independent Director Kim Jeong-hoon	Independent Director Chung So-min	Independent Director Lee Geun-kyung	Independent Director Jeon Hyun-bae
Steering Committee	●	○	○	○	○	
Compensation Committee			●	○	○	
Risk-Management Committee		○			●	○
ESG Committee		○	○	●		○

● Committee chair

Operation of the Board of Directors

IBK's Board of Directors is the highest decision-making body, apart from the shareholders' meeting. It focuses on objective and rational deliberations to ensure the bank's sustainable development. In 2022, 11 board meetings were held, with a high average attendance rate of 98% by the board directors. A total of 56 agenda items were presented or reported during these meetings. The activities and major business processes of the BOD are disclosed on the public institution management information disclosure system (Alio) and the IBK website.

Expertise and Diversity of the Board of Directors

IBK's Board of Directors comprises members from diverse fields, bringing expertise and experience to ensure professionalism and a variety of perspectives. As of April 2023, the BOD includes one female independent director. The board comprises experts with extensive expertise and experience in finance, management, and law, in alignment with the preferred qualifications of directors as per the internal governance standards. Anyone can access the expertise of each independent director through Board Expertise Chart. This table analyzes the areas of expertise of current board members, providing transparency and visibility into their competencies.

Board Expertise Chart

(As of April 2023)

Category	Kim Jeong-hoon Independent Director	Jeong So-min Independent Director	Lee Keun-kyoung Independent Director	Jeon Hyeon-bae Independent Director
Finance	●	●	●	●
Management	●		●	
Risk Management			●	●
Law/regulation		●		
ESG	●	●		●

Criteria for Independent Directors

IBK's outside directors undergo a separate personnel verification process following the qualifications outlined in laws such as the 「Act on Corporate Governance of Financial Companies」. Their eligibility is carefully reviewed to ensure compliance with the minimum qualifications. Furthermore, we dedicate significant time and effort to fulfilling the responsibilities of the Board of Directors, ensuring adherence to active qualification requirements such as professionalism, fair conduct, ethical responsibility, and loyalty.

Ineligibility

- Those who are not Korean citizens.
- Those who fall under any of the subparagraphs of Article 33 of the Government Officials Act.
- Those who cannot become executives in accordance with the Act on Corporate Governance of Financial Companies.

Active Qualification

- For the positions of CEO, deputy CEO, and directors, individuals with extensive experience and expertise in finance will be considered, ensuring that they uphold the bank's public interest, promote healthy management, and maintain credit integrity.
- When selecting independent directors, individuals with deep expertise and experience in the fields of business administration, economics, accounting, law and SMEs are given priority.

Training Independent Directors

IBK provides training on domestic and international financial and economic trends and major issues of IBK to improve basic skills and strengthen the global competencies of independent directors. Furthermore, we actively support independent directors in pursuing training courses or programs they may need or desire by coordinating with the relevant educational institutions.

Status of Independent Director Training in 2022

Training Dates	Training Offered by	Training Details
February 15, 2022	Strategic Planning Department	Roles of the BOD and the roles and responsibilities of independent directors
February 25, 2022	Strategic Planning Department	Major tasks related to bank management
May 26, 2022	Strategic Planning Department	Major tasks related to bank management
September 1 ~ November 11, 2022	External organization	2022 Green Foundation Maeil Business Planning ESG Leadership Course on the establishment of ESG management plan, advancement of ESG management, and establishment of corporate social responsibility to achieve carbon neutrality
September 15, 2022 ~ January 19, 2023	External organization	2022 CEO Course (KAIST AIM): Value creation through digital transformation, strategy for the new paradigm, new business promotion and sustainable management
September 28, 2022	Strategic Planning Department	Major tasks related to bank management
November 29, 2022	Strategic Planning Department	Major tasks related to bank management

Board of Directors Evaluation and Criteria

Annual board evaluations are conducted to assess the performance of the board of directors and its committees in fulfilling their roles and responsibilities as required by laws and internal regulations. This evaluation ensures they effectively function as a governing body for overseeing management.

The evaluation covers three main areas: composition, roles and responsibilities, and operations. A total of 14 evaluation items are assessed for the BOD, while each committee is evaluated based on five items. An anonymous written survey is distributed to board members and committee members for evaluation. Each item is scored differentially on a five-point scale.

Board of Directors Evaluation Criteria and Results

Category		Details
Board of Directors	Composition	Adequacy of size and composition; operation of meetings through discussion; fair opportunities for speech and discussion
	Roles and responsibilities	Decision-making reflecting the interests of IBK and shareholders; sharing and discussing management goals and strategies; reporting on important matters and major business updates; performing advisory and supervisory functions to the management; incorporating IBK's ethical obligations and social responsibilities in decision-making
	Operation	Appropriateness of holding the meeting, level of participation, timeliness of data provision, data comprehensiveness, and training for directors
Committee	Composition	Adequacy of composition
	Roles and responsibilities	Understanding the purpose and role of the committee; proper exercise of authority
	Operation	Appropriateness of holding the meeting, timeliness of data provision

2022 BOD Evaluation Results

Overall score of **4.9**

Other Governance Related Matters

In contrast to other banks, IBK, as specifically established under the Industrial Bank of Korea Act, does not operate an audit committee, executive and independent director recommendation committee. Following the Act, we accordingly do not operate a separate independent director appointment system in accordance.

Remuneration System

Remuneration Committee Operation Status

The Remuneration Committee at IBK oversees the overall remuneration system for executive directors, ensuring the effective operation of management performance evaluation and compensation. In 2022, the Remuneration Committee conducted five meetings and addressed nine resolutions. The main agenda items of the committee included the performance evaluation of executive directors for FY 2021, the determination of annual salary and performance-based pay for achievements, and amendments to the Regulations on the Performance-Based Salary System.

The Remuneration Committee consists of a maximum of four independent directors, by the regulations, ensuring compliance with the requirements for independence. Furthermore, the committee meetings are conducted in the presence of a majority of its members and resolutions are passed with the agreement of the majority of the members.

Executive Remuneration System

IBK's executive remuneration system operates by the Ministry of Economy and Finance's Guidance on Innovation in Public Institutions and the Financial Service Commission's Budget Guidance for Public Financial Institutions. To that end, IBK designs and operates a rational compensation system based on the management performance evaluation of executives through the Remuneration Committee. Additionally, an independent annual remuneration evaluation is conducted to assess the adequacy of the remuneration system and ensure compliance with laws and regulations, separate from the management.

Personnel expenses, including executive remuneration, are allocated in the cash budget, ensuring that compensation is fully paid in cash. There are no deferrals or refunds of compensation following the annual budget principle and relevant guidelines. The Financial Services Commission approves the executive remuneration budget in advance, and the remuneration limit is approved at the general shareholders' meeting.

Key Performance Indicators for Executives

Internally, management bonuses are operated differentially based on management performance evaluations and externally, the payment rate is determined according to the result of 'the government-run bank management result assessment.' Indicators included in the government-run bank management result assessment guidelines consist of profitability (net income before provisions, etc.), adequacy (overdue loan ratio, BIS capital adequacy ratio, etc.) and growth (SME loans, general deposits, core deposits, etc.). Furthermore, evaluation results of risk management indicators (loan loss reserve ratio, liquidity coverage ratio, etc.) are reflected at a fixed rate among the entire assessments and directly impact bonus calculations.

State-Run Bank Management Performance Evaluation Guidelines

As a state-run bank, IBK's management performance is evaluated based on business management and major projects, employing both quantitative and qualitative evaluations. IBK's performance evaluation encompasses business management and policy finance, assessing the institution's internal management and its contribution to the national economy through fund supply.

Performance Indicators	Quantitative Evaluation	Non-Quantitative Evaluation
Business Management	ROA (Return on Assets), Per Capita Value Added	Establishing management strategies and efforts for implementation; efficient organizational management
Major Projects	Support for innovative industries, assistance for companies creating employment opportunities	Focused support for new growth industries, support for sustainable SMEs, etc.

Remuneration System for Employees

IBK implements employee performance bonuses, similar to executive remuneration, based on internal performance evaluations. These bonuses are determined according to the external management evaluation guidelines for state-run banks provided by the Financial Services Commission. The performance-based system is specifically applied to employees at the associate branch manager level and above to foster a culture that emphasizes performance. IBK implements a performance-based annual salary system for executives and employees at the associate manager level and higher. The compensation system simplifies the wage structure by incorporating various allowances into the basic wage for all positions. The risk management and compliance departments are evaluated separately, independent of the bank's financial management performance. A distinct remuneration system is in place to ensure their independence, and remunerations are based on the successful fulfillment of their respective responsibilities.

Establishing ESG Governance

IBK was the first among public financial institutions to establish an ESG Committee within the highest decision-making body, the Board of Directors. The committee conducts regular reviews and resolutions on significant ESG matters. The IBK Financial Group has established the ESG Promotion Council includes all its affiliates, and the ESG Working Council, which consists of managers from relevant teams at the headquarters. Additionally, individuals responsible for ESG have been assigned to each department to enhance ESG governance and facilitate efficient decision-making. The ESG personnel in each department, along with the ESG management Department, collaborate to track and manage ESG performance using the ESG management system. Additionally, ESG indicators are newly incorporated into the performance evaluation (KPI) to promote the integration of ESG principles throughout the organization. IBK's governance framework leverages ESG as an opportunity for sustainable growth and provides a foundation for driving ESG strategies and objectives.

Compliance and Ethical Management

IBK recognizes the significance of compliance and ethical management for sustainable growth. To uphold this, we have implemented a robust compliance monitoring system that ensures executives and employees adhere to laws and regulations in their roles. Additionally, we have established an ethical management system that incorporates social, ethical standards and expectations into decision-making and behavior.

Ethical Management

Ethical Management System

All members of IBK Financial Group have embraced the IBK Ethics Charter and are actively committed to practicing ethical management principles outlined in the charter to enhance customer trust, protect shareholder values, respect employee human rights, and fulfill social responsibilities.

IBK Ethics Charter

1. We prioritize the customer's perspective and strive to provide exceptional financial services to increase customer trust.
2. We safeguard shareholder value by making rational decisions and conducting transparent business activities.
3. We respect the human rights of each employee, ensuring fair treatment and promoting an improved quality of life.
4. We proactively establish a sound financial order and fulfill our responsibilities and obligations to society.
5. We integrate law-abiding and ethical management into our daily practices, promoting right behavior and fair business dealings.

IBK Code of Ethics	• (**Customer**) customer confidence, protection of rights and interests, property protection, exceptional financial products and services, information protection, fair trade • (**Society**) social responsibility, fair trade, legal compliance, prohibition of political intervention	• (**Shareholders**) sound management, information provision, protection of rights • (**Employees**) fair management of human resources, human resources development, quality of life improvement, respect for employees
Employee Code of Ethics	• Conflicts of interest • Management of important information • Prohibition of misconduct	• Prohibition of unfair gains, etc. • Creation of a healthy workplace culture • Ethical counseling and reporting, etc.
Code of Ethics and Conduct for Partners	• Integrity • Avoiding conflicts of interest (unfair gains) • Intellectual property rights	• Fair trade • Protection of personal information • Respect for basic labor rights

Introducing a Code of Ethics and Conduct for Partners

In 2021, we implemented the IBK Code of Ethics and Conduct for Partners, extending its recommendation to all affiliated companies of IBK. The code sets ethical and human rights standards for IBK and its partner companies to promote sustainable growth. It offers guidance on applicable laws and regulations for business activities, emphasizing the importance of upholding ethical corporate management and respecting workers' rights.

We have developed and made available a self-checklist for partner companies to assess their understanding of the code and ensure its proper implementation in their business operations.

The IBK Code of Ethics and Conduct for Partners is a set of standards that combines internationally recognized norms, IBK's ethical and human rights management system, and the principles of exemplary companies in Korea. Through this code, we aim to promote social responsibility and business ethics that go beyond legal compliance in all our activities.

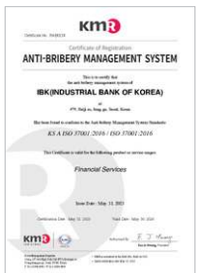
Code of Ethics and Conduct for Partners' Self-Assessment Checklist

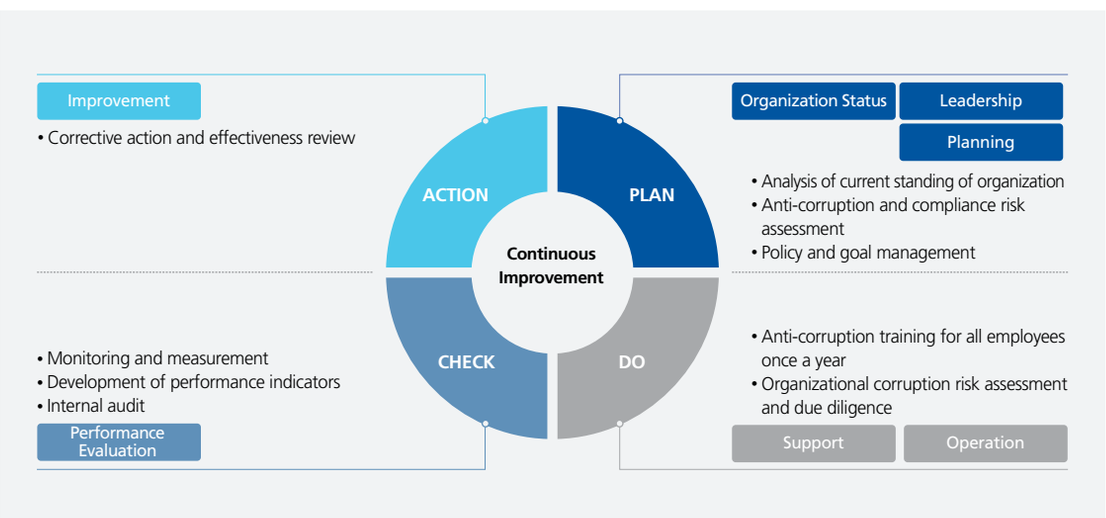
Categories	Self-Checklist Items
Integrity	□ Any form of bribery, corruption, unjust enrichment, embezzlement, or improper solicitation is strictly prohibited.
Avoiding conflicts of interest	□ The provision or acceptance of any form of unfair or improper benefits are strictly prohibited.
	□ Compliance with anti-corruption-related laws and regulations is enforced.
Intellectual property rights	□ The intellectual property rights of our clients and business partners are respected.
Fair trade	□ Fair trade standards, including anti-collusion measures, advertising regulations, and competition policies, are strictly adhered to.
Protection of Private Information	□ The protection of personal information for all individuals involved in our business is prioritized.
	□ Strict adherence to laws and regulations regarding personal information protection and information security is ensured.
Respect for basic labor rights	□ The basic rights of laborers following local laws and regulations are respected.

Anti-Corruption and Compliance Management System

IBK has implemented an anti-corruption management system (ISO 37001) and a compliance management system (ISO 37301) to enhance the objectivity and reliability of our compliance and ethical management practices. These management systems adhere to the requirements of ISO 37001 and 37301, and include an anti-corruption and compliance management manual that follows the PDCA model. By doing so, we demonstrate our commitment and execution towards compliance and anti-corruption efforts, ultimately fostering trust among our customers and partners.

Anti-Corruption Management System (ISO 37001)	Corruption prevention through tailored organizational policies, procedures, and management based on identified corruption risks.
Compliance Management System (ISO 37301)	Global standard compliance certification for the company's policy and management system.





Definition of Key Terms | "Corruption/bribery" refers to the act of inducing or offering a price, regardless of region, to a specific person to perform or restrict activities related to job performance in violation of applicable laws. It involves offering, promising, delivering, accepting, or requesting an undue advantage. "Compliance obligations" encompass the requirements an organization must comply with and those it voluntarily chooses to adhere to.

Corruption risk assessments | Corruption risk assessments are conducted regularly to estimate the probability and potential impact of different forms of corruption in the organization's internal and external interactions. The identified corruption risks are analyzed and evaluated to assess the adequacy and effectiveness of the organization's risk management measures.
Due diligence is performed if due diligence is determined necessary based on the corruption risk assessment. The Compliance Department verifies the results of due diligence and ensures the anti-corruption plan according to the corruption risk mitigation plan.

Compliance Risk Assessment | Compliance risk refers to the potential occurrence and consequences of non-compliance with an organization's compliance obligations. Periodic risk assessments are conducted to identify, analyze, and evaluate compliance risks within the bank. Risk factors selected for management undergo a review of the suitability of current management methods and the establishment of a mitigation plan.

Employee Training and Performance Evaluation | All employees receive anti-corruption training for a minimum of 2 hours once a year. Relevant education covers the prohibition of accepting bribes, goods, etc., preventing solicitation, fostering a healthy public service environment, reporting violations, and safeguarding whistleblowers. In addition, by reflecting compliance with laws and anti-money laundering in the key performance indicators(KPI), IBK improves integrity, ethical compliance awareness, and accuracy in business activities.

Moving ahead, we are committed to enhancing the suitability, adequacy, and efficacy of our anti-corruption and compliance management system, reinforcing our legal compliance capabilities, and establishing ourselves as a forefront institution in compliance and ethical governance.

Fair Trade Policy

In March 2010, we established the Fair Trade Compliance Guidelines to proactively prevent the risk of losses resulting from violations of fair trade laws and ensure voluntary compliance with relevant regulations.

The Fair Trade Compliance Program is a voluntary compliance system and code of conduct designed to ensure fair trade laws and regulations adherence. It operates based on three guiding principles.

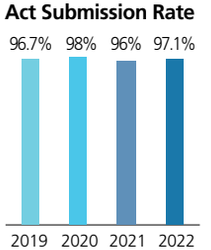
1 Principles related to Partners	Practice fair trade based on mutual respect with partner companies • We do not engage in unfair or discriminatory treatment towards partner companies or seek unjust economic benefits. • We do not impose unreasonable demands or unfavorable transaction conditions on our suppliers. • We do not make unjustified requests or infringe upon the technology and intellectual property rights of our suppliers.
2 Principles related to Customers	Deliver accurate financial product information to minimize customer misunderstanding. • Display and advertise in compliance with legal standards • Use fair terms and conditions and make it accessible to all customers.
3 Principles related to Competitors	Engage in free and fair competition with competitors • Refrain from using competitors' technology or unfairly infringing on their interests. • Avoid engaging in collusion with competitors. • Do not entice customers unfairly or deceptively.

In addition, we take a proactive approach to managing legal risks by conducting early investigations into fair trade violations through self-monitoring practices. The Compliance Support Department oversees compliance within departments at risk of violating the Fair Trade Act, while each branch under supervision conducts checks for any potential violations by the compliance checklist. Potential violations are promptly reported to the Compliance Department upon detection, and monitoring results and actions taken are reported to CEO and auditor. In addition, improvement measures are taken, such as training fair trade compliance officers to reflect the results of monitoring, strengthening fairness, and preventing unfair practices.

Comprehensive Integrity Assessment of Public Institution

Maintaining Grade **2** for **3** consecutive years

Pledge of Compliance with the Improper Solicitation and Graft Act Submission Rate



Fair trade training

IBK annually provides specialized fair trade training to employees based on their job positions. IBK annually provides specialized fair trade training to employees based on their job positions. In 2022, IBK promoted achieving a strong fair trade compliance culture by providing fair trade self-compliance training twice to 590 supervisors at branches.

Categories	Self-directed department learning	External party-directed on-site training for departments	Counseling	Group Training
Frequency	Once per quarter	As needed	As needed	Once per half year
Total training hours	One hour	One hour	-	Two hours
Target	All employees	All employees	All employees	Employees in departments susceptible to breaching the law
Training details	Understanding the purpose and system of introducing a fair competition system, etc.	Understanding the contents of the self-compliance checklist, trends in supervisory and regulatory agencies, etc.	Counseling on business-related questions and guidance on handling, etc.	Direction of work handling in case of suspected violation of fair trade

Fair Advertising Policy

IBK implements a fair advertising policy to safeguard the interests of financial consumers and provide them with accurate information. A compliance officer thoroughly reviews the appropriateness of advertisements for products and services in compliance with applicable laws and regulations. Pre- and post-inspections are conducted to ensure that the advertisements are clear and do not create any potential misunderstandings for financial consumers. Additionally, a dedicated department responsible for fair advertising policy operates independently of the product/service development and marketing departments. Besides, the compliance officer ensures the compliance of product and service advertisements with applicable laws and regulations. Furthermore, IBK conducts employee training based on the fair advertising policy, and each department conducts biannual self-inspections of their advertisements. By utilizing an advertisement self-inspection checklist, we assess the advertisements' content and operation suitability, address shortcomings, and mitigate legal risks.

Pledge of Compliance with the Improper Solicitation and Graft Act

IBK requires new employees to annually sign a pledge of compliance with the Improper Solicitation and Graft Act since 2019. By declaring our commitment to the prohibition of improper solicitation and bribery, we strive to create a trustworthy organizational culture through fair and honest work performance.

Human Rights Management

Human Rights Management System

IBK promotes a management approach that values human dignity and respects human rights in all its activities. As a "partner for happiness and hope practicing human rights-centered finance," we have established a human rights management system to protect and respect the human rights of all stakeholders, not just employees. IBK has established and shared a vision, goals, and principles for human rights management through its human rights management system. All executives and employees actively practice these principles to prevent human rights violations and protect human rights, guided by the code of conduct outlined in the Declaration of Human Rights. The general principles of human rights management include guidelines for protecting the human rights of customers, shareholders, and investors and preventing infringements of suppliers' and residents' human rights. This also covers the prohibition of discrimination in employment, guarantee of freedom of association and collective bargaining, and prohibition of compulsory labor and child labor. Additionally, IBK follows the principles of human rights management by broadly defining the scope of its business activities, complying with environmental laws and implementing measures to protect the environment.

Vision, Goal, and Principles of IBK Human Rights Management System

Vision	Companion for happiness and hope that practices finance centered on human rights, IBK
Goals	Create a happy workplace for all IBK members Build partnership and trust with stakeholders Complete a financial role model for the realization of an inclusive nation
Principles	❶ Human rights protection / ❷ Respect for human rights / ❸ Human rights violation relief

IBK Human Rights Management: Scope and Code of Conducts

Executives and Employees	Happy workplace, anti-discrimination, and mutual respect between employees, improvement of working conditions
Customer	Non-discrimination in service, protection of personal information
Shareholders and Investors	Guarantee of shareholder rights, provision of transparent information based on laws and regulations
Partner Companies	Fair trade, prohibition of abuse of power, inspection/support of human rights management of partner companies
Communities	Engage in social contribution activities, prevent human rights violation within the community

Human Rights Management Committee

IBK operates the Human Rights Management Committee[1], which convenes at least twice a year to promote efficient human rights management. The Human Rights Management Committee conducts reviews of systems and policies related to human rights management, examines remedy measures for human rights violation cases, and oversees human rights impact assessments. IBK is committed to actively promoting various human rights management projects in the future to establish a human rights-friendly management system.

1) Composed of Executive Managing Director, Management Strategy Group Head, Management Support Group Head, Risk Management Group Head, Financial Consumer Protection Group Head, Compliance Officer, External Committee Members, etc.

Operation of Human Rights Counseling Center

To provide support to victims and prevent the recurrence of incidents that infringe on human dignity and values, IBK operates the Human Rights Counseling Center. The Human Rights Counseling Center is responsible for consulting, receiving, and handling cases of human rights violations, including discrimination in hiring, collective bargaining freedom, safe working environment, customer-rights protection, shareholder- and investor-rights protection, responsible management of partner companies, protection of residents' rights, and environmental rights. Reports can be submitted through various channels, such as mail, fax, email or phone, and they are processed within three months from receipt.

The Human Rights Counseling Center provides regular reports on investigation outcomes to the Human Rights Management Committee. If the committee confirms a human rights violation, it deliberates and determines appropriate measures to address the complainant's or victim's concerns.

Human Rights Impact Assessment

IBK has been making annual human rights impact assessments to identify and address actual and potential human rights risks associated with its business activities. In 2022, new indicators have been added considering human rights issues, National Action Plan (NAP) recommendations and organization and business status. To ensure comprehensive evaluation, IBK conducts internal self-diagnosis and external assessments by a professional organization, Korea Management Association Consulting (KMAC). This dual approach helps ensure the objectivity and independence of the assessment results.

Human Rights Impact Assessment Implementation Status in 2022

Indicators	2021	2022	
	Human Rights Impact Assessment Review Task (Indicators needing improvement)	Implementation Status	Details
Establishing human rights management system	Expand the number of external members of the Human Rights Management Committee	Complete	Securing the expertise of the Human Rights Management Committee by appointing external members active as 2022 Human Rights Specialists
	Conduct employee human rights assessment	Complete	Completed in May 2022
Responding to human rights issues	Continue to spread internal and external awareness of human rights management	Complete	Newly promoted and hired in 2022 Conduct human rights management training during level-3 and level-4 competency strengthening training; Develop and evaluate indicators linked to ESG management promotion strategy for human rights impact assessment in 2022

IBK took action on the review tasks derived from the result of the previous year's human rights impact assessment and completed all implementations. As a result, 11 areas and 140 indicators were thoroughly evaluated. Despite the increased number of evaluation indicators compared to the previous year, the upgraded evaluation results affirmed the effectiveness of human rights-related measures. This achievement demonstrates IBK's success in establishing a normative and institutional foundation for systematic human rights management. Moving forward, IBK plans to proactively identify human rights risks through ongoing impact assessments to enhance positive impacts and prevent and mitigate any negative impacts.

Human Rights Impact Assessment Process

1. Establishment of human rights impact assessment plan
2. Provide training on human rights impact assessment indicators
3. Conduct human rights impact assessment
   - Self-diagnosis by the department in charge and implementation of tasks
   - Perform human rights impact assessment by an external organization (KMAC)
4. Submit evaluation results
5. Deliberation by the Human Rights Management Committee
6. Disclosure of results

2022 Human Rights Impact Assessment Indicators and Task Execution Contents

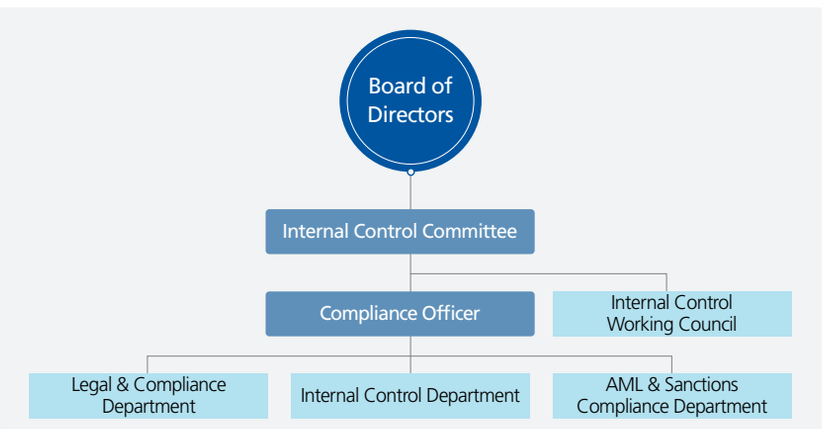
Area	2022 Indicators	Number of indicators	Implementation Details
1	Establishing human rights management system	26	• Implement regular human rights impact assessment • Take necessary measures for the institutionalization of human rights management • Human rights management performance • Prepare relief procedure
2	Anti-discrimination in employment	15	• Anti-discrimination in employment • Gender equality in employment • Non-discrimination for non-permanent and foreign workers
3	Guarantee of freedom of association and collective bargaining	14	• Guarantee of freedom of association and collective bargaining • Freedom of association and collective bargaining • Guarantee collective bargaining rights and faithful fulfillment
4	Prohibition of compulsory labor	7	• Prohibition of compulsory labor • Prevention of compulsory labor at workplaces of partners and subsidiaries
5	Prohibition of child labor	5	• Prohibition of hiring minors
6	Guarantee of industrial safety	12	• Workplace safety • Protection of pregnant women and persons with disabilities • Provision of necessary equipment, training, etc. • Support for victims of industrial accidents
7	Responsible supply chain management	4	• Prevention of human rights infringements by partners, etc. • Prevention of human rights infringements by security employees
8	Guarantee of environmental rights	9	• Establishment and maintenance of environmental management system • Disclosure of environmental data • Establishment of an emergency response plan
9	Human consumer rights	16	• Compliance with laws to protect customers • Measures against product defects • Customer privacy protection
10	Protection of workers' rights and respectful treatment	11	• Stop power harassment • Stop workplace bullying • Prevention of sexual harassment and sexual assault
11	Responding to human rights issues	21	• Compliance with basic labor rights • Post-COVID response • ESG management and green management • Tasks recommended by the 4th National Human Rights Policy Framework (NAP)
Total		140	

* The evaluation report is published on the IBK website for public access.

Strengthening Internal Control

Internal Control System

Internal control refers to a series of control processes that all executives and employees are obligated to follow in their duties to achieve the bank's goals. IBK is focusing on strengthening internal control measures to ensure efficient business operations, maintain the reliability of financial information, comply with relevant laws and regulations, effectively manage reputation risks, etc.



As the highest decision-making body, the BOD is responsible for internal control of the bank and finalizes the basic policy for building and operating the internal control system. The Internal Control Committee plays a crucial role in discussing significant policies related to internal control, facilitating information sharing, and promoting ethics and compliance awareness among employees. The Compliance Officer oversees and manages legal compliance, ensures adherence to internal control standards, and provides regular reports to the Internal Control Committee. In January 2023, the Incident Analysis and Response Team was established to enhance internal control and improve the response to financial incidents. The objective is to establish a robust system to effectively address financial accidents and prevent recurrence. IBK aims to continually strengthen its internal control system to ensure prompt and efficient responses to financial accidents.

Whistleblowing System

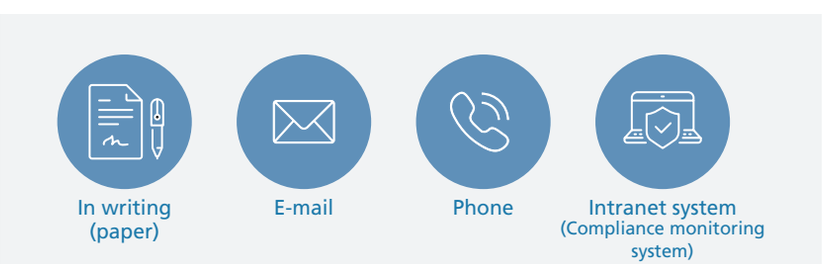
IBK has implemented a comprehensive whistleblowing system to prevent financial accidents and minimize associated losses. Employees are encouraged to report unethical behaviors, such as embezzlement, malpractice, bribes, violations of real-name financial transaction laws and money laundering, and unjust orders from superiors.

Reporting can be done anonymously or with real names through various channels, including letters, emails, phone calls, and the bank's intranet system. In the case of an anonymous report, reporting person can request to receive investigation results. Strict confidentiality is maintained by enabling the selection of "report result notification request" in the system.

In addition, biannual training is conducted to ensure the protection of the reporters identity, the confidentiality of the report contents, and to address any concerns regarding confidentiality.

Compensation standards have been established to encourage reporting and incentives such as commendations and rewards are provided to reporters who contribute to the early detection of financial accidents or the prevention of violations of internal control standards and procedures.

Reporting Method



Conducting Financial-Accident Prevention Training for All Employees

Financial-accident prevention training is being provided to raise awareness about work and strengthen the financial protection capabilities of executives and employees. The training is tailored to specific positions, including Pre-CEO, 3rd and 4th-level promoted employees and new employees. Annually, all employees are provided special consumer financial protection training based on actual IBK accident cases, focusing on raising awareness and providing prevention guidance based on their specific roles and responsibilities. IBK will continue to provide financial-accident prevention training for all employees by position.

2022 Financial-Accident Prevention & Consumer Financial Protection Training

Target	Persons	Date
Pre-CEO	24	June 27, 2022
Advance Training for Newly Promoted	354	January 17~18, 2022
Training for Newly Promoted	348	July 18~19, 2022
New Employee Training	142	July 15, 2022
Job Compete cy Strengthening Training for Returning Employees	162	December 30, 2022
Financial-Accident Prevention & Consumer Financial Protection Training for All Employees	All employees	November 24~December 16, 2022
Manager Competency Strengthening Training	228	April 19, 2022, September 26, 2022
Part-Time New Employee Training	19	December 1, 2022
Senior Manager Capacity Building Training	50	November 7, 2022

Enactment of Special Regulations to Eradicate Embezzlement

In November 2022, IBK took a significant step in its financial-accident prevention efforts by enacting the Special Regulations for Eradication of Embezzlement. These regulations aim to combat embezzlement crimes by imposing severe disciplinary measures on offenders and individuals involved in such activities and establishing an audit committee. By implementing these measures, IBK aims to foster a greater understanding among its employees regarding the importance of internal control and to enhance customer trust in the organization. In December 2022, the first Audit Council meeting was held to discuss the role of the council, measures to eradicate embezzlement, etc.

Face-to-Face Training on Internal Controls

Face-to-face training on internal control was conducted at all branches over seven months, starting April 2022. The training aimed to establish sound management in collaboration with relevant departments under the supervision of the compliance officer. It covered topics such as embezzlement, financial accidents, anti-money laundering, compliance with financial sanctions, and prevention of workplace harassment.

In addition, training to prevent financial accidents was conducted on August 2022 for supervisors in all the branches. The training was provided on the overall internal control of branches, including branch audits, law-abidingness, and establishment of work discipline to improve job accomplishment and self-inspection capabilities of supervisors (compliance managers) who play a central role in internal control.

Anti-Corruption Training for High Officials

In 2022, IBK conducted anti-corruption training for high-ranking officials, including executives, division heads, and department heads. The compliance officer organized the training and focused on the theme of "Clean IBK." The covered topics included the leadership role in fostering an organization with integrity, the Improper Solicitation and Graft Act, the Act on Prevention of Conflict of Interest, and the Code of Conduct for Employees. IBK will strive to prevent incidents proactively through ongoing training and promoting responsible management practices.

Anti-Money Laundering

Anti-Money Laundering Policy

To carry out anti-money laundering tasks, IBK has systematically established related systems such as Anti-Money Laundering Regulations and Anti-Money Laundering Guidelines by reflecting the recommendations of the Financial Action Task Force (FATF), an international anti-money laundering organization. In particular, we have strengthened the anti-money laundering management and supervision system of overseas branches by enacting the Guidelines for Handling Overseas Anti-Money Laundering. Additionally, IBK fulfills its responsibilities and obligations for anti-money laundering, such as keeping relevant documents for at least five years by complying with confidentiality obligations.

Key Anti-Money Laundering Activities

Suspicious Transaction Reporting (STR)	A system to promptly report to the Director of the Korea Financial Intelligence Unit in cases where there are reasonable grounds to suspect that the property received in connection with a financial transaction is illegal property, or that the other party to the financial transaction is engaged in money laundering, etc.
Currency Transaction Report (CTR)	A system for financial companies to report cash transactions exceeding a certain amount (KRW 10 million for one trading day) to Korea Financial Intelligence Unit
Customer Due Diligence (CDD)	A system to ensure that financial transactions or services provided by banks are not used for illegal activities such as money laundering, through customer identification and verification, confirmation of actual parties, and confirmation of the purpose of financial transactions. * Continuous customer verification is implemented through both face-to-face and non-face-to-face channels.
Enhanced Due Diligence (EDD)	Stricter customer identification obligation requirement for major high-risk customers[1)] * Continuous customer verification is implemented through both face-to-face and non-face-to-face channels.
Money Laundering Risk Assessment	Evaluation of the level of money laundering risk and control level inherent in business procedures, organizational environment, information system, etc. • Based on the results of the risk assessment, implement improvement measures necessary to mitigate money laundering risks.

1) FATF-designated risk countries, virtual asset operators, foreign political figures, public intimidation financing customers, etc.

Anti-Money Laundering Training for All Employees

Anti-money laundering training was conducted for all employees to strengthen their work competencies for anti-money laundering and compliance with financial sanctions. We increased the number of training hours per person by two hours compared to the previous year to raise employees' awareness of anti-money laundering.

Anti-Money Laundering Training Course

Course Name			
1.	Understanding Anti-Money Laundering policies	2.	Key contents of related laws and recent revisions of laws and regulations
3.	Customer Due Diligence (CDD)	4.	Suspicious Transaction Reporting (STR)
5.	Currency Transaction Report (CTR)	6.	New money laundering techniques and countermeasures
7.	Understanding Financial Sanctions Compliance		

We are actively working on providing targeted and effective training to our employees by customizing the training programs based on their rank and job responsibilities rather than a standardized approach. This includes designing training specifically for branch managers, team leaders, managers, and new employees. Additionally, we have conducted business-competency improvement training focusing on practical cases for employees at branch offices. Moving forward, our plans include expanding on-site consulting for branches and regional headquarters, diversifying training content, and enhancing the expertise of our headquarters staff further to improve the quality and effectiveness of our training initiatives.

Termination of Deferred Prosecution Agreement with U.S. Federal Prosecutors

On April 20, 2020, IBK entered into an agreement to defer indictment for two years regarding the settlement of Korean-Iranian currency transactions. Throughout the agreement period, IBK fulfilled its obligations and terminated the agreement without extension. We have completely resolved risks associated with the investigation by U.S. federal prosecutors, and as a global financial institution, we will further enhance the effectiveness of our compliance system.

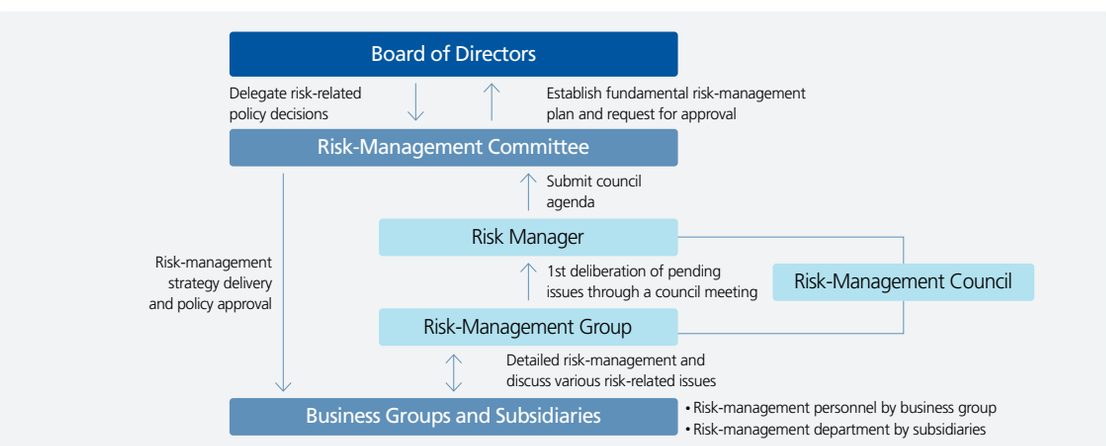
Risk Management

As the potential for a global economic downturn rises, there is an increasing need for advanced risk-management practices. IBK is actively addressing this by proactively enhancing risk-management measures to prepare for the expansion of uncertainties, both internally and externally.

Risk-Management System

Risk-Management Governance

IBK Financial Group is establishing a comprehensive risk-management decision-making system to effectively address a wide range of risks across all areas of its business. The BOD serves as the highest decision-making body for risk management within IBK Financial Group. It approves the fundamental risk-management plan and delegates other significant policy decisions to the risk-management committee. A risk-management council has been established under the risk-management committee to ensure operational efficiency. In 2022, the Risk-Management Committee conducted eight meetings, addressing and resolving 16 agenda items. In principle, the risk management organization operates independently of the sales department following Article 5 of the Risk Management Regulations. The auditor is responsible for the final supervision of management in a position independent of the bank's decision-making and execution.



Risk-Management Committee and Risk-Management Council

Category	Main Function	Composition	Meeting Frequency
Risk-Management Committee	• Comprehensive management of various uncertainties and potential losses arising in the course of business activities • Establish and approve risk-management policy to maintain capital adequacy • Set risk limit and distribute	Two executive directors and independent director	Once per quarter (as many as needed)
Risk Management Council	• Advanced analysis of risks for new products, etc. • Detailed risk management and discuss various risk-related issues • Resolution of matters delegated by the Risk Management Committee	Risk Management Group Head and department heads (11)	Once a quarter (as many as needed)

Risk-Management Direction

Despite challenging conditions such as high prices, high interest rates, and high exchange rates, IBK has established key risk-management strategies and goals for 2023 to enhance its risk-management capabilities.

Strategies and Goals

Crisis Resilience
- Strengthening crisis-resilience through increased loan loss provisions.
- Enhancing proactive soundness management to prepare for internal and external crises.

Substantive Growth
- Thorough management of the BIS ratio to support substantial growth.
- Introducing a new evaluation model to improve IBK's structure.
- Improving the internal risk-management system to enhance executive power.

Pioneering Future
- Introducing Basel III to stabilize the risk-management system.
- Implementing preemptive measures to improve external credit rating in response to supervisory regulations.

Managing Major Risks

IBK categorizes major risks into several key types: credit risk, market risk, interest rate risk, liquidity risk, operational risk, credit concentration risk, strategy risk, reputation risk, and foreign currency risk. Specific limits are set for each risk type based on factors such as the expected maximum loss. Monitoring of these risks is assigned to the appropriate organizational units within the bank to ensure compliance. If the allocated risk limit is expected to be exceeded or exceeded, the cause is analyzed first, and the inspection details and action items are reported to the Risk Management Committee. Moreover, as a government-owned bank, we assess the level of risk management based on the loan loss reserve ratio and liquidity coverage ratio evaluation index outlined in the Guidelines for Management Performance Evaluation of Government-owned Banks. Each half-year, the findings of the Comprehensive Stress Test, which examines the bank's susceptibility to extraordinary yet plausible events, are reported to the Risk-Management Committee. The process of the Comprehensive Stress Test follows a structured approach, involving establishing crisis scenarios, assessing loss risk factors, and estimating management indicators. We are operating at the "normal" level based on the existing crisis recognition criteria, which encompass normal, precautionary, semi-critical, and critical scenarios. Adhering to the present risk level, we have adopted a systematic approach to manage our current management plan and risk-management plan effectively.

Furthermore, we conduct a preliminary risk review of new products and systems to analyze risks across various categories, such as credit, market, interest rate, liquidity, operational, and reputational risks, regarding the potential impact on bank management. To ensure consistency in pre-risk review opinions, we have strengthened our review process by implementing a checklist for each risk category. As a result, in 2022, we successfully implemented risk reviews of 71 new products. We remain committed to continuously enhancing our proactive risk management measures.

1) Record-high net profit but a slight decline in BIS total capital ratio compared to the previous year, mainly attributable to bond valuation losses due to increased market volatility, including interest rates and exchange rates

Stable Management of BIS Ratio

IBK has established a stable foundation for ongoing policy financing during the COVID-19 economic crisis, as evidenced by a BIS total capital ratio of 14.68%[1] achieved in 2022. Simultaneously, we have achieved a net profit of KRW 2.8 trillion while reinforcing our capacity to provide financial support to SMEs. This was accomplished through comprehensive capital management strategies, including the conversion of convertible preferred stock to common stock, expansion of capital through the identification of risk-weighted assets that can be reduced, and maintaining appropriate dividend levels.

BIS Capital Ratio

(Unit : %)

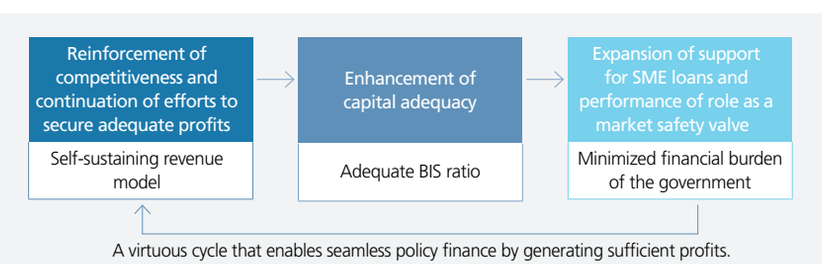
Category	Regulatory Capital Ratio*	2020	2021	2022
BIS Total Capital Ratio	13.00 (14.00)**	14.82	14.85	14.68
Basic Capital Ratio	11.00 (12.00)**	12.82	13.01	12.67
Common Equity Capital Ratio	9.50 (10.50)**	11.13	11.29	11.08

BIS Leverage Ratio

Category	Unit	2020	2021	2022
(Basel III) Basic Capital (Tier 1 Capital)	KRW billion	24,073	26,141	27,429
(Basel III) Total Exposure	KRW billion	385,454	425,449	458,590
(Basel III) Leverage Ratio	%	6.25%	6.14%	5.98%

* Minimum ratio 8.0% + capital preservation buffer 2.5% + countercyclical capital buffer 2.5%
** Including 1.0% of Domestic Systematically Important Banks (D-SIB)

IBK Virtuous Cycle for Ensuring Capital Adequacy



Managing Potential Risks

IBK identifies potential risks associated with economic, social, and environmental changes that may impact its business activities. To address these risks, IBK implements proactive measures to mitigate and prevent them.

In particular, IBK has developed a comprehensive climate-risk response strategy and management roadmap to manage climate-related risks proactively. This strategy encompasses not only the internal goal of achieving carbon neutrality for greenhouse gas emissions by 2040 but also extends to achieving carbon neutrality for financial assets. The Risk Management Committee at IBK strongly focuses on climate risks and has reported on the results of climate-risk stress tests in 2023. Based on the findings of the climate-risk analysis, IBK plans to enhance its climate-risk management system by assessing the necessary climate-risk capital and managing it as reserve capital.

Category	Risk Definition	Impact	Risk Mitigation Measures
Digital Transformation Risk	The digital transformation of the financial industry entails comprehensive changes in human resources, information systems, physical infrastructure, and technological assets.	As digital innovation continues to shape various aspects of business operations, the failure to adapt appropriately can weaken competitiveness in the financial sector and erode customer trust and corporate reputation.	IBK has set a vision of becoming an "easy, fast, and secure digital IBK" and is actively addressing the risks associated with digital transformation. This includes implementing digital key performance indicators (KPIs), enabling one-click document submission and confirmation processes, and implementing real-time verification of mobile driver's licenses.
Digital Banking Run Risk	Banking run risk, which refers to a situation where depositors rapidly withdraw their funds from banks has gained increased significance in recent times due to the convenience of digital devices like smartphones for conducting withdrawals.	The ease and speed of digital withdrawals can potentially create liquidity risks for financial institutions and, concurrently, erode customer trust.	To effectively address this challenge, we quantify the potential size of fund withdrawals that may occur during digital banking runs, utilize them in liquidity risk analysis, and establish vulnerable portfolio management strategies.

Internalization of Risk Management

Employee Self-Risk Assessment

Through the employee self-risk assessment process, employee perspectives and insights are incorporated into risk management practices. A self-risk assessment menu is separately installed in the operational risk management system. And this assessment is conducted regularly every quarter across all departments and branches, allowing for the reorganization of existing workflow and evaluation of inherent risks and control levels associated with each task. A notable advancement in the evaluation method occurred in February 2023 with the incorporation of the Basel III regulation. The self-risk assessment system has been strengthened to identify potential risks from implementing digital technologies, and risks associated with non-face-to-face customer channels such as web and call centers. In addition, the 'operational risk management indicator' is reflected in the KPI to induce active risk reduction. Moving forward, our focus will be on establishing a comprehensive risk management system by proactively identifying and preventing emerging risks that may arise within our operations.

Self-Risk Assessment Process

Process examination	Identify important risk factors	Evaluation	Establish countermeasures
Examine business process, risk factors, and control activities	Prioritize evaluation of important risk factors with high potential risks	Conduct assessment of risk factors and control activities	Develop countermeasures for significant risks and processes identified during the evaluation

Risk-Management Training

IBK provides regular training to members of the Risk-Management Committee twice a year to reinforce risk management governance. In September 2022, the focus was on enhancing knowledge and skills related to the portfolio management process. Subsequently, in November, training sessions were conducted to familiarize participants with the calculation methodologies for internal capital in areas such as strategy, reputation, and liquidity risk. In addition, face-to-face and non-face-to-face training on risk management in credit management, expenses, etc., were conducted for employees. To strengthen the crisis-response capabilities of the entire group, risk-management training has also been extended to employees of major subsidiaries, such as IBK Capital, IBK Pension Insurance, and IBK Savings Bank, following inspection of risk-management status.

Information Protection

IBK has diligently worked toward establishing and operating a comprehensive information security system. Our primary focus has been effectively and swiftly responding to complex issues while safeguarding customer assets and information. As a testament to our commitment to cybersecurity threats, we have successfully maintained a flawless security system, resulting in zero information security incidents for 12 consecutive years.

Strengthening Information Protection

Information Protection Governance

To enhance the responsibility of the BOD and management in effectively managing and reinforcing information security measures, IBK regularly reports its information security policy, management system, and security activities to the Board of Directors and management. As part of these efforts, IBK establishes an annual information protection plan and provides regular reports on the implementation of the plan to the BOD on a quarterly basis. Any other information security incidents are promptly communicated to the management for immediate action.

To facilitate decision-making by the BOD and executives, IBK has established and operates the Information Protection Committee and the Information Protection Working Committee. In 2022, they held 8 and 33 meetings to discuss and deliberate on important information security-related matters. Additionally, IBK has appointed a Chief Information Security Officer (CISO) and a Personal Information Protection Officer (CPO) to respond to infringement accidents thoroughly and manage customers' information safely.

Information Security Policy Audit

IBK strictly adheres to and implements information protection policy activities as internal and external laws require. Internally, regular information security audits are conducted once a year by the Inspection Department following Article 8 of the National Information Security Guidelines. Additionally, comprehensive audits, supervised by the Financial Services Commission, on information security policies in 101 areas, including managerial and technical security domains, as well as crisis response capabilities, have been conducted every year, and 31 areas have been audited and inspected by the National Intelligence Service to check if measures to protect primary information and communication infrastructures are executed. These audits aim to strengthen the bank's management system.

bsi.
Certificate of Registration

Information Protection Policy

IBK set "solid information protection, digital safe IBK" as the goal of information protection and allocated at least 15% of the IT budget to information security. This aims to establish a robust safety net for information protection, with "zero financial security accidents." To enhance IBK's ability to respond to external cyber attacks, a robust 24x365 security control system and multiple defense systems are in place, promoting cyber quarantine in response to accelerating digital transformation. Upholding customer trust through a secure information protection system remains a paramount objective for IBK. The bank's unwavering commitment to this goal is evident in its remarkable track record of zero security accidents for 12 consecutive years. Comprehensive IT security inspections are conducted biannually to further bolster IT security across the IBK Financial Group and prevent security incidents. These inspections cover the technical, physical, and managerial aspects of information protection management, following the ISO27001 control item checklist. The results of these security inspections and best practices from each subsidiary are shared to enhance the overall stability of the information protection system throughout IBK Financial Group.

IBK conducts inspections of 32 key security control system items, including prevention of information leakage and inspection of the information protection management system. These inspections target affiliates engaged in digital conversions such as open API users and cloud service providers, and help prevent financial accidents in those organizations. In addition, IBK conducts preventive activities so employees can recognize the importance of information security, such as deducting high-risk information leakage accidents by reflecting internal information and personal information management indicators in the management performance evaluation(KPI).

Maintaining International Information Security Standard (ISO 27001) Certification

IBK has obtained and continues to maintain ISO27001 certification, an international standard that assesses the adequacy of the information-protection management system. This certification has enhanced the reliability of IBK's security level. IBK has obtained and maintained ISO 27001 certification, an international information protection standard. It assesses 114 items in 14 areas, including policies, risk management, and access control, across all owned operations of IBK.

Inspection of Security Vulnerabilities for Electronic Financial Infrastructure

IBK achieved the highest level, level 1, in the joint security-vulnerability analysis and evaluation of "electronic financial infrastructure" conducted in collaboration with the Financial Security Institute. This accomplishment demonstrates our commitment to ensuring the safety and reliability of electronic financial transactions.

During the evaluation, we proactively addressed potential security threats by conducting security vulnerability theme inspections for smart work and home management systems that utilize cloud technology.

Furthermore, to ensure the security of My Data and open API usage, we prioritized cyber quarantine strategies. This included conducting simulated hacking exercises on Internet banking and open API websites in preparation for the rapid digital transformation.

Key Findings from the Vulnerability Test

Category	Inspection item and frequency	Inspection details	Remarks
Information protection management system	Electronic finance infrastructures, electronic finance system, once a year	280 items, including operation of a dedicated organization for electronic finance	Financial Security Institute
Network infrastructure		19 items, including redundancy of network equipment	
Public website	Internet banking, etc., twice a year	50 items, including authentication by unauthorized users	
Information protection equipment	Firewall, etc., once a year	41 items, including suitability of the security settings	
Mobile applications	i-ONE Banking, etc., once a year	48 items, including protection of information entered by users	
Servers	Credit cards, etc., once a year	117 items, including directory and file permission settings	Financial Security Institute and IBK
Database	Fund systems, etc., once a year	27 items, including account and password management	
Network equipment	Banking DMZ, etc., once a year	43 items, including login settings	

Information-Protection Training by Job Function

To effectively address the challenges posed by digital transformation in the financial sector and improve security awareness, IBK implemented various information protection training programs.

These training initiatives include customized online sessions tailored to employees' specific job functions and the use of an internal newsletter to disseminate information on security issues easily and engagingly. Furthermore, the creation and circulation of videos on security precautions and the prevention of ransomware infections have heightened employee awareness.

Additionally, IBK conducted security training, in line with an external professional educational institution, on cyber threat response and policies concerning the security of emerging technologies to strengthen the professional security capabilities of our employees in charge of information security. Furthermore, comprehensive on-site and online training sessions have been organized to underscore the significance of information protection and provide updates on the latest security incidents, particularly on newly hired employees and individuals from partner organizations that may benefit from heightened security awareness.

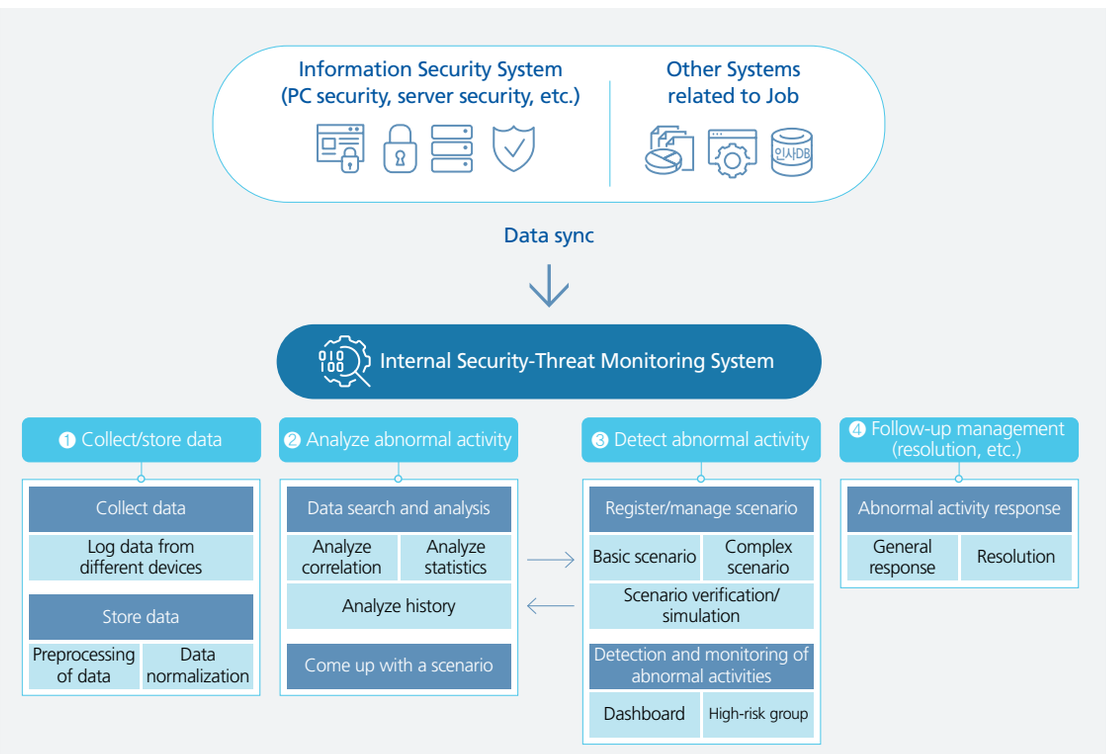
Information-Security Training Status in 2022

Category	Target	Curriculum
Online training	Executives	Three courses, including understanding of financial security governance
	General employees	courses, including protection of personal financial and credit information
	IT Group	Nine courses, including web application security
	Information Security Department	12 courses, including understanding of My Data in financial sector
Information Security Newsletter	All employees	• The Russian-Ukrainian War and Cybersecurity • Introducing security through OTT • Mobile phone personal information leakage prevention information
Video training	All employees	• Created and broadcasted a ransomware prevention training video on TVs in all branches • Established a job academy course at the cyber training center - Developed guidelines on security precautions during work - Provided information on security precautions during information digitization work

Strengthening Information Security Response

Establishment of an Internal Security Threat Monitoring System

A comprehensive system has been implemented to address the growing concerns regarding internal security-related threats, including intentional or accidental information leakage by executives, employees, and outsourcing personnel. Collecting and analyzing access logs of the internal system using big-data technology enables monitoring of potential anomalies associated with internal security threats. This includes detecting instances of personal information leakage, unauthorized access, and violations of security policies.



Reinforcing Cyberattack Response

With the increasing number of cybersecurity threats, the cyber-crisis alert level was raised from 'attention' to 'caution' in March 2022. IBK promptly implemented emergency measures, including conducting thorough inspections of DDoS shelters and expanding the scope of cyberattack detection. The Financial Security Institute organized specialized training sessions to enhance response capabilities for different types of cyber attacks. During these training sessions, simulated hacking and DDoS attacks were carried out on the bank's website and systems. The successful detection and blocking of all simulated attacks demonstrated IBK's robust ability to defend against external cyber threats. Furthermore, to strengthen awareness of cyber security risks among executives and employees, IBK conducts biannual training sessions on responding to malicious emails and provides additional security training for those needing improvement.

Reinforcing Cyber Attack Response

Category	Details	Result
Hacking and DDoS response training [September]	The Financial Secrty Institute simulated the latest hacking (6 types) and DDoS (8 types) attacks on the IBK website and banking target	Successful defense against all attacks
Malicious email response training [May, October]	Malicious emails are sent to all employees to test employee response and infection	0.5% infected

Operation of Electronic Financial Fraud Detection System

IBK has implemented the Electronic Financial Fraud Detection System (FDS) to safeguard customers' financial assets and prevent financial fraud. This system analyzes parameters such as device information, access logs, and transaction patterns associated with electronic financial transactions, such as Internet banking and smart banking. The system triggers real-time additional authentication or blocks transfers by identifying abnormal transactions. Through the operation of the FDS, we have successfully detected over 1,100,000 abnormal transactions amounting to KRW 112.2 billion.

Accident Prevention Using FDS

Distinction	Unit	2020	2021	2022
Additional certification and transaction blocking	Number of cases	23,331	45,360	117,779
Accident prevention amount	KRW 100 million	113	287	1,122

* Amount of money that accidents have been prevented: A balance on a demand account when the blocking measure has been made after detecting.

Protection of Private Information

Acquisition of Information Security Management System & Personal Information Certification

In December 2022, IBK obtained the nationally recognized certification called the Information Security Management System and Personal Information (ISMS-P) certification to ensure the secure operation and protection of personal information, especially in the context of accelerating digital transformation. The ISMS-P certification serves as the recognized standard for information protection and the management of personal information, as designated by the Ministry of Science and ICT and the Personal Information Protection Commission.

ISMS-P Certification Process

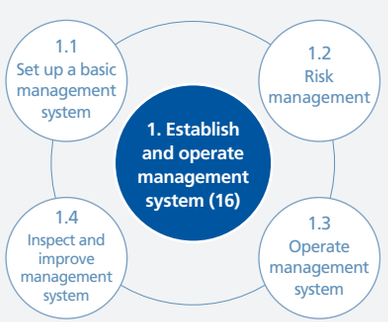
01 Status check
Determine the tasks that are eligible for ISMS-P certification and define the scope of certification.

→ **02 Analyze personal information flow**
Assess the flow of personal information within each targeted business transaction.

→ **03 Risk assessment**
Conduct evaluations of potential risks and identify areas that require immediate action.

→ **04 Establish protective measures**
Develop specific protective measures for each identified risk.

Total ISMS-P Certified Items: 102



2. Requirements for protective measures (64)

2.1 Policy, organization, asset management
2.2 Personal security
2.3 Outsider security
2.4 Physical security
2.5 Certification and authorization management
2.6 Access control
2.7 Application of encryption
2.8 Introduction of data system and development security
2.9 System and service operation management
2.10 System and service security management
2.11 Incident prevention and response
2.12 Disaster recovery

3. Requirements in each step of personal information processing (22)

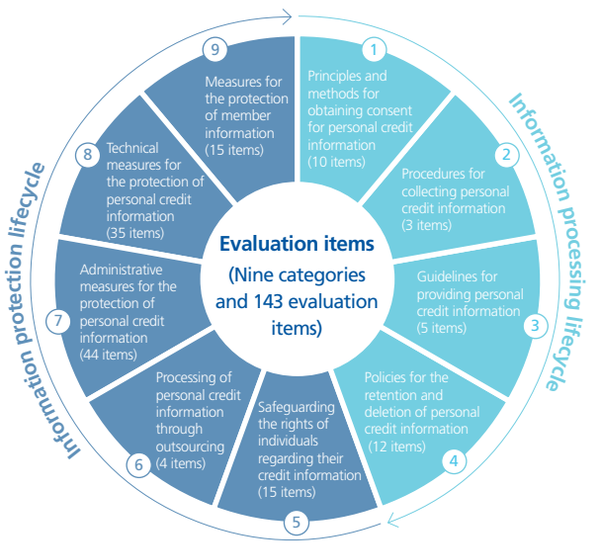
3.1 Protection measures when collecting personal information
3.2 Protection measures when retaining and using personal information
3.3 Protection measures when providing personal information
3.4 Protection measures when destroying personal information
3.5 Protection of rights of data subject

The attainment of the ISMS-P certification has significantly enhanced our external credibility in the realm of personal information protection. We remain committed to upholding our status as a trusted IBK by engaging in continuous efforts to safeguard customer information. In addition, IBK is evaluated by an external agency(Financial Security Institute) once a year for system inspection and certification extension.

S Grade in Evaluation of Utilization and Management of Personal Credit Information

For two consecutive years, we have achieved the highest S grade (100 points) in the "Evaluation of the Use and Management of Personal Credit Information." This evaluation, overseen by the Financial Services Commission, assesses the effectiveness of personal credit information management systems across the financial sector. We will continue to maintain the S-grade rating through consistent management of the safety and security of personal information.

Criteria for On-Going Evaluation



Personal Credit Information Education

To enhance employee awareness regarding the protection of personal credit information, we organized the "Personal and Credit Information Protection Practice Day" for all branches and employees, including contractors, and provided educational materials through monthly newsletters. In addition, we conduct customized training sessions tailored to specific training targets, such as the contract department and customer centers to address their unique roles and responsibilities.

Supporting the Use of Safe Pseudonyms through the Customer Information De-Identification System

In 2022, IBK established a new "Customer Information De-Identification System" to facilitate the use of data without revealing real names, thus ensuring the protection of personal information while enabling the creation of statistics and conducting industrial research. As digital transformation progresses and data integration becomes more prevalent across various industries, the significance of safeguarding personal information has grown exponentially. In response to this trend, we have taken proactive measures to establish infrastructure for the de-identification of customer information and provide a secure environment for utilizing data while maintaining the anonymity of individuals.

Details of Data De-Identification by Stage

Inspection of Personal-Information Entrusted Companies

To ensure the secure management of customer information, we conduct annual inspections on the companies that handle personal information entrusted by IBK. In the year 2022, a comprehensive written inspection was conducted on a total of 126 entrusted companies. Based on the results, these companies were classified into two categories: 99 companies were recognized as excellent, while 27 companies were classified as good at handling personal information. As the COVID-19 situation improves, we are committed to strengthening our management and supervision functions.

Checklist for Entrusted Companies

Administrative items (6)	Technical items (29)
• Appoint personal information protection officer • Establish internal management plan • Establish personal information processing policy • Provide personal information protection education, etc.	• Differentiate access privileges and enable modification/cancellation • Control unauthorized user access • Encrypt personal information • Store/destroy access records

Prior Review of Personal Information Agreement and Security Management Agreement

'Personal Information Agreement' that customers must fill out when collecting, using, and providing personal information with the introduction of a new system and service is subject to prior review. In 2022, a total of 123 agreements were reviewed. Additionally, prior deliberations were conducted on 58 security management agreements related to sharing personal information with external parties for business consignment or partnership purposes. The Integrated Information Security Management System is used to manage entrusted and affiliated companies, with periodic updates on company details and offerings through the IBK website for transparency.

IBK Website Personal Information Protection Policy Update

An easy-to-understand personal information processing policy

IBK presents visualized information on the main contents of the "personal information processing policy" to enhance customers' understanding of the material.

A new menu for "Use and Provision of Personal Information"

Customers' personal information is strictly processed within the scope of the consented purpose. In cases where personal information is used and provided according to special provisions of other laws, IBK has established a menu on the website to disclose the contents, thereby strengthening the customer's right to know.

Personal Information Processing Policy

IBK manages personal information following the 'Personal Information Processing Policy' to protect customers' personal information and handle customers' grievances smoothly.

(**Article 1**) The collected customer information will not be used for any purpose other than the intended purpose, and if the purpose of the use is changed, necessary measures such as obtaining consent will be implemented.

(**Article 3**) In principle, personal information should be processed only within the specified scope, and if the customer agrees to provide and disclose information to a third party in advance, it may be provided to a third party.

* More details are in the 'Personal Information Processing Policy.'

In addition, by the Personal Information Protection Act, customers can request the transfer of personal credit information to designated institutions. Also, through the 'deletion of customer information,' newly established in 2021, it is possible to request the deletion of personal information and confirm whether it is destroyed.

SUSTAINABILITY FACTS

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Economic Data

Creation of Economic Value

(Unit : KRW million, consolidated)

	2020	2021	2022
Total Assets	361,616,177	398,071,914	431,979,690
Operating Profit	2,125,516	3,231,310	3,774,837
Net Income for the Year	1,547,918	2,425,941	2,780,804

* Prepared based on the 62nd Business Report

Distribution of Economic Value

(Unit : KRW million, consolidated)

		2020	2021	2022
Shareholders and Investors	Dividends	372,933	621,992	765,529
Executives and Employees	Wages	1,333,999	1,394,621	1,428,499
Executives and Employees	Welfare expenses	6,836	7,343	7,928
Government	Corporate taxes	538,993	891,968	959,966

* Prepared based on the 62nd Business Report

Corporate Tax Payment History

(consolidated)

	Unit	2020	2021	2022
Corporate tax calculation	KRW 100 million	3,357	5,771	9,057
Tax credit	KRW 100 million	169	172	206
Finalized tax amount	KRW 100 million	3,188	5,599	8,851

Tax information by country (as of 2022)

(Consolidated)

	Unit	Operating Revenue	Operating Profit	Unpaid corporate tax	Corporate tax expenses
Chinese Corporation	KRW million	262,574	46,654	3,555	10,887
Indonesian Corporation	KRW million	110,571	10,521	-	(315)
Myanmar Corporation	KRW million	3,541	(213)	-	41

ESG Finance - Corporate Finance/IB

	Category	Unit	2020	2021	2022
ESG Loans	E (Environmental)	KRW billion	1,622	2,097	2,768
	S (Social)	KRW billion	2,045	2,461	3,262
	Subtotal	KRW billion	3,667	4,558	6,030
Total Corporate Loans (total supplied during the year)		KRW billion	71,649	62,985	68,589
Ratio of ESG Loans		%	5.12	7.24	8.79
ESG Bonds	KRW	KRW 100 million	4,000	64,300	68,600
	Foreign currency	USD 100 million	USD 5	USD 5	USD 6, AUD 4.1
New and Renewable Energy Infrastructure	PF (balance)	KRW billion	64	46	55
	Investment(balance)	KRW billion	168	202	284

ESG Finance - Retail Finance

	Category	Unit	2020	2021	2022
ESG Loans	S (Social)	KRW billion	765	900	1,042
Total Retail Loans (total supplied during the year)		KRW billion	14,462	11,483	10,067
Ratio of ESG Loans		%	5.29	7.84	10.35

* Retail Loans - Excluding long-term card loans

Retirement Pension Fund

		Unit	2020	2021	2022
Defined Benefit (DB)	Present value of debt	KRW billion	1,047	1,118	1,040
Defined Benefit (DB)	Number of subscribed persons	Persons	12,907	12,759	12,623
Defined Contribution(DC)	Retirement benefit expense	KRW billion	5.8	9.0	11.0
Defined Contribution(DC)	Number of subscribed persons	Persons	789	1,243	1,151

* Retirement pension opening date - Dec. 28, 2011

Environmental Data

Greenhouse Gas Emissions

(All banks)

		Unit	2020	2021	2022
SCOPE 1 Emissions		tCO_2eq	9,483	8,076	6,560
SCOPE 2 Emissions		tCO_2eq	50,071	48,719	48,976
SCOPE 1+2		tCO_2eq	59,554	56,795	55,536
Intensity of GHG emissions (basic unit per person)		tCO_2eq	4.3325	4.0848	4.0322
SCOPE 3	Purchased products and services	tCO_2eq	1,347.81	1,229.56	1,165.22
SCOPE 3	Capital goods	tCO_2eq	298.26	283.05	313.81
SCOPE 3	Business trips	tCO_2eq	3,078.53	3,073.67	3,232.08
SCOPE 3	Employee commute	tCO_2eq	8,745.04	8,769.12	8,662.04
SCOPE 3	Total	tCO_2eq	13,469.64	13,355.4	13,373.15

* Adjusted Scope 3 values following the renewal of ISO 14064-1 boundaries and scopes
** Direct emission and indirect emission figures are values verified by the 3rd party.

Energy Consumption

(All banks)

	Unit	2020	2021	2022
Electricity	MWh	107,833.19	106,509.78	107,054.35
Solar power	kWh	180,214	185,644	191,089
Gas	$1,000m^3$	1,533.46	1,460.20	1,681.07

* The solar power consumption measuring range was expanded (IFT, Chungju Training Institute, and Giheung Training Institute).

Water Consumption

(Headquarters, IFT building)

	Unit	2020	2021	2022
Tap Water	ton	78,148	74,555	82,015

Waste Discharge

(Headquarters, IFT building)

		Unit	2020	2021	2022
Recyclable Waste	Blank paper	ton	77.9	71.9	62.5
Recyclable Waste	Newspaper	ton	73.3	66.3	70.8
Recyclable Waste	Scrap paper	ton	93.7	94.6	84.1
Recyclable Waste	Cans	ton	3.7	2.7	1.5
Recyclable Waste	Plastics	ton	13.6	14.9	16.0
Recyclable Waste	Bottles	ton	9.4	8.5	7.4
Recyclable Waste	Total	ton	271.6	258.9	242.3
General Waste		ton	286.8	309.8	303.75

Environmental Law Violations

	Unit	2020	2021	2022
Number of environmental law violations	Cases	0	0	0

Purchase of Environmentally Friendly Products

	Unit	2020	2021	2022
LED Lights	KRW million	478	438	806
Eco-friendly transaction records	KRW million	470	407	342
Calendar	KRW million	1,453	1,573	1,625
Corrugated cardboard box	KRW million	-	66	60
Total	KRW million	2,401	2,484	2,833

Employee Data

BOD Members

	Unit	2020		2021		2022	
		Male	Female	Male	Female	Male	Female
Member	Persons	6	0	5	1	5	1
Total number of members	Persons	6		6		6	
Ratio of female directors	%	0		17		17	

Employee Status

(Unit : Persons)

		2020		2021		2022	
		Male	Female	Male	Female	Male	Female
Total number of employees		6,256	7,490	6,322	7,582	6,134	7,639
By employment type	Executives	3	0	3	0	3	0
	Permanent position	5,581	3,968	5,676	4,105	5,497	4,202
	Non-permanent position	672	3,522	643	3,477	634	3,437
Position	Executives	3	0	3	0	3	0
	1st rank	53	3	47	5	44	9
	2nd rank	337	20	283	18	220	28
	3rd rank	1,527	674	1,402	783	1,342	846
	4th rank	1,905	1,512	1,983	1,593	1,966	1,763
	Clerk	1,759	1,759	1,961	1,706	1,925	1,556
	Non-permanent position	672	3,522	643	3,477	634	3,437
By age group	Under 30	644	1,025	581	1,008	703	1,142
	30 or older Under 50	3,441	5,526	3,448	5,396	3,425	5,359
	50 or older	2,171	939	2,293	1,178	2,006	1,138

* Non-permanent positions - Including indefinite contract workers, short-term contract workers

Employee Diversity

	Unit	2020	2021	2022
Number of veteran employees	Persons	1,106	1,102	1,091
Number of employees with disability	Persons	454	458	463
Ratio of employees with disability	%	3.54	3.55	3.63

Employees by Nationality

	Unit	2022	
		Total number of employees	Number of managers
Korea	Persons	13,773	6,221
Indonesia	Persons	502	195
China	Persons	463	150
Vietnam	Persons	59	13
Cambodia	Persons	25	2
India	Persons	24	1
Myanmar	Persons	22	6
USA	Persons	21	9
Hong Kong	Persons	20	5
Philippines	Persons	17	4
UK	Persons	10	2
Japan	Persons	9	2
Russia	Persons	1	0

* Managers - Employees of grade 4 or higher

Female Leadership

	Unit	2020		2021		2022	
		Male	Female	Male	Female	Male	Female
Total number of managers	Persons	1,920	697	1,735	806	1,609	883
Ratio of female managers	%	26.6		31.7		35.4	
Managers in sales departments	Persons	1,390	601	1,232	715	1,189	758
Ratio of female managers in sales departments	%	30.2		36.7		38.9	
Employees in STEM areas	Persons	360	172	394	193	392	194
Ratio of female employees in STEM areas	%	32.3		32.9		33.1	

* Managers - employees at grade 3 (team leader) or higher
** STEM areas - Digital group, IT group, Information Protection Department

New Employees

(Unit : persons)

		2020		2021		2022	
		Male	Female	Male	Female	Male	Female
Total number of new employees		176	218	197	177	175	179
By employment type	Executives	2	-	1	-	-	-
	Permanent position	140	113	178	166	155	153
	Non-permanent position	34	105	18	11	20	26
By rank	Executives	2	-	1	-	-	-
	1st rank	-	-	-	-	-	-
	2nd rank	-	-	-	-	-	-
	3rd rank	-	-	-	-	-	-
	4th rank	7	4	-	-	5	2
	Clerk	133	109	178	166	150	151
	Non-permanent position	34	105	18	11	20	26
By age group	Under 30	128	117	162	162	137	152
	30 or older Under 50	43	89	33	14	33	26
	50 or older	5	12	2	1	5	1

* Non-permanent positions - Including indefinite contract workers, short-term contract workers

	Unit	2020	2021	2022
Percentage of open positions filled by internal candidates	%	91.3	91.9	92.0

Training & Development

	Unit	2020	2021	2022
Total number of employees	Persons	13,746	13,904	13,773
Total educational expenses for executives and employees	KRW million	14,933	14,848	17,100
Total educational expenses per capita	KRW million	1.1	1.1	1.2
Total training hours for executives and employees	Hours	2,711,756	2,846,039	2,862,473
Total training hours per capita	Hours	197.3	204.7	207.8

Turnover and Retirement

		Unit	2020		2021		2022	
			Male	Female	Male	Female	Male	Female
Total number of turnover and retirement		Persons	170		216		485	
By rank	Executives	Persons	1	-	1	-	-	-
	1st rank	Persons	8	1	8	-	5	-
	2nd rank	Persons	4	1	7	1	4	1
	3rd rank	Persons	5	2	4	3	4	2
	4th rank	Persons	12	4	6	4	18	3
	Clerk	Persons	28	11	58	21	303	50
	Non-permanent position	Persons	43	50	46	57	30	65
Total turnover rate		%	1.24		1.55		3.52	
Number of voluntary turnover		Persons	78	60	74	68	78	74
Voluntary turnover ratio		%	1		1.02		1.10	
			0.57	0.44	0.53	0.49	0.57	0.54

* Voluntary turnover - Includes dismissed executives and early retirement

Executives and Employees Remuneration

(Unit : KRW 1,000)

	2019	2020	2021	2022
CEO remuneration	408,835	413,724	423,257	431,030
Average executive remuneration	343,452	347,625	355,691	350,674
Permanent (general) employee remuneration average	104,116	107,125	107,722	108,849
Indefinite contract employee remuneration average	54,374	58,413	60,322	63,431

* Excluding short-term contract positions
** Prepared based on the disclosure standards of Korea's All Public Information In-One (ALIO), a public institution management information disclosure system

Gender Pay

		2020	2021	2022
Executive level	Wage ratio, female to male	1	1	1
Manager level (3rd rank or above)		1	1	1
Non-manager level (4th rank or below)		1	1	1

* There are differences in wages due to annual leave and performance evaluation, but there are no differences in basic salaries between men and women for those on the same rank and salary level

Job and Workplace Satisfaction Level

		Unit	2022	
			First half of year	Second half of year
Total number of participants		Persons	1,514	3,160
By rank	3rd rank (team leader) or above	Persons	363	903
	4th rank or below	Persons	1,151	2,257
Ratio of participants		%	10.99	22.94
Total number of positive responses		Persons	894	2,115
By rank	3rd rank (team leader) or above	Persons	254	768
	4th rank or below	Persons	640	1,347
Ratio of positive respondents		%	59.05	66.93

Childcare Leave Status

	Unit	2020		2021		2022	
		Male	Female	Male	Female	Male	Female
Total number of employees on childcare leave	Persons	33	1,358	25	1,377	46	1,418
Returning employees after childcare leave	Persons	22	528	12	486	22	533
Returning employees after childcare leave in previous year	Persons	14	393	22	458	12	430
Ratio of employees who worked for 12 months or longer after returning from previous year's childcare leave	%	93.3	87.5	100	86.7	100	88.5

* The number of returning employees was calculated based on the date of reinstatement.

Employee Welfare and Benefits

	Unit	2020	2021	2022
Utilization of flexible working-hour system	Persons	2,619	2,428	2,457
Utilization of work from home	Persons	9,643	10,913	35

* Each instance is counted separately to account for those using multiple forms of the flexible working-hour system (including staggered commuting, selective working hours, and flexible work).
** In November 2021, work from home was suspended due to the phased daily recovery of COVID-19

Ethics and Human Rights Training

	Unit	2020	2021	2022
Number of employees that participated in ethics training	Persons	11,035	12,321	12,191
Hours of ethics training	Hours	25,748	28,749	30,274
Number of employees that participated in human rights training	Persons	11,035	12,321	12,191
Hours of human rights training	Hours	4,046	4,107	4,673

Information Protection Training

	Unit	2020	2021	2022
Employee training hours	Hours	73,398	74,706	74,298
Number of participants from IBK	Persons	12,028	12,236	12,155
Number of participants from partner companies	Persons	1,479	1,635	1,876

Safety and Health

	Unit	2020	2021	2022
Number of industrial accidents	Cases	0	0	4
Number of absences due to industrial accident	Days	0	0	19
Absentee Rate	%	-	-	0.00058

* The numbers until 2021 are based on the number of deaths; starting in 2022, also include injuries.
** The number of industrial accidents is compiled based on the injury details provided by the Korea Labor Welfare Service, and the data includes the cases recognized up to May 2023.

Labor Practices

	Unit	2020	2021	2022
Total number of employees	Persons	13,746	13,904	13,773
Number of employees in Labor Union & Labor-Management Council	Persons	10,435	10,794	10,627
Ratio of employees in Labor Union & Labor-Management Council	%	75.9	77.6	77.2

* Labor-Management Council meetings were held five times in 2022.

Customers and Communities Data

Customer Satisfaction

	Unit	2020	2021	2022	
				First half of year	Second half of year
Internal Customer Satisfaction Survey I	Points	91.1	90.7	90.2	-
Internal Customer Satisfaction Survey II	Points	-	-	-	92.4
Total number of complaints received	Cases	214	175		115
Ratio of complaints handled	%	100	100		100

* Customer-satisfaction survey method tool change starting from the second half of 2022
** Customer complaints – Based on the number of cases announced by the Korea Federation of Banks

IT Infrastructure Accidents

	Unit	2020	2021	2022
Customer information leakage accidents	Cases	0	0	0
Total number reported	Cases	0	0	0
Amount lost	KRW million	0	0	0

Anti-Corruption Cases

	Unit	2020	2021	2022
Number of confirmed cases of corruption and bribery	Cases	0	0	0

Employee Volunteer Activities

	Unit	2020	2021	2022
Total number of participating employees	Persons	238	216	234

Contributions and Other Expenditures

(Unit : KRW million)

	Unit	2020	2021	2022
Korea Inclusive Finance Agency	KRW million	1,500	1,000	1,500
IBK Happiness Sharing Foundation	KRW million	5,000	8,000	10,000

Details of Donation Expenditure

	Unit	2020	2021	2022
Charitable donations	KRW million	25,022	21,905	20,276
Community investments	KRW million	1,000	4,510	5,654
Commercial initiatives	KRW million	663	386	398
Political donations	KRW million	0	0	0
Total donations	KRW 100 million	267	268	263

1) Community investments: Donation support for the development of Suwon City
2) Commercial initiatives: Support for partners and school development funds
* In Korea, political donations by corporations are prohibited under the Political Funds Act. IBK conducts prior consultations on the recipient and appropriateness of donation following the Donation Operation Standards. We strictly abide by the law to ensure that IBK-related funds are not provided as political donations, voting-related funds, lobbying funds, etc.

ESG Documents

IBK Environmental Management Policy

IBK acknowledges the importance of environmental management as a fundamental aspect of our sustainable business strategy, and we are fully committed to realizing an environmentally friendly society. Our commitments to addressing the issue of climate change are outlined as follows:

- We will comply with domestic and international environmental laws and agreements, striving to promote the development of an environmentally friendly society.
- We will engage in activities to reduce greenhouse gas emissions, actively participating in global efforts to combat the climate crisis.
- We will demonstrate social responsibility by engaging in green finance activities, including developing environmentally friendly products and services.
- We will establish and make continuous efforts to improve our environmental management system. We will also ensure transparency by openly disclosing our environmental management performance.

IBK Financial Group Financial Consumer Protection Charter

All employees of IBK Financial Group are dedicated to approaching tasks from the perspective of financial consumers and fulfilling their responsibilities accordingly.

- We will prioritize protecting financial consumers' rights and interests by clearly understanding their needs and recommending the most suitable products.
- We will provide financial products and services transparently and easily comprehensibly.
- We will collect financial consumer information by legal regulations and ensure its safe and lawful usage.
- We will address complaints and damages from financial consumers fairly and promptly, with active consideration given to system enhancements.
- We will respect financial consumers' opinions and try to eliminate unreasonable business practices.
- We are committed to continually offering non-discriminatory financial services to individuals facing financial disadvantages.

IBK Financial Group pledges to diligently uphold service performance standards in adherence to the Financial Consumer Protection Charter.

IBK's Safety and Health Management Policies

IBK puts the lives and safety of customers and employees as a primary value in management and makes every effort to establish a safety management system to prevent and handle safety accidents.

To achieve the above objective, we establish the following safety and health management policies and the entire executives and employees should observe these to make a safe, healthy society and workplace.

- Put safety and health as a primary value of management activities.
- Fully observe safety and health regulations and workflow related safety rules.
- All members should do their best for prevention and field-centered safety and health management by discovering adverse risk factors actively.
- Do our best to protect the lives and safety of executives and employees, workers at business facilities subject to safety management and customers using IBK's facilities.

Safety and health management policies should be disclosed to the entire executives, employees, and the persons concerned. All members should be fully aware of these policies, fulfill and examine them earnestly and constantly improve shortcomings.

IBK Declaration of Human Rights

IBK, as a "partner of happiness and hope committed to human rights-centered finance," has established the "IBK Code of Ethics" and the "IBK Code of Conduct for Employees." These codes embody our philosophy of safeguarding and respecting the human rights of our employees and stakeholders. We are dedicated to the pursuit of human rights management.

IBK wholeheartedly endorses the universal principles for protecting and respecting human rights, as outlined in the UN's "Universal Declaration of Human Rights" and "Guiding Principles on Business and Human Rights." We pledge to uphold these principles as our value judgment and behavior criteria, binding executives and employees to their practice.

- We uphold the "IBK Human Rights Charter" to foster a happy workplace environment for all employees.
- We strictly prohibit discrimination based on gender or religion and ensure the secure handling of customer information.
- We maintain the accuracy and reliability of accounting practices, providing transparent information to safeguard the rights of shareholders.
- We foster fair trade with partner companies and actively support their human rights management initiatives.
- We are committed to respecting local community members' human rights and actively engaging in regional social contribution activities.
- We proactively prevent human rights violations and work towards providing timely relief in such cases.

Click on the document to see more details.

- IBK Environmental and Energy Management Manual
- Articles of Incorporation
- Risk Management Committee Regulations
- Compliance Support Regulations
- IBK Employee Code of Ethics
- Financial Consumer Protection Regulations
- Board Rules
- ESG Committee Rules
- Internal Control Regulations
- Risk Management Regulations
- Guidelines for Gender Equality and Prevention of Sexual Violence and Harassment in the Workplace
- Steering Committee Rules
- Governance Internal Procedures
- Whistleblowing System Operation Manual
- Information Security Manual
- Safety and Health Management Procedures
- Remuneration Committee Rules
- Human Rights Management Regulations
- IBK Code of Ethics
- Privacy Policy

APPENDIX

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UN SDGs, UNGC

IBK is actively working towards the United Nations Sustainable Development Goals (SDGs), representing the shared global objective for sustainable development. As a corporate citizen and policy finance institution, IBK is committed to fulfilling its mission by contributing to these common goals. We will continue to play an active role in creating a sustainable future for all.

Major Activities to Accomplish the UN SDGs

SDGs	Major Activities
1 NO POVERTY	• IBK scholarship project • Education for financially disadvantaged classes • Expansion of microfinance • Support for the vulnerable in disaster areas
3 GOOD HEALTH AND WELL-BEING	• Open counseling room • Family-friendly HR policy • Safety and health education • Occupational Safety and Health Program
4 QUALITY EDUCATION	• Financial and economic education • Job consulting • Job fairs
5 GENDER EQUALITY	• Joining WEPs • Improvement of inclusivity in HR management (Expansion of promotion opportunities for women)
6 CLEAN WATER AND SANITATION	• Chungju Training Institute Zero Discharge System • Environment/Energy Management System • Installation of water conservation sanitary equipment
7 AFFORDABLE AND CLEAN ENERGY	• Expansion of renewable energy investments • Establishment of Coal Financing Policy • Market maker of emissions trading scheme
8 DECENT WORK AND ECONOMIC GROWTH	• New Job-Creation Project • Expansion of SME financial support • Expansion of financial accessibility

SDGs	Major Activities
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• IBK Changgong • IBK 1st Lab • Expansion of venture capital and technology finance
10 REDUCED INEQUALITIES	• 1 Company 1 Person with Disabilities Recruitment Campaign 1 Company 1 Person with Disabilities Recruitment Campaign • UN Financial Health and Inclusion Initiative
11 SUSTAINABLE CITIES AND COMMUNITIES	• Establishment of environmental and social risk management system (Protection of world cultural heritage, etc.)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Environmental and Energy Management System (ISO 14001, 50001 certifications) • IBK Green Challenge
13 CLIMATE ACTION	• Voluntary carbon neutrality 2040 • Carbon neutrality of financial assets by 2050 • Climate risk management
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Prohibition of child labor • Establishment of human rights management system • Operation of whistleblowing system
17 PARTNERSHIPS FOR THE GOALS	• Support establishment of SME Bank in Saudi Arabia • Participation in the OECD Sustainable SME Finance Platform

Ten Principles of the UN Global Compact

COMMUNICATION ON PROGRESS — This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals. We welcome feedback on its contents.

Category		Details	Page
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	92-93
	Principle 2	make sure that they are not complicit in human rights abuses.	
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	89, 93
	Principle 4	the elimination of all forms of forced and compulsory labor;	
	Principle 5	the effective abolition of child labor; and	
	Principle 6	the elimination of discrimination in respect of employment and occupation.	
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;	15, 53-56
	Principle 8	undertake initiatives to promote greater environmental responsibility; and	
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	90-91

ISSB Index

In March 2022, the International Sustainability Standards Board (ISSB) of the International Financial Reporting Standards (IFRS) Foundation published the exposure draft for 'IFRS S1 General Requirements for Disclosure' and 'IFRS S2 Climate-related Disclosures,' sustainability disclosure standards. IBK has reported climate-related information according to the draft for 'IFRS S2 Climate-related Disclosures.' When the Korea Sustainability Standards Board (KSSB) later publishes K-ISSB, which reflects the domestic situation, we will disclose it according to that standard.

Classification	IFRS S2 Climate-Related Disclosures	Page
Governance	**1. Disclose information about the governance body or bodies with oversight of climate-related risks and opportunities, and information about management's role in those processes**	88
	The identity of the body or individual within a body responsible for oversight of climate-related risks and opportunities;	
	How the body's responsibilities for climate-related risks and opportunities are reflected in the entity's terms of reference, board mandates and other related policies.	
	How the body ensures that the appropriate skills and competencies are available to oversee strategies designed to respond to climate-related risks and opportunities.	
	How and how often the body and its committees (audit, risk or other committees) are informed about climate-related risks and opportunities;	
	How the body and its committees consider climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions, and its risk management policies, including any assessment of trade-offs and analysis of sensitivity to uncertainty that may be required.	
	How the body and its committees oversee the setting of targets related to significant climate-related risks and opportunities, and monitor progress towards them, including whether and how related performance metrics are included in remuneration policies.	
	A description of management's role in assessing and managing climate-related risks and opportunities, including whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee.	
Strategy	**1. Strategy for addressing significant climate-related risks and opportunities**	41-42
	The significant climate-related risks and opportunities that it reasonably expects could affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term.	
	The effects of significant climate-related risks and opportunities on its business model and value chain.	
	The effects of significant climate-related risks and opportunities on its strategy and decision-making, including its transition plans.	
	The effects of significant climate-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term —including how climate-related risks and opportunities are included in the entity's financial planning.	
	The climate resilience of its strategy (including its business model) to significant physical risks and significant transition risks.	
	2. [Climate-related risks and opportunities] Significant climate-related risks and opportunities that could reasonably be expected to affect the entity's business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term	41-45
	A description of significant climate-related risks and opportunities and the time horizon over which each could reasonably be expected to affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term.	
	How it defines short-term, medium-term and long-term, and how these definitions are linked to the entity's strategic planning horizons and capital allocation plans.	
	Whether the risks identified are physical risks or transition risks. For example, acute physical risks could include the increased severity of extreme weather events such as cyclones and floods, and examples of chronic physical risks include rising sea levels or rising mean temperatures. Transition risks could include regulatory, technological, market, legal or reputational risks.	
	2-1. Assessment of the current and anticipated effects of significant climate-related risks and opportunities on its business model	
	A description of the current and anticipated effects of significant climate-related risks and opportunities on its value chain	41-42
	A description of where in its value chain significant climate-related risks and opportunities are concentrated (for example, geographical areas, facilities or types of assets, inputs, outputs or distribution channels).	-
	3. [Strategy and decision-making] Effects of significant climate-related risks and opportunities on its strategy and decision-making, including its transition plans	51-56
	a) How it is responding to significant climate-related risks and opportunities including how it plans to achieve any climate-related targets it has set	
	Information about current and anticipated changes to its business model	
	Changes the entity is making in strategy and resource allocation to address the risks and opportunities identified in 2-1. Examples of these changes include resource allocations resulting from demand or supply changes, or from new business lines; resource allocations arising from business development through capital expenditures or additional expenditure on operations or research and development; and acquisitions and divestments.	
	Plans and critical assumptions for legacy assets, including strategies to manage carbon energy- and water-intensive operations, and to decommission carbon-energy- and water-intensive assets.	
	Information about direct adaptation and mitigation efforts it is undertaking (for example, through changes in production processes, workforce adjustments, changes in materials used, product specifications or through introduction of efficiency measures);	
	Information about indirect adaptation and mitigation efforts it is undertaking (for example, by working with customers and supply chains or use of procurement)	
	How these plans will be resourced.	

Classification	IFRS S2 Climate-Related Disclosures	Page
Strategy	b) Information regarding climate-related targets for these plans including:	46
	The processes in place for review of the targets	
	The amount of the entity's emission target to be achieved through emission reductions within the entity's value chain	
	The extent to which the targets rely on the use of carbon offsets	-
	Whether the offsets will be subject to a third-party offset verification or certification scheme (certified carbon offset), and if so, which scheme, or schemes	
	The type of carbon offset, including whether the offset will be nature-based or based on technological carbon removals and whether the amount intended to be achieved is through carbon removal or emission avoidance	
	Any other significant factors necessary for users to understand the credibility and integrity of offsets intended to be used by the entity (for example, assumptions regarding the permanence of the carbon offset)	
	c) Quantitative and qualitative information about the progress of plans disclosed in prior reporting periods in accordance with paragraph a) and b).	
	4. [Financial position, financial performance and cash flows] Information that enables users of general purpose financial reporting to understand the effects of significant climate-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term—including how climate-related risks and opportunities are included in the entity's financial planning	
	a) How significant climate-related risks and opportunities have affected its most recently reported financial position, financial performance and cash flow	As of current, we do not disclose impacts of climate risks and opportunities on our financial status and performance due to their uncertainties
	b) Information about the climate-related risks and opportunities for which there is a significant risk that there will be a material adjustment to the carrying amounts of assets and liabilities reported in the financial statements within the next financial year	
	c) How it expects its financial position to change over time, given its strategy to address significant climate-related risks and opportunities, reflecting:	
	Its current and committed investment plans and their anticipated effects on its financial position (for example, capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas and asset retirements)	
	Its planned sources of funding to implement its strategy	
	d) How it expects its financial performance to change over time, given its strategy to address significant climate-related risks and opportunities (for example, increased revenue from or costs of products and services aligned with a lower-carbon economy, consistent with the latest international agreement on climate change; physical damage to assets from climate events; and the costs of climate adaptation or mitigation);	
	e) If the entity is unable to disclose quantitative information for (a)–(d), an explanation of why that is the case.	
	5. [Climate resilience] Information that enables users of general purpose financial reporting to understand the resilience of the entity's strategy (including its business model) to climate-related changes, developments or uncertainties—taking into consideration an entity's identified significant climate-related risks and opportunities and related uncertainties (The entity shall use climate-related scenario analysis to assess its climate resilience unless it is unable to do so. If an entity is unable to use climate-related scenario analysis, it shall use an alternative method or technique to assess its climate resilience)	
	How the analysis has been conducted, including:	
	a) When climate-related scenario analysis is used:	43-45
	Which scenarios were used for the assessment and the sources of the scenarios used;	
	Whether the analysis has been conducted by comparing a diverse range of climate-related scenarios	
	Whether the scenarios used are associated with transition risks or increased physical risks	
	Whether the entity has used, among its scenarios, a scenario aligned with the latest international agreement on climate change	
	An explanation of why the entity has decided that its chosen scenarios are relevant to assessing its resilience to climate-related risks and opportunities	
	The time horizons used in the analysis	
	The inputs used in the analysis, including, but not limited to the scope of risks (for example, the scope of physical risks included in the scenario analysis), the scope of operations covered (for example, the operating locations used), and details of the assumptions (for example, geospatial coordinates specific to entity locations or national- or regional-level broad assumptions)	
	Assumptions about the way the transition to a lower-carbon economy will affect the entity, including policy assumptions for the jurisdictions in which the entity operates; assumptions about macroeconomic trends; energy usage and mix; and technology	
	b) The results of the analysis of climate resilience	45
	The implications, if any, of the entity's findings for its strategy	
	The significant areas of uncertainty considered in the analysis of climate resilience	
	The entity's capacity to adjust or adapt its strategy and business model over the short, medium and long term to climate developments	
	The availability of, and flexibility in, existing financial resources, including capital, to address climate-related risks, and/or to be redirected to take advantage of climate-related opportunities	
	The ability to redeploy, repurpose, upgrade or decommission existing assets	-
	The effect of current or planned investments in climate-related mitigation, adaptation or opportunities for climate resilience	

Classification	IFRS S2 Climate-Related Disclosures	Page
Risk Management	**1. Process, or processes, by which climate-related risks and opportunities are identified, assessed and managed**	
	a) The process, or processes, it uses to identify climate-related risks and opportunities	24-25, 41-45
	b) The process, or processes, it uses to identify climate-related risks for risk management purposes	
	c) The process, or processes, it uses to identify, assess and prioritize climate-related opportunities	
	d) The process, or processes, it uses to monitor and manage the climate-related risks and opportunities	
Metrics and Targets	**1. How an entity measures, monitors and manages its significant climate-related risks and opportunities**	
	a) Information relevant to the cross-industry metric categories	46, 49
	b) Industry-based metrics	
	c) Targets set by the entity to mitigate or adapt to climate-related risks or maximize climate-related opportunities.	
	d) Other metrics used by the board or management to measure progress towards the targets identified in c)	
	2. Information relevant to the cross-industry metric categories	
	Greenhouse gas emissions - its absolute gross greenhouse gas emissions generated during the reporting period, measured in accordance with the Greenhouse Gas Protocol Corporate Standard, expressed as metric tonnes of CO_2 equivalent, classified as Scope 1, Scope 2, Scope 3 emissions;	46, 107
	For Scope 1 and Scope 2 emissions, the entity shall disclose emissions separately for (1) the consolidated accounting group (the parent and its subsidiaries); (2) associates, joint ventures, unconsolidated subsidiaries or affiliates not included in (1); and (3) the approach it used to include emissions for the entities included in (2) (for example, the equity share or operational control method in the Greenhouse Gas Protocol Corporate Standard);	-
	Transition risks - the amount and percentage of assets or business activities vulnerable to transition risks	43-45, 50
	Physical risks - the amount and percentage of assets or business activities vulnerable to physical risks	
	Climate-related opportunities - the amount and percentage of assets or business activities aligned with climate-related opportunities	
	Capital deployment - the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	-
	Internal carbon prices - the price for each metric tonne of greenhouse gas emissions that the entity uses to assess the costs of its emissions; an explanation of how the entity is applying the carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis)	
	Remuneration - the percentage of executive management remuneration recognized in the current period that is linked to climate-related considerations; a description of how climate-related considerations are factored into executive remuneration	
	3. Scope 3 emissions disclosed and related activities and description	
	a) Upstream and downstream emissions in its measure of Scope 3 emissions	47, 107
	b) The categories included within its measure of Scope 3 emissions	
	c) When the entity's measure of Scope 3 emissions includes information provided by entities in its value chain, it shall explain the basis for that measurement	
	e) If the entity excludes those greenhouse gas emissions in paragraph c), it shall state the reason for omitting them	
	4. Climate-related targets	
	Metrics used to assess progress towards reaching the target and achieving its strategic goals	46
	The specific target the entity has set for addressing climate-related risks and opportunities	
	Whether this target is an absolute target or an intensity target	
	The objective of the target (for example, mitigation, adaptation or conformance with sector or science-based initiatives)	
	How the target compares with those created in the latest international agreement on climate change and whether it has been validated by a third party	-
	Whether the target was derived using a sectoral decarbonization approach	
	The period over which the target applies	46
	The base period from which progress is measured	
	Any milestones or interim targets	

GRI Index

GRI Standards	Disclosure	Indicators	Page	Remarks
General Disclosures				
GRI 2 : General Disclosure	2-1	Organizational details	5-6	
	2-2	Entities included in the organization's sustainability reporting	129	
	2-3	Reporting period, frequency and contact point	129	
	2-4	Restatements of information	107	Adjustment of past SCOPE 3 calculation figures Expansion of solar power consumption measuring range
	2-5	External assurance	127-128	
	2-6	Activities, value chain and other business relationships	8, 21-38	
	2-7	Employees	108	
	2-8	Workers who are not employees	-	62nd Business Report p.586
	2-9	Governance structure and composition	85	
	2-10	Nomination and selection of the highest governance body	86	Non-operation of the Independent Director Candidate Nomination Committee
	2-11	Chair of the highest governance body	85	
	2-12	Role of the highest governance body in overseeing the management of impacts	10-12, 88	
	2-13	Delegation of responsibility for managing impacts	19, 88	
	2-14	Role of the highest governance body in sustainability reporting	88	
	2-15	Conflicts of interest	-	IBK is a special bank established under the Industrial Bank of Korea Act. 62nd Business Report p.267-273, 580-581, 592-593 2022 Annual Report on Governance and Reward System p.60
	2-16	Communication of critical concerns	18-19, 97-99	11 board meetings 56 agenda items
	2-17	Collective knowledge of the highest governance body	85-86	
	2-18	Evaluation of the performance of the highest governance body	87-88	
	2-19	Remuneration policies	87-88	2022 Renumeration System Annual Report
	2-20	Process to determine remuneration	87-88	2022 Renumeration System Annual Report
	2-21	Annual total compensation ratio	109	
	2-22	Statement on sustainable development strategy	4	
	2-23	Policy commitments	89-93	
GRI 2 : General Disclosure	2-24	Embedding policy commitments		
	2-25	Processes to remediate negative impacts	92-93, 97-99	
	2-26	Mechanisms for seeking advice and raising concerns	92, 94	
	2-27	Compliance with laws and regulations	107	62nd Business Report p.599-600
	2-28	Membership associations	15	
	2-29	Approach to stakeholder engagement	16-17	
	2-30	Collective bargaining agreements	110	
Material Topics				
GRI 3 : Material Topics 2021	3-1	Process to determine material topics	18	
	3-2	List of material topics	19	Expansion of social contribution' and 'expansion of inclusive finance,' which are the last year's important issues, are integrated into 'Customer convenience and accessibility reinforcement.' 'Expansion of ESG finance,' which is the last year's important issue, expanded its scope from finance to 'support for the transition of SMEs to green.'
	3-3	Management of material topics	19	
GRI 201 : Economic Performance	201-1	Direct economic value generated and distributed	106	
	201-2	Financial implications and other risks and opportunities due to climate change	41-45	
	201-3	Defined benefit plan obligations and other retirement plans	106	
GRI 203 : Indirect Economic Impacts	203-1	Infrastructure investments and services supported	78-83	
	203-2	Significant indirect economic impacts	31-38	
GRI 205 : Anti-corruption	205-2	Communication and training about anti-corruption policies and procedure	90-91	
GRI 302 : Energy	302-1	Energy consumption within the organization	107	Disclosure of bank-wide energy consumption
	302-3	Energy Intensity	46	
GRI 303 : Water and Effluents	303-3	Water withdrawal	107	Announcement of water withdrawal based on headquarters and IFT
GRI 305 : Emissions	305-1	Direct (Scope 1) GHG emissions	107	
	305-2	Energy indirect (Scope 2) GHG emissions	107	
	305-3	Other indirect (Scope 3) GHG emissions	107	
	305-4	GHG emissions intensity	46	
	305-5	Reduction of GHG emissions	54-55	
GRI 306 : Waste	306-3	Waste generated	107	

GRI Standards	Disclosure	Indicators	Page	Remarks
GRI 401 : Employment	401-1	New employee hires and employee turnover	109	
	401-3	Parental leave	110	
GRI 403 : Occupational Health and Safety	403-1	Occupational health and safety management system	72	
	403-2	Hazard identification, risk assessment, and incident investigation	73	
	403-3	Occupational health services	73	
	403-4	Worker participation, consultation, and communication on occupational health and safety	72-73	
	403-5	Worker training on occupational health and safety	73	Safety Management Report
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	72-73	Safety Management Report
	403-9	Work-related injuries	73, 110	
GRI 404 : Training and Education	404-1	Average hours of training per year per employee	109	
	404-2	Programs for upgrading employee skills and transition assistance programs	65-66	
GRI 405 : Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	108	
GRI 407 : Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	69, 110	Human Rights Management Regulation, Article 4 (Guarantee of Freedom of Association and Collective Bargaining) ② The bank shall guarantee the rights of employees to engage in collective bargaining through the labor union.
GRI 408 : Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	Human Rights Management Regulation, Article 5 (Prohibition of Forced Labor and Child Labor) ② The bank shall not employ children under 15 years old.

GRI Standards	Disclosure	Indicators	Page	Remarks
GRI 409 : Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	Human Rights Management Regulation, Article 5 (Prohibition of Forced Labor and Child Labor) ① The bank shall not make employees perform forced labor against their free will
GRI 413 : Local Communities	413-1	Operation with local community engagement, impact assessments, and development programs	79-83	IBK Hope Design, etc.
GRI 415 : Public Policy	415-1	Political contributions	111	In South Korea, the Political Funds Act prohibits political contributions by corporations
GRI 418 : Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	103-104	

Statement of use	Report on the major activities and results of IBK's sustainable management from January 01, 2022 to December 31, 2022, following GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	As of June 2023, IBK's applicable standards haven't been presented.

SASB Report

SASB - Multiple Sectors (FN)

Topic	Disclosure code	Accounting indicators	IBK response	Page
Information security	FN-CB-230a.2 FN-CF-230a.3 FN-EX-550a.3	Identification of data security risks and explanation of approach to solutions	IBK solidified its information security systems through 24x365 security control and multiple defense systems, enhancing its ability to respond to external cyber-attacks. IBK inspects vulnerabilities of the information security systems in various ways to fundamentally block security crises and secure safety.	100
Business ethics	FN-CB-510a.2 FN-AC-510a.2 FN-IB-510a.2	Description of whistleblower policies and procedures	IBK has implemented a comprehensive whistleblowing system to prevent financial accidents and minimize associated losses. Reporting can be done anonymously or with real names through various channels, including letters, emails, phone calls, and the bank's intranet system.	94
Employee diversity and inclusion	FN-AC-330a.1 FN-IB-330a.1	Percentage of gender, racial, and ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Detailed information related to the diversity of employees is publicly noticed by contractual condition, rank, or gender.	108-109
Systematic risk management	FN–CB-550a.1 FN-IB-550a.1	Global systematically important bank (G-SIB) score by sector	IBK does not correspond to G-SIB. IBK was also excluded from domestic systematically important banks (D-SIB) due to the government's loss compensation clause in-laws. Instead, IBK publicly notices the status of the BIS capital adequacy ratio.	98
	FN-CB-550a.2 FN-IB-550a.2	Description of approach to incorporation of mandatory and voluntary stress test results in capital adequacy plans, long-term corporate strategies, and other activities	After each half-year, the findings of the Stress Test, which examines the bank's susceptibility to extraordinary yet plausible events, are reported to the Risk Management Committee.	98

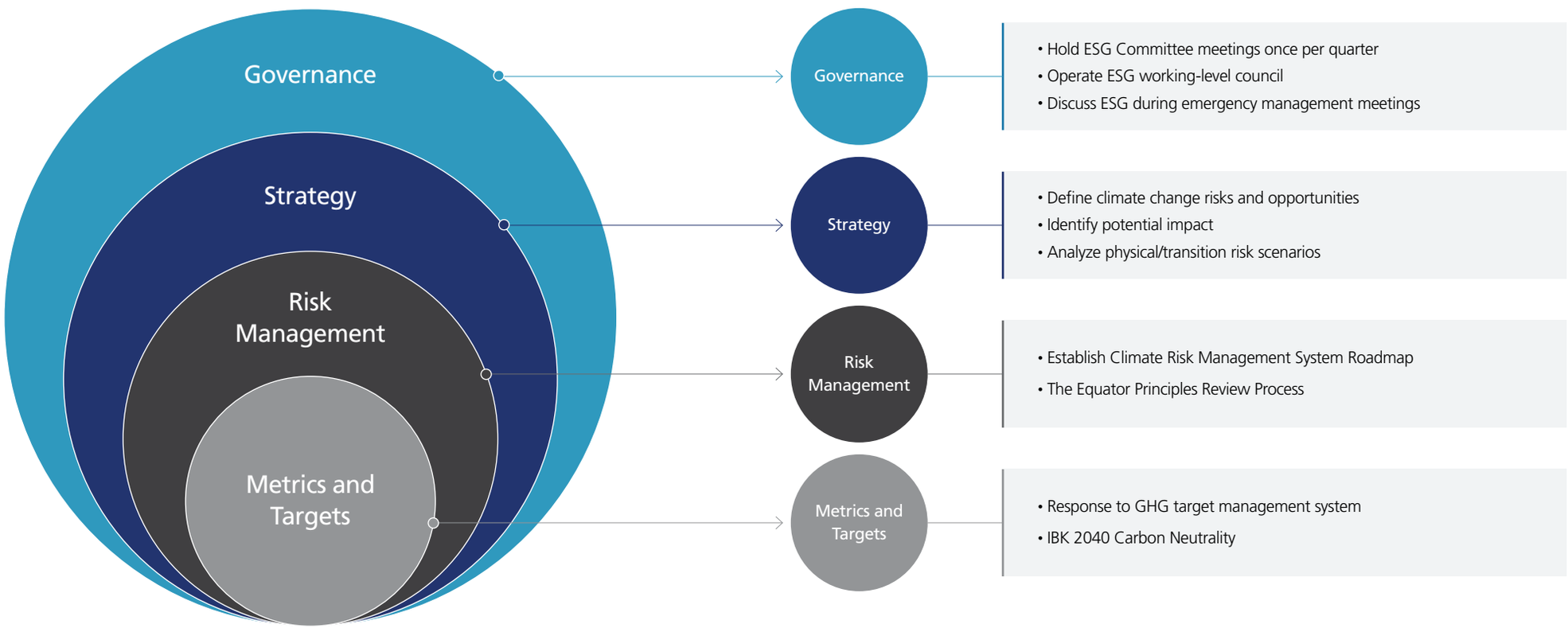
SASB - Commercial Banks

Topic	Disclosure code	Accounting indicators	IBK response	Page
Information security	FN-CB-230a.1	(1) Number of data breaches (2) Percentage of personally identifiable information (PII) (3) Number of account holders affected	(1) 0 (2) 0% (3) 0 No data infringement accidents occurred during the reporting year.	100-104, 111
Inclusive Finance	FN-CB-240a.1	(1) Number of loans and (2) amount of loans to promote small businesses and community development	To respond to this accounting indicator, IBK separately defines the criteria[1)] of loans for companies whose annual sales volume is less than KRW 1 billion. During the reporting year, IBK provided (1) 66,417 loans and (2) KRW 3,500.2 billion.	-
	FN-CB-240a.4	Number of participants in financial education for financially vulnerable classes	IBK conducted 432 financial and economic education sessions for the financially vulnerable in 2022, and 44,088 persons participated. Additionally, IBK provides economic education for seniors and middle-aged homemakers which includes digital finance, to help financially neglected classes adapt to the rapidly changing environment.	74
Inclusion of Environment, Society, and Governance Elements in Credit Analysis	FN-CB-410a.1	Exposure of commercial and industrial credits by industry	The industrial credit exposure of IBK, which accounts for 2% or more of the overall business portfolio, is as follows. Business type / Amount (KRW million) / Percentage (%) Manufacturing / 1,287,203 / 44.37 Wholesale and retail / 435,765 / 15.02 Household loan / 426,848 / 14.71 Real estate / 251,491 / 8.67 Construction / 76,438 / 2.63 Information communication / 64,934 / 2.24	-
	FN-CB-410a.2	Description of approach to include ESG elements in credit analysis	IBK leverages its proprietary big data portal to incorporate the degree of ESG management into the loan review process. ESG-related items within the portal are collected and classified into positive and negative items, granting a weighted value to each item. ESG levels are classified based on the final combined score, and the levels are used during loan reviews.	21
Activity Metrics	FN-CB-000.A	Number of personal customers and SMEs and deposit amount	Number of customers / Deposit amount (KRW billion) Individual / 16.45 million / 80,181 SME / 2,101,509 / 75,054	-
	FN-CB-000.B	Loan amount of personal customers, SMEs, and corporates	Loan amount (KRW billion, B/S basis) Individual / 41,433 SME / 220,717 Corporates and other public institutions / 10,754	62nd Annual report p.59

1) Loan criteria for companies with annual sales volume less than KRW 1 billion
1. SMEs whose sales volume is less than KRW 1 billion based on the financial statements closed in 2022 (borrower type – personal, SME, cooperative)
2. (For personal, SME, and cooperative borrowers) Balance of SME loans based on B/S, including loans in Korean Won and foreign currencies.
3. Number of cases calculated based on the balance (excluded if no balance of limited loans) 4. Excluding companies with the sales volume of KRW 0 and companies that did not register closed financial statements
* Including cooperatives, corporates, mid-sized companies, and other companies that have the account title of SME loan

TCFD Report

IBK declared its support for the Task force on Climate-related Financial Disclosures (TCFD), in a first among public financial institutions, in June 2020. In alignment with the recommendations of the TCFD, we disclose ESG-related information throughout the report and are actively developing management strategies.



Area	Details	IBK Implementation Status	Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	In June 2021, IBK established the ESG Committee within the Board of Directors, its decision-making body, as a public financial institution for the first time. With the board's delegated authority, the ESG Committee regularly reviews and determines ESG management strategies, policy formulation, climate change-related objectives, implementation progress, and performance evaluation (conducted quarterly). In 2022, the ESG Committee approved the draft of the Coal Financing and Investment Policy (proposal) and the Equator Principles (proposal) adoption. In 2023, the committee reported the results of climate risk analysis (physical risk) and the response to the greenhouse gas target management system, ensuring the effective management and supervision of climate change risks and opportunities.	88
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	At IBK, all executives, including the CEO, evaluate and manage climate change risks and opportunities through emergency management meetings. ESG-related market and policy trends, including climate change risks and opportunities, are shared during these meetings. The role of each group and department in the current status and direction of ESG management is discussed. To establish an organic cooperation system between departments, IBK operates the ESG working-level council of team leaders from related departments. Additionally, ESG performance, including climate change response, is reflected in all departments' performance measurement key performance indicators (KPIs). This ensures that the consideration of climate change is internalized into the evaluation process and reinforces its importance in achieving organizational goals.	42, 88
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	IBK is engaged in identifying and analyzing climate-change risks and opportunities in terms of their potential impacts on the bank in the short-term, medium-term, and long-term. The analysis focuses on two key aspects: opportunities and risks. Opportunities are evaluated in resource efficiency, energy resources, products/services, and markets. On the other hand, risks are assessed in terms of physical risks and transition risks.	41-42
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	IBK assesses the impact of physical risks (Acute, Chronic) and transition risks (policy and legal, technology, market, reputation) on its business, strategic, and financial plans. Under climate change scenarios, the impact of physical risks is estimated for owned real estate and financial assets. Additionally, the required capital for climate risk is calculated by applying the default rate change to the exposure of the high-carbon industry, addressing transition risks.	41-45
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	IBK acknowledges the complexity and uncertainty of climate change impacts and thus conducts risk analysis using scenario analysis to inform its strategic planning. IBK assessed potential risk levels for physical risks by considering the RCP 4.5 and RCP 8.5 scenarios, which provide different climate change projections. Regarding transition risks, IBK analyzed the impact based on the 2°C and 1.5°C scenarios, aligning with the Low Carbon Economy Orderly Transition framework outlined by the NGFS (Network for Greening the Financial System).	43-45

Area	Details	IBK Implementation Status	Page
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	IBK employs a comprehensive approach to identifying and assessing climate risks, categorizing them into physical and implementation risks. The bank evaluates the potential impact of each risk factor on its operations and considers the related risks that could affect its operations. Furthermore, as a financial institution, IBK has officially adopted the Equator Principles and developed an environmental and social risk management system to manage risks and mitigate potential environmental and societal impacts systematically.	24, 41-42
	b) Describe the organization's processes for managing climate-related risks.	IBK has implemented an environmental and social risk management system to effectively manage climate-change risks. This system enables the bank to mitigate negative impacts associated with investments. When assessing loan applications, IBK conducts thorough screening processes. If a project falls under the scope of the Equator Principles, it is classified based on the level of risk. Additionally, impact analysis and monitoring are performed as necessary to manage climate-related risks.	24-25
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Financial impacts triggered by physical and transition risks can lead to an increase in the financial risk of IBK. The Risk Management Committee and ESG Committee play vital roles in identifying, evaluating, and managing climate change risks and overseeing overall risk management practices. In the meantime, IBK has formulated mid- to long-term climate risk management plans, aligning its strategies with six implementation tasks based on the Climate Risk Management System Roadmap.	41-42, 88
Metrics and reduction targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Since 2017, IBK has been incorporated into the greenhouse gas target management system and has been managing greenhouse gas emissions as a key metric. The bank submits verified emissions data to the government and proactively manages climate change-related risks and opportunities to achieve its target.	46
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	The annual greenhouse gas emission data are disclosed in the Sustainability Report and CDP Report. For more information, please refer to the Environment Data section in the Appendix. Total Emissions (tCO_2eq): 55,536 SCOPE 1: 6,560 SCOPE 2: 48,976 Intensity per person (tCO_2eq/person): 4.0322 SCOPE 3 (Excl. financial assets): 13,373.15	107
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	As a government-owned bank and corporate citizen, IBK has set the ambitious target of achieving carbon neutrality by 2040, with 2020 as the base year. Greenhouse gas emissions are monitored as an indicator to track progress toward achieving this goal.	46, 53-55

UN PRB Report

IBK became a member of the United Nations Principles for Responsible Banking (UN PRB) in April 2021 and is actively implementing ESG management based on the six principles outlined by the PRB. In line with the PRB's recommendation to set measurable targets for the most significant impacts, IBK has identified green finance and digital transformation as key areas and has prepared and disclosed the UN PRB implementation report to track progress.

PRB's Six Principles / IBK Key Areas	01 Alignment	02 Impact and Target Setting	03 Clients and Customers	04 Stakeholders	05 Governance & Culture	06 Transparency & Accountability
	Align IBK's management strategies with UN SDGs and the Paris Climate Agreement	Identify impacts of social opportunities and risk factors; set targets	Support sustainable and responsible economic activities of customers	Cooperate with stakeholders to achieve social goals	Implement responsible banking principles through effective governance	Disclose current status on implementation of responsible banking principles
Green Finance	IBK ESG Goals: Green Finance Global Target: **SDGs** 7, 11, 12, 13 Paris Climate Agreement	• 2040 Carbon Neutrality • 2050 Financial Assets Carbon Neutrality • Establish mid- to long-term green finance targets	• Launch products that encourage customer participation - Sustainability Linked Loans (SLL) - Zero carbon installment savings, etc.	• Participate in K-Taxonomy pilot project • OECD Sustainable SME Finance Platform	• ESG Committee • ESG Working Council	• Publish 2023 Sustainability Report • Disclose 2022 UN PRB Template
Digital Transformation	Responsible and Inclusive Management: **SDGs** 1, 3, 4, 5, 8, 9, 10 Compliance and Ethical Management: **SDGs** 12, 13, 16	• 7,500,000 digital customers' satisfaction • 2 million hours of work automation • Digital profit of KRW 300 billion	• Develop and provide digital innovation services - IBK BOX POS - Digital affiliate stores, etc.	• Organize and operate digital working-level advisory group • Organize digital lectures with external specialists	• Digital Innovation Committee • Foster core digital talents	

Independent Assurance Statement

To: The Stakeholders of Industrial Bank of Korea

Introduction and Objectives of Work

BSI Group Korea (hereinafter "the Assurer") was requested to verify Industrial Bank of Korea Sustainability Report 2023(hereinafter "the Report"). This assurance statement applies only to the relevant information included in the scope of the assurance. Industrial Bank of Korea is solely responsible for all information and assertion contained in the Report. The responsibility of the Assurer is to provide Industrial Bank of Korea Management with independent assurance statement based on its expert opinions by applying the verification methodology for the specified assurance scope. It is also to provide the information to all stakeholders of Industrial Bank of Korea.

Standards and Levels

This assurance was based on the AA1000AS (Assurance Standard) v3 (2020) Assurance Standard and confirmed that the Report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. In accordance with the AA1000 AS, the assurance level was Moderate Level, and conducted against Type 1 assurance to confirm compliance with the four principles of the AA1000 AP (AccountAbility Principles) 2018.

Scope

The scope of assurance applied to the Report is as follows;

- Report contents during the period from January 1st to December 31st 2022 included in the report, some data included 2023.
- Major assesstion included in the report, such as sustainability management policies and strategies, goals, projects, and performance, and the report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review

The following contents were not included in the scope of assurance.

- Financial information in Appendix
- Index items related to other international standards and initiatives other than the GRI
- Other related additional information such as the website, business annual report.

Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities;

- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Review of the evidence to support the material issues through interviews with senior managers with responsibility for them
- Verification of data generation, collection and reporting for each performance index

Limitation

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related there to.

Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement.
- The report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards)
- The assurance opinions on the four principles presented in the AA1000 AP (2018) are as follows.

AA1000 AP (2018)

Inclusivity	Stakeholder Engagement and Opinion	Industrial Bank of Korea defined shareholders, employees, governments, customers, and communities as key stakeholders groups, and operated communication channels for each stakeholder group for engagement. Industrial Bank of Korea reflected key issues drawn through stakeholder channels in sustainability management decisions and disclosed the process in the Report.
Materiality	Identification and reporting of material sustainability topics	Industrial Bank of Korea established the strategy related to sustainability management and established the process to derive reporting issues. Industrial Bank of Korea identified financial and social/environmental impacts and derived 12 material topics based on the analysis of media research, benchmarking global advanced companies in its field, and analysis of major global initiatives related to sustainability.
Responsiveness	Responding to material sustainability topics and related impacts	Industrial Bank of Korea established the management process for material topics determined by the materiality assessment, implemented a response plan for each topic to appropriately respond to the derived material topics that reflects the expectations of stakeholders. Industrial Bank of Korea disclosed the process including policy, indicator, activity and response performance on material issues in the Report.
Impact	Impact of an organization's activities and material sustainability topics on the organization and stakeholders	Industrial Bank of Korea established the process to identify and evaluate the impact on organizations and stakeholders related to material topics. Industrial Bank of Korea used impacts, risk and opportunity factor analysis results for material issues to make decisions to develop response strategies for each issue, and disclosed the process in the Report.

Key areas for ongoing development

- IBK discloses the results of its reporting organization on sustainability issues such as sustainable finance, such as calculating financial emissions, and supporting ESG implementation for SMEs. It may be helpful to lead the sustainability management system by specifying strategies and plans for sustainability issues as a national bank.
- The report describes IBK's key sustainability performance in 2022 and expresses its efforts to advance its activities. At the same time, it may be helpful to ensure a balanced reporting by deriving underperforming sustainability issues and specifying related mid- to long-term strategies and goals.

Statement of independence and competence

The Assurer is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with Industrial Bank of Korea. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Evaluation against GRI 'In Accordance' Criteria

The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the following Universal Standards and Topic Standards Indicators based on the data provided by Industrial Bank of Korea, the sector standard was not applied.

[Universal Standards]
2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

[Topic Standards]
201~1~3, 203-1~2, 302-1, 302-3, 303-3, 305-1~5, 306-3, 401-1, 401-3, 403-1~5, 403-7, 403-9, 404-1~2, 405-1, 407-1, 408-1, 409-1, 413-1, 415-1, 418-1

27 June 2023

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S. H. Lim /
BSI Group Korea, Managing Director

About this Report

Report Overview

This report is IBK's ninth sustainability report. Starting in 2021, a regular reporting cycle has been established, ensuring annual reporting. The 2023 Sustainability Report transparently discloses details on outcomes and issues regarding ESG, ESG finance, ESG consulting, and support for SMEs, as well as performance and issues in each area.

Reporting Period

The reporting period is from January 1, 2022, to December 31, 2022, containing matters from the first half of 2023 where they may have significantly influence on decision-making. Data for three years from 2020 to 2022 are provided for quantitative performances.

Boundary and Scope of Report

This report contains the management activities of the head office, domestic and overseas branches, overseas offices, etc, of IBK on a separate basis. Some performances report the sustainability efforts of the IBK Financial Group, along with the ESG management status of eight subsidiaries. Financial performances were limited to IBK in the separate financial statements according to the Korean International Financial Reporting Standards (K-IFRS). However, some performances were prepared based on the consolidated financial statements and indicated separately through stock disposal, etc.

Reporting Principles and Standards

This report was prepared following the Global Reporting Initiative (GRI) Standards and also referred to the UN Principles for Responsible Banking (UN PRB), ISO 26000, the SASB Standards, the TCFD recommendations, and the ISSB exposure drafts for sustainability-related disclosures.

Assurance of Report

To enhance the internal and external credibility of the reported content, IBK requested a professional assurance agency (BSI Group Korea) to perform a third-party assurance engagement. Detailed assurance results are available on pages 127-128.

Inquiries About This Report

Please use the contact points below for additional information or inquiries about this report.

Place of Publication	**IBK (Chairman Kim Sung-tae)** Location of Head Office: 79 Eulji-ro, Jung-gu, Seoul, Republic of Korea
Publication date	July 2023
Inquiries about the Report	ESG management Department **Tel** : 02-3425-4724 **Email** : ibkesg@ibk.co.kr
Reporting Standards	GRI Standards (Core Option), TCFD, SASB, ISO 26000, UN PRB
Reporting Period	January 1, 2022 ~ December 31, 2022 (some performances from the first half of 2023)
Boundary and Scope of Report	Economy (K-IFRS), environmental and social
Reporting Cycle	Annual (last report published in July 2022)
Designed by	Moc Communication Co., Ltd.

Industrial Bank of Korea