Industrial Bank of Korea

2024 IBK Sustainability Report

Beyond Sustainability

ABOUT THIS REPORT

Report Overview
This is the tenth sustainability report of IBK, and we have formalized the reporting cycle since 2021, publishing annually. The 2024 Sustainability Report transparently discloses key achievements and issues related to ESG management strategy, environment, society, governance, ESG finance, ESG consulting, and SME support.

Reporting Period
The reporting period covers from January 1, 2023, to December 31, 2023, and includes matters from the first half of 2024 that may significantly impact decision-making. For quantitative performance, data from the most recent four years, from 2020 to 2023, is provided.

Reporting Boundaries and Scope
This report includes the management activities of the IBK's headquarters and domestic and international branches and offices, with some performance metrics reporting the efforts of the financial group's sustainable management, including the ESG management status of nine subsidiaries. Financial performance is limited to the IBK based on separate financial statements under the Korean International Financial Reporting Standards (K-IFRS). However, some performances are prepared on a consolidated basis, with such instances separately indicated through footnotes or annotations.

Reporting Principles and Standards
This report has been prepared in accordance with the GRI (Global Reporting Initiative) Standards, the international sustainability management standard guidelines. Additionally, it reflects the UN Principles for Responsible Banking (UN PRB), ISO 26000, SASB disclosure standards, TCFD recommendations, and refers to the IFRS Sustainability Disclosure Standards of the ISSB.

Report Assurance
To enhance the internal and external reliability of the report contents, independent assurance was commissioned by a professional assurance agency (BSI Group Korea) to ensure the reliability and fairness of the content. Detailed assurance opinions are included on page 143-145 of this report.

Cover Story
The cover of the 2024 IBK Sustainability Report features a child imagining the universe, symbolizing a space with infinite possibilities and hope. Just as a child broadens their horizons through imagination, IBK's sustainable management holds boundless potential. We intend to convey a hopeful message that we will achieve our unique vision of sustainable management by exploring new perspectives beyond the current concept of sustainability. IBK is committed to creating a better tomorrow and a future filled with hope and promise.

Report Inquiries
For additional information or any questions regarding this report, please contact us at the details provided below.

Publication	IBK (Chairman & CEO Kim Sung-tae) Head Office Location: 79 Eulji-ro, Jung-gu, Seoul, Republic of Korea
Publication Date	July 2024
Report Inquiries	ESG Management Department Tel: +82-2-3425-4724 Email: ibkesg@ibk.co.kr
Reporting Standards	GRI Standards(Core Option), TCFD, SASB, ISO 26000, UN PRB, ISSB
Reporting Period	January 1, 2023 to December 31, 2023 (Includes some performance data from the first half of 2024)
Reporting Boundaries and Scope	Economic (K-IFRS), Environment, Society, and Overall Governance
Reporting Cycle	Annually (Previous report published: July 2023)
Design	MARCSPON Co., Ltd.

Contents

Interactive PDF

This report is published in both Korean and English to facilitate communication with global stakeholders and is available in an Interactive PDF format.

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CEO Message

We extend our deepest gratitude to all stakeholders for their unwavering trust and generous support.

Over the past year, we have experienced various extreme weather events, including heavy rains, heat waves, and significant temperature fluctuations. These events have made us acutely aware that the climate crisis is no longer a distant future issue but a present-day reality. Now, climate change and other ESG issues are matters of survival that we all must address together.

IBK is committed to practicing genuine ESG management with the spirit of "challenging possibilities and continuously innovating." To actively respond to climate change, we have established an ESG management system and expanded our participation in global initiatives. Additionally, to foster inclusive finance, we are enhancing financial accessibility for vulnerable groups and strengthening financial services for the underprivileged. Moreover, we are actively supporting SMEs that struggle with ESG management due to a lack of experience and know-how, by providing ESG consulting services.

IBK will not be complacent with our current achievements but will continue to challenge infinite possibilities through thorough ESG management. We are committed to enhancing the happiness and value of all stakeholders through the positive influence of finance.

Throughout this year, IBK will realize "value-creating finance," a new perspective to enhance the value of all of us. Once again, we express our heartfelt thanks to everyone who believes in and supports IBK.

Thank you.

Kim Sung-tae
Chairman and CEO

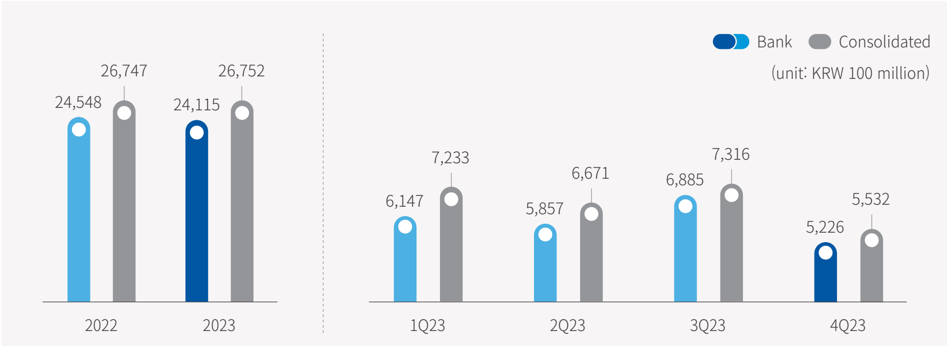
Kim Sung-Tae

About IBK

General Overview

Establishment Date	August 1, 1961
Foundation Basis	Industrial Bank of Korea Act
Chairman & CEO	Kim Sung-tae
Total Assets (Consolidated)	KRW 448,427 billion
Head Office Location	79 Eulji-ro, Jung-gu, Seoul
Number of Employees	13,722

2023 Net Income



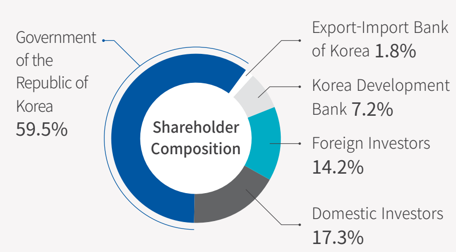
Credit Rating

(as of 2023)

Credit Rating Agency	Grade
Moody's	Aa2
S&P	AA-
Fitch	AA-

Shareholder Status

(as of 2023, Common Stock)



IBK Value System

Vision

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

Strategic Directions

Value-Creating Finance
Enhancing the value of all stakeholders

Robust Bank | Principled Finance

Market Leadership
- Strengthening Support for SMEs
- Securing Future Growth Drivers
- Stimulating Technology Ecosystem
- Enhancing Group Synergies

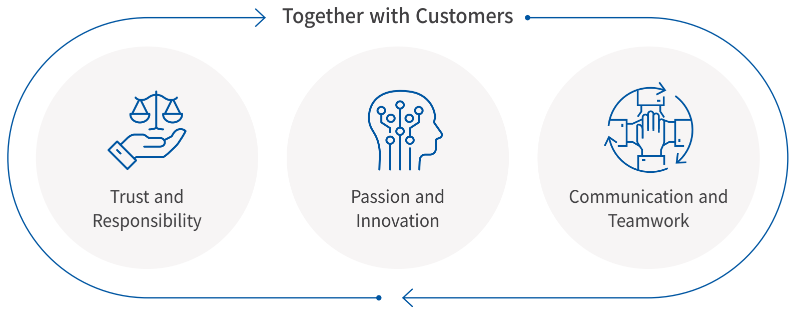
Substantial Management
- Preemptive Risk Management
- Sustaining Balanced Growth
- Achieving Digital Competency
- Generating Tangible Global Outcomes

Customer Trust
- Customer-oriented Management
- Protecting Financial Consumers
- Advancing Internal Control System
- Maintaining Zero Financial Incidents

Social Responsibility
- Inclusive Finance
- Increasing Financial Accessibility
- Performing Corporate Citizenship
- Practicing Global ESG

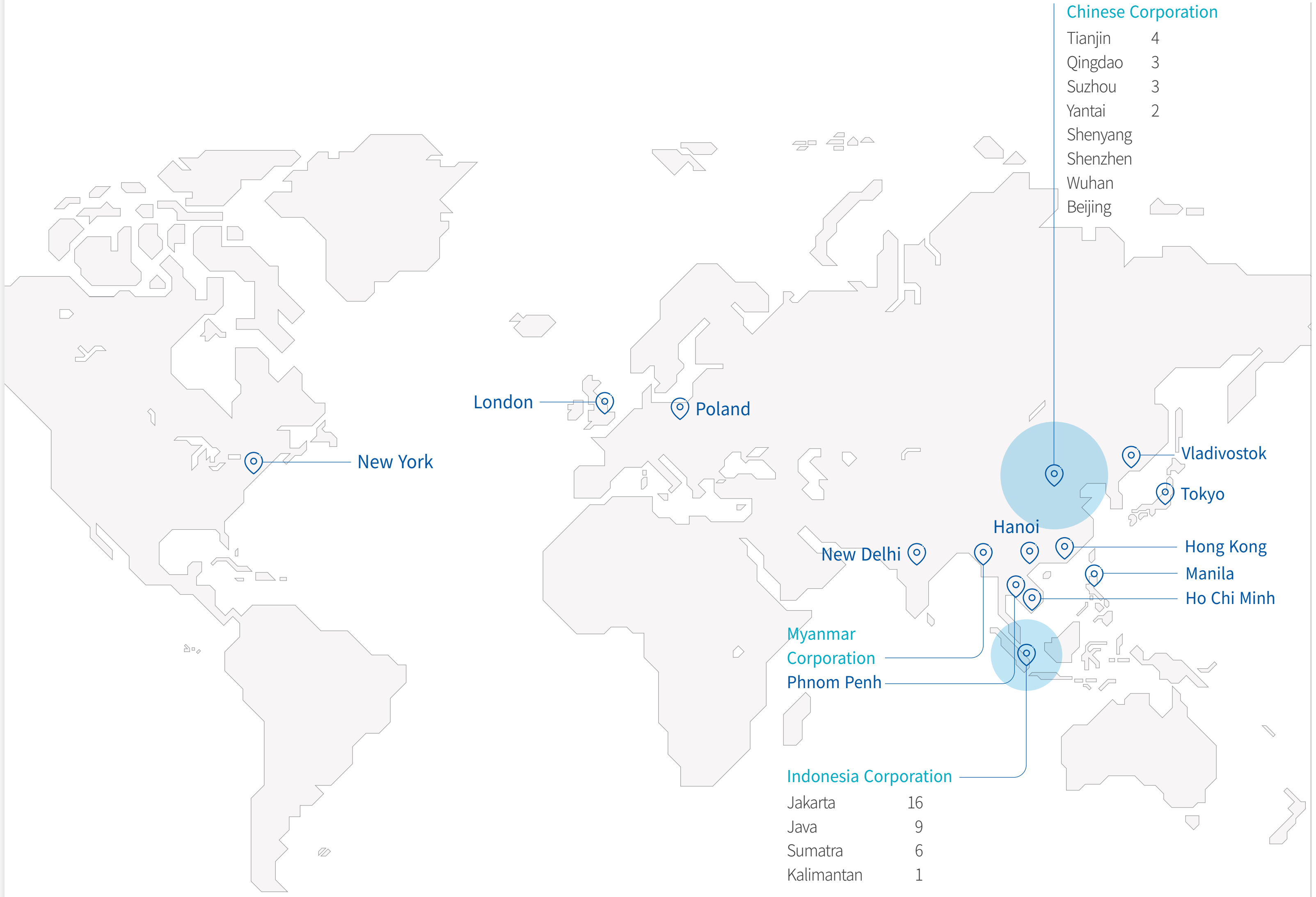
Happy and Fulfilling Organization
- Fair Personnel Management
- Work-Life Balance
- Equal Opportunities
- Trust and Harmony
- Competent Talents
- Vibrant Workplace

Core Values



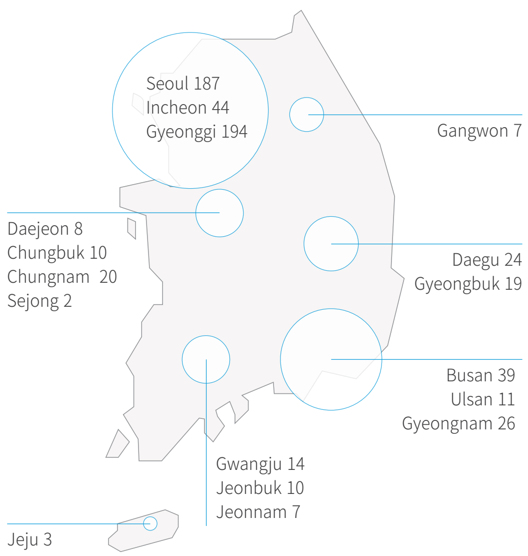
About IBK

IBK Network



(as of 2023)

Regional Headquarters	21
Branches	625
Overseas Branches	60



About IBK Financial Group

IBK Financial Group provides a variety of services through synergy within its network.

IBK캐피탈 IBK Capital

A specialized financial company offering the best financial services to large corporations, SMEs, and venture companies.

- Corporate Finance
- Investment Finance
- Installment/Lease Finance, etc.

IBK투자증권 IBK Securities

A financial investment company aiming to create new customer value by providing differentiated asset management and advanced financial products.

- Supporting SMEs IPOs
- Trading Overseas Stocks
- Project Financing (PF)

IBK연금보험 IBK Insurance

A specialized pension insurance company dedicated to helping customers plan a stable future and providing the best financial services.

- Personal Pensions
- Retirement Pensions

IBK자산운용 IBK Asset Management

An asset management company that manages assets entrusted by customers and returns the profits to them.

- Equity and Bond Funds
- Alternative Investment Funds
- Supporting SMEs Financing

IBK서비스 IBK Service

A field-oriented company prioritizing ‘partners first’ by performing IBK on-site contracting work.

- Facility Management, Cleaning
- Security Services
- Catering

IBK저축은행 IBK Savings Bank

A reliable supporter of everyday citizens and SMEs, always prioritizing customers as the leading savings bank in inclusive finance.

- Financial Support for Small Businesses
- Regional Relationship Corporate Finance
- Inclusive Finance

IBK벤처투자 IBK Venture Investment

A venture capital firm that helps early-stage startups overcome the ‘valley of death’ through new technology investments and serves as a catalyst in the venture investment market.

- New Technology Business Finance
- Discovering Innovative Tech Companies
- Providing Venture Capital

IBK시스템 IBK Systems

A comprehensive IT company that implements total computerization solutions based on differentiated technical expertise.

- IT Consulting
- System Development
- System Operation

IBK신용정보 IBK Credit Information

A credit information company conducting debt collection and corporate credit information services to establish sound corporate management and credit society.

- Debt Collection
- Credit Investigation
- Post-Management of Debt

2023 IBK Highlights

Financial Performance

Total Assets (Consolidated)
KRW **448** trillion

Net Income (Consolidated)
KRW **2.675** trillion

BIS Ratio
14.87%

SME Loan Market Share
23.2%
Banking Sector's No. 1 in Korea

Venture Capital Supply
KRW **764** billion

Best SME Bank (Korea)
(Global Finance Magazine)
Korea's Best Bank for SMEs
(Asiamoney)
Best SME Bank in Korea
(The Asian Banker)

(unit: KRW million, consolidated basis)

		2020	2021	2022	2023
Economic Performance Generation					
Total Assets		361,616,177	398,071,914	431,186,338	448,427,279
Operating Profit		2,125,516	3,231,310	3,646,989	3,432,281
Net Income		1,547,918	2,425,941	2,674,730	2,675,188
Economic Performance Distribution					
Shareholders/ Investors	Dividends	372,933	621,992	765,529	784,667
Employees	Salaries	1,333,999	1,394,621	1,428,499	1,440,485
	Welfare Expenses	6,836	7,343	7,928	9,035
Government	Corporate Tax	538,993	891,968	929,475	817,849

* Based on the 63rd Business Report

63rd Business Report

Achieved 'Best SME Bank in South Korea' Triple Crown

The global financial journals Global Finance Magazine, Asiamoney, and The Asian Banker have selected IBK as the 'Best SME Bank in South Korea.' The selection was based on IBK's efforts to support SMEs in overcoming crises and the management strategy based on the value-creating finance philosophy of the new CEO. This recognition reaffirms IBK's core competencies and expertise in SME finance, as well as its status as the leading SME bank in South Korea on the global stage.

Opening of Poland Office

In May 2023, IBK opened an office in Wroclaw, Poland, establishing a support base for SMEs entering Eastern Europe. Wroclaw is the largest industrial city in southwestern Poland, where many large Korean enterprises and their partner SMEs are concentrated. The Poland office provides local information and business support to South Korean companies entering major Eastern European countries and plans to expand local financial support through future incorporation.

2023 IBK Highlights

ESG Performance

Climate Change Response

Obtained the **SBTi** for greenhouse gas reduction goals

Joined the **TNFD** (Taskforce on Nature-related Financial Disclosures)

Established the first **RE100 fund** in the Korean financial sector

SME ESG Consulting

Completed ESG self-assessment for **2,265** companies (2022–2023 cumulative)

Provided **233** ESG consulting services (2022–2023 cumulative)

Launched **One-point ESG consulting**

Fulfillment of Social Responsibility

Issued **USD 600 million** Gender Bond to promote gender equality

Employee step donation campaign 'Precious Steps' Raised **KRW 408 million** in donations (2023)

Job creation project achieved a cumulative number of **220,000** employed

ESG Awards

Won the **LACP** Vision Awards for the Sustainability Report for two consecutive years

Won the CDP Korea Awards **Financial Sector Honors**

Selected by Global Finance as the **Best Bank for Sustainable Finance in Korea**

ESG External Evaluations

Achieved comprehensive **A rating** from the **KCGS**

Comprehensive Environmental Social Governance

Received CDP Leadership **A- grade**

Included in the **FTSE4Good** Index

ESG Management

In 2021, IBK established the ESG Committee within the Board of Directors, becoming the first policy financial institution to implement such an initiative in Korea. The committee regularly reports on ESG management activities and decides on major issues. Additionally, through active communication with stakeholders, the bank practices ESG management to enhance the value of all stakeholders.

ESG Management Vision and Strategy

IBK practices ESG management based on the vision of being a "Sustainable Bank True to Basics." As a bank established to support the economic activities of SMEs, IBK sets "Support for SMEs" as the core principle of its ESG management strategy and has defined specific goals in the areas of environment, society, and governance. In 2023, IBK set new goals of "Becoming an ESG Leading Bank" and "ESG Growth with SMEs" and promoted the expansion of ESG management across the organization. Based on its ESG vision and strategy, IBK integrates ESG values into all business areas and management activities to support the ESG transition of SMEs and create a sustainable society together with SMEs.

IBK Vision

Sustainable Bank True to Basics

Goals

- Becoming an ESG Leading Bank
- ESG Growth with SMEs

Directions

Leading Eco-friendliness and Climate Crisis Responses	Fulfilling Social Responsibilities as a Corporate Citizen	Managing Sound and Transparent Governance
Green Management	**Responsible and Inclusive Management**	**Compliance and Ethical Management**

Key Tasks

Green Management	Responsible and Inclusive Management	Compliance and Ethical Management
• Responding to Climate Change • Expanding Green Finance • Promoting Eco-Friendly Initiatives	• Protecting Financial Consumers • Respecting Employees • Expanding Inclusive Finance • Increasing Social Contributions	• Implementing Compliance/Ethical Management • Risk Management • Information Protection

Support for SMEs

2024 IBK X ESG Slogan

Through an employee contest, IBK selected a slogan that embodies the commitment and direction of ESG management for 2024.

The 2024 IBK ESG slogan is "Connecting Tomorrow with Finance, Connecting Value with IBK." It embodies our commitment to practicing finance for a better future and striving to create sustainable value.

ESG Governance

In 2021, IBK became the first policy financial institution to establish an ESG Committee within the Board of Directors in Korea. The ESG Committee is responsible for reviewing the bank's ESG management strategy and overseeing its performance. In 2023, the committee convened four times, deliberated and resolved three agenda items, and received five reports. The ESG Management Department serves as a control tower for the bank's ESG strategy, overseeing its formulation and implementation of the bank-wide ESG management strategy across the financial group. To foster an efficient communication and collaboration, IBK has established an ESG Working Council composed of relevant department heads and designated ESG officers for each headquarters department. Additionally, IBK operates the IBK Financial Group ESG Promotion Council to set and jointly pursue the ESG management direction across the entire IBK Financial Group. The ESG Management Department and departmental ESG officers share real-time ESG performance and improvement tasks through the ESG Management System. To encourage employee participation, the implementation of ESG improvement tasks is reflected in the headquarters' performance evaluation (KPI).

Category	Agenda
2023-1st Meeting	Agenda 1: Report on the Development of ESG Management Task Guidelines
	Agenda 2: Report on Climate Risk (Physical Risk) Analysis Results
2023-2nd Meeting	Agenda 3: Resolution for the Publication of the 2023 Sustainability Report
	Agenda 4: Report on the Response to the Greenhouse Gas Target Management System
2023-3rd Meeting	Agenda 5: Report on IBK ESG 2.0 Management Strategy Implementation
	Agenda 6: Report on the Calculation Results of Financial Asset Emissions
2023-4th Meeting	Agenda 7: Resolution for Joining the International ESG Initiative TNFD
	Agenda 8: Resolution for Responding to Mandatory ESG Disclosure by IBK Financial Group

ESG Initiatives

IBK collaborates with various global initiatives to implement responsible ESG management and align with international trends. In 2024, the bank actively participated in domestic and international initiatives, including newly joining TNFD and KoSIF, and will continue to engage in national solidarity for a better society.

2006

2006 Joined

UNGC

UN Global Compact

The world's largest voluntary corporate citizenship initiative aimed at enhancing sustainable management and corporate citizenship awareness.

2020

June 2020 Joined

TCFD

Task Force on Climate-related Financial Disclosures (TCFD)

A global collaborative initiative established to promote the disclosure of financial information related to climate change.

2021

March 2021 Joined

PCAF

Partnership for Carbon Accounting Financial

An initiative to develop standards and tools for measuring greenhouse gas emissions in financial institutions' investments and loans.

March 2021 Joined

SBTi

Science Based Targets initiative

An initiative supporting the development of scientifically validated targets for reducing greenhouse gas emissions to keep global warming below 1.5°C.

April 2021 Joined

UNEP FI

UN Environmental Programme Finance Initiative

A partnership between the United Nations Environment Programme and the financial sector to promote environmental finance through public and private collaboration.

April 2021 Joined

UN PRB

UN Principles for Responsible Banking

Principles that define the roles and responsibilities of banks to fulfill the Paris Climate Agreement and the UN Sustainable Development Goals (SDGs).

April 2021 Participated

CDP

Carbon Disclosure Project

The project requires companies to transparently disclose the impact of their activities on climate change, forests, and other environmental factors.

May 2021 Participated as an Observer

CWI

World Bank CWI Project

A project aimed at enhancing transparency and efficiency in the carbon emissions trading markets, which are operated differently in each country.

September 2021 Joined

GFANZ, NZBA

Net-Zero Banking Alliance

A coalition of financial institutions committed to achieving net-zero carbon emissions in their investment and loan portfolios by 2050.

December 2021 Joined

UN FHI

UN Financial Health and Inclusion

An initiative within the responsible banking principles to promote inclusive finance and enhance customers' financial health.

2022

January 2022 Joined

BNBP

Biz N Biodiversity Platform

The platform spreads social responsibility for biodiversity conservation and use, supporting related decision-making.

March 2022 Joined

WEPs

Women's Empowerment Principle

An initiative to promote workplace gender equality culture and strengthen women's competitiveness.

September 2022 Joined

Equator Principles

A voluntary agreement among financial institutions to avoid providing financial support to large development projects that pose risks of environmental destruction and human rights violations.

2024

January 2024 Joined

TNFD

Taskforce on Nature-related Financial Disclosures (TNFD)

A global collaborative initiative established to promote the disclosure of financial information related to natural capital.

January 2024 Joined

KoSIF

Korea Sustainability Investing Forum (KoSIF)

Promotes socially responsible investing considering ESG factors and encourages corporate social responsibility to contribute to building a sustainable society.

The First in Korea to Lead in Domestic, Asian, and Global Sustainable Finance

IBK received the 'Sustainable Finance Award' from Global Finance Magazine, a global financial journal. Specifically, IBK was recognized as the 'Best Bank for ESG-Related Loans Global,' 'Best Bank for ESG-related Loans in Asia,' 'Best Bank for Social Bonds in Asia,' and 'Best Bank for Sustainable Finance in Korea.' This award is significant as IBK is the first domestic bank to win the global category in a field traditionally dominated by foreign banks. The award acknowledges IBK's efforts in ESG management, including issuing the largest gender equality bond in the Asia-Pacific region, arranging the first RE100 fund in the Korean financial sector, and launching ESG-related loan products. Through these achievements, IBK has been internationally recognized for its outstanding ESG management capabilities, sweeping the domestic, Asian, and global sectors.

Stakeholder Engagement and Communication

IBK classifies its primary stakeholders into several categories: SMEs, individual customers, employees, the government, local communities, shareholders, investors, and partner companies. The bank collects opinions through various communication channels, identifies key topics and concerns of each stakeholder group and incorporates them into its ESG management activities.

Stakeholders	SMEs	Individual Customers	Employees	Government	Local Communities	Shareholders and Investors	Partner Companies
Communication Channels	• IBK Changgong • IBK 1st Lab • SMEs Consulting • Executive Club • i-ONE JOB • IBK BOX • Website, Social Media	• Voice of Customer (VOC) • Customer Satisfaction Survey • WIN Class • i-ONE Bank • Customer Service Center • Website, Social Media	• Communication Postcards • Human Rights Counseling Center • Labor Management Council • Whistleblowing System • Leaders Club	• Joint Cooperation Program for National Assembly Audit • Public Institution Management Performance Report • Business Agreements with Related Institutions	• IBK Happiness Sharing Foundation • IBK Smile Microbank Foundation • Joint Workplace Daycare Centers for SMEs • IBK Sports Team • Local Community Online Communication Channels • i-ONE Small Business Owners	• General Shareholders' Meeting • Annual Report • Sustainability Report • IR Website • IR Conference • Public Disclosure	• Partner Meetings
Key Topics of Interest	• Supporting SME competency development • Establishment of SMEs ESG Management System • SMEs Financial Support	• Providing Safe and Convenient Financial Services • Protecting Financial Consumers • Information Security and Personal Data Protection • Protection of Financially Vulnerable Groups	• Work-Life Balance • Employee professional development • Fair Talent Recruitment • Improvement of Workplace Culture • Employee Health and Safety	• Strengthening Environmental Management • Expansion of Inclusive Finance • Creation of Quality Jobs	• Social Contribution Activities • Support for Arts and Culture • Support for Non-Mainstream Sports Projects • Support for Small Business Owners	• Improvement of Corporate Governance • Enhancing Risk Management • Expansion of Ethical and Compliance Management	• Communication and Mutual Growth with Partners • Transparent Transactions and Fair Trade for Ethical Management

Stakeholder Engagement and Communication

2023 Key Stakeholder Communication

Participation in OECD Sustainable SME Finance Platform

Since joining as a founding member of the 'OECD Sustainable SME Finance Platform' operated by the OECD in 2022, IBK has served as a co-chair institution. In this role, it has engaged in knowledge sharing, joint research, and policy recommendations to support the green transition of SMEs, alongside other member institutions and various international initiatives. In June 2023, the platform delivered a statement urging the enhancement of sustainable finance for SMEs at the OECD SME and Entrepreneurship Ministerial Meeting. In December, IBK released a research report analyzing the state of sustainable finance among global financial institutions, in conjunction with the 28th UN Climate Change Conference (COP28). IBK plans to continue actively participating in joint research with various international organizations, expanding its international cooperation network, and leading the promotion of sustainable finance for the green transition of SMEs.

FINANCING SMEs FOR SUSTAINABILITY

Members: British Business Bank, bdc, Industrial Bank of Korea, bpifrance

Knowledge Partners: Bankers for NetZero, EBF, SME Climate Hub, The Montreal Group, aecm

Cooperation with Bpifrance to Support SMEs and Ventures

In October 2023, IBK signed a Memorandum of Understanding (MOU) with Bpifrance, the French public investment bank supporting SMEs. This marks the first MOU between SMEs support policy banks of Korea and France. The two institutions plan to collaborate on financial support and development assistance for SMEs and ventures, as well as SME-related research. Through the MOU, IBK has established a foundation to support the entry of promising domestic SMEs into the European market, broadening the base for nurturing and supporting venture companies seeking international expansion.

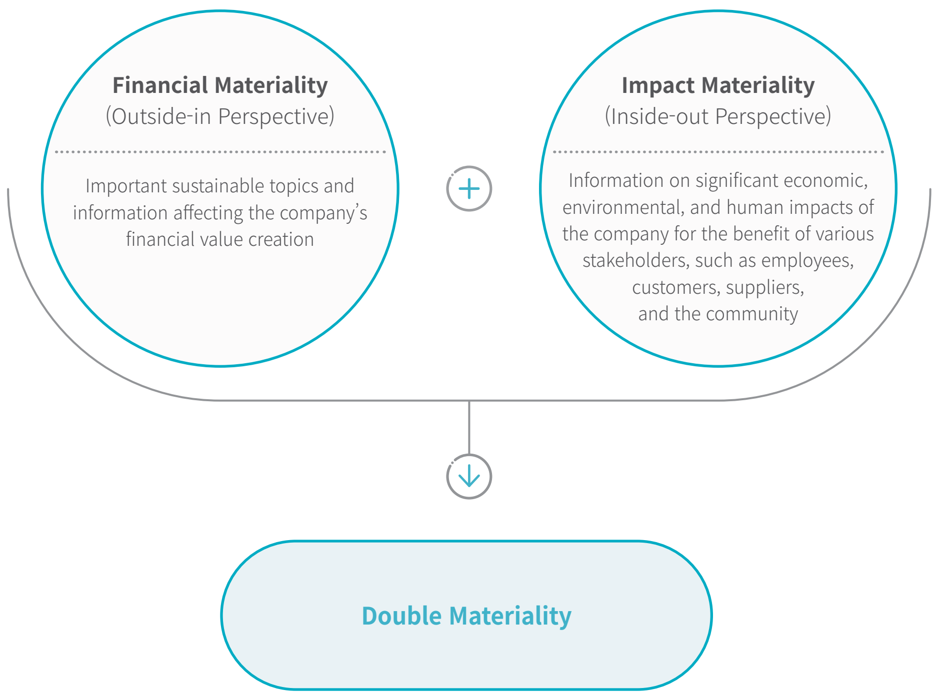
IBK Academic Research Support Program Outstanding Paper Presentation

In December 2023, IBK held the '3rd IBK Academic Research Support Program Outstanding Paper Presentation Conference' in collaboration with the Korean Economic Association. The academic paper research support program is an initiative that IBK has been promoting since 2021 to seek solutions to SMEs' challenges and expand the scope of SME research. In 2023, IBK supported nine research projects selected through a public contest over six months. At the December conference, three outstanding papers, including 'Analysis of SME Carbon Productivity' and 'Corporate Succession and SME Longevity,' were shared and awarded. IBK will continue pursing various forms of external collaboration and communication to contribute to advancing SME support policies.

Double Materiality Assessment

Concept of Double Materiality Assessment

Materiality assessment is an evaluation process that identifies and prioritizes key issues among various ESG topics that impact the company's strategy and values, from the perspectives of stakeholders and business. Through this process, companies can mitigate risks by recognizing critical factors of growth and identify business opportunities. With the increasing significance of ESG, the concept of the double materiality assessment, which considers both the external factors affecting business management (Outside-In) and the impact of business management on the environment and society (Inside-Out), is becoming increasingly important. The double materiality assessment is a concept presented in the European Union's (EU) Corporate Sustainability Reporting Directive (CSRD) and is supported by global sustainability standards.



Double Materiality Assessment Process

IBK conducts materiality assessments annually, and in 2023, through the double materiality assessment, it identified and prioritized key issues. In this year's materiality assessment, the scope of media research was expanded for analysis. Issues such as financial industry regulations were actively reflected, broadening the issue pool. Additionally, the analysis of the environmental, social, and financial impacts of the identified issues was enhanced to derive more accurate results. Efforts were also made to analyze the major business impacts of the identified key issues and to set goals to reduce the risks arising from these issues.

Step 1. Issue Review

Composition of Issue Pool
- Management environment analysis
- ESG evaluation and guideline analysis (GRI Standards 2021, SASB, MSCI, S&P Global CSA, Korea Institute of Corporate Governance and Sustainability (KCGS), UN SDGs, ISO 26000, etc.)
- Media research
- Relevant laws and regulations
- Review of major issues from the previous year
- Benchmarking analysis of major domestic and international peer groups

Step 2. Identification of Influence

Identification of Environmental and Social Impacts
- Identification of actual and potential impacts
- Regulations and guidelines
- Controversies and issues within the same industry
- Expectations and grievances of major stakeholders, etc.

Identification of Financial Impacts
- Identification of actual and potential impacts
- Relevant regulations and guidelines
- Research reports from major investor groups (Financial Group)

Step 3. Assessment of Influence

Double Materiality Assessment
- Conducted through two separate assessments

Impact Materiality
- Assessment of the materiality of the company's environmental and social impacts from an Inside-out perspective (likelihood of occurrence, scale and scope of impact, resilience)
- Conducted an online survey
  1) Target group: ESG expert group
  2) Participants: 153 people
  3) Survey period: December 12 to December 20, 2023

Financial Materiality
- Assessment of the materiality of impacts on corporate value and finances from an Outside-in perspective (regulations and policies, social reputation, market competitiveness)
- Conducted an online survey
  1) Target group: IBK employees
  2) Participants: 142 people
  3) Survey period: December 12 to December 15, 2023

Step 4. Prioritization

Prioritization
- Prioritization of selected issues by comprehensively evaluating the materiality of environmental/social impacts and financial impacts, and selecting key issues

Step 5. Review and Approval

Final Decision-Making
- Approval by the ESG Committee under the Board of Directors and senior management
- Incorporation into the ESG promotion strategy

Double Materiality Assessment

Double Materiality Assessment Results

IBK prioritized the issues identified through the double materiality assessment, engaging various stakeholders including employees, ESG experts, customers, and investors in the selection process. As a result, ‘Strengthening Information Security and Personal Information Protection’ was selected as the most important issue in 2023, maintaining its top ranking from the previous year. Other significant issues identified include ‘Protecting Financial Consumers,’ ‘Expanding Digital Finance,’ ‘Reinforcement of Compliance/Ethical Management,’ and ‘Responding to Climate Change.’

Area	Issue	Rank	Compared to Last Year	Environmental/Social Impact	Financial Impact	Overall Impact	Report Page	GRI Standards 2021	UN SDGs
E	1. Responding to Climate Change	5	▼1	4.31	3.56	5.58	53-67	201-2	12, 13
	2. Supporting Green Transition for SMEs	7	▲4	3.59	4.04	5.41	29, 39-41	non-GRI	8, 9, 12
S	3. Protecting Financial Consumers	2	▲1	4.07	4.24	5.88	72-74	non-GRI	12
	4. Expanding Digital Finance	3	▲3	3.83	4.26	5.73	75-78	non-GRI	9, 10, 12
	5. Expanding Inclusive Finance	10	▲2	3.22	4.01	5.14	79-81	non-GRI	1, 10
G	6. Strengthening Information Security and Personal Information Protection	1	-	4.34	4.26	6.08	124-127	418-1	9, 12
	7. Reinforcement of Compliance/ Ethical Management	4	▼2	3.92	4.17	5.72	113-120	205-2	5, 10, 16
	8. Strengthening Risk Management	6	New	3.54	4.26	5.54	121-123	2-16, 2-25	13
	9. Establishing Sound Governance	8	▼1	3.56	3.90	5.28	109-112	2-9	5, 12, 16
ESG	10. Expanding ESG Finance	9	New	3.40	4.02	5.27	29-38	non-GRI	1, 7, 8, 9, 13

* Environmental/Social and Financial Impact: 5-Point Scale (Very Low: 1 Point – Very High: 5 Points)
** X-axis represents Financial Impact, Y-axis represents Environmental/Social Impact, and overall impact is calculated based on the distance from the origin.

Double Materiality Assessment

Double Materiality Assessment Results Analysis

IBK identifies opportunities and risks of key issues derived from the materiality assessment, formulates strategies, and manages related indicators.

Category	Responding to Climate Change	Protecting Financial Consumers	Strengthening Information Security and Personal Information Protection
Area	Environmental	Social	Governance
Issue Category	Climate Risk	Product/Service Quality and Safety	Cyber Security and Privacy Protection
Importance of Issues	**Key Issue Background** Extreme weather phenomena caused by climate change, including heat waves, heavy rainfall, snowstorms, and droughts, are rapidly increasing worldwide. The surge in extreme weather events is leading to increased casualties and climate refugees, and the resulting destruction of property and infrastructure translates to financial losses and costs for individuals, businesses, and countries. **Major Business Impacts** • (Physical Risk) Increased credit risk due to productivity changes and property losses caused by extreme weather and natural disasters. • (Transition Risk) Increased risk from policy and legal changes, carbon emission price volatility, and shifts in stakeholder demands and preferences. • (Revenue) Development of new revenue sources through new/emerging green markets and products.	**Key Issue Background** Financial crimes such as voice phishing and smishing are continuously occurring, prompting stakeholders to demand measures from financial companies to prevent damage and strengthen victim relief. Additionally, to prevent mis-selling, financial authorities enacted the Financial Consumer Protection Act in 2021 and are strengthening oversight. **Major Business Impacts** • (Risk) Unexpected credit losses due to non-transparent or unsustainable products. • (Risk) Brand image degradation due to negative media coverage. • (Cost) Expenses incurred from lawsuits and fines.	**Key Issue Background** Cyberattacks, such as ransomware, hacking, and DDoS, are evolving. These cyber security incidents result in substantial harm to both customers and businesses. In the event of leakages of customer personal information and financial data, not only is the privacy of numerous customers violated, but secondary and tertiary leakages can also occur. **Major Business Impacts** • (Risk) Brand reputation decline and customer attrition due to loss of customer trust. • (Cost) Litigation costs and fines resulting from violations of data protection regulations. • (Cost) Increased financial burden for enhancing cybersecurity.
IBK's Response	**Policies and Strategies** We have set a target for carbon neutrality by 2040 and established an ESG Committee within the board to manage climate risks and monitor performance. We participate in various global initiatives such as the Equator Principles, UN PRB, CDP, and SBTi. **Initiatives and Achievements** We disclose climate change-related goals and achievements through our annual business report. We have achieved reductions in greenhouse gas emissions by expanding the use of electric vehicles and establishing energy-saving operating systems such as BEMS.	**Policies and Strategies** We have enacted the "IBK Financial Group Principles of Consumer Financial Protection," distributing it to both domestic and international branches, and in 2023, we established a dedicated Financial Fraud Prevention Team to strengthen our consumer-centric management system. **Initiatives and Achievements** In 2023, we launched the 'Voice Phishing SOS' rapid response service and conducted 44 sessions of on-site voice phishing prevention education tailored to the age and target group. Additionally, we reviewed and improved product sales procedures, product brochures, and terms to ensure full compliance in the sale of financial products.	**Policies and Strategies** We have set up and are operating the Information Security Committee and the Information Security Practical Committee, designating a Chief Information Security Officer (CISO) and a Chief Privacy Officer (CPO) to oversee the information security management system. Additionally, we operate a 24x365 security monitoring and multi-defense system to preemptively respond to external cyber threats. **Initiatives and Achievements** We conduct annual security vulnerability assessments of our electronic financial infrastructure and have established a continuous inspection system for source code security vulnerabilities. Employees receive training on handling malicious emails and information security education specific to their job roles. We maintain ISO27001 and ISMS-P certifications.
Goals/Indicators Management	**Goals and Achievement Status** • Achieving Internal Carbon Neutrality by 2040 → 2023 Scope 1 & 2: 54,923tCO_2eq	**Goals and Achievement Status** • Strengthening the Financial Consumer Protection System → 2023 Voice Phishing Prevention Cases: 1,723 cases	**Goals and Achievement Status** • Safe Information Protection, Trusted IBK → Achieved 13 consecutive years without incidents as of 2023 • Financial Services Commission's Continuous Evaluation of Personal Credit Information Utilization and Management: Grade S → Achieved Grade S (100 points) for three consecutive years as of 2023

Double Materiality Assessment

Identification and Measurement of External Impact

IBK measures and manages the impact of corporate activities related to key issues on the environment, society, and stakeholders.

Category	Responding to Climate Change	Protecting Financial Consumers	Strengthening Information Security and Personal Information Protection
Area	Environmental	Social	Governance
Issue Category	Climate Risk	Product/Service Quality and Safety	Cyber Security and Privacy Protection
External Impact	The climate crisis poses a survival threat to the global ecosystem and humanity. IBK has established the IBK 2040 Carbon Neutrality goal and is striving to reduce greenhouse gas emissions. Activities include expanding the adoption of electric vehicles, establishing eco-friendly facilities, and using sugarcane banners.	Financial accidents such as voice phishing and incomplete sales cause monetary damage to financial consumers and incur social costs, such as prevention system establishment and accident investigation expenses. IBK is leading voice phishing prevention activities, including real-time ID verification within the banking application (i-ONE Bank) for the first time among Korean banks.	With the continuous expansion of non-face-to-face financial transactions and the increase in users, the likelihood of cybersecurity issues is rising. IBK operates an electronic financial anomaly detection system (FDS, Fraud Detection System) to preemptively block information security threats.
Measurement of External Impact	**Output metric** • Carbon emission reduction (tCO_2eq) **Impact Metric** • Social cost of carbon emissions **Impact Valuation** Due to our continuous efforts to reduce carbon emissions, we reduced 613tCO_2eq (Scope 1 & 2) in 2023 compared to 2022. According to the 2022 government research report on the carbon tax, the social cost of carbon is KRW 55,400 per ton. Applying this to the carbon reduction in 2023, the social cost savings amount to approximately KRW 34 million.	**Output Metric** • Number of voice phishing prevention cases **Impact Metric** • Voice phishing accident prevention amount **Impact Valuation** IBK operates a voice phishing monitoring system to protect financial consumers and prevented 1,723 cases of voice phishing in 2023. According to the voice phishing statistics released by the Korean National Police Agency, the average loss per voice phishing victim in 2023 was KRW 23.66 million. Applying this figure, we prevented total damages of approximately KRW 40.766 billion.	**Output Metric** • Number of electronic financial accident prevention cases **Impact Metric** • Electronic financial accident prevention amount **Impact Valuation** IBK minimizes damage from non-face-to-face electronic financial transactions through electronic transaction analysis and anomaly detection. In 2023, the total number of additional verifications and transaction blocks was 104,021, and the amount* of accident prevention through detection and blocking measures was KRW 124 billion. * The balance of demand deposit accounts at the time of detection and blocking measures

Focus Issue

IBK identifies key issues in the fields of Environmental (E), Social (S), and Governance (G) through materiality assessments and integrates them into management activities. To address the global challenge of climate change, IBK has declared a carbon neutrality goal and is embedding environmental management practices. Additionally, we are committed to enhancing the rights and interests of financial consumers and prioritizing the protection of customer assets and information against cybersecurity threats.

Issue 1 Environmental

Responding to Climate Change

Issue 2 Social

Protecting Financial Consumers

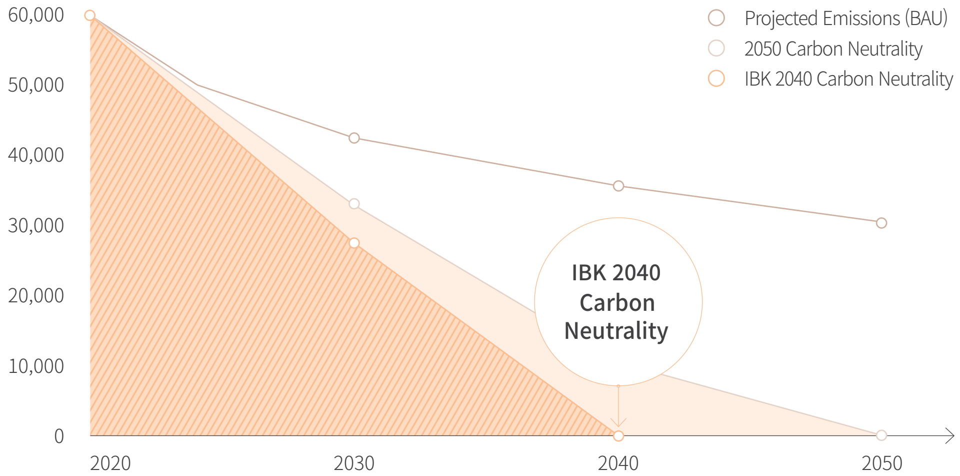
Issue 3 Governance

Strengthening Information Security and Personal Data Protection

Efforts to Achieve Carbon Neutrality

IBK 2040 Carbon Neutrality

To prevent the climate crisis and protect our environment by limiting the rise in global average temperature to below 1.5°C compared to pre-industrial levels, major countries, including Korea, have declared carbon neutrality by 2050. The Korean government has established and legislated the Nationally Determined Contributions (NDCs) to lead climate crisis responses. With increasing international attention on climate change response, corporate-level actions, in addition to national efforts, have become crucial. In particular, the international community expects the financial industry to take a more preemptive role in addressing climate change and demands the establishment of clear goals and indicators for climate change response.
As a policy bank and corporate citizen, IBK has set the ambitious goal of IBK 2040 Carbon Neutrality. Accordingly, IBK has established a carbon neutrality target by 2040 for its direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions. To achieve this goal, we measure and manage emissions from all business sites, implement an environmental and energy management system in line with international standards, and strive to reduce greenhouse gas emissions through various methods, including the expansion of electric vehicle usage.



Target Emissions by year	Unit	2020(Base Year)	2030	2035	2040
	tCO_2eq	59,554	27,203	13,406	0

IBK 2050 Carbon Neutrality in Financial Assets

IBK is managing to achieve carbon neutrality not only in its own emissions (Scope 1 & 2) but also in emissions from financial assets (Scope 3), setting the target year as 2050. Notably, in December 2023, IBK became the first Korean policy financial institution to be certified by the global initiative SBTi (Science Based Targets Initiative) for its carbon emission reduction targets. Additionally, IBK has established a carbon emission measurement and management system to accurately measure, manage, and monitor greenhouse gas emissions. IBK measures and manages emissions from financial assets and transparently discloses the results.
IBK is not only building its own management system to achieve carbon neutrality in financial assets by 2050 but is also actively supporting the green transition of SMEs. Accordingly, IBK is expanding green financial products and services for SMEs and also provides various financial and non-financial services to help SMEs measure their emissions and contribute to a low-carbon economy. Going forward, IBK plans to further extend our initiatives for transitioning SMEs towards sustainability, including a target to raise the share of green finance to 13% by 2030.

IBK Carbon Neutrality Roadmap

2030
Increase the proportion of green finance to 13%

2040
Achieve carbon neutrality for IBK's operational greenhouse gas emissions

2050
Achieve carbon neutrality for IBK's financial assets' greenhouse gas emissions

Efforts to Achieve Carbon Neutrality

Digitalization of Carbon Neutrality Management, Establishment of 'IBK Carbon Neutrality HUB'

For companies to respond to climate change, it is crucial to measure and manage greenhouse gas emissions from their operations (Scope 1 & 2) and emissions from their business processes (Scope 3). In response, IBK has established the 'IBK Carbon Neutrality HUB,' a carbon emission measurement and management system, to digitalize data management fundamental to financial institutions' climate change response.

The IBK Carbon Neutrality HUB is a cloud-based system that efficiently collects and processes relevant data scattered inside and outside the bank to calculate greenhouse gas emissions. This system includes the management of ESG and green-related financial and non-financial performance to achieve IBK's goal of expanding green finance. It automates the measurement of direct and indirect emissions for 2040 carbon neutrality and financial asset emissions for 2050 carbon neutrality. Additionally, the IBK Carbon Neutrality HUB, through its cloud-based integration with various systems, enhances data reliability for financial and non-financial information while improving measurement accuracy. It is expected to be utilized for risk analysis and portfolio management.

Operation of the Financial Special Pavilion at the World Climate Industry EXPO

The 1st World Climate Industry EXPO (WCE 2023) was held from May 25 to May 27, 2023, at BEXCO in Busan. This expo, themed "Rising above the Climate Crisis towards Sustainable Prosperity" and hosted by the government, is the largest energy industry exhibition in Korea, integrating five events related to carbon neutrality, energy, and climate. IBK operated a booth in the Financial Special Pavilion within the Energy Efficiency Hall, providing information on financial products and non-financial support programs for ESG management and green transition to companies participating in the energy exhibition. Specifically, IBK offered free on-site customized ESG consulting to participating companies in the energy and climate industry or those interested in low-carbon processes and green transition. As a policy financial institution, IBK will continue to listen to the voices of SMEs through various channels, provide customized financial services, and strive for a green transition for SMEs.

World Climate Industry EXPO

Collaborative Carbon Neutrality

IBK X Mintit 'Used IT Device Donation Service'

In collaboration with the used ICT device platform company 'Mintit,' IBK launched the 'Idle IT Device Donation Service' in September 2023. 'Mintit' specializes in resource recycling activities by purchasing used mobile phones through AI-based dedicated ATMs. IBK provides Mintit's 'Idle IT Device Donation Service' to SMEs, enabling them to dispose of and donate unused IT devices in an eco-friendly manner, thereby participating in ESG management activities. Additionally, IBK, together with Mintit, conducted resource recycling ESG events to encourage customers to practice ESG and exert a positive influence. Moving forward, IBK plans to expand resource recycling campaigns through partnership projects and develop various ESG products to promote carbon neutrality.

Conducting the 'IBK Carbon Zero Campaign' to Protect the Earth

IBK conducted the 'IBK Carbon Zero Campaign' to raise awareness about the climate crisis and encourage participation in carbon-neutral activities in daily life. Through the campaign, which included giving eco-friendly gift sets to customers who watched carbon-neutral videos and participated in quizzes, IBK encouraged customer interest and action on environmental issues. Through the campaign, 14,046 people participated in watching the videos, and 11,244 people took part in the carbon-neutral quiz.

Watching Carbon Zero Videos
The Climate Crisis of the Earth and Carbon Zero Activities We Can Practice
14,046 participants

Carbon Zero Quiz Participation
Submitting Answers to Multiple-Choice Questions on the Climate Crisis and Carbon Zero Practices
11,244 participants

Practicing Carbon Neutrality with Sugarcane Banners

IBK is expanding eco-friendly designs to promote environmental protection and carbon neutrality. For instance, IBK is participating in reducing air pollution by replacing 1,000 to 1,500 banners annually used at branches nationwide with eco-friendly materials derived from plants. These eco-friendly banners are made from biodegradable fabric (PLA, Poly Lactic Acid) sourced from corn and sugarcane, employing water-based ink, ensuring no harmful components upon disposal and a short decomposition period, preventing environmental pollution.
Besides banners, IBK is also replacing plastic items like passbook covers and employee ID cards with eco-friendly alternatives. The frequently used plastic cartons and passbook covers at branches have been replaced with bio-materials composed of wood fibers and recycled paper. The new employee ID cards use bio-renewable materials extracted from vegetable oil, and the old plastic ID cards will be collected for resource recycling activities.

Preventing Financial Fraud

Operation of the Voice Phishing Monitoring System

IBK operates various systems and programs to protect financial consumers from the escalating threat of voice phishing crimes. Notably, IBK analyzes the status of voice phishing damages by gender, age, and type, and operates a voice phishing monitoring system. Using big data and AI, the system learns from actual voice phishing cases to identify recurring suspicious patterns. When a transaction matches these patterns, the system can detect and respond to voice phishing fraud in real-time, preemptively identifying and preventing sophisticated voice phishing types and characteristics. In 2023, the voice phishing monitoring system prevented 1,723 cases of voice phishing.

Additionally, in January 2023, IBK established the 'Financial Fraud Prevention Team,' a dedicated organization to prevent financial fraud. The team hired specialized monitoring personnel for night and weekend shifts, extending voice phishing inspection times from weekday nights to weekends. Through this, IBK can comprehensively prevent voice phishing damages from occurring both during and outside business hours. Furthermore, IBK has introduced the 'Voice Phishing SOS,' a rapid response service that allows customers to receive support from dedicated monitoring staff with a one-click call in case of suspected voice phishing incidents. Through a hotline channel between the headquarters and branches, IBK provides immediate support in case of suspicious transactions, quickly blocking potential customer damage.

1,723 cases
Number of Voice Phishing Prevention Cases
(as of 2023)

Voice Phishing Prevention Promotion Activities

IBK carries out various promotional activities to protect vulnerable groups from voice phishing damage. We have produced a 'Large Print Guide for Voice Phishing Response' leaflet that is easy for the elderly to understand. Additionally, we have created and distributed mobile leaflets to ensure quick response in case of voice phishing damage. For customers who have difficulty visiting our branches, we guide the 'Refund Procedure for Damaged Funds' through non-face-to-face channels. Moreover, to protect financial consumers from increasingly sophisticated financial fraud, we regularly inform them about new voice phishing prevention methods through SMS and other means.

Introduction of Real-Time ID Verification System in i-ONE Bank

In July 2023, IBK became the first bank in Korea to introduce a real-time ID verification system within its banking application (i-ONE Bank) to protect financial consumers. This AI-based system verifies in real-time whether the original ID is being photographed during non-face-to-face identity verification, preventing financial crimes that steal victims' identities using copies of IDs obtained through voice phishing or pharming. In the six months following the system's introduction, more than 190,000 copied IDs were detected, successfully protecting the assets of over 70 customers whose ID copies were leaked due to voice phishing, proving its effectiveness in preventing electronic financial fraud.

Implementation of Voice Phishing Prevention Education

IBK conducts customized voice phishing prevention education tailored to different age groups and target audiences. In 2023, we conducted a total of 44 sessions of 'On-site Voice Phishing Damage Prevention Education,' particularly designing programs by analyzing past cases to educate different age groups on voice phishing prevention methods.

Enhancing Protection for Financially Vulnerable Groups

Channel Innovation for Financially Vulnerable Groups

IBK supports various programs and counseling channels aimed at providing convenient financial services and protecting the rights of financially vulnerable groups such as the elderly, people with disabilities, and foreigners.

Elderly	• Provision of IBK Voice Verification Service → Utilizing biometric information obtained by analyzing over 100 voice characteristics (Voice Print) of the customer's voice for identity verification during phone consultations. • Easy Banking Services → Intuitive screens, simple menu structures, and pre-check services for suspicious accounts.
People with Disabilities	• Provision of sign language consultation services for the hearing impaired. • Introduction of procedures for proxy document completion for deposit transactions and new card issuance for the visually impaired. • Implementation of electronic braille services for the visually impaired.
Foreigners	• Provision of foreign language consultation services → Available in seven languages (English, Chinese, Japanese, Vietnamese, Thai, Russian, Indonesian). • Offering of a dedicated mobile banking service for foreigners (i-ONE Bank Global).

2023 IBK Customer Service Center Consultation Status by Channel

(Unit: cases)

Category	Silver Consultation	Foreign Language Consultation	Chat Consultation	Sign Language Consultation	Email Consultation
Consultation Count	132,837	10,779	38,775	144	2,134

To ensure that financially vulnerable groups can use our websites (personal Internet banking/corporate Internet banking) without inconvenience, IBK adheres to web accessibility standard guidelines, achieving and continuously renewing the 'Web Accessibility' certification.

Provision of Various Infrastructures for the Visually Impaired

IBK operates a 'Financially Vulnerable Group Protection Task Force' to protect the rights of financially vulnerable groups and has established various systems. We have prepared a 'Response Manual for Banking Transactions with the Visually Impaired' to assist with their banking transactions. Additionally, we have introduced procedures to assist with the completion of contract documents to alleviate difficulties in document preparation for the visually impaired. We also offer electronic braille services and provide various other infrastructures.

Key Contents of the Response Manual for Banking Transactions with the Visually Impaired

Part 1: Procedures for Handling Tasks During Branch Visits	• Provision of guidance and response procedures for 'Accompanying Counters*' dedicated service windows.
Part 2: Key Procedures for New Product Registration	• Establishment of procedures for the proxy document completion for new deposits, cards, etc. - Dedicated staff/helpers assist the visually impaired in completing documents for independent financial transactions.
Part 3: Guidance on the Use of Auxiliary Means for the Visually Impaired	• Introduction of IBK infrastructures such as braille documents and the IBK Voice Verification Service.

* Accompanying counter: A specialized service counter offering prioritized processing to enhance transaction convenience for financially vulnerable groups

Proxy document completion procedures for deposit transactions and new card issuance for the visually impaired

Proxy document completion procedures have been established to support non-discriminatory financial services and to enhance the convenience of financial transactions for the visually impaired.

① Verification of Eligibility
Confirm the status of visual impairment through supporting documents.

② Consent for Proxy (Recording Begins)
After confirming the customer's request for proxy, complete and record the 'Proxy Request Confirmation.'

③ Completion of Contract Documents by Proxy
Record the process of proxy document completion using IP phone recording.

④ Completion of Proxy (Recording Ends)
Save the recording after completing the proxy process.

⑤ Post-Management
Conduct a follow-up call (IBK Customer Service Center).

In particular, for visually impaired individuals who have difficulty accessing information, IBK has introduced the 'Electronic Braille Service,' which automatically translates personal Internet banking transaction details into braille. This service is the first of its kind to be introduced by a Korean financial institution. The braille translation function is available across 30 menus in personal Internet banking, including full account inquiry, and remittance confirmation. By allowing visually impaired customers to directly check their financial transaction details using a braille information device without exposing them to others, IBK has contributed to the protection of personal information for disabled customers.

Electronic Braille Service Process

Download 'Electronic Braille' within the Internet banking menu. → (Electronic Braille Solution) Create an electronic braille file. → Check the electronic braille using a braille information device*.

*An electronic device that allows reading braille using tactile feedback.

Establishing Information Protection Systems

Establishing an Information Protection Environment

IBK has established a continuous inspection system for source code security vulnerabilities to ensure the creation of safe programs when building new systems. Through this system, developers can check for vulnerabilities in the source code from the development stage, and continuous inspections enable prompt improvement actions when security vulnerabilities are discovered. Consequently, the number of detected vulnerabilities at the final inspection stage before system launch has decreased by approximately 35% compared to the previous processes. Additionally, to preemptively respond to cyber incidents and threats, IBK operates 24x365 security monitoring and a multi-layer defense system. In 2023, to strengthen defense against cyber attacks, we implemented an Internet PC intelligent threat detection and response system (EDR, Endpoint Detection and Response). This is an endpoint (PC)-based threat detection and response system designed to counter new types of malware that are difficult to detect with existing security systems. It performs key functions such as the collection and storage of threat information, detection and response, and investigation and analysis, enabling detailed analysis of malicious activities within Internet PCs. Furthermore, IBK has introduced and expanded systems to ensure system stability, including the introduction of external security threat information monitoring services, expansion of DDoS defense systems, and extension of access control systems.

Maintaining International Information Security Standard (ISO 27001)

IBK has obtained and maintained the international information security standard (ISO 27001) certification, which assesses the appropriateness of information security management systems. This has enhanced the reliability and public trust in IBK's security level. IBK's information security certification covers all IT sectors within the bank, including the IT center and Internet banking services (web and mobile). It maintains certification through professional certification bodies by auditing 114 items across 14 information security domains, including risk management and access control.

Current Status of Information Security Management System Certification

Certification Types	Certification Scope	Validity Period
ISO 27001	Entire IT services	July 5, 2021 - July 4, 2024
ISMS-P	Internet banking services (web, mobile)	December 22, 2022 - December 21, 2025
ISMS	IT center operation	December 22, 2022 - December 21, 2025

Security Vulnerability Inspection for Electronic Financial Infrastructure

To ensure the safety and reliability of electronic financial transactions, IBK conducts an 'Electronic Financial Infrastructure Security Vulnerability Analysis and Evaluation' in collaboration with the Financial Security Institute at least once a year. In 2023, to enhance security levels, we conducted evaluations analyzing and checking potential security vulnerabilities of information processing systems handling electronic financial services for customers. This included inspecting a total of 54,917 items across Internet banking, IBK BOX, and other electronic financial transaction-related infrastructures, as well as compliance with regulations. As a result, IBK received the highest grade, Grade 1, successfully implementing a cyber threat response strategy in preparation for accelerated digital transformation.

Details of Electronic Financial Infrastructure Vulnerability Inspection

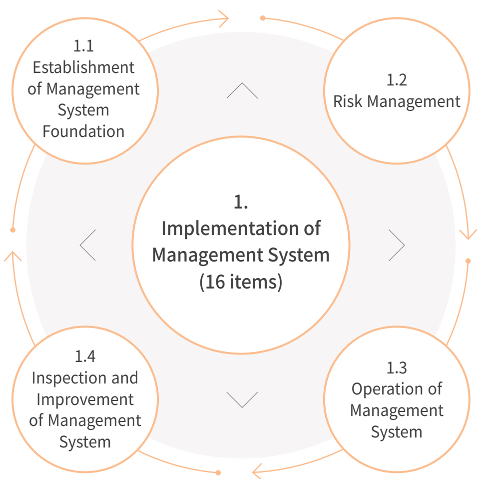
Category	Inspection Target	Inspection Details	Remarks
Information Security Management System	Annual inspection of electronic financial infrastructure, electronic financial systems	Verification of 280 items, including the operation of dedicated electronic financial service organizations	Financial Security Institute
Network Infrastructure		Verification of 19 items, including network equipment redundancy configuration	
Public Website	Bi-annual inspection of Internet banking, etc.	Verification of 50 items, including allowance of improper user authentication	
Information Security System Equipment	Annual inspection of firewalls, etc.	Verification of 41 items, including the adequacy of security policy settings	
Mobile Applications	Annual inspection of i-ONE Bank, etc.	Verification of 48 items, including protection of user input information	
Servers	Annual inspection of credit cards, etc.	Verification of 117 items, including directory and file permission settings	Financial Security Institute & IBK
Databases	Annual inspection of fund systems, etc.	Verification of 27 items, including account and password management	
Network Equipment	Annual inspection of banking DMZ, etc.	Verification of 43 items, including logging settings	

Strengthening Customer Personal Information Management

ISMS-P Certification for Information Security and Personal Information Protection

ISMS-P (Information Security Management System & Personal Information Protection) is the highest authority in integrated certification systems for information security and personal information protection, as announced by the Ministry of Science and ICT and the Personal Information Protection Commission. IBK has successfully passed the post-certification audit of the nationally accredited ISMS-P, as a result of its efforts to safely operate and protect personal information amidst the trend of digital transformation. Through this, IBK has been recognized for the adequacy of its information security management system, thereby enhancing its public trust.

ISMS-P Certification Items: Total 102 items



2. Protection Measure Requirements (64 items)

2.1 Policy, Organization, and Asset Management
2.2 Human Security
2.3 External Security
2.4 Physical Security
2.5 Authentication and Authorization Management
2.6 Access Control
2.7 Application of Encryption
2.8 Security for Information System Introduction and Development
2.9 Management of System and Service Operation
2.10 Security Management of System and Service
2.11 Accident Prevention and Response
2.12 Disaster Recovery

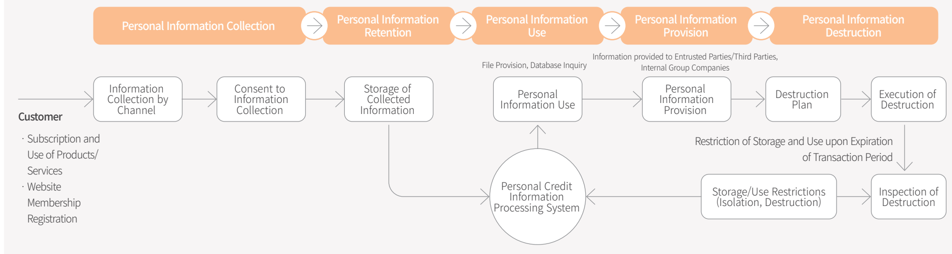
3. Requirements for Each Stage of Personal Information Processing (22 items)

3.1 Protection Measures for Personal Information Collection
3.2 Protection Measures for Personal Information Retention and Use
3.3 Protection Measures for Personal Information Provision
3.4 Protection Measures for Personal Information Destruction
3.5 Protection of Information Subject Rights

Establishment of Personal Information Flow Management Process

In March 2023, IBK established the 'Personal Information Flow Management Process' to maintain a secure personal information management system by analyzing the flow of personal information by business task. Through this management process, IBK has created flowcharts for each stage of the personal information lifecycle (collection-retention-use-provision-destruction), totaling approximately 380 flowcharts. This allows the bank to identify potential risk factors in advance and implement improvements, striving to prevent personal information breaches to the best of its ability.

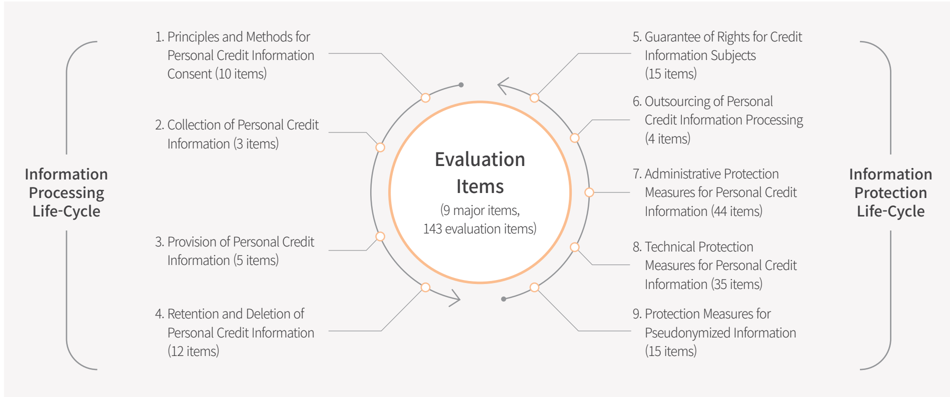
Personal Credit Information Lifecycle



Achieved an S Grade in Continuous Evaluation of Personal Credit Information Utilization and Management

IBK has achieved the S grade (100 points) for three consecutive years until 2023 in the 'Continuous Evaluation of Personal Credit Information Utilization and Management,' conducted by the Financial Services Commission for all financial sectors.

Evaluation Criteria for Continuous Evaluation of Personal Credit Information Utilization and Management



Sustainability Core Value

IBK believes that staying true to its founding mission of supporting the economic activities of SMEs is a fundamental practice of ESG management. IBK not only provides financial support to SMEs that struggle with financing but also offers multifaceted support, including job creation, market development, and restructuring assistance. Furthermore, to ensure SMEs are not left behind in the transition to a low-carbon economy, we provide differentiated ESG financing and ESG consulting services. IBK will not forget that its existence is rooted in ESG and will create a sustainable society with its customers through rigorous deliberation and proactive support.

ESG Support

Support for SMEs

ESG Support

Expanding ESG Finance

Green Finance Execution Strategy

As a policy financial institution, IBK has a responsibility to foster green industries in line with the expansion of the low-carbon market. To this end, we have established and are implementing a green finance strategy. Additionally, to ensure a sustainable growth infrastructure, we have created a systematic internal management system, including a green finance management framework and governance principles. IBK classifies green activities as innovative items aligned with the Korean Green Taxonomy (K-Taxonomy) developed by the government and supports green finance accordingly. Moreover, IBK develops dedicated products and expands related investments to support the green transition of SMEs, while providing various support programs.

Vision

Global Green Bank with SMEs

Strategies

Establishing IBK's green foundation with a sustainable growth infrastructure + Providing differentiated support for SMEs' green transition without alienation

Goal

Increase the proportion of green finance to 13% by 2030

Tasks

- Establish governance structure
- Prepare management principles and processes
- Manage greenhouse gas emissions (promote carbon neutrality)
- Risk management and assessment
- Expand public disclosures

- Strengthen green finance investments and loans
- Prepare tailored support programs
  - Support the transition of companies with high greenhouse gas emissions
  - Provide proactive support programs for large enterprise supply chain partners

ESG Finance – Corporate Finance/IB

Category		Unit	2020	2021	2022	2023
ESG Loans	E (Environmental)*	KRW billion	1,622	2,097	2,768	2,746
	S (Social)	KRW billion	2,045	2,461	3,262	3,491
	Subtotal	KRW billion	3,667	4,558	6,030	6,237
Total Corporate Loans (Total supply for the corresponding year)		KRW billion	71,649	62,985	68,589	68,384
Ratio of ESG Loans		%	5.12	7.24	8.79	9.12

* Performance in E (Environmental) within ESG loans is based on green finance performance.

Category		Unit	2020	2021	2022	2023
ESG Bond Issuance	KRW	100 million	4,000	64,300	68,600	70,000
	Foreign Currency	100 million	USD 5	USD 5	USD 6 AUD 4.1	USD 6.5 HKD 3.9 GBP 0.4
Renewable Energy Infrastructure Finance	PF (Balance Basis)	KRW billion	64	46	55	51
	Investments (Balance Basis)	KRW billion	168	202	284	357

ESG Finance – Retail Finance

Category		Unit	2020	2021	2022	2023
ESG Loans	S (Social)	KRW billion	765	900	1,042	1,265
Total Retail Loans* (Total supply for the corresponding year)		KRW billion	14,462	11,483	10,067	14,204
Ratio of ESG Loans		%	5.29	7.84	10.35	8.91

* Excluding long-term card loans

Advancement of Corporate Credit Evaluation Model

Starting in 2024, IBK has implemented a new corporate credit evaluation model that comprehensively reflects recent changes in the financial environment, borrower characteristics, and regulatory direction. The new model places substantial emphasis on non-financial assessments to ensure evaluation objectivity. Additionally, by introducing evaluation items related to ESG management, the model assesses the management level of ESG-related risks and opportunities, thus establishing a more sophisticated credit evaluation system.

ESG Support

Expanding ESG Finance

Environmental and Social Risk Management System

IBK is in the process of establishing a system to review environmental and social risks within its investment decision-making process, aiming to mitigate the adverse impacts that large-scale development projects may have on the environment and society. In 2022, IBK developed the “Environmental and Social Impact Review Manual” in collaboration with the Investment Bank (IB) operational departments. This manual incorporates domestic and international laws and regulations, the International Finance Corporation (IFC) Performance Standards, and the World Bank Group’s Environmental, Health, and Safety Guidelines, among other international standards. Additionally, with the approval of the ESG Committee under the Board of Directors, IBK officially adopted the Equator Principles in September of the same year and has been incorporating them into investment decisions to minimize negative risks.

Implementation of the Equator Principles

IBK has established the “Environmental and Social Risk Management Guidelines,” an internal directive to effectively apply the Equator Principles. This directive provides guidance for the operational departments, including the IB department and the credit underwriting department to apply the Equator Principles in their work. Based on this, the operational departments classify projects subject to the Equator Principles and communicate with borrowers. The ESG Management Department, which is responsible for the Equator Principles, reviews environmental impact assessment reports and independent environmental and social consultant due diligence reports to identify environmental and social risks and ensure appropriate mitigation measures are in place.

Applicability of the Equator Principles

① Project Finance (PF) or real estate finance with a total project cost of USD 10 million or more.
② Financial advisory services of PF or real estate finance with a total project cost of USD 10 million or more.
③ Project-related corporate loans that meet all of the following conditions:
- The loan amount is USD 50 million or more.
- than half of the total loan amount (including syndicated loan amounts) is intended to support the development project.
- The loan term is 2 years or more.

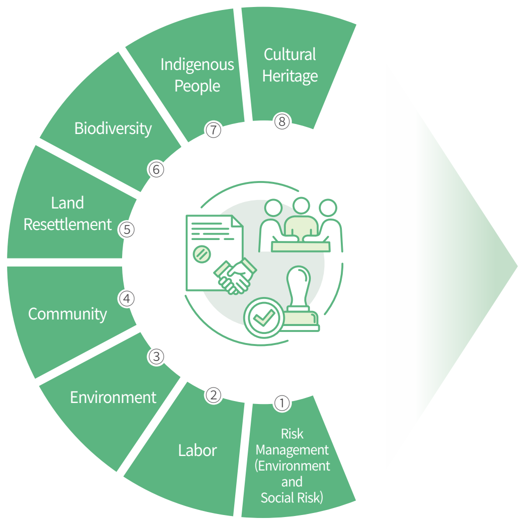
④ Acquisition financing and refinancing that meet all of the following conditions:
- The existing project is subject to the Equator Principles.
- There are no material changes in the scale or scope of the project.
- Project completion should not yet have occurred at the time of signing of the loan agreement.

Equator Principles Implementation Process and R&R

IB Department	Dedicated Department (ESG Management Department)		Credit Underwriting Department	IB Department	ESG Management Department
Screening	Project risk classification	Independent environmental and social impact assessment	Investment decision	Reflection in financial agreement	Independent monitoring and reporting
• Identification of the Equator Principles applicability • Request for impact survey questionnaire	• Grade A (High-risk) • Grade B (Medium-risk) • Grade C (Low-risk)	• Confirmation of the Equator Principles compliance requirements • Preparation of environmental and social impact reports	• Incorporation of environmental and social impact review	• Inclusion of the Equator Principles compliance clauses • Request for consent to provide information	• Monitoring compliance with the Equator Principles • Publication of implementation report

Project Risk Classification

IBK has established a classification procedure that reflects domestic and international laws and regulations, the International Finance Corporation (IFC) Performance Standards, and the World Bank Group’s Environmental, Health, and Safety Guidelines, among other international standards.



Grade A Projects with severe and prominent environmental and social risks that are likely to affect a broad area.

Grade B Projects with less severe environmental and social risks than Grade A, with impacts confined to the project site, and where mitigation or recovery measures are easier to implement.

Grade C Projects with minimal or no environmental and social risks.

ESG Support

Expanding ESG Finance

Environmental and Social Risk Management System

Representative Cases of the Equator Principles Application Projects

Since officially adopting the Equator Principles in September 2022, IBK has applied the Equator Principles procedures to support financing for 12 project finance (PF) cases and 1 project finance advisory (FA) service case as of the first quarter of 2024. Based on the Equator Principles, IBK reviews whether appropriate mitigation measures are in place for the unavoidable environmental and social negative impacts caused by the projects. For projects classified as Grade A and high-risk Grade B, IBK requested an independent environmental and social consultant review. As a result, all 13 projects were confirmed to comply with the Equator Principles requirements.

Case 1

Hoenggye Onshore Wind Power Project

This project involves the construction and operation of a 26MWh wind power plant in the Hoenggye-ri area of Gangwon Province. IBK participated as an advisor and facilitated financing and investment amounting to KRW 49.3 billion. Through a small-scale environmental impact assessment, some unavoidable impacts were identified, but appropriate mitigation measures were confirmed to be in place. As a policy financial institution, IBK aims to contribute to the expansion of investments in renewable energy projects like this one, thereby helping to address the climate crisis and enhance national energy security.

Case 2

Dongbu Expressway Underground Private Investment Project

This project involves investing in the underground conversion of a section of the existing Dongbu Expressway. IBK invested KRW 118 billion (KRW 70 billion in loans and KRW 48 billion in funds). The project is expected to positively impact local development by increasing convenience for citizens, improving air quality due to reduced surface road traffic, and creating an eco-friendly riverside park through the ecological restoration of Jungnangcheon. Additionally, the environmental impact assessment confirmed the strengthening of driving safety and disaster prevention functions, and appropriate mitigation measures to reduce unavoidable negative impacts. Even after completion, the project will be monitored through follow-up environmental impact assessments to verify the effectiveness of the management plan, ensuring that the environmental and social impacts are minimized.

Employee Training

To enhance employees' capabilities in managing environmental and social risks, IBK conducted two training sessions on the Equator Principles in 2023 for IB department personnel and credit officers. In addition to these dedicated training sessions, IBK included content related to the Equator Principles in training programs for new employees and those receiving promotions, aiming to introduce the Equator Principles and embed environmental and social risk management throughout the bank.

2023 Equator Principles Employee Training

Category	Target Audience	Training Content	Number of Participants
1st Training	Credit Officers	Environmental and Social Risk Management in Credit Review	54
2nd Training	Prospective Specialists	Introduction to the Equator Principles and Business Processes	28

ESG Support

Expanding ESG Finance

ESG Investment

Established the first RE100 fund in the Korean financial sector

RE100 (Renewable Energy 100) is a global campaign aimed at transitioning 100% of the electricity used by companies to renewable energy. In 2023, IBK collaborated with SK E&S to establish the country's first "RE100 Fund," providing the renewable energy platform to companies striving to achieve RE100, thus playing the role of a market creator.

IBK and SK E&S have jointly established a renewable energy fund totaling KRW 1.9 trillion over three years and signed a business agreement in July 2023. IBK is responsible for financial advisory, underwriting, and investment, while SK E&S handles project discovery, operation, and management. Both companies aim to maintain a close cooperative relationship by sharing expertise in renewable energy development projects.

Fund Intermediation KRW 300 billion
Participation Amount KRW 200 billion
(May 2023)

In 2023, IBK also collaborated with the Korea Energy Agency to jointly invest in the RE100 Fund worth a total of KRW 250 billion. This fund invests in renewable energy projects to help domestic companies achieve RE100. IBK plans to continue playing a market-creating role for RE100, leading the RE100 market and actively participating in green finance projects to achieve carbon neutrality.

Fund Facilitation KRW 250 billion
Participation Amount KRW 50 billion
(September 2023)

Investment in Social Value Realization

In 2023, IBK expanded its investments in eco-friendly Social Overhead Capital (SOC) projects. The bank invested in the "Busan Biogasification Power Facility Private Investment Project," which aligns with the Korean Green Taxonomy (K-Taxonomy) and offers significant social benefits. Additionally, IBK invested KRW 110 billion in the "Public BTL (Build Transfer Lease) Fund," which ensures both stability and public interest. The "Public BTL Fund" actively invests in projects that meet ESG criteria in sectors such as schools, defense facilities, and the environment, thereby enhancing public value. Moreover, in 2023, IBK, in collaboration with the Korea Industrial Complex Corporation, established a fund and contributed KRW 30 billion to improve the environment of outdated industrial complexes and enhance industrial competitiveness. As a policy financial institution, IBK plans to continue fulfilling its social responsibility through such investments.

2023 Major Projects for Eco-Friendly Buildings

Project Name	Description
Kendall Square listed REITs secured loans for logistics centers	• IBK arranged loans for the REITs and the seven logistics centers managed by the REITs. • Achieved eco-friendly building certification and obtained the highest 5 Star rating from Global Real Estate Sustainability Benchmark (GRESB). • Participation Amount: KRW 102 billion
Logisco Yangji secured loans for logistics centers	• From the design phase, the project obtained eco-friendly building certification and achieved Leadership in Energy and Environmental Design (LEED) certification. • Participation Amount: KRW 85 billion

ESG Support

Expanding ESG Finance

ESG Investment

Expansion of Green Finance Investment Areas

IBK has expanded its investments in wind power projects to actively support the government's renewable energy policy. The "Green Value Growth Fund" is a development fund in which IBK participates and invests in the early development stages of green projects. This fund was established to secure financial arrangement rights for high-quality green projects in advance and to expand IBK's role as a market creator. Through the "Green Value Growth Fund," IBK invested in the "Hoenggye Onshore Wind Power Project," thereby expanding its investment portfolio from a focus on solar power to include wind power and other renewable energy sources.

Fund Intermediation KRW 92.3 billion
Participation Amount KRW 49.3 billion
(September 2023)

Furthermore, aligning with the government's hydrogen expansion policy, IBK has increased its investments in the hydrogen fuel cell sector. To promote carbon neutrality and the hydrogen economy, IBK has actively participated in the government's Clean Hydrogen Portfolio Standard (CHPS) and invested in the "Clean Hydrogen Energy Fund."

KRW 30 billion Investment
(October 2023)

Declaration of the Powering Past Coal Financing

In 2022, IBK introduced the 'Powering Past Coal Financing' principles to refrain from investing in and providing financial support to coal-related assets.

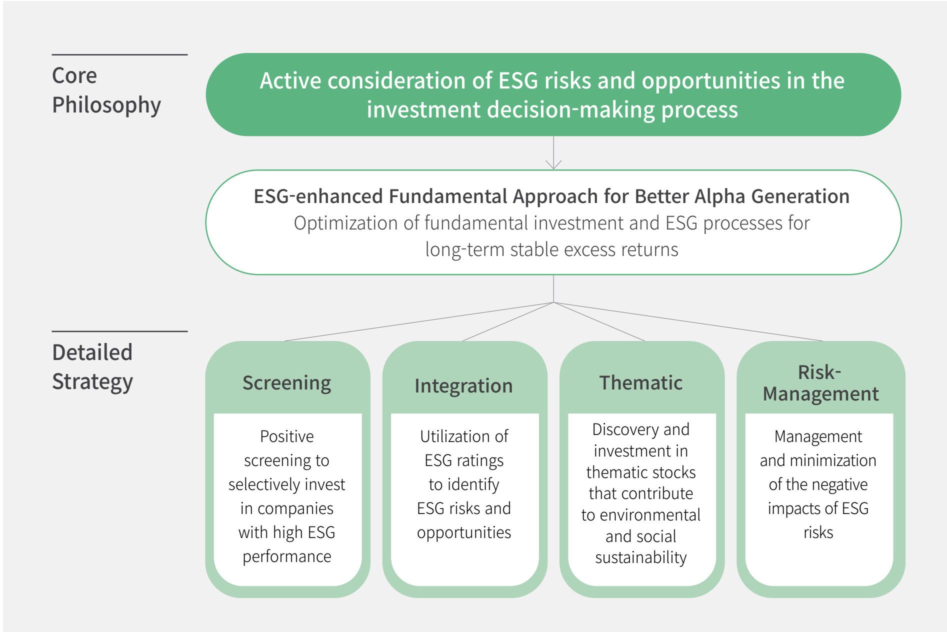
1. Prohibition of new PF investments for the construction of new domestic and international coal power plants in the future
2. Exclusion of investment in bonds issued by SPC for the future construction of new domestic and international coal power plants
3. Exclusion of investment in bonds issued for future domestic and international coal investment purposes
4. Expansion of green financial investments, including investments and loans, to take a proactive stance in achieving carbon neutrality and addressing the climate crisis

Negative Screening Clause in Direct Investment

IBK operates a negative screening clause in its investment operation guidelines, excluding new investments in industries related to casinos, alcohol, tobacco, and coal power. This approach prevents potential negative impacts on the environment and society during the investment process and ensures adherence to social responsibility.

Establishing ESG-Based Investment and Management Processes IBK Asset Management

IBK Asset Management has established an ESG investment philosophy and strategy to enhance the reliability of its investment operations, incorporating ESG-based evaluations into its actual investment activities. Additionally, it prepares and reports a responsible investment report semiannually, reflecting the results of ESG research and monitoring. In 2023, IBK Asset Management evaluated and reported the ESG ratings of a total of 1,056 companies.



ESG Support

Expanding ESG Finance

ESG Investment

Expanding ESG Investment and loan

IBK Capital IBK Securities IBK Insurance

IBK Capital is expanding its investments and financing to companies with strong ESG capabilities. It continues to establish and manage ESG-related funds and contributes to the expansion of ESG finance by reviewing ESG-related companies and projects.

	Unit	2021	2022	2023
IBK Capital ESG-Related Investment and Financing Amount	KRW 100 million	2,069	4,951	3,494

IBK Securities manages the IBK Financial Group's green finance fund and continues to actively invest in eco-friendly companies. IBK Securities actively supports capital raising by offering ESG-related funds, covering both public and private offerings, and prioritizing crowdfunding for ESG-related companies. Additionally, IBK Securities underwrites and brokers ESG bonds, including social bonds issued by the Korea Credit Guarantee Fund, Korea Technology Finance Corporation, and Korea SMEs and Startups Agency. Moreover, it participates in international carbon credit projects, diversifying its ESG finance efforts. Notably, through the Vietnam rice husk biomass power and materialization project, it secured 1 million tons of carbon credits.
IBK Insurance practices ESG finance by investing in eco-friendly and renewable energy projects. In 2023, it invested a total of KRW 28.3 billion in eco-friendly projects.

Expansion of Eco-Friendly Investments

IBK Asset Management

IBK Asset Management is committed to providing an environment where everyone can thrive and create a sustainable future. To this end, it is continuously expanding its investments and financial advisory services in various renewable energy sectors, such as solar power and fuel cells. In 2023, IBK Asset Management actively participated in investment opportunities in government-led private investment projects, including eco-friendly modernization projects for wastewater treatment plants, demonstrating its efforts to contribute to a better environment.

IBK Asset Management Key Investment Achievements in the Eco-Friendly Sector (as of 2023, in KRW 100 million)

Major Product Name	Product Description	Amount
IBK Solar Power General Private Special Asset Investment Trust	Investment fund aimed at investing in equity and loan receivables of solar power project operators	1,979
IBK Cogeneration General Private Special Asset Investment Trust	Investment fund aimed at operating energy projects related to cogeneration in Osan, Gyeonggi Province	915
IBK C&I ESS General Private Special Asset Investment Trust	Investment fund aimed at reducing industrial electricity costs through the installation and operation of Energy Storage Systems (ESS)	335

ESG Support

Expanding ESG Finance

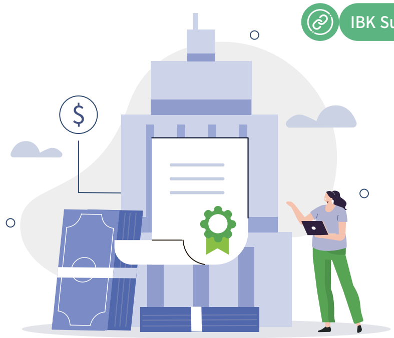
ESG Bonds

Sustainability Financing Framework

IBK has established a sustainability financing framework for issuing and transparently managing funds for KRW and foreign currency-denominated ESG bonds. This framework complies with international standards set by the International Capital Market Association (ICMA), including the Social Bond Principles, Green Bond Principles, and Sustainability Bond Guidelines. In Korea, it aligns with the guidelines issued by the Ministry of Environment and the Financial Services Commission, as well as the four key elements outlined in the Korean Green Taxonomy Guidelines by the Ministry of Environment. IBK's sustainability financing framework comprises the use of proceeds, process for project evaluation and selection, management of proceeds, and reporting. External professional institutions have certified the adequacy of this framework. Social bonds are designated for social sectors, green bonds for green and transition sectors, and sustainability bonds for both social and green sectors. The green sector targets projects that comply with the Korean Green Taxonomy (K-taxonomy). Through negative screening, IBK excludes companies and projects related to child labor, weapons, alcohol, tobacco, and fossil fuels from support, thereby minimizing the negative environmental and social impacts of its bond issuances.

In 2023, IBK improved the sustainability financing framework by adding methods to measure ESG effectiveness. To enhance transparency in disclosures, IBK now includes information on the effectiveness of the bonds, such as CO_2 reduction, reduction in environmental pollutants, and the number of beneficiaries of financial services, in its post-issuance reports. Additionally, in line with the revised Korean Green Bond Guidelines, IBK has updated its sustainability financing framework to expand the scope of supported projects in green finance and to provide more detailed information on the support provided.

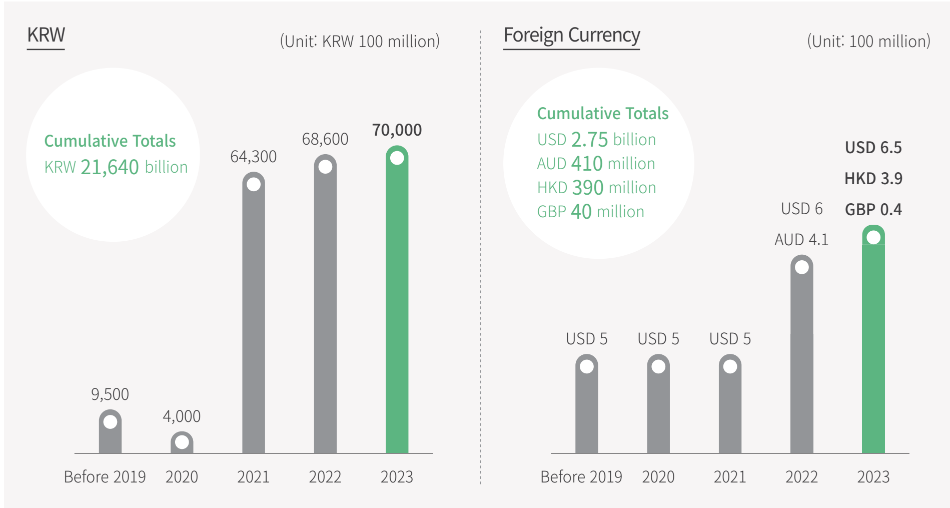
IBK Sustainability Financing Framework



Expansion of ESG Bond Issuance

In 2023, IBK issued KRW 7 trillion in KRW-denominated ESG bonds, accounting for 79.3% of the total ESG bond issuance by the banking sector in Korea. This marks the third consecutive year that IBK holds the largest share among Korean banks. Additionally, IBK has diversified its ESG financing portfolio by utilizing the social, green, and sustainability sectors in the international financial markets. In March 2022, IBK held an investor presentation for international organizations and central banks to promote the excellence of IBK's green finance, successfully issuing its first foreign currency green bond of USD 100 million. In May 2023, IBK issued a GBP 40 million private placement sustainability bond to high-quality investors, recognizing the value-creation effect of its ESG initiatives. Furthermore, in September 2023, IBK successfully raised USD 600 million through a global gender equality social bond, following the active promotion of IBK's achievements in gender equality. It is the largest gender equality bond in Asia and the funds raised are being used to support women-owned startups. In 2024, IBK plans to strengthen its position as a leading ESG bank by regularly issuing ESG bonds and exploring various thematic bonds to diversify its funding sources.

ESG Bond Issuance Details



ESG Support

Expanding ESG Finance

ESG Specialized Products

Equipment Loan for Successful ESG Management

This loan product supports the carbon neutrality and ESG management of SMEs, including companies engaged in or transitioning to low-carbon green industries, excellent job-creating companies, social economy enterprises, and companies with superior governance structures. In January 2024, to strengthen ESG financial support, we expanded the support targets to include companies rated highly for environmental performance by the Korea Environmental Industry & Technology Institute and companies eligible for tax credits related to employment growth.

Loan for Successful ESG Management

In collaboration with the Korea Chamber of Commerce and Industry, this product supports SMEs in practicing ESG management and is the first Sustainability Linked Loan (SLL) in Korea. Participating companies undergo ESG management level diagnosis and evaluation conducted by the Korea Chamber of Commerce and Industry, which issues an ESG Management Performance Certificate based on the evaluation results. IBK provides interest rate reductions of up to 1%p based on the ESG Management Performance Certificate grade. When extending loan terms for accounts with loans maturing after receiving financial support, we reassess the company's ESG management level to encourage the continuous ESG growth of SMEs. Based on the reassessment results, we also readjust the interest rate reduction accordingly.

IBK Evergreen Sky Loan

This dedicated loan product supports companies in the energy and environmental themes, specifically targeting companies involved in five areas: renewable energy, eco-friendly power generation, energy efficiency improvement, environmental improvement, and environmental protection, as well as green-certified companies, under the 'Common Criteria for Innovative Growth.' In 2023, to induce carbon emission reductions and expand SMEs' participation in ESG management, the support targets were expanded. The targets now include companies engaged in innovative items related to the Korean Green Taxonomy (K-taxonomy), high-risk industries managing climate risks focusing on power cost and usage reduction, companies rated highly for environmental performance, and those participating in resource circulation activities, thus strengthening financial support to activate ESG management.

IBK Evergreen Sky Account (Corporate)

This deposit product offers preferential interest rates to companies participating in low-pollution projects, such as owning eco-friendly vehicles or installing air emission reduction devices.

IBK ALL Right Corporate Account

To promote the expansion of ESG management across society and align with government ESG-related policies, this deposit product offers preferential interest rates to companies promoting ESG management and practicing environmental protection.

Expansion of ESG Themed Fund Sales

As of the end of 2023, IBK has been selling a total of 18 ESG-themed fund products, with total sales amounting to approximately KRW 95.8 billion. To expand the range of ESG-themed fund products, IBK is actively discovering various ESG themes, such as products that invest in eco-friendly themes and companies that enhance shareholder value, as well as those that employ a negative screening strategy for selective investments. Additionally, IBK enhances employees' understanding of these products through continuous education related to ESG-themed products. Moreover, IBK consistently launches ETF products that invest in eco-friendly companies. In 2023, new products were launched that invest in companies producing secondary battery materials and those involved in the manufacturing and transportation of eco-friendly ships.

Performance of ESG Specialized Product (Loans) Supply (as of 2023)

Product Name	Unit	Supply Performance
Equipment Loan for Successful ESG Management	KRW 100 million	18,291
Loan for Successful ESG Management	KRW 100 million	3,335
IBK Evergreen Sky Loan	KRW 100 million	136

ESG Support

Expanding ESG Finance

ESG Specialized Products

I-Anywhere Green Card

In October 2023, as part of promoting ESG management, IBK introduced the 'I-Anywhere Green Card.' The Green Card meets both the policy direction of pursuing low-carbon green growth and the demand for eco-friendly consumption by customers, offering benefits such as discounts on eco-friendly vehicle charging and additional points accumulation when purchasing eco-friendly products. The card plate material is also made from recycled plastic. IBK, driven by a sense of responsibility to create a sustainable environment, actively contributed to the successful launch of the Green Card. For its contribution to the activation of the Green Card system, IBK received the Minister of Environment Award in November 2023. Moving forward, IBK will continue to lead in spreading the low-carbon green consumption culture and maintain a solid green management stance.

(as of 2023)

Product Name	Cumulative Issuance	Launch Date
I-Anywhere Green Card	105	October 27, 2023
Green Card v1	339,043	July 19, 2011
Green Card v2	49,738	December 9, 2016
Green Check Card	764,035	August 9, 2011

* Cumulative number of issuances: Cumulative number of issuances from the launch date

I-Nanum Card

In May 2023, IBK launched the ESG-specialized product, 'I-Nanum Card,' allowing customers to practice sharing in their daily lives. A portion of the card usage amount is automatically donated, and customers have the option to directly select the field they wish to support, such as children and disabilities, animals and the environment, when issuing the card. The card plate is designed with artworks by artists with developmental disabilities, aiming to spread the culture of meaningful consumption with social significance.

IBK Parent Salary Preferred Savings Account

In February 2023, IBK launched the 'IBK Parent Salary Preferred Savings Account,' which offers preferential interest rates when receiving parent salary and child benefits, to foster a nationwide interest in solving the low birth rate issue. By the end of 2023, 8,728 accounts were opened, amounting to KRW 18.6 billion in deposits. This product was selected as an excellent example of a 'win-win cooperation financial new product' by the Financial Supervisory Service, contributing to the role of policy financial institutions in addressing social issues.

ESG Support

Expanding ESG Finance

ESG Agreements

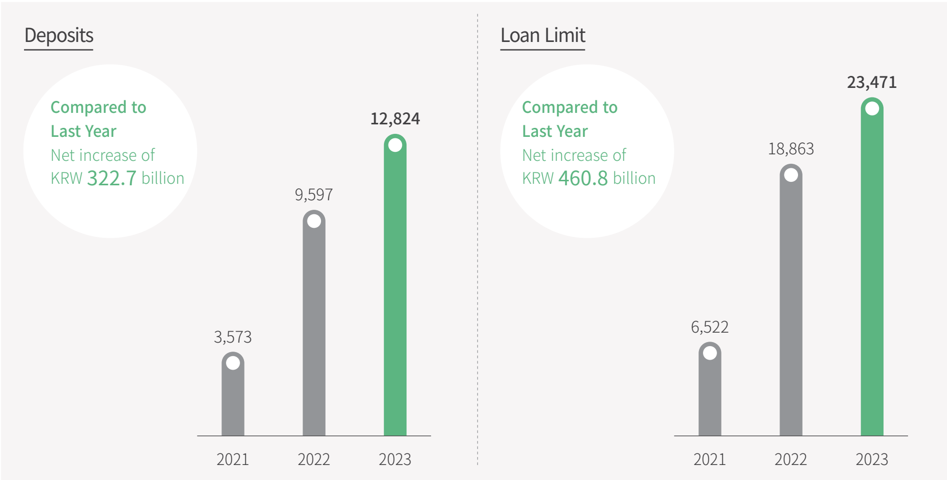
Expansion of ESG Mutual Growth Agreements

IBK has established low-interest loan limits based on deposits from partner organizations, large enterprises, and medium-sized companies to provide low-interest operating funds to cooperating SMEs. In particular, IBK is actively expanding ESG mutual growth agreements to support SMEs in adopting ESG management practices. As of the end of 2023, IBK has secured a net increase of KRW 460.8 billion in ESG Mutual Growth Cooperation Loan limits, creating a total loan limit of KRW 2.3471 trillion.

ESG Mutual Growth Cooperation Loan Support Procedure

1. **Agreement Companies · IBK** — Sign ESG Mutual Growth Agreement
2. **Agreement Companies** — Recommend fund support targets (e.g., companies promoting ESG management)
3. **IBK** — Loan review and credit support

ESG Mutual Growth Cooperation Loan Status (Unit: KRW 100 million)



IBK expands ESG mutual growth agreements that are linked not only to financial services but also to non-financial services such as ESG education and consulting. To assist SMEs struggling with implementing ESG management, IBK will continue to expand ESG mutual growth agreements, enabling them to receive both financial and non-financial services simultaneously.

Promoting ESG Management Support Agreements with Public Institutions

IBK expands business agreements with local public institutions to support the ESG management of partner companies. In conjunction with non-financial services such as ESG consulting, IBK promotes business agreements for the sustainable development and mutual growth of public institution partner companies.

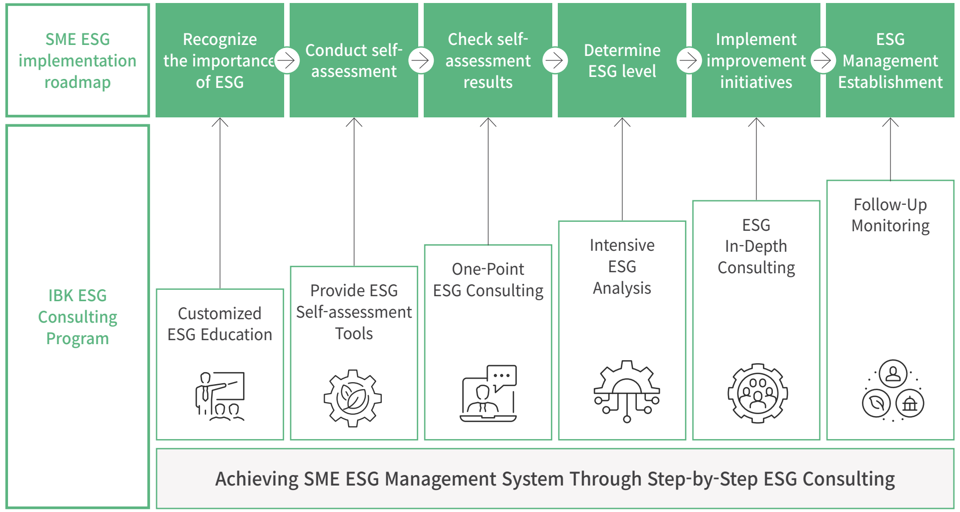
Institution Name	Main Content
Korea National Railway	• Sustainable Development Agreement for Railway Partner Companies - Provides ESG risk management education and consulting
Korea Gas Technology Corporation	• Sustainable Development Agreement for Partner SMEs - Provides ESG-change management education and consulting
Korea Credit Guarantee Fund (Daegu Gyeongbuk Headquarters)	• Business Agreement for Supporting SMEs in Daegu and Gyeongbuk - Provides ESG and tax/accounting consulting, and employment creation support projects
Wanju County	• Business Agreement for Mutual Growth of SMEs - Provides ESG and tax/accounting consulting, and support services for export companies

ESG Support

Advancing ESG Consulting

Customized ESG Consulting Program for SMEs

IBK offers ESG consulting programs to help SMEs with their ESG management. This consulting service provides tailored solutions for SMEs addressing the 'when, whom, what, and how' of ESG management. It includes customized education to raise awareness about the necessity of ESG practices, self-assessment of ESG, intensive ESG analysis through on-site visits by consultants, in-depth consulting for substantial improvement, and continuous follow-up monitoring. These services are designed to meet the specific needs of SMEs at every stage of their ESG journey.



Category	Unit	2022	2023
Total Consulting	Cases	1,552	1,665
ESG Consulting	Cases	79	154

ESG Self-Assessment Tool

In July 2022, IBK launched an online ESG self-assessment tool aimed at promoting ESG management among SMEs new to the concept. This tool, accessible via both mobile and PC, stands out for its user-friendly interface, differentiated assessment criteria tailored to SMEs, and straightforward presentation of the company's ESG performance results.

In 2023, the ESG self-assessment tool underwent a significant upgrade aimed at raising awareness among SMEs and encouraging its usage. Specifically, the knowledge provision service function was enhanced to help SMEs that find it challenging to access various ESG information both domestically and globally. Regularly selected ESG-related information such as the latest trends, policies, and regulations, is now delivered via email, along with examples of excellent ESG consulting cases to provide benchmarking opportunities for ESG practices. Additionally, IBK has enhanced user convenience and online consulting functions, such as self-assessment history management, environmental management performance measurement, and web design renewal, to lead the support for SMEs in practicing ESG management.

Cumulative 2,265 Cases
Number of ESG Self-Assessment Conducted
(as of 2023)

ESG Support

Advancing ESG Consulting

Expansion of Intensive ESG Analysis Consulting

Amid the tightening of ESG-related regulations such as the EU's Supply Chain Due Diligence Directive and Carbon Border Adjustment Mechanism, IBK provides Intensive ESG Analysis consulting for SMEs preparing to implement ESG management practice.

Intensive ESG analysis evaluates the level of a company in terms of the required items for ESG management and offers consulting on problems and improvement directions in the areas of E, S, and G. To enhance the execution capabilities of SMEs for ESG management, the consulting goes beyond merely assessing the current ESG status of the company, offering change management education and implementation guides.

In particular, Intensive ESG Analysis prioritizes providing consulting to partners of large and mid-sized companies, facing high ESG demands both in Korea and globally. Through partnerships with large companies, we actively assist SMEs in establishing their ESG management systems by enabling them to receive both financial and non-financial services.

Cumulative 149 Cases
Number of Intensive ESG Analysis conducted
(as of 2023)

Application for Intensive ESG Analysis consulting →

1
Change management education
Education on ESG concepts

2
Intensive analysis
In-depth evaluation of ESG levels

3
Implementation guide presentation
Presentation of implementation priorities

→ Completion of ESG management level assessment

ESG Knowledge Repository

IBK introduces relevant terms, trends, and regulations every month through the 'ESG Knowledge Repository' to help SMEs who find ESG unfamiliar and challenging. The ESG Knowledge Repository covers a wide range of ESG-related topics, including partner codes of conduct, the relationship between safety and ESG, ethical management, greenhouse gas inventory, green product purchasing systems, RE100, establishment and implementation of safety and health management systems, and the EU supply chain due diligence directive, providing SMEs with various opportunities to learn about ESG. Additionally, the ESG Knowledge Repository shares case studies of companies that have received ESG management consulting and implemented it, demonstrating how other SMEs interpret and practice ESG. For SMEs that still find ESG challenging and overwhelming, the examples from similar companies can serve as motivation for transitioning to the ESG management system. Furthermore, IBK regularly shares outstanding ESG consulting cases internally. Through this practice, we emphasize the significance of SMEs practicing ESG management, outline the process for applying for ESG consulting, and highlight the outcomes achieved to actively support companies in ESG management.

The First Step to ESG Management, ESG BOX

ESG BOX is a service provided by IBK that allows SMEs to access a variety of ESG-related services at once, from an introduction to ESG, ESG consulting, and related financial products, to simple environmental performance measurements. In particular, in 2023, we have enhanced ESG BOX by launching a resource circulation solution service using corporate waste. The resource circulation solution service matches companies with waste collection companies when they apply for waste collection and helps them recycle the waste into eco-friendly products. It also provides a waste emission history and environmental impact assessment report, supporting companies to use these as ESG management indicators.

Introduction to ESG	ESG Consulting	ESG Financial Products	Waste Collection Service
Guidance on what ESG management is and why it is necessary through related videos/news	Free assessment of a company's ESG management level and consulting support	Information on supporting the Korea Chamber of Commerce and Industry's cooperative product 'Loan for Successful ESG Management'	Resource circulation solution that collects corporate waste and recycles it into new resources

ESG BOX

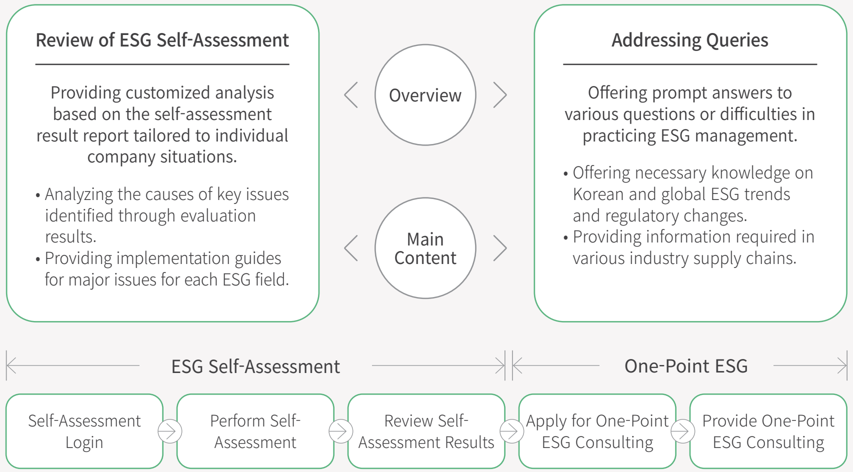
ESG Support

Advancing ESG Consulting

One-Point ESG Consulting

In 2023, IBK introduced One-Point ESG Consulting, which provides customized consulting based on individual company situations using ESG self-assessment results linked to the ESG self-assessment tool. One-Point ESG Consulting analyzes the causes of key issues identified through self-assessment evaluation results, provides practical guides, and offers various information on Korean and global ESG trends, regulatory trends, and supply chain requirements in different industries. One-Point ESG Consulting is expected to help expand ESG management among SMEs by offering accessible consulting even to companies that have postponed ESG management assessment due to the burden of submitting large amounts of data or consultant visits.

30 Cases
Number of One-Point ESG Consultations conducted
(as of 2023)



Offering a combined 1 + 1 consulting service of ESG Self-Assessment and One-Point ESG Consulting

ESG-Industrial Safety Consulting

In 2023, IBK introduced 'ESG-Industrial Safety Consulting' to help manage and improve industrial safety elements required for SMEs. Since the introduction of the Serious Accidents Punishment Act in January 2022, the burden on businesses with more than 50 employees to manage industrial safety has significantly increased. However, SMEs face difficulties in responding to industrial safety due to issues with manpower and budget. To address this, IBK provides safety education for employees, workplace safety inspections and diagnostics, and risk assessment consulting for SMEs. Through consulting, IBK works with the company's industrial safety managers to establish detailed implementation plans, emergency action plans, and risk control methods tailored to the company's characteristics. IBK also provides templates and manuals for establishing a workplace industrial safety system. The primary goal of this consulting service is to establish an industrial safety culture throughout the company, ensuring that businesses can independently manage workplace safety even after the consulting period. By focusing on on-site consulting, IBK supports SMEs in practically managing and improving workplace safety elements.

21 Cases
Number of ESG-Industrial Safety Consultations conducted
(as of 2023)

Employee Safety Education
Purpose and necessity of industrial safety health management / Basics of introducing serious accident prevention management.

Workplace Safety Inspection and Diagnosis
On-site safety inspection and assessment/ Establishing a customized safety management process

Risk Assessment Consulting
Analyzing and managing harmful and hazardous factors/ Providing a risk assessment result report

Support for SMEs

Job Support

Achieving 220,000 Cumulative Job Matches

Reflecting the challenges voiced by SME CEOs struggling with labor shortages, IBK initiated its job creation project in 2009, becoming the first in the Korean financial sector to take action. Through two rounds of the '100,000 Job Creation Project,' IBK achieved cumulative job matching for 220,000 people by the end of 2023. To support job creation, IBK operated the i-ONE JOB recruitment portal, held job fairs, and administered the Job Fulfillment Fund. In 2023, IBK also launched welfare support projects for SMEs. These new projects not only increased job-matching but also contributed to improving the quality of jobs in SMEs. Moving forward, IBK plans to expand its job-matching support and continue developing various programs.

Performance of the Job Creation Projects (Unit: Persons)

100,000 Job Creation Project		Continued	Cumulative
1st(2009~2017)	2nd(2018~2022)	2023	
100,044	102,913	20,037	222,994

Key Highlights of Job Creation Projects (As of 2023)

i-ONE JOB
- Free recruitment portal supporting SME recruitment
- 7,934 corporate members and 80,491 individual members

Job Fairs
- Direct communication between hiring companies and job seekers on site
- A total of 68 job fairs held, participated by approximately 730,000 job seekers

Job Fulfillment Fund
- Financial support for job-creating companies
- Support provided to 1,688 companies (36,336 employees), totaling KRW 24.2 billion

Welfare Improvement Projects for SME Workers

IBK became the first in the Korean banking sector to launch welfare support projects for SMEs to expand its job creation efforts. Aimed at improving the quality of life of workers and thereby enhancing the competitiveness of SMEs, this project ultimately seeks to bridge the welfare gap between large enterprises and SMEs. The welfare support project for SME employees, which includes financial assistance for vacations and 'workation' programs that combine work and leisure, was conducted in collaboration with the Korea Tourism Organization and the Korea Chamber of Commerce and Industry. In 2023, with a budget of KRW 1.2 billion, the project supported 1,560 SMEs and 11,310 workers. In 2024, the plan is to expand the scale of support.

i-ONE JOB: Introduction of AI Services and Competency Enhancement Programs

In 2023, the SME-focused employment portal 'i-ONE JOB' introduced various new services for SMEs, job seekers, and employees. The 'AI Talent PLUS+' service helps alleviate the hiring burden for SMEs by recommending the best candidates through job posting alone, thereby improving job matching rates. The 'AI One-Stop Employment Solution' uses ChatGPT to provide customized employment programs for job seekers, incorporating AI technology to offer user-centric services from resume writing to interview preparation. The 'e-Learning Program' supports SME competency enhancement by offering educational content ranging from mandatory legal training to job skills, languages, and certifications. Going forward, IBK plans to continue providing various non-financial services by enhancing diverse content and continuously introducing employee competency enhancement programs.

Support for SMEs

Job Support

Job Fairs

IBK has organized job fairs through public-private partnerships with the government, local governments, large corporations, and other stakeholders, providing a platform for hiring companies and job seekers to communicate directly on-site. From 2009 to 2023, IBK held a total of 68 job fairs, with approximately 730,000 job seekers participating, leading to approximately 8,300 new job placements. In 2023, IBK co-hosted the 'Hanwha Group Excellent Partners Job Fair' with Gyeongsangnam-do and Hanwha, facilitating the training of technical talents and expanding the recruitment of local talents. Additionally, IBK collaborated with the Seoul Metropolitan Government to hold the 'Good Companion Job Fair,' enhancing welfare and job creation synergy through the 'Companion Partner Business Agreement' that links job policies for SMEs and workers in Seoul. Since 2017, IBK has overseen the planning and operation of the Financial Sector Joint Recruitment Fair, which involves all financial institutions. In 2023, the fair saw record participation with 64 financial institutions and 1.41 million attendees.

IBK plans to continue promoting sustainable job creation by hosting regional job fairs in collaboration with local governments to ensure balanced regional growth. Additionally, IBK aims to address the technical workforce shortage in SMEs by matching them with individuals who have completed specialized technical training programs.

Job Fulfillment Fund Support

Since 2018, IBK has been operating a Job Fulfillment Fund totaling KRW 60 billion, to provide financial support to job-creating SMEs. The fund provides KRW 500,000 per regular employee to the companies that have hired full-time employees for over three months. By 2023, IBK has supported 1,688 companies with a total of KRW 24.2 billion, alleviating the financial burden on the SMEs.

Job Support Programs for the Socially Disadvantaged Groups

IBK continuously promotes job programs to support socially disadvantaged groups by recruiting participating companies for the Ministry of Employment and Labor's 'Youth with Disabilities Work Experience Program' and by awarding scholarships to specialized high school students with high SME employment rates. In 2023, IBK signed a business agreement with the Korea Student Aid Foundation and SMEs to activate job matching for high school graduates, establishing a cooperative system to enhance job opportunities for both SMEs and young high school graduates.

SME Employee Preferential Program

To increase the sense of belonging and pride among SME employees and to encourage long-term employment for job stability, IBK promotes the 'IBK SME Employee Preferential Program.' Through this program, IBK established a preferential system based on the length of service, offering financial benefits and non-financial services to SME employees. In particular, by reducing household loan interest rates based on the length of service, IBK provided a total interest reduction of KRW 5.63 billion to the 8,917 SME employee customers through the provision of loans amounting to KRW 1.7 trillion in 2023 (8,992 cases).

SME Employee Preferential Program

Household Stability
- Reduction of household loan interest rates
- Reduction of card finance fees
- Application of special early termination rates for deposits

Asset Formation
- Preferential treatment for SMEs Employee Preferential Savings
- SME Employee Salary Parking Account
- SME Employee Term Deposit

Employee Welfare
- Establishment of SME Employee Awards
- Selection for VIP status for individuals and cards
- Support for vacation and cultural activities

Status of Household Loan Preferences by Length of Employment for SME Employee Preferential Program

(as of 2023)

Category	Total	Length of Employment			
		Less than 5 years	5 years or more	10 years or more	15 years or more
Number of Cases	8,992	4,398	2,148	1,233	1,213
Annualized Interest Rate Preference (KRW 100 million)	56.3	17.2	12.6	11.5	15.0

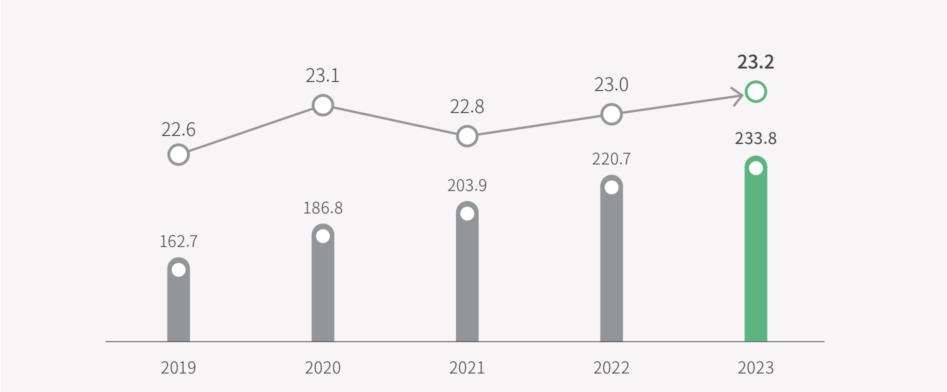
Support for SMEs

Financial Support

SME Loans Surpass KRW 233 Trillion

As of the end of 2023, IBK's outstanding SME loans reached KRW 233 trillion, maintaining its number one position with a market share of 23.2% in the SME loan sector. At the end of 2023, the outstanding balance of SME loans accounted for 81.4% of the total loans.

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

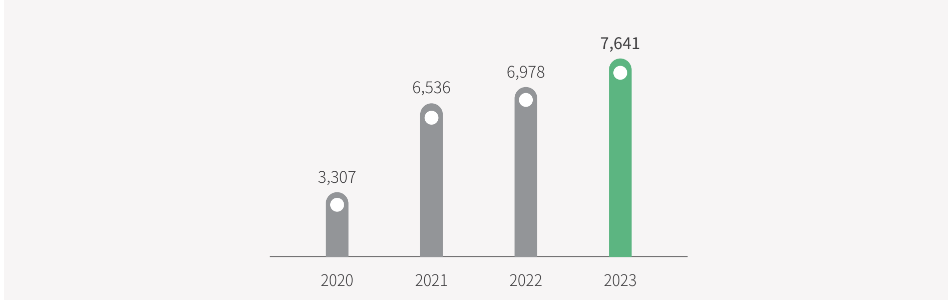


Proportion of Loans by Category

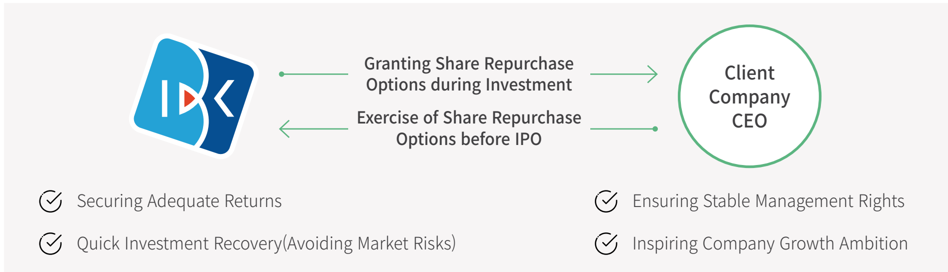
Supporting Growth of Innovative SMEs and Venture Companies through Venture Capital

To support innovative companies with excellent technology and high growth potential, IBK set a goal to supply KRW 2.5 trillion in venture capital over three years starting from 2023. In 2023 alone, IBK supplied a record-high KRW 764.1 billion in venture capital. Despite a decrease in domestic venture investment due to high financing costs, IBK continues to support innovative startups in their growth into unicorn companies through active venture capital supply.

Annual Venture Capital Supply Amount (Unit: KRW 100 million)



Additionally, IBK offers a 'Share Repurchase Option' for direct investments to protect the founders' management rights and support the company's long-term sustainable growth. A share repurchase option allows the founder to repurchase shares under certain conditions, protecting their management rights from share dilution due to fundraising. IBK plans to continue realizing the social value of venture capital, ensuring mutual growth for investors and investee companies.



Support for SMEs

Financial Support

Financial Support for Cultural Content

IBK actively supports SMEs in the cultural content industry to fulfill its policy finance role for future growth industries. As the only financial institution with a dedicated department for cultural content, IBK supports loans and investments in this sector. IBK has expanded its investment portfolio from existing films, dramas, and performances to include 'video, non-video, and new media' fields, thereby enhancing the competitiveness of K-content.

Recent Three-Year Cultural Content Financial Support Status

(Unit: KRW 100 million)

Year	Loans	Investment			Total
		Direct	Indirect	Subtotal	
2021	8,997	202	14	216	9,213
2022	9,839	249	35	284	10,123
2023	11,191	264	48	312	11,503
Total	30,027	715	97	812	30,839

IBK has also contributed to expanding financial support for the cultural content industry through collaborations with various institutions. In 2023, IBK signed a 'Digital Media and Content Investment Promotion and Financial Support Expansion Agreement' with the Ministry of Science and ICT. IBK launched the 'Content Creator Agreement Guarantee,' the first in the Korean financial sector, in collaboration with the Korea Technology Finance Corporation to support creators preferentially. Additionally, in partnership with the Korea Credit Guarantee Fund, IBK introduced the 'Cultural Industry Policy Guarantee' to support content production companies and related industries. Through these efforts, IBK has increased investments in the three major fields fostered by the Ministry of Science and ICT—OTT, immersive content, and creator media. These initiatives have created success stories and contributed to the development of the industry's ecosystem. As a result, IBK was recognized with the 'Digital Media Industry Promotion Merit Award' in the group category by the Ministry of Science and ICT in December 2023. IBK will continue to enhance the competitiveness of the cultural content industry, contributing to the realization of social value through the revitalization of domestic culture and arts.

Expanded Investment in Industrial Complexes and Knowledge Industry Centers

In 2023, IBK invested approximately KRW 330 billion on industrial facilities related to SME business sites such as industrial complexes and knowledge industry centers. This effort aimed to provide more opportunities for SMEs to secure their business premises and strengthen their competitiveness.

Key Industrial Complex and Knowledge Industry Center Projects in 2023

Project Name	Main Content
Magok D18-8 Knowledge Industry Center Development Project	• Development of a knowledge industry center • IBK Participation of KRW 50 billion
Gasan Daesin IT Tower Knowledge Industry Center Development Project	• Development of a knowledge industry center • IBK Participation of KRW 45 billion
Cheonan 5th General Industrial Complex Expansion Project	• Development of an industrial complex • IBK Participation of KRW 10 billion

Support for SMEs

Support for Small Business Owners

Establishment of IBK SOHO+, a Brand for Small Business Support

IBK has launched its unique small business support brand, IBK SOHO+. The '+' symbolizes IBK's commitment to providing tailored management solutions and enhancing competitiveness to foster mutual growth with small business owners. Looking ahead, IBK plans to actively support promising small businesses by establishing partnerships with competitive external platforms and collaborating with specialized institutions to run educational programs, helping these businesses grow into excellent enterprises.

IBK - Cafe24, Digital Competency Enhancement Program for Small Business Owners

IBK has signed a 'Business Agreement for Strengthening Digital Competitiveness of Small Business Owners' with the global e-commerce platform 'Cafe24.' Through this partnership, they have created and operated a free education program for small business owners facing difficulties in establishing their own online shopping malls and expanding online sales channels. Based on participant feedback, IBK plans to continue expanding and operating various educational programs to enhance the capabilities of small business customers.

Category	1st Online Course	2nd Offline Course
Dates	• May 8, 2023 - May 31, 2023	• June 28, 2023 - June 29, 2023
Location	• Online education platform edwith	• Cafe24 Startup Center, Dongdaemun
Content	• A to Z of building your own shopping mall • Financial, tax, and labor knowledge for small business owners	• Key strategies to reduce the cost of building your own mall • Financial consulting by corporate finance experts

Industrial Bank of Korea × cafe24

Financial Support for Small Business Owners

To alleviate the management difficulties faced by small business owners amidst prolonged COVID-19 impacts and complex crises such as high interest rates, inflation, and exchange rates, IBK operates various specialized products and systems tailored for small businesses.

Key Specialized Loan Products and Systems for Small Business Owners (as of 2023)

Category	Number of Cases	Amount (KRW 100 million)
Haenaeri Loan	38,205	73,905
IBK Small Business Hope Loan	35,310	9,285
Small Business Growth Promotion Facility Investment Program	2,068	8,927
Total	75,583	92,117

IBK also operates various non-face-to-face exclusive loan products to allow busy small business owners to obtain loans without visiting the bank. In 2023, IBK launched the 'e-Commerce Small Business Success Guaranteed Loan' in collaboration with Naver Financial and the Korea Credit Guarantee Fund to alleviate financial difficulties for e-commerce small business owners.

Status of Major Non-Face-to-Face Loan Products for Small Business Owners (as of 2023)

Category	Number of Cases	Amount (KRW 100 million)
i-ONE Small Business Loan	14,211	2,366
i-ONE Mutual Growth Partnership Credit Loan (Korea Federation of SMEs II)	1,697	360
BOX Individual Business Owner Credit Loan	832	212
i-ONE Franchise Success Loan	483	75
e-Commerce Small Business Success Guaranteed Loan	305	181
Total	17,528	3,194

Support for SMEs

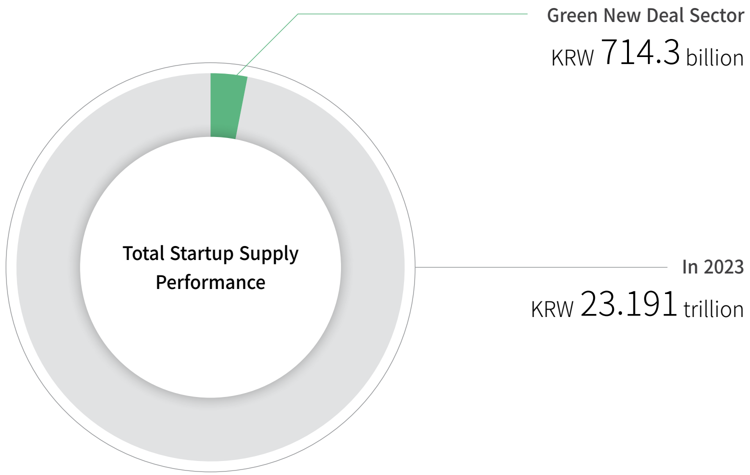
Support for Start-ups

IBK Changgong (創工)

IBK Changgong, launched in 2017, is IBK's flagship startup incubation platform that supports the entire growth process of innovative startup companies. It provides various financial and non-financial services, including customized 1:1 mentoring, open innovation, demo days, and industry-academia-research technology matching programs for efficient performance achievement.

In 2023, IBK expanded its support globally to assist startups aiming for international expansion. In collaboration with 500 Global, a global venture capital (VC) and accelerator (AC), IBK established the 'IBK Changgong Silicon Valley Desk' and conducted a startup overseas incubation program in Silicon Valley, USA. Selected companies from this program received investments through the 500 Global Korea Fund, as well as mentoring and local office space. Additionally, IBK signed a business agreement with the state of Saarland in Germany and the Korea Institute of Science and Technology (KIST) to pilot a European acceleration program. This initiative supported 10 promising companies from IBK Changgong with high potential for success in Europe by facilitating their participation in local demo days and networking events in Germany. Moving forward, IBK plans to leverage the startup discovery, incubation, and investment know-how and networks accumulated by IBK Changgong to actively support startup companies in laying the foundation for their growth.

Financial Support for Startups



IBK Changgong (創工)

Support for SMEs

Market Development Support

SME Online and Offline Market Expansion Support

To expand the sales channels for SMEs, IBK conducted the ‘SME Premium Maru’ project in collaboration with Korail. SME Premium Maru is a dedicated sales outlet for SME products, located in four high-traffic Korail stations (Seoul Station, Daejeon Station, Dongdaegu Station, and Gwangju Songjeong Station). As of December 2023, 284 SMEs have moved into these outlets, collectively generating approximately KRW 4.2 billion in annual sales. Additionally, since 2014, IBK has participated in the ‘SME Product of the Month’ project, in collaboration with the Korea Economic Daily and the Ministry of SMEs and Startups, selecting SMEs with excellent technology and products and promoting them in the Korea Economic Daily. Furthermore, IBK collaborates with Home & Shopping to support the production of promotional videos for SMEs. These videos are broadcast four times a month on Home & Shopping TV and non-face-to-face channels such as YouTube.

SME Export Growth Support

To enhance the export competitiveness of SMEs, IBK provides various programs and services, including 1:1 customized export-import matching with overseas partner bank customers, supporting companies participating in the China International Import Expo in collaboration with the Industrial and Commercial Bank of China, and offering sales expansion consulting to companies listed on Amazon. Moreover, IBK collaborated with TikTok to create overseas promotional videos for SME products and provided advertising budgets. IBK also organized educational programs and strategic seminars to foster online export companies. Additionally, IBK offers foreign exchange risk management solutions to SMEs engaged in exporting and importing, through on-site or non-face-to-face briefings, addressing difficulties in managing foreign exchange risks.

Status of Foreign Exchange Risk Management Briefings

Category	Unit	2021	2022	2023	2024 Plan
Foreign Exchange Risk Management On-site Briefings	Cases	91	200	244	250
Foreign Exchange Risk Management Non-face-to-face Briefings	Cases	27	53	37	40
Total	Cases	118	253	281	290

Support for SMEs through Digital Content Production

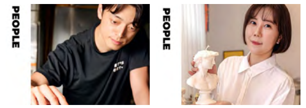
IBK supports SME promotion through its official YouTube, Instagram, and other social media channels. As of the end of 2023, IBK operates a total of five social media channels, engaging with approximately 680,000 subscribers. IBK creates digital content to support SMEs and small business owners who provide excellent technology and competitive products and services but lack sufficient promotional opportunities. This content helps increase brand awareness and positive image of these businesses.

In the first half of 2023, IBK produced ‘Capitalism Blind Date,’ a platform facilitating partnerships among companies to plan new products and conduct consumer promotions, garnering significant reactions from subscribers. Additionally, IBK continuously produces distinctive content such as the ‘Shopping Cart’ and ‘PEOPLE’ series, which promote products from IBK Changgong companies and unique small business owners, thereby actively supporting SMEs.

Capitalism Blind Date

Shopping Cart

PEOPLE



In 2024, IBK plans to further enhance support for SMEs by providing a variety of content aimed at boosting positive perceptions and promoting these businesses. This includes initiatives like ‘Factory Universe,’ which showcases product production processes, and the ‘Business Power Up!’ series, which introduces various industrial fields.

Factory Universe

Business Power Up!

Support for SMEs

Restructuring Support

Tailored Corporate Restructuring Support for SMEs

In response to the compound crises of COVID-19 and the "three highs" (high interest rates, high inflation, and high exchange rates), IBK operates tailored restructuring support programs to alleviate the debt repayment burdens of SMEs and help them overcome liquidity crises.

Overview of the Tailored Corporate Restructuring

Restructuring Plan by Stage*			Special Support Programs
Phase 1 Pre-Fast Track	Phase 2 Fast Track Support	Phase 3 Change-Up	
Companies experiencing temporary liquidity shortages		Companies showing signs of insolvency	• Easy corporate restructuring support • SME Recovery Support Program • SME Crisis Overcoming Program
Solely by IBK	Jointly by primary financial institutions, Korea Credit Guarantee Fund (KODIT), and Korea Technology Finance Corporation (KOTEC), or solely by IBK	Jointly by financial creditors or solely by IBK	

* Depending on the degree of insolvency, the level of management deterioration, and the required intensity of restructuring, more advanced restructuring steps are pursued.

For companies experiencing temporary liquidity shortages, Pre-Fast Track or Fast Track support is provided. While for companies showing signs of insolvency, Change-Up is supported either jointly by financial creditors or solely by IBK. Support includes helping companies establish management improvement plans, deferring debt repayment, and reducing loan interest rates. In particular, to strengthen customized restructuring support, IBK has established expedited procedures and introduced special support programs.

Tailored Corporate Restructuring Support Status

(Unit: companies, KRW 100 million)

Category	2021		2022		2023	
	Number of companies	Amount	Number of companies	Amount	Number of companies	Amount
Pre-Fast Track	60	2,334	179	6,112	81	2,553
Fast Track Support	90	4,211	63	2,594	437	20,269
Change-Up	67	2,367	179	2,275	556	4,568
Total	217	8,912	421	10,981	1,074	27,390

Throughout 2023, IBK adjusted the debts of 1,074 companies, amounting to KRW 2.739 trillion, actively supporting the normalization of SME operations, marking the largest support since its establishment.

Easy Corporate Restructuring Support

To aid SMEs struggling with operational difficulties due to economic recession and prolonged high interest rates, IBK implemented the 'Easy Corporate Restructuring Support' program. This initiative aims to support the recovery and normalization of SMEs by diversifying restructuring support methods, expanding the scope of support, and simplifying review procedures to make restructuring more swift and straightforward. In 2023, 144 companies (with related debt amounting to KRW 615.2 billion) received restructuring support through the Easy Corporate Restructuring Support program.

Key Aspects of the 'Easy Corporate Restructuring Support' Plan

1 Diversification of Support Methods

- **Flexible agreement periods**
  Typically 1-year terms → extended to 2 years or more if necessary.
- **Diversified interest support methods**
  Tailored restructuring designs such as partial deferral of interest followed by installment repayments.

2 Expansion of Support Targets

- **Expansion of restructuring support targets**
  Including companies with delinquencies.

3 Rapid Support

- **Simplified selection procedures**
  Conducting abridged evaluations and revising review forms to ensure rapid selection processes.

Proactive Comprehensive Restructuring Support for Small Business Owners

IBK proactively selected and supported the comprehensive restructuring of marginalized and vulnerable self-employed individuals who needed restructuring but were unaware of the programs or overlooked by the business community. In 2023, IBK shifted from the traditional method where companies and branches applied for evaluation and selection by the headquarters to a proactive approach where IBK pre-selects target companies for support. As a result, in 2023, 377 companies (with related debts amounting to KRW 104.7 billion) received restructuring support.

Support for SMEs

Restructuring Support

Expansion of the SME Recovery Support Program

The SME Recovery Support Program, introduced by IBK in the latter half of 2022, offers more precise and enhanced assistance compared to existing corporate restructuring systems. It aims to proactively address the management crises faced by vulnerable companies. In 2023, to expand support for the program, IBK increased its operational scale from KRW 600 billion to KRW 1.7 trillion, including support measures for companies affected by disasters such as typhoons and heavy rains, fulfilling its role as a financial institution. Since its implementation, 1,048 companies (with related debts amounting to KRW 1.7 trillion) have received restructuring support, laying the foundation for their management normalization.

SME Recovery Support Program
"Debt Repayment Deferral, Loan Interest Rate Reduction, and Other Debt Adjustment Support for Companies with Recovery Potential"

❶ Rapid Business Recovery
Selective recovery support

Businesses with over KRW 1 billion in total loans that have been damaged or deferred interest payments due to COVID-19 or the "three highs" (high interest rates, high inflation, high exchange rates)

- Reduction of financial costs and debt repayment burdens (up to 3 years)
- Recovery (financial) consulting

❷ Rebound for Underprivileged and Vulnerable Business Owners
Small business safety net support

Companies with less than KRW 1 billion in total loans struggling with debt repayment

- Non-face-to-face, quick and easy support (individual business owners)
- Additional interest rate reduction for the socially disadvantaged individuals

❸ Special Support for Businesses Pursuing Normalization
Preferential support for companies making normalization efforts

Companies with less than KRW 3 billion in total loans showing strong short-term management improvement intentions

- Application of a 2% loan interest rate cap as a condition for implementing a management improvement plan (up to 1 year)

Status of SME Recovery Support Program (Cumulative)

(as of 2023, Unit: companies, KRW 100 million)

Category	Rapid Business Recovery	Rebound for Underprivileged and Vulnerable Business Owners	Special Support for Businesses Pursuing Normalization	Total
Number of companies	249	622	177	1,048
Loan Amount	11,716	2,126	3,520	17,362

Introduction of the SME Crisis Overcoming Support Program

To help SMEs overcome complex crises due to internal and external economic conditions, IBK introduced the 'SME Crisis Overcoming Support Program' in 2023. This program provides tailored support to large-loan-holding companies that are in managerial crises but possess competitiveness in technology and facilities. For the first six months of the restructuring agreement, a 4.0% interest rate is applied to all loans. Subsequently, the interest rate is reduced by up to 2.0% based on the company's implementation of its management normalization plan, increasing the likelihood of recovery. Additionally, companies practicing ESG management are given preferential points, further enhancing the possibility of interest rate reductions. Through this program, 69 companies (with related debts amounting to KRW 524.9 billion) received restructuring support in 2023.

Preferential Conditions for ESG Management Companies

E Environmental

- Companies with facilities for energy efficiency improvements, such as energy-saving HVAC systems, energy storage devices, and high-efficiency energy equipment
- ISO 14001 (Environmental Management System) certified companies
- Companies with environmental new technology certification and technology verification (Korea Environmental Industry & Technology Institute)
- Hydrogen-specialized companies (Ministry of Trade, Industry and Energy)
- Companies with other environment-related certifications

S Social

- Companies with a job growth rate of 5% or more, or an increase of three or more employees in the past year
- Companies that have received job creation-related certifications (e.g., Excellent Job Creation Company) from the government or local authorities within the past year
- Companies certified as social enterprises by the government (Korea Social Enterprise Promotion Agency, Ministry of Employment and Labor)

G Governance

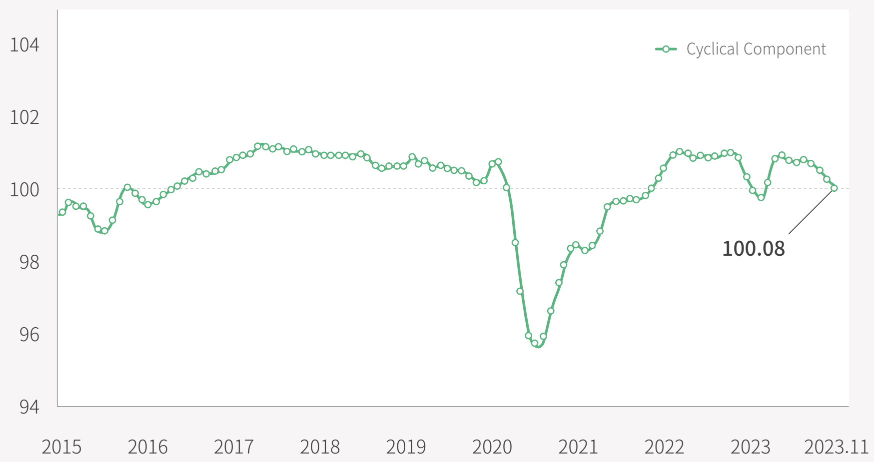
- Companies that disclose ESG information
- Companies that have received a 'Notification of Establishment of Employee Stock Ownership Association' from the local Employment and Labor Office
- Companies where the CEO and the Chairman of the Board are separate, or companies that have appointed a 'Senior Independent Director' for board resolutions

Support for SMEs

Development of the SME Coincident Composite Index

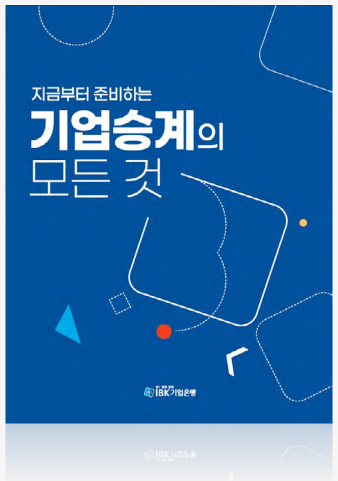
To address the lack of quantitative economic indicators for SMEs, IBK has developed the nation's first SME Coincident Composite Index. This index allows for an easy understanding of the economic conditions of SMEs at a glance, enabling the formulation of more precise and timely SME-related policies. Additionally, the index has been officially approved by the Commissioner of Statistics Korea in accordance with the Statistics Act, marking IBK's new ongoing statistical contribution 44 years after the approval of the 'Survey on the Financial Status of SMEs' in 1979. By providing an indicator that aids various external institutions, including the government, in assessing the economic conditions of SMEs, IBK has strengthened its role as a policy financial institution and contributed to social value realization. The SME Coincident Composite Index is published monthly on the National Statistics Portal and the IBK Economic Research Institute website, ensuring easy access to related data and explanatory materials for the public.

the SME Coincident Composite Index



Support for SME Business Succession

In August 2023, IBK became the first Korean financial institution to publish a business succession guidebook for SMEs, titled "Everything About Business Succession." This book, distributed free of charge to over 3,000 SMEs facing succession, provides up-to-date information on support systems, success and failure case studies, analyses of overseas support systems, and policy recommendations. Additionally, IBK has established the 'IBKS-Paratus Business Succession and Restructuring Fund' with a significant investment of KRW 25 billion out of the total KRW 50 billion fund size. This initiative aims to mitigate the risk of companies vanishing due to the aging of business owners and to support the sustainable management of innovative companies through business restructuring. Acknowledging that more than 25% of SMEs in Korea face challenges related to business succession, IBK will continue to expand various support measures to create an environment conducive to the sustainable growth of SMEs.



ESG Fact Report

IBK acknowledges the critical role of finance in promoting a sustainable future and is committed to differentiated ESG management guided by the vision of being a "Sustainable Bank True to Basics." We are dedicated to fulfilling our social responsibilities by setting goals, developing strategies, and engaging in various activities in each domain of environment (E), society (S), and governance (G).

Responding to Climate Change

Approach

Governance of Climate Change Response

IBK has established internal governance structures to ensure a systematic response to the climate crisis and effective ESG management. Within this framework, we communicate the urgency of climate change across the organization and proactively manage its impact to minimize potential damage in advance. In June 2021, IBK became the first Korean policy financial institution to establish an ESG Committee within the Board of Directors. This committee, operating under the authority delegated by the Board, conducts regular quarterly reviews of the implementation performance for ESG management, including responses to climate change and environmental management strategies. Concurrently, the Risk Management Committee inspects and supervises the status of climate risks, preparing preemptively for the severity and ramifications of the climate crisis.

Board Resolution and Reporting Agenda related to Climate Change Response

ESG Committee	First meeting in 2023	Reporting	• Analysis results of climate risks (physical risks)
	Second meeting in 2023	Reporting	• Result of handling the greenhouse gas target management system
	Third meeting in 2023	Reporting	• IBK ESG 2.0 management promotion strategy • Calculation results of emissions from financial assets
	Fourth meeting in 2023	Resolution	• Adoption (proposal) of TNFD, an international ESG initiative
Risk Management Committee	Second meeting in 2023	Others	• Climate risk stress test results

Furthermore, the emergency management meetings, attended by all executives, including the CEO, periodically assess climate change risks and issues. At the working level, IBK endeavors to establish an integrated collaboration system among departments through the ESG Working Council, comprising team leaders from relevant departments. Moreover, the ESG Promotion Council facilitates the development of IBK Financial Group-wide ESG strategies, ensuring coherence across the organization.

Additionally, IBK aligns relevant accomplishments with executive and employee compensation to systematically manage responses to climate change, swiftly integrating them into management practices. As a public institution, IBK undergoes annual management performance evaluations by the government, with outcomes determining the extent of financial incentives for management and employees. Specifically, climate change management performances, such as enhancements in energy efficiency and reductions in greenhouse gas emissions, are among the evaluation criteria for public institutions, and we submit our management results to the government for assessment.

At the same time, climate change-related indicators are incorporated into our internal KPIs, thus becoming integral components of our management performance evaluations. Departments at the headquarters oversee 'ESG performance management' indicators to reflect ESG achievements, including responses to climate change, while branches manage indicators encompassing 'ESG financial support' performance, such as green finance.

Board of Directors

ESG Committee
- Approving strategies and policies for ESG management, including climate change responses

Risk Management Committee
- Comprehensively managing diverse uncertainties and potential losses stemming from business operations
- Addressing emergent risks, including climate-related risks

Executive Management

CEO
- Overseeing climate change response strategy

Head of the Business Strategy Group
- General management of ESG activities
- Establishing a climate change response strategy across the bank
- Managing and supervising climate change-related risks and opportunities

Head of the Risk Management Group
- Overseeing climate risk management and response

Major Councils

ESG Promotion Council
- Setting a common ESG management direction for the IBK Financial Group

ESG Working Council
- Forging an organic collaboration structure with 12 leaders of related departments

ESG Management Department and ESG Personnel from each Department

- ESG Management Department: Supervising the development and implementation of ESG management and environmental management strategies as an organization dedicated to ESG and environmental management, fostering synergy among affiliated departments in executing initiatives for carbon neutrality, participating in and managing ESG councils in Korea and overseas, etc.
- ESG Personnel: Facilitating and overseeing department-specific ESG management tasks, etc.

Responding to Climate Change

Approach

Climate Change Response Strategy

Climate Change Opportunities

Climate change inflicts substantial damage on human society and the natural environment, manifesting through abnormal weather patterns and ecosystem alterations, while simultaneously reshaping the global economic and social structure, including industrial transitions and market reorganization. Although climate change presents undeniable uncertainties, it also harbors potential growth opportunities. By addressing and mitigating climate change as an urgent issue, we can transform it into an opportunity to pioneer new businesses and establish a growth engine for a sustainable future.

Climate-related Opportunities		Time	Potential Impact on IBK	IBK Response
Resource Efficiency	Use of more efficient modes of transport; and move to more efficient buildings	Short-term, Mid-term, and Long-term	Reduced operating costs; and increased value of fixed assets	Expanding the introduction of EV and building an eco-friendly data center
Energy Source	Use of lower-emission sources of energy; use of governmental supports and policy incentives; and participation in carbon market	Mid-term and Long-term	Reduced exposure to future fossil fuel price increases; and less sensitivity to changes in cost of carbon	Strengthening the role as the GHG emissions market maker; establishing a energy saving operation system; and expanding investments in eco-friendly projects
Products and Services	Development of low-emission services and financial products; diversified business areas; and changes in consumer preferences	Short-term, Mid-term, and Long-term	Increased revenue due to a higher demand for low-emission services; and added revenue by responding to changing consumer preferences and securing a better competitive advantage	Launching financial services for transition to the low-carbon economy; developing special financial products centered on ESG (SLL, I-Anywhere Green Card, etc.); and advancing ESG Consulting
Markets	Access to new markets	Short-term, Mid-term, and Long-term	Increased revenues through diversification of financial assets and access to new and emerging markets	Issuing green bonds; expanding the investment areas for green financing; and creating an RE100 fund

※ Short-term: within 2 years, Mid-term: 2-10 years, Long-term: after 10 years

Responding to Climate Change

Approach

Climate Change Response Strategy

Climate Change Risks

Recognizing the profound impact of climate change as a serious risk, IBK is identifying potential financial repercussions. Climate risks are broadly categorized into physical risks and transition risks, based on their causal factors. Physical risks encompass direct and indirect losses resulting from physical damage due to climate change, further divided into acute and chronic risks based on the duration of their impacts. Acute risks refer to economic losses caused by extreme weather events, such as floods, typhoons, and heat waves. Chronic risks pertain to long-term changes in climate patterns, such as rising sea levels and increasing average temperatures. Transition risks are those that may emerge during the shift to a low-carbon economy, subdivided into policy, legal, technological, market, and reputational risks. Financial institutions focus on climate risks because the ripple effects of climate change on the real economy can extend to the financial sector. From the perspective of financial institutions, fluctuations in asset values due to climate risks are expected to negatively impact loan recoveries and investment returns. For example, a rapid transition to a low-carbon society can lead to a decline in asset values within high-carbon industries, reducing collateral values and ultimately increasing credit risk for financial institutions.

Climate-related Risks			Time	Potential Impact on IBK	IBK Response
Physical risks	Acute	Loss of assets due to extreme weather events such as cyclones and floods	Short-term, Mid-term, and Long-term	Decreased value of tangible assets used as collateral; disruptions in supply chains; and reduced productivity and revenue resulting from the poor health of the workforce	• Operation of environmental and energy management systems • Enhancement of safety and health risk assessments • Analysis of physical risk scenarios
	Chronic	Decline in labor productivity due to long-term changes in climate patterns, such as higher average temperatures, rising sea levels, etc.	Long-term		
Transition risks	Policy & Legal	Enhanced environmental disclosure obligations and more exposure to environment-related litigation	Short-term, Mid-term, and Long-term	Increased operating costs (higher compliance costs)	• Introduction of environmental/social risk management systems • Expansion of green finance • Creation of an RE100 fund • Development of special financial products centered on ESG • Establishment of GHG reduction strategies for financial assets • Declaration of the Powering Past Coal Financing • Operation of negative investment principles • Advancing ESG Consulting • Analysis of transition risk stress tests
	Technology	Classification of high-carbon industries as stranded assets	Mid-term and Long-term	Increase in probability of default (PD) and loss given default (LGD) due to the weakened repayment ability of high-carbon companies, as well as the adoption and deployment costs for new practices and processes	
	Market	Changes in consumer behavior, increased price volatility of carbon credits, and heightened market uncertainty	Mid-term and Long-term	Greater need for the development of eco-friendly products and services, along with an expansion of loss risks and a deterioration of profitability	
	Reputation	Increased stakeholders' request for transition into a low-carbon system and shifts in consumer preferences	Short-term, Mid-term, and Long-term	Decrease in sales and increase in financing costs due to changes in demand, and damage to the corporate reputation in the event of ESG washing and greenwashing issues.	

※ Short-term: within 2 years, Mid-term: 2-10 years, Long-term: after 10 years

Responding to Climate Change

Approach

Establishment of Climate Risk Management Roadmap

IBK is developing a comprehensive roadmap, implementing identified tasks, and refining its management system as part of its proactive strategy to address climate risks that threaten financial soundness and stability.

1	Issue climate risk disclosures	• Expand sustainability report-related disclosures
2	Identify and assess climate risks by client portfolio	• Measure GHG emissions from financial assets • Develop an internal system for calculating financed emissions - Measure carbon emissions by customer/portfolio and develop relevant tools • Conduct climate risk stress tests • Develop grades for the climate risk assessment (alternative assessment) • Estimate PD and LGD considering climate risks • Collect data (power usage, etc.) and build a monitoring system
3	Stipulate climate risk management	• Specify roles and responsibilities by business unit and function • Operate climate risk management standards
4	Formulate internal control policies for climate risks	• Develop a triple defense model (Sales-Risk-Audit)
5	Regularly monitor and report results to management	• Report to the Risk Management Committee, etc.
6	Implement IBK mid- to long-term climate risk management	• Build a carbon reduction strategy for portfolios • Improve the bank-wide portfolios with a focus on the environment • Provide IBK ESG consulting • Strengthen management of regions and industries susceptible to climate risks • Monitor climate risks of assets by department (loans, PF, securities, etc.)

Responding to Climate Change

Approach

Climate Risk Analysis

Physical Risk Analysis

The Intergovernmental Panel on Climate Change (IPCC) issued its 6th comprehensive report, warning that abnormal climate events such as heavy rainfall, droughts, and heat waves will intensify in frequency and severity over time. The accelerating rate of global warming and the increasing variability of climate patterns necessitate the prior prediction and preparation for physical damage. In response to these challenges, IBK is conducting a thorough analysis of physical risks and identifying potential impacts on both owned real estate and financial assets, managing these risks accordingly.

IBK-owned Real Estate

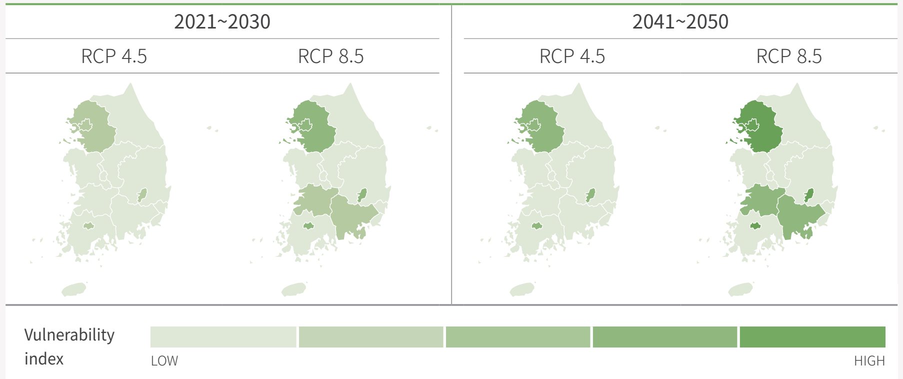
IBK conducted a physical risk analysis to assess the potential physical damage to its real estate holdings (as of the end of June 2022).
The analysis utilized tools such as the 'Vulnerability Assessment Tool to Build Climate Change Adaptation Plan (VESTAP)' and the 'Climate Change Risk Assessment System (CRAS),' provided by the Korea Adaption Center for Climate Change (Korea Environment Institute), to enhance objectivity and accuracy in the results.

VESTAP (Vulnerability Assessment Tool to Build Climate Change Adaptation Plan)	Calculate the vulnerability index for each region based on the impact of natural disasters, using RCP scenarios
CRAS (Climate Change Risk Assessment System)	Estimate building damage caused by natural disasters using RCP scenarios

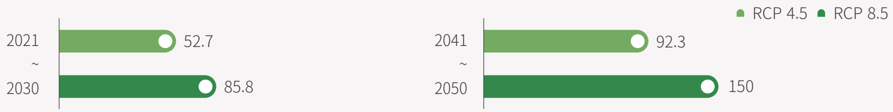
The analysis employed RCP scenarios to anticipate future changes in greenhouse gas concentrations. Specifically, it compared the damage scale under RCP 4.5 and 8.5 scenarios for a comprehensive analysis.

Category	Scenario description	Temperature increase by 2100 (°C)	CO_2 concentration (PPM) as of 2100
RCP 4.5	Greenhouse gas reduction policies are substantially realized	2.6	540
RCP 8.5	Emissions continue to rise at the current rate(without reduction)	4.8	940

The process began by determining the climate change vulnerability index for each city and province nationwide. Based on this index, a level of regional impact was identified. High-risk areas were then pinpointed, and the expected damage to the properties in those areas was calculated. Under the RCP 8.5 scenario, it was predicted that the rate of decline in collateral value between 2041 and 2050 would be up to 1.63%, potentially resulting in a total loss of approximately KRW 15 billion for IBK. However, this damage was deemed compensable through existing comprehensive property insurance, minimizing the overall impact. IBK plans to continue monitoring climate change impacts and managing them to prevent physical risks from affecting business operations.



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



Responding to Climate Change

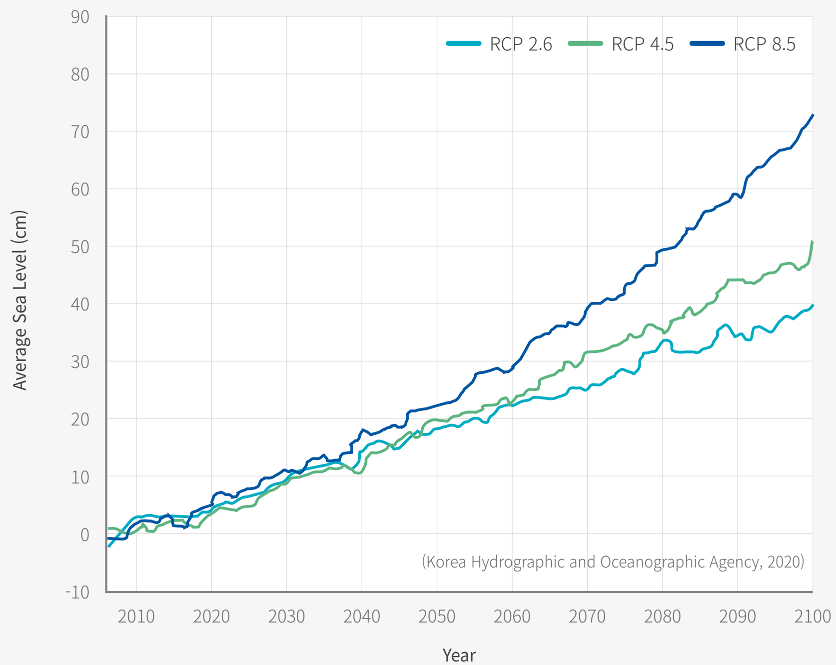
Approach

IBK Financial Assets

IBK analyzed the physical risks to its financial assets by assessing the impact of sea-level rise on collateral value. In this analysis, particular attention was given to the fact that 24% of our real estate collateral is situated in coastal areas, which are highly vulnerable to damage from heavy rainfall and storms. We used climate change scenarios from the Korea Meteorological Administration's Climate Information Portal and the Korea Hydrographic and Oceanographic Agency for this analysis.
The results indicated that, under the RCP 8.5 scenario, if greenhouse gas emissions continue at the current rate, sea levels will rise by approximately 73cm by 2100, potentially resulting in a loss of collateral valued at approximately KRW 1.0373 trillion for IBK. Given the high level of uncertainty in these long-term projections spanning over 50 years, IBK plans to continuously refine its analysis of climate change impacts on its asset portfolio.

Projections of Sea Level Rise by Climate Change Scenario

Scenario	Rise of Sea Level by 2100
(RCP 2.6) An immediate reduction in greenhouse gas emissions	40cm
(RCP 4.5) Greenhouse gas reduction policies are substantially realized	51cm
(RCP 8.5) Emissions continue to rise at the current rate	73cm



Approach

Climate Risk Analysis

Transition Risk Analysis

Technological advancements and policy changes accompanying the transition to a low-carbon economy may significantly impact the real economy and financial system. Remarkably, high-carbon industries, characterized by high greenhouse gas emissions, may face negative repercussions, such as declines in asset values. This decline could result in losses for financial institutions holding loans, bonds, and stocks associated with companies in these high-carbon sectors, thus posing a risk to the institutions' financial stability. Given that a substantial portion of IBK's assets are linked to small and medium-sized enterprises operating within high-carbon industries or those vulnerable to transition, IBK is highly susceptible to these potential losses. Consequently, IBK is proactively preparing by identifying and analyzing the potential impacts of implementation risks arising during climate change mitigation efforts.

IBK Transition Risk Analysis

IBK conducted a transition risk analysis by employing the top-down scenario methodology adopted by the Bank of Korea.

1 Composition of scenarios	2 Real sector estimation	3 Financial sector estimation	4 Result analysis
• 1.5℃ scenario • 2.0℃ scenario	• GDP estimation	• Estimation of loan values	• Calculation of management indicators (BIS ratio, etc.)
Devise scenarios to keep the global average temperature increase within 2℃ or 1.5℃ above pre-industrial levels by 2050	Calculate GDP change by estimating industry-specific value-added changes in response to escalating greenhouse gas reduction costs during the transition to a low-carbon economy	Estimate the impact on the financial asset depreciation for banks as default rates increase due to the contraction of GDP in the real sector	Under a static balance sheet assumption*, examine the reduction in banks' average BIS ratio resulting from shifts in default rates

* 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 baseline during the analysis period

Reconstructed from (Bank of Korea, Climate Change Transition Risks and Financial Stability, 2021)

The analysis drew upon the publication 'Climate Change and the Bank of Korea's Response Direction' issued by the Bank of Korea. IBK predicts that, under the Bank of Korea's scenario, climate change-related transition risks will result in an average annual decrease in GDP growth of 0.08–0.32% points in the real economy (compared to the base scenario) and an average annual increase in consumer prices of 0.02-0.09% points. These changes are expected to elevate the default rate and impact the financial sector by exacerbating corporate credit and market risks due to decreased corporate profits and increased production costs. Regarding changes in the default rate, a major indicator of credit risk, the default rate of high-carbon industries is projected to rise by 10.2% points under the 2℃ scenario and up to 18.8% points under the 1.5℃ scenario by 2050.

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

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

* Change in default rates compared to the reference point (2021) analyzed under the assumption that the financial asset structure remains unchanged

The analysis of the BIS total capital ratio, based on the default rate change scenario related to transition risks disclosed by the Bank of Korea, revealed that if IBK's response to climate change remains at its current level, its BIS total capital ratio in 2050 will be 12.88%, a 2.17% point decrease compared to the baseline. Additionally, the estimated required capital for climate risks would amount to KRW 17.7265 trillion.

Result of Transition Risk Stress Test (Unit: %, %p, KRW 100 million)

Category	Baseline (June 2023)	2030	2040	2050
BIS Total Capital Ratio	15.05	14.45 (△0.60)	14.31 (△0.74)	12.88 (△2.17)
Required capital for climate risks	147,429	161,040 (+13,611)	166,249 (+18,820)	177,265 (+29,836)

IBK intends to continue preparing for additional potential losses by measuring the required capital for climate risks and managing it as reserve capital.

Responding to Climate Change

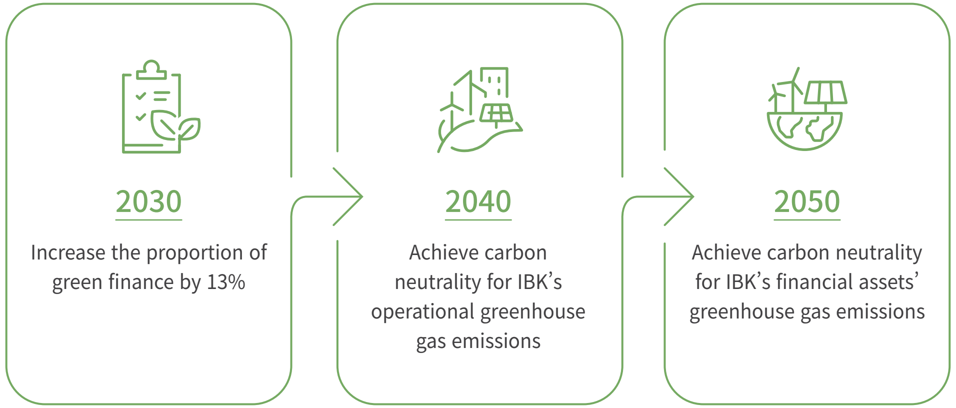
Approach

Setting Environmental Goals and Managing Indicators

2040 Carbon Neutrality and 2050 Carbon Neutrality of Financial Assets

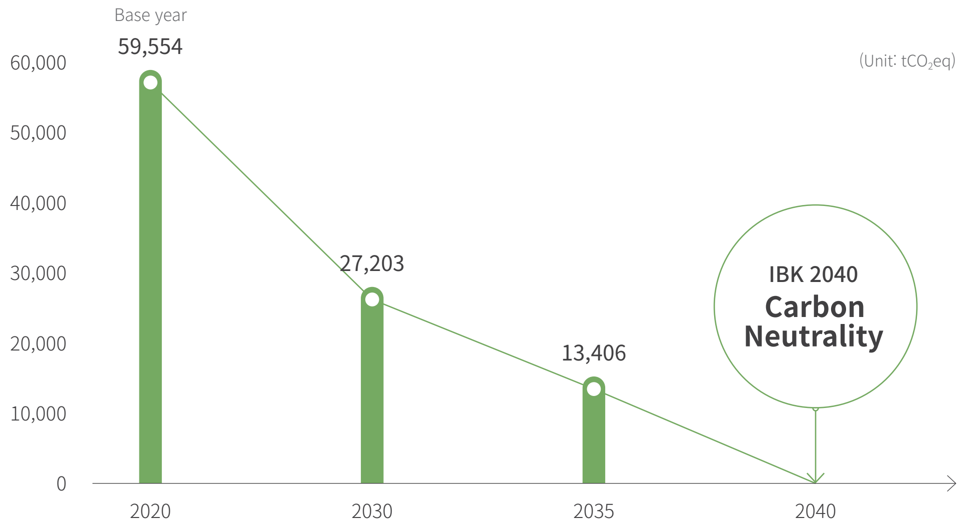
IBK has analyzed the opportunities and risk factors associated with climate change and established specific goals to address these challenges. By 2030, we aim to increase the proportion of green finance to 13%, achieve carbon neutrality in our operational greenhouse gas emissions by 2040, and reach carbon neutrality in financed emissions by 2050. To meet these goals, IBK is committed to accurately measuring and managing both our operational greenhouse gas emissions. In establishing targets for financed emissions, we utilized the Sectoral Decarbonization Approach (SDA) and the Temperature Rating (TR) methodologies as per the Science Based Targets initiative (SBTi). As a result, we obtained the SBTi approval in December 2023.

IBK Carbon Neutrality Roadmap



Operational Emission Reduction Goals

IBK's objective is to reduce its emissions from the baseline of 59,554 tCO_2eq in 2020 (base year) to 27,203 tCO_2eq by 2030 and further to 13,406 tCO_2eq by 2035, ultimately achieving carbon neutrality by 2040.



Target Emissions by year	Unit	2020(base year)	2030	2035	2040
	tCO_2eq	59,554	27,203	13,406	0

Responding to Climate Change

Approach

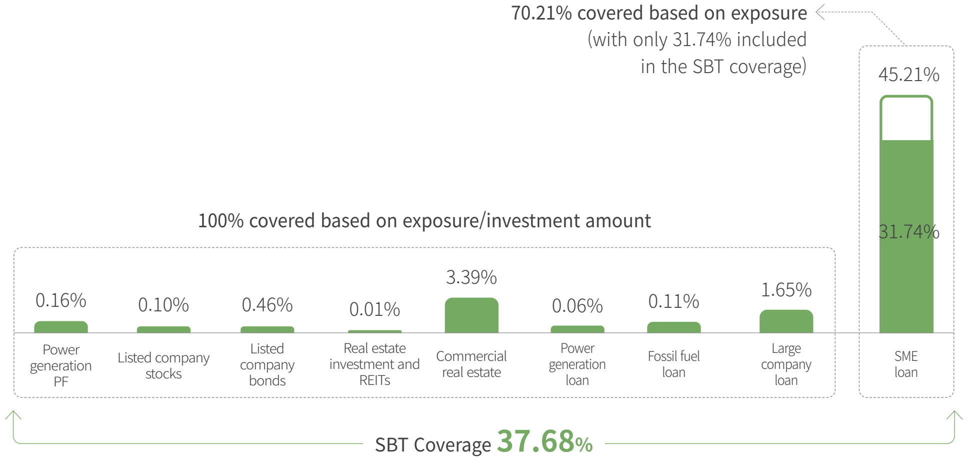
Setting Environmental Goals and Managing Indicators

Establishment and Implementation of Science-Based Targets (SBTs) for Financed Emissions

To enhance the objectivity and reliability of setting financed emissions reduction targets, IBK has pursued certification for a science-based greenhouse gas reduction target through the Science Based Targets initiative (SBTi). In December 2023, IBK became the first Korean policy financial institution to obtain the SBTi international certification. The SBTi outlines required, optional, and excluded ranges based on the feasibility of establishing scientific reduction goals for each asset class within a financial institution's portfolio. IBK has achieved the SBTi certification for 100% of its assets subject to mandatory certification as of 2021 and for 70% of its SME loans subject to optional certification. Moreover, we have set science-based reduction targets for 37.68% of our lending and investment activities by selecting the most appropriate methodology based on the availability of necessary data for each activity. During the SBTi certification process, we expanded the scope of financed emission calculation to include the entire financial group.

SBT financed Emission Coverage

Financial asset exposure ratio relative to total assets (Based on the first SBTi certification, Base year: 2021)



Category	Description	Asset group
Sectoral Decarbonization Approach (SDA)	The SDA defines the greenhouse gas (GHG) intensity for each major industry and asset group, along with the reduction levels required to comply with the Paris Climate Agreement. By establishing reduction goals based on GHG intensity, the SDA methodology effectively facilitates the intuitive identification of a financial institution's current intensity in comparison to sector (industry)-specific intensities. IBK has adopted the SDA methodology to set reduction targets for applicable industries, contingent upon the availability of necessary data.	Power generation PF, Power generation loans, Real estate investment and REITs and Commercial real estate
Temperature Rating (TR)	The TR methodology employs a temperature score to indicate the potential limitation of global temperature rise based on the GHG reduction goals established by companies within a portfolio. This approach enables companies to ascertain whether their reduction targets are aligned with the efforts to curb global climate changes and limit global temperature rise. IBK has utilized the TR methodology to set goals for asset groups where the SDA methodology is inapplicable. IBK aims to achieve its target temperature score by encouraging portfolio companies to set GHG reduction targets and supporting them in meeting these goals.	Corporate loans (large company, SMEs and fossil fuel), Listed company stocks and Listed company bonds

Overview +
ESG Management +
Focus Issue +
Sustainability Core Value +
ESG Fact Report
Environmental
Responding to Climate Change
Environmental Management
Social
Protecting Financial Consumers
Digital Management
Inclusive Finance
Social Contribution
Human Rights Management
Talent Management
Safety and Health
Governance
Corporate Governance
Ethical Management
Compliance
Risk Management
Information Protection
Appendix +

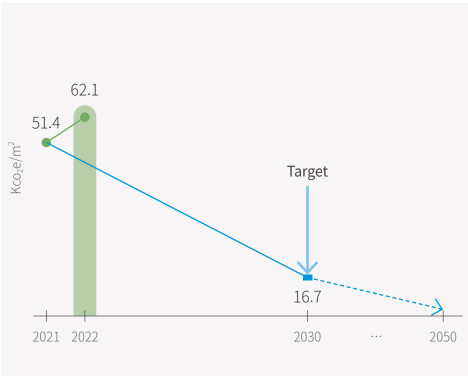
Responding to Climate Change

Approach

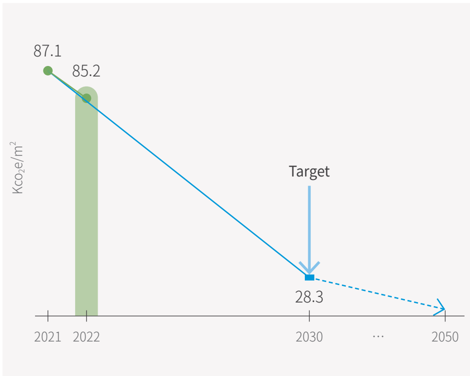
SDA goals and reduction path

IBK SBTi Target
Current IBK Portfolio

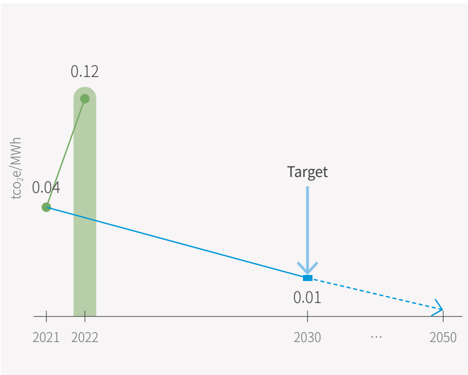
Commercial real estate



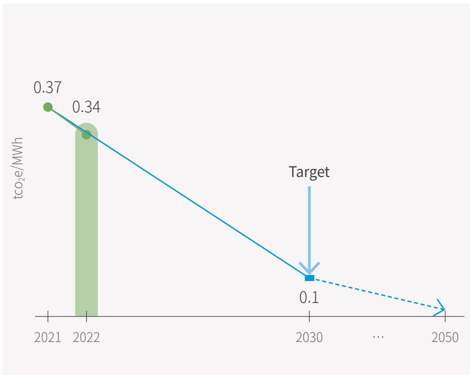
Real estate investment and REITs



Power generation loans



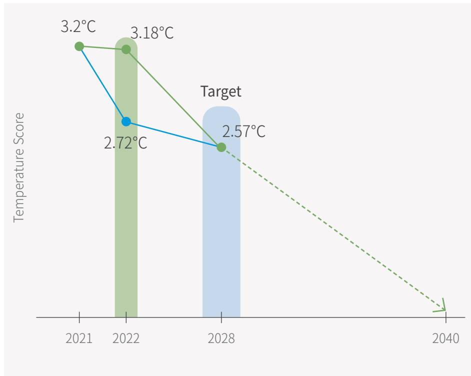
Power generation P/F



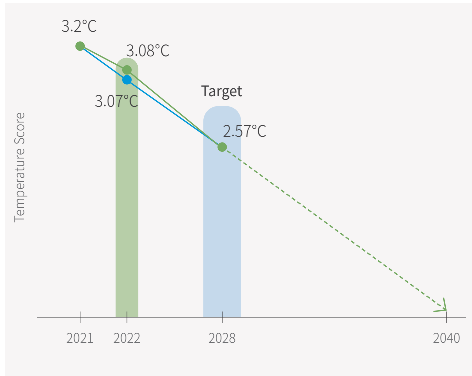
TR goals and reduction path

IBK Scope 1+2 temperature score
IBK Scope 1+2+3 temperature score

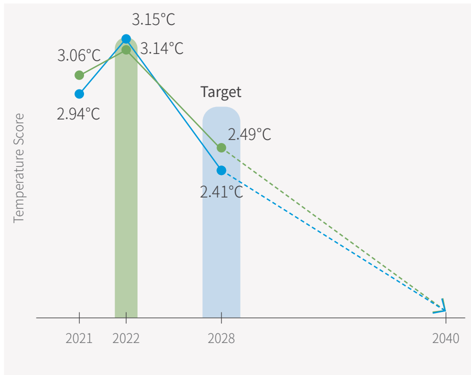
General corporate loans



Listed company stocks



Listed company bonds



* IBK established intermediate goals and achieved certification under the SBTi near-term standards for financial institutions (SDA: 2030, TR: 2028).
** The roadmap beyond the scope of SBTi certification has been identified, following the SBTi guidelines and utilizing the current version of the Target Setting tool. This roadmap is subject to future revisions contingent upon updates to the SBTi guidelines, the target setting tool, or advancements in climate science.

Responding to Climate Change

Approach

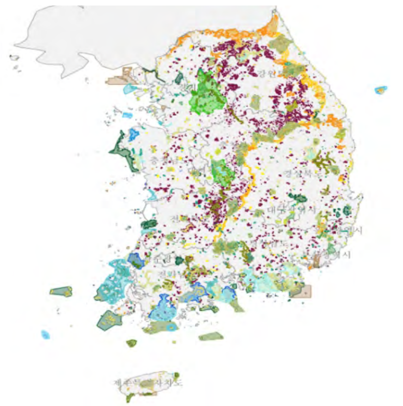
Natural Capital Risks

Natural Capital Risk Management

The 'Global Risk Report' published by the World Economic Forum (WEF) highlights the decline in natural capital and loss of biodiversity as two of the most significant crises humanity will face in the coming decade. In response, IBK identifies water risks (including marine ecosystems), biodiversity loss, and forest degradation as major natural capital risks. IBK selects risky industries and areas and monitors these risks during the financial support process to minimize them. Industries at risk are identified based on guidelines from the World Economic Forum (WEF) and the World Wide Fund for Nature (WWF). Risk-prone areas are selected based on protected areas* designated by government ministries such as the Ministry of Environment, the Ministry of Oceans and Fisheries, and the Korea Forest Service. As a member of the Taskforce on Nature-related Financial Disclosures (TNFD), IBK plans to comply with TNFD recommendations and progressively establish an internal natural capital management system.

* The Ministry of Environment (national parks, special wildlife protection zones, ecological landscape conservation areas, wetland protection areas, etc.), the Ministry of Oceans and Fisheries (marine protection zones, environmental conservation areas, etc.), Korea Forest Service (Baekdudaegan protection area, forest genetic resources protection areas, disaster prevention and protection areas, etc.)

Risky areas



Statistics for the protected area ratio (coverage)	
Ground 17.45%	Terrestrial protected area 17,505.0km²
Marine 1.81%	Marine protected area 7,951.7km²

Source: KDPA, as of December 2023

Risky Industry

Biodiversity		
Construction	Agriculture (crops)	Food and drink

Forest damage		
Paper and pulp	Furniture and wood	Forest harvest

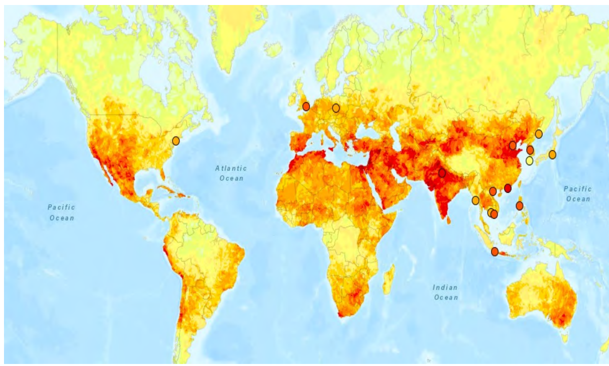
Water Marine ecosystem	
Fisheries (fishing)	Water utility

Water Risk Analysis

While IBK's operations are not intrinsically linked to water, as a financial institution, it acknowledges the significance of comprehending water-related impacts on the broader industry. IBK employs the 'Water Risk Filter' provided by the WWF to conduct a comprehensive assessment of water-related issues, including scarcity, pollution, and flooding. The analysis utilized the most pessimistic scenario (SSP 3, RCP 8.5) to project changes and evaluate risk levels between 2020 and 2050. In 2022, the analysis primarily focused on regional risk levels within Korea. By 2023, the scope expanded to encompass countries and cities where IBK has an overseas presence. The analysis revealed high-risk ratings for Korea, Vietnam (Ho Chi Minh, Hanoi), the Philippines (Manila), and China by 2050, with Hong Kong and India (New Delhi) classified as very high-risk areas. IBK intends to mitigate water risks in these high-risk regions and implement systematic management strategies.

* The scenarios have integrated the Shared Socioeconomic Pathways (SSP) and the Representative Concentration Pathways (RCP), assuming unequal and unstable socio-economic development (SSP3) and high GHG emission levels (RCP 8.5).

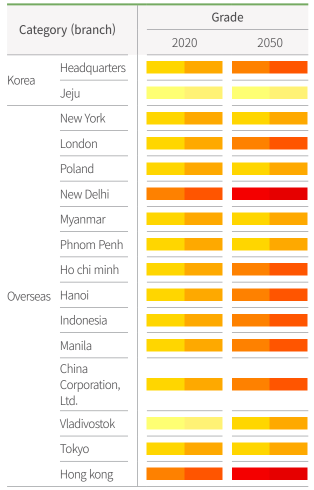
2050 (SSP3/ RCP 8.5 scenario)



Source: WWF Water risk Filter

Risk levels

Water Risk Analysis Status by Branch



Responding to Climate Change

Performance

Continuous Reduction of GHG emission

Exceeding GHG Reduction Targets for 7 Consecutive Years

Since its designation as a target of the greenhouse gas target management system pursuant to Article 27, Paragraph 1 of the Framework Act on Carbon Neutrality and Green Growth for Coping with the Climate Crisis in 2017, IBK has diligently managed its GHG emissions. IBK reports its emissions to the government after GHG emission verification. Through consistent management and reduction efforts, IBK has surpassed its greenhouse gas emissions reduction target for seven consecutive years.

GHG Emissions

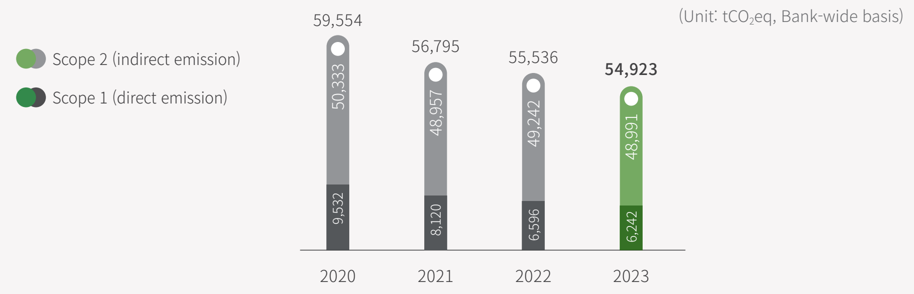
(Bank-wide basis)

		Unit	2020	2021	2022	2023
Scope 1		tCO_2eq	9,532	8,120	6,596	6,242
Scope 2		tCO_2eq	50,333	48,957	49,242	48,991
Scope 1 & 2		tCO_2eq	59,554	56,795	55,536	54,923
GHG emission intensity (basic unit per person)		tCO_2eq	4.3325	4.0848	4.0322	4.0026
Scope 3	Purchased goods and services	tCO_2eq	1,369.13	1,229.56	1,165.22	1,214.25
	Capital goods	tCO_2eq	131.02	283.05	313.81	246.24
	Business travel	tCO_2eq	4,220.92	3,073.67	3,232.08	3,485.34
	Employee commuting	tCO_2eq	4,318.36	12,385.86	12,048.62	11,774.25
	Total	tCO_2eq	10,039.43	16,972.14	16,759.73	16,720.08

* In previous years, discrepancies in totals due to the rounding down of decimal points were corrected for Scope 1 and Scope 2 emissions. However, starting this year, figures are based on individual assurance documents, which may result in discrepancies between the total figure of Scope 1 & 2 and the sum of the individual Scope 1 and Scope 2 figures. (Note: The GHG emissions reported in the assurance results differ from those in this report, as they are calculated by rounding down decimals and then aggregating figures for each business site.)

** Previous calculations of Scope 3 emissions have been adjusted to reflect changes in the calculation scope and methodology.

Greenhouse Gas Emission Targets and Actual Emissions



	Unit	2020	2021	2022	2023
Allowable GHG emissions	tCO_2eq	61,789	61,392	60,790	60,892
IBK's GHG emission target	tCO_2eq	59,554	58,065	56,613	55,198

4.0026 tCO_2eq/person
GHG Emissions Intensity in 2023
* Based on the total number of employees

IBK Climate Change Response Issue: Expansion of the Disclosure Scope to include Subsidiaries

To proactively respond to the International Sustainability Standards Board (ISSB)'s IFRS S2 climate disclosure initiative, the GHG emissions of IBK and its subsidiaries (IBK Capital, IBK Securities, IBK Insurance, IBK Asset Management, IBK Savings Bank, IBK Venture Investment, IBK Systems, IBK Credit Information, and IBK Service) will be disclosed starting in 2023.

(as of 2023)

	Unit	IBK	Subsidiary	Total
Scope 1	tCO_2eq	6,242	740	6,982
Scope 2	tCO_2eq	48,991	1,712	50,703
Scope 3 (Business travel and employee commuting)	tCO_2eq	15,259.59	3,165.85	18,425.44

Responding to Climate Change

Performance

Continuous Reduction of GHG emission

Introduction and Expansion of Electric Vehicles

IBK began introducing electric vehicles (EVs) for business purposes in 2021. By 2023, 573 (98%) of the 586 newly leased vehicles were EVs. In line with its active engagement in reducing greenhouse gas emissions and enhancing air quality, IBK has transitioned over 94% of its entire vehicle fleet to electric vehicles, marking the final stage of the conversion process. By introducing electric vehicles, GHG emissions were reduced by 1,166tCO_2eq compared to the previous year in 2023. Furthermore, IBK has established a charging infrastructure consisting of 480 units, distributed across 351 buildings (57%) of its 615 buildings nationwide. Additionally, charging infrastructure construction has been completed in 101 buildings (98%) of the 103 standalone buildings owned by IBK.

Annual Electric Vehicle Penetration Rate and Replacement Rate

	2021	2022	2023
Penetration rate	17% (216 out of 1,292)	52% (667 out of 1,295)	94% (1,239 out of 1,322)
Replacement rate	92% (216 out of 234)	93% (451 out of 487)	98% (573 out of 586)

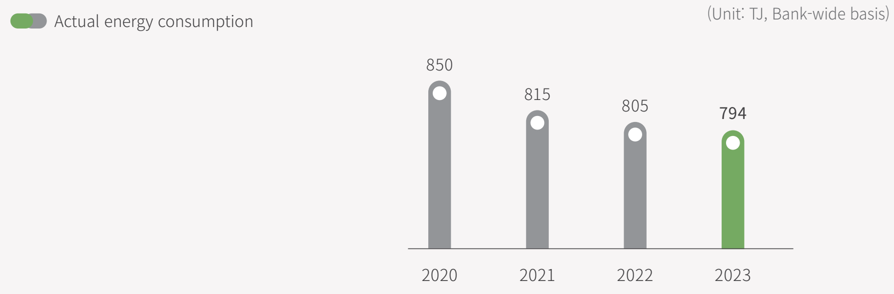
* Penetration rate: Ratio of electric vehicles to total vehicles
** Replacement rate: Ratio of electric vehicles to vehicles replaced in the given year

Efficient Energy Consumption

Energy Consumption

IBK is enhancing energy efficiency by optimizing facility operations. Concurrently, rigorous measurement and monitoring of energy consumption are conducted to facilitate ongoing reduction efforts.

Energy Consumption Target and Actual Consumption



	Unit	2020	2021	2022	2023
IBK's energy consumption target	TJ	850	829	808	788

Energy consumption (Bank-wide basis)

Category		Unit	2020	2021	2022	2023
Energy consumption		TJ	850	815	805	794
Energy consumption by source	Fuel	TJ	160.547	138.507	115.363	112.454
	Electricity	TJ	1,035.199	1,022.494	1,027.722	1,023.760
	Heat	TJ	1.633	1.614	1.668	0.755
Energy intensity (basic unit per person)		TJ/person	0.0618	0.0586	0.0584	0.0579
Renewable energy consumption		kWh	180,214	185,644	191,089	171,906
Renewable energy intensity (basic unit per person)		kWh/person	13.1103	13.3518	13.8742	12.5278

* Energy consumption is a value based on truncation and summation after decimalization by business site, which is different from the sum of consumption by energy source.
** The scope of renewable energy(solar power) consumption measurement: IFT, Chungju Training Institute, and Giheung Training Institute

Responding to Climate Change

Performance

Efficient Energy Consumption

Construction of Energy-Saving Facilities

IBK is actively implementing energy-saving measures in key facilities, including its headquarters and Finance Tower (IFT). These initiatives involve the deployment of advanced technologies such as a Building Energy Management System (BEMS), enabling real-time monitoring of energy consumption and comprehensive management to ensure optimal energy utilization. Notably, the headquarters and IFT are reducing energy consumption by utilizing off-peak electricity through an ice thermal storage cooling system. Furthermore, both locations have achieved a 100% adoption rate of LED lighting. Additionally, approximately 86% of all IBK branches, totaling 538 branches, have transitioned to LED lighting to mitigate unnecessary power waste.

Purchase of Eco-friendly Products

	Unit	2020	2021	2022	2023
LED lights	KRW million	478	438	806	758
Eco-friendly transaction records	KRW million	470	407	342	338
Calendar	KRW million	1,453	1,573	1,625	1,610
Corrugated cardboard box	KRW million	-	66	60	60
Total	KRW million	2,401	2,484	2,833	2,766

IBK Carbon Neutrality Issue: Hanam Data Center, Newly Constructed as a Green Building

In 2021, IBK commenced constructing a new data center in Misa District, Hanam-si, Gyeonggi-do, to address the aging infrastructure of its existing data center in Yongin and to lay the infrastructure groundwork for digital transformation. At the start of construction, IBK obtained preliminary certification for 'Green Building Certification,' 'Building Energy Efficiency Rating Certification,' and 'Zero Energy Building Certification' for public buildings with a total floor area of over 3,000m^2. The Hanam Data Center is the first data center in the Korean financial sector to achieve zero-energy building preliminary certification. We also plan to complete and maintain this eco-friendly certification post-construction.

Management of Resource Use and Pollution Reduction

Water Use and Waste Discharge

IBK sets and manages indicators for negative environmental factors such as water use and waste discharge from its operations, and discloses related information.

Water Consumption (Based on the headquarters and IFT building)

		Unit	2020	2021	2022	2023
Water supply		ton	78,148	74,555	80,652	88,338
Based on the place of business	Headquarters	ton	38,492	39,584	43,504	44,668
	IFT	ton	39,656	34,971	37,148	43,670
Underground water		ton	16,084	17,159	17,283	18,937
Based on the place of business	Headquarters	ton	-	-	-	-
	IFT	ton	16,084	17,159	17,283	18,937

* Consumption data for 2023 is preliminary and subject to change following external assurance for the Environmental Information Disclosure System disclosure.
** Consumption data for 2022 has been adjusted to exclude consumption by external business entities located within the IBK headquarter building.

Waste Discharge (Based on the headquarters and IFT building)

		Unit	2020	2021	2022	2023
Recyclable waste		ton	271.6	258.8	242.3	211.3
Based on the place of business	Headquarters	ton	137.7	132.1	124.9	118.2
	IFT	ton	133.9	126.7	117.4	93.1
Based on types	Blank paper	ton	77.9	71.9	62.5	56.5
	Newspaper	ton	73.3	66.3	70.8	65.4
	Scrap paper	ton	93.7	94.6	84.1	66.7
	Cans	ton	3.7	2.6	1.5	0.8
	Plastics	ton	13.6	14.9	16.0	14.4
	Bottles	ton	9.4	8.5	7.4	7.5
General waste		ton	277.5	309.8	303.8	302.1
Based on the place of business	Headquarters	ton	135.0	152.0	180.0	188.1
	IFT	ton	142.5	157.8	123.8	114.0

* Discharge data for 2023 is preliminary and subject to change following external assurance for the Environmental Information Disclosure System disclosure.

Responding to Climate Change

Performance

Management of Financed Emissions

IBK measures and oversees financed emissions in accordance with the standards set forth by the Partnership for Carbon Accounting Financials (PCAF), a global initiative. Starting this year, IBK is expanding the scope of measurement from bank financial assets to the entire IBK Financial Group, continuously striving to advance its financed emissions management.

Financed Emissions by PCAF Asset Type in 2022

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

	Financial asset	Emission	Intensity
Corporate loans	1,946,413	27,826,358	14.30
Stocks and bonds	3,924	28,639	7.30
Commercial real estate	140,010	527,890	3.77
Mortgage	107,939	123,602	1.15
Power generation PF	10,205	1,656,990	162.37
Total	2,208,491	30,163,479	13.66

Annual Financed Emissions

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

Category	Financial asset			Emission			Intensity		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Corporate loans	1,633,296	1,781,850	1,946,413	18,908,579	24,958,533	27,826,358	11.58	14.01	14.30
Stocks and bonds	3,257	2,916	3,924	42,701	25,103	28,639	13.11	8.61	7.30
Commercial real estate	88,169	129,392	140,010	235,684	431,865	527,890	2.67	3.34	3.77
Mortgage	100,804	107,620	107,939	70,102	57,500	123,602	0.70	0.53	1.15
Power generation PF	7,805	6,946	10,205	821,902	1,233,206	1,656,990	105.30	177.54	162.37
Total	1,833,331	2,028,724	2,208,491	20,078,968	26,706,207	30,163,479	10.95	13.16	13.66

* Financed emissions for the past three years have been recalculated, reflecting the refinement of emission coefficients and the establishment of an internal system to enhance the measurement of financed emissions.

Shares of Financial Asset and financed Emissions by Major Industry

(as of 2022)

Industry category name	Share of financial asset(%)	Share of financed emissions(%)
Manufacturing	61.77	64.18
Transportation and warehousing	2.06	12.51
Wholesale and retail	17.58	10.53
Electricity, gas, steam, and air conditioning supply	0.67	6.46
Water supply, sewage and waste treatment, raw material recycling	1.29	2.74
Associations and organizations, repair, and other personal services	0.94	1.06
Construction	3.15	0.72
Health and social services	1.94	0.51
Accommodation and food services	1.23	0.51
Mining	0.10	0.17
Others	9.27	0.61

70 60 50 40 30 20 10 0 10 20 30 40 50 60 70

* Based on corporate loans, stocks, bonds and power generation PF

IBK Climate Change Response Issue: Expansion of the Disclosure Scope to include Subsidiaries

(as of 2022, Unit: KRW 100 million, tCO_2eq, tCO_2eq/KRW 100 million)

	Financial asset			Emission			Intensity	
	IBK	Subsidiaries	Total	IBK	Subsidiaries	Total	IBK	Subsidiaries
Corporate loans	1,946,413	15,567	1,961,980	27,826,358	264,081	28,090,439	14.30	16.96
Stocks and bonds	3,924	55,860	59,784	28,639	818,926	847,565	7.30	14.66
Commercial real estate	140,010	200	140,210	527,890	242	528,132	3.77	1.21
Mortgage	107,939	10	107,949	123,602	76	123,678	1.15	7.60
Power generation PF	10,205	1,361	11,566	1,656,990	146,372	1,803,362	162.37	107.55
Total	2,208,491	72,998	2,281,489	30,163,479	1,229,697	31,393,176	13.66	16.85

* Subsidiaries: IBK Capital, IBK Securities, IBK Insurance, IBK Asset Management, and IBK Savings Bank

Environmental Management

Approach

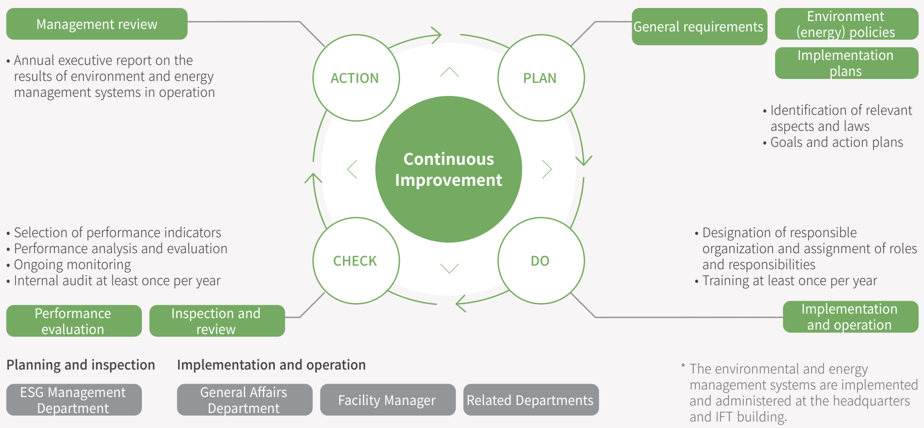
Environmental Management System

Recognizing environmental management as a cornerstone of its sustainable management strategy, IBK is implementing and operating an environmental management system to contribute to the realization of an eco-friendly society, including addressing climate change.

[IBK Environmental Management Policy]
① We will comply with Korean and international environmental laws and agreements, striving to promote the development of an eco-friendly society.
② We will engage in activities to reduce greenhouse gas emissions, actively participating in global efforts to combat the climate crisis.
③ We will demonstrate social responsibility by engaging in green finance activities, including developing environmentally friendly products and services.
④ 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.

Operation of Environmental and Energy Management Systems (ISO 14001 and ISO 50001)

IBK has adopted globally recognized standards for environmental and energy management systems to foster an eco-friendly culture and lead in environmental stewardship. We simultaneously acquired international certifications for environmental management (ISO 14001) and energy management (ISO 50001) in July 2021. Each year, IBK has maintained these certifications through renewal assessments, affirming the suitability and effectiveness of its environmental and energy management systems.



* The environmental and energy management systems are implemented and administered at the headquarters and IFT building.

Major Management Status

Beyond establishing relevant systems, IBK is actively working to shift the awareness of all executives and employees towards cultivating an eco-friendly work environment. We are committed to leading efforts in achieving carbon neutrality and creating an eco-friendly society by enhancing the implementation competency for environmental management through practical initiatives, including the development of a company-wide eco-friendly work environment.

Green Buildings and Resource Management

IBK's energy consumption is monitored in real-time and managed efficiently through the Building Energy Management System (BEMS). At the Euljiro Headquarters and Finance Tower (IFT), lighting is temporarily turned off after work hours on weekdays and reduced by 50% during lunch hours to prevent unnecessary power waste. The Euljiro Headquarters uses underground water for urinals and cleaning sinks, while the IFT uses groundwater for landscaping fountains. Additionally, water usage is minimized at all locations through the installation of water-saving sanitary devices. When opening or relocating branches, priority is given to high-efficiency certified buildings, and eco-friendly E0-grade materials are used in layout constructions. IBK also analyzes IT resource usage to identify and rectify resource underutilization. Based on the analysis results, underused IT resources are reclaimed and reallocated to more essential tasks to optimize their usage. Additionally, we strive to enhance resource efficiency by replacing outdated storage systems, rebalancing cloud resources, and eliminating unnecessary backups.

* BEMS (Building Energy Management System): A system that utilizes IT technology to manage various building facilities such as electricity, air conditioning, crime prevention, and disaster prevention.

Employee Training

To ensure the effective operation of the environmental management system, IBK provides training to executives and employees to enhance their environmental management competencies. In 2023, a total of 10 hours of training were provided across 5 sessions. The effectiveness of this training is measured through evaluation forms, and the results are integrated into the next year's environmental management promotion plan to maximize training outcomes.

Internal Audit and Management Review

IBK conducts internal audit at least once annually to increase the efficiency of environmental and energy management operations, systematically manage processes, and drive continuous improvements. These procedures ensure meticulous management of system operations, including the achievement rate of annual improvement goals for each environmental indicator and compliance with laws and regulations. To ensure effective system operation, all results are reported to the management responsible for the overall system operation at least once a year.

Environmental Management

Performance

Environmental Management Activities

Energy-Saving Efforts at Chungju Training Institute

The Chungju Training Institute, situated near the Chungjuho Water Source Protection Area, is a top-rated eco-friendly building featuring a non-discharge residential water system and a renewable energy system, certified by the Korea Institute of Energy Research. Our residential water zero discharge system effectively purifies and reuses the wastewater generated on-site. Furthermore, the building is equipped with solar panels and a geothermal heating and cooling system that operates continuously. Additionally, the Training Center has replaced all lighting fixtures with eco-friendly alternatives to lead in energy conservation and environmental protection.

Category	Details	Outcomes
Use of renewable energy	Leveraged clean energy by installing a solar power system	Achieved annual savings of approximately KRW 22 million
Recycling residential water	Utilized a zero discharge system to recycle residential wastewater	Achieved annual savings of approximately KRW 17 million
Replacing LED lights	Replaced all lighting at the Chungju Training Institute with LED lights	Saved energy through the installation of eco-friendly lighting

Paperless Operations with Digital Technology

IBK continues to expand its paperless culture by converting customer-generated documents into digital formats. The transition from paper to electronic documents, particularly in tasks that traditionally require extensive paper usage, has significantly reduced unnecessary paper consumption. In 2023, focusing on tasks with high paper usage, electronic documentation was extended to 591 tasks and 226 forms, including those related to retirement pensions and foreign exchange transactions.

Category	Unit	2021	2022	2023
Number of use cases of electronic documents	Million cases	16.5	16.1	15.9
Tasks using electronic documents	Tasks	449	509	591

Additionally, customer-facing documents are being transitioned to digital formats to further decrease paper usage.

Category	Details and outcomes
One-click document submission and confirmation service	Streamlined the process of document issuance and submission for customers by collecting the necessary documents through Public My Data
Electronic certificate receipt service	Simplified the cumbersome document issuance and submission process for customers by utilizing electronic certificates issued by Government 24
Expansion of mobile electronic notices	Reduced the volume of paper invitations by transitioning customer communication to digital platforms such as KakaoTalk

Enhancing the Role of GHG Emissions Market Maker

In 2015, IBK joined the government's Greenhouse Gas Emissions Trading Scheme as a market maker, targeting companies that emit greenhouse gases. Our primary goal during the initial stages of implementation was to establish a robust market foundation and ensure system stability by focusing on providing sufficient liquidity. Recently, we have committed to contributing to price stabilization by actively purchasing emissions permits during periods of significant price decline.

Category	Unit	2022	2023	2024 Plan
IBK trading volume	ton	361,981	11,345,747	12,000,000
Total market volume	ton	11,105,903	68,893,087	70,000,000
Share of IBK transactions	%	3.26	16.47	17.14

Expansion of the Use of IBK Meeting Note

IBK conducts meetings digitally by utilizing 'IBK Meeting Note,' a business support application installed on tablet PCs. This approach eliminates the need for physical printouts, thereby reducing printing costs and greenhouse gas emissions. Plans include developing a paperless meeting culture and further reducing carbon emissions by enhancing the application's functionalities, such as developing additional reporting features.

2023	Meeting usage	Storage usage	Outcomes
Usage	5,242 meetings, 69,211 participants	19,359 registered usages, 6,923 registered users	22,960,571 sheets of paper saved

Environmental Management

Performance

Environmental Management Activities

Eco-Friendly Operation of the Cafeteria

Since October 2023, IBK has promoted an eco-friendly campaign in the cafeteria, engaging all employees in voluntary participation. The Zero Leftover campaign, conducted monthly, encourages employees to select appropriate food portions to minimize waste and reduce greenhouse gas emissions from food waste. Additionally, the cafeteria offers low-carbon, vegetarian meals twice a month, providing employees with healthy dietary options and promoting carbon neutrality in their daily lives.

Category (daily average)		Number of people having meals (persons)	Waste discharge (ℓ)		Reductions (ℓ)
			During the campaign	Existing	
Zero Leftover campaign	Euljiro Headquarters	571	237	418	181
	IFT	478	203	348	145

Reduction of Paper Usage

IBK Capital IBK Securities IBK Insurance

IBK Financial Group is actively introducing paperless work methodologies. IBK Capital has adopted a paperless digital business approach, processing all internally generated documents through electronic approval. Similarly, IBK Securities is diminishing paper usage by digitizing branch counter operations. The expansion of non-face-to-face work, such as account openings and additional service applications, further contributes to this initiative. Furthermore, IBK Insurance continues its efforts to reduce paper usage by developing digital-based marketing materials. In cases where paper prints are unavoidable, the required printing quantity is carefully estimated to minimize paper consumption.

Compliance with Environmental Laws and Regulations

IBK acknowledges its corporate social responsibility for environmental protection and is dedicated to creating an eco-friendly society. All executives and employees are working diligently to comply with environmental laws and regulations, which has resulted in a record of no violations over the past three years.

Environmental Law Violations

	Unit	2021	2022	2023
Number of environmental law violations	Cases	0	0	0

Environmental Management

Performance

Environmental Education

Environmental and ESG Education for Executives and Employees

IBK systematically plans and implements ESG and environmental education initiatives through diverse channels and methods to underscore the urgency of climate change and enhance eco-consciousness among its members. As part of these endeavors, ESG newsletters are regularly disseminated on the employee-exclusive portal, covering global issues such as recent ESG trends, climate change, carbon neutrality, and industry insights. Additionally, in 2023, non-face-to-face cyber training sessions were introduced for all employees to impart ESG concepts and trends, ESG issues related to the financial industry and SMEs, thereby elevating ESG awareness.

Separate training hours are also allocated for ESG and environmental management within regular training programs tailored to various job positions. These customized sessions, encompassing new hires to branch heads, address a wide array of topics, including climate change, biodiversity, climate risk, and ESG principles, fostering a shared understanding among executives and employees.

Implementation of an ESG with Ongoing Learning Program

IBK conducted the 'ESG with Ongoing Learning' quiz challenge program to cultivate an ESG-centric culture through active employee participation. This participatory initiative, involving executives and employees independently studying ESG educational materials and responding to related quizzes, has been conducted three times.

Session 1	IBK ESG Management
Session 2	**Latest ESG Trends** - Carbon neutrality, green bonds, the Carbon Border Adjustment Mechanism (CBAM), RE100, greenwashing, DEI (Diversity, Equity, and Inclusion), and ESG disclosures
Session 3	**ESG Theory and Practice** - Scientific fundamentals of climate change, TCFD and climate risks, categorization of GHG emissions, carbon footprint of financial assets, green taxonomy and finance, Equator Principles, and ESG evaluation

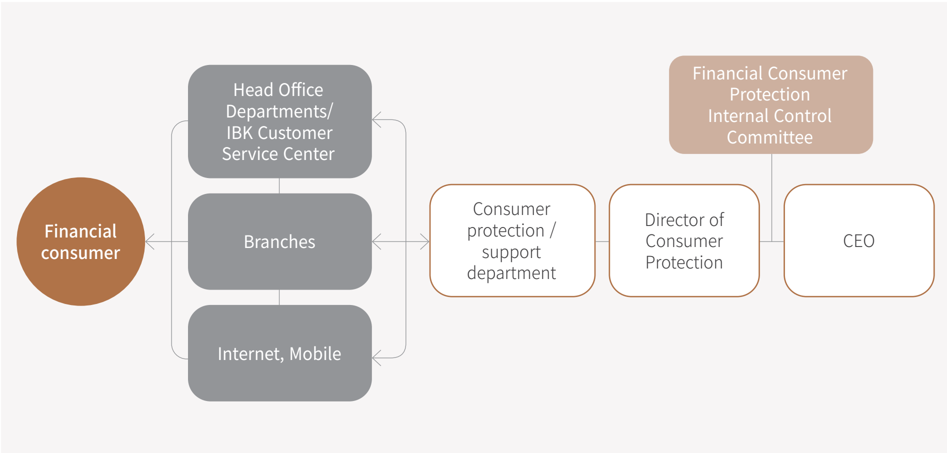
A total of 572 employees participated in the first session, 377 in the second session, and 307 in the third session, with awards provided to outstanding employees and branches. Moving forward, IBK intends to sustain and bolster executive and employee engagement through curated educational programs encompassing various facets of ESG.

Protecting Financial Consumers

Approach

Governance for Financial Consumer Protection

IBK has established and maintains governance structures dedicated to safeguarding financial consumers. Regular meetings of the Financial Consumer Protection Internal Control Committee convene at least semiannually to deliberate on management directions pertaining to financial consumer protection. Comprising the IBK CEO, the head of the Consumer Protection Group, the Chief Compliance Officer, and the head of the Risk Management Group, this committee coordinates and resolves critical matters relating to financial consumer protection policies, such as policy directions, basic plans, and system enhancements. Moreover, the Director of Consumer Protection, reporting directly to the CEO, oversees and supervises the consumer protection framework, encompassing the selection, sale, and post-sales management of financial products while addressing consumer grievances. In 2023, the Financial Consumer Protection Internal Control Council was newly established under the Financial Consumer Protection Internal Control Committee to ensure expeditious decision-making for financial consumer protection. Also, the 'Financially Vulnerable Group Protection TFT' has been formed to institute diverse systems for safeguarding the rights and interests of financially vulnerable groups.

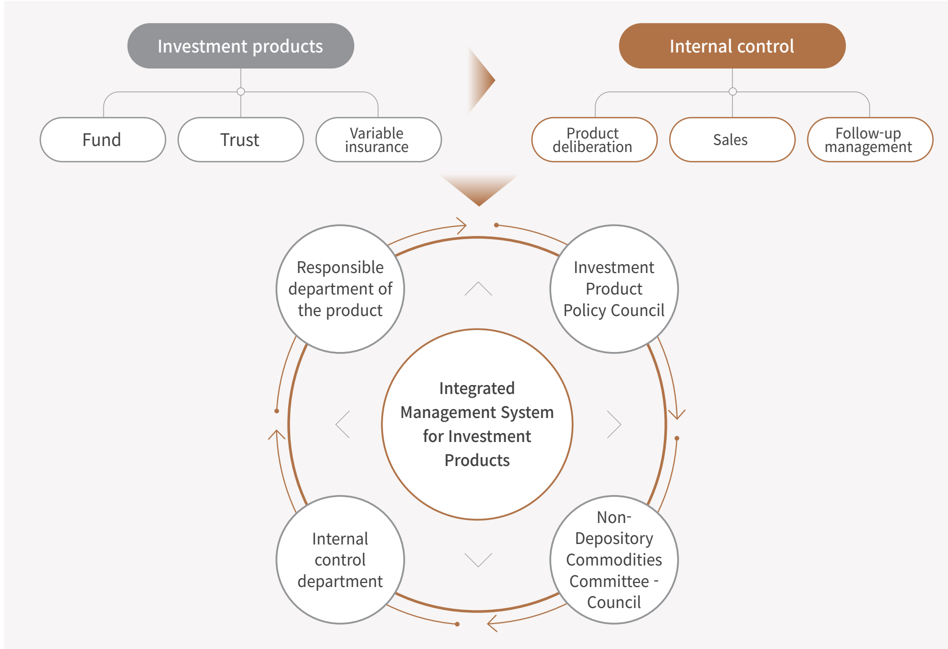


Non-Depository Commodities Committee

IBK administers the Non-Depository Commodities Committee, tasked with deliberating on matters concerning the planning, selection, sale, and post-sales management of non-depository commodities carrying the risk of principal losses. Notably, the committee evaluates response strategies in cases threatening customer damage during post-sales management, with the objective of preempting harm to financial consumers. Furthermore, it regularly reviews the scope of consumer communication, including product profit-loss status and risk assessment, to proactively avert financial consumer harm.

Integrated Management System for Investment Products

IBK has instituted and operates an internal control mechanism capable of monitoring and inspecting critical status indicators throughout the entire lifecycle of investment products such as funds, trusts, and variable insurance, encompassing their selection, sales, and post-sales management.



Protecting Financial Consumers

Approach

Financial Consumer Protection Policy

Mid- to long-term Goals for Financial Consumer Protection

2024 Strengthening of the financial consumer protection system	2025 Advancement of the financial consumer protection system	2026 Development of a seamless complaint resolution process
• Strengthening employee training to combat voice phishing • Offering voice phishing prevention training for financial consumers • Fundamentally blocking fund inflows into fraudulent accounts • Upgrading the voice phishing monitoring system to broaden the scope of detection for suspicious transactions	• Serving as an IBK consumer protection control tower • Preparing a systematic manual for protecting financially vulnerable groups • Establishing an internal control inspection system • Introducing a swift risk response plan • Eradicating risks inherent in the financial product sales process	• Transitioning the existing complaint process into an efficient framework centered on financial consumers • Proactively exploring measures for complaint resolution, entailing substantial system improvements, and soliciting customer feedback • Increasing customer convenience by expediting the complaint process

Principles of Consumer Financial Protection

In 2021, IBK enacted the 'IBK Financial Group Principles of Consumer Financial Protection' to instill a financial consumer-centric management culture across the IBK Financial Group. Furthermore, the 'IBK Global Principles of Consumer Financial Protection' was disseminated to overseas branches in their respective local languages.

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

1. We will strive to understand our customers' circumstances and recommend products and services that are appropriate for them.
2. We will provide financial products and services in a transparent and easy-to-understand manner.
3. We will collect and use customer information safely and lawfully.
4. We will resolve customer complaints fairly and use them to improve our business.
5. We will treat our customers with respect and act with integrity in every transaction, large or small.
6. We will continue to strive to provide non-discriminatory financial services to economically vulnerable groups.

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

Performance

Financial Consumer Protection Activities

Valuing Customer Feedback as an Asset

Under the 'Voice of Customers as Assets' initiative, IBK actively solicits on-site feedback to directly incorporate consumer experience into its products and systems. An integrated management process has been put in place to efficiently collect and manage customer feedback on-site, promoting a bottom-up process for product and system improvement. In 2024, a customer-participatory idea contest is slated to be held, aiming to solicit ideas from customers and identify practical system enhancements.

Strengthening Internal Control of Investment Products

IBK has implemented a product selection and sales system prioritizing the interests of financial consumers through rigorous internal control across the entire process of investment product selection, sales, and post-sales management.

Deliberation by the Non-Depository Commodities Committee → Prior consultation before sales → Post-sales adequacy assessment → Follow-up management

In 2023, IBK expanded the scope of the Non-Depository Commodities Committee's deliberations to include retirement pension investment products. IBK also introduced a new item on financial consumer protection and specified mandatory explanation items for product sales procedure scrutiny, thereby fortifying control mechanisms. Additionally, in response to the escalating trend of non-face-to-face sales of financial products, comprehensive assessments of product descriptions and terms and conditions on websites and non-face-to-face channels were conducted, leading to improvements to ensure accurate information dissemination to consumers.

Reinforcing Efforts to Protect Financial Consumers

IBK Securities

IBK Securities has undertaken 23 improvement initiatives for internal control consulting to bolster its internal control framework aimed at safeguarding financial consumers. In particular, it has initiated an additional Out Door Sales (ODS) system task to prevent incomplete sales, as part of efforts to enhance infrastructure for the protection of financial consumers. Additionally, it has formulated plans to improve the investment product screening. Moreover, compliance audits were performed at all branches, accompanied by financial consumer protection training sessions.

Protecting Financial Consumers

Performance

Financial Consumer Protection Activities

Relief for Financial Fraud Damage

IBK facilitates customer comprehension of the reimbursement process for electronic communications financial fraud damages by providing a mobile leaflet and actively disseminating related information on its website.

Damage Reimbursement Diagram

01	02	03	04	05
Application for damage relief (Victim)	Suspension of payment (Financial institution)	Notice on the claim expiry procedure (Financial Supervisory Service)	Expiry of claims	Payment of damage reimbursement (Financial company)
		2 months	14 days	

Detailed Procedures for Reimbursement of Financial Fraud Damages

Application for damage relief	• Victims apply for damage relief from the financial institution managing the account through which the funds were remitted or transferred, or from the financial institution managing the fraudulently used account.
Suspension of payment	• Upon receiving a request from a voice phishing victim, the financial institution verifies the deposit details and suspends payments from the account.
Expiry of claims	• Following the suspension of payment, the financial institution announces the commencement of claim expiry procedures with the Financial Supervisory Service. → If the holder of the fraudulently used account does not raise an objection within two months, the claim for the account is extinguished.
Payment of damage reimbursement	• The Financial Supervisory Service determines the reimbursement amount within 14 days from the date of claim expiry. → The financial institution reimburses the determined amount to the victim.

In line with the amended Special Act on the Prevention of Loss Caused by Telecommunications-Based Financial Fraud and Refund for Loss, effective November 2023, IBK has introduced a new procedure to handle applications for reimbursement of damages caused by face-to-face fraudulent voice phishing. This voice phishing method involves scammers instructing victims to withdraw cash and deliver it to a cash transferrer, making it difficult to identify the victim as transaction details between accounts cannot be verified. By including this task, victims previously overlooked in the reimbursement process can now receive damage relief, thereby enhancing financial consumer protection.

Operation of the System for the Right to Request Interest Rate Reductions

IBK operates the Right to Request Interest Rate Reductions System, allowing customers to request a reduction in loan interest rates from the bank upon evidence of improved credit status, such as increased income or assets, or an enhanced credit rating. IBK is committed to intensifying promotional efforts and providing guidance to encourage active utilization of the right to request interest rate reductions. Customers eligible for interest rate reduction requests receive text notifications, and promotional weeks are organized to bolster awareness and utilization of this right.

Employee Training to Enhance Customer Satisfaction

In pursuit of elevating the service competency of all employees, IBK has developed and offered Customer Service (CS) job courses, facilitating comprehensive knowledge acquisition tailored to each position and enabling progressive professional development. Furthermore, personalized, face-to-face training sessions have been conducted in a dynamic environment.

Details of Customer-Satisfaction Improvement Training by Job Position

New hires (Introductory)	• Basic CS Mindsets • Business manners (work etiquette)
Bank clerk (Basic)	• Enhancing CS Mindsets • Image-making
Manager (Advanced)	• Voice of the Customers • Sales skills

Status of Customer-Satisfaction Improvement Training in 2023

(Unit: Sessions, Persons)

Category	Number of sessions		Number of attendees
	Online	Offline	
Branch CS Consulting	9	15	313
Training for Head Office and Regional Head Office	2	12	551
Basic CS Training	5	7	1,767
Advanced CS Training	3	5	981
Online Competency Building Training	22	-	11,810
Branch Training: IBK Every 1	5	-	1,098
CS Training Video	39	-	All employees

Customer Satisfaction and Complaint Resolution

Category	Unit	2020	2021	2022		2023
				First half of the year	Second half of the year	
Internal customer satisfaction survey Ⅰ	Points	91.1	90.7	90.2	-	-
Internal customer satisfaction survey Ⅱ *	Points	-	-	-	92.4	93.2
Total number of customer complaints** received	Cases	214	175	115		186
Customer complaint settlement rate	%	100	100	100		100

* Changes in satisfaction survey methods and tools starting in the second half of 2022.
** Customer complaints – based on the number of financial consumer protection disclosures by the Korea Federation of Banks

Digital Management

Approach

IBK Digital Innovation Strategy

Digital Management Vision

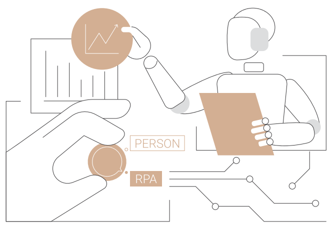
Since declaring its digital vision of "Easy, Fast, and Safe Digital IBK," IBK has been reinforcing its digital competitiveness across all management activities. Each year, quantitative digital goals are established, clearly directing digital management and resonating with all executives and employees. Additionally, IBK manages related performance by introducing digital KPIs, such as digital profits and the enhancement of digital foundations, and disseminates digital innovation across all business sectors.

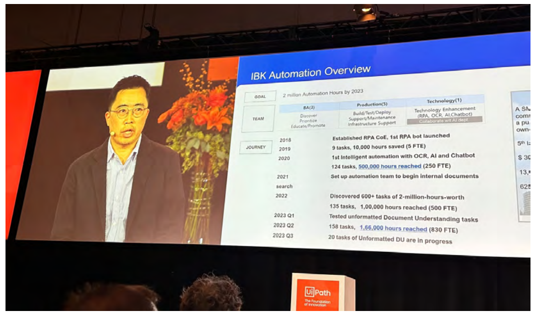
Performance

Digital Transformation

Reaching Two Million Hours of Work Automation

Since January 2022, IBK has successfully automated 202 tasks through its 'Two Million Hours of Work Automation Project,' achieving a significant milestone of two million hours of work automation in 2023. Various technologies, including RPA, OCR, AI, and IT developments, have been applied to over 200 automated tasks. Remarkably, IBK introduced document recognition technology (AI-OCR) to expand the scope of business automation, considering the document-intensive nature of banking work. This innovation not only reduced document inspection time but also mitigated the risk of missed inspections and strengthened internal control. Consequently, IBK garnered global recognition by presenting its automation case as a representative of Korea at the world's largest global business automation conference in October 2023.





IBK 1st Lab

Launched in 2019, 'IBK 1st Lab' serves as an innovation testbed for introducing technologies and ideas from fintech companies into the banking sector. Annually, IBK selects companies with innovative technologies and ideas, and in 2023, four companies were chosen as the 5th group of the 'IBK 1st Lab.' IBK provides these companies with dedicated collaboration space and IT infrastructure, supporting them in discovering and executing various tasks. Upon completion of the task tests, the relevant departments assist participating companies in transforming the tasks into projects for practical application. In 2023, an 'AI text message pre-verification system' was developed and adopted to detect inappropriate advertising content and prevent the sending of such messages to customers. Through the operation of the 1st Lab, IBK continues to discover fintech companies and create a fintech ecosystem where innovative ideas and technologies can thrive.

IBK 1st LAB DIGITAL INNOVATION

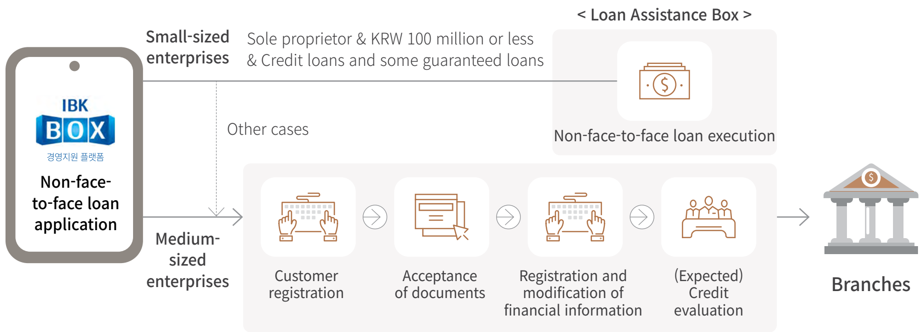
Digital Management

Performance

Digital Convenience

IBK Loan Assistance BOX

IBK operates Loan Assistance BOX, the first corporate loan O2O (online to offline) service in the Korean financial sector, enabling corporations and individual business owners to apply for corporate loans online without visiting a bank. Loan Assistance BOX, a corporate finance digital service that merges the benefits of online and offline loan applications and consultations at branches, is accessible to everyone, including non-existing customers. Loan Assistance BOX electronically collects most of the paper documents required for loan applications through scraping and Public My Data, elevating customer convenience by facilitating non-face-to-face application procedures.



Expansion of Branch Visit Reservation Service

In August 2023, IBK expanded its branch visit reservation service to all branches. This service allows customers to reserve a branch visit in advance through 'i-ONE Bank' or 'Naver.' Noteworthily, IBK became the first in the Korean financial industry to partner with Naver and enhanced customer accessibility by enabling reservations through 'Naver Reservation.' Based on the results of the pilot operation from November 2021, IBK has continued improving services, such as providing congestion prediction information for each branch by collecting feedback from employees and customers, further elevating the convenience of the branch visit reservation service.

IBK BOX POS

IBK BOX POS is our innovative payment service that allows customers to utilize card payment terminal (POS) functions simply by installing an application. BOX POS is free, eliminating additional costs such as POS installation fees or line maintenance costs, and supports various payment methods, including Zero Pay and simple payment systems. Moreover, BOX POS is a digital payment method without receipts, promoting the digitalization of payment methods. By 2023, 125,348 companies had signed up for BOX POS, with the value created through this service estimated at approximately KRW 42.5 billion.

Number of BOX POS Users and Usage Status

Category		2020	2021	2022	2023	Cumulative
Company		21	47,530	42,391	35,406	125,348
Usage	Number of cases	-	56,486	303,620	557,929	918,035
	Amount (KRW million)	-	14,211	78,931	152,996	246,138

Value of support: **KRW 42.5 billion** (based on 125,000 companies)

Basis for the calculation of the value created

Cost for the wireless card terminal purchase	KRW 27.5 billion → KRW 220,000 per general wireless terminal × 125,000 companies
Line maintenance cost	KRW 15 billion → KRW 10,000 per month × 12 months × 125,000 companies

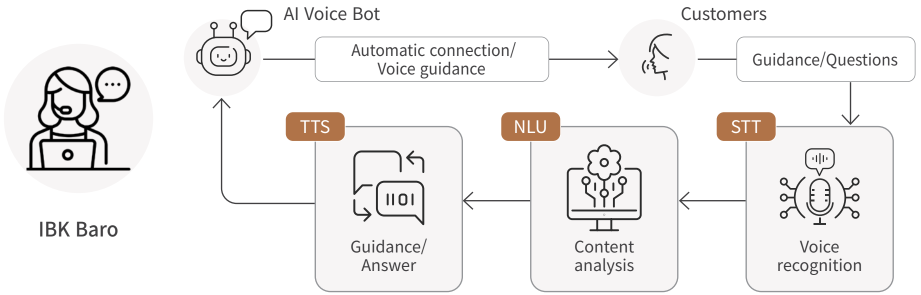
Digital Management

Performance

Digital Convenience

AI Voice Bot

IBK is introducing AI voice bots, systems where AI robots automatically call customers and answer questions, preferentially for outbound tasks involving repetitive notifications. These AI voice bots feature STT (Speech to Text), which converts customer voice into text in real-time; NLU (Natural Language Understanding) for analyzing text content to understand intent; and TTS (Text to Speech) technology that converts text into voice for real-time responses. By replacing simple repetitive tasks with AI technology, IBK has improved work efficiency and provided diverse digital experiences to customers.

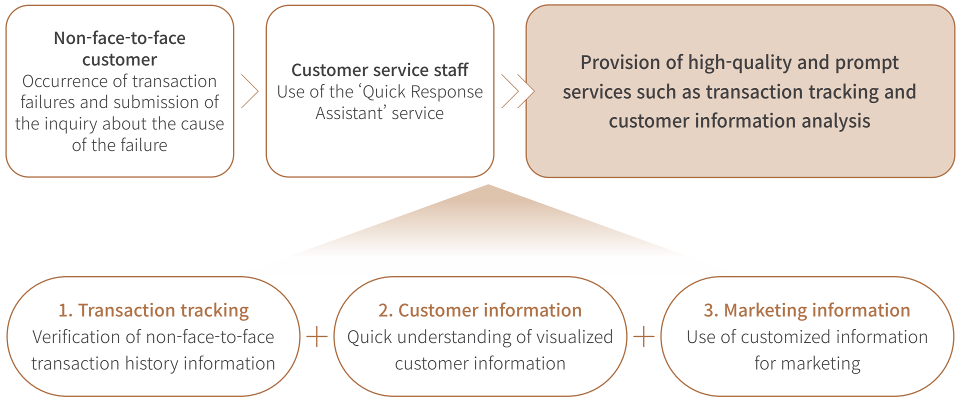


IBK Voice Verification Service

In 2020, IBK introduced the 'IBK Voice Verification Service' as the first Korean financial institution to utilize biometric information through voice printing, which captures over 100 characteristics of a customer's voice and then uses this biometric information to verify identity during phone consultations at the customer service center. Once a customer's voice biometric information is registered, they can access necessary functions quickly and conveniently using only their voice without needing a separate authentication process during phone consultations. This service has enhanced customer convenience and the accessibility to non-face-to-face financial services for digitally disadvantaged groups, such as the elderly.

Development of a 'Quick Response Assistant' Service

The Quick Response Assistant service intends to provide customer service staff with immediate access to customer behavioral information arising from digital transactions during phone conversations. This service aims to enable faster consultations by visualizing data on behavioral patterns that cause customer dissatisfaction, such as errors in non-face-to-face transactions. IBK seeks to innovate the customer experience by utilizing customer behavioral information generated through non-face-to-face channels via the Quick Response Assistant service and providing specialized quality services during the consultation process based on this information.



Obtaining a License for a Simple Certification Service

The Simple Certification Service system refers to a new authentication system established to ensure the safety and reliability of certificate services following the abolition of the Authorized Certificate system under the amended Digital Signature Act. In December 2023, IBK obtained approval for simple certificates intended for both individuals and sole proprietors. Significantly, this milestone marked IBK as the inaugural private certification agency to secure approval for simple certificates for sole proprietors.

Digital Management

Performance

Internalization of Digital Technology

Operation of a Program to Strengthen Capabilities in the Latest IT Technology

IBK operates various programs to enhance its capabilities in emerging IT technologies. In particular, an IT R&D organization has been established to discover innovative financial services using new technologies. In 2023, 'artificial intelligence' was selected as a research topic, and eight researchers were appointed accordingly.

These researchers identified tasks applicable within IBK and developed prototypes through joint research with AI-specialized organizations. In addition, IBK held an 'IT Group Digital Festival' in collaboration with renowned IT companies to disseminate digital insights across the company. Various channels, such as quarterly technology seminars and new IT newsletters, were also provided to access IT trends.

Training of IT Professionals

IBK offers systematic and effective training programs to nurture IT professionals. Detailed training paths and progressive training levels are determined for each job function and position level, and IT personnel are encouraged to acquire professional skills and knowledge applicable to their roles. Practical training courses based on actual internal IT development and operation cases are provided as well, thereby strengthening employees' ability to apply theoretical knowledge in practice effectively.

IBK Data Analysis Challenge

In response to the data economy era, where a company's competitiveness is directly linked to its ability to utilize data, IBK held its third 'Data Analysis Challenge' in 2023, by providing regular experiential opportunities for all executives and employees to engage in data analysis. Through this challenge, IBK established an experiential preliminary education system free from time and space constraints, creating an environment where even beginners in data analysis could participate.

IBK AI Art Contest

IBK arranged an experiential AI contest to raise digital awareness and strengthen the digital capabilities of its executives and employees. This contest allowed participants to create works using a generative AI platform based on the provided contest theme, resulting in 232 submitted works. Seventeen works were selected as winners based on expert evaluation and an all-employee vote and were showcased in an eco-friendly digital exhibition at the Hall of Fame Memorial Hall in the headquarters' lobby. This contest offered an opportunity to explore the latest AI technology, thereby increasing employees' interest in AI technology and fostering a culture of utilizing digital technology.

Inclusive Finance

Performance

Expanding Financial Accessibility

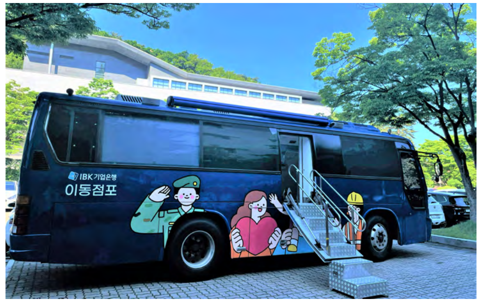
Enhancing Accessibility for Financially Vulnerable Groups

IBK is committed to addressing financial blind spots by operating mobile branches (U-IBK), which offer in-person services to corporate employees and military personnel in remote locales where visiting a branch is challenging. Moreover, the Financial Harmony CAR program is underway to provide financial services directly to individuals from financially vulnerable groups, including rural students, young adults, and multicultural families. Furthermore, in order to extend financial assistance to clients in regions lacking IBK branches, a strategic alliance has been forged with Korea Post to enable IBK financial transactions at the post office counters and ATMs.

2023 Mobile Branches (U-IBK) and Financial Harmony CAR Program Implementation Status

(Unit: sessions, persons)

Category	2023	
	Number of supports	Number of recipients
Mobile Branches (U-IBK)	56	540
Financial Harmony CAR	60	955



Implementation of Financial and Economic Education for the Financially Vulnerable Groups

IBK delivers tailored financial and economic education targeting children, teenagers, military personnel, and new workforce entrants. The objective is to equip future generations and the financially vulnerable with financial literacy skills, thereby mitigating financial risks through educational initiatives.

Financial and Economic Education Status

(Unit: sessions, persons)

Category		Major activities	2023	
			Number of sessions	Number of recipients
Future generation	Preschoolers	Understanding savings and economics through magic	90	6,503
	Teenagers	Pocket money management and good savings habits	269	15,503
	Military service members	Desirable financial transactions and the prevention of financial fraud	245	93,202
Adults		Credit management and investment for new workforce entrants	10	292

Financial Education for Children: ‘Finance, Nice to Meet You!’

In September 2023, IBK initiated a play-based financial education program for children named ‘Finance, Nice to Meet You!’, cooperating with a partner, Financial Educational Council. Approximately 12,000 copies of the playbook were produced and distributed across branches, accompanied by a children’s financial education video focusing on consumption and savings. The playbook and electronic brochure included a QR code enabling access to the educational video, which was also shared on IBK and the Financial Education Council’s YouTube channels. A total of 22 sessions, engaging 263 participants, were conducted under the ‘Finance, Nice to Meet You!’ educational program.

Establishment of the IBK Financial Learning Center

In September 2023, IBK opened the IBK Financial Learning Center within a personal banking specialized branch. The center serves as a complex hub, offering instruction on financial fraud prevention, digital finance, and financial mentoring, while also providing a community space for respite during extreme weather conditions, such as heat waves and cold waves. IBK aims to broaden its array of financial programs to increase its touchpoints with customers and optimize the center’s utility as a space dedicated to fostering cooperation within the local community.

Performance

Supporting Microfinance

Expanding Support for Microfinance and Financially Vulnerable Groups

In 2023, IBK supplied KRW 1.088 trillion in microfinance products, marking a 166% increase in performance compared to the previous year. Notably, access to the New Hope Seed Loan, a flagship microfinance product, was broadened through initiatives such as the relaxation of eligibility criteria and active utilization of loan comparison platforms, resulting in a total disbursement of KRW 473.9 billion. Acknowledging its role in enhancing support for microfinance and fostering inclusive financial practices, IBK was recognized by the Financial Supervisory Service in December 2023 as a meritorious institution in the field of inclusive finance, particularly in the microfinance support sector.

Furthermore, IBK has expanded the coverage of the Living Stabilization Loan, an initiative operated under an exclusive agreement with the Korea Workers' Compensation and Welfare Service, to encompass employment-vulnerable groups such as non-regular workers and those in unique employment arrangements, ensuring continued benefits. Additionally, the interest rate for living stabilization funds, covering living expenses for unpaid workers, was temporarily reduced by 0.5 percentage points to alleviate financial burdens on ordinary people. Moreover, major microfinance products have been transitioned to non-face-to-face formats to bolster accessibility for financially vulnerable groups. IBK intends to further enhance customer convenience by expanding the utilization of non-face-to-face channels for microfinance products. It will remain committed to serving as a robust financial safety net for vulnerable populations by offering tailored microfinance solutions to support individuals with low incomes and creditworthiness.

Performance of Major Microfinance Products in 2023

Product name	Number of cases	Amount (KRW 100 million)
Living Stabilization Loan	49,646	2,912
Sunshine Loan Youth	48,309	1,362
Sunshine Loan 15	17,674	1,802
└ i-ONE Sunshine Loan 15	16,506	1,682
Sunshine Loan Bank	421	38
└ i-ONE Sunshine Loan Bank	313	26

Operation of the IBK Smile Microbank Foundation

IBK has instituted and operated the 'IBK Smile Microbank Foundation,' entirely funded by IBK, to bolster the self-sufficiency of financially vulnerable groups with low credit scores and incomes. Through the IBK Smile Microbank Foundation, IBK extends unsecured and unguaranteed funds to support startups and ongoing operations for clients encountering challenges in accessing conventional financial channels.

IBK Smile Microbank Foundation Status (as of 2023)

Amount contributed	Number of branches	Amount supported	Number of cases supported
KRW 62.5 billion	22 branches	KRW 220.3 billion	26,541 cases

Expanding the Card Issuance for Faithful Loan Payers

IBK has initiated a project in collaboration with the Credit Counseling and Recovery Service and the Korea Asset Management Corporation to issue credit cards for diligent loan payers. As a government-owned bank, IBK is at the forefront of providing inclusive finance for the financially vulnerable.

Card Issuance Status for Faithful Loan Payers (as of 2023)

Category	Launch date	Cumulative number of issuances	Cumulative amount used (KRW 100 million)
Credit cards for faithful loan payers from the Credit Counseling and Recovery Service	April 19, 2021	47,045	2,185
Credit cards for faithful loan payers from the Korea Asset Management Corporation	December 2, 2022	98	2

Inclusive Finance

Performance

Supporting Microfinance

Active Support for Financial Recovery Using the Debt-Reduction System

IBK actively facilitates debtor recovery through a variety of debt relief initiatives. The Special Debt Reduction Program is designed to enhance the scope of debt reduction and extend the installment repayment period, thereby aiding the economic revitalization of debtors with special bonds. Under this program, IBK has offered additional debt reductions of up to 90% based on the specific receivable period, while the installment period has been extended from three to five years to alleviate the repayment burden.

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

April to June, 2023	October to December, 2023	Total
3,012	4,443	7,455

Additionally, IBK undertakes the complete cancellation of time-barred debts, a system that deletes delinquent records and suspends the collection of claims that no longer have recovery benefits. This initiative supports the financially disadvantaged in regaining stability and underscores IBK's commitment to inclusive finance.

Extent of Cancellation of Time-Barred Debts (Unit: Cases, KRW 100 million)

2021		2022		2023	
Total number of borrowers	Amount	Total number of borrowers	Amount	Total number of borrowers	Amount
5,145	4,286	5,059	4,459	5,755	5,271

Reduction of Early Repayment Fee

IBK has completely exempted early repayment fees for vulnerable borrowers to ease their financial burden and strengthen microfinance support. In 2023, we waived early repayment fees amounting to approximately KRW 1.6 billion for a total loan volume of KRW 427.6 billion.

Employee Training on Debt Collection Policy

As part of its follow-up management activities for loans, IBK has established a comprehensive system for fair debt collection and provides rigorous training to executives and employees. This training ensures compliance with relevant laws and internal regulations, including the Fair Debt Collection Practices Act and the Improper Solicitation and Graft Act. In 2023, the training focused on procedures for personal rehabilitation, bankruptcy, credit recovery, and initial follow-up management, such as offsetting. Through these measures, IBK ensures the prevention of unfair collection practices, improper solicitation, and receipt of money and goods.

Practicing Preferential Inclusive Financing for SME Workers

IBK Insurance

IBK Insurance practices inclusive finance through specialized products and fee discount policies that prioritize small and medium-sized enterprise (SME) workers. To more effectively support the post-retirement life of SME executives and employees, IBK Insurance offers special products with discounts on personal pension premiums. Furthermore, it continuously expands benefits, such as commission discounts for SMEs, to ensure that more SME executives and employees can secure stable retirement benefits through retirement pension plans.

Social Contribution

Performance

Coexistence with SMEs

IBK Scholarships and Medical Expense Funding Projects

In March 2006, IBK established the IBK Happiness Sharing Foundation, a public welfare foundation, to improve the welfare conditions of the families of SME workers, which are often less favorable than those of large companies. To date, IBK has contributed a total of KRW 81.5 billion to the Foundation.

Through the Foundation, IBK has provided KRW 21.1 billion in scholarships by 2023 to approximately 11,800 children of SME workers with outstanding academic records despite difficult circumstances. Furthermore, the IBK Mentoring program allowed undergraduate recipients of IBK scholarships to provide one-on-one online learning mentorship to the children of SME workers, engaging approximately 7,500 mentees by 2023. IBK has also provided KRW 15.8 billion in aid for medical expenses to around 3,600 family members of SME workers suffering from rare, intractable, or severe diseases by 2023. In 2023, the Foundation also added health examination fees to its support items, further strengthening the welfare and employment stability of SME workers.

Contributions and Other Expenditures

Category	Unit	2020	2021	2022	2023
IBK Happiness Sharing Foundation	KRW million	5,000	8,000	10,000	10,000
Korea Inclusive Finance Agency	KRW million	1,500	1,000	1,500	1,500
Political donations*	KRW million	0	0	0	0
Total donations	KRW billion	26.7	26.8	26.3	35.4

* In Korea, corporations' political donations 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.

Operating Daycare Centers for SME Workers

In April 2018, IBK launched the IBK Namdong Love Daycare Center, the first daycare center for SME employees operated by a Korean financial institution in the Incheon Namdong Industrial Complex. This initiative supports work-life balance and addresses low birth rates. In March 2019, a second daycare center, IBK Gumi Love Daycare Center, was opened and continues to operate. As of the end of 2023, 33 SMEs in the Namdong Industrial Complex and 45 SMEs in the Gumi Industrial Complex are part of the consortium, making their workers' children eligible for admission to these daycare centers.

Social Contribution

Performance

Community Support

IBK Wings of Hope Project

In collaboration with the Ministry of Health and Welfare, IBK launched the IBK Wings of Hope Project in 2023 to support young people preparing for self-reliance, aiming to foster a society where youth can confidently pursue their dreams. This project targets around 200 youths who have been discharged from shelters after the age of 18, who were discharged from the shelters 1 to 5 years ago, who can no longer receive independence allowances after five years of discharge, or who are preparing for self-reliance and left the shelter early. The project provides scholarships worth 5 million KRW per person annually and offers services such as financial education, mentoring, legal counseling, and employment consulting. Given the significance of supporting young people in achieving self-reliance, which has also been designated as a key governmental initiative, the launch of the IBK Wings of Hope Project stands as a commendable model for establishing effective public-private partnerships in national endeavors.

Multicultural Regional Concert ‘All Together Concert’

Amidst the increasing influx of foreign immigrants, Korean society is experiencing rapid transformation into a multicultural community. However, challenges persist as members of multicultural families encounter difficulties in social adjustment. In response to these societal challenges, IBK orchestrated the ‘All Together Concert’ with the goal of enhancing cohesion among multicultural family members, cultivating a sense of community, and fostering cultural diversity. IBK has facilitated the cultural engagement of members of the multicultural society, including foreign workers, by hosting concerts in elementary schools located in regions with significant multicultural populations, such as Asan in South Chungcheong Province, Cheongju in North Chungcheong Province, Bucheon and Gwangmyeong in Gyeonggi Province, Yeonsu in Incheon, as well as Ansan, which has the highest concentration of foreign residents in Korea.

Employee Step Donation Campaign ‘Precious Steps’

In 2023, IBK implemented the ‘2023 Precious Steps’ campaign, an employee-participatory step donation initiative pursuing practicing carbon neutrality in daily life. The campaign initially targeted 204 million cumulative steps and achieved its goal early, thanks to active employee participation. A total of KRW 408 million in donations was collected, including contributions from both the bank and its employees. The funds were allocated to the ‘IBK Greening Project,’ which supports efforts to restore natural environments unavoidably affected by the business activities of SMEs. This mid- to long-term project is targeted at enhancing the sustainability of natural resource utilization, ensuring equitable access and benefits for both present and future generations. In 2023, the project supported ‘River Water Quality Purification’ and the ‘Creation of Green Spaces in the City’ initiatives.

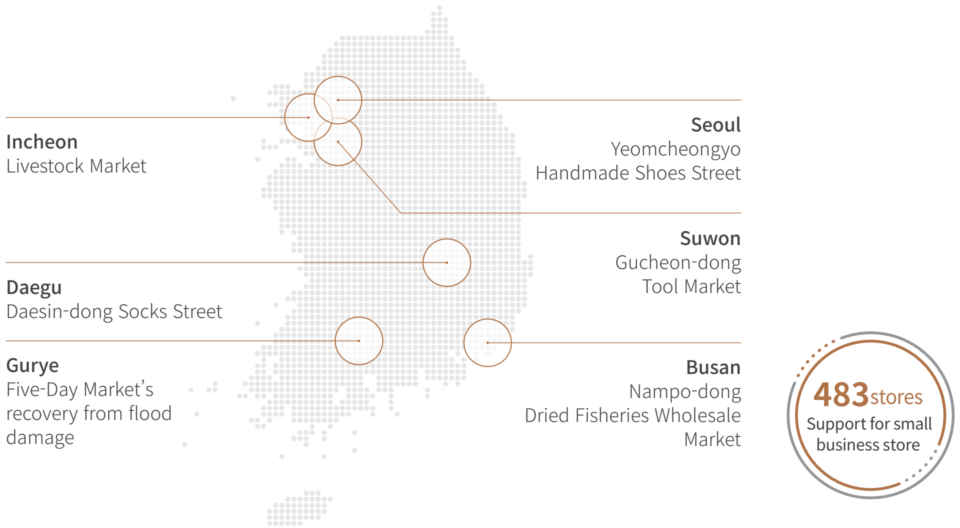
Social Contribution

Performance

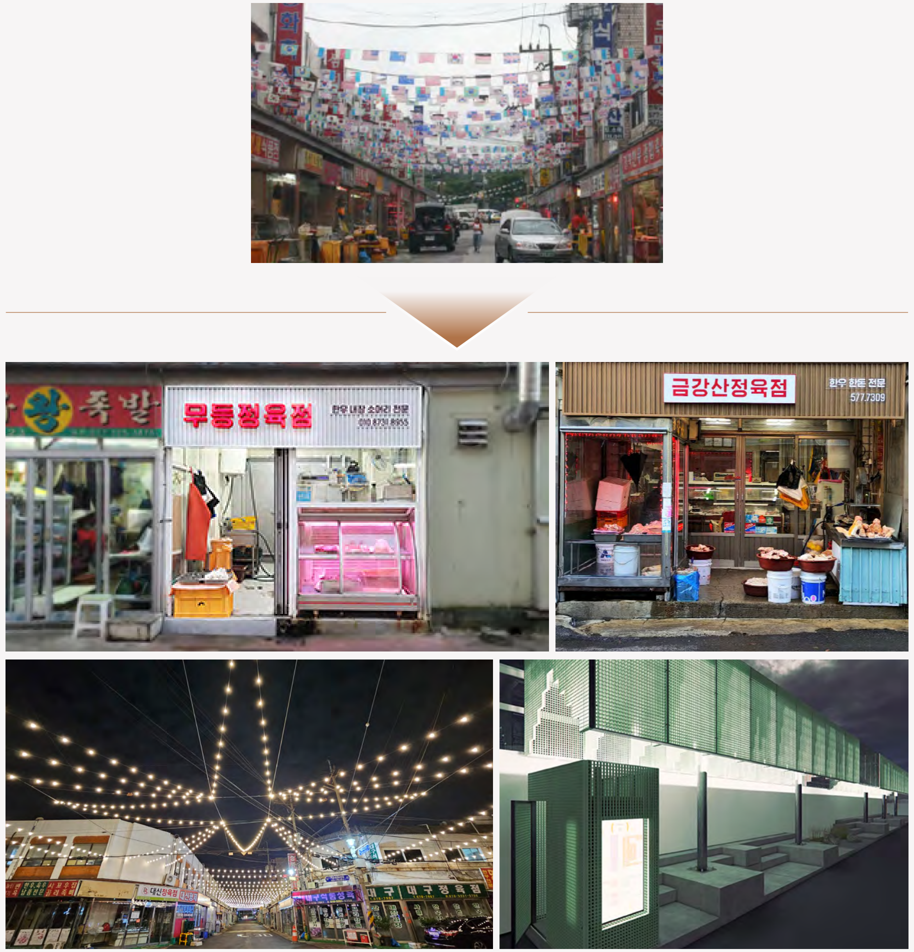
Community Support

Expansion of IBK Hope Design

To revitalize local economies, IBK is actively promoting the IBK Hope Design Project, designed to revitalize the business environments of small business owners, such as outdated signage and awnings. Launched in 2016, the project has expanded nationwide to commercial districts like Yeomcheongyo Handmade Shoes Street in Seoul, Nampo-dong Dried Fish Market in Busan, and Gucheon-dong Tool Market in Suwon. Since its inception, the project has supported 483 small businesses, including emergency recovery efforts for Gurye Five-Day Market following flood damage. In 2023, IBK extended its support to the Incheon Livestock Market by improving store signage, establishing public amenities for merchants and citizens, and implementing branding initiatives for sustainable growth. A versatile outdoor rest area was created in a previously unused space, transformed from an area with piled clutter and illegal parking into a vibrant area with road paintings and landscape lighting. Furthermore, the newly designated theme street, 'Gogi-ro 92,' aptly reflects the unique characteristics of the livestock market. As part of our comprehensive branding initiative to increase the market's accessibility and distinctiveness, we have also transitioned the existing symbolic logo to a wordmark format to improve readability. IBK is committed to further expanding the IBK Hope Design initiative to support the sustainable growth of SMEs, reinforcing its dedication to creating social value through collaboration with local communities.



The new appearance of the Incheon Livestock Market



Social Contribution

Performance

Community Support

Disaster and Emergency Recovery Support

IBK actively engages in community recovery efforts in the event of any disasters. In 2023, forest fires in Gangwon-do and widespread heavy rains across Korea inflicted significant livelihood disruptions in the affected areas. IBK contributed KRW 400 million to aid residents' living and support recovery efforts. In particular, IBK extended its disaster recovery support overseas, providing KRW 300 million for earthquake-affected regions in Turkey and Syria. Moreover, since 2012, IBK has deployed the 'Truly Good Food Truck' in 30 regions nationwide to deliver public services, including the provision of free meals during national disasters. This initiative also extends to offering free meals to underprivileged community members and elderly individuals living alone. By the end of 2023, approximately 10,900 free meals had been distributed to around 2.77 million people through the 'Truly Good Food Truck.'

IBK also supports spreading a culture of sharing in the local community. IBK consistently sponsors welfare facilities in need, including senior welfare facilities, child welfare centers, and residential facilities for disabled people, through its 21 regional headquarters nationwide. Moreover, IBK actively supports internal volunteer clubs to facilitate voluntary community service initiatives among its executives and employees. In 2023, a total of 270 executives and employees engaged in 1,370 hours of volunteer service.

Employees' Voluntary Activities

Category	Unit	2020	2021	2022	2023
Total number of participants in voluntary activities	Persons	238	216	234	270

Social Contributions by Overseas Branches

IBK continues its commitment to local social responsibility initiatives in countries hosting its overseas branches. In Vladivostok, Russia, IBK collaborates with local authorities in environmental protection campaigns, including waste collection activities in public areas. Similarly, in Vietnam, IBK improves educational environments in underserved areas and extends relief aid to disaster-affected communities.

2023 Overseas Contribution Performance

Countries	Recipient	Major activities	
Vietnam	Kuet Tang Middle School	• Offering personalized financial and economic education	• Upkeep of aging infrastructure
		• Providing school supplies	
	Quan Ba Elementary and Middle Schools	• Offering personalized financial and economic education	• Computer-related support
		• Support for the well construction project	
	Apartment in Quan Thanh Xuan	• Providing donations to victims of apartment fires	
Cambodia	National Bank of Cambodia	• Establishment of public schools to assist low-income families	• Support for establishment of shelters
Russia	Chamber of Commerce in Yeonhaeju	• Collecting trash in public areas	

Operating Programs for Coexistence with the Local Community

IBK engaged in the Ministry of Oceans and Fisheries 'Adopt-a-Beach Program' and adopted Yongmuchi Beach in Dangjin as its companion beach. Many corporations in the Dangjin area trade with IBK. Yongmuchi Beach has been a blind spot in management. We conduct environmental cleanup activities and waste reduction campaigns at Yongmuchi Beach as part of its employee training sessions to rehabilitate these neglected areas. Furthermore, IBK fulfilled its corporate citizenship role by establishing mutually beneficial agreements with social enterprises.

Company	Details	Expected outcomes	Number of participants
Murung Farm	Helping out in rural areas and donating agricultural products	• Economic benefit (labor): KRW approximately 25 million • Social benefit (donation): KRW approximately 49 million	Around 1,300 people

IBK received a commendation from the Mayor of Chungju for its contributions, including the provision and on-site inspection of facilities for an auxiliary athlete village, in preparation for hosting the 2027 Summer World University Games in the Chungcheong region.

Social Contribution

Performance

Community Support

IBK Financial Group Blood Donation Campaign

IBK Financial Group ran a group-wide blood donation campaign to alleviate national blood shortages and foster a culture of philanthropy. During the October 2023 campaign, our executives and employees participated directly, donating blood and contributing 500 blood donation sheets to patients suffering from leukemia and childhood cancer. The group also donated KRW 150 million towards treatment expenses for pediatric cancer patients. Furthermore, KRW 150 million was raised through online customer participation donations to enhance social engagement in the blood donation campaign, resulting in a total donation of KRW 300 million to the Korea Childhood Leukemia Foundation.

Social Contributions by IBK Financial Group

IBK Capital continues its commitment to supporting marginalized communities through various initiatives. These include funding hospital expenses and providing scholarships for children from low-income families, supporting nutrition programs for malnourished children, supplying vehicles for disabled people, and aiding neighbors affected by natural disasters such as heavy rains.

IBK Securities undertakes diverse social responsibility activities targeted at vulnerable groups. Executives and employees actively participate in activities like plogging at Yeouido Hangang Park, volunteering for children in care, operating economic education classes, and providing nutritious meals at senior citizen restaurants. In 2023, donations surged 400% compared to the previous year, while volunteer activities increased 230%.

To bolster community support, **IBK Savings Bank** has granted scholarships to students who have shown exceptional dedication to their studies despite challenging circumstances. The funds for these scholarships were raised through various company events, such as plogging, in which all employees participated. Moreover, IBK Savings Bank participated in the Kimchi Sharing Project of Love, a social outreach initiative, by engaging in kimchi-making activities to assist local community members facing hardships.

IBK Systems, fulfills its social responsibilities through diverse initiatives, including supporting the settlement of underprivileged groups such as North Korean defectors and Koryo people. The company also collaborates with local communities through initiatives like the '1 Company, 1 Village' partnership (Onsaemi Village in Chuncheon) and actively participates in the IBK Relay of Love blood donation campaign.

IBK Credit Information has expanded its scope of social contribution by focusing on supporting borrower economic revitalization and aiding vulnerable populations.

Main activities	Amount
• Support for social education projects for people with severe disabilities → IBK Happiness Sharing donations	KRW 80 million
• Education support for youth leaving childcare facilities → IBK assistance fund for youth preparing for self-reliance	KRW 70 million
• Tuition support for children of faithful loan payers → Implementation of the IBK Sharing Love Scholarship Project	KRW 22 million

Social Contribution

Performance

Community Support

Korea-Mongolia Green Belt Project

IBK participated in the Korea-Mongolia Green Belt Project, an environmentally conscious initiative. Mongolia faces rapid desertification due to the global climate crisis. Research indicates that fine dust originating from the desert spreads via wind to neighboring areas, adversely affecting air quality in Korea. Consequently, the Korean government has consistently extended support to the region. To fulfill its social responsibility as a state-owned bank and corporate citizen, IBK sent a volunteer group consisting of its executives and employees to Mongolia to engage in global ESG activities. Our group comprising 200 individuals in total, planted 1,800 trees, including yellow acacia, luminous trees, and lilacs, in Ulaanbaatar, Mongolia in an effort to mitigate fine dust levels and combat climate change. Additionally, they engaged in diverse volunteer activities, such as constructing 'Gers'—traditional Mongolian mobile homes—for low-income households in the region.
The project's main focus is biodiversity conservation efforts in Mongolia, particularly within Hustai National Park near downtown Ulaanbaatar. This park holds significant conservation value due to its diverse endangered species.

Despite insufficient financial backing from the Mongolian government, non-profit organizations actively restore the park's natural environment and ecosystem through initiatives like the 'Hustai National Park Trust (HNPT) Program.' Notably, IBK fully supports initiatives to conserve Mongolia's endangered species, particularly the 'Przewalski' horse. 'Przewalski' is an iconic endangered species that was previously declared extinct in the wild and represents the sole surviving wild horse species. Hustai National Park is home to a population of 432 of these horses. After being initially classified as 'extinct in the wild' and subsequently upgraded to 'critically endangered' by the International Union for Conservation of Nature (IUCN), their status has now been revised to 'vulnerable.' The Przewalski population faces contemporary threats, including habitat destruction and illegal capture. In response, IBK has undertaken measures to safeguard these horses. Activities include habitat restoration initiatives at Hustai National Park, such as constructing an artificial pond and establishing reliable water sources. Furthermore, IBK has provided patrol motorcycles to the park authorities to combat illegal hunting and capture by poachers.





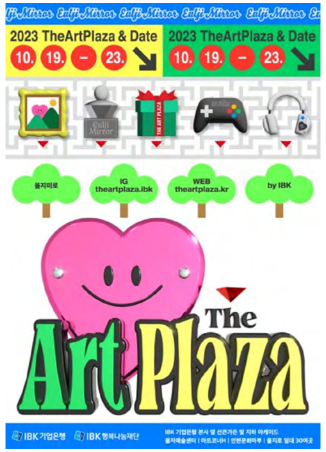
Social Contribution

Performance

Supporting Culture and Arts

Expanding Support for Emerging Artists

IBK hosted 'The Art Plaza: Euljimiro by IBK' in 2023, a visual arts exhibition and art market designed to support emerging artists and invigorate local commerce through cultural engagement. 'The Art Plaza' is located in the city center, centered around the underground shopping mall near IBK's headquarters, and connected to Euljiro's cultural and artistic spaces. It is an alternative art market without charging admission, participation fees, or commissions. The second edition of 'The Art Plaza,' following its debut in 2022, featured around 330 artworks by 123 artists, with all proceeds from sales going directly to the artists. The exhibition spanned across Euljiro, utilizing various alternative exhibition spaces and artist studios within the area. The 2023 event was intended to foster a symbiotic relationship within the cultural and arts ecosystem while stimulating the local commercial district's vitality.
IBK also organized 'IBK&GMoMA Young Artist 2023' to bolster emerging artists under the age of 45 who possess exceptional talent but limited exhibition opportunities. This initiative provided four promising artists with the chance to showcase their works in the lobby of IBK's main branch in Euljiro, Seoul. Additionally, one standout artist was selected for a solo exhibition at the Gyeonggi Art Museum, complemented by comprehensive support for exhibition promotion through both online and offline channels.

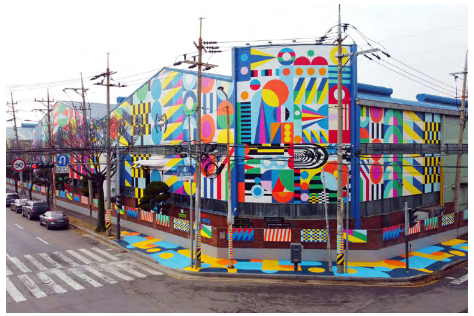


IBK Art Road

IBK, as a policy financial institution, is at the forefront of supporting the culturally vulnerable by integrating industry, culture, and the arts. Collaborating with the Korea Mecenat Association, IBK promoted the 'IBK Art Road' project to enhance the cultural environment of industrial complexes and provide artistic opportunities for small and medium-sized enterprise workers. The first project in 2023 focused on a factory within the Sihwa National Industrial Complex and its surrounding area, considering factors such as scale, location, and potential for transformation. This project transformed the industrial complex into a distinctive cultural and artistic space. The interior areas of the factory, encompassing both interior and exterior walls along with reception areas, were adorned with paintings by various artists, while walls, sidewalk blocks, and telephone poles received new artistic wraps.

IBK Dream Wings

IBK launched the 'IBK Dream Wings' program to empower individuals with developmental disabilities to aspire to become artists. In partnership with the MIRAL Welfare Foundation, a dedicated organization in disability welfare, IBK identified ten talented individuals in the arts and fostered their creative endeavors and potential through one-on-one mentoring by professional instructors and showcasing their work in exhibitions. Moving forward, IBK aims to expand its cultural and arts initiatives, including support for exhibitions and the establishment of a scholarship system, while advancing social values through job creation and bridging cultural divides.



Social Contribution

Performance

Support for the Sports

Operating IBK Sports Teams

IBK remains committed to engaging various stakeholders and creating social value through sports that are accessible to all members of society. Specifically, IBK operates the ‘IBK Altos Volleyball Team,’ a professional women’s volleyball team, and the ‘IBK Shooting Team,’ focusing on less popular sports to expand their base and attract greater social interest.

IBK Altos Volleyball Team

Founded in August 2011, the ‘IBK Altos Volleyball Team’ has been pivotal in advancing professional volleyball. The team actively supports schools, social welfare facilities, and sports organizations in Hwaseong City, through initiatives like the ‘Spike of Love’ sports outreach program. ‘Spike of Love’ is a support initiative where donations accumulate based on the points scored during winning games (KRW 30,000 per point). To date, a total of KRW 625.5 million has been donated to 165 sponsoring organizations.
In the 2023–2024 season, we will continue to fulfill our social responsibility by supporting the Namyang Elementary School volleyball team in Hwaseong. Furthermore, IBK contributes to expanding the volleyball community in Hwaseong City by organizing volleyball competitions and youth classes. We also promote talent development activities during the off-season, consolidating the volleyball foundation. These efforts underscore our commitment to diversifying our social contributions.

IBK Altos Volleyball Team

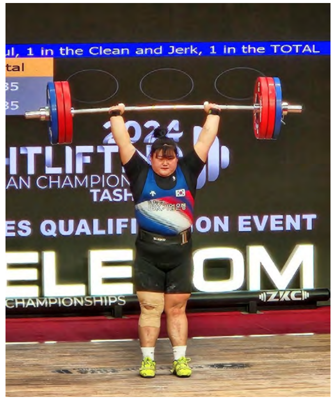
IBK Shooting Team

The IBK Shooting Team, founded in February 1977, has consistently achieved outstanding results in various competitions, contributing significantly to the advancement of the shooting sport. In 2023, the team excelled in major shooting competitions in Korea, owing to systematic training and expert guidance. IBK has implemented a tailored training system to maintain the IBK Shooting Team’s proficiency at the highest level and foster an environment conducive to focused shooting. Moreover, as part of its commitment to social responsibility, IBK actively engages in community outreach as a sports club by organizing premier high school shooting competitions and supporting student-athletes through talent donation campaigns involving IBK athletes.

IBK Shooting Team

Extending Support for Less-Popular Sports

As a part of its social contributions, IBK endeavors to expand the base for less-popular sports. IBK has 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. Furthermore, IBK has entered into an official partner sponsorship agreement for weightlifting and wrestling—traditional Olympic medal-winning sports that have recently faced challenges due to inadequate training environments and a lack of consistent corporate sponsorship. Commencing in 2022, IBK is committing KRW 600 million annually for three years to support the training of promising athletes and to assist the national teams. IBK’s sponsorship of less popular sports has significantly enhanced the performance of Korean national team athletes in international competitions. This support played a crucial role in their remarkable achievement of securing a total of 9 medals in women’s baduk, weightlifting, and wrestling at the 19th Hangzhou Asian Games (1 in women’s baduk, 6 in weightlifting, and 2 in wrestling).



Human Rights Management

Approach

Human Rights Management Governance

Human Rights Management Committee

To effectively advance human rights management, IBK has organized a dedicated Human Rights Management Committee, convening regular meetings semi-annually. The committee comprises internal members, including the deputy CEO and chief compliance officer, alongside external experts in human rights and legal professionals. It deliberates on initiatives, plans, systems, actions in response to human rights violations and the outcomes of human rights impact assessments, with proceedings publicly disclosed on the IBK website.

Dedicated Organization for Human Rights Management

IBK has established a specialized human rights management unit tasked with formulating, implementing, and educating human rights policies. This organization oversees key responsibilities such as developing and executing human rights management plans, conducting human rights impact assessments, and handling reports and resolutions of human rights violations.

Human Rights Management Policy

Human Rights Management System

IBK promotes a management approach that values human dignity and respects human rights in all its activities. IBK has established a foundational framework for human rights management and disseminated its vision and goals to promote a culture of respect for human rights. Aligned with its vision, 'Companion for happiness and hope that practices finance centered on human rights,' IBK will endeavor to foster a society characterized by happiness and hope, embodying its core social responsibility.

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
Customers	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 communities

IBK Human Rights Management

Human Rights Management

Approach

Human Rights Management Policy

General Principles of Human Rights Management

Anti-discrimination in employment	• Avoid discrimination based on gender, religion, disability, age, social status, nationality, or other criteria in employee recruitment.
Guarantee freedom of association and collective bargaining	• Support employees' rights to form labor unions without discrimination and ensure fair treatment irrespective of union membership or activities. • Safeguard employees' rights to engage in collective bargaining through union representatives.
Prohibition of forced labor and child labor	• Prohibit forced labor that contravenes employees' free will. • Prohibit employment of children under the age of 15
Safety and health	• Strive to promote employee health by maintaining safe and healthy working conditions.
Protection of human rights of customers	• Refrain from providing discriminatory services based on customer gender, race, religion, etc. • Seek to safeguard customer human rights, including ensuring customer safety and protecting personal information.
Protection of shareholder and investor rights	• Fairly provide shareholders and investors with the necessary information in accordance with applicable laws and regulations.
Responsible partner management	• Treat partners equitably and support their adherence to human rights management.
Protection of the human rights of local residents	• Safeguard the human rights of community members affected by our business operations.
Guarantee of environmental rights	• Comply with Korean and international environmental laws, striving to protect the environment and prevent pollution.

IBK Declaration of Human Rights

IBK, as a 'Companion for happiness and hope that practices finance centered on human rights,' has established the 'IBK Code of Ethics' and the 'IBK Code of Conduct for Employees.' These codes reflect our philosophy of safeguarding and respecting the human rights of our employees and stakeholders and underscore our dedication 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.

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

Performance

Human Rights Management Activities

Operation of Human Rights Counseling Center

IBK has operated the Human Rights Counseling Center since June 2020 to provide support to victims and prevent the recurrence of incidents that infringe on human dignity and values. The center serves as a platform for the relief of human rights violations by both internal and external stakeholders. It handles cases related to various aspects such as discrimination in hiring, freedom of collective bargaining, ensuring a safe working environment, customer and shareholder rights protection, investor rights protection, and environmental rights. Reports can be submitted through multiple channels, such as mail, fax, email, phone, and verbal description, and they are processed within three months from receipt. The Human Rights Counseling Center regularly reports investigation outcomes to the Human Rights Management Committee. Upon confirming a human rights violation, the committee deliberates and determines appropriate measures to address the concerns of the complainant or victim. The IBK website discloses the current status of the Human Rights Counseling Center's procedures for redressing human rights violations.

Education on Human Rights Management

IBK conducts human rights training sessions to raise awareness of human rights among its executives and employees.

Category	Unit	2020	2021	2022	2023
Number of participants in human rights education	Persons	11,035	12,321	12,191	12,235
Human rights education time	Hours	4,046	4,107	4,673	12,235

Furthermore, training sessions are conducted at least once a year to foster a respectful and inclusive organizational culture, enhancing awareness about individuals with disabilities and preventing child abuse, sexual harassment, prostitution, and sexual violence among all members.

Human Rights Management

Approach

Human Rights Management Activities

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 2023, we reorganized and supplemented indicators, considering organizational structure and work conditions, and confirmed whether we were establishing and operating a management environment free of human rights risks. To ensure the objectivity and independence of the assessment results, IBK conducted both internal self-diagnosis and external assessments by a professional organization, the Korean Standards Association (KSA).

2023 Human Rights Impact Assessment Measures

2022	2023	
Human Rights Impact Assessment Review Task	Implementation Status	Details
Participation in specialized human rights training courses	Completed	Completion of professional training by staff from the Legal & Compliance Department, organized by the National Human Rights Commission of Korea
Dissemination of human rights management activities and achievements, including the publication of human rights management newsletters	Completed	Implementation of branch-specific training to extend human rights management practices across all branches
Production of a questionnaire to assess the effectiveness of the relief procedures	Completed	Development of a questionnaire to assess the effectiveness of human rights violation relief procedures for individuals reporting human rights violations

Regarding the 2023 human rights impact assessment, IBK addressed and implemented all improvement tasks identified from the previous year's assessment results. As a result of the evaluation, IBK was assessed as effectively addressing major human rights issues, receiving satisfactory evaluations for 103 out of 105 indicators. This confirms the effectiveness of its human rights-related measures. 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	2	3	4	5	6	7
Establishment of human rights impact assessment plan	Development of assessment indicators	Education on human rights assessment indicators	1st diagnosis (Performer: KSA)	2nd diagnosis (Performer: IBK and KSA)	Analysis of assessment results	Identification of tasks for improvement

2023 Human Rights Impact Assessment Indicators and Task Execution Contents

Assessment category		Number of indicators	Implementation of major tasks
1	Establishment of a human rights management system	26	• Governance and human rights policy • Institutionalization of establishment and implementation of human rights policies • Identification and evaluation of negative impacts on human rights • Improvement and reporting of negative impacts on human rights • Handling mechanisms and reliefs for grievances
2	Anti-discrimination in employment	6	• No discrimination in employment • Affirmative actions for equality
3	Guarantee of freedom of association and collective bargaining	9	• Freedom of Association and Collective Bargaining • Prohibition of disadvantageous treatment due to labor union activities • Faithful implementation of collective bargaining
4	Prohibition of forced labor	7	• Prohibition of all forms of forced labor
5	Prohibition of child labor	5	• Effective elimination of child labor
6	Guarantee of industrial safety	23	• Workplace safety • Protection of pregnant women, disabled individuals, etc. • Support for workers affected by industrial accidents • Protection from violence and harassment
7	Human rights due diligence on supply chains	6	• Fair treatment • Prevention of human rights violations within the supply chain
8	Guaranteeing environmental rights	7	• Establishment and maintenance of an environmental management system • Disclosure of environmental information
9	Consumer human rights protection	16	• Compliance with laws and regulations to protect customers • Actions taken in case of abnormalities in services, information, etc. • Protection of customers' privacy
Total		105	

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

IBK Human Rights Impact Assessment

Talent Management

Approach

Talent Management Governance

IBK operates various committees to ensure systematic talent management. The Personnel Committee is comprised of the deputy CEO, directors, head of Corporate Banking Group, head of Retail Banking Group, head of Business Strategy Group, head of Credit Management Group, head of Business Support Group, and head of Human Resources Management Department. This committee is responsible for matters related to employee rewards and disciplinary actions. The Recruitment Deliberation Committee deliberates on recruitment plans, including the rationale for hiring, the number of hires, recruitment periods, and the selection processes. It is composed of six members, including the head of the Business Support Group. Furthermore, The Candidate Review Committee has been established to ensure an objective review of the performance and leadership of candidate employees when appointing executive vice presidents and managing directors.

Pooling of eligible candidates → Determination of a long list (Primary candidates) → Determination of a short list (Final candidates) → Recommendation by IBK CEO → Final decision

In addition, IBK operates a dedicated organization to efficiently implement talent management, alongside an HR management department responsible for personnel systems, operation, and management, and an HR development department focused on establishing talent development plans and organizing various training programs. The HR Innovation Task Force (TF) and HR System Improvement Participation Group are also active, identifying HR system improvements, gathering employee feedback, and establishing a reasonable HR system.

Labor-Management Council

IBK operates a labor-management council to resolve pending issues, such as creating a vibrant workplace and improving working conditions and welfare systems. In 2023, a total of six labor-management council meetings were held to strengthen mutual trust through rational and continuous communication between the company and its employees.

Collective Agreement

Category	Unit	2020	2021	2022	2023
Total number of employees	Persons	13,746	13,904	13,773	13,722
Number of employees with the labor union membership	Persons	10,399	10,635	10,627	10,373
Labor union membership rate	%	75.7	76.5	77.2	75.6

* Some of the previous data has been revised and disclosed in accordance with the standards of Korea's All Public Information In-ONE (ALIO), a public institution management information disclosure system.

Talent Management Policy

Fair and Inclusive HR Management

Remote Area Score

IBK developed the Remote Area Score to enhance the fairness and predictability of working in remote areas and to ensure transparent personnel allocation. The score is calculated based on commuting distance or time, and grades are determined by the score ranking within the same position. To improve objectivity, IBK supplemented existing commuting information, secured additional data, and underwent external verification.

Open Position System

IBK actively operates a variety of open-position systems that take into account the capabilities of its employees to create a vibrant organization. The open-position system for branch heads has been expanded to continuously discover optimal talent with excellent performance and capabilities. The scope for promotion to Head of Branch targeting team leaders with Grade 3 was broadened, and application qualifications were relaxed to improve organizational morale. Additionally, IBK established a new specialized workforce in compliance to prevent financial accidents and adhere to external regulatory requirements.

2023 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, digital, and compliance → Selecting individuals specialized in each field
Overseas workforce	• Selection of suitable talent for each language area, including English, Chinese, and Southeast Asian countries → Verifying the practical capabilities and preparedness required for working abroad
Digital workforce exchange	• Identification of exceptional personnel in the IT field for assignment to relevant departments → Providing timely support for digital transformation projects by department

Talent Management

Approach

Talent Management Policy

Personnel Evaluation

IBK conducts personnel evaluations to improve the capabilities of its executives and employees and ensure fair personnel management. The evaluations are broadly divided into a ‘360-degree feedback evaluation,’ comprising human resources surveys, superior’s leadership evaluations, peer evaluations, and self-evaluations, and a ‘comprehensive work evaluation,’ generally assessing work performance, self-development efforts, etc.

360-degree Feedback Evaluation

Comprehensive Work Evaluation

Work performance evaluation	Career evaluation
• Work performance (including management evaluation) • Work performance ability • Work performance attitude	• Job performance period by grade • Basic experience + Excess experience
Training evaluation	**Addition/subtraction evaluation**
• Internal training score • External training score	• Awards, linguistic skills, and certificates • Professional staff • Disciplinary actions

To ensure anonymity, the results of personnel evaluations are never disclosed to others, and only certain aspects of the comprehensive work evaluations are shared with the evaluated employee. The disclosed items include the total score of the comprehensive work evaluation, the average score of the comparison group (those with the same seniority and promotion eligibility), and comparison information for each detailed item. Detailed evaluation methods, including the score composition for each item, are also provided, offering employees opportunities to improve their scores and focus on self-development. In addition, IBK provides semi-annual interview opportunities with the head of the branch, allowing employees to seek advice on personnel-related matters such as self-development and addressing difficulties. Furthermore, employees can discuss various personnel-related issues, including promotion, transfer, and the utilization of the personnel system, with the HR management department through ‘Open Personnel Consultation.’

An Example of the Disclosed Comprehensive Work Evaluation Information

Eligibility for promotion candidates	My score	Eligible promotion candidates	
		Threshold	Average
N	89.52	94.29	96.78

Work performance evaluation	Career evaluation	Training evaluation	Addition/subtraction evaluation					Total
			Awards	Linguistic skill	Professional staff	Certificates	Discipli-nary actions	
◌	●	○	●	○	◌	◌	○	●

○ My score ≥ Average score of eligible promotion candidates ● Average score of eligible promotion candidates > My score ≥ Average score of those in the relevant grade ◌ Average score of those in the relevant grade > My score

Performance

Employee Management

With approximately 14,000 executives and employees, IBK operates a personnel policy that respects all individuals equally, without discrimination based on gender, religion, nationality, or other grounds.

Employee Status

(Unit: Persons)

Category		2020		2021		2022		2023	
		Male	Female	Male	Female	Male	Female	Male	Female
Total number of employees		6,256	7,490	6,322	7,582	6,134	7,639	5,978	7,744
By employment type	Executive	3	0	3	0	3	0	3	0
	Permanent position	5,581	3,968	5,676	4,105	5,497	4,202	5,396	4,855
	Non-permanent position	672	3,522	643	3,477	634	3,437	579	2,889
By rank	Executive	3	0	3	0	3	0	3	0
	Grade 1	53	3	47	5	44	9	48	8
	Grade 2	337	20	283	18	220	28	169	48
	Grade 3	1,527	674	1,402	783	1,342	846	1,321	867
	Grade 4	1,905	1,512	1,983	1,593	1,966	1,763	1,915	1,884
	Clerk	1,759	1,759	1,961	1,706	1,925	1,556	1,943	2,048
	Non-permanent position	672	3,522	643	3,477	634	3,437	579	2,889
By age group	Under 30	644	1,025	581	1,008	703	1,142	437	850
	30 or older and under 50	3,441	5,526	3,448	5,396	3,425	5,359	3,594	5,429
	50 or older	2,171	939	2,293	1,178	2,006	1,138	1,947	1,465

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

Talent Management

Performance

Employee Management

Turnover and Retirement

(Unit: Persons)

Category		Unit	2020		2021		2022		2023	
			Male	Female	Male	Female	Male	Female	Male	Female
Total number of turnover and retirement		Persons	170		216		485		475	
By rank	Executive	Persons	1	-	1	-	-	-	2	-
	Grade 1	Persons	8	1	8	-	5	-	1	-
	Grade 2	Persons	4	1	7	1	4	1	1	2
	Grade 3	Persons	5	2	4	3	4	2	3	-
	Grade 4	Persons	12	4	6	4	18	3	7	9
	Clerk	Persons	28	11	58	21	303	50	297	51
	Non-permanent position	Persons	43	50	46	57	30	65	37	65
Total turnover rate		%	1.24		1.55		3.52		3.46	
Number of voluntary turnover		Persons	78	60	74	68	78	74	69	75
Voluntary turnover ratio		%	1		1.02		1.10		1.05	
			0.57	0.44	0.53	0.49	0.57	0.54	0.50	0.55

* Voluntary turnover - The number of employee-initiated separations, including resignations and voluntary retirements due to age

Retirement Pension Fund

Category		Unit	2020	2021	2022	2023
Defined Benefit (DB)	Present value of debts	KRW billion	1,047	1,118	1,040	1,246
Defined Benefit (DB)	Number of subscribed persons	Persons	12,907	12,759	12,623	12,528
Defined Contribution (DC)	Retirement benefit expense	KRW billion	5.8	9.0	11.0	12.9
Defined Contribution (DC)	Number of subscribed persons	Persons	789	1,243	1,151	1,198

* Retirement pension initiation date - Dec. 28, 2011

Local Employees by Nation

(Unit: Persons)

Category	2022		2023	
	Total number of employees	Number of (junior) managers	Total number of employees	Number of (junior) managers
Korea	13,773	6,221	13,722	6,263
Indonesia	502	195	563	214
China	463	150	481	179
Vietnam	59	13	58	14
Cambodia	25	2	27	3
India	24	1	25	1
Myanmar	22	6	20	6
USA	21	9	21	10
Hong Kong	20	5	19	4
Philippines	17	4	20	4
UK	10	2	10	2
Japan	9	2	10	2
Russia	1	0	1	0
Poland	0	0	1	0

* (junior) managers - Employees of grade 4 or higher

Executives and Employees Remuneration

Category	Unit	2020	2021	2022	2023
CEO remuneration	KRW 1,000	413,724	423,257	431,030	399,188
Average executive remuneration	KRW 1,000	347,625	355,691	350,674	333,262
Permanent (general) employee remuneration average	KRW 1,000	107,125	107,722	108,849	108,606
Indefinite contract employee remuneration average	KRW 1,000	58,413	60,322	63,431	65,645

* Excluding short-term contract positions

Gender Pay

Category		2020	2021	2022	2023
Executive level	Wage ratio, female to male	1	1	1	1
Grade 3 or higher	Wage ratio, female to male	1	1	1	1
Grade 4 or below	Wage ratio, female to male	1	1	1	1

* There are differences in wages due to annual leave and performance evaluation, but there are no differences in basic salaries between male and female employees for those on the same grade and salary level.

Talent Management

Performance

Employee Management

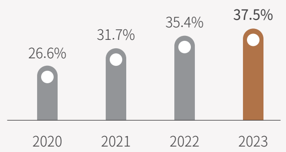
Enriching Workforce Diversity

IBK implements separate quotas for veterans, regionally assigned employees, and high school graduates during the hiring process. Additional points are allocated to disabled individuals and veterans to foster an inclusive work environment where employees from diverse backgrounds collaborate harmoniously. Furthermore, IBK provides equitable opportunities to all employees to eliminate barriers and promote gender equality. The OECD average female manager ratio serves as a benchmark, and as of 2023, IBK achieved a female manager ratio of 37.5%, marking an increase from the previous year. Besides, IBK is expanding opportunities for female team members to gain diverse job experiences, including roles in headquarters departments. IBK will persist in fostering diversity within the organization by promoting a culture of gender equality.

Hiring rate of individuals with disabilities
3.67%
compared to the 2023 goal of 3.6%
* 2024 Goal 3.8%

Hiring rate of veteran beneficiaries
8.1%
compared to the 2023 goal of 8%
* 2024 Goal 8%

Ratio of female managers
37.5%



* Managers - Employees at Grade 3 (team leader) or higher

Employee Diversity

Category	Unit	2020	2021	2022	2023
Number of veteran employees	Persons	1,106	1,102	1,091	1,091
Number of employees with disability	Persons	454	458	463	467

Female Leadership

Category	Unit	2020		2021		2022		2023	
		Male	Female	Male	Female	Male	Female	Male	Female
Total number of managers	Persons	1,920	697	1,735	806	1,609	883	1,541	923
Ratio of female managers	%	26.6		31.7		35.4		37.5	
Managers in sales departments	Persons	1,390	601	1,232	715	1,189	758	1,160	807
Ratio of female managers in sales departments	%	30.2		36.7		38.9		41.0	
Employees in STEM areas	Persons	360	172	394	193	392	194	404	212
Ratio of female employees in STEM areas	%	32.3		32.9		33.1		34.4	

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

Recruitment Fulfilling Social Responsibilities

IBK upholds fair and transparent hiring practices through blind recruitment processes. The company demonstrates its commitment to social responsibility by awarding a 20% preferential point allocation to disabled applicants and a 5–10% preferential point allocation to veterans during the hiring process. IBK also implements a regional recruitment strategy, dividing areas such as the Yeongnam region, Chungcheong/Gangwon region, and Honam/Jeju region to ensure geographical equity nationwide.

New employees (Unit: Persons)

Category		2020		2021		2022		2023	
		Male	Female	Male	Female	Male	Female	Male	Female
Total number of new employees		176	218	197	177	175	179	193	232
By employment type	Executive	2	-	1	-	-	-	3	-
	Permanent position	140	113	178	166	155	153	152	195
	Non-permanent position	34	105	18	11	20	26	38	37
By rank	Executive	2	-	1	-	-	-	3	-
	Grade 1	-	-	-	-	-	-	-	-
	Grade 2	-	-	-	-	-	-	-	-
	Grade 3	-	-	-	-	-	-	-	-
	Grade 4	7	4	-	-	5	2	-	-
	Clerk	133	109	178	166	150	151	152	195
	Non-permanent position	34	105	18	11	20	26	38	37
By age group	Under 30	128	117	162	162	137	152	144	195
	30 or older and under 50	43	89	33	14	33	26	39	33
	50 or older	5	12	2	1	5	1	10	4

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

(Unit: %)

Category	2020	2021	2022	2023
Percentage of open positions filled by internal candidates	91.3	91.9	92.0	90.9

Talent Management

Performance

Talent Development

Talent Development System

IBK's talent development initiatives encompass a structured training system comprising job-specific, leadership, and digital academies to cultivate competencies essential for banking professionals. Employees are empowered to chart their career trajectories autonomously, cultivating expertise across various domains to become financial professionals.

Job	Job field	Field of specialization	Asset management field
	Linking regulations → theory → practice	Intensive training by field of specialization	Investment, tax, and marketing capabilities
Leadership	Junior Manager level	Manager level	Head of Branch level
	Newly appointed(promoted)	Newly appointed(promoted)	Newly appointed(promoted)
	5–6 years	3–4 years	2–3 years
Digital	Branch office	Headquarters	Digital group
	Enhance interest	Basic knowledge on data	Specialized institution
	Digital literacy	Data analysis	In partnership with universities
	Digital proficiency	Data processing	Degree program

Support for Academic Degrees and Certifications

To develop a culture of self-directed learning, IBK operates a comprehensive support system covering tuition fees, academy expenses, exam fees, and certification acquisition subsidies for all executives and employees. Besides, IBK aids local employees in language studies and obtaining public certifications to bolster sales capabilities at overseas branches.

Category	Details	Support status in 2023
Tuition fees	Partial tuition fee support for employees working at the company and studying simultaneously	99 cases
Private academy expenses	Support for attending lectures in approximately 40 fields, irrespective of online or offline delivery	765 cases
Exam fees	Support for language and certification test fees	781 cases
Subsidy for certification acquisition	Differential support of KRW 2 to 3 million for 43 certifications across six levels	1,824 cases

Details of the support for local employees' certification acquisition at overseas branches

Category	Internationally recognized certification	Nationally recognized qualification	Nationally recognized Korean language proficiency tests
Target	Local employees recommended by their head of branch with over one year of tenure (twice a year)		
Amount supported	Differential payment by grade (up to KRW 3 million)	Actual test fee (up to KRW 1 million)	KRW 200 thousand (Grade 4 or higher)

Job Competency Building Training by Grade

Specifically, tailored training programs are in place to strengthen job competencies across various positions at IBK. New managers benefit from 'Training for Those Newly Promoted to Grades 3 and 4' intended to build up their job and leadership skills, while 'Pre-CEO Training' focuses on strengthening field management leadership through insights into current sales trends and international financial practices. The topics of risk capital, strategic management, leadership, and team communication are also considered pivotal. Furthermore, IBK conducts 'Manager/Junior Manager Capability Enhancement Training' to cultivate middle-level managers who excel in performance and demonstrate foresight. Training for managers in grade 3 focuses on environmental management, leadership enhancement, and performance enhancement strategies, while junior managers in grade 4 undergo training in digital transformation, ESG (Environmental, Social, and Governance) capabilities, teamwork, and the restructuring of reporting culture.

Training for Nurturing Digital Talent

IBK is implementing a diverse array of training programs to cultivate experts poised to lead digital transformation. Specifically, we conduct a mid- to long-term 'Digital Onboarding' training and mentoring program to facilitate early adaptation and maximize the potential of new hires. Moreover, IBK promotes professional growth by offering group training in digital programs like Python and SQL through the 'Digital Academy.' IBK annually sends selected employees to digital training programs, including Seoul National University's "IBK AI/Fintech Curriculum," and KAIST's "Digital Finance Specialist Course." These programs cover AI & machine learning, digital transformation, and fintech to become digital experts.

An Example of Digital Onboarding Program

1. Online training
(5 months, 10 online courses)

Essential theoretical and practical education at the undergraduate major level

2. Team project
(5 months, a mentoring program)

Strengthening problem-solving skills through collaboration

3. Special lecture by professionals
(Once a month, group training)

Special lectures by IBK working-level employees and external experts

Talent Management

Performance

Talent Development

ESG Training

IBK provides ESG (environmental, social, and governance) training for its entire workforce. This includes education on environmental issues such as climate change and carbon neutrality, social aspects like gender equality and human rights management, and governance topics such as board operations and composition. These initiatives are designed to enhance the ESG competencies of our executives and employees. In connection with the Korea Banking Institute, ESG training is provided for employees.

ESG and Environmental Management Training in 2023

Category	Course name	Number of participants (persons)
By rank	Competency building training for managers	273
	Competency building training for junior managers	89
	Future planning training for new hires	373
	Training for new hires	344
By job	ESG personnel training	90
	Supplementary training for credit officers	54
	Training for prospective professional staff	28
Others	Jump-Up! START training	4,305
	Employee caring training	7,428
Total		12,984

Executive training to enhance governance transparency

Course name	Target
Internal control course for executives Internal control work and identification of government-owned banks' governance structure, etc	Chief Compliance Officer
Anti-corruption training for high-ranking public officials Mandatory anti-corruption training for high-ranking positions, etc.	Executives and Executive Vice Presidents
ESG leadership course Leadership courses at external organizations, advancement of ESG management, etc.	Executives

Korea Banking Institute's ESG course

Course name	Number of participants (persons)
• The financial company's first step toward ESG • Financial ESG Guide • ESG and changes in financial companies • Financial ESG investment and valuation • ESG management strategy of financial companies	188

ESG Competency Enhancement Training

IBK Securities

IBK Securities is elevating its employees' ESG capabilities through dedicated ESG lectures at the corporate level and group training sessions for ESG working-level council members.

Category		Major activities
First Quarter	Expansion of ESG content at the Cyber Training Center	'ESG finance: from basics to practice' and seven other courses
Second Quarter	Online training for ESG personnels	Completion of the 'Knowing ESG Right' course
Third Quarter	Company-wide special ESG lecture (including executives)	'Expansion of ESG management and sustainable strategies' (Lee Jae-hyuk, a professor at Korea University)
Fourth Quarter	Group training for ESG personnels	'Effective ESG insights in the field by Shin Ji-hyun'

Nurturing Asset Management Experts

IBK systematically develops asset management professionals through various training programs to augment the capabilities of asset management employees.

Category	Target	Highlights
Products and regulations	• New VM • PBA·VA·FA	• Investment products and regulations on deposits • The basics of taxation and asset management practice
Practical examples and portfolios	• General VM	• Market conditions and investment strategy • Intensive tax training
	• Professional PB·VM	• Portfolio design • Market conditions, real estate, and tax practice cases
	• PB·VM	• Attending specialized seminars and conferences
Professional course training	• PB OJT	• Attending courses at the Korea Banking Institute
	• Excellent PB·VM	• Attending courses at leading Korean institutions specializing in asset management
Checking market issues	• PB·VM	• Market diagnosis and policy briefing

We actively support the growth of asset management personnel by selecting and nurturing individuals under programs like 'Young Star PB' and 'Super RookieWM' with the aim of cultivating essential asset management personnel and invigorating the vitality of the asset management sector. Selected as 'Young Star PB,' individuals will attend external asset management seminars and take on leadership roles in asset management, whereas 'Super RookieWM' participants will engage in diverse asset management training programs. Through these initiatives, IBK seeks to nurture professional talent and encourage the involvement of promising employees in both internal and external activities.

Talent Management

Performance

Talent Development

Implementing I-BooK (Digital Reading Training)

IBK launched the 'I-BooK (Digital Reading Training)' initiative to promote a self-directed reading culture. This customized digital education program accommodates individual employee needs with flexible learning programs that transcend time and space constraints and enrich content across different fields. It is set to include AI and Big data-based educational content aligned with government directives on future education reforms.

Utilization of AI and digital technology
- Learner-tailored book curation
- Providing a variety of knowledge contents

Innovation in learning practices
- Leveraging various tools and methods according to changes in a learning environment

Implementation of eco-friendly management
- A full transition to paperless education

Education for (Prospective) Retirees

IBK conducted 'employment consulting' to assist (prospective) retirees in preparing for retirement, providing opportunities for re-employment and entrepreneurial ventures.

Category	Details	Training participants in 2023
Target	Prospective retirees who are scheduled to retire due to their ages in 3 months	373 persons
Training details	Consulting on re-employment, career planning, and education on re-employment and startup	
Method	1:1 video consultation	

Outplacement Program for (Prospective) Retirees

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.

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

Improving Workplace Culture

Prevention of Workplace Discrimination and Harassment

In compliance with the amended Labor Standards Act prohibiting workplace harassment, IBK has formulated and enforced the guidelines on workplace harassment prevention and response. Upon becoming aware of workplace harassment individuals can report it promptly. All information regarding the identity of the reporter and details of the incident is treated with strict confidentiality to safeguard the victim's privacy. Following an investigation, individuals found responsible for workplace harassment face stringent disciplinary measures. In addition, IBK conducts annual workplace harassment prevention training for all employees and delivers tailored sessions during various job trainings for each position. Moreover, we systematically implement various preventive measures, including creating a handbook outlining response measures for related individuals such as managers, perpetrators, victims, and bystanders in cases of harassment.

Workplace Harassment Handling Process

Request support	• Anyone who experiences or witnesses workplace harassment 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 the case and the 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
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 a company-wide investigation for resolution → Implement disciplinary actions as necessary
Follow-up	• Continuous monitoring of the situation, including ensuring fulfillment of agreements and addressing any instances of retaliation

Workplace harassment disciplinary action cases in 2023

0case

Performance

Improving Workplace Culture

Promotion of 'Challenge and Innovation RISE IBK'

IBK launched the 'Challenge and Innovation RISE IBK' initiative in the latter half of 2023 to develop an organizational culture imbued with vitality and pride among all employees. This initiative encompasses various activities for gathering employee feedback and forming consensus. Through this process, IBK identified three key areas of organizational culture and specified 12 detailed tasks.

Strategy and Direction

- With the goal of achieving Re:innovation to transition into a challenge- and innovation-oriented IBK,
- Maintain constant, Interactive communication between management and field personnel,
- Establish a fast, easy, and Smart work environment,
- Revitalize the passion of all employees and rapidly transform into an Energetic IBK.

Sector-specific Goals and Detailed Tasks

Re:innovation Transition into a challenge- and innovation-oriented IBK	Swiftly carry out projects by setting 12 tasks in 3 key areas
Interactive Amplifying open and honest communication	Actively address candid feedback from field employees to minimize misunderstandings and discredit. Tasks 1. Establishing the IBK communication platform and program 2. Promoting campaigns to instill a culture of challenge and innovation at IBK
Smart Creating a smart work environment	Position IBK as the leading organization in the Korean financial sector for smart work practices. Tasks 3. Streamlining necessary tasks (Re:Move) 4. Developing a swift and precise business consultation system for employees 5. Advancing work automation
Energetic Revitalizing a spirit of challenge and passion and strengthening motivation	Recognize employees' dedication and small efforts promptly and appropriately. Tasks 6. Introducing challenge/innovation mileages 7. Actively transforming innovative ideas into viable business ventures 8. Developing a new competency index 9. Formulating tailored development roadmaps for each job category 10. Expanding personnel information disclosure and feedback mechanisms 11. Implementing robust personnel compensation strategies for outstanding performers 12. Establishing effective measures to enhance employee performance

Promotion of CEO's Communication Management

IBK's CEO has diligently pursued communication management to earn trust and empathy from both employees and customers through diverse and proactive field communication. The CEO visited branches in remote and underprivileged areas nationwide, listening to on-site feedback and challenges and engaging in interactive discussions by directly addressing management issues with employees. On top of that, new themed programs like concerts fostered active employee participation and promoted emotional connections between the CEO and the workforce. Moreover, meetings involving the CEO and employees are regularly convened to discuss major management issues and development directions. The CEO also visits customer industrial sites to gather on-site opinions, offering support to SMEs and small business owners to help resolve their difficulties.

To further enhance communication, IBK has expanded the 'Communication Postcard System'—a platform where employees can anonymously suggest improvements to various systems and address unreasonable practices—to include both offline and online channels. Besides, the new 'IBK Opinion' provides a platform for field personnel to openly express their views on significant bank issues, fostering constructive discourse and supporting the CEO's communication management efforts.

Talent Management

Performance

Improving Workplace Culture

Production of the 'IBK Followership Guidebook'

Following the creation of the 'IBK Leadership Guidebook,' IBK has developed the 'IBK Followership Guidebook.' This guidebook was crafted by identifying themes and issues related to IBK's role, work style, communication, and other areas of interest to followers, gathered through a comprehensive survey involving them. Through interviews with both leaders and followers, the guidebook includes success stories, the experiences of senior staff, and advice they wish to impart to their juniors. Additionally, the guidebook provides practical tips and insights for various situations drawn from external expert advice and followership research materials. It also shares valuable information about IBK's systems that benefit followers.

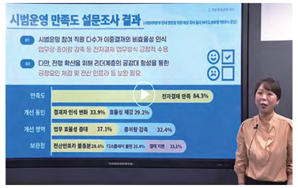
Chapter 1	Proud Bank IBK	Organized into six themes, this chapter encourages reflection on IBK's legacy, role, identity, and achievements.
Chapter 2	IBK 7 Way	This chapter outlines the 'Desirable Organizational Culture Way' in seven categories from a follower's perspective and includes video material (QR code) to facilitate understanding.
Chapter 3	Growth Guide	Featuring the experiences and know-how of senior staff, this chapter addresses followers' concerns about work and interpersonal relationships, offering solutions and tips based on expert advice and related materials.
Chapter 4	Communication Guide	This chapter provides strategies for resolving conflicts and communication challenges that followers encounter with leaders, colleagues, and customers. Seniors share candid stories and present practical solutions based on relevant materials.
Appendix	IBK Systems and Mental State Management Tips for Followers	

Redressing Double Report Practices

IBK is committed to eliminating the double report practice of requiring both written and electronic approvals across all branches, aiming to establish a more rational and efficient workflow. Through campaigns to eliminate inefficient reporting habits, IBK seeks to reduce unnecessary workloads and conserve resources. The fact that the electronic approval rate within IBK exceeds 80% on average demonstrates the successful transition to electronic approvals as the primary method of operation for IBK executives and employees.

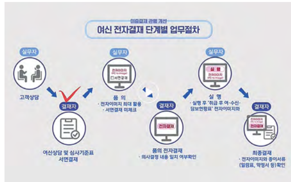
Expansion of education

Conducting itinerant training and cyber training for each regional headquarters



Provision of content

Sharing employees' success stories through videos demonstrating the 'no double report' work methods



Listening to on-site opinions

Gathering feedback from the field and sharing reviews with team members

Talent Management

Performance

Work-Family Balance

Family-Friendly HR Policies

Pregnancy	Infertility Treatment Day/Leave	• (Infertility treatment day) Up to 4 days of time off for infertility treatment Can be used before and after the treatment date, as well as on medical examination days related to the treatment) • (Infertility leave) Up to two years of leave if unable to work due to infertility treatment
	Prenatal Checkup Day	• Granted time-off for regular check-ups of pregnant female employees, with the number of days off varying based on the week of pregnancy.
	Reduced working hour for pregnant employees	• Reduced working hours by 2 hours per day are allowed for the protection of the maternal rights of pregnant employees.
Maternity Period	Maternity Leave	• (Birthing person) Up to 90 business days of paid time off (120 business 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 8 years of age or in the 2nd grade of elementary school or younger for the purpose of raising children
	Miscarriage/Stillbirth Leave	• The number of days of time off depends on the pregnancy week prior to the miscarriage or 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) for childcare during childcare leave
	Reduced working hours to rear a child under 5 years old	• Reduced working hours by up to 2 hours per day for employees raising children under 5 years of age
	Selective Working Hours	• Option for employees with children under 9 years of age 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 two months from March to May.
	Childcare Leave	• Up to 2 days per year; however, this extends to 3 days if the employee has two or more children, or a child with disabilities, or is the mother or wife in a single-parent family.

Family-Friendly Company Certification

The family-friendly certification, granted by the Ministry of Gender Equality and Family, recognizes companies that implement exemplary family-friendly policies. The evaluation criteria for certification include adherence to the Labor Standards Act and the Equal Employment Opportunity Act, as well as the utilization rate of systems supporting work-family balance. IBK received excellent evaluation results and completed re-certification in 2022. IBK intends to sustain a family-friendly corporate culture by achieving re-certification before the current certification expires in December 2025.

가족친화 우수기관
Best Family Friendly Management

Childcare Leave

In 2019, IBK became the first in the Korean banking sector to extend the duration of childcare leave to three years. We are fostering a family-friendly work environment that supports work-life balance by implementing various policies, including a reduced working hour system, flexible working hour system, and family care leave.

Childcare Leave Status

Category	Unit	2020		2021		2022		2023	
		Male	Female	Male	Female	Male	Female	Male	Female
Total number of employees on childcare leave	Persons	33	1,358	25	1,377	46	1,418	46	1,367
Returning employees after childcare leave	Persons	22	528	12	486	22	533	29	557
Returning employees after childcare leave in the previous year	Persons	14	393	22	458	12	430	21	470
Ratio of employees who worked for 12 months or longer after returning from the previous year's childcare leave	%	93.3	87.5	100	86.7	100	88.5	95.5	88.2

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

Childbirth Incentive Support System

IBK aims to encourage employees to have children by offering financial incentives for childbirth, specifically covering infertility treatment costs for employees diagnosed with infertility, in alignment with the government's childbirth policy. Eligible employees are those who are legally married, diagnosed with infertility, and currently receiving or undergoing treatment. Beneficiaries will be reimbursed for actual expenses up to KRW 6 million per year, excluding government subsidies, for hospital costs related to infertility procedures.

Childbirth Incentive Support Status

Category	Unit	2021	2022	2023
Number of recipients	Persons	134	152	124*

* The number of employees receiving support has decreased due to the expansion of government subsidies for childbirth incentives starting in July 2023.

Performance

Work-Family Balance

Flexible Working Hours System

IBK operates a '52-hour workweek,' adhering to legal working hours stipulated by the Labor Standards Act, and promotes a healthy and flexible work culture. The working time management system automatically turns off PCs after 6 p.m., and the half-day (2 or 4 hours) systems are available to enable employees to use their leave time more flexibly.

Flexible working hour system	• A system allowing changes to work hours while maintaining the standard daily working hours (8 hours).
Selective/flexible working hour system	• A system allowing adjustment of daily working hours while ensuring the average working hours within the specified period remain at 8 hours.
Reduced working hour system for family care, etc.	• A system allowing employees to shorten working hours for family care, personal health, retirement preparation, or study.
Part-time employment	• Employing part-time employees to prepare for increased workloads.

Application Status of the Flexible Working Hour and Remote Work Systems

Category	Unit	2020	2021	2022	2023
Flexible working hours	Persons	2,619	2,428	2,457	3,087
Remote work	Persons	9,643	10,913	35	-

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

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

Since the opening of the IBK Truly Good Daycare Center (Hannam) in March 2012, IBK has expanded to operate a total of 13 daycare centers, the highest number within the Korean financial sector. In addition to providing high-quality childcare services, IBK is committed to fostering an environment where employees with infants and toddlers can successfully balance work and family responsibilities. IBK will continue to actively address the shortage of childcare facilities and contribute to resolving societal issues such as the low birth rate and career interruptions.

Truly Good Daycare Center Operation Status (As of January 2024)

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

Work-Life Satisfaction Survey

IBK conducts a semi-annual work-life satisfaction survey for all employees to foster a happy and balanced work life for its executives and employees. The survey includes questions on various aspects of work life, such as overall satisfaction with work and life, work contribution, coworker relationships, stress management, and work protection measures. In 2023, 1,782 employees participated in the survey during the first half of the year, and 2,144 employees participated in the second half. The survey results, analyzed by specific affiliation and position, were shared with all employees via IBK's portal site. IBK is diligently analyzing the findings and identifying areas for improvement to secure a robust safety net for its employees.

Employee Satisfaction Level

Category		Unit	2022		2023	
			First half	Second half	First half	Second half
Total number of participants		Persons	1,514	3,160	1,782	2,144
By rank	Grade 3 or higher	Persons	363	903	538	595
	Grade 4 or lower	Persons	1,151	2,257	1,244	1,549
Rate of participants		%	10.99	22.94	12.99	15.62
Total number of participants with positive responses		Persons	894	2,115	1,156	1,424
By rank	Grade 3 or higher	Persons	254	768	355	492
	Grade 4 or lower	Persons	640	1,347	801	932
Rate of participants with positive responses		%	59.05	66.93	64.87	66.42

Special Lecture on Parenting Coaching

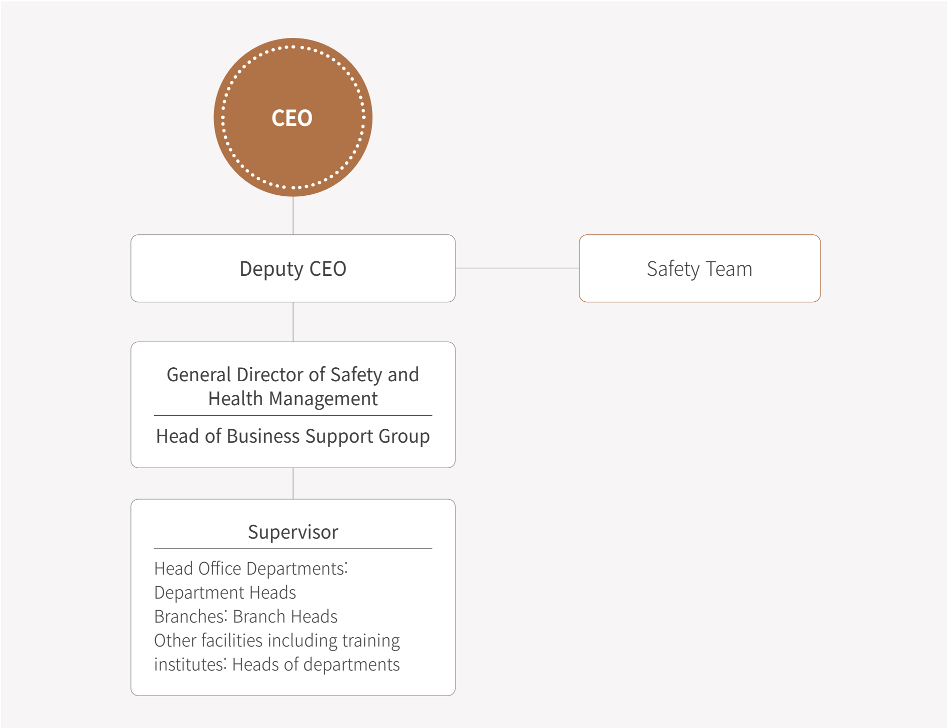
In December 2023, IBK organized a special lecture on child-rearing coaching and a relationship improvement program for 100 employees and their children. This program was intended to enhance parent-child intimacy, especially in cases where communication is lacking, and to support the balance between work and family life by addressing concerns related to child-rearing.

Safety and Health

Approach

Safety and Health Governance

The IBK safety team operates independently under the direct supervision of the Deputy CEO. The Head of the Business Support Group is designated as the general director of safety and health management, with department heads and branch heads serving as supervisors. The Safety team conducts semiannual evaluations of the safety and health management efforts of both the general director of safety and health management and supervisors. To address safety incidents, we have established the 'Regulations on Executive Reprimand for Safety Accidents,' which set the standards for reprimanding relevant executives in the event of a safety accident. The Board of Directors approves the implementation plan for safety and health policies through formal resolutions. Additionally, the Deputy CEO, the Head of Business Support Group (General Director of Safety and Health Management), and other relevant department heads participate in the quarterly 'Safety Management Committee' to review the performance of safety and health activities and discuss plans.



Safety and Health Policy

IBK prioritizes the lives and safety of customers and employees as a fundamental management value, establishing a safety management system to prevent and respond to accidents. Our 'Safety and Health Management Regulations' incorporate the Ministry of Employment and Labor's standards and comply with the 'Industrial Safety and Health Act.'
In 2022, IBK introduced the 'IBK Safety and Health Basic Plan,' a three-year master plan with three key promotion areas to systematically manage safety and health and foster a safety culture. Annually, a 'Safety Management Responsibility Plan' detailing specific implementation strategies is established and approved by the Board of Directors and management. This plan outlines the IBK safety and health management policy and promotion goals, ensuring that all employees comprehend and adhere to them. The policy encompasses not only IBK executives and employees but also workplace workers and customers, safeguarding all stakeholders. IBK aims to achieve an accident-free workplace through prevention and site-centered safety management, with specific goals set to have 'zero fatalities from industrial accidents and zero deaths and injuries from safety accidents by 2024.' Additionally, an annual 'Safety Management Responsibility Report' documents and discloses significant safety management achievements and progress.

Safety Management Responsibility Report

IBK Safety and Health Basic Plan (3-Year master plan)	**3 Major areas of focus** • Advancement of the safety and health management system • Expand and strengthen safety and health activities and management • Establishment of a safety and health-centered performance system and culture
Safety Management Responsibility Plan (Yearly plan)	**Annual resolution by the Board of Directors and management** • Safety and health promotion goals • Facilities subject to safety management • Safety budget, organizational composition, etc.
IBK Safety and Health Promotion Goals	• Realizing an accident-free workplace through prevention and site-centered safety management • 2024 Goals Zero fatalities from industrial accidents, Zero deaths and injuries from safety accidents

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.

1 Put safety and health as a primary value of management activities.
2 Fully observe safety and health regulations and workflow-related safety rules.
3 All members should do their best for prevention and field-centered safety and health management by actively discovering adverse risk factors.
4 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.

Safety and Health

Performance

Safety and Health Activities

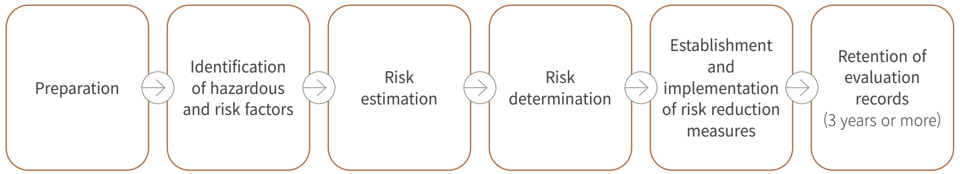
Safety and Health Performance Management

IBK sets and manages goals for safety and health activities to enhance the accountability of management and the safety team while promoting a safety culture. Compliance with safety and health-related legal requirements and management obligations is reviewed semi-annually, followed by the implementation of improvement measures and reporting to management.

Category	Performance indicators	Goal
CEO	Number of fatalities from industrial and safety accidents	0 case
	Attendance in the Occupational Safety and Health Committee (introduced in 2024)	Once quarterly
	Establishment of Safety Management Responsibility Plan	Once annually
Deputy CEO	Number of fatalities from industrial and safety accidents	0 case
	Participation in the Occupational Safety and Health Committee (introduced in 2024)	Once quarterly
	Attendance in the Safety Management Committee	Once quarterly
	Establishment of a safety management responsibility plan	Once annually
	Inspection of safety and health security obligations	Semiannually
	Risk assessment	Monthly
Head of the Business Support Group (General Director of Safety and Health Management) / Safety Team	Number of fatalities from industrial and safety accidents	0 case
	Attendance in the Occupational Safety and Health Committee (introduced in 2024)	Once quarterly
	Attendance in the Safety Management Committee	Once quarterly
	Establishment of Safety Management Responsibility Plan	Once annually
	Inspection of safety and health security obligations	Semiannually
	Risk assessment	Monthly
	Work environment measurement	Semiannually
	Establishment of a safety and health education plan	Semiannually

Risk Assessment

Every year, IBK identifies potential hazards and evaluates their magnitude within the workplace. This process involves facility managers and site managers (suppliers) across IBK's six major buildings: the head office, IFT, Hannam-dong Customer Service Center, Suji IT Center, and Giheung-Chungju Training Institute. In 2023, a total of 155 hazardous risk factors were identified. IBK subsequently assessed the risk level of each factor, selected 29 cases for improvement, and implemented necessary measures such as anti-slip measures, the installation of safety railings, and additional fire extinguishers. These efforts resulted in increased employee satisfaction and improved work efficiency. Thanks to these initiatives, IBK maintained an achievement of 'zero fatalities from industrial accidents' and recorded a lower figure than the annual average death rate in the financial and insurance industry reported by the National Statistical Office. Furthermore, to enhance the systematic management of safety and health, IBK will expand the scope of assessments to all branches starting in February 2024 and conduct self-risk assessments on safety inspection days monthly.



Safety and Health

Category	Unit	2020	2021	2022	2023
Number of industrial accidents	Cases	0	0	5	8
Deaths from industrial accidents	Persons	0	0	0	0
Number of absences due to industrial accidents	Days	0	0	65	143
Absenteeism rate	%	-	-	0.0020	0.0045

* 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 Worker's Compensation & Welfare Service, and the data includes the cases recognized up to March 2024
*** As commuting-related accidents that occurred in 2022 were reported in October 2023, the numbers for the number of industrial accidents, days of absence, and absenteeism rate in 2022 were adjusted accordingly.

Performance

Safety and Health Activities

Employee Safety and Health Training

IBK endeavors to enhance safety awareness among employees through comprehensive safety and health education. This initiative encourages every branch and employee to recognize and adhere to behavioral guidelines in hazardous situations. IBK broadcasts safety and health video education inspired by the Ministry of the Interior and Safety's 'Safe TV' content at least three times daily on TVs located at the head office and other branches. Additionally, a monthly safety report is published to inform employees about real-life disaster scenarios and safety incidents, along with actionable tips. IBK also utilizes an internal safety and health suggestion system to solicit employee feedback and annually acknowledges three outstanding employees with awards. We will persist in our efforts to create a secure working environment by continually integrating executive and employee input, along with comprehensive safety training, to prevent accidents.

Safety Report Topics

April 2023	Hiking accidents, forest fires and traffic safety
May 2023	Fall accident
June 2023	Heavy rain
July 2023	Heat waves and airplane safety
August 2023	Water accidents and sunburn
September 2023	Climbing accident and building collapse accident
October 2023	Traffic accident
November 2023	Common sense regarding firefighting
December 2023	Cold wave and 3 MUST DOs
January 2024	Heavy snow and behavioral tips in case of an earthquake
February 2024	Electric vehicle safety
March 2024	Fine dust and falling accidents

Provision of an 'Employee Safety Guide'

IBK has enhanced employee protection by establishing and disseminating action guidelines for risky situations that may occur inside and outside the bank, including random crimes and various acts of violence. Furthermore, to ensure prompt response during such situations, a video guide demonstrating appropriate actions for each scenario is broadcast through the bank's internal broadcasting system.

Highlights of 'Employee Safety Guide'

Basic response protocols	• Ensuring the safety of customers and employees, prompt situational recognition, effective response measures, etc.
Daily readiness procedures	• Organizing crisis response teams, preparing a network of emergency contacts, securing evacuation routes, developing plans to reinforce branch security, and understanding and managing crime prevention equipment
Situation-specific action tips	• Response tips for incidents involving individuals wielding weapons or demanding cash inside or outside the bank
First aid tips	• Techniques for cardiopulmonary resuscitation (CPR) and protocols for addressing specific injuries such as fractures, burns, shock, and bleeding

Occupational Safety and Health Program

Program Name	Details
Safety Inspection Day (Risk Assessment)	• Safety inspection on the first Friday of every month in all branches, inspection of the occurrence of disasters and near-miss incidents, etc.
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 * Safety Accident Investigation Procedures: Safety Accident occurrence reporting - Situational assessment - Investigation plan establishment - Accident investigation team organization - Investigation execution - Results reporting - Improvement recommendations - Inspect implementation - Data management
IBK Serious Industrial Accident Response Manual	• Response procedures, first aid tips, emergency contact, follow-up strategies
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 Usage	• Review of the Material Safety Data Sheet (MSDS) • Measure the working environment of six major building sites managed by contracts (facility management, beautification, restaurants) semiannually.
Confined Space Work Program Operation Manual	• Conduct training for facility management staff and contract workers in six major buildings • Conduct rescue training for disaster victims in confined spaces semiannually

Supply Chain Safety and Health Management

To prevent serious industrial accidents among contractor workers engaged in contract, service, and consignment projects, IBK has implemented a 'Qualified Contractor Selection System.' This system evaluates the contracting party's capability to implement accident prevention measures during contract negotiations. Furthermore, weekly site inspections and semiannual joint inspections are conducted to monitor safety and health conditions at contracted workplaces. IBK also convenes monthly Contract Business Safety and Health Council meetings to review industrial accidents, share improvement measures identified during inspections, and promote collaborative safety efforts.

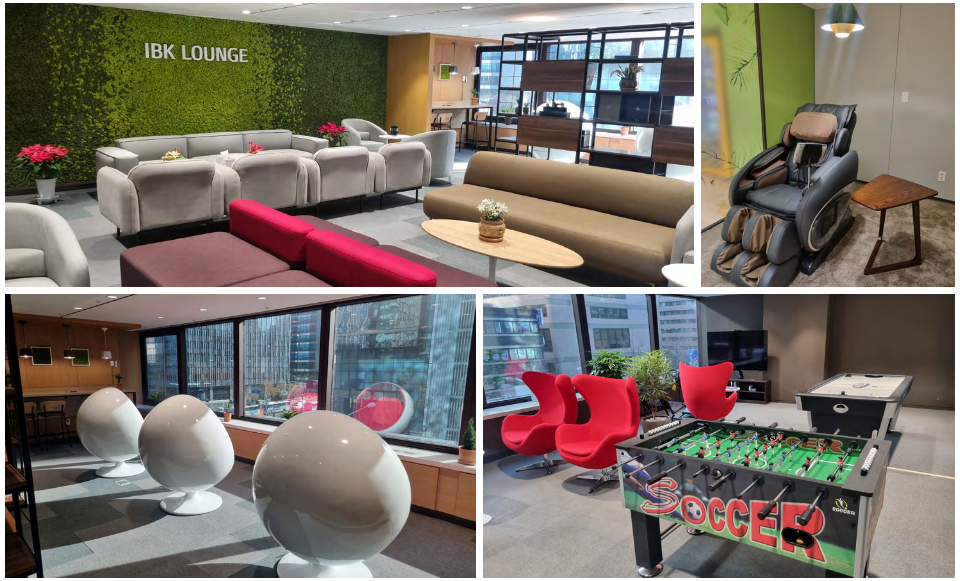
Safety and Health

Performance

Safety and Health Activities

Opening of 'IBK Lounge'

IBK has introduced the IBK Lounge at its head office to provide employees with a comfortable relaxation space. This lounge features various areas for communication, fatigue recovery, and stress relief, and it is equipped with amenities such as massage chairs and game consoles. The serene and inviting environment of the lounge positively impacts employee satisfaction and enhances the quality and culture of rest.



Mindfulness for Executives and Employees

IBK operates a mindfulness program aimed at proactively managing job-related stress among employees. This self-directed psychological training initiative includes activities like gratitude diaries and was conducted six times in 2023, attracting 1,874 participants from 482 branches. Additionally, IBK offers regular mindfulness content through the Mindfulness Letter mailing service, covering psychological training guides and inspirational quotes from literature and films. Moreover, the '1 Minute Mindfulness' initiative provides all employees with monthly sessions to help alleviate psychological tension before starting work.

2023 Regular Mindfulness Program Operations

Series No.	Description	Series No.	Description
1	Mindfulness challenge	4	Mindful gift
2	Transcription	5	Sentence collector
3	Mind travel	6	Gratitude diaries

Mindfulness Letter

1 Minute Mindfulness

Safety and Health

Performance

Safety and Health Activities

Customized Counseling Program for Executives and Employees

IBK offers a tailored counseling program designed to address specific stressors that amplify employees' psychological tensions, such as job transitions or promotions. For new employees up to Grade 4 junior managers, IBK provides career development coaching tailored to various career stages, leveraging psychological assessments to identify position-specific difficulties and deliver personalized guidance. For employees at Grade 3 managers or above, leadership coaching is available, with plans for a forthcoming leadership-focused mindfulness program and seminars addressing leadership challenges. IBK will continue to spare no effort in fostering psychological stability among employees through customized programs tailored to each stage of their professional lives.

Enhancing On-site Employee Protection

IBK operates an accessible counseling center within its Employee Rights Protection Department, ensuring employees can confidentially seek assistance about workplace issues without fear of repercussions. Psychological support services, including anonymous consultations via non-face-to-face platforms like KakaoTalk, phone, and email, are available for employees facing issues such as interpersonal conflicts, sexual harassment, and workplace rights violations.

Moreover, IBK conducts on-site visits by employee rights protection officers to proactively address grievances, with 514 participants from 39 branches in 2023. Our plans for 2024 include expanding current application-based and recommendation-based stress management programs, focusing on branches requiring preemptive stress intervention due to remote locations or societal factors.

Establishment of a Safety and Health Management System

IBK Service

IBK Service establishes safety and health goals and plans rooted in a robust safety and health management system, guiding its implementation across operations. By conducting safety and health training, IBK Service enhances awareness among executives and employees while actively improving workplace conditions through comprehensive inspections and management. Notably, IBK Service has developed and disseminated manuals safeguarding customer service personnel, striving to cultivate a secure working environment that prioritizes employee welfare.

IBK Service's Expanded Safety and Health Management System in 2023

- Establishment of safety and health goals, management policies, and plans

Jan. 2023

- Expansion of safety and health education implementation
- Inspection and management of workers' working environments

Apr. 2023

- Assessment and mitigation of workplace hazards
- Designation of the safety and health organization

Sep. 2023

Corporate Governance

Approach

Board of Directors

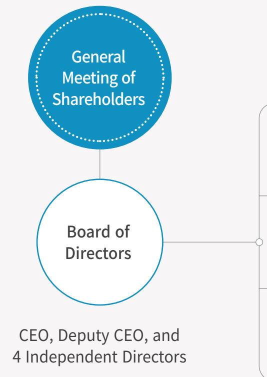
Composition of the Board of Directors

The IBK Board of Directors supports management in executing responsible governance predicated on sound management principles. Concurrently, the Board diligently fulfills its supervisory role, ensuring rational managerial decision-making by identifying and requesting corrections when deficiencies are detected in the standards, procedures, and methods of the executive management's business activities.

Comprising the CEO, Deputy CEO, and Directors as stipulated in Article 2 of the Board of Directors Regulations, the Board is chaired by the CEO. Furthermore, Article 33 of IBK's Articles of Incorporation stipulates that the board of directors shall consist of up to one executive director and up to four independent directors, with the number of independent directors being at least three and constituting a majority of the total number of board members. This framework safeguards the Board's independence and its ability to oversee executive management effectively. As of December 2023, IBK's Board of Directors comprises 6 members (including the CEO, deputy CEO, and 4 independent directors), with independent directors constituting 66% of the board.

Composition of the BOD (as of Dec. 2023)

Name	Date of birth	Position	Expertise	Career highlights	Term
Kim Sung-tae	June 27, 1962 (Male)	Chairman & CEO	Finance, Management	Deputy CEO of IBK CEO of IBK Capital Head of Business Strategy Group at IBK	January 3, 2023 - January 2, 2026
Kim Hyung-il	July 5, 1964 (Male)	Deputy CEO	Finance, Management	Head of Business Support Group at IBK Head of Innovative Finance Group at IBK	March 21, 2023 - March 20, 2026
Kim Jeong-hoon	June 24, 1958 (Male)	Independent Director	Finance	Adjunct Professor, Dankook University Head of the Audit Office at the Korean Banking Institute	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 Commission	April 8, 2021 - April 7, 2024
Lee Geun-kyung	December 25, 1950 (Male)	Independent Director	Finance, Management	Independent Director of SGI Seoul Guarantee Insurance Chairman of the Board at the Korea Technology Finance Corporation	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 Innovation Economy Division of the National Economic Advisory Council (current) Member of the Credit Counseling and Recovery Service (current)	March 28, 2023 - March 27, 2026



Committee	Role	Kim Sung-tae Chairman & CEO	Kim Hyung-il Deputy CEO	Kim Jeong-hoon Independent Director	Chung So-min Independent Director	Lee Geun-kyung Independent Director	Jeon Hyun-bae Independent Director
Steering Committee	Facilitates board operational efficiency and engages with active shareholders and stakeholders to gather feedback.	●	○	○	○	○	
Compensation Committee	Reviews the compensation system for executive directors and executive vice presidents, and evaluates management performance for equitable compensation.			●	○	○	
Risk Management Committee	Oversees comprehensive management of various potential uncertainties and losses, ensuring capital adequacy.		○			●	○
ESG Committee	Develops management strategies and supervises performance on ESG issues, including climate change and biodiversity.		○	○	●		○

● Chairman

Corporate Governance

Approach

Board of Directors

Board Expertise and Diversity

IBK prioritizes board composition based on diverse expertise without bias toward specific backgrounds or occupational groups. Board members bring extensive knowledge and experience in finance, management, economics, risk management, law, and ESG matters, with ongoing efforts to enhance gender diversity. As of December 2023, IBK has one female independent director. The bank discloses the Board Skills Matrix, analyzing the professional fields of current board members based on their backgrounds and expertise.

Board Skills Matrix (As of December 2023)

Category	Kim Sung-tae	Kim Hyung-il	Kim Jeong-hoon	Chung So-min	Lee Geun-kyung	Jeon Hyun-bae
Finance	●	●	●	●	●	●
Management	●	●	●		●	
Economy	●	●			●	●
Risk					●	●
Law/Regulation				●		
ESG			●	●		●

Gender Composition of the BOD

Category	Unit	2020		2021		2022		2023	
		Male	Female	Male	Female	Male	Female	Male	Female
Members	Persons	6	0	5	1	4	1	5	1
Total number of members	Persons	6		6		5		6	
Ratio of female directors	%	0		17		20		17	

* As of the end of the relevant year

Qualification Requirements for Independent Directors

IBK's independent directors adhere to the qualifications stipulated under the Corporate Governance Act and relevant financial regulations. Candidates undergo rigorous background checks before their final appointment, ensuring they meet both passive and active qualification criteria. The latter includes professionalism, job fairness, ethical responsibility, and loyalty.

Passive Qualification Requirements

- 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' and 'Banking Act.'

Active Qualification Requirements

- 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 sound 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.

Corporate Governance

Performance

Board Activities

BOD Operation Status

The IBK Board of Directors, as the highest decision-making body excluding the general shareholders' meeting, deliberates on agenda items to advance the bank's sustainable development from an objective and rational perspective. In 2023, the Board convened 11 meetings, achieving an average director attendance rate of 95.3% and reviewing a total of 67 agenda items. Comprehensive business processes, including board activities, are disclosed via Korea's All Public Information In-ONE (ALIO) and the IBK website.

Training Independent Directors

IBK provides training on Korean 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 Directors Training in 2023

Training Date	Responsible Unit	Training Details
February 23, 2023	Strategic Planning Department	Major tasks related to bank management
April 21, 2023	Strategic Planning Department	Roles of the BOD and the roles and responsibilities of independent directors
May 26, 2023	Strategic Planning Department	Current status of loans to SMEs and trends in the small and medium-sized business field
June 29, 2023	Strategic Planning Department	Major tasks related to bank management
March 9, 2023 - May 18, 2023	External educational institution	2023 Maeil Business Newspaper ESG Leadership Course - ESG management cases, carbon neutrality, ESG disclosure and regulatory flow, etc.
September 21, 2023	Strategic Planning Department	Major tasks related to bank management
November 30, 2023	Strategic Planning Department	Major tasks related to bank management

BOD Evaluation and Criteria

IBK conducts annual reviews and evaluations to ensure that the Board of Directors and its committees fulfill their roles and responsibilities in accordance with legal requirements and internal regulations. This evaluation aims to maintain their effectiveness as the primary decision-making and oversight executive management. Evaluation criteria encompass board composition, roles and responsibilities, and operational performance, comprising 14 items for the board and 5 items for each committee. Anonymous written surveys employing a 5-point scale gauge member satisfaction, facilitating continuous improvement in governance and oversight.

BOD Evaluation Criteria and Results

Category		Item
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 executive 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

Overall evaluation score **4.99**points
0.09 points increased in 2023 compared to 2022

※ 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 or executive and independent director recommendation committee. Following the Act, we accordingly do not operate a separate independent director appointment system in accordance.

Corporate Governance

Performance

Compensation System

Compensation Committee Operations

The Compensation Committee oversees the overall compensation system for executive directors and executive vice presidents and is in charge of the effective operation of management performance evaluation and compensation. In 2023, the Compensation Committee convened six meetings and addressed nine resolutions. The main agenda items of the committee included the performance evaluation and achievement-based salary/performance bonus payment for executive directors and executive vice presidents for fiscal year (FY) 2022, and partial amendments to the Regulations on the Performance-Based Salary System.

The Compensation Committee consists of a maximum of four independent directors pursuant to Article 3 of the Regulations on the Compensation Committee. As of the end of 2023, the Compensation Committee consists of a total of three independent directors, ensuring compliance with the requirements for independence in composition. 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 Compensation System

IBK's executive Compensation 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 Policy Financial Institutions. In this regard, IBK designs and operates a rational compensation system based on the management performance evaluation of executives through the Compensation Committee. Additionally, an independent annual compensation evaluation is conducted to assess the adequacy of the compensation system and ensure compliance with laws and regulations, separate from the executive management. In 2023, based on the second meeting of the Compensation Committee, the annual compensation evaluation was conducted, ensuring independence from executive management, and confirming compliance of the compensation policy and operations with laws related to the compensation system.

Personnel expenses, including executive compensation, 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 compensation budget in advance, and the compensation 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 management performance evaluation of government-owned banks.' Indicators included in the government-run bank management result assessment guidelines consist of profitability indicators (profits before provisions, etc.), soundness indicators (overdue loan ratio, BIS capital adequacy ratio, etc.) and growth indicators (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 entire assessments and directly impact bonus calculations.

Guidelines for Management Performance Evaluation of Government-owned Banks

As a government-run bank, IBK's management performance is evaluated based on business management and major projects, employing both quantitative and non-quantitative 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, etc.	Establishing management strategies and efforts for implementation; efficient organizational management
Major projects	Support for innovative industries, assistance for companies creating employment opportunities, etc.	Focused support for new growth industries, support for sustainable SMEs, etc.

Employee Compensation System

IBK implements employee performance bonuses, similar to executive compensation, based on internal performance evaluations. These bonuses are determined according to the external management evaluation guidelines for government-run banks provided by the Financial Services Commission, solidifying the performance-based culture. IBK implements a performance-based annual salary system for executives and employees in branch head positions or higher. Such a compensation system simplifies the wage structure by incorporating various allowances into the basic wage across all positions. However, the risk management and compliance departments undergo separate evaluations that are independent of the bank's financial management performance. A distinct compensation system is implemented to safeguard their independence, with compensation tied to the successful execution of their specific duties.

Ethical Management

Approach

Ethical Management System

IBK Ethics Charter

IBK Financial Group has established and declared the IBK Ethics Charter, which sets forth the standards for ethical judgment and behavior for all executives and employees within the group. This charter affirms IBK's commitment to ethical management.

[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	Employee Code of Ethics	Code of Ethics Conduct for Partner Companies
Standards of value judgment and behavior for executives and employees to practice ethical management	Behavioral standards that executives and employees should adhere to prevent corruption and create a clean workplace culture	Behavioral standards for sustainable growth of IBK and its partner companies
• (Customer) Protection of customer rights and interests, prohibition of unfair trade practices, fair business performance • (Shareholders) Protection of shareholder rights, provision of fair and transparent information • (Employees) Respect for dignity, fair personnel management, talent development, better quality of life • (Society) Social responsibility, pursuit of fair trade, compliance with laws, prohibition of political intervention	• 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.	• Integrity • Avoiding conflicts of interest (unfair gains) • Intellectual property rights • Fair trade • Protection of personal information • Respect for basic labor rights

IBK AI Ethics Principles

In January 2024, IBK established the 'AI Ethics Principles' to provide ethical guidelines for IBK Financial Group executives and employees in AI usage, ensuring a unified ethical system for AI development and use. These principles will serve as the foundation for delivering safe and trustworthy AI services.

[IBK AI Ethics Principles]
(Human-Centered Use) We will innovate financial services and enhance customer satisfaction by prioritizing respect for human dignity and rights in using AI.
(Enhanced Transparency and Accountability) We will design AI decision-making processes transparently and rationally, and take full responsibility for the outcomes.
(Non-Discrimination and Diversity) We will ensure AI does not discriminate based on gender, race, age, disability, etc., and respects diversity.
(Customer Privacy Protection) We will strictly protect customer information, fully obtain consent and comply with legal standards for data usage.
(Increased Social Value) We will promote social value, public interest, and financial inclusion through AI.
(Security Assurance) We will operate AI in a secure and robust manner to prevent any risks to customers and banks.

Code of Ethics Conduct for Partner Companies

In 2021, IBK introduced the IBK Code of Ethics Conduct for Partner Companies, encouraging all partners to adhere to it. The IBK Code of Ethics Conduct for Partner Companies outlines the ethical and human rights standards that partner companies should follow to ensure sustainable growth for both IBK and its partners. This code also mandates strict adherence to applicable laws and regulations in their operations and excellence in worker human rights practices. This code has been formulated by comprehensively taking into account internationally recognized standards, IBK's ethics and human rights management system, and the principles for partners of Korea's leading companies. IBK expects both itself and its partner companies to uphold a higher level of social responsibility and corporate ethics, surpassing mere compliance with local laws and regulations in their business activities. It includes a 'Self-Assessment Checklist' for partner companies to ensure their understanding and application of the code in their business operations.

Code of Ethics Conduct for Partner Companies: Partners' Self-Assessment Checklist

Category	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 personal 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.

IBK Ethical Management

Ethical Management

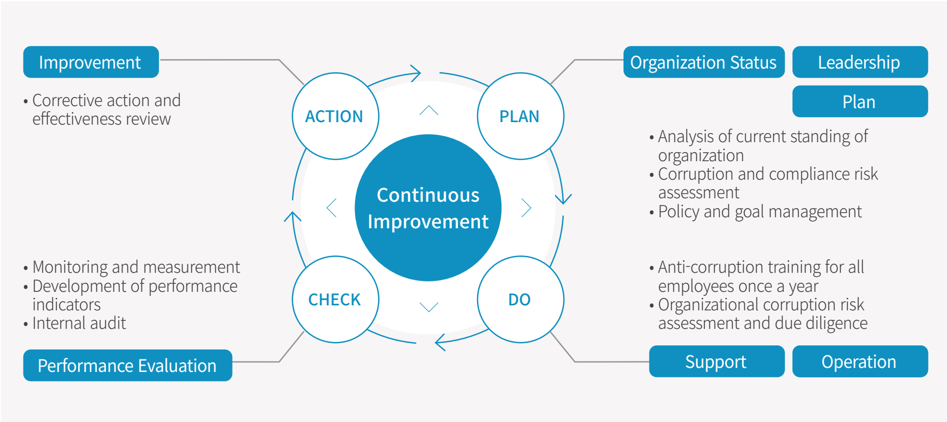
Approach

Anti-Corruption and Compliance Management System

In 2023, IBK established the Anti-Corruption Management System (ISO 37001) and Compliance Management System (ISO 37301), obtaining ISO certification. These systems are based on international standards (ISO) and form the PDCA model. IBK's goals for anti-corruption and compliance are 'zero occurrences of corruption' and 'zero occurrences of non-compliance with norms.'

Certification evaluates the effective establishment and implementation of the company's legal compliance and anti-corruption management systems and policies according to international standards.

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)	Certification verifying that the company's compliance policy and compliance management system adhere to global standards.



Anti-Corruption Cases

Category	Unit	2020	2021	2022	2023
Number of confirmed cases of corruption and bribery	Cases	1*	0	0	0

* The figure was revised as the incident occurred in 2020, and the penalty disposition was completed in 2023.

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 proposal, promising, offering, 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 Assessment

A corruption risk assessment estimates the likelihood and impact of specific forms of corruption arising from interactions within and outside the organization (e.g., new business partners, and contractors). IBK conducts regular assessments, analyzing identified risks and implementing measures to mitigate them. Based on the results of the analysis, IBK implements measures to minimize corruption risks, which allows a subsequent assessment of the adequacy and effectiveness of the organization's management level. If the corruption risk assessment results indicate a need for due diligence due to high risk, we conduct due diligence to evaluate the scope, scale, and characteristics of the identified corruption risk subject to management. The Legal & Compliance Department verifies due diligence results and monitors the implementation of mitigation plans.

Compliance Risk Assessment

Compliance risk refers to the consequences and likelihood of failing to meet an organization's compliance obligations, potentially causing significant legal, financial, and reputational losses. IBK conducts regular compliance risk assessments to identify compliance obligations that must be fulfilled. The assessments lead to the establishment and implementation of improvement plans. For selected risks, the appropriateness of methods is reviewed, and mitigation plans are formulated.

Employee Training and Performance Evaluation

IBK mandates anti-corruption training for all employees, providing at least two hours of training annually. In 2023, 12,189 employees (99.6% of those eligible for education) completed anti-corruption training. The training covers topics such as prohibiting improper solicitation, receiving bribes, fostering a healthy public office culture, reporting violations, and protecting reporters. IBK integrates compliance, integrity, and anti-money laundering into business performance evaluation criteria (KPIs) to raise awareness of ethics and a law-abiding spirit and improve accuracy in business processes.

Ethical Management

Approach

Fair Trade Policy

IBK has established and implemented Fair Trade Compliance Guidelines to mitigate the risk of financial loss resulting from violations of fair trade laws and ensure compliance with pertinent regulations. Concurrently, IBK operates a Fair Trade Compliance Program designed to effectively manage legal risks by articulating standards of conduct for adhering to fair trade laws, and preemptively correcting violations through self-monitoring. This system is underpinned by three fundamental principles.

1 Principles related to Partner Companies	**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 partner companies.. • We do not make unjustified requests or infringe upon the technology and intellectual property rights of our partner companies.
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 them 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.

Under the supervision of the Legal & Compliance Department, IBK monitors compliance within departments at risk of breaching the Fair Trade Act, while each responsible branch conducts checks using a compliance checklist to identify potential violations. Detected actual and potential violations are promptly reported to the Legal & Compliance Department, and monitoring results along with remedial actions are reported to the CEO and auditor.

Fair Advertising Policy

To safeguard financial consumers and provide transparent information, IBK enforces a fair advertising policy. The Chief Compliance Officer meticulously evaluates the appropriateness of product and service advertisements in accordance with relevant legislation. Pre- and post-examinations are conducted to identify and rectify any potential misrepresentations or unfair practices that could mislead consumers. Specifically, IBK adopts a balanced approach to information communication through the strategic use of text color & size or voice speed & volume in advertising to enhance the comprehensibility of benefits and drawbacks for customers. Furthermore, IBK conducts employee training based on the fair advertising policy, and the department responsible for fair advertising policies operates autonomously from the product development and marketing departments. Regular self-audits of advertising materials are conducted semiannually by each relevant department using a comprehensive checklist. Additionally, IBK employs an 'AI text message pre-verification' system to prevent the dissemination of non-compliant messages to customers, ensuring adherence to regulatory standards.

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Ethical Management

Performance

Ethical Management Activities

Anti-Corruption Training for High Officials

In 2023, IBK employed a musical format for anti-corruption training sessions targeting high-ranking officials, such as executives, directors, and department heads. This approach utilized dramatic elements to illustrate real-life scenarios of corruption under the Improper Solicitation and Graft Act, the Act on the Prevention of Conflict of Interest related to Duties of Public Servants, and the Employee Code of Ethics. Departing from traditional lecture methods, the incorporation of theatrical elements notably enhanced the educational effectiveness.

Ethics Education

IBK offers diverse ethics training programs aimed at cultivating a culture of compliance and ethical awareness among its workforce. These initiatives encompass face-to-face group training sessions tailored to various organizational levels and job roles, spanning from newly hired employees to branch heads. Comprehensive compliance and integrity training is also provided across all employee levels.

Category	Unit	2020	2021	2022	2023
Number of participants in ethical education	Persons	11,035	12,321	12,191	12,235
Ethical education time	Hours	25,748	28,749	30,274	24,470

Ethical Management Implementation Program

Integrity and Ethics Culture Week	• The monthly training modules cover essential topics such as the code of conduct and anti-corruption legislation and each branch independently conducts training sessions during designated periods.
Integrity Slogan	• A program involving all executives and employees from the contest stage, where they create their own integrity and ethics slogans. These slogans are prominently displayed in areas such as work phone screens to promote their implementation and adherence.
Integrity Contract System	• This system ensures procedural clarity and equitable transaction practices whenever the bank enters into various agreements.

Fair Trade Education

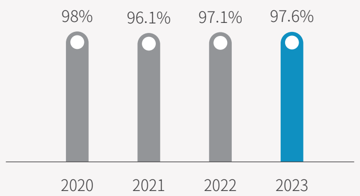
IBK provides specialized fair trade training tailored to different job roles within the organization on an annual basis.

Category	Self-directed department learning	External party-directed on-site training for departments	Counseling	Group Training
Frequency	Once quarterly	As needed	As needed	Semiannually
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

Pledge of Compliance with the Improper Solicitation and Graft Act

IBK has required 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.

Submission rate of the pledge of compliance with the Improper Solicitation and Graft Act



Compliance

Approach

Internal Control Governance

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 Chief Compliance Officer plans 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. Consequently, we conducted systematic analyses of financial incidents, addressed vulnerabilities, and implemented emergency response activities in case of accidents.

Audit Council

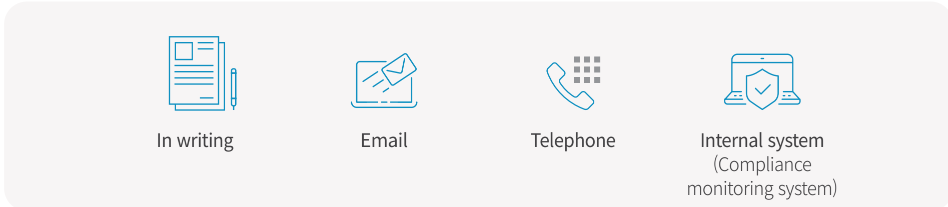
IBK operates an Audit Council to facilitate discussions on combating embezzlement and preventing financial misconduct between the audit department and other internal control-related units. The Audit Council discusses significant issues, such as the main content and implications of recent embezzlement incidents, along with special regulations aimed at eradicating embezzlement crimes. It also explores methods to enhance awareness of internal control issues within branches and headquarters departments concerning financial incidents, thereby strengthening the internal control system.

Internal Control System

Whistleblowing System

IBK has operated a whistleblowing system aimed at preventing financial incidents and minimizing associated losses. Employees are obligated to report unethical behaviors such as embezzlement, malpractice, bribery, violations of real-name financial transaction laws, money laundering, and unjust directives from superiors. Reporting can be done anonymously or with real names through various channels, including letters, emails, phone calls, and the bank's internal system. For anonymous reports, there is a structured process to provide investigation outcomes upon request, ensuring enhanced anonymity. Furthermore, semiannual training sessions are conducted to emphasize the confidentiality of reports, encompassing protection of the reporter's identity, confidentiality of the report contents, preferential treatment for reporters, etc., aimed at addressing any confidentiality concerns effectively.
Standards for compensation have also been formulated to encourage reporting. To be specific, commendations and rewards are offered to whistleblowers who contribute to the early detection of financial incidents or prevent breaches of internal control standards and procedures.

Reporting Method



Compliance

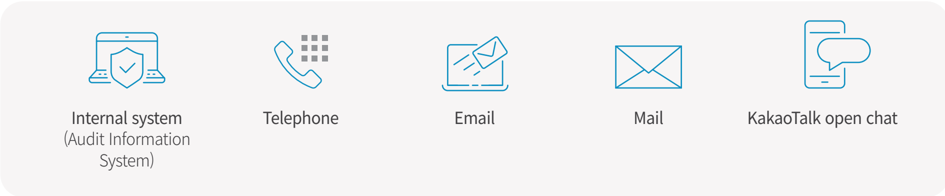
Approach

Internal Control System

Sinmungo System

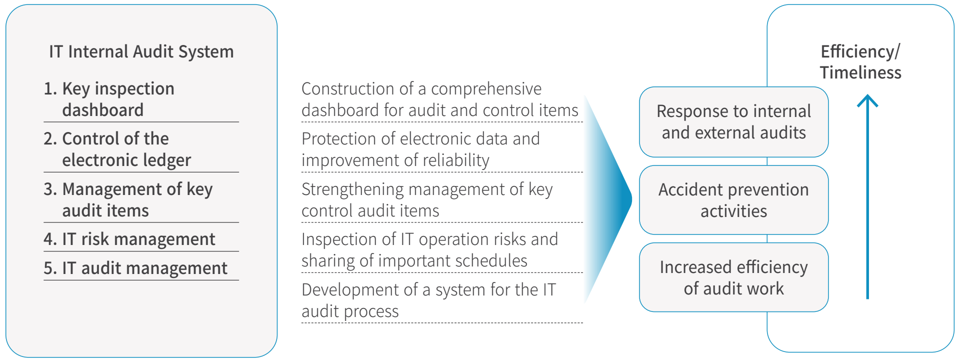
IBK utilizes the Sinmungo system to enable executives and employees to confidentially report instances of illegal, unethical, or fraudulent activities, including financial incidents and improper directives. Several enhancements in accessibility and anonymity, such as integrating a reporting feature into the KakaoTalk app in 2023, have been made in an attempt to bolster employee participation in the reporting process. Reports submitted through the Sinmungo system undergo thorough investigation, followed by appropriate remedial actions.

Reporting Method



IT Internal Audit System

IBK is enhancing its IT internal control framework to ensure the stable provision of financial services to customers. To achieve this, we have implemented an 'IT internal audit system' to oversee IT control operations and manage major inspection items comprehensively within the system.



Anti-Money Laundering Framework

Money laundering is defined as "the process of disguising illegally obtained profits from criminal activities to make them appear legal or the procedures of concealing their identity or source, giving the impression they originated from a legitimate source." 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 and 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 * Continuous customer verification is implemented through both face-to face and non-face-to-face channels. ** High-risk group: 1) Clients from FATF-designated risk countries, clients for integrated asset management services, foreign PEPs (Politically Exposed Persons), etc. (In case of handling work on major high-risk customers, approval must be obtained from the branch head, head of the anti-money laundering department, and executives, etc.)
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.

Beyond Sustainability
2024 IBK Sustainability Report

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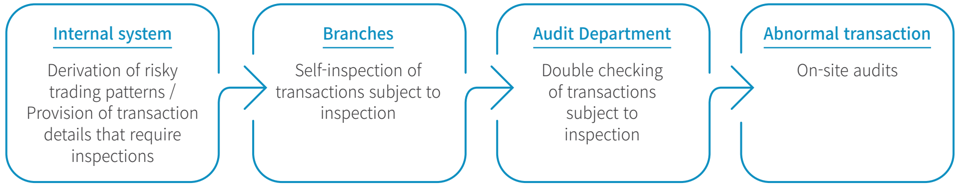
Internal Control Activities

Introduction of the 'Risk Trading Pattern Inspection'

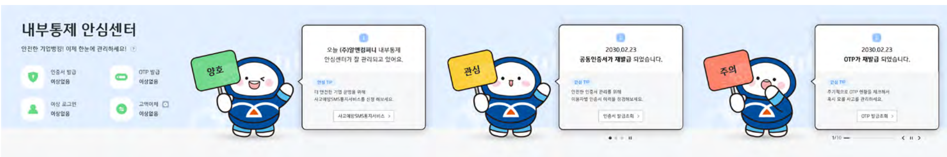
IBK has established and operated a risk trading pattern inspection system to proactively prevent and intercept financial incidents such as embezzlement, which have recently shown an upward trend. To this end, IBK conducted an analysis of embezzlement incidents that occurred over the past decade, categorizing them into high, medium, and low-risk categories. Furthermore, in 2023, the branch and audit departments conducted a two-way inspection of 2,918 items, systematically synthesizing and organizing transaction scenarios prone to incidents by business process. IBK aims to strengthen its preemptive financial incident prevention and management framework by continuously identifying and analyzing high-risk transaction patterns.

Process of the Risk Trading Pattern Inspection



Enhancement of Corporate Banking Internal Control Functions

The Corporate Banking Internal Control Safety Center service provides capabilities to detect and manage the risks of financial incidents during corporate banking transactions. This service enables corporate managers to monitor abnormal cases through color-coded status indicators, review transaction histories, and verify critical activities such as certificate/OTP issuance and abnormal logins. Additionally, the service offers the capability to recommend and support various services, such as security account registration and deposit account designation, tailored to the internal control status. This enables corporate customers to mitigate potential financial risks and utilize corporate banking services within a secure environment.



Financial Accident Prevention Education

IBK conducts training on financial accident prevention to enhance ethical awareness and knowledge among executives and employees. Training includes tailored guidance for various positions, such as pre-CEOs, newly promoted staff in Grades 3 and 4, and new hires, along with video-based sessions that illustrate real cases of embezzlement incidents for all employees.

Financial Accident Prevention Training by Rank in 2023

Category	Course name	Number of participants (persons)
By rank	Pre-CEO Training	136
	Training for Those Newly Promoted to Grades 3 and 4	612
	Training for new employees	189
	Capacity Building Training (junior managers, managers, etc.)	508
Common	Financial accident prevention education	All employees

Financial Consumer Protection Training for Establishing a Complete Sales Culture

IBK safeguards financial consumer rights by providing standardized training to all executives and employees, ensuring the complete sale of financial products from initial customer consultation to contract conclusion.

Self-Assessment of Accident Prevention Measures

IBK conducted comprehensive self-assessments of accident prevention measures across all employees to promote adherence to internal control standards. Customized evaluations tailored to job roles and positions have been implemented to enhance the effectiveness of self-assessments.

Compliance

Performance

Anti-Money Laundering Activities

Anti-Money Laundering Education

In 2023, IBK expanded its anti-money laundering training program for all employees, extending the training duration by two hours compared to the previous year. Monthly in-house training at all branches covers topics such as individual customer verification procedures, suspicious transaction report (STR) investigation protocols, and updates on financial sanctions. Furthermore, regional headquarters receive anti-money laundering and financial sanctions compliance consulting services. These consultations enable each regional headquarters to effectively oversee compliance with laws and regulations at their respective branches. IBK intends to further enhance its training content development to reinforce employee competencies and enhance training quality by assessing comprehension of the training process.

Enhanced Anti-Money Laundering Management and Oversight at Overseas Branches

IBK has significantly enhanced its on-site inspection capabilities to prevent money laundering and strengthen compliance with financial sanctions at overseas branches. Our company-wide compliance on-site inspections evaluate internal control systems, suspicious transaction monitoring mechanisms, and the management of financial sanctions targets. Based on inspection outcomes, continuous improvements are identified and managed systematically. IBK will continue to preemptively identify and mitigate compliance risks across its global footprint through the continuous enhancement of inspection frameworks.

Tax Management

IBK diligently fulfills its tax obligations in accordance with the tax laws of each jurisdiction where it operates.

Corporate Tax Payment (non-consolidated)

Category	Unit	2020	2021	2022	2023
Domestic corporate tax calculation	KRW 100 million	3,357	5,771	9,057	7,338
Tax credit	KRW 100 million	169	172	206	286
Final tax amount	KRW 100 million	3,188	5,599	8,851	7,052

Tax Information by Country (as of 2023)

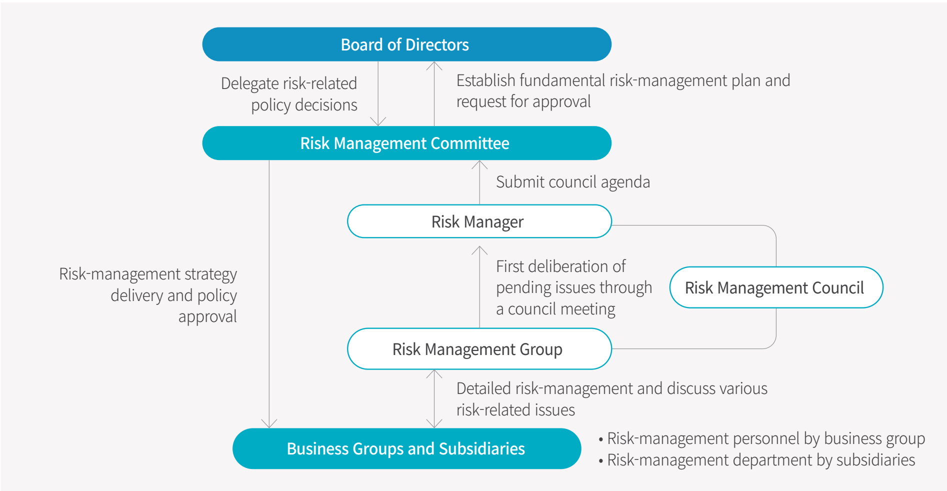
Category	Unit	Operating revenue	Operating profit	Accrued corporate tax	Corporate tax expenses
Chinese Corporation	KRW million	269,333	44,476	585	9,362
Indonesia Corporation	KRW million	156,899	15,401	-	(135)
Myanmar Corporation	KRW million	5,245	1,650	-	5

Risk Management

Approach

Risk Management Governance

IBK has developed a sophisticated risk management decision-making framework to proactively address various risks arising from a dynamic business environment. As the supreme body for risk management decisions, the Board of Directors approves the fundamental risk management plan and delegates significant policy decisions to the Risk Management Committee. This committee, composed of the Deputy CEO and two independent directors appointed by the Board, assumes responsibility for the comprehensive management of diverse uncertainties and potential losses arising from the bank's operations, ensuring capital adequacy. In 2023, the Risk Management Committee convened a total of 10 meetings to deliberate and decide upon 19 agenda items, receiving reports on 17 additional agenda items. To enhance operational efficiency, the Risk Management Council is operated under the auspices of the Risk Management Committee. In adherence to Article 5 of the Risk Management Regulations, the risk management function maintains operational independence from the sales sector. Moreover, ultimate oversight and supervision lie with the auditor, whose duties require independence from the bank's decision-making and enforcement bodies. Members of the risk management team possess specialized expertise, having served on bodies such as the Monetary Policy Committee and the Credit Counseling & Recovery Committee. They undergo semiannual risk management training to continually strengthen their competencies.

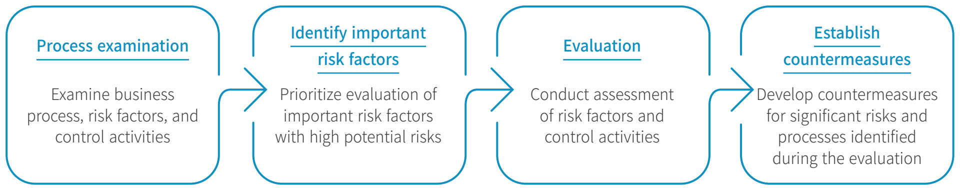


Risk Management Process

IBK categorizes major risks into distinct types, including credit risk, market risk, interest rate risk, liquidity risk, operational risk, credit concentration risk, strategic risk, reputation risk, and foreign exchange settlement risk. Each risk type is allocated specific limits based on expected maximum losses, which are rigorously monitored for compliance. If the allocated risk limit is expected to be exceeded or exceeded, comprehensive analyses are conducted, and details of inspections and subsequent actions are reported to the Risk Management Committee. Semiannually, 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 include 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. As a result, in 2023, we successfully implemented risk reviews of 63 new products and systems. We remain committed to continuously enhancing our proactive risk management measures.

Employee Risk Self-Diagnosis

IBK incorporates executive and employee insights into risk management through a risk self-diagnosis process. Within the operational risk management framework, a dedicated risk self-diagnosis module has been developed to evaluate operational risk and internal control levels associated with each task across all branches on a quarterly basis. This process anticipates inherent risks in workflow, identifies high-risk and low-control factors, and establishes corresponding response strategies. In 2023, IBK enhanced its risk self-diagnosis system in alignment with Basel III regulations to identify and manage potential risks effectively. Furthermore, IBK encourages executives and employees to mitigate risks by incorporating operational risk management indicators (KPIs) into their performance evaluations.



Risk Management

Approach

Potential Risks

In addition to conventional risks such as credit, market, interest rate, liquidity, and operational risks, IBK identifies and proactively addresses potential risks that could significantly impact corporate operations. In 2023, 'biodiversity risk' and 'geopolitical risk arising from changes in the global economic environment' were identified as major potential risks. An analysis was conducted to assess their impact on IBK, and response plans were formulated accordingly.

Category	Biodiversity risk	Geopolitical risk arising from changes in the global economic environment
Definition of the risk	This risk originates from the degradation of natural ecosystems and the decline in biodiversity due to environmental degradation, destruction of biological habitats, and exacerbated climate change, accelerated by human activities. Consequently, biodiversity risk is increasingly recognized as a critical concern akin to climate change. Failure to implement adequate measures could potentially lead to adverse impacts on both the real economy and financial systems.	Geopolitical risks are on the rise due to escalating ideological conflicts and geopolitical tensions, exemplified by hegemonic competition between the United States and China, the prolonged Russia-Ukraine conflict, and the ongoing Israel-Iran dispute. As uncertainty in the global trade environment intensifies, there is potential for adverse implications on the stability of financial institutions.
Impact	Although IBK's operations do not directly impact biodiversity, financial support activities like loans and investments could encounter unforeseen risks. Sectors highly reliant on natural resources (agriculture, fisheries, and forestry) and pharmaceuticals (which depend on natural materials) are particularly vulnerable to biodiversity-related disasters, potentially affecting industry management and leading to credit risk implications.	Instability in the global supply chain arising from escalating conflicts and geopolitical disputes between nations may heighten apprehensions regarding inflation. Persistent elevated inflation rates and prolonged periods of high interest rates could potentially elevate non-performing loans. Furthermore, the imposition of international sanctions on a particular nation due to geopolitical tensions between countries may impact the financial system and introduce unforeseen risks for financial institutions.
Measures	IBK has enhanced its operational capabilities in natural capital management through participation in the BNBP (Business and Biodiversity Platform) initiative and internal assessments of water-related risks. In January 2024, we joined the Taskforce on Nature-related Financial Disclosures (TNFD) to establish a structured approach to biodiversity management. Drawing from our own natural capital risk management plan, which identifies vulnerable industries and regions, we intend to integrate TNFD guidelines to formulate a comprehensive biodiversity conservation strategy.	IBK is fortifying its soundness in preparation for anticipated geopolitical risks. We diligently monitor credit risks associated with industries and corporate entities vulnerable to economic fluctuations, such as inflation and raw material sensitivity, to safeguard the bank's stability against potential geopolitical threats.

Risk Management

Performance

Risk Management Activities

Stable Management of BIS Ratio

Despite the adverse market conditions characterized by high interest rates and a stagnant real estate PF market in 2023, IBK attained a BIS total capital ratio of 14.87%, establishing a robust foundation for sustained policy finance initiatives. We have reinforced our capacity to support SMEs through comprehensive capital management practices, encompassing diversified capital-raising strategies and prudent dividend policies.

BIS Capital Ratio

(Unit: %)

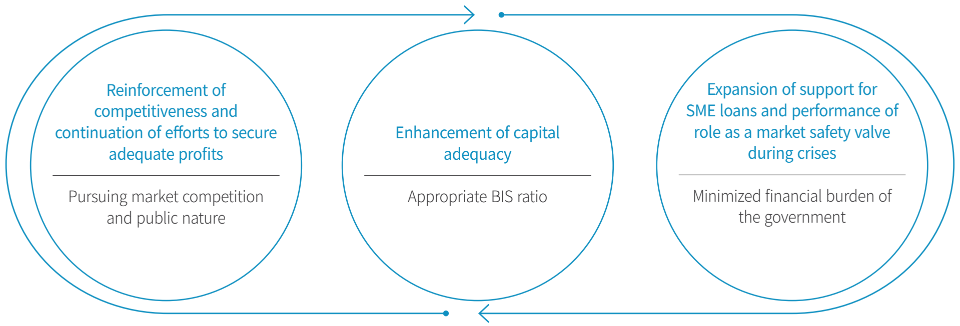
Category	Regulatory capital ratio*	2020	2021	2022	2023
BIS Total capital ratio	10.50	14.82	14.85	14.68	14.87
Basic capital ratio	11.00	12.82	13.01	12.67	13.11
Common equity capital ratio	9.50	11.13	11.29	11.08	11.33

* Basic reserve ratio (8%) + Capital preservation buffer (2.5%)

BIS Leverage Ratio

Category	Unit	2020	2021	2022	2023
(Basel III) Basic Capital (Tier 1 Capital)	KRW billion	24,073	26,127	27,429	30,440
(Base III) Total Exposure	KRW billion	385,454	425,434	458,590	473,602
(Basel III) Leverage Ratio	%	6.25	6.14	5.98	6.43

IBK Virtuous Cycle for Ensuring Capital Adequacy



A virtuous cycle that enables seamless policy finance by generating sufficient profits.

Risk Management Education

IBK provides regular training to members of the Risk-Management Committee twice a year to bolster risk management governance. In February 2023, training sessions were conducted on climate risk stress tests, followed by a comprehensive review by the Risk Management Committee in April. Commencing in 2024, we have launched on-site sales training sessions for executives and employees, concentrating on the latest updates and evaluation methodologies of an advanced corporate credit rating model. This model has integrated evolving financial dynamics, corporate borrower attributes, and regulatory frameworks. Furthermore, IBK Financial Group conducted audits of its subsidiaries, including IBK Capital, IBK Insurance, IBK Securities, and IBK Savings Bank, alongside delivering risk management training sessions for executives and staff members. Looking ahead, IBK is committed to enhancing group-level crisis response capabilities by solidifying standardized risk management practices across all executives and employees within IBK Financial Group.

Information Protection

Approach

Information Protection Governance

To enhance the responsibility of the BOD and executive 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 2023, they held 8 and 37 meetings to discuss and deliberate on important information security-related matters. Furthermore, IBK has appointed a Chief Information Security Officer (CISO) responsible for information protection within the information technology sector, and a Personal Information Protection Officer (CPO) tasked with handling personal information. These appointments are designed to ensure a comprehensive response to security breaches and safe management of customer information.

Information Protection Audit

IBK strictly adheres to and implements information protection policy activities as internal and external laws and regulations require. Internally, regular information security audits are conducted once a year by the Internal Audit 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 external audits aim to strengthen the bank's management system.

Information Protection Policy

IBK has established 'Safe Information Protection, Trusted IBK' as its primary information security objective, and it allocates 15.6% of its total IT budget towards information security measures to construct a robust information protection framework capable of addressing cyber threats. IBK maintains a rigorous information protection management system to create a secure financial environment and prevent data breaches. Through customer-centric activities focused on personal information protection, we have achieved a record of zero information breach incidents over 13 consecutive years. Furthermore, we are equipped with a proactive prevention system to enhance employee awareness of security protocols. This system includes incorporating the information security non-compliance rate index into management performance evaluations (KPIs), with deductions applied for violations to incentivize adherence to security standards.

Goal | Safe Information Protection, Trusted IBK

15.6%
Proportion of the information security budget compared to the total IT budget

0 case
0 information breach for 13 consecutive years

Information Protection Management System Certification Status

Certification type	Certification scope	Validity period
ISO 27001	The entire IT services	July 5, 2021 – July 4, 2024
ISMS-P	Internet banking service (web, mobile)	December 22, 2022 – December 21, 2025
ISMS	Operation of IT Center	December 22, 2022 – December 21, 2025

Information Protection

Approach

Personal Information Protection Management Policy

All of our customers' personal and credit information is securely managed in accordance with the "Personal Information Processing Policy" and "Credit Information Utilization System." IBK minimizes data collection to business necessities, refrains from secondary usage or third-party provision beyond original purposes, and adheres strictly to data retention and destruction protocols. Upon expiration of the personal information retention period or fulfillment of processing objectives, data is irreversibly destroyed within five days as a principle. Information subject to legal retention requirements is securely managed separately. When deleting information, physical documents are shredded or incinerated during disposal, while electronic files are deleted in a manner that precludes restoration. Introduced in 2021, the "Customer Information Deletion Transaction" upholds customers' rights to request and confirm the deletion of their information, strengthening transparency and data control.

IBK regularly updates personal credit information protection policies in accordance with the Personal Information Protection Act and Credit Information Act, with updates published on the IBK website. Following the September 2023 amendment of the Personal Information Protection Act, IBK enhanced its internal control framework by revising the Personal and Credit Information Management and Protection Regulations and Customer Information Leakage Response Manual in compliance with legal requirements. Moreover, an accessible 'Easy-to-Understand Personal Information Processing Policy,' featuring visual materials and diagrams, is available on the IBK website to facilitate an enhanced understanding of the main contents of the Personal Information Processing Policy.

Personal Information Processing Policy
Easy-to-Understand Personal Information Processing Policy

Personal Information Processing Policy

1. **Collection of Personal Information**
   Personal information is collected to the minimum extent necessary.
2. **Use of Personal Information**
   Collected personal information is utilized strictly within the scope agreed upon by the customer.
3. **Provision of Personal Information**
   Personal information is entrusted for processing and disclosed to third parties only with explicit customer consent or as mandated by applicable laws.
4. **Deletion of Personal Information**
   Customer personal information is securely deleted upon fulfillment of the purpose for which it was collected.
5. **Data Subject Rights**
   Customers have the right to determine the handling of their personal information, including access, correction, and deletion options available at any time.

Performance

Information Protection and Personal Information Protection Activities

Information Security Inspection Day

IBK designates a specific Information Security Inspection Day, conducting monthly inspections and presenting findings and supplementary plans to the bank's CEO. These inspections cover 34 critical items across 11 domains, encompassing information processing systems and computer data management. Additionally, themed inspections with varying focuses are conducted each month in parallel to preempt security incidents.

Enhancement of the Internal Security System

IBK is currently enhancing its security infrastructure to reinforce company-wide internal control measures. Specifically, we have fortified security by expanding the implementation of a biometric authentication system for business PCs. Additionally, a robust authentication method resistant to forgery, alteration, or duplication has been introduced to effectively prevent unauthorized access. We have also streamlined user convenience by transitioning from a cumbersome three-step authentication login process to a simplified one-step biometric authentication. Furthermore, we have intensified the scrutiny of access rights to the DB server, increasing the frequency of assessments from annually to semiannually to ensure meticulous rights management. Moreover, to mitigate the risk of internal information leaks, the allowable duration for USB devices, shared folders, and similar access methods has been reduced from six months to one month. These measures collectively reinforce the security framework.

Expansion of Malicious Email Response Training

IBK is actively conducting training sessions to enhance employees' capability to respond effectively to cyber threats posed by malicious emails. Starting in 2023, we have augmented the existing semiannual malicious email response training with an additional simulated response session, making it three times a year. Furthermore, to raise security awareness among staff, employees affected by malicious software are mandated to undergo supplementary training on information protection, self-assessment, and compliance obligations to prevent internal information breaches.

IT Infrastructure Accident

Category	Unit	2020	2021	2022	2023
Customer information leakage accidents	Cases	0	0	0	0
Amount lost	KRW 100 million	0	0	0	0

Information Protection

Performance

Information Protection and Personal Information Protection Activities

Inspection of Companies Entrusted with Personal Information

To ensure the secure management of customer information, IBK conducts annual inspections of companies entrusted with personal data. In 2023, IBK strengthened oversight and management over these companies by appointing their contract managers and personal information managers and conducting separate training sessions for this group.

According to the results of on-site and document-based inspections in 2023, following the consignment company inspection checklist, 117 out of 123 companies were rated as excellent, with the remaining 6 rated as good. IBK plans to expand on-site inspections by employing specialized agencies to further enhance the management of entrusted companies.

Checklist for Entrusted Companies

Administrative items (6)

- Appoint personal information protection officer
- Establish an internal management plan
- Establish the personal information processing policy
- Provide personal information protection education, etc

Technical items (29)

- Differentiate access privileges and enable modification/cancellation
- Control unauthorized user access
- Encrypt personal information
- Store/destroy access records, etc.

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 after identifying abnormal transactions.

Accident Prevention Using FDS

Category	Unit	2020	2021	2022	2023
Additional certification and transaction blocking	Cases	23,331	45,360	117,779	104,021
Accident prevention amount*	KRW 100 million	113	287	1,122	1,240

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

Operation of the Customer Information De-Identification System

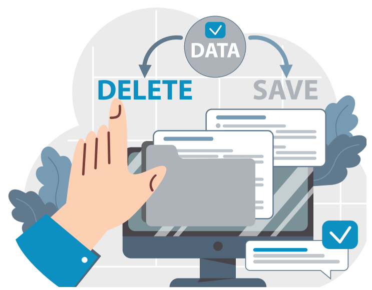
IBK is dedicated to fostering a safe data environment, emphasizing the security of anonymized and pseudonymized customer information through the establishment of a robust de-identification infrastructure.

Data De-Identification Stages

1. **Preparation**: Identify the purpose (Utilizing department)
2. **De-Identification**: Process personal information (Processing department)
3. **Adequacy review**: Review re-identification (Administering department)
4. **Follow-up management**: Monthly inspection (Requesting department)

Implementation of the Personal Information Clean Day Campaign

In observance of Personal Information Protection Week (September 11 to September 15) in 2023, IBK spreaded the personal information protection culture by organizing a campaign focused on securely deleting unnecessary personal information (printouts, files on PCs, etc.) that has fulfilled its business purpose.



Information Protection

Performance

Information Protection and Personal Information Protection Education

Job-Specific Information Protection Training

IBK has enhanced information security awareness across its workforce through targeted training programs. In addition to specialized programs tailored for different job roles and positions, an intuitive and engaging information security newsletter addresses pertinent security issues, aiding executives and employees in identifying critical security concerns. Training for information security experts includes advanced courses from external professional institutions to further develop their capabilities. For overseas branch staff members with relatively lower security awareness, online training sessions were provided by disseminating video materials highlighting the importance of information protection and recent security incidents. IBK also strives to promote security awareness among outsourced personnel, including the production of training videos in preparation for the relocation of the Hanam data center.

Category	Target	Course name
Online training	Executives	• 3 courses, including an understanding of financial IT internal audit activities
	General employee	• 6 courses, including financial security in the era of open data
	IT Group	• 9 courses, including APT attacks in the financial sector and countermeasures
	Information Security Department	• 12 courses, including the adoption of cloud in the financial sector and security
Information Protection Issue Newsletter	All employees	• Introduction to ChatGPT • Introduction to malicious email prevention methods • Information on North Korean hacking threats and precautions • Introduction to biocertification
Video education	Overseas branch staff	• Branch-level group trainings on ransomware prevention • Online training on the need for information protection
	Outsourced employee	• Pilot video training for outsourced personnel related to the Hanam Data Center relocation project - Instructions on security during work - Instructions on security in promoting information technology projects

Implementation of Personal/Credit Information Training

IBK organizes a 'Personal/Credit Information Protection Practice Day' across all branches to enhance employees' awareness of safeguarding personal credit information. Monthly newsletters are used to distribute training materials focused on personal credit information protection. Moreover, tailored training sessions are conducted for specific groups, including the contract department in the headquarters and customer service center, to fortify our capabilities in personal information protection.

Information Protection Training

Category	Unit	2020	2021	2022	2023
Employee training time	Hours	73,398	74,706	74,298	74,256
Number of participants from IBK	Persons	12,028	12,236	12,155	12,152
Number of participants from Partner Companies	Persons	1,479	1,635	1,876	1,454

Appendix

ESG Documents

Click the document to view detailed information.

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 of Directors Regulations	ESG Committee Regulations	Internal Control Regulations	Risk Management Regulations
Workplace Gender Equality and Sexual Violence/Sexual Harassment Prevention Guidelines	Steering Committee Regulations	Internal Governance Rules	Whistleblowing System Operating Regulations	Information Protection Regulations
Safety and Health Management Regulations	Compensation Committee Regulations	Human Rights Management Regulations	IBK Code of Ethics	Personal Information Processing Policy

UN SDGs, UNGC

IBK is committed to achieving the UN SDGs, a shared goal for sustainable development, and has supported and integrated the Ten Principles into its management since joining the UNGC in 2009. IBK's efforts towards global goals reflect its role as a corporate citizen and policy financial institution, and it will continue to actively participate in creating a sustainable future.

Key Activities for Achieving the UN SDGs

SDGs	Key Activities	SDGs	Key Activities
1	• IBK Scholarship Program • Education for Financially Vulnerable Groups • Expansion of Support for Inclusive Financing • Support for Vulnerable Groups in Disaster and Emergency Areas	9	• IBK Changgong • IBK 1st Lab • Expansion of Venture Capital and Technology Finance
2	• Truly Good Food Truck Operation (Providing Free Meals to the Underprivileged and Elderly Living Alone)	10	• Job Support Programs for the Socially Disadvantaged Groups • UN Financial Health and Inclusion Initiative
3	• Open Counseling Operation • Family-Friendly HR System • Safety and Health Education • Industrial Safety and Health Programs	11	• Establishment of Environmental and Social Risk Management Systems (Protection of World Cultural Heritage, etc.)
4	• Financial and Economic Education • Job Diagnosis Consulting • Job Fair Hosting	12	• Environmental and Energy Management System (ISO 14001, 50001 Certification) • IBK Carbon Zero Campaign
5	• Joining the Women's Empowerment Principles • Enhancing HR Inclusivity (Expanding Promotion Opportunities for Women)	13	• 2040 Carbon Neutrality • 2050 Carbon Neutrality in Financial Assets • Climate Risk Management
6	• Chungju Training Institute Zero Discharge System • Environmental and Energy Management System • Installation of Water-Saving Sanitary Ware	15	• Korea-Mongolia Greenbelt Project (Endangered Species Conservation Activities)
7	• Expansion of Renewable Energy Investments • Declaration of the Powering Past Coal Financing • Emissions Trading Market Maker	16	• Prohibition of Child Labour • Establishment of Human Rights Management System • Operation of Whistleblowing System
8	• New Job Creation Project • Expansion of Financial Support for SMEs • Expansion of Financial Accessibility	17	• Participation in the OECD Sustainable SME Finance Platform

UN Global Compact's Ten Principles

Category		Description	Report Page
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	90-92
	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;	91-93, 113
	Principle 4	the elimination of all forms of forced and compulsory labour;	
	Principle 5	the effective abolition of child labour; 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;	13, 68-71
	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.	114-116

SUSTAINABLE DEVELOPMENT GOALS

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.

ISSB Index

The sustainability disclosure standards of ISSB(International Sustainability Standards Board) released in June 2023 consisted of 'IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information' and 'IFRS S2 Climate-related Disclosures.' IBK reports some climate information in accordance with the 'IFRS S2 Climate-related Disclosures' standard and plans to expand the scope of disclosure in stages in line with the 'IFRS S1 General Requirements' and KSSB(Korea Sustainability Standards Board) which is the domestic sustainability disclosure standards to be released in the future.

Category	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**	
	a) The identity of the body or individual within a body responsible for oversight of climate-related risks and opportunities;	53
	b) 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.	
	c) How the body ensures that the appropriate skills and competencies are available to oversee strategies designed to respond to climate-related risks and opportunities.	
	d) How and how often the body and its committees (audit, risk or other committees) are informed about climate-related risks and opportunities,	
	e) 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.	
	f) 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.	
	g) 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**	
	a) 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.	54-56
	b) The effects of significant climate-related risks and opportunities on its business model and value chain.	
	c) The effects of significant climate-related risks and opportunities on its strategy and decision-making, including its transition plans.	
	d) 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.	
	e) 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	
	a) 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.	54-59
	b) 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.	
	c) 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) A description of the current and anticipated effects of significant climate-related risks and opportunities on its value chain	54-55
	b) 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).	-

ISSB Index

Category	IFRS S2 Climate-Related Disclosures	Page
Strategy	**3. [Strategy and decision-making] Effects of significant climate-related risks and opportunities on its strategy and decision-making, including its transition plans**	
	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	21-23, 29-41, 64-71
	i. Information about current and anticipated changes to its business model	
	ii. 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.	
	iii. 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.	
	iv. 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);	
	v. Information about indirect adaptation and mitigation efforts it is undertaking (for example, by working with customers and supply chains or use of procurement)	
	vi. How these plans will be resourced.	
	b) Information regarding climate-related targets for these plans including:	60, 64 IBK has been included as a target of 'the Greenhouse Gas Target Management System.'
	i. The processes in place for review of the targets	
	ii. The amount of the entity's emission target to be achieved through emission reductions within the entity's value chain	
	iii. The extent to which the targets rely on the use of carbon offsets	-
	iv. 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	
	v. 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	
	vi. 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 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 flows	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:	
	i. 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)	
	ii. 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.	

ISSB Index

Category	IFRS S2 Climate-Related Disclosures	Page
Strategy	**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)**	
	a) How the analysis has been conducted, including:	57-59
	a-1) When climate-related scenario analysis is used:	
	i. Which scenarios were used for the assessment and the sources of the scenarios used;	
	ii. Whether the analysis has been conducted by comparing a diverse range of climate-related scenarios	
	iii. Whether the scenarios used are associated with transition risks or increased physical risks	
	iv. Whether the entity has used, among its scenarios, a scenario aligned with the latest international agreement on climate change	
	v. An explanation of why the entity has decided that its chosen scenarios are relevant to assessing its resilience to climate-related risks and opportunities	
	vi. The time horizons used in the analysis	
	vii. 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)	
	viii. 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	59
	i. The implications, if any, of the entity's findings for its strategy	
	ii. The significant areas of uncertainty considered in the analysis of climate resilience	
	iii. The entity's capacity to adjust or adapt its strategy and business model over the short, medium and long term to climate developments in terms of:	
	1) 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	
	2) The ability to redeploy, repurpose, upgrade or decommission existing assets	-
	3) The effect of current or planned investments in climate-related mitigation, adaptation or opportunities for climate resilience	
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	30, 54-59
	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	

ISSB Index

Category	IFRS S2 Climate-Related Disclosures	Page
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	60-62, 64-65, 138-139
	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	
	a) 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 tons of CO2 equivalent, classified as Scope 1, Scope 2, Scope 3 emissions;	64
	b) 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);	
	c) Transition risks - the amount and percentage of assets or business activities vulnerable to transition risks	54-59
	d) Physical risks - the amount and percentage of assets or business activities vulnerable to physical risks	
	e) Climate-related opportunities - the amount and percentage of assets or business activities aligned with climate-related opportunities	
	f) Capital deployment - the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	-
	g) Internal carbon prices - the price for each metric ton 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)	
	h) 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	53
	3. Scope 3 emissions disclosed and related activities and description	
	a) Upstream and downstream emissions in its measure of Scope 3 emissions	64, 67
	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	
	d) If the entity excludes those greenhouse gas emissions in c), it shall state the reason for omitting them	

ISSB Index

Category	IFRS S2 Climate-Related Disclosures	Page
Metrics and Targets	**4. Climate-related targets**	
	a) Metrics used to assess progress towards reaching the target and achieving its strategic goals	60-62
	b) The specific target the entity has set for addressing climate-related risks and opportunities	
	c) Whether this target is an absolute target or an intensity target	
	d) The objective of the target (for example, mitigation, adaptation or conformance with sector or science-based initiatives)	
	e) 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	-
	f) Whether the target was derived using a sectoral decarbonization approach	60-62
	g) The period over which the target applies	
	h) The base period from which progress is measured	
	i) Any milestones or interim targets	

GRI Index

GRI Standards	Disclosure	Indicators	Page	Remarks
GRI 2: General Disclosures	2-1	Organizational details	5-7	
	2-2	Entities included in the organization's sustainability reporting	2	
	2-3	Reporting period, frequency and contact point	2	
	2-4	Restatements of information	64, 66, 67, 93, 105, 114	Revised data is annotated on the page.
	2-5	External assurance	143-145	
	2-6	Activities, value chain and other business relationships	5, 42-51	
	2-7	Employees	94-96	
	2-8	Workers who are not employees	-	63rd Business Report p.589
	2-9	Governance structure and composition	109	
	2-10	Nomination and selection of the highest governance body	110	
	2-11	Chair of the highest governance body	109	
	2-12	Role of the highest governance body in overseeing the management of impacts	12	
	2-13	Delegation of responsibility for managing impacts	12, 17	
	2-14	Role of the highest governance body in sustainability reporting	12	
	2-15	Conflicts of interest	-	"IBK is a special bank established under the Industrial Bank of Korea Act. 63rd Business Report p.592-596"
	2-16	Communication of critical concerns	12, 109	11 board meetings, 67 agenda items
	2-17	Collective knowledge of the highest governance body	111	
	2-18	Evaluation of the performance of the highest governance body	111-112	
	2-19	Remuneration policies	112	2023 Renumeration System Annual Report
	2-20	Process to determine remuneration	112	2023 Renumeration System Annual Report

GRI Standards	Disclosure	Indicators	Page	Remarks
GRI 2: General Disclosures	2-21	Annual total compensation ratio	95	
	2-22	Statement on sustainable development strategy	4	
	2-23	Policy commitments	90-91, 113-115	
	2-24	Embedding policy commitments	90-91, 113-115	
	2-25	Processes to remediate negative impacts	90-92, 117, 121-123	Human Rights Counseling Center
	2-26	Mechanisms for seeking advice and raising concerns	91, 117-118	
	2-27	Compliance with laws and regulations	70	
	2-28	Membership associations	13	
	2-29	Approach to stakeholder engagement	14-15	
	2-30	Collective bargaining agreements	93	
GRI 3: Material Topics 2021	3-1	Process to determine material topics	16	
	3-2	List of material topics	17	
	3-3	Management of material topics	18-19	
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	8	
	201-2	Financial implications and other risks and opportunities due to climate change	54-59, 140-141	
	201-3	Defined benefit plan obligations and other retirement plans	95	
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	82-89	
	203-2	Significant indirect economic impacts	42-51	
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	114-116	
GRI 302: Energy	302-1	Energy consumption within the organization	65	
	302-3	Energy intensity	65	
GRI 303: Water and Effluents	303-3	Water withdrawal	66	

GRI Index

GRI Standards	Disclosure	Indicators	Page	Remarks
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	64	
	305-2	Energy indirect (Scope 2) GHG emissions	64	
	305-3	Other indirect (Scope 3) GHG emissions	64	
	305-4	GHG emissions intensity	64	
	305-5	Reduction of GHG emissions	65	
GRI 306: Waste	306-3	Waste generated	66	
	306-4	Waste diverted from disposal	66	
GRI 401: Employment	401-1	New employee hires and employee turnover	95-96	
	401-3	Parental leave	102	
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	104, 106	
	403-2	Hazard identification, risk assessment, and incident investigation	105	
	403-3	Occupational health services	106	
	403-4	Worker participation, consultation, and communication on occupational health and safety	106	
	403-6	Promotion of worker health	91, 103, 107-108	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	105-106	'Safety and Health Management Regulations' Chapter 5 Incident Investigation and Establishment of Countermeasure Chapter 6 Risk Assessment
	403-9	Work-related injuries	105	
GRI 404: Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	97-99	
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	96	

GRI Standards	Disclosure	Indicators	Page	Remarks
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	-	Not applicable operations / 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	-	Not applicable operations / 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 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	Not applicable operations / 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	Operations with local community engagement, impact assessments, and development programs	83-87	IBK Hope Design, etc.
GRI 415: Public Policy	415-1	Political contributions	82	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	125-127	

Statement of use	Report on the major activities and results of IBK's sustainable management from January 01, 2023 to December 31, 2023, following GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	As of May 2024, IBK's applicable standards haven't been presented.

SASB Report

SASB - Multiple Sectors (FN)

Topic	Code	Metric	IBK Response	Page
Data Security	FN-CB-230a.2 FN-CF-230a.3 FN-EX-550a.3	Description of approach to identifying and addressing data security risks	We strengthen our information protection system with 24x365 security monitoring and a multi-layered defense system to proactively respond to external cyber attacks. We inspect the vulnerabilities of the information protection system in various ways to prevent security crises at the source and ensure safety and reliability. We have established an Internet PC intelligent threat detection and response system (EDR) to respond to new types of malicious code.	26, 124
Business Ethics	FN-CB-510a.2 FN-AC-510a.2 FN-IB-510a.2	Description of whistleblower policies and procedures	We operate a whistleblowing system to prevent financial accidents and minimize losses from incidents. Both identified and anonymous reports are possible, and reports can be made through various methods such as written documents, email, phone, and the bank's internal system.	117
Employee Diversity & Inclusion	FN-AC-330a.1 FN-IB-330a.1	(1) Executive Management (2) Management (3) Professionals (4) Gender and racial/ethnic composition of all other employees	We disclose detailed information related to employee diversity by rank and gender.	94, 96
Systemic Risk Management	FN-CB-550a.1 FN-IB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	IBK is not classified as a G-SIB, and considering that it is a public institution with government ownership and legal provisions for government loss compensation, it is also excluded from domestically systemically important banks (D-SIBs). Instead, we disclose the status of our BIS capital ratio.	123
	FN-CB-550a.2 FN-IB-550a.2	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Twice a year, IBK reports the results of integrated stress tests, which analyze the potential vulnerabilities of the bank to exceptional but plausible events, to the Risk Management Committee.	121

SASB Report

SASB - Commercial Banks

<table>
<tr><th>Topic</th><th>Code</th><th>Metric</th><th>IBK Response</th><th>Page</th></tr>
<tr><td>Data Security</td><td>FN-CB-230a.1</td><td>(1) Number of Data Breaches
(2) Percentage Involving Personally Identifiable Information (PII)
(3) Number of Account Holders Affected</td><td>(1) 0 cases (2) 0% (3) 0 cases
No data breaches occurred during the reporting year.</td><td>124-127</td></tr>
<tr><td rowspan="2">Financial Inclusion & Capacity Building</td><td>FN-CB-240a.1</td><td>(1)Number and (2) amount of loans outstanding that qualify for programs designed to promote small business and community development</td><td>To answer this accounting metric, we have set a separate loan criterion1) for companies with annual sales of KRW 1 billion or less, and in the reporting year, we supported (1) 65,047 cases (2) KRW 36,619 billion.</td><td>-</td></tr>
<tr><td>FN-CB-240a.4</td><td>Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers</td><td>In 2023, we conducted financial and economic education for the financially vulnerable 614 times, with a total of 115,500 participants. We provided customized financial and economic education for different target groups such as youth, new workforce entrants, and children. Additionally, we conducted programs that provided financial services and education directly to financially vulnerable customers such as rural students, youth, and multicultural families.</td><td>79</td></tr>
<tr><td rowspan="2">Incorporation of ESG Factors in Credit Analysis</td><td>FN-CB-410a.1</td><td>Commercial and industrial credit exposure by industry</td><td>We disclose only industries that account for more than 2% of the total portfolio (based on balance).
(as of 2023)
<table>
<tr><th>Industry Classification</th><th>Amount (KRW million)</th><th>Percentage(%)</th></tr>
<tr><td>Manufacturing</td><td>1,363,856</td><td>44.94</td></tr>
<tr><td>Wholesale and Retail Trade</td><td>455,344</td><td>15.00</td></tr>
<tr><td>Household Loans</td><td>431,166</td><td>14.21</td></tr>
<tr><td>Real Estate</td><td>266,370</td><td>8.78</td></tr>
<tr><td>Construction</td><td>81,831</td><td>2.70</td></tr>
<tr><td>Information and Communications</td><td>72,356</td><td>2.38</td></tr>
<tr><td>Professional, Scientific and Technical Services</td><td>60,824</td><td>2.00</td></tr>
</table></td><td>-</td></tr>
<tr><td>FN-CB-410a.2</td><td>Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis</td><td>IBK has introduced ESG management evaluation items in the corporate credit evaluation model to assess the management level of ESG-related risks and opportunities.</td><td>29</td></tr>
<tr><td rowspan="2">Activity Metrics</td><td>FN-CB-000.A</td><td>Number and value of checking and savings accounts by segment: personal and small business</td><td>(as of 2023)
<table>
<tr><th>Category</th><th>Number of Customers</th><th>Deposit Amount (KRW billion)</th></tr>
<tr><td>Individuals</td><td>16.67 million</td><td>86,690</td></tr>
<tr><td>SMEs</td><td>2,148,644</td><td>79,944</td></tr>
</table></td><td>-</td></tr>
<tr><td>FN-CB-000.B</td><td>Number and value of loans by segment: personal, small business, and corporate</td><td>(as of 2023)
<table>
<tr><th>Category</th><th>Loan Amount (KRW billion, B/S basis)</th></tr>
<tr><td>Individuals</td><td>42,117</td></tr>
<tr><td>SMEs</td><td>233,752</td></tr>
<tr><td>Large Corporations and Public Institutions</td><td>11,228</td></tr>
</table></td><td>2023 Q4 IR Book p.14</td></tr>
</table>

1) Lending criteria for companies with annual sales of KRW 1 billion or less
1. Based on the 2023 financial statement sales figures, targeting SMEs with sales of KRW 1 billion or less (borrower classification - small individual businesses, small corporations, cooperatives) 2. (Small individual businesses, small corporations, cooperatives) Loans to SMEs including KRW and foreign currency loans based on B/S balance 3. Count based on balance (excluding cases where there is no balance after credit limit agreement) 4. Excluding companies with KRW 0 sales and those not registered with financial statements
* Including cooperatives, large and medium-sized enterprises, and other corporations with SME loan accounts

TCFD Report

In June 2020, IBK became the first Korean policy financial institution to declare support for the Taskforce on Climate-related Financial Disclosures (TCFD). We transparently disclose our climate change response activities throughout the report in accordance with the TCFD recommendations.

Category	Details	IBK Implementation Status	Page
Governance	a) The board's oversight of climate-related risks and opportunities	In June 2021, IBK became the first Korean policy financial institution to establish an ESG Committee within its highest decision-making body, the Board of Directors. Delegated by the Board of Directors, the ESG Committee regularly (once per quarter) deliberates and decides on ESG management strategies and policies, climate change-related goals, progress, and performance evaluations. In 2023, the ESG Committee reported on climate risk (physical risk) analysis results, greenhouse gas target management results, and financial asset emissions selection results, managing and overseeing climate change risks and opportunities. Additionally, the Risk Management Committee examines and supervises new risk status, including climate risks. Moreover, the committee reported on climate risk stress test results in February 2023.	12, 53
	b) Management's role in assessing and managing climate-related risks and opportunities	Through the emergency management meetings, in which the entire management team including the CEO participates, climate change risks and opportunities are assessed and managed. Discussions include market and policy trends related to ESG, including climate change risks and opportunities, as well as the roles of each group and department in the promotion and direction of ESG management. Furthermore, the ESG Working Council, which consists of team leaders from relevant departments, operates to build an organic cooperation system among departments. Also, the ESG Promotion Council operates to establish the joint ESG management direction of the IBK Financial Group. Additionally, climate change response is embedded throughout the management. ESG performance, including climate change response, is reflected in the performance measurement KPIs of all headquarters departments, and evaluation incentives for promoting ESG management in the business field are also being expanded.	12, 53
Strategy	a) The climate-related risks and opportunities the organization has identified over the short, medium, and long term	IBK identifies and analyzes the potential impacts of climate change on the bank in the short, medium, and long term. Opportunities are identified in terms of resource efficiency, energy resources, products/services, and markets, while risks are analyzed as physical risks and transition risks.	54-55
	b) The impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	The impacts of physical risks (acute and chronic) and transition risks (policy/legal, technology, market, reputation) on IBK's various businesses and financial plans are identified. For physical risks, the impacts under climate change scenarios are estimated for owned real estate and financial assets. For transition risks, the changes in default rates for high-carbon and medium/low-carbon industries are applied to estimate the impact on the BIS total capital ratio and the required capital for climate risks.	54-59
	c) The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Given the complex and uncertain nature of climate change impacts, scenario analysis is used to conduct risk analysis and formulate strategies. For physical risks, RCP 4.5 and RCP 8.5 scenarios are utilized to identify the potential impacts of climate change and predict the extent of the damage. For transition risks, analyses are based on 2°C and 1.5°C scenarios to assess the impacts.	57-59

TCFD Report

Category	Details	IBK Implementation Status	Page
Risk Management	a) The organization's processes for identifying and assessing climate-related risks	IBK defines climate risks as physical risks and transition risks, identifying and assessing related risks and their potential impacts on the bank for each risk factor. Additionally, to systematically manage environmental and social risks and impacts as a financial institution, we have joined the Equator Principles and established the "Environmental and Social Risk Management Guidelines."	30, 55
	b) The organization's processes for managing climate-related risks	Through the environmental and social risk management system, we minimize the negative impacts of investments. When receiving a loan application, we conduct screening to determine if it falls under the Equator Principles projects. Depending on the level of risk, we classify the rating and, if necessary, conduct impact analysis and monitoring to manage climate-related risks.	30-31
	c) How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Financial impacts triggered by physical risks and transition risks can lead to increased financial risks. Therefore, IBK identifies, assesses, and manages climate-related risks through the Risk Management Committee and the ESG Committee while conducting overall risk management. Furthermore, we have established a climate risk management system roadmap with six key tasks.	12, 53, 55-56
Metrics and Target	a) 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 included as a target of the Greenhouse Gas Target Management System, managing greenhouse gas emissions (Scope 1 & 2) as an indicator. To evaluate goal achievement, the bank submits the actual emissions of the previous year to the government annually after independent assurance. Additionally, to achieve carbon neutrality, the bank measures emissions from financial assets in addition to internal carbon emissions to manage climate-related risks and opportunities.	64, 67
	b) Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Annually, greenhouse gas emission data is disclosed through the Sustainability Report and CDP Report.	64, 67
	c) The targets used by the organization to manage climate-related risks and opportunities and performance against targets	To exemplify proactive practices as a policy financial institution and corporate citizen, IBK has set an ambitious goal of IBK 2040 Carbon Neutrality, using greenhouse gas emissions as an indicator for monitoring. The IBK 2040 Carbon Neutrality goal aims to achieve carbon neutrality by 2040, with 2020 as the baseline year. Efforts include the introduction of an environmental and energy management system and the expansion of electric vehicle adoption. Additionally, a goal of achieving carbon neutrality by 2050 has been set for financial assets as well as operational emissions. To enhance the objectivity and credibility of financed emissions reduction targets, IBK pursued and obtained certification from the Science Based Targets initiative (SBTi), becoming the first policy financial institution in Korea to receive international certification in December 2023.	21, 60-62, 64, 67

UN PRB Report

In April 2021, IBK joined the United Nations Principles for Responsible Banking (UN PRB) and has been promoting ESG management according to the six principles provided by PRB. As it is recommended that measurable targets be set for the two most significant impacts, IBK has identified climate change and digital transformation as major impacts and published an implementation report on UN PRB.

PRB Six Principles	01. Alignment		02. Impact and Target Setting	03. Clients and Customers	04. Stakeholders	05. Governance and Culture	06. Transparency and Accountability
IBK Key Impacts	Alignment with management strategy, UN SDGs, and the Paris Climate Agreement		Identifying impacts of social opportunities and risk factors and setting targets	Supporting customers' sustainable and responsible economic activities	Collaborating with stakeholders to achieve social goals	Corporate governance and culture for implementing the Principles for Responsible Banking	Disclosure on the implementation status of the UN PRB
Climate Change	IBK ESG Goals	Social Goals	• 2040 Carbon Neutrality • 2050 Carbon Neutrality in Financial Assets • Establishing mid- to long-term green finance goals	• Launching customer-participatory financial products - Carbon Zero Savings - Sustainability-Linked Loans, etc.	• Participation in OECD Sustainable SME Finance Platform • Participating in working group meetings organized by the Korea Federation of Banks on financed emissions, green taxonomy, etc., and sharing opinions	• Operating the ESG Committee • Operating the ESG Working Council • Conducting ESG education for employees	• Publishing the 2024 Sustainability Report • Disclosing the 2023 UN PRB Template
	Green Management	SDGs 7, 11, 12, 13					
Digital Transformation	Responsible and Inclusive Management	SDGs 1, 3, 4, 5, 8, 9, 10	• Expanding digital customers • Promoting work automation • Increasing digital profit	• Developing and providing digital innovative services - IBK BOX POS • Building a digital ecosystem - Digital affiliate stores - Incorporating technologies and ideas from IBK 1st Lab Fintech startup	• Forming and operating a digital advisory group • Operating an online growth support program for small businesses	• Operating the Digital Innovation Committee • Operating the Digital Business Working Council • Cultivating core digital talent	
	Ethical and Compliance Management	SDGs 12, 13, 16					

2023 UN PRB Report

Independent Assurance Statement

To: The Stakeholders of Industrial Bank of Korea

Overview

The British Standards Institution (hereinafter referred to as the "Assurer") was requested to verify the 2024 Industrial Bank of Korea Sustainability Report (hereinafter referred to as the "Report"). The Assurer is independent to Industrial Bank of Korea and has no major operational financial interest other than the assurance of the Report. This assurance opinion statement is intended to provide information related to the assurance of the Industrial Bank of Korea's report relating to the environmental, social and governance (ESG) to the relevant stakeholders and may not be used for any other purpose. This assurance opinion statement is prepared based on the information presented by the Industrial Bank of Korea. The verification does not extend beyond such information and is solely based on it. In performing such verification, the Assurer has assumed that all such information is complete and accurate.

Industrial Bank of Korea is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the Report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Industrial Bank of Korea only.

The Assurer is responsible for providing Industrial Bank of Korea's management team with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of Industrial Bank of Korea. The Assurer will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person or party by whom the independent assurance opinion statement may be read.

Scope

The scope of engagement agreed upon with Industrial Bank of Korea includes the following:

- Report contents during the period from January 1st to December 31st 2023 included in the Report, some data from the first half of 2024 included.
- Major assertions 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.
- Confirmation of the Report's compliance with the AA1000 Accountability Four Principles and, where applicable, the reliability of the sustainability performance information contained within the Report, based on the type of sustainability assurance performed in accordance with AA1000 AS v3.

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.

Assurance Level and Type

The assurance level and type are as follows;

- Moderate level based on AA1000 AS and Type 1 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report).

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the Assurer reviewed the following disclosures based on the sampling of information and data provided by Industrial Bank of Korea.

[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, 205-2, 302-1&3, 303-3, 305-1~5, 306-3&4, 401-1&3, 403-1~4, 6,7&9, 404-2, 405-1, 407-1, 408-1, 409-1, 413-1, 415-1, 418-1

Independent Assurance Statement

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;

- Validation of the materiality assessment and internal analytical process for determining assurance priorities, and a top-level review of issues that may be raised by external stakeholders in the context of sustainability.
- Discussion with managers and representatives on stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation.
- Review of the materiality issue analysis process and prioritization and verifying the results.
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures.
- An assessment of Industrial Bank of Korea's reporting and management processes against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 Accountability Principles Standard (2018).
- Visit of the Industrial Bank's headquarters of Korea to confirm the data collection processes, record management practices.

Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by Industrial Bank of Korea. It implies that the Assurer is therefore subject to limitations relating to inherent risks that may exist without the identification of material errors. The Assurer does not provide assurance on possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Competency and Independence

British Standards Institution (BSI) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with over 120 years history in providing independent assurance services globally. 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.

Opinion Statement

The assurance was conducted by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. The Assurer planned and performed the verification and collected sufficient evidence to explain Industrial Bank of Korea's approach to the AA1000 Assurance Standard and to provide confidence in its self-declaration of compliance with the GRI Standards.
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. We believe that the economic, social and environmental performance indicators are accurate and are supported by robust internal control processes.

Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). A detailed review against the AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards is set out as below.

4 Principles	• Inclusivity: Stakeholder Engagement and Opinion Industrial Bank of Korea has identified customers, employees, shareholders and investors, government agencies, local communities, and partners as key stakeholders. It operates communication channels for each stakeholder, collects expectations and various opinions from each key stakeholder group through the stakeholder participation process, reflects the main issues derived in decision-making related to sustainability, and discloses these processes through reports. • Materiality: Identification and reporting of material sustainability topics Industrial Bank of Korea is disclosing in its report the 10 core issues selected through a dual materiality assessment, based on the issue review (global ESG Initiative and ESG evaluation indicators, media research analysis, related legal analysis, review of major issues from the previous year and benchmarking) using the materiality assessment process to understand major issues that affect the strategy and value of the company among various ESG issues from the standpoint of stakeholders/business. This is done through an environmental/social impact materiality assessment and financial materiality assessment. • Responsiveness: Responding to material sustainability topics and related impacts Industrial Bank of Korea is identifying opportunities and risks of core issues derived through a Materiality assessment, and is establishing strategies and managing related indicators. The report has reported the severity of core issues (background of core issues and key business impacts), responses (policies and strategies, activities and results), and performance against goals and indicators as determined by the materiality assessment. • Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders Industrial Bank of Korea has established a process to understand and evaluate the impact on organizations and stakeholders related to core issues. The results of the analysis of the impact, risks, and opportunities of core issues are used in decision-making for the establishment of response strategies for each issue, and this disclose this process through reports.

Independent Assurance Statement

Recommendations and Opportunity for improvement

The Assurer provides the following observations to the extent that they do not affect the assurance opinion;

- Industrial Bank of Korea has identified climate change response as an important issue through a materiality assessment and reported on various improvement activities such as strengthening governance systems for climate change response and establishing response strategies through greenhouse gas risk and opportunity analysis. If it monitors and reports on specific implementation plans and achievements for a long-term climate change response strategy, it can increase responsiveness to climate change response.
- Industrial Bank of Korea has adopted major issues through a dual importance assessment and included the impacts and results in the report. When selecting important issues, it is important to increase the weight of external stakeholders so that issues of high social interest can be selected. Also, integrating the participation results of stakeholders into decision-making and sustainable strategy development will help to improve responsiveness.

GRI-reporting

Industrial Bank of Korea has self-declared compliance with GRI Standards. Based on the data and information provided by Industrial Bank of Korea, the Assurer confirmed that the Report is prepared in accordance with the GRI Standards, and confirmed there are no errors in the disclosures related to the Universal Standards and Topic Standards Indicators. No sector standard is applied.

Issue Date: 12/06/2024
For and on behalf of British Standards Institution (BSI):

BSI representative

Sangwoo Nam, Lead Assurer	Seonghwan Lim, Managing Director of BSI Korea

AA1000 Licensed Report 000-4/V3-Q2NNR

Greenhouse Gas Emission Verification Statement

MOC-24-002

GHG Emission Verification Opinion

IBK Bank

Verification Scope

Korean Standards Association has conducted verification for GHG emissions based on GHG report provided by IBK Bank which includes Scope1 and Scope2 emissions.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

· Guidance for reporting and verification of GHG emissions trading scheme (No. 2023-221 provided by Ministry of Environment, Republic of Korea)
· Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System (No. 2021-112 provided by Ministry of Environment, Republic of Korea)
· For matters not specified in other guidelines, refer to 2006 IPCC Guidelines, KS I ISO 14064-1: 2018 and KS I ISO 14064-3: 2019

Level of Assurance

IBK Bank's GHG emissions satisfies the under Reasonable Assurance(less than ±5.0% of total emissions).

Verification Conclusion

As a result of verification activities, verification team has found no significant errors, omissions, and misstatements. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

- 2023 GHG Emissions & Energy Consumption

GHG Emissions (tCO_2eq)		
Scope1	Scope2	Total
6,242.312	48,990.791	54,923

Energy Consumption (TJ)			
Fuel	Electricity	Heat	Total
112.454	1,023.760	0.755	794

※ Decimal place is not considered when calculating the emission of each workplace.
※ This emission is based on the March 2024 and the final emission value is subject to change.

June 11, 2024

MyungSo Kang

KOREAN STANDARDS ASSOCIATION

KSA-MOF-644(Rev.0,'24.02.14)

EVC-24-001

GHG Emission Verification Opinion

Industrial Bank of Korea
79, Eulji-ro, Jung-gu, Seoul, Republic of Korea

1. Verification Goal

The goals of greenhouse gas (GHG) emission verification (hereinafter referred to as 'verification') conducted by the Korean Standards Association are as follows.

- Confirming the conformity with standards and procedures of GHG emission and GHG emissions calculated within the scope of verification
- Checking the validity of declarations related to the organization's GHG emissions or removals
- Confirming the effective implementation of the organization's management of GHG emissions or removals
- Confirming the conformity of processes for implementing, managing and improving the organization's
- GHG emissions or removals estimates

2. Verification Scope

Korean Standards Association conducted limited guarantee level verification for Scope1, Scope2 for 9 subsidiaries of IBK's Greenhouse Gas declaration.

- Reporting Target : All businesses that have the dominant influence of 9 subsidiaries of IBK.
  - IBK Credit Information, IBK Capital, IBK Service, IBK Investment & Securities, IBK System, IBK Savings Bank, IBK Pension Insurance, IBK Asset Management, IBK Venture Investment
- Boundary : Scope1(Direct emissions), Scope2(Indirect emissions)
  - Scope1 : Stationary combustion, Mobile combustion
  - Scope2 : Externally purchased power
- Year : January 1, 2023 to December 31, 2023

3. Verification Criteria and Guidelines

Korean Standards Association conducted verification according to international standards and the standards and guidelines of the National Institute of Environmental Research.

- KS I ISO 14064-1:2018, KS I ISO 14064-3:2019
- Verification Guidelines for the Operation of the Greenhouse Gas Emissions Trading System (Recent Issue, Ministry of Environment)
- Guidelines for Reporting and Certification of Emissions from Greenhouse Gas Emissions Trading System (Recent Issue, Ministry of Environment)
- Guidelines on Public Sector Greenhouse Gas Target Management and Operation (Recent Issue, Ministry of Environment)
- 2006 IPCC Guidelines for National Greenhouse Gas Inventories
- WRI(World Resources Institute) Greenhouse Gas Protocol

4. Level of assurance verification and Responsibility

Korean Standards Association provides verification at limited level of assurance to strengthen GHG management for your company's GHG emissions.

- On-site inspection : Visit to IBK Credit Information, IBK Capital, IBK Service, IBK Investment & Securities, IBK System, IBK Savings Bank, IBK Pension Insurance, IBK Asset Management Headquarters
- Method of confirmation :
  - Interview with greenhouse gas emissions manager and field staff
  - Review of the management system and data used to calculate greenhouse gas emissions during the reporting period
  - Tracking review of internal documents and basic data

IBK should provide fair data on information and evidence related to GHG emissions, and the KSA is limited to guaranteeing GHG emissions.

KSA IAF 국립환경과학원

1/2

Greenhouse Gas Emission Verification Statement

5. Verification Limit

GHG emissions can be affected by factors such as data limits and uncertainties in the scope of verification, and inherent limitations may exist accordingly.

6. Verification Conclusion

No errors or false facts were found in 9 subsidiaries of IBK's GHG emissions verified through the ISO 14064-3 verification procedure within the scope of verification.

- **Appendix. GHG emissions and Energy Consumption**

Division	GHG emissions(tCO_2eq)			Energy Consumption (TJ)
	Scope1	Scope2	Subtotal	
9 subsidiaries of the IBK	740.435	1,712.492	2,452	47

※ Note : The final greenhouse gas emission was cut below the decimal point and expressed in integer units.

May 17, 2024

KOREAN STANDARDS ASSOCIATION

KSA IAF 국립환경과학원

DNV

Greenhouse Gas Emissions Verification Opinion

Industrial Bank of Korea and its Subsidiaries

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by Industrial Bank of Korea (IBK) and its Subsidiaries ("Companies") to perform third party verification for the Company's Greenhouse Gas Inventory Report ("the report"). The Company is responsible for the preparation of the GHG emissions data on the basis set out within the 'WRI/WBCSD GHG Protocol:2004', 'Corporate Value Chain (Scope 3) Accounting Standard Accounting and Reporting Standard' and '2006 IPCC Guidelines for National Greenhouse Gas Inventories'. Our responsibility in performing this work is to the management of the Company only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance opinion.

Objectives and scope of verification

The purpose of this verification is to present an independent verification opinion on the company's greenhouse gas emissions, and the scope of verification is as follows;

- Organizational Boundary: Industrial Bank of Korea and its 9 Subsidiaries.
- Operational Boundary: Scope 3 (Other indirect emissions)
  (IBK - 8 Categories (1, 2, 3, 5, 6, 7, 11, 12) and Subsidiaries – 2 Categories (6,7))
- Reporting period: 2023.01.01 ~2023.12.31 (IBK's emissions in 2021 and 2022 were recalculated due to changes in range and method)

Verification Approach

The verification has been conducted in accordance with the verification principles and tasks outlined in the 'ISO 14064-3:2019', based upon a limited level of assurance. We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO_2 equivalent. As part of the verification process, we have reviewed as follows;

- Process to generate, aggregate and report the emissions data
- The data and information supporting the report were based on historical in nature. May include partially hypothetical and projected data and information (refer to the report for details)

Conclusions

Based on the process and procedures conducted, there is no evidence that the GHG statement is not materially correct and is not a fair representation of GHG data and information;

- DNV presents an 'Unmodified' opinion on Greenhouse Gas Emissions
- Refer to Annexes for greenhouse gas emissions.

20 May 2024
Seoul, Korea

Jang-Sub Lee
Country Representative
DNV Business Assurance Korea

This Assurance Opinion is valid as of the date of the issuance. Please note that this Assurance Opinion would be revised if any material discrepancy which may impact the Greenhouse Gas Emissions of the company is subsequently brought to our attention.

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Industrial
Bank of Korea