

SHAPING THE VALUE OF FINANCE

Industrial Bank of Korea Annual report 2022

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TAKING IBK TO NEW HEIGHTS

CREATING VALUE BY PROVIDING THE BEST SERVICES IN INNOVATIVE WAYS

Industrial Bank of Korea has been dedicated to promoting the economic development of Korea since its establishment in 1961. As a policy bank specializing in SME financing, IBK has consistently remained faithful to its mission of protecting and nurturing SMEs and elevating their economic standing for more than 60 years.

In 2023, IBK set its business slogan at "Taking IBK to New Heights." As part of this effort, we will be at the forefront of supporting customers in every way so that they can surmount each and every crisis that comes their way.

To this end, we will continue to fulfill our responsibility with regard to implementing policy finance and establishing ourselves as a robust bank that is faithful to the basic principles of value-driven finance. At the same time, we will prioritize our customers and society, maintaining a fair and trustworthy financial system at every step of the way. As a result of these and other efforts, we will achieve value-creating finance as a strong, dependable bank through an equitable financial system, foster innovative economic growth with SMEs through value-driven finance, and strive to create a better world together with our customers.



MESSAGE FROM THE CEO

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

Respected shareholders and customers,
On behalf of IBK, I am humbled by the trust and confidence you have placed in the Industrial Bank of Korea.

Since its establishment in 1961 under the mission of supporting SMEs in Korea, IBK has grown alongside SMEs for more than 60 years. Today, the bank has positioned itself as a leader in the global SME finance market.

In 2022, IBK faithfully fulfilled its essential role as a policy bank in the midst of global economic complexities by supplying KRW 65 trillion in funds to support crisis management for SMEs and microbusinesses. At the same time, the bank achieved outstanding business results in both growth and profits, recording the highest net income since its founding.

Much progress was made in our innovation drive for sustainable growth as well. Of particular note was the launch of the IBK Auto-Evaluation System, which allows us to better appreciate the value of technology and the growth potential of innovative enterprises. For new business opportunities, IBK obtained the necessary intermediation and brokerage service licenses for SMEs' M&As. On the global side, the bank successfully completed its support of the Kingdom of Saudi Arabia in establishing the country's first SME bank. In pursuit of ESG, we developed a roadmap to reach net zero by 2050, paving the way for our sustainable growth into the future.

Our focus will be not only on the benefits of our customers but also on the public value we share with SMEs, microbusinesses, and even our society.

Currently, the banking sector is facing an unprecedented paradigm change. Fierce competition and restructuring are underway, while social demands are now calling for banks to take action and create greater social value than ever. Against this backdrop, IBK is making significant strides forward to become a *robust bank with principled finance* and increase the value for customers and society. In 2023, we will focus on the following goals:

Support SMEs to overcome crises

First, SME financing will remain our top priority as we continue to serve our mission as a policy bank. Specifically, we will provide a financial safety net to SMEs who exhibit real growth potential so that they can secure a stable source of funding for their business growth. At the same time, we will never turn our backs on struggling SMEs and microbusinesses who find themselves vulnerable in challenging periods, which is why we go the extra mile to support them in times when rising financial costs are coupled with declining sales, helping ensure their eventual rebound.

Encourage the growth of industries

Second, we will increase support for tech firms and promising industries while helping traditional industries reinforce their competitiveness. IBK is working on a growth roadmap to increase its financing for tech firms. We will expand venture capital support for early-stage tech startups while helping mature tech firms rebound through an SME-dedicated M&A platform. Additionally, we will raise the credit limits of promising future industries and assist traditional industries in fostering new growth engines through ESG management and digital transformation.

Strengthen the bank's competitiveness

Third, we will strive to strengthen the bank's own competitiveness. Above all, our focus will be on preemptive but prudent credit risk management to ensure high asset soundness. We will also firmly lay the groundwork for balanced growth between corporate and retail banking, interest and non-interest income, and banking and non-banking subsidiaries. On the global front, we will continue to expand our networks in global manufacturing hubs, with plans to build a local subsidiary in Vietnam and enter the Polish market. To strengthen our digital competitiveness, we will expedite the development of innovative products and services across all business sectors.

Create higher value through finance

Lastly, but most importantly, IBK aims to realize principled finance that enhances the value of both its customers and society. We will complete a customer-centered management system that prioritizes customer trust and ensures the highest level of financial consumer protection and internal controls. In addition, we will promote inclusive finance for vulnerable consumers while expanding our social contribution to communities in need of assistance. We are also upgrading our ESG management system to meet global standards and further enhance the bank's sustainable growth.

In 2023, IBK set a new vision to become the world's leading financial group, providing the best services in innovative ways. We are determined to create higher value within this vision. Our focus will be not only on the benefits of our customers but also on the public value we share with SMEs, microbusinesses, and even our society. We firmly believe that this sustainable cycle will make our vision come true.

I look forward to your ongoing support and trust in IBK. Thank you.

Kim Sung-Tae
Chairman and CEO
Industrial Bank of Korea

BOARD OF DIRECTORS & MANAGEMENT



Kim Sung-tae
Chairman & CEO



Kim Hyung-il
Deputy CEO (Board Member)



Jung Jae-ho
Auditor



Moon Chang-hwan
Executive Vice President, Head of Business Strategy Group



Park Chong-joon
Executive Vice President, Head of Retail Banking & Card Business Group



Lim Moon-taek
Executive Vice President, Head of Corporate Banking Group



Son Geun-su
Executive Vice President, Head of Risk Management Group



Park Bong Kyu
Executive Vice President, Head of Global & Capital Markets Group



Kim In-tae
Executive Vice President, Head of Innovative Financing Group



Cho Bong-hyun
Executive Vice President, Head of IBK Economic Research Institute



Park Ju Yong
Executive Vice President, Head of Digital Group



Kim Eun-hee
Executive Vice President, Head of Wealth Management Group



Choi Kwang-jin
Executive Vice President, Head of Corporate & Investment Banking Group



Kwon Yong Dae
Executive Vice President, Head of Credit Management Group



Hyun Kwon-ik
Executive Vice President, Head of IT Group



Kim Oun-young
Executive Vice President, Head of Consumer Protection Group



Yoo Il-kwang
Executive Vice President, Head of Business Support Group



Jeon Byeong Seong
Chief Compliance Officer

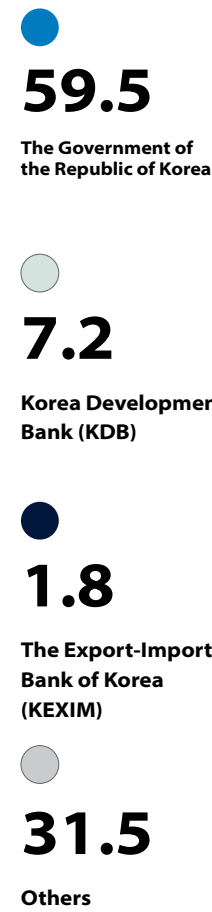
Outside Directors

Kim Jeong-hoon | Chung So-min | Lee Geun-kyung | Jeon Hyun-bae

*. The term of office of the outside director, Shin Chung-shik, has expired as of March 27, 2023.

CORPORATE GOVERNANCE

Ownership (%)



Shareholder Status (as of the end of 2022, number of shares, %)

Shareholder	Common shares	Preferred shares	Total	Ownership
The Government of the Republic of Korea	474,430,991	-	474,430,991	59.50
Korea Development Bank (KDB)	57,405,282	-	57,405,282	7.20
The Export-Import Bank of Korea (KEXIM)	14,711,153	-	14,711,153	1.84
Others	250,878,443	-	250,878,443	31.46
Total	797,425,869	-	797,425,869	100.00

* Changes in the composition of shareholders compared to the end of 2021
 - KDB and KEXIM converted their convertible preferred stock into common shares as of December 20, 2022.

IBK is faithfully fulfilling its role as a government-owned policy bank. Based on sound governance, we generate profits through fair and reasonable processes and serve the public value. Subcommittees under the board of directors operate independently from the board, while the board of directors takes into account the interests of various stakeholders in its decision-making process to ensure a future of shared growth for all.

Composition of the Board of Directors

IBK's Board of Directors (BoD) is the bank's main decision-making body, consisting of the Chairman & CEO, Deputy CEO, and three outside directors. As the chair of the board, the Chairman & CEO is appointed by the President of the Republic of Korea on the recommendation of the chairman of the Financial Services Commission (FSC). The Deputy CEO and the outside directors are appointed by the FSC on the recommendation of the IBK Chairman & CEO.

BoD Activities

IBK's BoD determines the bank's critical business issues. In 2022, the BoD convened eleven meetings to deliberate on or receive reports concerning 66 agenda items. In February, the second BoD meeting resolved the "Contingent Convertible Bond (CoCo bond) Issuance Proposal" to address shortages in the capital amount for stabilizing its BIS ratio. The fourth meeting in April deliberated on and approved the "Plan for Establishing and Funding the IBK-Kiwoom Business Restructuring Joint Venture for Private Equity Funds (tentative term)." These plans are paving the way for channeling our venture capital investments into companies undergoing business restructuring in the hope of successfully overcoming the post-pandemic industrial upheaval, which will in turn fortify the industrial ecosystem and support government policies. In 2023, IBK BoD will continue its efforts to further its exemplary governance, lead conscious management, and solidify constructive relations with all stakeholders.

BoD Committees

IBK's BoD activities are supported by four subcommittees—the Steering Committee, Compensation Committee, Risk Management Committee, and ESG Committee. To ensure their independence, the Compensation Committee is fully comprised of outside directors, while an outside director chairs the Risk Management Committee and the ESG Committee.

Steering Committee

As of the end of 2022, the Steering Committee consisted of the bank's Chairman & CEO, Deputy CEO, and two outside directors. It is responsible for assisting the efficient and active operation of the BoD and communicating with shareholders and other stakeholders. The Committee recommends candidates for outside director positions to the CEO, who then presents the list to the FSC for an appointment(s). The Committee also appoints executives nominated by the CEO and deliberates on and approves agenda items suggested by the BoD.

Compensation Committee

The Compensation Committee is comprised of three outside directors. It deliberates on and approves compensation system for executive officers, as well as employees in charge of financial investments, performance evaluations and fringe benefits of executives, and other agendas delegated by the BoD.

Risk Management Committee

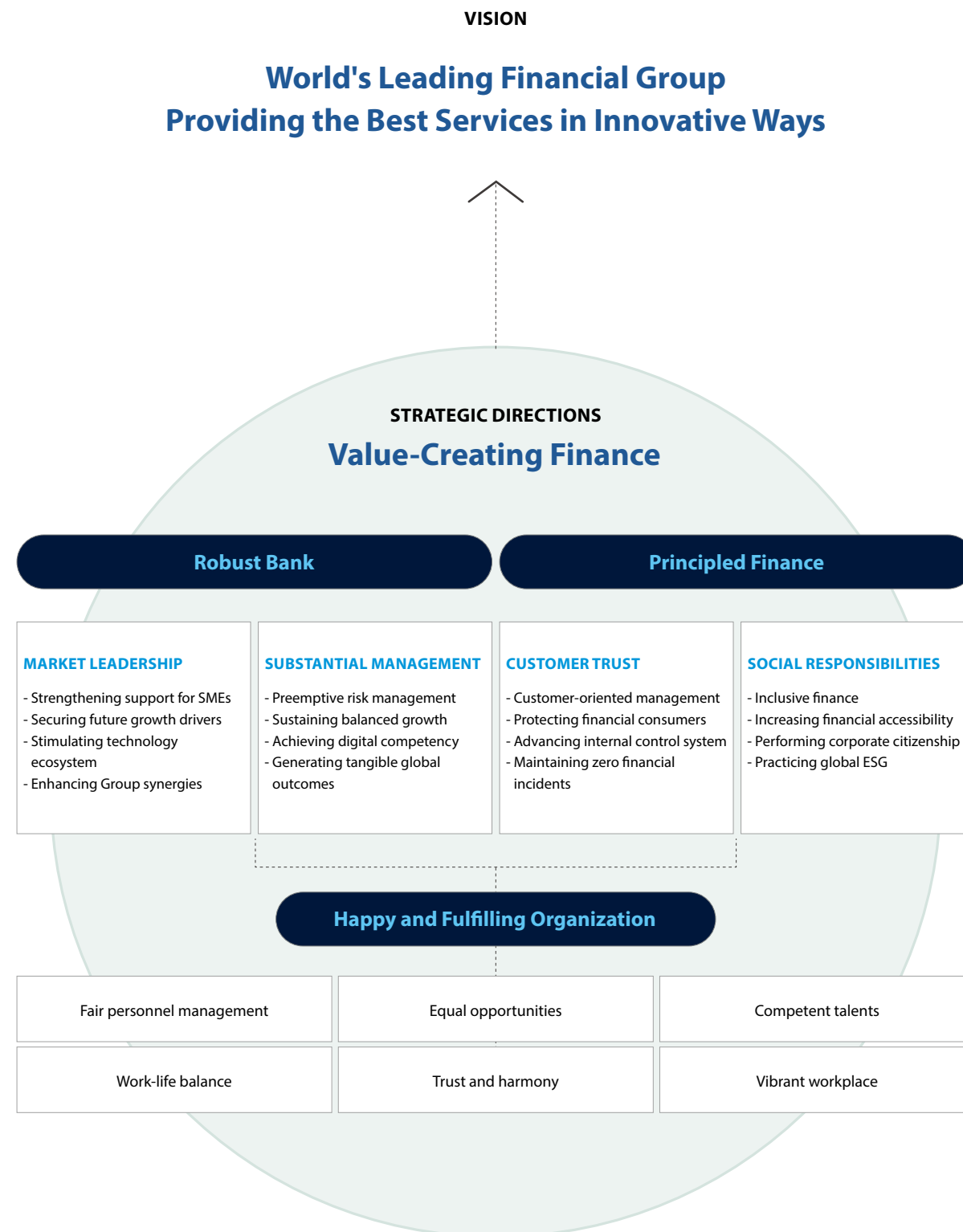
The Risk Management Committee consists of two outside directors and the bank's Deputy CEO. Chaired by an outside director who is appointed by the BoD, the Committee manages risks arising in the course of the bank's ordinary business activities. It also develops and approves risk management policies to maintain an appropriate capital adequacy level.

ESG Committee

The ESG Committee consists of the Deputy CEO and two outside directors. Chaired by an outside director who is appointed by the BoD, the Committee oversees the bank's ESG management, such as reviewing the bank's strategic directions and performance of ESG management.

VISION AND STRATEGY

IBK Value System



2023 Business Slogan & Strategies



IBK set its 2023 business slogan as "Taking IBK to New Heights." The slogan conveys our commitment to coming to the aid of financially distressed customers so that they can fully embrace new growth opportunities as we help prepare a springboard for new growth after any potential crisis in the future. To successfully realize this slogan, we have set three strategic directions and seven initiatives to take that next step forward in order to reach new heights with our customers.

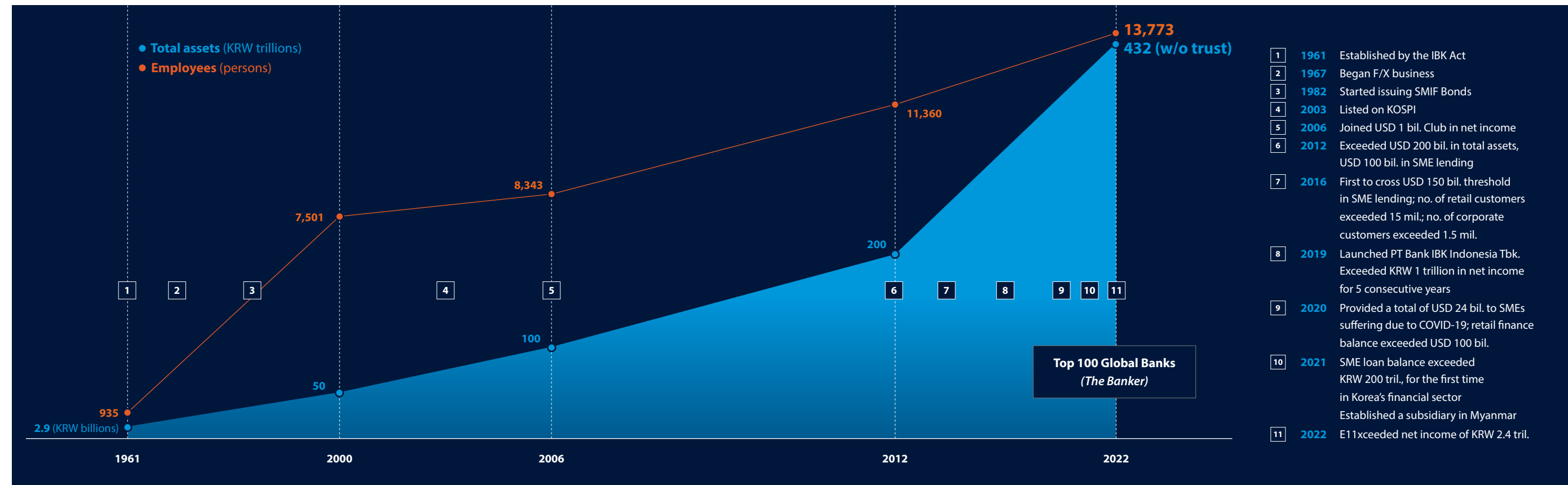
ROLE AS A POLICY BANK



Key Articles of the IBK Act
 IBK is a government-owned bank specialized in SME Financing in accordance with the IBK ACT

Purpose	Promotion of the independent economic activities of SMEs and their economic position in the national economy	Article 1
Appointment of CEO	Appointment of a Chair & CEO of IBK by the President of the Republic of Korea	Article 26
Business Plans	Gov't approval of IBK's annual business plan	Article 35
Issuance of SMIF Bonds	IBK may issue SMIFs (Small and Medium Industry Finance Bonds).	Article 36-2
Government's Guarantee on Bonds	Gov't's guarantee on the payment of interest & principal of IBK's SMIF bonds, subject to approval from the National Assembly	Article 36-5
SME Research	Research and business consulting for SMEs	Article 33-3
Solvency Protection	Gov't's obligation to provide funds to cover in case of IBK losses	Article 43
SME Lending	Mandate to allocate at least 70% of total funding for SMEs	Enforcement Decree 31

History: IBK since 1961

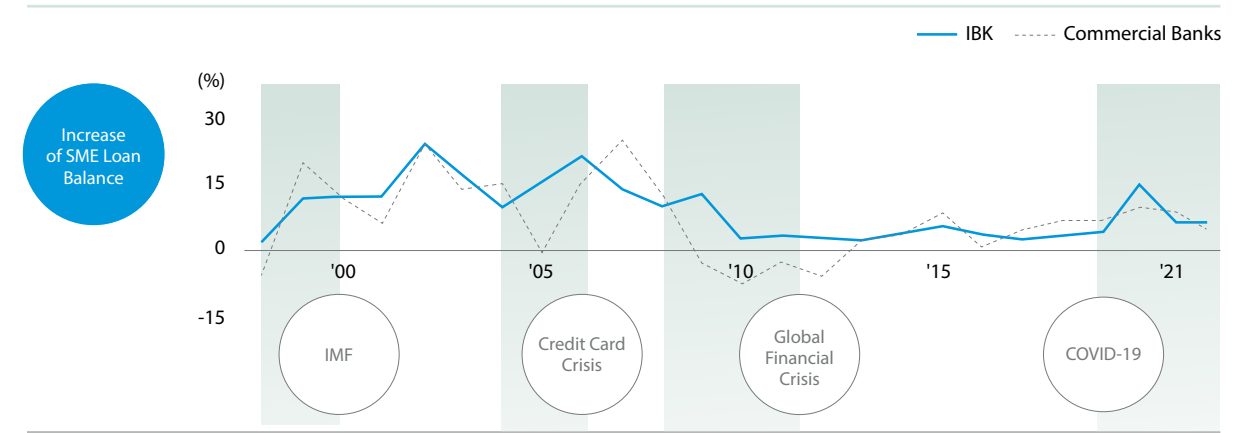


Why SMEs?: SMEs are the Pillar of the National Economy

<p>Number of Companies</p> <p>99.9%</p> <p>Of the 7.29 million companies, SMEs account for an absolute majority at 7.28 million.</p>	<p>Number of Employees</p> <p>81.3%</p> <p>SMEs employ 17 million of the 21 million people employed by all Korean companies, playing a crucial role in maintaining a healthy society.</p>	<p>Total Sales</p> <p>47.2%</p> <p>Of the total corporate sales of KRW 5,600 trillion, SMEs make up almost half, KRW 2,600 trillion, of the national economy.</p>
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*Source: K-Biz (Korea Federation of Small and Medium Business), edited by KOSTAT (figures as of 2020)

IBK's Role: Financial Safety Net of SMEs during Crisis Periods

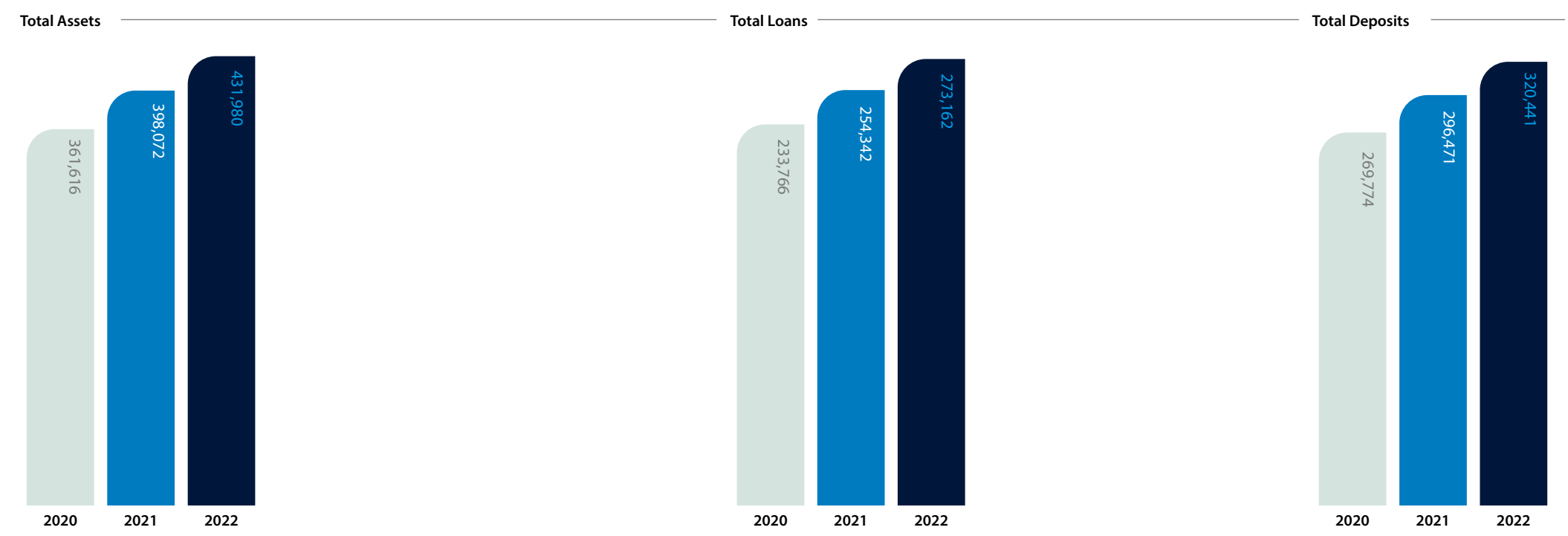


FINANCIAL HIGHLIGHTS

In the face of such a challenging business environment due to the global economic downturn combined with various other risks, IBK concentrated on its essential role as a policy bank and achieved impressive performance results in all business areas. Total assets, profits, and loans all achieved year-on-year growth, with asset quality and credit ratings maintained at the highest levels.

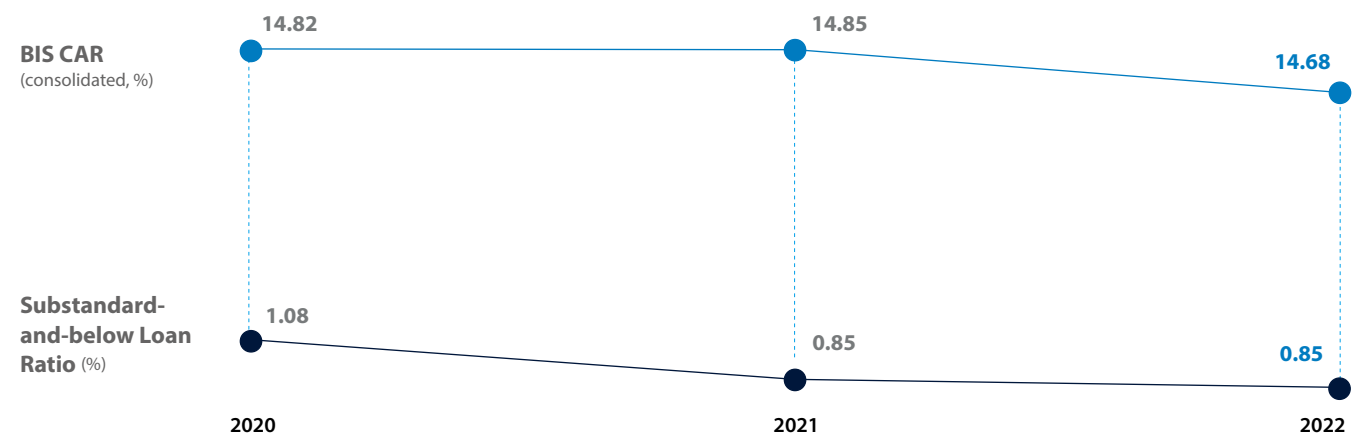
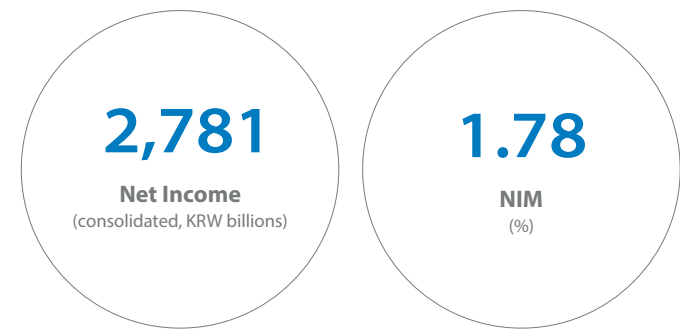
Key Financial Data (KRW billions, %)	2020	2021	2022
Net income (consolidated)	1,548	2,426	2,781
Total assets (w/o trust)	361,616	398,072	431,980
Total loans	233,766	254,342	273,162
Total deposits	269,774	296,471	320,441
Total shareholders' equity	25,142	27,534	29,111
ROA (consolidated)	0.45	0.64	0.67
ROE (consolidated)	6.40	9.21	9.99
BIS CAR (consolidated)	14.82	14.85	14.68
Substandard-and-below loan ratio	1.08	0.85	0.85
Net interest margin (NIM)	1.55	1.51	1.78

Key Financial Data (KRW billions)



Credit Ratings (As of Dec. 31, 2022)

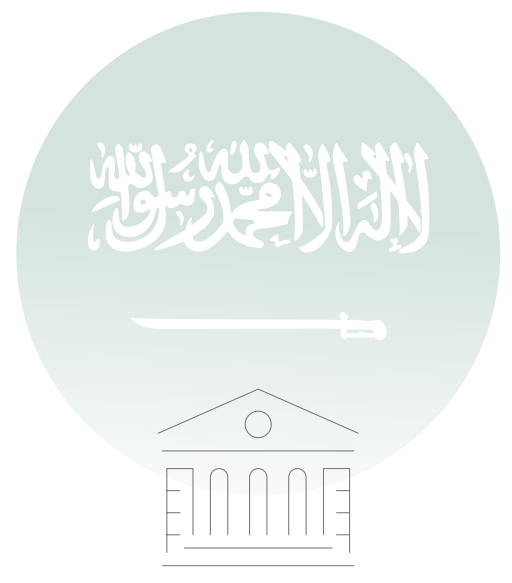
	2020	2021	2022
Moody's	Aa2	Aa2	Aa2
S&P	AA-	AA-	AA-
Fitch	AA-	AA-	AA-



NEWS HIGHLIGHTS

1 Supporting the Successful Launch of Saudi Arabia's SME Bank

In support of the Korean government's project "Korea-Saudi Vision 2030," IBK played a leading role in the initiative to establish Saudi Arabia's SME Bank, a local bank specializing in assisting small and medium-sized enterprises in the kingdom. On the heels of signing an MOU in 2021, we assisted our local counterparts in building management strategies, establishing credit review and risk management systems, and developing new financial services. As a result, the Small and Medium Enterprises Bank of the Kingdom of Saudi Arabia successfully commenced operations in December 2022. The project marks the first case in which IBK applied its extensive know-how in SME banking to establish a financial institution abroad, furthering public confidence in our capabilities as a global SME financing specialist.



2 Redesignated as the Treasury Bank of Suwon Special City

IBK was selected as Suwon Special City's municipal treasury in August 2022. Under the new agreement, IBK is managing an annual fund of KRW 3.5 trillion during the contract period, which lasts from 2023 to 2026. As the operator and manager of the city's accounting funds, the bank serves as the conduit for collecting tax revenues and paying appropriations. This role renders IBK access to abundant, low-cost funding sources for SME loans. At the same time, Suwon's recent promotion to a Special City as of January 2022—and its greater discretion in budgeting and projecting of the municipal administration—is expected to generate new business opportunities.



3 Top Performer in the FSC's Annual Policy Bank Performance Review

In August 2022, IBK topped all Korean policy banks with an S-grade at the 2021 performance review by the Financial Services Commission (FSC) for the first time in nine years. This achievement speaks to the devotion and relentless hard work of all IBK employees who were on the frontlines of fighting Covid-19 over the past year. In particular, IBK earned high scores for staying focused on government policies while simultaneously backing financially distressed SMEs and microenterprises through the crisis. Moreover, IBK was singled out for digitalizing the financial aid process, thereby significantly raising the efficiency and inclusiveness of emergency relief funds.



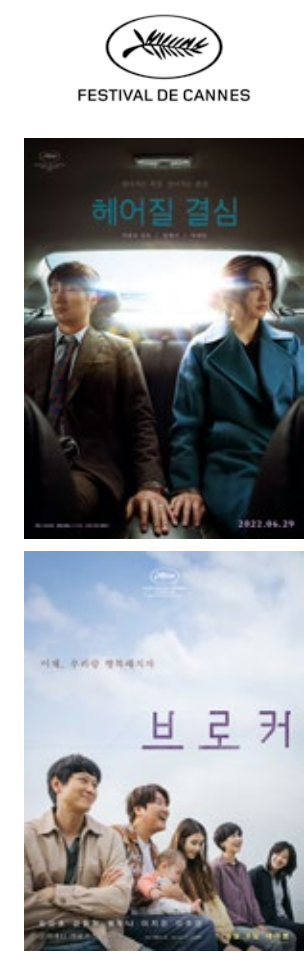
4 Launch of Special Savings for SME Employees

In 2022, IBK launched a special installment savings for SME employees, a first among any Korean bank. Purported at helping SME employees build their assets, 11,674 employees made accounts on its first day, making it a *Maeil Business Newspaper* Hit Product for the year. In fact, this is a monumental product in IBK's history because it marks the first time we have extended the scope of our financial supports from SMEs to its employees. The product also comes with benefits, including special premium rates for SME employees and complimentary access to the IBK Cyber Culture Center's services, where they can enroll in language, IT, and cooking courses.



5 The First Korean Bank with an Eye for Cannes Winners

IBK was the only Korean bank to have directly invested in Cannes Film Festival award winners in 2022. Decision to Leave and Broker, two films in which IBK had a direct stake, won awards for Best Director (Park Chan-Wook) and Best Actor (Song Kang-ho), respectively, at the 75th Cannes Film Festival. This is the first time in the awards' history that Asian films took home two of the festival's biggest awards in the same year.



6 The "Heartfelt Steps", Employee Walk-to-Donate Campaign

Honoring the first year of IBK 2040 Net Zero initiative, all employees joined a walk-to-donate campaign for the month of July 2022. More than 3,000 employees joined the cause and walked together, well exceeding 200% of the target number of 204 million steps, and far ahead of schedule. During the campaign, IBK also held an event for employees who posted pictures of plogging (picking up litter while jogging). The bank matched the number of steps employees had walked with a cash donation. The KRW 408 million went to upcycling waste plastic into flower pots, publishing a net-zero magazine, and contributing to the UN Youth Environmental Conference.



7 IBK Auto-Evaluation System

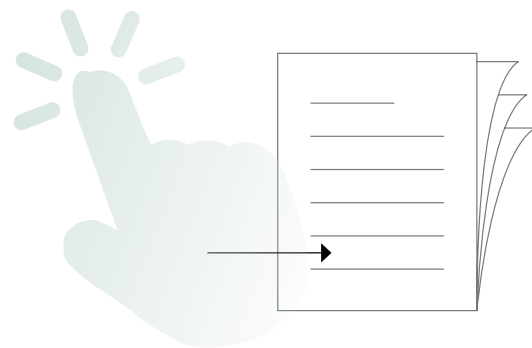
In July 2022, IBK became the first Korean bank to adopt an automated evaluation system for corporate lending. Leveraging its extensive big data and up-to-date credit information, the system has expedited the speed and accuracy of the credit review process at the bank. The new Auto-Evaluation System is a departure from the traditional way of reviewing past financial performance results and instead takes businesses' growth potential and technology into account with their business soundness appraisal before setting credit lines. As a result, the system has opened the way for tech-competitive yet underfunded SMEs to get the financing they need. Its functions also include collecting and analyzing critical review data in batches and one-click inquiries to retrieve the relevant clauses from long-listed bylaws, significantly reducing the workload of branches.

IBK Auto-Evaluation System



9 One-Click Paperwork Reduces the Hassle for Customers

In June 2022, IBK introduced a One-Click Paperwork Service, saving customers time and reducing paperwork stress. When customers submit their mobile/written consent for the bank to access the new Public MyData Service, IBK is endorsed to collect 20 types of required documentation from administrative agencies, including certificates of business registration and certificates of income. Further to that, the applicable documentation will expand to 100 types by 2023. This hassle-free paperwork service has saved customers significant time and effort in visiting and waiting at multiple public administrative agencies for paperwork. It also reduces the operational risks of handling papers and processing time.



8 Revamp of the Loan Interest Rate System

In 2022, IBK significantly revamped its loan interest rate system. Following the guidelines of the Financial Supervisory Service, and responding to the growing demand for a renewal of the system, the bank improved the transparency and simplicity in the mechanism of its system per the financial principles. In order to have it quickly established for operational use, we ran simulations at branches to identify room for improvement and trained employees with the new system. In addition, we ensure soft landings to minimize any drawbacks in adopting the new approach with customers and branches, such as lowering the interest rate increase under the new system.



10 Introduction of Mobile Driver's License as New ID

With the Korean government's recent introduction of a mobile driver's license system, IBK has set up a system that can use this new ID as a way to verify identification at our branches. Since May 2022, customers have been able to use their mobile driver's license at any IBK branch for identification purposes when it comes to banking services, such as making a deposit, having a credit card issued, or carrying out foreign exchanges. As of October 2022, the digital banking app i-ONE Bank also accepts the mobile driver's license as a legitimate ID.



INVESTMENT HIGHLIGHTS

Since its establishment in 1961, IBK has been a stalwart pillar for SMEs whenever the Korean economy has faced challenges. Leveraging the know-how and systems we have accumulated over the past 60 years, IBK has been working hard to unearth and support prospective companies with the timely and proper assistance required for the growth of SMEs. To that end, we have innovated credit assessment procedures to better appreciate the rightful value of borrowers' technologies and growth potential, increased our supply of venture capital, established a step-by-step customized support program, and supported ESG practices at SMEs.

In 2022, IBK achieved stable growth in net income through robust loan asset growth and an increase in NIM from rising base rates. In particular, we set aside additional provisioning to ordinary credit loss provisions to secure our total loss-absorbing capacity (TLAC) against future credit risk potential. In short, consolidated net profit rose by 14.6% from the previous year to KRW 2,780.8 billion. On a separate basis, the bank's net income jumped by 21.3% YoY to reach KRW 2,454.8 billion, continuing its upward trend for a third consecutive year.

Being the government-owned bank that is also publicly traded, IBK is committed to enhancing both its public value and shareholder value through profit generation. Based on its stable earnings fundamental, IBK will augment its role as an SME policy financier to serve as the market's safety valve through SME support programs, which will in turn grow the bank as well.



GROWTH

INDUSTRY-TOP SME BANK IN KOREA

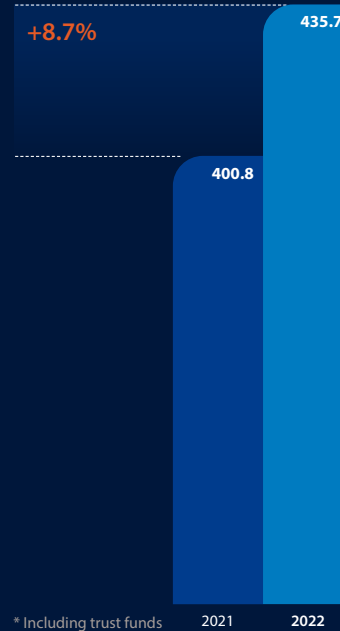
- SME loan balance exceeded KRW 200 trillion

As of the end of 2022, IBK's total assets on a separate basis stood at KRW 435.7 trillion, up by KRW 34.9 trillion, or 8.7%, from the previous year. The main driver behind the growth was a YoY increase of KRW 16.8 trillion, or 8.2%, in our SME loan balance, which reached an industry-high level at KRW 220.7 trillion.

Retail loans were up by KRW 0.3 trillion, or 0.7%, from the previous year to KRW 41.7 trillion. Specifically, credit loans declined by 10.0% from the previous year, as market demand dropped due to rising interest rates and stricter regulatory changes, with the 5.3% YoY growth in mortgage loans leading the overall retail loan growth, which was mainly driven by the 11.5% YoY growth in home lease loans.

In 2023, IBK will strengthen its competitiveness in the retail banking business as much as in SME financing to achieve stable, balanced growth in both businesses. Still, we will remain focused on sustaining our market position as the leading bank in the SME finance market.

Total Assets
(on a separate basis)
KRW trillions

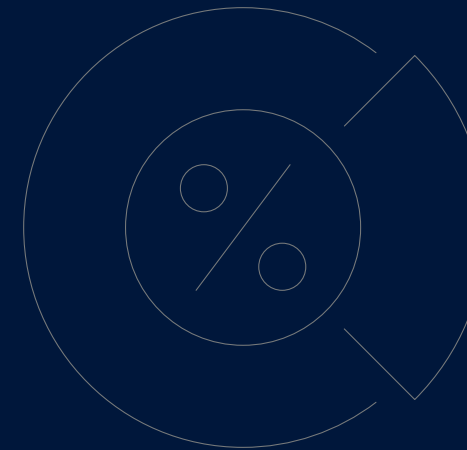


Total Loans (on a separate basis)
KRW trillions



PROFITABILITY

Net income
(on a separate basis)
KRW billions



RECORD-HIGH NET INCOME PERFORMANCE

- Net income exceeded KRW 2.4 trillion

On a separate basis, net income for 2022 stood at KRW 2,454.8 billion, up by KRW 430.7 billion, or 21.3%, year on year from the previous year's KRW 2,024.1 billion. The main drivers were increases in net income and operating profit, respectively, by KRW 1,451.4 billion (26.0%) and KRW 573.6 billion from the previous year.

Separate interest income grew by KRW 1,451.4 billion (26.0%) to reach KRW 7,040.7 billion, owing to the KRW 29.9 trillion year-on-year growth in interest-generating asset balance, as well as the 27bps YoY growth of NIM from rising interest rates. Separate non-interest income stood at KRW 253.5 billion due to the KRW 76.3 billion YoY decrease in the gains on securities and KRW 61.3 billion decline in gains on disposal of NPLs, as well as the KRW 28.5 billion YoY decline in other fee & commission income, such as PF commissions.

The economic outlook for 2023 is not at all rosy, as a slowing global economy, high inflation, and high interest rates are here to stay. In the face of this challenging business environment, IBK will diversify its revenue and cost structures to enhance its profitability.

ENHANCEMENT

RECORD-HIGH CONSOLIDATED NET INCOME DESPITE DIFFICULT BUSINESS CONDITIONS

- Overseas subsidiaries (China and Indonesia) saw asset growth.

In 2022, IBK achieved its historic-high consolidated net income of KRW 2,780.8 billion, up by KRW 354.9 billion, or 14.6%, from the previous year's KRW 2,425.9 billion, thanks to its solid asset growth and record-low credit loss ratio (0.51%).

Consolidated interest income reached KRW 7,616.5 billion, up by KRW 1,488.1 billion, or 24.3%, from the previous year as the bank's interest income rose by KRW 1,451.4 billion, or 26.0%, as a result of interest rate hikes. On the other hand, non-interest income declined by KRW 253.5 billion, or 42.5%, YoY to KRW 343.6 billion in 2022. By subsidiary, IBK Securities saw its financial advisory and brokerage commissions income decline by KRW 53.7 billion from the previous year. IBK Insurance also suffered a decrease of KRW 39.8 billion YoY in its fee income from its managing of retirement pension funds and gains on securities investments.

Net income at IBK's non-bank subsidiaries declined by KRW 75.1 billion, or 18.6%, from 2021 to settle at KRW 329.2 billion in 2022. By subsidiary, IBK Securities suffered a decrease of KRW 53.7 billion from the previous year, while IBK Insurance saw a YoY drop of KRW 39.8 billion.

Total assets at IBK China Ltd. stood at KRW 4.3 trillion, up 9.97% from the previous year, largely driven by the increase of interest-generating assets, such as deposits and loans. Also, total assets at PT Bank IBK Indonesia TBK jumped by 23.4% to reach KRW 1.6 trillion on the back of strong growth in quality loan assets.

Consolidated Net Income

KRW billions



Net Income Performance of Top 5 Subsidiaries

KRW millions

Subsidiary	Year	Net Income (KRW millions)	YoY Change
IBK China Ltd.	2021	23,167	-
	2022	36,154	+56.1%
IBK Savings Bank	2021	17,004	-
	2022	19,249	+13.2%
PT Bank IBK Indonesia TBK	2021	-13,638	-
	2022	8,129	+159.6%
IBK Services	2021	1,023	-
	2022	1,228	+20.0%
IBK Myanmar Co., Ltd.	2021	-2,976	-
	2022	-373	+87.5%

* Based on the separate financial statements of each subsidiary

ASSET QUALITY

PREEMPTIVE RISK MANAGEMENT TO ENSURE STABLE ASSET QUALITY

- Historic-high coverage ratio at 148.46%

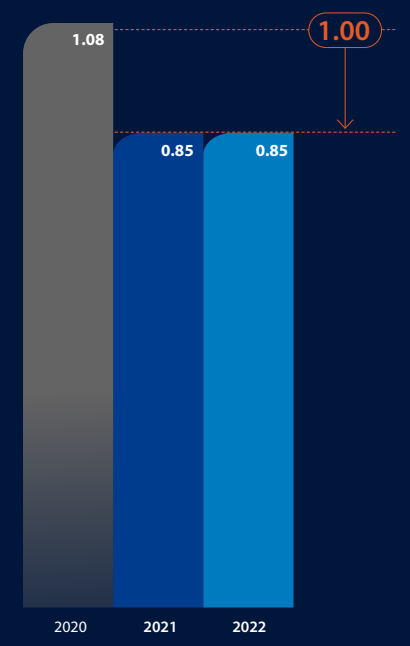
IBK's total loan asset balance rose by KRW 20.9 trillion from the previous year as the bank stepped forward to support SMEs with SME loans, which grew by KRW 16.8 trillion YoY. Nevertheless, we preemptively managed our loan asset soundness through write-offs and disposals of non-performing loans (NPLs), resulting in a moderate KRW 177.3 billion YoY growth in the substandard-and-below loan (SBL) balance relative to the volume of our loan asset growth. The SBL ratio also remained the same as the previous year at 0.85%.

In hedging against potential insolvency, we set aside an additional KRW 821.2 billion in credit loss provisions, thereby securing our total loss-absorbing capacity (TLAC). Consequently, the coverage ratio improved by 24.42%p from the previous year to reach a historic-high for the bank at 148.46%.

In 2023, although asset soundness indicators are expected to slightly deteriorate due to mixed crises from the financial triple-highs, IBK will maintain stable asset soundness through preemptive risk management measures.

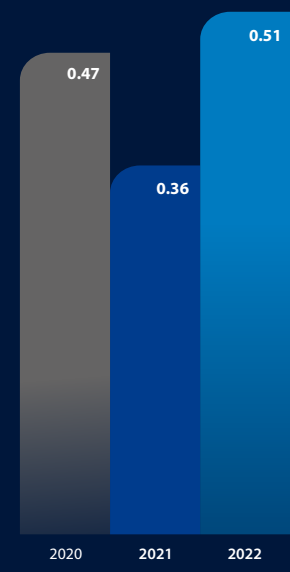
SBL Ratio

%



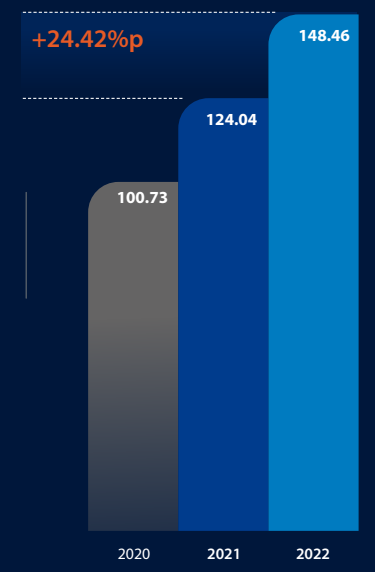
Credit Cost Ratio

%



Coverage Ratio

%



*Credit loss provision balance + SBL balance

CAPITAL ADEQUACY

MAINTAINING A STABLE CAPITAL RATIO ABOVE REGULATORY REQUIREMENTS

- BIS capital ratio of 14.68%

As of the end of 2022, IBK's total capital ratio stood at 14.68%, with the Tier 1 capital and CET 1 ratios standing at 12.67% and 11.08%, respectively, based on the final draft of the Basel III standards. These figures remained well above the regulatory requirements (total capital ratio of 10.5%, Tier 1 capital ratio of 8.5%, and CET1 capital ratio of 7%). At the end of 2022, IBK's CET1 capital amounted to KRW 23,984.7 billion, up KRW 1,321.6 billion year on year, partially the result of a consolidated net income of KRW 2,780.8 billion. Additional Tier 1 (AT1) capital remained similar to the previous year at KRW 3,443.9 billion. The value of Tier II capital grew by KRW 676.0 billion YoY to KRW 4,352.6 billion due to the additional provisioning of KRW 687.9 billion to hedge against potential credit risks.

At the end of 2022, risk-weighted assets amounted to KRW 216,565.5 billion, up KRW 15,808.2 billion, mainly led by the net increase of KRW 16,851.1 billion in SME loan assets. In the future, IBK will continue to improve its capital adequacy by sustaining healthy profit generation and raising capital at an appropriate level.

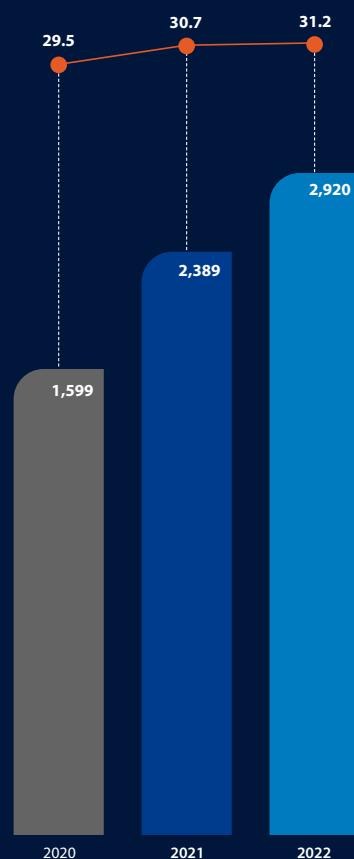
IBK's dividend payout ratio on a separate basis for 2022 stood at 31.19%, which kept its five-year average dividend payout at 30.8% (common shareholders). The bank will continue to maintain this average payout ratio while making every effort to further shareholder value by increasing the dividend per share through strong business results.

BIS Capital Ratio

	Year	Ratio (%)
BIS	2020	14.89
	2021	14.85
	2022	14.68
Tier 1	2020	12.82
	2021	13.01
	2022	12.67
CET 1	2020	11.13
	2021	11.29
	2022	11.08

EPS & Payout Ratio

KRW, %



*Bank's (separate) cash dividend payout

2022 AWARDS



i-ONE Bank:
Winner of the grand prize in the mobile banking category at the 2022 National Service Awards



Leadership A Grade
conferred by the CDP at the global ESG rating agency's 2022 Climate Change Awards



Recipient of the Open Innovation Challenger Award at the International Chamber of Commerce's CSS Awards 2022



Recipient of the Social Media Grand Prize and the Empathy (Digital) Content Grand Prize at the Korea Internet Communication Association's 15th Korea Communication Awards



First Korean institution to win awards in two categories at the International SME Finance Forum's Global SME Finance Awards 2022



Recipient of the FSC Chairman's Commendation Award in the institutional category at the Financial News' 11th Microfinance Forum and Conference Awards



Recipient of the Best Banker Prize at the Seoul Economic Daily's Korea Best Banker Awards 2022



Recipient of the KINFA CEO Commendation Prize at e-daily's 2022 e-Daily Korea Financial Consumer Forum & Awards

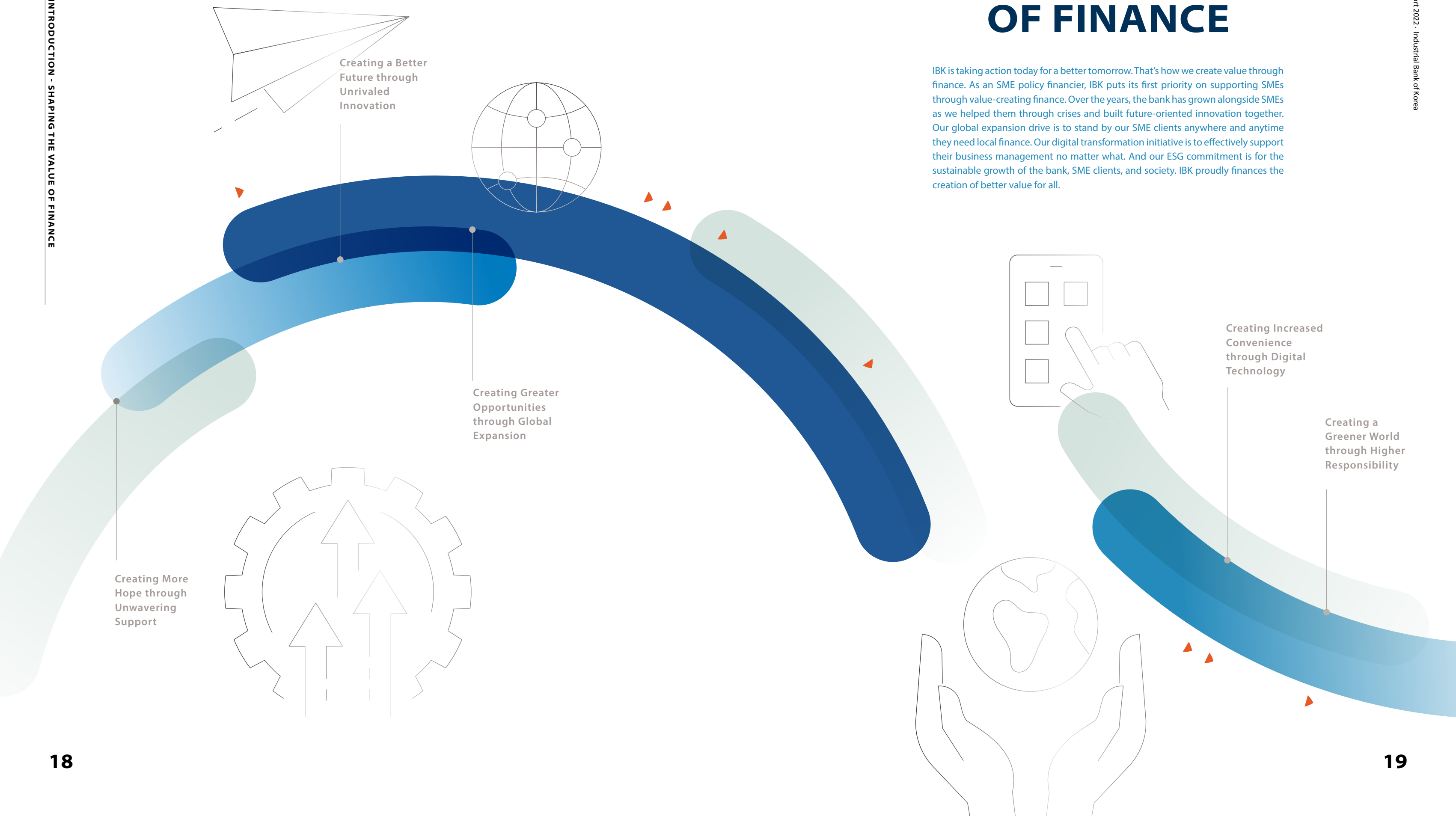


Recipient of the Grand Prize at the 31st Dasan Financial Awards, co-hosted by the Korea Economic Daily and the Financial Services Commission

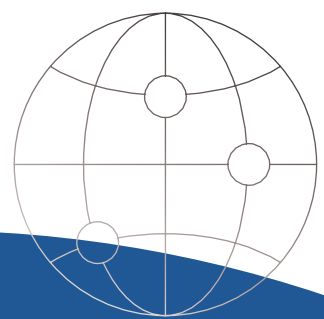


SHAPING THE VALUE OF FINANCE

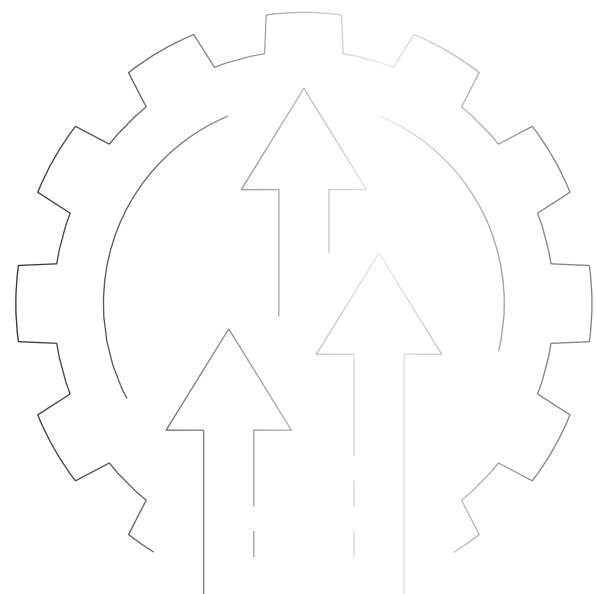
IBK is taking action today for a better tomorrow. That's how we create value through finance. As an SME policy financier, IBK puts its first priority on supporting SMEs through value-creating finance. Over the years, the bank has grown alongside SMEs as we helped them through crises and built future-oriented innovation together. Our global expansion drive is to stand by our SME clients anywhere and anytime they need local finance. Our digital transformation initiative is to effectively support their business management no matter what. And our ESG commitment is for the sustainable growth of the bank, SME clients, and society. IBK proudly finances the creation of better value for all.



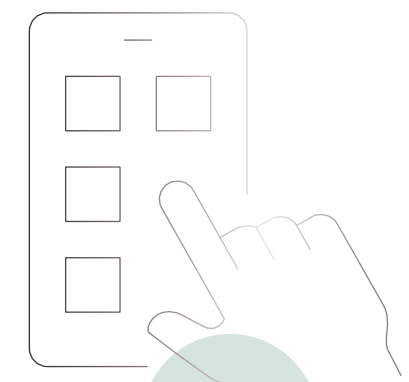
Creating a Better Future through Unrivaled Innovation



Creating Greater Opportunities through Global Expansion



Creating More Hope through Unwavering Support



Creating Increased Convenience through Digital Technology



Creating a Greener World through Higher Responsibility

CREATING MORE HOPE ▶



IBK's SME financing props up the stability of Korean society and fosters future growth engines for the country's economy.

▶ THROUGH UNWAVERING SUPPORT



We provide comprehensive support programs to marginal enterprises to help them get back on track as well as to promising SMEs for their sustainable growth.



THE BEST PARTNER FOR SMES

IBK always listens to the voices of SMEs. We discern what they are most in need of and then immediately take the required action. From the very beginning, IBK has remained consistently faithful to its mission of supporting SMEs as a specialized policy bank.

Our role as an SME-specialized policy bank was on full display in 2022, when SMEs and microbusinesses were undergoing numerous hardships amid the myriad uncertainties in financial markets that were amplified by high interest rates and FX rates. In fact, we provided financially distressed SMEs and microbusinesses with a total of KRW 65 trillion in finance, while reducing and deferring interest payments totaling KRW 320 billion in various programs. As a result, IBK's SME loans exceeded KRW 220 trillion, accounting for 23% of total SME financing in Korea, the largest share in the country. In 2023, IBK will continue with its SME financing programs and policy financing initiatives in order to open new opportunities for SMEs for their future growth.

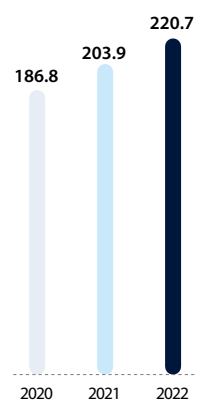
SME Financed Amount (KRW trillions)

65



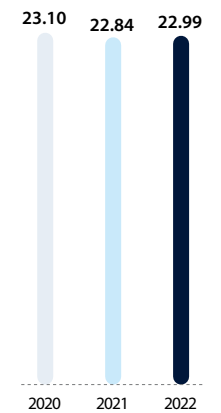
IBK's SME Loan Balance (KRW trillions)

YOY
+8.2%



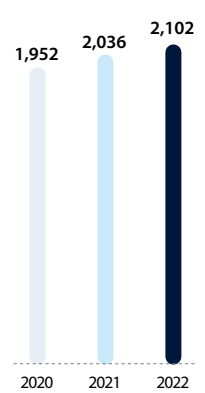
IBK's Share in the Korean SME Loan Market (KRW trillions)

YOY
+0.15%p



No. of SME Clients (1,000 companies)

YOY
+3.2%



CREATING A BETTER **FUTURE** ▶

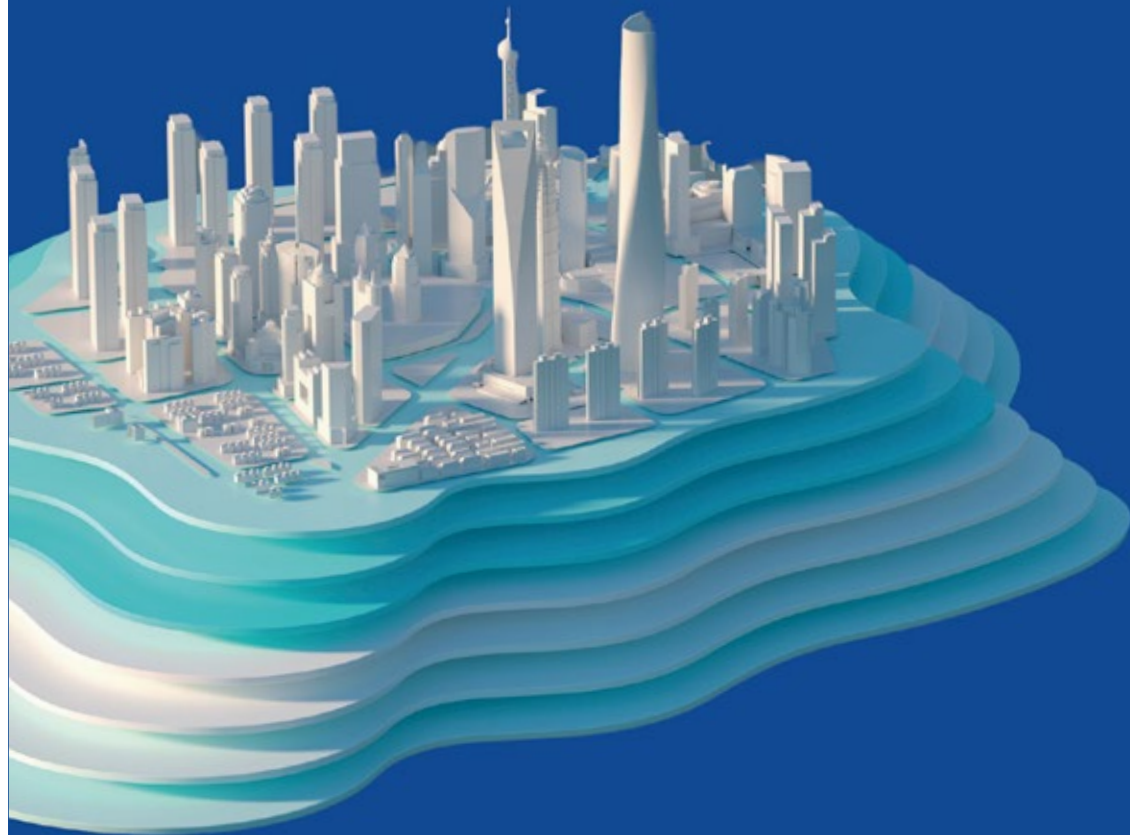
▶ THROUGH UNRIVALED **INNOVATION**



IBK's extensive support programs include both financial and non-financial aid. Through its bold investments in tech-driven startups and promising venture companies, IBK has been helping them overcome the death valley curve and to achieve sustainable growth.



For tech companies in their maturity stage, IBK pushes them to rebound to growth through a comprehensive support package that encompasses ESG support, digital transformation, and M&As.



IBK창공



DISCOVERING POTENTIALS AND ACCELERATING INNOVATION

Our investment targets do not depend on immediate returns but instead aim at long-term future growth potential. Like watering seeds, IBK provides the required guidance and business know-how to grow ideas into innovation. IBK takes a long-term approach to its venture investments, offering systematic support at each stage of business growth so as to create a healthy tech-driven startup ecosystem.

In 2022, we supplied KRW 700 billion in venture capital to support promising tech-driven startups so that they could grow further, with 10 of our venture incubation beneficiaries having already gone through a successful IPO to date. Since it began operations in 2017, IBK's startup acceleration center, IBK Changgong, had incubated 169 startups as of 2022. Of these, 51 companies received innovation awards at the CES 2022—the world's most prominent tech event. IBK will continue mobilizing its SME financing and support know-how to build a brighter future for startups, from its venture capital supply and startup acceleration to tech financing and consulting programs.

IBK Changgong Programs

(as of 2022-end,)

No. of Beneficiaries

538

Financial Support (KRW billions)

507.5

Non-financial Support (sessions)

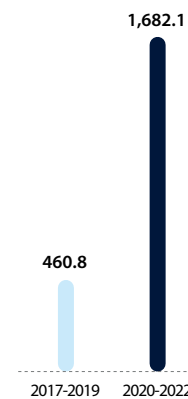
7,856

Venture Capital Amount

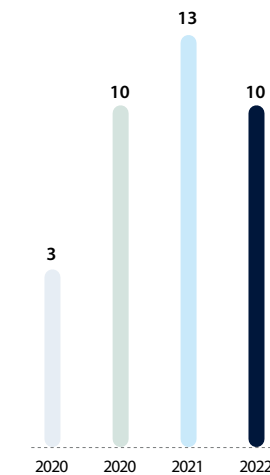
(KRW billions)

2017-2022

+265%



No. of Successful IPO Companies

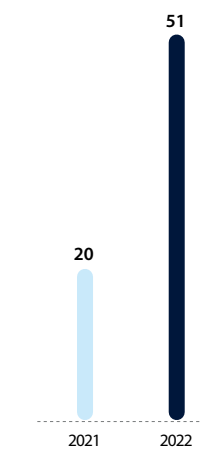


No. of CES Innovation Award Winners

(corporate customers of IBK)

YOY

+31



CREATING GREATER OPPORTUNITIES ▶





Leveraging its global networks and alliances, IBK provides Korean SMEs with the financial springboard required for embracing global markets.

▶ THROUGH GLOBAL EXPANSION





IBK's six decades of SME financing know-how transcends borders, reaching nations around the world that need our business acumen to grow their SMEs and economies.

**59 branches
in
12 countries**

GLOBAL NETWORK

**16 MOU
Partner
Banks**



INCREASING GLOBAL NETWORK AND ALLIANCES



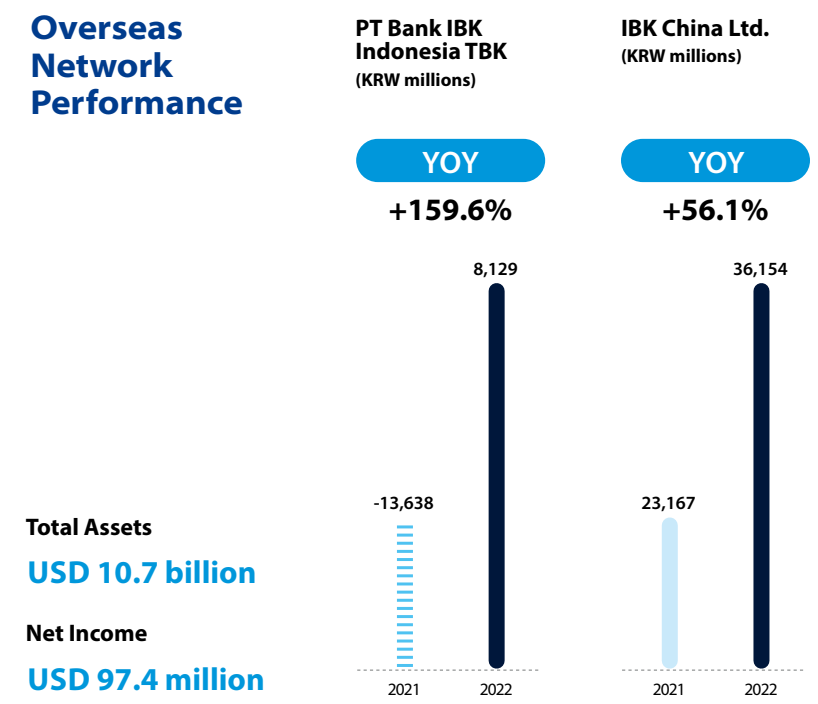
IBK is establishing footholds around the world to support Korean SMEs going abroad. We impart our SME financing know-how to and collaborate with local partners for better ways to forge ahead together. As of December 2022, IBK was operating 59 networks in 12 countries. In overseas markets without an IBK presence, we collaborated with local banks through MOUs to extend financial support to SMEs abroad.

Despite the difficult business conditions, IBK's global operations achieved a record-high net income in 2022 on the back of the remarkable growth by its local subsidiaries in China and Indonesia. Efforts are also underway to expand the overseas network as well as to build IBK's SME financing belt around the strategic points of its global supply chain network. IBK is working to open a representative office in May 2023 in Poland, home not only to Europe's EV manufacturing hub but also to many Korean companies. In addition, we successfully completed work on establishing a local SME bank in Saudi Arabia in 2022. This was part of a bilateral partnership between the Korean and Saudi governments to which we lent our 62 years of SME financing know-how, contributing to our global reputation as an SME-specialized financier.

2025 Goal

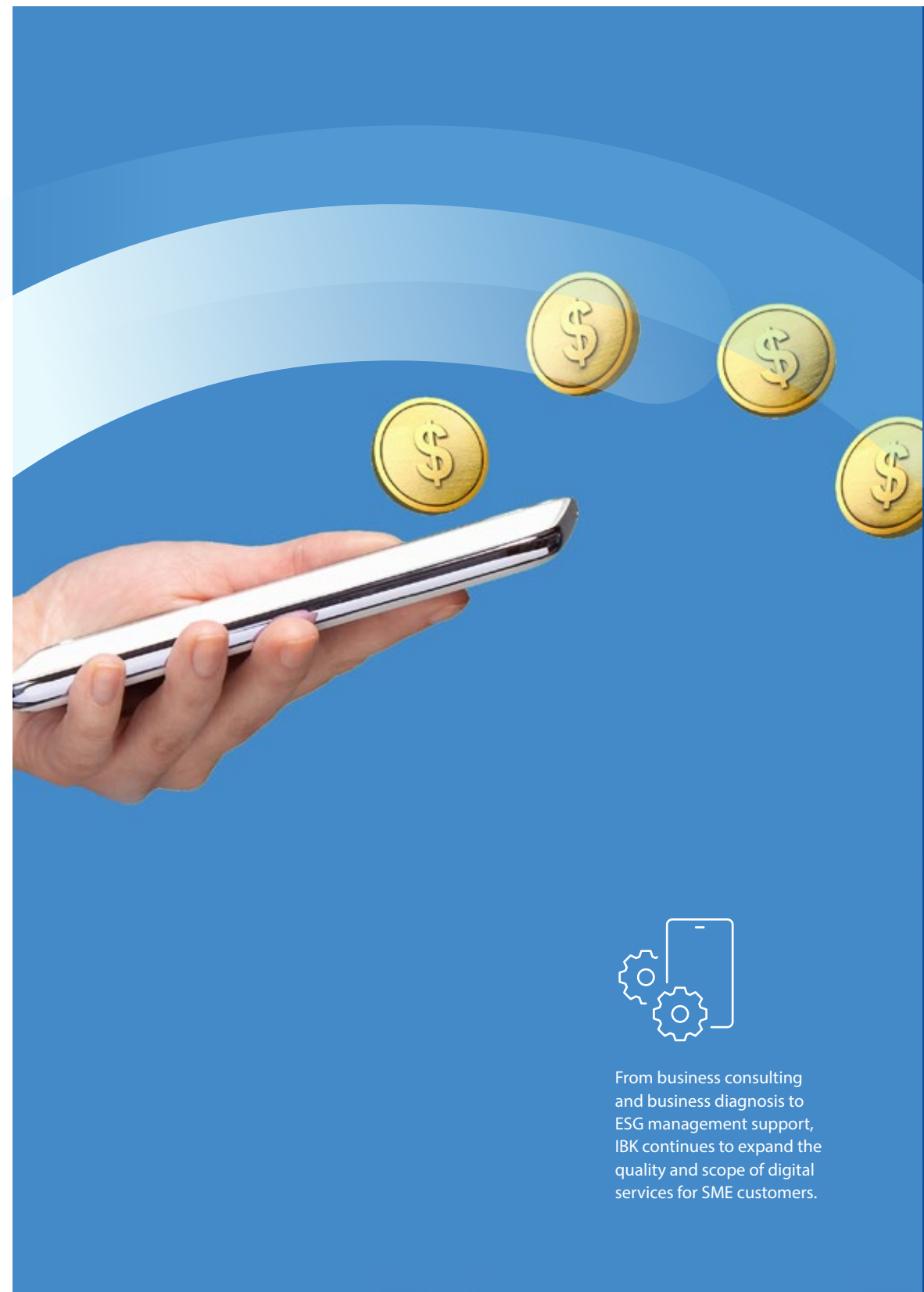
- Network
70 in 15 countries
- Total Assets
KRW 25 trillion
- Net Income
KRW 250 billion

Overseas Network Performance



CREATING INCREASED CONVENIENCE ▶

▶ THROUGH DIGITAL TECHNOLOGY

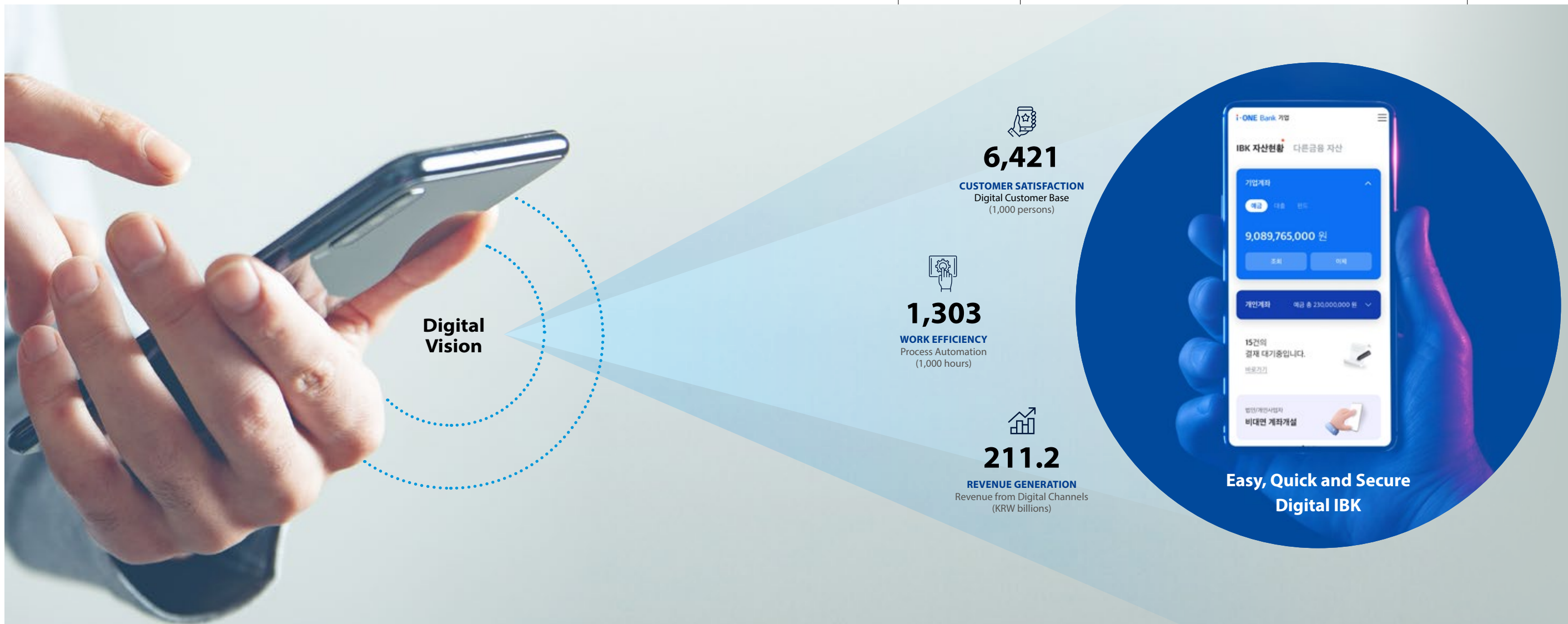


From business consulting and business diagnosis to ESG management support, IBK continues to expand the quality and scope of digital services for SME customers.



Secure and convenient mobile platforms further improve customer satisfaction and work efficiency.





DIGITAL FOR ALL

IBK envisions finance that is convenient, secure, and accessible to everyone. From platforms and products/services to internal work processes, we explore new possibilities for innovation and transformation with digital technology to create value. IBK's digital vision, "easy, quick, and secure Digital IBK," sets the direction for achieving quantifiable goals in the three aspects of customer satisfaction, work efficiency, and profit generation.

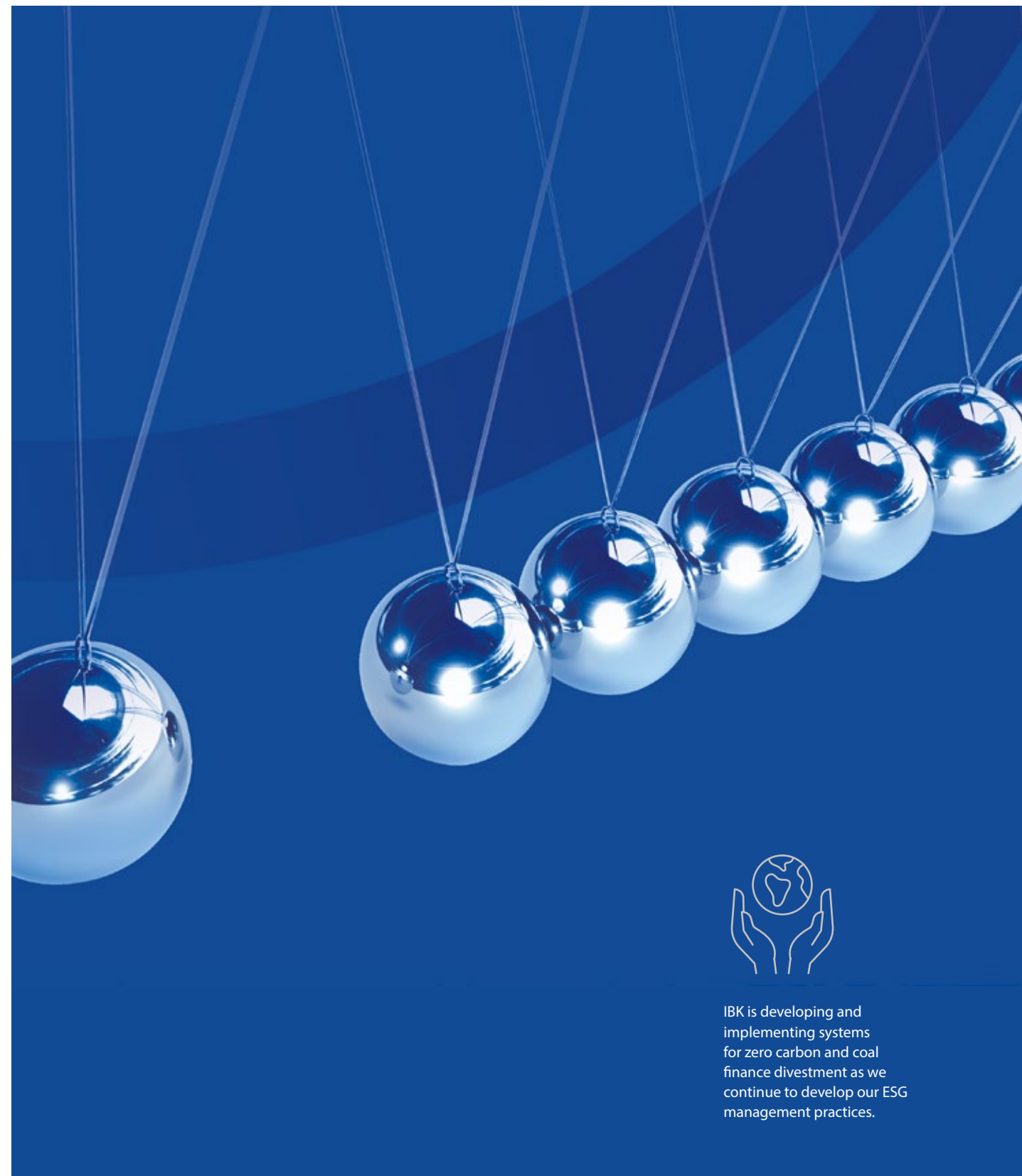
In 2022, IBK revamped its digital channels for SME customers and added new alliances with fintech firms to increase customer convenience. We take advantage of our digital platforms to support SMEs with their ESG management practices, in addition to our differentiated corporate digital services as a specialized SME bank. New product and service developments also rely on digital technology. For instance, we launched a net-zero installment savings plan that utilizes energy data and developed an AI headhunting model that utilizes machine learning and deep learning technologies. In 2023, IBK will continue to enhance the utility of our digital technology for process innovation to ensure higher satisfaction for customers and employees.



IBK's Flagship Mobile Apps

Retail	Corporate				Global
i-One Bank (retail)	i-One Bank (business)	i-One Microbusiness	IBK BOX	IBK BOX POS	IBK Global Bank
Mobile banking app for retail customers	Mobile banking app for corporate customers	Life-embedded financial platform for microbusinesses	Digital business management support platform for corporate clients	Credit card reader app for microbusinesses operating on smartphones	Digital banking app for global branches

CREATING A GREENER WORLD ▶



IBK is developing and implementing systems for zero carbon and coal finance divestment as we continue to develop our ESG management practices.

▶ THROUGH HIGHER RESPONSIBILITY



To support ESG management efforts with all our SME customers, we are exploring better ways of making the green transition and pursuing cooperation at a higher level, such as with the OECD Platform on Financing SMEs for Sustainability.

TAKING ACTION FOR SUSTAINABILITY

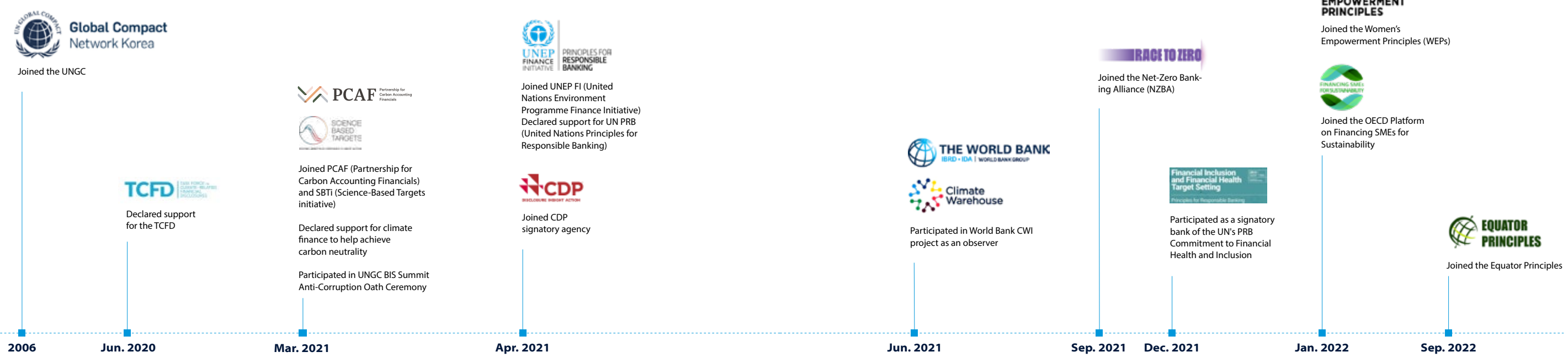
IBK always takes social responsibility into consideration. Further to that, we play a role in addressing global challenges, helping SMEs with their ESG commitments, and delivering the right support to those in need. In fact, IBK has a dedicated ESG team for systematic ESG management activities.

With the goal of becoming a leading global green bank, we have established a net zero roadmap and green finance strategies, with action plans already in place and being practiced. After having declared our business principle of divestment from coal finance, the bank joined the Equator Principles, pledging our commitment to management practices that meet global standards and address global climate issues. We also spared no effort in providing financial and non-financial support to help SMEs with their ESG management practices. For instance, we conducted surveys on SMEs' green transition and established support measures by industry, provided ESG guidebooks, and offered direct consulting and education to them. While increasing green finance investments in the renewable energy sector, we also participated in the OECD Platform on Financing SMEs for Sustainability as a founding member and co-chair, strengthening our network and collaboration efforts in sustainable management research.



14

IBK MEMBERSHIPS WITH GLOBAL ESG INITIATIVES



IBK proudly performs its mission of supporting SMEs and microbusinesses each and every day as they help make the world a better place for everyone.

As of 2022, more than 7.28 million SMEs were active in Korea, accounting for 99.9% of all businesses in the country. In addition, the number of SME employees exceeded 80% of the total number of people employed in Korea. Looking beyond macro-level statistics, SMEs are everywhere in our daily lives—your joyful morning routine of takeout coffee from a small cafe around the corner; popping by a convenience store after work; visiting a neighborhood laundromat; shopping at a local traditional market. Taken as a whole, all these places constitute a critical part of our daily lives in terms of comfort and convenience. SMEs and microbusinesses are the core pillars that prop up our society in the healthiest way possible, allowing our economy to continue growing stably.

IBK proudly performs its mission of supporting SMEs and microbusinesses each and every day as they help make the world a better place for everyone. With its practical support measures to help them out of economic crises, IBK is ready to come to the aid of SMEs suffering from weak fundamentals in a sluggish economy while also providing the necessary financial and non-financial support to aspiring companies with real growth potential so that they can realize their vision. In response to government policies, the bank will play a crucial role in fostering SMEs to become part of the growth engine of Korea's economy as it also constantly reviews its internal capabilities and enhances its capacity to create greater value as a highly dependable bank.

BUSINESS REVIEW

A robust bank leading the Korean SME markets



**SME BANKING
RETAIL BANKING
INVESTMENT BANKING**

**GLOBAL BUSINESS
CAPITAL MARKETS**

**DIGITAL TRANSFORMATION
DIGITAL BANKING CHANNEL**

“Despite the difficult business environment, IBK aims to become a beacon of the Korean financial industry by further enhancing its core values of SME finance and future value for customers.”



>> 2022 Achievements

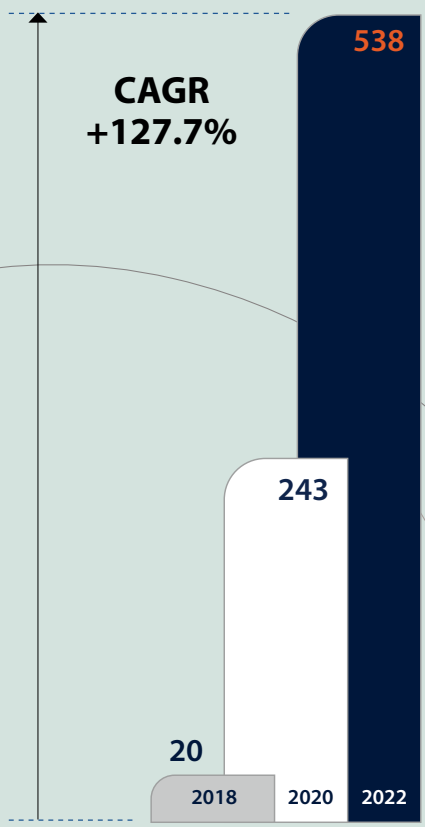
In 2022, IBK worked tirelessly in a number of different ways to alleviate the financial burdens and costs of SMEs and microbusinesses in a challenging business environment featuring high interest rates, high exchange rates, and high inflation. These efforts included COVID-19 rollovers, a special interest payment deferment program, and an SME financial cost relief program. While increasing support for innovative businesses and startups, the bank was quick to introduce its new IBK Auto-Evaluation System, a corporate credit review system that breaks away from traditional evaluations based on financial statements to better appreciate the value of technology and the growth potential of businesses in a way that numbers cannot fairly represent. On the global front, IBK also worked hard to expand its presence in overseas markets and provide Korean companies going abroad with local financial support. Moreover, IBK enhanced its revenue base and secured a future competitive edge in offering services anywhere, anytime through its comprehensive digital transformation initiative.

>> 2023 Plans

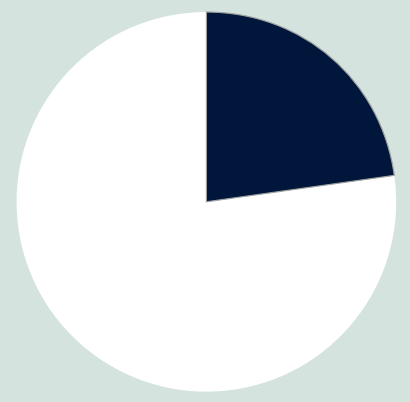
Amid the global complexities of accelerating technological transformation, climate crisis, polarization, and the lingering effects of the COVID-19 pandemic and geopolitical crises, a stagnant economy is expected to continue due to the severe challenges brought about by rising interest rates, inflation, and exchange rates. Despite this difficult business environment, IBK aims to become a beacon of the Korean financial industry by further enhancing its core values of SME finance and future value for customers. The top priority will be to support SME crisis management and to promote the growth of companies with potential, while supplying venture capital from a long-term perspective and contributing to the creation of a technology startup ecosystem. IBK will also keep striving for the balanced growth of corporate and personal finance, loans and investments in order to build an even stronger future-oriented asset portfolio. Going forward, the bank will strengthen its digital platform and expand its global market reach through initiatives such as the establishment of a network in Poland and the conversion of local subsidiary in Vietnam.

BUSINESS HIGHLIGHTS

538



IBK CHANGGONG COMPANIES
 (cumulative, companies)
 Financial support of KRW 1,004.3 billion and 7,856 non-financial services (consulting, mentoring, and IR) have been provided as of 2022.



22.99%

SME LOAN MARKET SHARE
 Maintaining the No. 1 market share and becoming a leading bank in SME finance in Korea



320

INTEREST RATE REDUCTION PROGRAM
 (KRW billions)
 Supporting SMEs in a difficult business environment through a three-year interest rate reduction and absorbing 37.65% of the total KRW 850 billion in interest due in 2022.



ESG

25.5
Bank Industry

74.5
IBK

ESG BOND ISSUANCE PORTION
 (%)

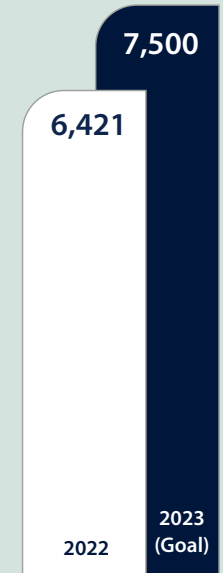
In 2022, KRW 6.86 trillion was issued in ESG bonds, which accounted for 74.5% of the total financial bonds issued—the largest share for the second consecutive year.



59

GLOBAL NETWORK
 (branches)

Operating 59 networks in 12 countries, the bank plans to add a representative office in Poland and promote the Vietnamese branch into a local subsidiary.



85.6%

DIGITAL CUSTOMER BASE
 (1,000 persons)

Under a bank-wide target for the digital sector, the bank reached 6.42 million digital customers by 2022 out of the target of 7.5 million it hopes to reach by the end of 2023.



SME BANKING

Financial Support to SMEs

SME Finance Leadership and Microbusiness Support

In 2022, IBK sustained its market leadership as the top SME lender by actively expanding loan products featuring competitive interest rates, providing timely marketing tips, and enhancing its capability to recommend optimal products. For microbusiness owners, we supported their advancement into the online market and offered financial support linked to specialized products through MOUs with related agencies.

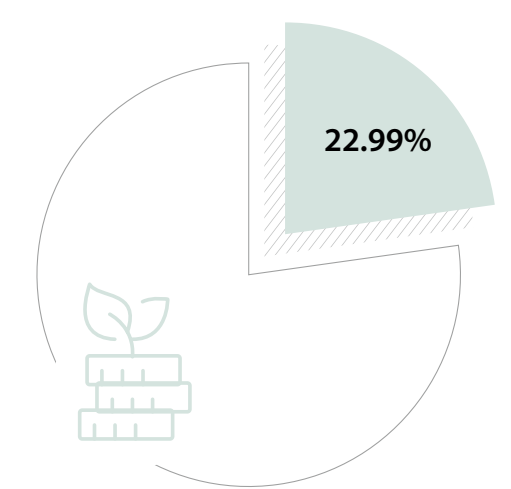
In support of SMEs facing financial distress amid the triple highs of interest rates, FX rates, and inflation, a special interest rate reduction program was set in motion in 2022, reducing or exempting interest payments totaling KRW 850 billion over the next three years. It started with interest reduction or exemption for financially distressed SMEs totaling KRW 320 billion in 2022 alone. In addition, a special loan product was launched to support companies suffering from soaring commodity prices on top of rising logistics and labor costs. Another new special loan product offered privileged benefits to businesses in the shipbuilding, defense, and nuclear industries in an effort to revitalize the national economy.

Separately, COVID-19 rollover and special interest payment deferment program and SME financial cost relief program were initiated to alleviate the repayment burden and financial cost hardship on SMEs and microbusinesses. In times of natural disasters, such as flooding and typhoons, our regional headquarters and branches have quickly collaborated to assess the damages suffered by our corporate clients and made firsthand visits to appraise damages and suggest a proper response with special support funds.

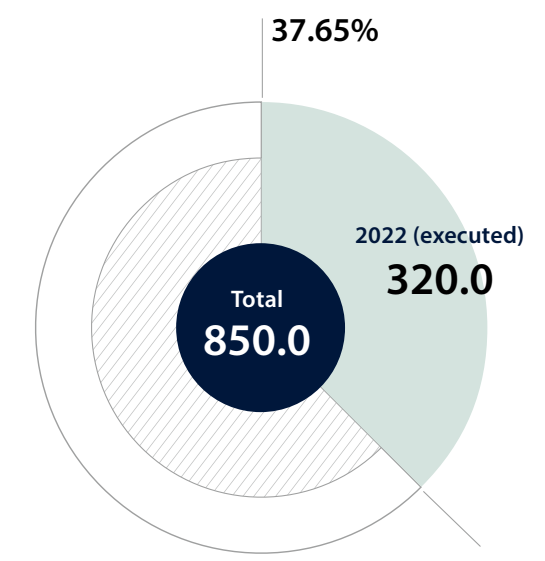
Lending Rate System Reform and Soft-Landing Measures

IBK has reformed our loan interest rate system to enhance transparency and simplicity, while also strengthening the rationality of the loan interest rate calculation according to the basic financial principles. The new scheme did away with incomprehensible spread factors for higher customer engagement and readjusted credit management costs to reflect the expenses of new lending procedures based on the basic financial principles. The reforms work in favor of customers, many of whom will find their spreads have been lowered despite the recent base rate hike trend. A soft-landing program is now ready for customers whose loan interest rate payments have gone up under the new scheme, as it caps the spread changes to minimize customer inconvenience.

SME Loan Market Share



Three-Year Interest Rate Reduction Program (KRW billions)



SME BANKING

ESG-specialized Product Lineup

Under an MOU with the Korean Chamber of Commerce and Industry, we launched two loan products promoting ESG management practices among SMEs. The first loan, dubbed the ESG Management Support Loan, is Korea's first sustainability-linked loan that is based on the government's K-ESG Guidelines. The other is the ESG Management Support Facility Fund Loan.

Moreover, IBK donated a portion of the funds raised from our sale of IBK Job Chaeum Savings accounts to the Disabled Enterprise Business Center. The donation is committed to supporting social enterprises that hire people with developmental disabilities, which in turn contributes to the creation of social value.

IBK Auto-evaluation System

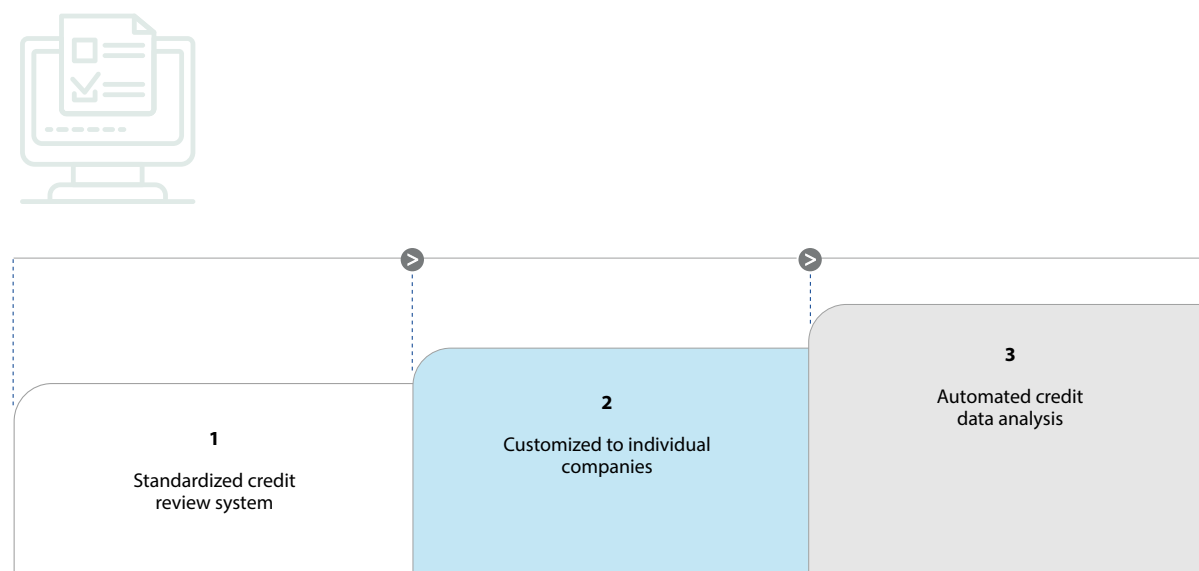
The IBK auto-evaluation system utilizes big data to evaluate the soundness of a potential borrower based on the latest corporate information and to calculate the optimal credit lines of corporate borrowers that reflect their future growth potential. The system leverages IBK's credit review know-how accumulated over the past six decades to ensure the fairness and efficiency in the procedures of credit line extending by following the relevant steps—soundness evaluation, determining loan limit, and the granting of exceptions.

The IBK auto-evaluation system's prompt and accurate screening effectively saves loan reviewers from drowning in a flood of credit review cases that are replete with a countless amount of complex and comprehensive information to consider. As it selects promising SME borrowers, the new system increases the number of opportunities available to qualified SMEs, while also effectively cutting down on the workload at branches.

Active Policy Finance Provider

Guided by the government's SME promotion policies, IBK supplies financial support to SMEs for enhancing their productivity and competitiveness. As of the end of 2022, IBK's SME policy-funded loan balance stood at KRW 20,525.9 billion, up KRW 1,288.9 billion from the previous year.

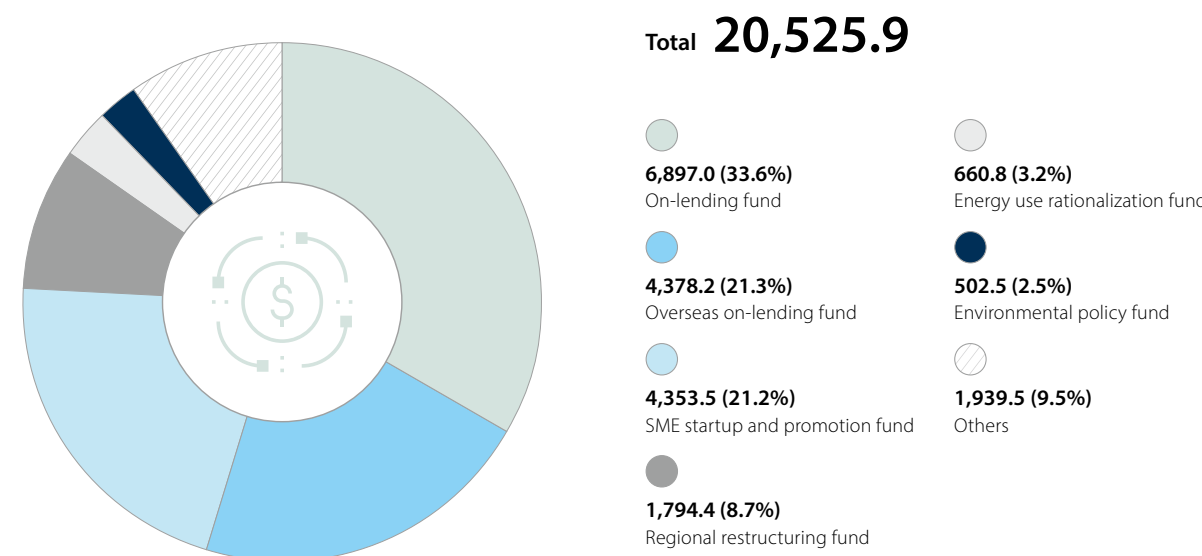
IBK Auto-evaluation System



SME Policy Finance Breakdown

On-lending fund	Provided a total of KRW 2,609.9 billion in 2022 to support SMEs and middle-market firms with growth potential
Overseas on-lending fund	Provided a total of KRW 2,478.6 billion in 2022 to support companies with track records in offshore projects or export/import businesses
SME startup and promotion fund	Provided a total of KRW 844.7 billion in 2022 to support startups, restarts, and the development of a new growth foundation
Regional restructuring fund	Provided a total of KRW 509.0 billion in 2022 to assist local SMEs through facility improvements, lessen regional economic imbalances, and nurture regional specialty industries
Energy use rationalization fund	Provided a total of KRW 175.5 billion in 2022 to support the supply of new and renewable energy sources, the installation of energy-saving facilities needed for the stable supply and pricing of energy, and the effective promotion of energy resources projects
Environmental policy fund	Provided a total of KRW 103.7 billion in 2022 to foster the growth of the environmental industry, promote environmental pollution prevention facilities, and encourage low-emission vehicles

SME Policy Finance Loan Balance Breakdown (KRW billions)



SME BANKING

Tech Financing Leader

IBK finances promising technologies and future-oriented ideas with its tech finance program for SMEs. As of the end of 2022, IBK had maintained its unrivaled top market share, with a tech financing balance of KRW 98.9 trillion. Our specific focus has been on financing companies with excellent technology levels in 2022. As a result, loans to companies with technology grade T4 and above accounted for 88.1% (KRW 87.1 trillion) of our tech finance balance as of the end of 2022.

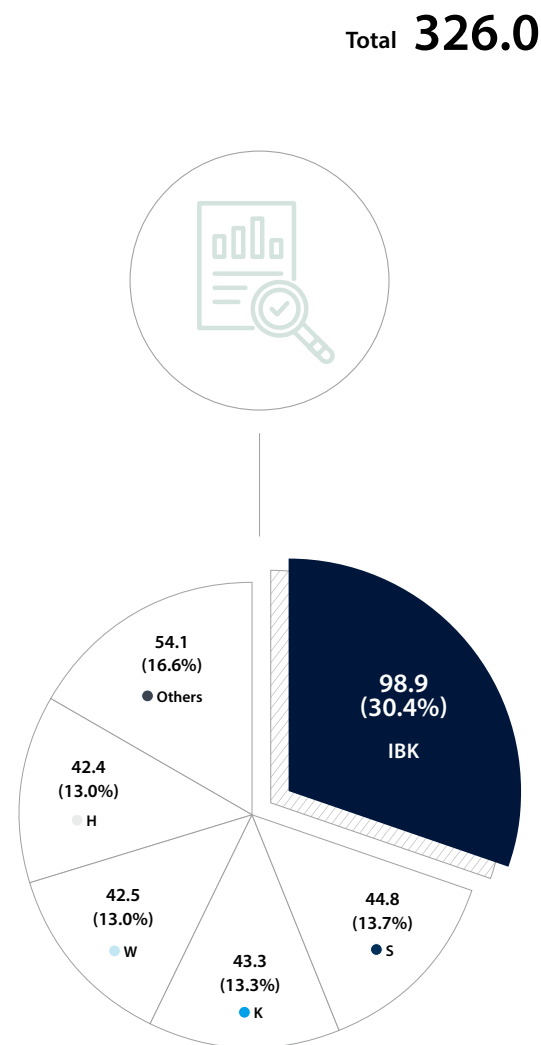
IP loans take intangible assets as collateral in exchange for financial support to corporate borrowers who lack tangible assets but hold the rights to excellent intellectual properties (IPs). In 2022, IBK supplied 325 underfinanced SMEs with KRW 186.4 billion in IP loans.

Our commitment to spreading ESG management practices also extended to developing various IP loan products. In collaboration with the Korea Technology Guarantee Fund (KTGF), we launched an exclusive IP loan covered by the KTGF for companies holding environment-related IPs.

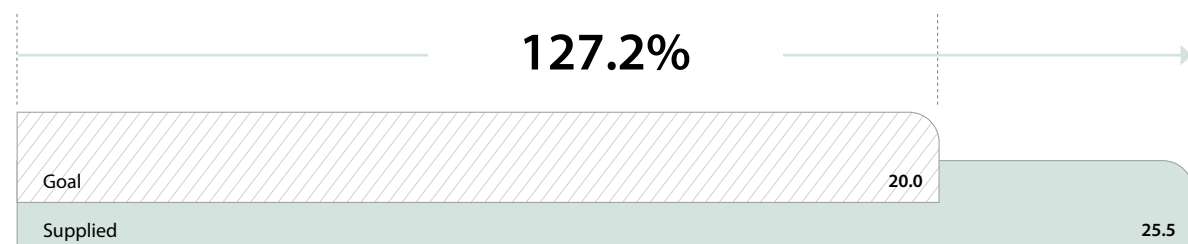
Startup Financing

Since 2017, IBK has been supplying startup financing in line with our preset goal every year as a reliable financier for startups with the aim of fostering a burgeoning startup ecosystem and addressing its funding issues. In 2022, our startup finance amounted to KRW 25,446.2 billion, up KRW 1,611.8 billion from the previous year, achieving 127.2% of the annual supply target of KRW 20 trillion. In collaboration with the Korea Credit Guarantee Fund, we also launched the IBK Innovative Startup Loan for innovative startups whose future growth potential significantly outweigh their disqualifying financial conditions or collateral assets.

Tech Loan Balance & M/S (KRW trillions, %)



Startup Financing Performance in 2022 (KRW trillions)

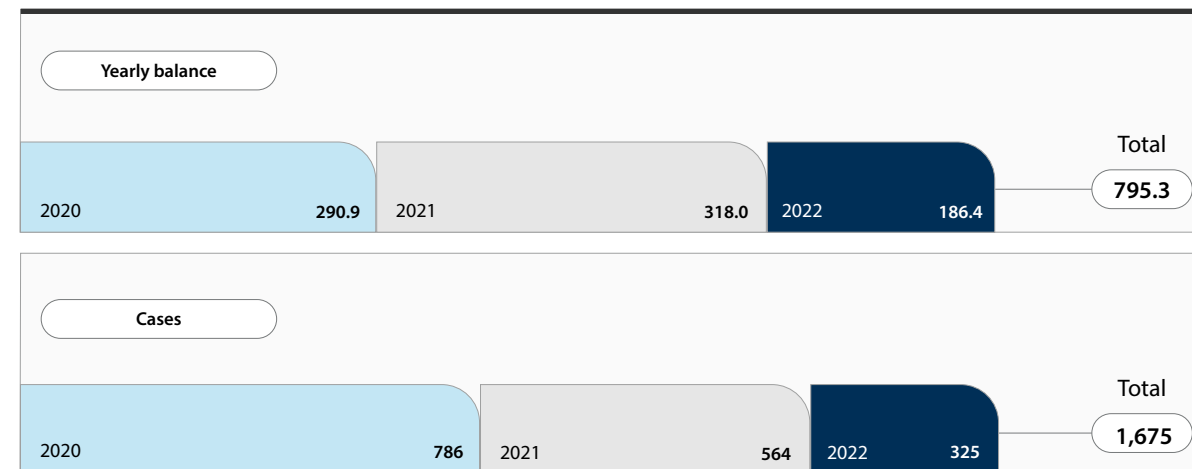


Venture Capital Support for SMEs and Ventures

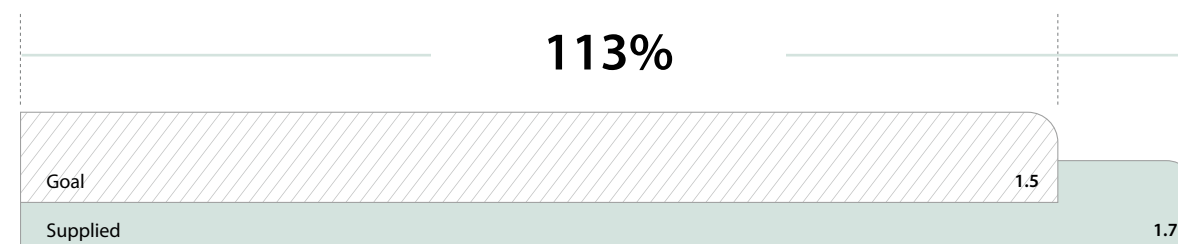
IBK has been financing the growth of innovative SMEs under the goal of supplying a total of KRW 1.5 trillion in venture capital over the past three years. As it turns out, the three-year outstanding total reached KRW 1,682.1 billion by the end of 2022, surpassing the original goal. Venture capital investments assist the scale-up of tech-savvy firms with high growth potential in spite of lacking substantial collateral or financial stability. At the same time, these investments help startups in their nascent stages of development survive and grow out of the death valley curve. As a result, our three-year project gave birth to 33 startups that successfully went on to IPOs between 2020 and 2022—an epic achievement that significantly contributed to Korea's second venture boom and growth of innovative companies through our comprehensive investments and support.

More importantly, recent market developments underscore our role as a policy financier that props up startups so that they can survive today's quickly shrinking capital markets in which committed follow-on financing fail to reach their hands. In response, IBK plans to support the innovation growth of companies with a total of KRW 2.5 trillion in venture capital over the next three years beginning in 2023. Going forward, we will continue supporting tech startups to overcome each potential crisis and subsequently grow by making use of our venture capital market power.

IP Loan Positions (KRW billions, cases)



Venture Capital Performance (KRW trillions)



SME BANKING

Non-financial Support to SMEs

IBK Changgong: A Startup Accelerator

IBK Changgong is the bank's in-house startup accelerator program. From the very beginning, it has been lending our accumulated SME financing know-how and our consulting competencies to discovering and fostering innovative ventures and startups that have been in operation for less than seven years. Through biannual open recruitment initiatives, the program selects qualifying companies to support with liaison services in investments and financing, free workspaces, business mentoring and consulting services customized to their individual needs, as well as assistance with finding new markets. Since the opening of the first IBK Changgong Office in Mapo, Seoul in 2017, the second and third followed in Guro (2018) and Busan (2019), respectively. In 2021, the IBK Changgong SNU (Seoul National University) Camp opened to discover and foster aspiring young entrepreneurs from one of the nation's very best campuses. In January 2022, another IBK Changgong Office opened in Daejeon to harness an abundance of resources from a hub of excellent infrastructure featuring academia, industry, and research for the purpose of discovering and fostering tech-driven ventures.

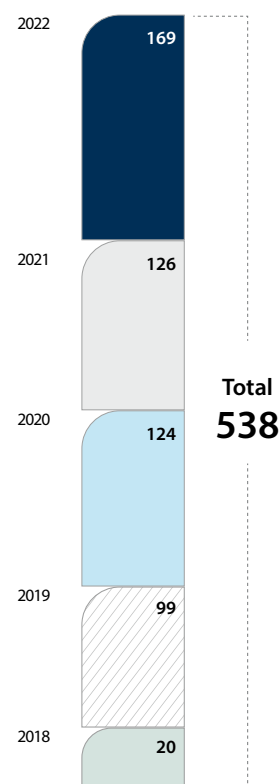
In August of that same year, IBK Changgong UNIST (Ulsan National Institute of Science and Technology) opened to support aspiring young entrepreneurs at that regional university.

As of the end of 2022, the IBK Changgong program had sponsored 538 innovative startups in total, arranged and financed a total of KRW 1,004.3 billion in loans, and provided 7,856 non-financial services sessions, including consulting, mentoring, and investor relations.

SME Consulting Support for Sustainable Growth

IBK offers on-site engagement consulting services to SMEs for their sustainable growth, and that service scope is only growing every year. In addition, our innovation transformation consulting service is designed to help SMEs overcome crises. The consulting begins with an extensive review of management practices to identify any, out of the four categories, requiring innovation at an applicant SME. Based on the findings, the program offers customized consulting sessions according to each category. In 2022, a total of 625 companies received this service.

IBK Changgong Companies (companies)



IBK Changgong Services and Supports (KRW billions, sessions)



ESG Consulting

IBK-style ESG consulting services go the extra mile to come up with concrete plans concerning when, how, and what to practice ESG management from an SME's standpoint. Moreover, our on-site training sessions are tailored to individual SME conditions to help raise their ESG awareness, while also training IBK employees to spread ESG practices at the ground level. Further to that, we have developed and launched an online ESG self-checklist tool to introduce and promote the notion of ESG management unfamiliar to SMEs. Also, IBK in-house consultants are always on standby to help SMEs that are required to establish an ESG system or in urgent need of preparation for either a large corporation supply chain or exporting requirements.

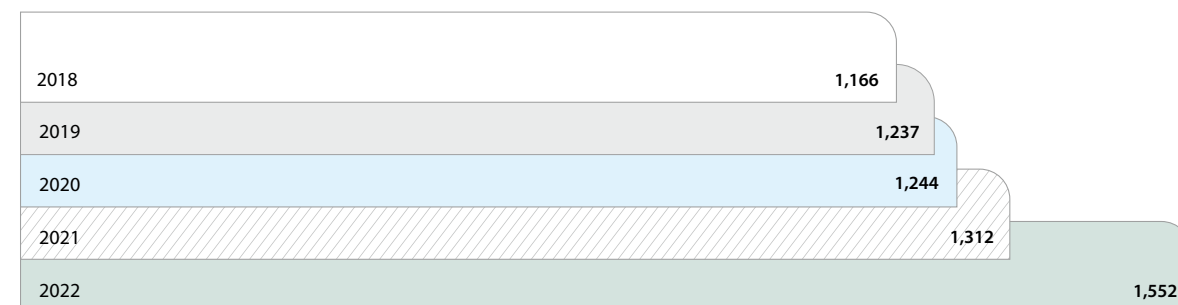
One-Point Consulting on Taxation and Accounting

IBK provides online tax/accounting consulting services to SMEs and microbusinesses who lack access to in-person consulting services due to reasons such as geographic challenges. Task force teams consisting of accountants and tax accountants provide one-on-one consultations with clients or branch staff who might have related questions at work. In 2022, the service was provided to 996 companies.

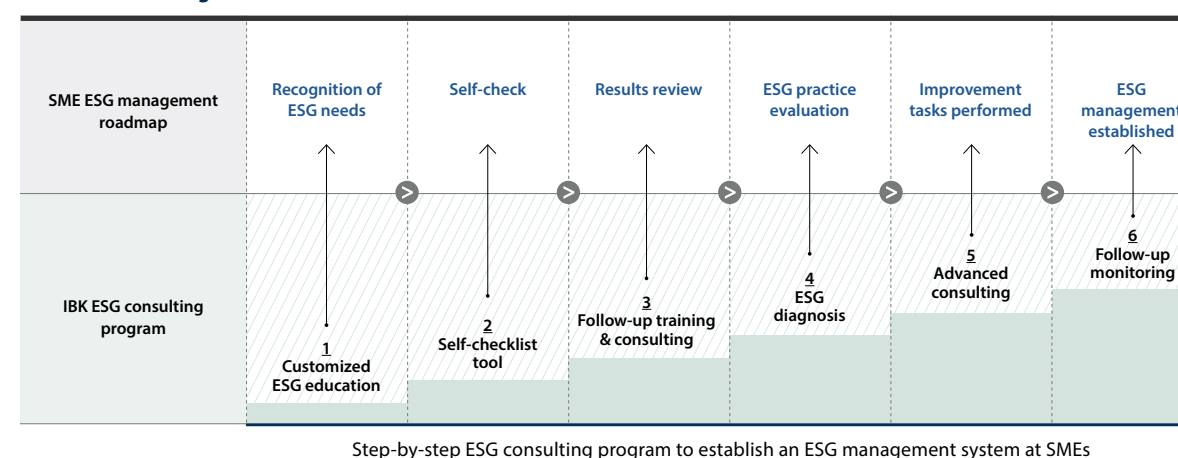
Innovation Transformation Consulting

Assets	<ul style="list-style-type: none"> M&As Restructuring
Business	<ul style="list-style-type: none"> New business reviews Business pivoting Profit management
Culture	<ul style="list-style-type: none"> Personnel management Organization activation Employee education and training
Digital	<ul style="list-style-type: none"> Smart factory ERP upgrades Work process digitalization

On-site Engagement Consulting (cases)



SME ESG Consulting Procedures



SME BANKING

Support for Microbusiness Owners

Mentoring and Online Training for Aspiring Entrepreneurs

IBK supports customized mentoring, collective training, and final evaluation consulting to prospective microbusiness owners selected after joining the New Business Entrepreneurship Academy. In 2022, there were 20 beneficiaries that benefited from the 40 privileged sessions of one-on-one mentoring. In partnership with NAVER, the Microbusiness Online Growth Support Program also provided streaming lectures and Q&A sessions on tax and labor management for microbusiness owners.

Free POS Setup at Traditional Markets

IBK is cooperating with the Small Enterprise and Market Service (SEMAS) to set up mobile POS devices for free at traditional markets to enhance customer convenience and introduce microbusiness owners to the benefit of smart payments. As part of the free POS device setup project, IBK is providing BOX POS devices, while SEMAS is distributing separate Bluetooth terminals that are compatible with the BOX POS system, with all of this being done at no charge.

Backing Up SME Transactions

A new service called KCGF-insured Accounts Receivable Collection was launched in response to a government-related policy. The service pays SMEs the insurance benefits in case of losses arising from failure in collecting accounts receivable, protecting SMEs from those same losses.

Supporting Exchanges and Cooperation among SMEs

IBK CEO Club Gathering Events

IBK's three CEO Clubs serve to reinforce the bank's customer engagement with SMEs while promoting active exchanges and cooperation among SME members. In 2022, we held our annual seminar on Jeju Island for the three CEO clubs. Held in person for the first time in three years due to COVID-19, the event brought together 592 participants, an 11% increase from the previous two-year average attendance of 535 people. Each club prepared content that suited their individual characteristics, such as special lectures and art performances, thereby enhancing both their recognition and participant satisfaction. The event also revived direct contact activities among members, many of whom had been estranged during the pandemic, and helped cement solidarity among members of all the clubs by leaving them with impressive experiences and memories.

Entrepreneurial Hall of Fame Induction Ceremony

The IBK Entrepreneurial Hall of Fame honors entrepreneurship by inducting businesspeople who have contributed to the development of Korea's economy through their business activities. It also inspires young entrepreneurs to grow their businesses into global companies. Since 2004, a total of 38 honorees have been inducted on 19 occasions. The 2022 honoree of the year was Mr. Bae Ji-su, the CEO of YJC Co., Ltd., who was singled out for his contribution to the decentralization of industries and quality jobs; his company successfully localized refractory ceramics technology, which before then had been fully imported. The company was also active in various social contribution activities. In honoring his entrepreneurial spirit and accomplishments, IBK invited Mr. Bae, his family, employees, and other guests to the bank's head office building in Seoul for a grand ceremony to celebrate his induction.

IBK CEO Clubs



Heeding SME Voices

In 2022, we expanded the venues for interacting between IBK executives and SME CEOs to listen to their voices on how to help them overcome fallout from the pandemic and related crises. All the directors of IBK regional headquarters also attended the IBK Best CEO Club seminar to interact with club members, all of whom are loyal IBK customers. Each event also featured lectures by IBK executives to reiterate IBK's role as a policy financier and to deliver supportive messages to SMEs, strengthening customer trust in the bank as a result.

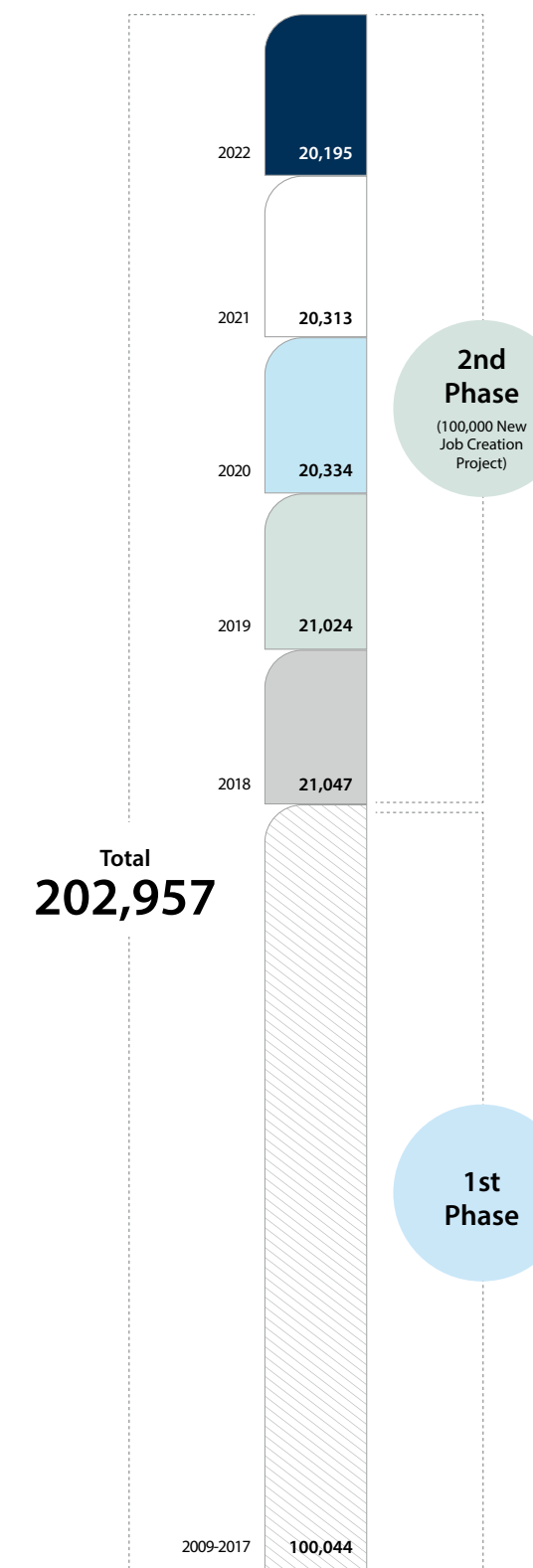
Job Creation Initiatives

To address job disparity issues within the SME job market, IBK became the first Korean bank to initiate a job creation project in 2009. Indeed, there is an old saying among SME employers that it is more difficult to find people to work than to keep a business afloat. Buoyed by the success of the first phase of the SME Youth Employment Project (2009-2017), IBK initiated the 100,000 New Job Creation Project in 2018, which ended up reaching its goal in 2022—four years and two months earlier than the first phase. As of 2022, the project had matched a total of 200,000 job seekers to SME employers through the job portal i-ONE JOB, job fairs, and the Job Chaem Fund.

Job Creation Projects

i-ONE JOB	<ul style="list-style-type: none"> - Job portal for the SME job market - 6,356 SME employer members, 62,504 jobseeker members
Job Fairs	<ul style="list-style-type: none"> - Recruiters and applicants sitting down to communicate on-site - Hosted 66 job fairs that attracted 590,000 jobseekers
Job Chaem Fund	<ul style="list-style-type: none"> - Subsidies for financial expenses for recruitment and employment - KRW 19.5 billion in subsidies to 28,290 people at 1,486 companies

Job Creation Project Performance (persons)



SME BANKING

i-ONE JOB

i-ONE JOB, a free recruitment portal for SMEs, boasts annual visit counts of more than 250,000, memberships exceeding 70,000 people, and over 17,000 job postings. The portal site also provides job seekers with job diagnosis consulting, AI interview questionnaires, and AI job recommendation services. Starting in 2023, it will add an in-house-developed AI headhunting service for SME recruiters that recommends optimal candidates. Furthermore, the site provides quality job opportunities to job seekers through a web page set aside for the suppliers of large companies under the Job Shared Growth Agreements that have been signed with 34 large companies.

Job Fairs

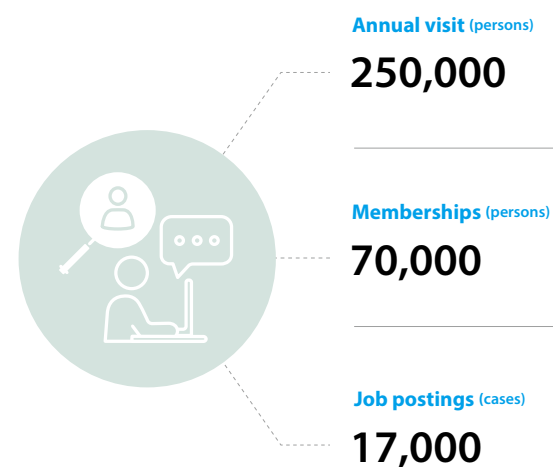
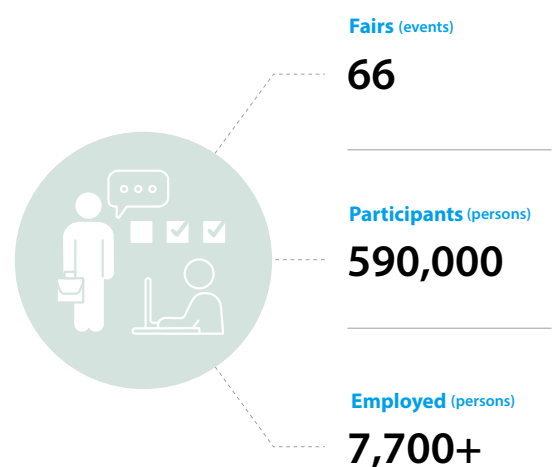
Every IBK Job Fair offers a venue for SME recruiters and job seekers to sit down together in person. Since 2009, it has arranged a total of 66 job fairs, attracting 590,000 job seekers and successfully matching more than 7,700 jobs. The year 2022 was an especially active one for our job fair initiative, as we hosted the Maritime Fisheries and Environment Job Fair in collaboration with the Ministry of Maritime Affairs and Fisheries; held a Good Job Fair in collaboration with the Seoul Metropolitan government to celebrate our goal of matching 200,000 jobs with job seekers; and arranged a special Job Matching Day event that trained applicants before matching jobs with them under the digital job creation MOU with the Seoul Business Academy, ultimately achieving a 72% matching rate. Since 2017, IBK has also orchestrated an industry-wide job fair involving all of Korea's major financial institutions.

Job Chaelum Fund

IBK committed a total of KRW 60 billion to the Job Chaelum Fund in 2018, and has been supplying financial support to SME recruitment since then as well. The fund subsidizes SME employers up to KRW 500,000 for every new full-time employee hired for more than three months. As of the end of 2022, the fund had paid a total of KRW 19.5 billion to 1,486 SMEs for hiring 28,290 people. Starting in 2022, the fund's customer convenience improved after the i-ONE JOB portal site opened an online application for fund subsidies.

Caring for the Underprivileged

IBK's 1 Company-1 Disabled Hiring Campaign encourages SMEs to employ disabled people, offering management benefits and support policies as part of this program. Other projects aimed at caring for the underprivileged include: opening a job portal for female-led businesses, opening a one-stop job search service featuring youth policies, and scholarships for undergraduates of vocational high schools with an excellent record of supplying graduates to SMEs (KRW 50 million to 20 schools).

i-ONE JOB**Job Fairs****Support to SME Export/Import Businesses****Historic-High FX and International Trade Finance Performance**

IBK's FX and international trade finance performance set a record in 2022 when it reached USD 158.6 billion. Despite the unfavorable trade environment for SMEs due to the global economic downturn, we were able to achieve a historic-high performance through consistent efforts to assist SMEs in building their competencies in overseas markets and to assist their business activities in local markets.

In support of SMEs having difficulties in their payment settlement of imports due to the pandemic and/or soaring exchange rates, the bank exempted 1,500 letters of credit (L/C) from a reserve deposit for collateral on time of maturity extension and extended the maturity yet again. For its part, IBK Ansan Foreigner Financial Center extended its office hours so that it is now open on Sundays and provides information in multiple languages both online and offline to facilitate international customers' bank affairs.

Digital Marketing on Track

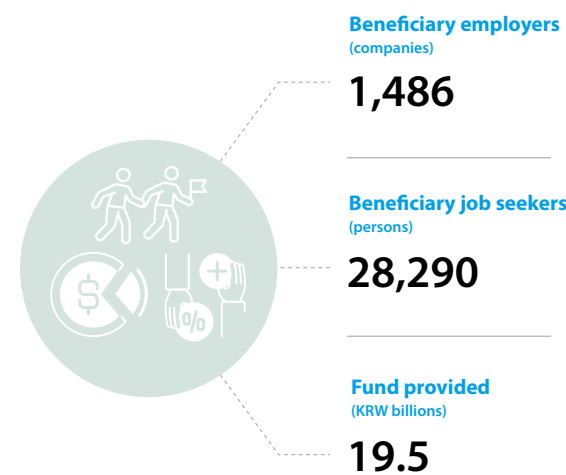
Marketing activities at branches are now augmented with a new AI-aided process. Not long ago, we completed an AI prediction model that discovers new FX opportunities and leverages big data, including eleven events within the big data portal, to preemptively capture new customer opportunities or signs of customer churn at export/import SMEs.

IBK's corporate internet banking platform has expanded its digital customer service range by adding foreign direct investment reporting procedures and enhanced legal compliance support functions. In addition, the Corporate Banking Digital Channel Innovation Project has recently completed thirteen tasks, including the digital extension of export/import licenses, mobile remittance of trade business settlements, smart online FX credit agreement, paperless remittance for trade business payments, and an export document tracking service. The new digital infrastructure for FX operations is now in full operation and has considerably increased customer satisfaction.

Support of SMEs' Overseas Sales Expansion

Today, we are proud to work hand in hand with big tech companies such as Amazon, Alibaba.Com, and TikTok in arranging consulting services and seminars on how to enter online markets, as well as how to market and promote products. In August 2022, we signed an MOU with the Industrial and Commercial Bank of China and supported our clients' participation in the 5th China International Import Expo held in Shanghai. We also took part in KOTRA's offline event, the 2022 Global First Steps Fair, and provided one-on-one consultation on IBK's exporter support programs. On top of that, we offered financial-embedded logistics benefits in collaboration with a logistics company, Samsung SDS, to support SME exporters facing difficulties from rising international commodity prices and logistics costs.

Finally, we held the 48th On-Tact IBK Trade Business Practice Academy and provided training to improve the export/import work skills of employees involved with FX transactions. The training course consisted of export/import business principles, FX risk management, updated FX transaction laws and regulations, as well as relevant case studies, receiving positive feedback from satisfied trainees.

Job Chaelum Fund



RETAIL BANKING

Retail Loans/Deposits

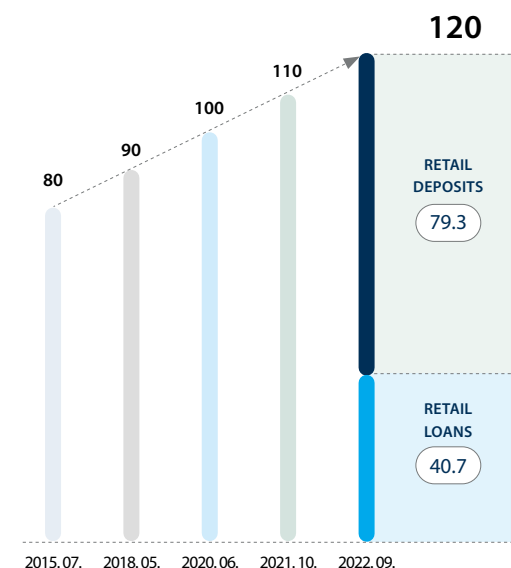
Achieving Record-High Performance Results

IBK achieved a record-high retail loans/deposits balance, which stood at KRW 120 trillion as of the end of 2022. In particular, the KRW 10.2 trillion net increase in the total deposit balance outperformed competitors' deposit growth rates. The remarkable deposit growth facilitated the retail banking sector's key role to provide funding for the bank's SME financing mission.

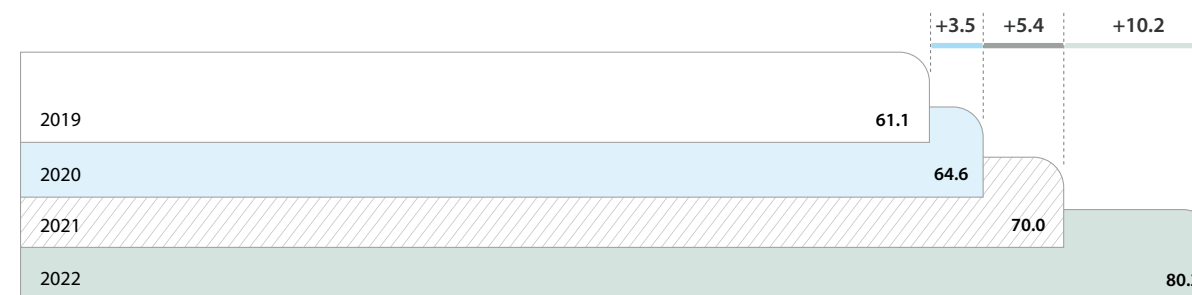
Retail Loans

In 2022, IBK's retail loans amounted to KRW 41,432.9 billion, up KRW 315.1 billion from the previous year. Specifically, the mortgage loan balance stood at KRW 26,698.7 billion, accounting for 64.4% of total retail loan assets, with an average loan-to-value (LTV) ratio of 37.4%. The credit loan balance was KRW 6,513.0 billion, representing 15.7% of the total retail loan balance for the year.

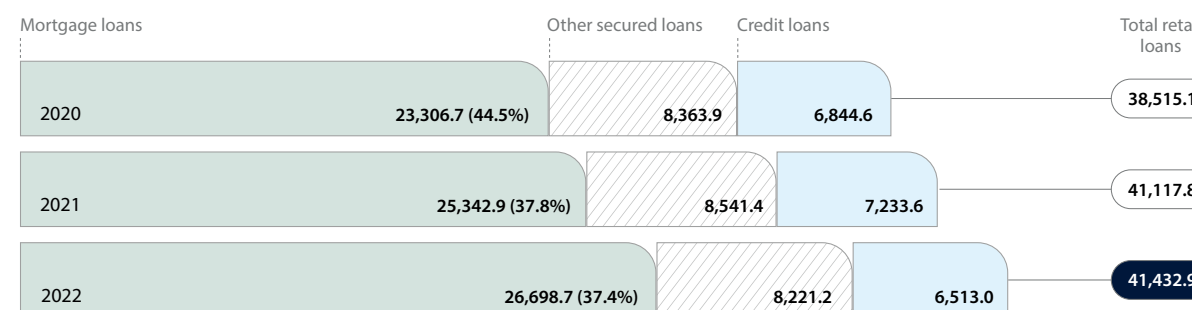
Retail Loans/Deposits Balance by Year
(KRW trillions)



Total Deposit Balance by Year (monthly average balance, KRW trillions)



Retail Loan Balance by Year (KRW billions)



RETAIL BANKING

Microfinance Policy Loan Products (as of Dec. 2022, %, KRW billions)

	Launched	Eligibility	Limit per borrower	Interest rates	Supplied in 2022	Balance
New Hope Seed Loan	Nov. 2010	Low-income, low-credit	KRW 35 million	4.29-9.50	172.1	326.7
Living Stabilization Loan*	Aug. 2008	Low-income workers, unemployed	KRW 20 million	1.00**	293.4	803.1
Stepping Stone Mid-rate Loan	July 2016	Mid-credit	KRW 20 million	8.53-11.0	1.2	12.6
Sunshine Loan 17	Sep. 2019	Low-income, low-credit	KRW 14 million	4.00-4.50	-	15.9
Sunshine Loan Youth	Jan. 2020	Low-income young adults	KRW 12 million	3.50	129.6	269.7
Sunshine Loan 15	July 2021	Low-income, low-credit	KRW 20 million***	3.50-4.00	54.9	61.6
Safety Net Loan (II)	July 2021	Low-income, low-credit	KRW 20 million	3.50	1.0	2.1
Sunshine Loan Bank	July 2021	Microfinance borrower	KRW 20 million	Up to 8.90	1.4	1.3
Others (including mid-rate credit loans)	-	-	-	-	0.4	12.4
Total	-	-	-	-	654.0	1,505.4

* Either under policy products or IBK agreement, the product is funded by the Korea Worker's Compensation & Welfare Service. (The other products in the table are financed by IBK.)

** Interest rates were lowered from 1.5% to 1.0% for new loans approved from August 2022 onward.

*** Per-borrower loan limits expanded from KRW 14 million to KRW 20 million as of August 2022.

Retail Loan Asset Quality Management

IBK has been meticulously managing the asset quality of its retail loans in preparation for surging base rates in 2022. For instance, our loan product sales have concentrated on amortized fixed-rate loans, with special offerings like discriminating the spread negotiation rights according to repayment plans, and on sales of special long-term fixed-rate loan products with a maximum term of 10 years and a sales cap of KRW 500 billion. For marginal borrowers, IBK offered pre-workout loans to help their debt repayment under the debt restructuring program. Throughout the year, the bank supplied a total of KRW 654.0 billion by increasing the eligibility and limit of microfinance policy loan products, such as the Living Stabilization Loan and the New Hope Seed Loan in an effort to alleviate the debt burden of low-income borrowers who are vulnerable to interest rate hikes.

Launch of New Products and Marketing

We have been marketing several competitive new products, including those offering special benefits to SME employees and the self-employed through various affiliations, as well as some innovative new products, both of which have helped motivate ESG management practices. Through an aggressive marketing campaign to attract new retail customers, the number of new customer inflows, which had been declining during the pandemic, grew to around 600,000. As for our payroll account marketing, the Payroll Lounge Service added

a virtual page exclusively for payroll accountholders on the i-ONE Bank app, sustaining loyal customers with a variety of special benefits. Separately, a virtual IBK Acorn Bank opened on the Cyworld website to bring about more customer inflow via the digital channel. Furthermore, the bank launched a marketing campaign that offers benefits to branches showing best performance in attracting new loyal customers, and a marketing event targeting the parents of infants and toddlers called FamilyON IBK to attract future customers to the i-ONE Bank app.

Supporting ESG Practices

As a policy financier, we provide a wide range of support to social newcomers and the underfinanced. In addition to our Customized Economics Classes for teens, military service members, and young adults, we run a Financial Harmony CAR program. This inclusive finance initiative provides financial services and education in person to the underfinanced, such as students and youth in rural areas, as well as multicultural families.

New Product Highlights

Special Product	Affiliate Product	ESG Product
IBK SME Employee Special Savings Launched on Oct. 5, 2022 A special savings plan exclusively for the employees of SMEs to help them build assets - Sold 36,624 accounts - Selected as a <i>Maeil Business Newspaper</i> Hit Product of the Year in Nov. 2022	IBK Home Run Scholarship Savings Launched on Nov. 22, 2022 A new product to motivate SME employees' children's learning abilities	IBK Zero Carbon Savings Launched on Aug. 19, 2022 A new product to encourage public interest in energy savings and voluntary engagement in zero carbon initiatives and other ESG practices; sold 8,039 accounts

Customized Economics Classes (as of 2022, sessions, persons)

		Sessions	Persons	Class Themes
Future customers	Preschoolers	29	2,733	Art classes for understanding savings and economics
	Teenagers	268	15,024	How to form good habits with managing and saving pocket money
	Military service members	110	24,283	How to carry out financial transactions and prevent financial fraud
Adults		25	2,048	Credit management and wealth management for young adults
Financial Harmony CAR		42	800	IBK Mobile Branch visits to the underfinanced to provide education and financial services

Credit Card Business

An Exceptional Year

In 2022, the IBK Credit Card business division generated exceptional performance results through innovative new product launches, steadily accelerating digital transformation efforts, and the promotion of profit-oriented substantial growth by concentrating mainly on quality assets—and all in a difficult business environment hampered by reduced merchant fee income on top of the triple-highs of interest/FX rates and inflation, not to mention fierce market competition.

Innovate New Products

We introduced IBK Card products that apply IBK's unique brand identity throughout the year. In September 2022, we launched an industry-top corporate credit card product that offers points and mileage incentives called B-Point, B-Mileage. The product benefits are actually designed with self-employed and microbusiness owners in mind, as they are often marginalized by large businesses when it comes to customer loyalty rewards. Buoyed by the success of our recent partnerships with world-famous character brands such as Moomin and Muzik Tiger, which gained significant traction among MZers, we further strengthened our global character-inspired credit card lineup and enhanced our brand image with the launch of the IBK DC Heroes Card, a credit/debit card affiliated with DC Comics, in 2022.

Leading the Corporate Credit Card Market through Speedy DT

Released in November 2022, the IBK Company Card significantly enhanced customer convenience, as it can be issued on IBK's internet banking app without any in-person visit to an IBK branch. We are constantly digitizing new products and existing tasks related to corporate credit cards so as to reduce the workload at our branches and increase customer convenience at the same time.

Higher Profitability and Lower Delinquency Rates

In 2022, IBK's credit card business achieved an industry-leading operating profit owing to both its historic-high credit card transaction volume and profit-oriented, cost-reduction management that cut down on service fees and provision for credit losses. In addition, we hedged against the special risks stemming from the prolonged COVID-19 pandemic and an economic slowdown triggered by the economic triple highs, while also preemptively countering potential risk factors through systemic risk management. As a result, the real delinquency rate improved from 2.33% to 2.14% over the year.

RETAIL BANKING

Enhanced Customer Management

The pandemic forced us to go digital in our marketing efforts with credit card customers these past couple of years. In a bid to make the most of the lifting of social distancing policies in 2022, we hosted the first bank-wide cultural event since the outbreak of the pandemic. The IBK BLUE Hope Concert invited VIP credit card customers to the performance, helping us enhance customer loyalty and brand recognition of IBK credit cards.

Social Contribution Activities

Since the release of the Credit Recovery Card to help low-credit individuals recover their credit scores in April 2021, we launched another credit card of this kind on December 2022. Dubbed the KAMCO Credit Recovery Card, it is designed to assist the underbanked in becoming financially independent as part of our commitment to inclusive finance. Earlier, in October 2022, we signed an MOU with Seoul Metro, a partner for the IBK hi Card, and left safety guide materials at subway stations in practice of ESG management and to enhance our brand image as a socially responsible institution.

Private Banking

WIN CLASS: IBK's Private Banking Brand

Introduced in 2005, WIN CLASS serves privileged clients via its digital channels and through in-person channels that span 226 VM (VIP Management) branches and 18 WM (Wealth Management) Centers nationwide. IBK VM branches are staffed with specialized VIP managers who provide not only the bank's basic services, such as deposits, loans, and FX but also comprehensive wealth management services. The service is reserved for VIP clients whose deposit balance surpasses KRW 100 million (individuals) or KRW 500 million (businesses). The WM Centers are in fact hybrid branches where private bankers from both KB Kookmin bank and KB Securities collaborate to offer the best options for total financial services covering both banking and securities services. Since the second half of 2022, the WM Centers have been supporting branches located close by with wealth management services under a hub-and-spoke strategy. Financial experts stationed at our WM Centers nationwide directly manage the assets of customers at nearby branches upon request, making high-end wealth management services accessible at any given branch. For customers who prefer contactless channels, video consultation and call-up services are also available. In addition, customers can consult on their wealth management strategies with experts in finance, taxation, and real estate on video/phone calls through one-on-one personalized consulting services.

IBK First-Class is a high-end total wealth management consulting service for ultra-high net-worth individuals (UHNWI). Each UHNWI client is attended to by an exclusive team consisting of tax, real estate, and financial experts to provide personalized total wealth management consulting services. Moreover, the service is available not only for individuals but also SME owners.

Customer Value-Driven Investment Products

IBK has in place an Investment Products Policy Council which plans investment strategies for funds and trusts, while also performing pre-evaluation and follow-up management of investments. The Council reviews risks and refers to internal and external experts for verification before providing investment products. In particular, the customer yield performance on investment products is reflected in the key performance indicators (KPIs) for evaluating sales branch performance results, which in turn has established a customer value-driven sales practice.



Increasing Wealth Managers and Eradicating Misselling

We have adopted advanced courses in each wealth management field to foster WM experts and newly set up an auditor education course to establish conscious management practices at all WM Centers. In fact, the first Young Star PB group commenced their first class in May 2022, fostering future talents. To prevent misselling practices, all WM staff have completed advanced courses on integrity selling processes, misselling prevention protocols, and in-depth education on investment products. Furthermore, the PB (private banking) centers have revised their operational guidelines to prevent misselling practices.

Timely Supply of Strategic Investment Products and Higher Consumer Protection

Mutual Funds

We have launched new products that meet each individual customer's needs for diverse investment products, while also dealing with increased volatility in the market. We generated KRW 18.1 billion in mutual fund sales commissions as a result of introducing new products featuring ESG, autonomous driving, digital mega trends, global REITS, and income EMPs through personalized marketing and branch marketing support programs via non-face-to-face channels. At the same time, we promoted a zero-misselling campaign to ensure that financial consumer rights are well protected in the process of our marketing activities. The meticulous process involved with the Fund Mystery Shopping Program entails all the critical subdivided steps, from pre-education and self-checks to complementary training courses. For online subscriptions to mutual funds, we have established a process where customers verify that they are making informed decisions. Additionally, the work process has been upgraded to prevent any unforeseen financial incidents by strengthening our internal control procedures, such as altering the risk ratings of funds or new sales procedures of PB-exclusive products.

Additionally, we have introduced key fund products and new products on YouTube livestreaming and held virtual seminars introducing customized investment strategies according to fluctuating market conditions. We also provide various education and training programs, including how to improve one's counseling skills, to support the competency-building of salespeople.

Bancassurance

Despite the difficult business environment and sagging private consumer sentiment from rising interest rates, IBK achieved KRW 14.0 billion in bancassurance sales fees (including the KRW 600 million in co-op account sales commissions) by selling insurance products that meet the needs of customers and the market, including High-Interest, Fixed-Annuity Savings Insurance, Loan Repayment Credit Insurance, and Health Check-up Mini Insurance. As a policy bank, we also support government policy projects through products of our own, such as the Youth Naeil Chaeum Co-op, which encourages young SME employees to stay longer with SMEs and rewards them with higher returns on pensions, and SME Employee Special Pension Insurance, which discounts basic insurance premiums for SME employees by up to 1.4% for a maximum of five years.

In the non-face-to-face sector, the i-ONE Bank app added a new service called Find Your Unclaimed (free) Insurance Payment, introducing customers to a more convenient and useful digital insurance service experience. Digital sales competitiveness has also been enhanced through expanded online subscriptions to small-amount lifestyle/special insurance products.

In order to ensure greater protection of financial consumer rights, we implemented Mystery Shopper self-check protocols, expanded suitability and adequacy diagnosis procedures of foreign currency insurance, and strengthened the standards necessary to manage affiliated insurance companies and products.

Trusts

In addition to the active marketing of our short-term bond products and foreign currency trusts, we launched Comprehensive Financial Investment Business-Issued Promissory Notes to meet the growing demand for fixed-rate products, selling 3,519 accounts totaling KRW 1.9 trillion at 408 branches in 2022. Also, on the ride of surging interest rates, our money market trust (MMT) products' competitive interest rates successfully pooled a staggering amount of short-term funds. On top of that, we added various investment assets, such as promissory notes issued by brokerage houses and asset management firms' RPs, and sold special interest rate products to attract standby funds from financial institutions. As a result, the trust balance grew by KRW 2.6 trillion from 2021.

As part of our digital innovation efforts, the trust business adopted a mobile electronic notice function and business consultation chatbots. All MMT products are also available as electronic documents for new contracts, thereby incorporating the integrity sales process in our trust products.



INVESTMENT BANKING

IB

Supporting Investments in the Future

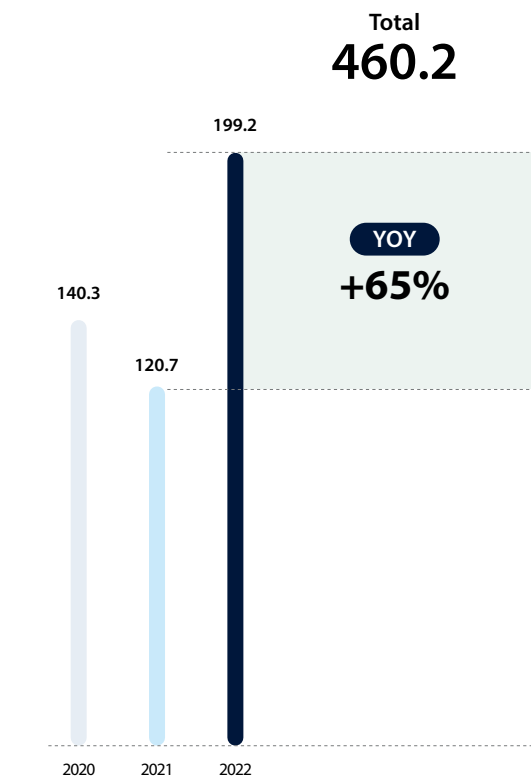
In 2022, IBK supported policy finance to the M&A market and expanded its investments into profitable cross-border M&A opportunities. For instance, the bank financed the future business reorganization and M&A deal of a Korean SME called SD BIOSENSOR, which has grown into a unicorn company with its unique technology centered on COVID-19 diagnosis kits. IBK financed USD 100 million in loans to this homegrown medical device manufacturer for its USD 500 million-worth acquisition of Meridian, a NASDAQ-listed company in the same industry. The merger is highly expected to create synergies between the two competitive businesses from Korea and the U.S.; SD BIOSENSOR has an established network in emerging markets throughout Asia, Africa, and the Middle East, while Meridian brings with it an extensive network in advanced markets, including the U.S., China, Japan, the UK, and France.

Liquidity Provider and ESG Management Practitioner

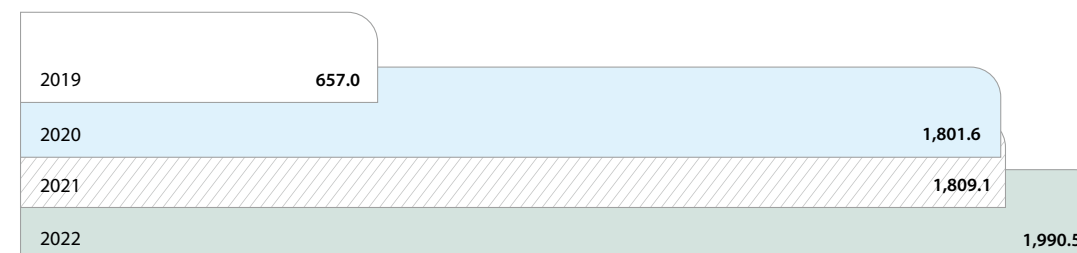
As a policy bank, IBK provides financial relief to SMEs facing liquidity shortages but unable to issue corporate bonds through P-CBOs. In 2022, the bank set aside KRW 2 trillion in annual credit lines of P-CBOs and executed KRW 1,990.5 billion in collaboration with guarantee funds (KCGF & KTGF). IBK's USD 94 million investment in ESG bonds also contributed to the establishment of ESG management practices.

SME M&A Investment & Financing

(KRW billions)

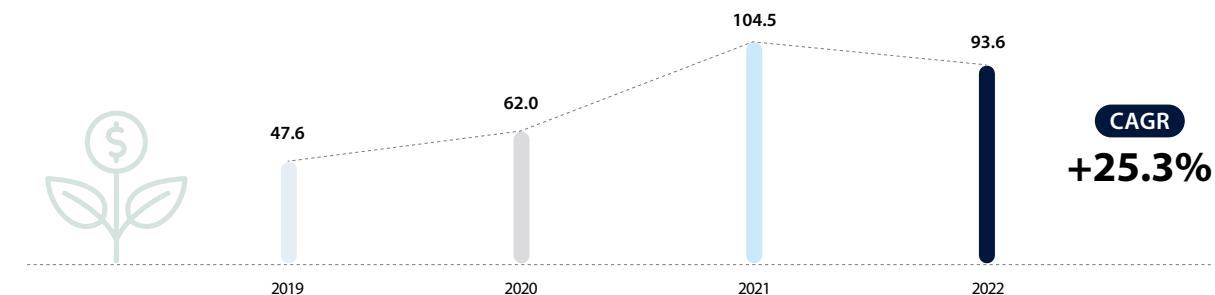


P-CBO* Support (KRW billions)



* P-CBO (Primary-Collateralized Bond Obligations): asset-backed securities (ABS) issued on the basis of cash flows generated by pooling corporate bonds issued by companies

ESG Bond Investments (USD millions)



INVESTMENT BANKING

CREATIVE CONTENT FINANCE

Financier of Cultural Content SMEs

As an SME policy bank, IBK finances SMEs in the cultural content industry and performs its mission through policy financing to future growth industries. As it turns out, it is actually the only Korean bank that has a department dedicated to cultural content financing. Since its establishment in 2012, the department has financed a total of KRW 6.6 trillion. Its most discernable investments in 2022 were *Decision to Leave* and *Broker*, the two prize-winning Cannes films for Best Director and Best Actor, respectively, making IBK the first Korean bank to have directly invested in foreign award-winning films.



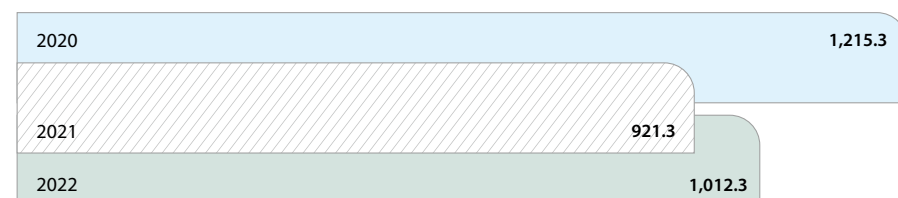
2022 IBK K-content Investments

Backing the Flourishing K-content Industry

Riding the current K-content wave, IBK is increasing the scope and size of its cultural investments in an effort to provide more opportunities to competent—but under-financed—SME culture content creators. Its investments, which were mainly concentrated on films, dramas, and performance shows in the past, are now being extended to reach non-video and new media content, as well as video content. Furthermore, the investment stage, which used to concentrate on post-production, is now moving up to the pre-production stage to back up some promising ideas and have them go commercial while also securing the intellectual properties of SME productions. In 2023, investment priority will be placed on new media with a high growth potential in order to expand investments in next-gen K-content genres, such as animation, dramas, and music.

The K-content industry is very young, with 78% of the workforce in their 20s and 30s. It is also a very promising future industry that is expected to grow further even though it is clearly a major industry whose export value has already surpassed the export value of home appliances and display panels. More importantly, the export of K-content even drives the growth of related industries, thereby generating a momentous economic ripple effect. Paying attention to this, the Korean government has made the global growth of K-content and its related industries part of the national priority, underscoring the importance of securing content IP rights. Drawing on its extensive database accumulated over its 10 years of financing cultural content, IBK will further expand its investments to contribute in creating the foundation for the growth of K-content and strengthening its global competitiveness.

Financial Support for the Cultural Content Industry (KRW billions)



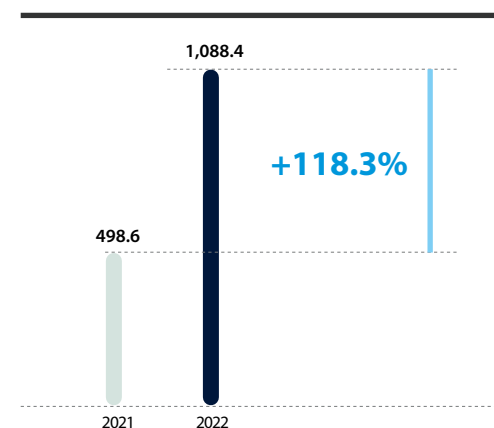
Total 3,148.9

PROJECT FINANCE

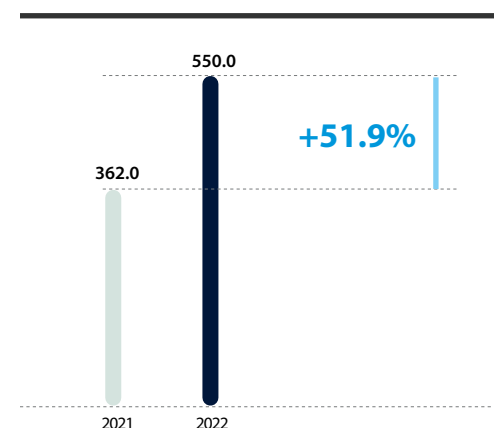
Expanding IBK Role

IBK's expanded investments in the SME industrial infrastructure, such as industrial parks and knowledge industry centers, have contributed to SMEs having better financial control over their business sites and creating more jobs. In particular, the bank has increased investments in profitable projects in major cities aside from Seoul, contributing to regional economic and balanced national development. Moreover, its investments in green buildings, including office buildings and logistics centers, totaled KRW 122.9 billion in 2022, thus backing up the bank's firm commitment to advanced ESG initiatives.

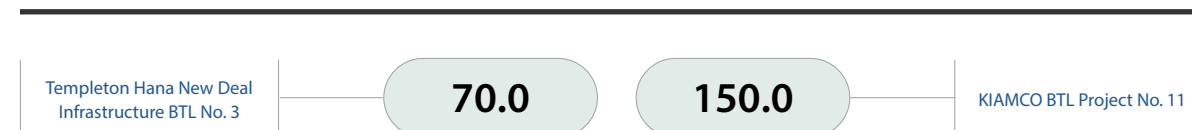
Year-end Balance of Industrial Facilities Investments (KRW billions)



Year-end Balance of Non-Metropolitan Area Investments (KRW billions)



Investment in the Green Smart Future School Project (KRW billions)



INFRASTRUCTURE FINANCE

SOC Investments to Promote Public Welfare

IBK participates as either an arranger or investor in financing various government-led SOC projects, including the Ministry of Defense's communication infrastructure project and the Ministry of Education's smart future school project. In September 2022, the bank committed to investing a total of KRW 220 billion into two funds that are investing in the Ministry of Education's Green Smart Future School Project. The project involves remodeling 2,835 older buildings which are part of 1,400 schools aged 40 years or more. The project requires a total of KRW 18.5 trillion over a period between 2021 and 2025. As the remodeled buildings will be equipped with renewable energy sources, the project is expected to have an economic ripple effect for local communities while also providing future generations with a quality education environment.

In October, the bank arranged the PF for and pledged KRW 290 billion to the Ministry of Defense's Integrated Broadband Network Construction Private Investment Project, which requires a total budget of KRW 600 billion. This ESG project aims at completing a core communication infrastructure system by replacing outdated communication equipment and establishing a private communication network for stable communication support to all 2,322 military bases throughout South Korea in both peace and wartime.

Green Finance

In March 2022, IBK established the Green Value Growth Fund, which invests in green industries from their earliest stages to induce more private investments. The bank's commitment is valued at KRW 20 billion of the total KRW 31.0 billion raised in March 2022. Another steady investment target is the clean energy industry—the key to a sustainable society—specifically hydrogen, a future-oriented core energy source. IBK has already pledged KRW 75 billion to the SK Incheon Liquefied Hydrogen Plant Project. As part of the government's Hydrogen Economy Activation Roadmap, the project aims at an annual production capacity of 30,000 tons. Also, IBK has committed KRW 68.6 billion to the Jeju Sumang Wind Power Project, which operates 25.2MW-capacity wind turbines at the Jeju Sumang Wind Farm, an area known for its excellent wind conditions. Most encouraging of all is that the project's business stability has been secured by a long-term firm fixed-price contract (FFP) with a public power generation company.



GLOBAL BUSINESS

IBK Global Network & Our Mission

As of the end of December 2022, IBK was offering financial support to Korean companies for expanding into overseas markets through our global network of 59 branches spanning 12 countries worldwide. In areas where we are not yet operating, we leverage strategic alliances alongside leading international banks with a local presence, such as UniCredit (Italy) and Deutsche Bank (Germany). IBK's local financing to Korean SMEs abroad through its global alliances counted 2,004 loans totaling USD 629 million as of the end of 2022. In serving our mission as a policy financier overseas, we suspended payments of principal and interest totaling USD 340 million in COVID-19 Relief Special Loans to 266 COVID-stricken Korean companies abroad. Furthermore, our global CSR programs supported the underprivileged, donated equipment to foster startups and venture companies, and offered scholarships in Vietnam, the Philippines, and other countries.

Local finance amount supported through global alliances with local institutions in regions without an IBK presence

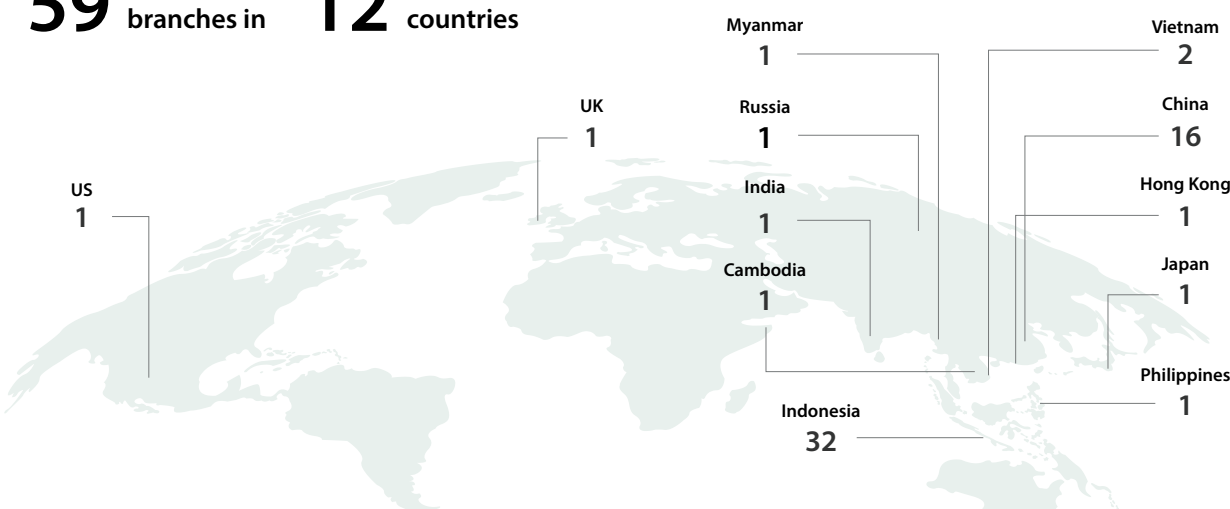
2,004	629
loans	USD million

COVID-19 Relief Special Loans for COVID-stricken Korean companies overseas

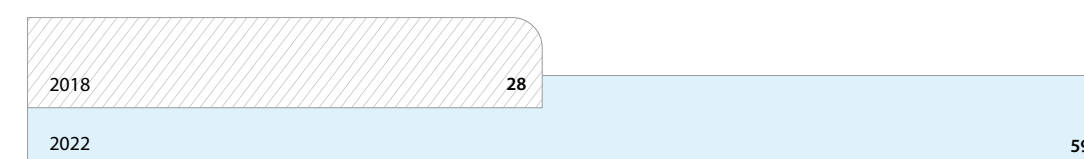
266	340
Korean companies	USD million

Global Network (as of the end of 2022)

59 branches in **12** countries



(branches)



* The figure includes 16 branches in China, 32 in Indonesia, 1 in Myanmar, as well as 9 overseas branches and 1 rep office.

GLOBAL BUSINESS

Robust Growth

Even amid the challenging market environment at the height of COVID-19 and the resultant economic downturn in 2022, IBK continued its solid growth around the world. For a start, IBK (China) Limited posted record-high results in net income, total deposit balance, and total assets, as its various promotions and innovative incentives successfully motivated local staff to engage in marketing campaigns. Also, PT Bank IBK Indonesia successfully carried out new transactions with sound corporate clients entering the local market and secured syndicated loans to local businesses, thereby increasing its income-generating asset size by 21% from the previous year. Additionally, its consistent endeavors towards industry-best asset soundness resulted in a net income of KRW 8.1 billion, putting it successfully in the black for the first time since its inception in 2019. PT Bank IBK Indonesia also strengthened its digital infrastructure by attracting new customers through expanded promotions of digital-only deposits and an e-Wallet as well as by launching new services, including 24-hour interbank remittances and e-money depositing.

IBK branches in developed markets such as New York and Hong Kong are building their investment banking capabilities and securing asset growth drivers by participating in syndicated loans to prime corporate borrowers, while also underwriting global bonds issued by international financial institutions. The Hanoi branch expanded its local business operations by taking part in a local syndicated loan in Vietnam for the first time in its history. It also entered into MOUs worth USD 1.3 million with seven companies under the expanded Korea-Vietnam Win-Win Cooperation Network Loan. Branches in India and Southeast Asia, including New Delhi and Manila, are strengthening their business competitiveness by expanding their customer base, targeting local partner companies and prime companies located in local industrial parks.

Expanding IBK's Global Footprint

IBK is currently working to enter Eastern Europe, where we see growing financial needs among companies present in the rising EV battery manufacturing hub of the EU market. At the moment, market research has been completed on the local needs for financial support and a business feasibility test has also been completed. Our plan is to open a representative office in Poland by 2023, which will then work in conjunction with the IBK London branch to offer financial support to companies active in the local market.

In Vietnam, work to build a local subsidiary is presently under way as part of our plan to expand the branch network in an industrial park where many Korean companies have set up operations. In June 2022, IBK's CEO visited the fast-growing country to talk to government officials about establishing a local subsidiary. His visit was followed by entering into an MOU with VinaCapital, the country's largest investment finance company, to share business know-how in venture capital investment and to promote joint projects.

Gaining Prominence in the Global SME Financing Market Support for the Establishment of a Saudi SME Bank

At the request of the Saudi government, we signed an MOU in September 2021 to participate as a partner in a project to establish the Small and Medium Enterprises Bank (SME Bank) in the Kingdom of Saudi Arabia. We supported their setup of four business operations—business strategy building, product development, a risk management system, and a credit management system. In February 2022, we dispatched our staff for five months to co-administrate the credit system building project. In September, we invited Saudi SME Bank executives to Korea for a training course on SME financing know-how. Through hard work on both sides and bilateral collaboration, the Saudi SME Bank successfully launched on December 4, 2022. This served as an excellent opportunity to raise the global recognition of our SME finance know-how.

Global SME Finance Awards Winner

IBK won two awards—the SME Financial Institution of the Year and Innovative Product of the Year—at SMEFF's Global SME Finance Awards in Phnom Penh, Cambodia in September 2022. SMEFF (SME Finance Forum) is an international organization established by the G20 and operated by the International Finance Corporation (IFC) with the aim of improving financial access for SMEs and promoting inclusive finance for SMEs. IBK became the first Korean financial institution to win a SMEFF award as an outstanding SME financial institution. The two awards it received marked global recognition of IBK and its expertise in SME financing.

Expanding Overseas Cooperation Projects

In December 2022, we joined the SME Finance Forum, expanding our opportunities for sharing SME financing know-how with some of the world's leading SME financiers. The membership also gives us the chance to participate in international policy projects to expand inclusive finance. The SME Finance Forum was established at the G20 meeting in 2010 for the purpose of knowledge sharing and policy cooperation related to SME finance. As an international organization affiliated with the International Finance Corporation (IFC) under the IMF, SMEFF's members are made up of 240 financial institutions from more than 70 countries around the world. In addition, we actively participate in cooperation projects with international entities, such as passing on our SME policy financing know-how through the SME finance knowledge sharing project (KSP) for governmental agencies in emerging countries.

Digital Services for Korean Companies Going Abroad

In support of Korean companies expanding their business abroad, IBK BOX—a digital platform for management support of SMEs—has added new content exclusively for the overseas expansion of Korean businesses. Dubbed the "Global Business BOX," the service is accessible to any Korean company interested in expanding their businesses overseas. The service includes useful information and tips for advancing into global markets, such as an individual market's local environment, local subsidiary establishment procedures, global expansion support programs, and contact info for local consulting firms. The service even includes arranging virtual consulting sessions for local financing with overseas IBK branches.

Overseas Subsidiaries Performance Results**IBK China Ltd.**

36,154 KRW million

A net income of KRW 36,154 million with its historic-high performance in total deposits and assets

**PT Bank IBK Indonesia TBK**

+21%

Profitable assets grew by 21% YoY, and net income soared by 159.6% YoY, turning black since its incorporation.



CAPITAL MARKETS

Treasury

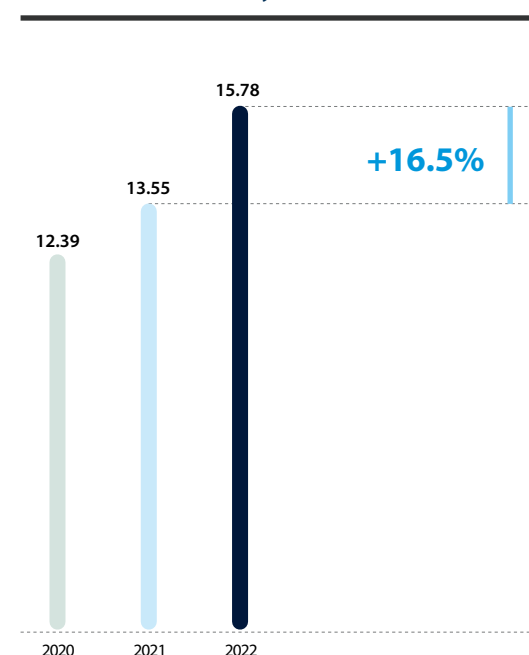
Stabilizing the Funding Structure

IBK raises funds to support SMEs by issuing small- and medium-industry finance bonds (SMIFs)—a low-cost source of funding compared to the bank's regular deposits. Under the terms of the IBK Act, IBK is allowed to issue SMIF bonds worth up to twenty times the total amount of equity capital, while commercial banks are only allowed to issue five times as much. IBK's capital market funding balance in 2022 increased by KRW 22.3 trillion compared to the previous year. As an additional means of short-term financing, the bank issued marketable CDs worth KRW 230 billion. IBK strived to stabilize its funding structure by striking a balance between retail and market SMIFs so as to secure sufficient resources for policy financing.

Securing a Stable Source of Capital for SME Financing

In 2022, IBK issued a total of 6.86 trillion worth of ESG bonds, accounting for 74.5% of all won-denominated ESG bonds issued in Korea's financial sector. This marked the second consecutive year that we led all Korean banks in this regard. In backing government policy that promoted Korea's ESG market, we also took part in a pilot project to promote the issuance of green bonds arranged by the Ministry of Environment, and soon after issued our first green bonds worth KRW 60 billion. Even amid an adverse market environment deteriorated by the Russo-Ukrainian War, IBK issued KRW 600 billion in subordinated social bonds in March, which turned out to be the only time any Korean bank would do so in the first half of the year. Fortunately, we issued hybrid bonds (social bonds) worth KRW 600 billion in August, right before the BOK's unprecedented second big-step rate hike in September. This helped us pool the capital required for financing SMEs.

Balance of SMIFs Issued by IBK (KRW billions)



IBK's Won-Denominated ESG Bond Issuance vs. Bank Industry (KRW trillions)



Trading

Supporting Export/Import SMEs' FX Risk Management

In meeting the fluctuating foreign exchange rates throughout 2022, we actively supported SMEs in managing their foreign exchange risks in different ways. By hosting FX and interest rate risk management briefings, we provided suitable financial hedging products for individual companies. Since the pandemic, the service has also gone online for those lacking access to in-person services, thereby extending the reach of our service regardless of time and place. In addition, our twice-daily services—the FX Market Information MMS Service and Financial Market Issue Update E-mail Service—keep our SME clients abreast of the latest developments in financial markets.

Digital-Based FX/Forward Exchange System

IBK's Internet/Mobile FX/Forward Exchange System is available through computers, tablets, and smartphones for trading at real-time market rates. At the same time, our YouTube channel provides video guides on how to install and use the program as well as how to manage foreign exchange risks. In 2022, non-face-to-face channel transactions accounted for 69.0% of all FX/forward trading volume at IBK, making up 42.1% of our total trading value. These figures represent an increase of 5.4%p and 3.6%p, respectively, from the previous year, significantly contributing to reducing the workload at branches and misselling practices.

In the global capital market, IBK issued a total of AUD 410 million in ESG Kangaroo bonds—the first public offering by any Korean issuer since the outbreak of the Russo-Ukrainian War. We also discovered new investors to gain the upper hand in our pricing power. As a result, we were able to raise KRW USD 600 million in global ESG (social) bonds at relatively low interest rates. By preemptively raising long-term foreign currency funds at a low cost, we were able to prepare for growing uncertainties in the global capital market with a secure funding source. On top of that, our source of capital also diversified in 2022 in three ways: the additional USD 140 million committed lines of credit to ensure a stable source of foreign currency liquidity; an increase in the ECP program from USD 1 billion to USD 4 billion for emergency funding; and a new agreement worth KRW 300 million in ESG (social) syndicated loans.

Supporting of Government Policy with CP Purchase Program

On October 23, 2022, Korea's FSC Emergency Meeting on Macroeconomic and Financial Stability decided to double the ceiling of corporate bond and CP purchase programs operated by state-run financial institutions, including IBK. Accordingly, IBK supplied KRW 600 billion in a refinancing program for CPs (A3 grade and above) of ordinary issuers. In compliance with the government's financial market stabilization measure, we offered financial aid to companies facing difficulties in CP-refinancing and helped stop the large corporations' unstable capital market from snowballing into a liquidity crisis for their SME suppliers.

Non-Face-to-Face Channel Transactions

69.0%

Transaction volume

+5.4%p

YoY change

42.1%

Transaction value

+3.6%p

YoY change





DIGITAL TRANSFORMATION

Establishing a Digital Vision & Digital KPIs

Setting a Direction to Expedite Our Digital Transformation

In 2022, IBK established a digital vision and specific direction we want to achieve through our digital operations. To attain our digital vision, "Digital IBK, easy, quick and secure," we have set three sub-goals: customer satisfaction, work efficiency, and revenue generation. To that end, we have set measurable bank-wide goals to retain 7.5 million digital customers, automate two million hours of the work process, and generate KRW 300 billion in digital revenue by the end of 2023.

The First Korean Bank to Adopt Digital KPIs

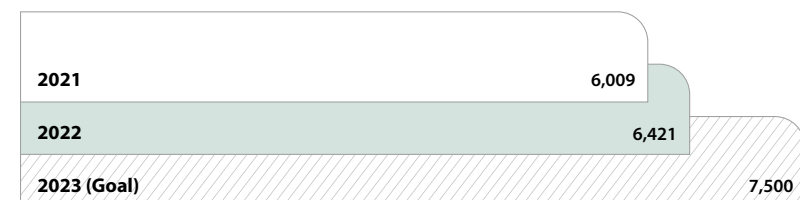
In order to put our digital transformation level in perspective and to quantitatively measure our accomplishments against the bank-wide digital transformation goals, we established digital key performance indicators (KPIs) in 2022—a first for any Korean financial institution. Digital KPIs have four criteria: customer satisfaction, work efficiency, revenue generation, and digital foundation. For the systematic management of digital KPIs, we have established a digital performance management system that oversees goals and performance, and then analyzes the performance results.

Expanding Digital Alliances

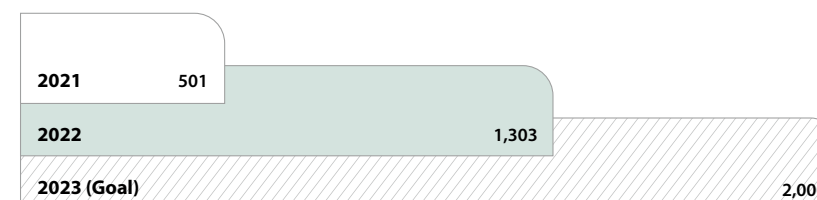
Internalizing the latest AI technologies and continuing process innovation through third-party collaborations

IBK is actively expanding collaborations with third parties to internalize the latest AI technologies and secure a competitive edge in data management. In 2022, we cooperated with a voice recognition AI company to jointly develop a generative AI voice assistant called i-ONE ask Service. IBK was the first Korean bank to use AI voice recognition technology as an assistant for employees in the field. The voice-activated mobile app service can search for any required information on the spot at branches, such as business status and corporate information. A pilot test is underway before the service's official launch. Furthermore, we have signed an MOU with the Korea Financial Telecommunications & Clearings Institute (KFTC) to collect and utilize a wide range of customers' non-financial data. In 2022, we also integrated the high-quality non-financial data collected from the KFTC with IBK's corporate client data to develop an AI model-based corporate default prediction model. In the future, we will continue to utilize non-financial data for business innovation, such as developing a corporate risk management model.

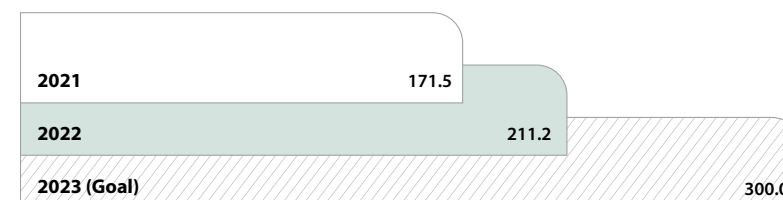
[Customer Satisfaction] Digital Customer Base (1,000 persons)



[Work Efficiency] Process Automation (1,000 hours)



[Revenue Generation] Revenue from Digital Channels (KRW billions)



i-ONE ask Service

DIGITAL TRANSFORMATION

New Products and Services on IBK Open API Platform

Since its launch in June 2021 as a venue for big tech or fintech firms to develop apps and services, IBK Open API Platform has released a total of 79 financial APIs. At the same time, IBK has used the platform to develop new products and services. To name just two, IBK Zero Carbon Installment Savings offers special premium rates based on a user's carbon footprint on their statement of accounts from their utility bill data, while the Export Document Delivery Tracking Service tracks the delivery status of export bill purchase documents in real-time.

Wisely Expanding Our Digital Service Scope

IBK's corporate banking service is growing beyond digital channels to become a platform business through digital partnerships. In 2022, we partnered with the fintech startup Kodebox Co., Ltd., and launched a service called Zuzu, which automates administrative processes such as incorporation, registration, and shareholder management for privately held companies. With its industry-first offering of a shareholder management service, Zuzu is adding options for customer and digital services to IBK's existing business administrative support services. For higher customer convenience, i-ONE Bank is embracing a Virtual Assistant Service for Koreans called *GoodPy* to help customers keep up with individual administrative matters in everyday life.

Digital Transformation at Bank Windows

As IBK's Branch Visit Reservation Service is going nationwide, it will significantly enhance customer convenience with reduced waiting time at branches. Customers can avoid the hassle of waiting in line at branches when they make a reservation via the i-ONE Bank app or through the NAVER Booking Service in advance. They can also save time and effort by filling out any required forms on the i-ONE app before they visit the branch. The pre-visit paperwork can help customers check if they are missing any documents beforehand, saving customers the headache of going back and forth. This in turn reduces the workload for branch tellers, significantly contributing to higher customer satisfaction.

Banking as a Service (BaaS) at IBK

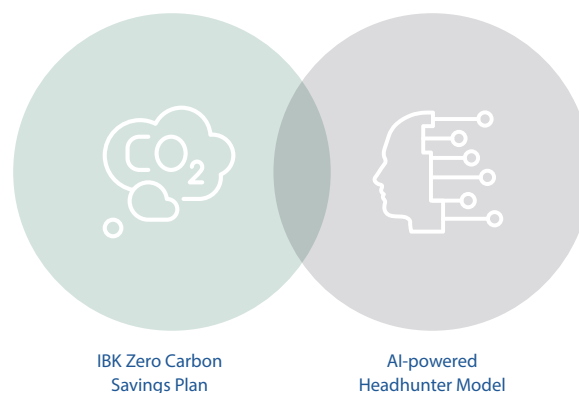
IBK is currently working on a banking as a service (BaaS) provision that will lend our financial products and services to nonbank platform firms. This will ultimately enhance customer convenience, as people will be able to complete financial errands without the trouble of switching between apps and banking channels. IBK's BaaS provision will begin with our corporate banking services, mainly money management services, such as money transfers and balance inquiry services, two areas where we see high market demand.

New Digital Innovation Products-Services-Technologies**Big Data-AI-based Innovative Products & Services**

Today, we are also developing a number of innovative products and services through extensive data collection and utilization, as well as AI tech internalization. One clear example of this is the IBK Zero Carbon Savings Plan—the first product IBK has designed based on the non-financial data of retail customers. This was the result of gathering energy consumption patterns and data of more than 33,000 apartment complexes nationwide through a database alliance with a data expert company. Another good example was an AI-powered headhunter model for SMEs that we introduced in 2022, following our AI-based job consulting model for jobseekers in 2021. The AI-powered headhunter model utilizes an advanced AI model that avails itself of machine learning and deep learning to suggest the best-suited candidates for job postings based on a cross-analysis of candidates' resumes and the job postings of SME recruiters.

Harnessing the Big Data for Credit Management of Microbusiness Customers

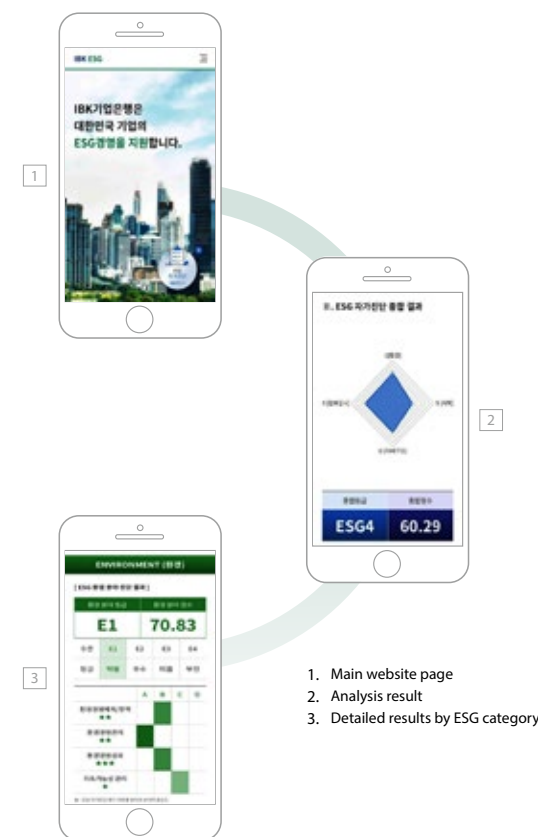
Microbusinesses often lack established financial data, making it difficult to assess their credit position. IBK came up with a systemic solution to this issue with its first big data-based customer credit rating system. In fact, the system effectively makes use of non-financial data, such as a merchant's credit card sales (sales, frequency, and timeline), credit card consumption amount by region, and the foot traffic near corporate clients' location, and combines that with our conventional credit rating scheme to grade the future growth potential of the corporate client on three levels, which also serves as being instrumental in that same client's marketing activities.

Digital Innovation Products**Self-Check System in Support of SME ESG Management Efforts**

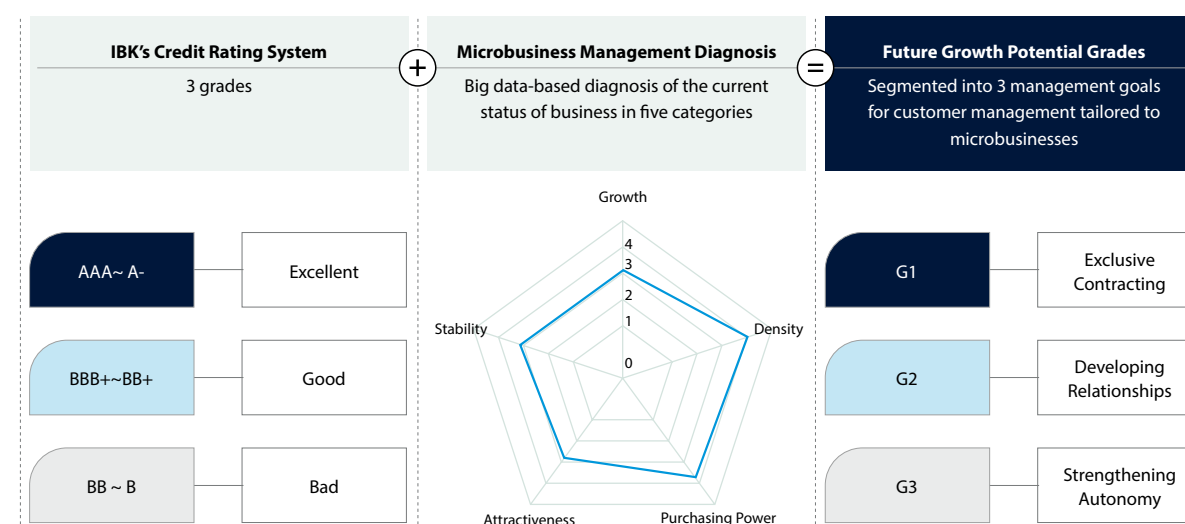
At IBK, we developed an ESG Self-Check Tool to help SMEs adopt ESG management practices. When SME clients log in to the system on their mobile phone, tablet, or computer, they fill in basic company information and reply to the questionnaire concerning their current status of practicing key ESG issues. Based on the input, the tool presents its analysis results for free. It is easy to use, providing detailed diagnoses in easy-to-understand reports.

Data Experience Program for Competency Building

IBK regularly holds a Data Analysis Contest to promote data-based business processing practices among our employees. In 2022, we hosted a Data Visualization Contest to discover business insights, as data visualizing ability is now trending as the most critical competency of data analysis. While continuously increasing programs for uncovering and fostering data analysts within the organization, we are also augmenting practical training programs to help employees build competencies in data analysis. Since its introduction in 2021, the Data Analysis Incubation program has carried out five projects in conjunction with four departments. The program facilitated data analysis knowledge sharing among participants within a short period of time, resulting in outcomes such as an analysis of corporate default predictability and an investigation model that automatically looks into any suspicious transactions involving vulnerable customers.

ESG Self-Check Tool

1. Main website page
2. Analysis result
3. Detailed results by ESG category

Future Growth Potential Rating System

DIGITAL TRANSFORMATION

Internal System and Corporate Culture

Establishing Bank-Wide Data Analysis-Use Infrastructure

IBK strives to strengthen its data capabilities and to make data its main competitive edge. To this end, we have established a Data Innovation Group under the Digital Innovation Committee, which makes use of the Big Data Center as its control tower. The Data Innovation Group is a working group of 21 related departments that work together to establish the bank-wide data governance necessary to transition into a data-driven organization. In terms of internal infrastructure, we have upgraded the Data-Sharing Portal. As of September 2022, we actually became the first Korean bank to introduce virtualization technology, enabling data combination and real-time inquiry/analysis between systems without redundant data storage. Accessible to IBK's entire workforce, the system contributed to expediting IBK's data-powered work environment.

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Winners of the 1st IBK Data Visualization Contest

Bank-Wide Process Automation Initiative

IBK's Two Million Hours Process Automation Project

IBK's ambitious Two Million Hours Process Automation Project officially kicked off in January 2022. In order to make sure that we did not miss any of the subject tasks, we listed 11,000 tasks from 77 headquarters departments in consideration of work classification, work manual, and operational risks. We also held an idea contest for process automation and branch workshops to identify the pain points at branches.

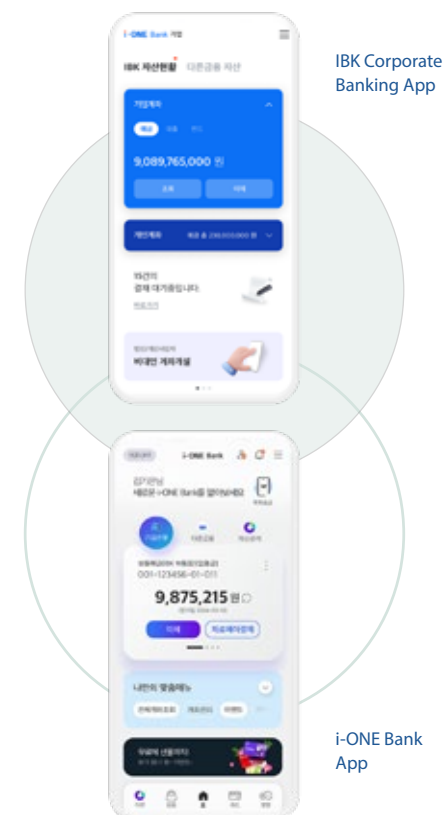
We then crosschecked the outcomes with work manuals to catch any tasks that may have been left out and interviewed 490 headquarters workers to specify the work process for automation. As a result, tasks subject to automation of more than 2.1 million hours have been identified, proving that the digitalization sub-goals were attainable. After that, we began planning the automation phase-in with the tasks showing the highest potential benefits when automated. IBK was the first Korean financial institution that exhaustively went through its entire work process at branches and headquarters to identify automatable tasks. This accomplishment has raised IBK's profile in the global market, most notably demonstrated when the bank was invited to present its automation task identification know-how to the *Forward 5*, the world's largest RPA and Automation Conference, in September 2022.

DIGITAL BANKING CHANNEL

Corporate Digital Banking

Launch of the Revamped IBK Corporate Banking App

In November 2022, IBK dramatically enhanced the quality of its internet and smart banking services for corporate clients to position itself one step ahead of the competition for digital corporate banking channels with its unparalleled user experience. The revamp was based on customer needs as identified from customer surveys and interviews. New menu choices, such as personalized UI and corporate asset management services, have considerably enhanced user convenience, while digital service coverage has also been expanded for businesses, including QR-based overseas remittances and overseas direct investment options. Furthermore, the single sign-on (SSO) service is now available for members to switch between services from different channels on the IBK platform, which serves as a base for an integrated platform. With the aim of maintaining the highest financial consumer protection, we also strengthened our functions that aid in tighter control of SMEs' internal funds, including user transaction control and settlement function improvement, both of which help to prevent financial incidents. As a result of this thorough revamp, IBK received the Institute for Industrial Policy Studies' Corporate Internet Banking prize at the 2023 Korea Brand Hall of Fame Awards.



Retail Digital Banking

i-ONE Bank App Widely Recognized

The i-ONE Bank app, IBK's banking service app for retail customers, won its third grand prize in a row in the mobile banking category at the Institute for Industrial Policy Studies' 2022 National Service Awards. The app remains atop user review scores in the App Store's financial app category for its user-oriented channel operation, which actively reflects customer feedback.

Total Revamp of the i-ONE Bank App's Main Page

The i-ONE Bank main screen has been enhanced to make banking more user-friendly. The scalability and accessibility of content have significantly improved with the new up-and-down scrolling function. The new main screen has also improved visibility and user convenience by grouping related services in blocks. In addition, an Easy Banking service was launched primarily for elderly customers' convenience. Its improved readability and intuitive menu configuration have made online banking services easier and more accessible for digitally challenged customers. In fact, its service innovation was singled out as a best practice in the banking sector by Korea's financial supervisory authorities, which promoted the app service to other financial sectors as an excellent example to follow.

i-ONE Bank App at the Center of ESG Management

IBK's digital banking app proved its environmental reliability in 2022 when it became Korea's first financial app to obtain a green label, the Environmental Product Declaration (EPD), which is issued by the Korea Environmental Industry & Technology Institute (KEITI). Also, the i-ONE Bank app has a donation campaign menu option users can take advantage of to make a monetary donation, with IBK matching the donated funds to the Homeless Animal Aid Campaign. To date, the campaign has helped raise social interest in protecting a growing number of abandoned pets, while enhancing IBK's reputation as a socially responsible bank. Going forward, the i-ONE Bank app will continue to serve as a digital channel for the bank's social contribution activities.

DIGITAL BANKING CHANNEL

MyData Service Launch**[i-ONE Personal Finance Management Service Launched](#)**

The MyData Service provides a single point of access to personal financial data from various sources, including banks, securities firms, insurers, and mobile carriers, provided that the user has given prior consent. In January 2020, IBK configured a task force team consisting of three parts that were responsible for business licensing, system integration, and personal finance management service-building. A total of 34 employees from 23 departments have been brought together for the task. As of January 2022, 33 financial institutions, including IBK, were licensed to commence this service. Since then, we have constantly added new services and upgraded the system to reflect customer needs and trends.

[IBK's MyData Service Subscription](#)

IBK's MyData service secured one million subscribers in only ten months of service—an encouraging number considering its characteristically weak customer base in retail banking. As of December 2022, the total number of subscribers surpassed 1.26 million. As we plan on carrying out aggressive marketing efforts in 2023, we see further growth in that number in the near future.

Safe and Secure Digital Banking Service for Enhancing Financial Consumer Protection

The identity verification process has become more secure at IBK thanks to cutting-edge solutions for digital identity authentication. Using Real-time ID Original Verification technology, our app services can sift out misuse of forged and/or altered IDs in advance. On top of that, Facial Authentication technology compares and analyzes ID photos and the real faces of users, thereby strengthening our customers' financial security. At the same time, customers can opt to register with the Open Banking service on all of our apps. For those just getting started, we incorporate tight security policies by restricting the transaction ceilings for a given period of time so as to prevent anyone from falling prey to digital financial scams.

IBK MyData's Key Functions**Personalized Wealth Management**

My Asset One-stop asset inquiries
My Expense Income-expense analysis
My Report Financial position analysis
 Portfolio/No-spend challenge

SME Employee-Oriented Functions

Credit management (inquiries and improvement of credit scores)
 Career management
 Government grants

Life-Related Finance Services

Real estate (market prices, subscription counseling)
 Auto finance (market prices, account book, car sales)
 Health management (checkups, medical treatment data)
 Stock public offering notices (schedules, subscription information)

IBK MyData's New Functions**Mar. 2022**

Adding a mobile carrier data service	Adding mobile carrier data to the i-ONE Personal Finance Management service
Improving credit rating	Offering bonus points to credit scores via the non-face-to-face service
Today's Finance Tip	Providing IBK's YouTube and Naver Blog content
Expanding subscription channels	Supporting customers to subscribe to IBK's personal finance management service through branch tellers

Apr. 2022

Used car sales	Car price inquiries, sales application service
Selling mobile coupons	Selling popular brand coupons
Adding cryptocurrency	Providing market prices and the current status of cryptocurrencies that users are following

May 2022

Stock public offering alarm service	Notification of public offering schedule and requirements
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June 2022

Health condition review	Providing health diagnosis and solutions through health insurance data collection/analysis
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Active subscribers to IBK MyData Service

1,260,000
persons

IBK is sure to keep in mind that financial stability is crucial for social sustainability and continued growth.

IBK aims at realizing inclusive finance that ensures everyone has equal access to fair opportunities that bring financial benefits to underfinanced, low-income, and elderly people. The bank concentrates on achieving dependable finance by strengthening internal controls and providing thorough customer protection. It also broadens the scope of its responsibilities through active listening and communication. All the while, the bank is sure to keep in mind that financial stability is crucial for social sustainability and continued growth.

A highly reliable bank with finance accessible to everyone is built on a just and vibrant organization, and IBK strives to maintain a workplace where all employees can work with pride and satisfaction. Through substantial organizational innovation, the bank promotes communication and collaboration to establish a unified IBK. It is also working relentlessly to gain the trust of customers through sound organizational principles, expand support for financially excluded groups, and promote green finance and ESG management to build a sustainable society.

MANAGEMENT REVIEW

Principled finance that puts customer trust first



- RISK MANAGEMENT
- IT MANAGEMENT
- ESG MANAGEMENT
- FINANCIAL CONSUMER PROTECTION
- COMPLIANCE AND ETHICAL MANAGEMENT
- HUMAN RESOURCES AND ORGANIZATIONAL CULTURE

“IBK will continue with its mid- to long-term roadmap to realize uninterrupted finance and bring about a more vibrant organization than ever before.”



>> 2022 Achievements

The customer trust is IBK's top priority. At IBK, its reinforced internal controls and consumer protection system serve as the framework for the bank's customer-oriented management. More importantly, knowing the significance of ESG practices, the bank has embedded ESG value into all its assets and systems. Furthermore, the bank has established tailored ESG standards, providing related consulting services to support SMEs' sustainability management efforts. Internally, IBK is implementing activities for improving its personnel systems and organizational culture, and is making continuous efforts to foster talents and expand diversity.

>> 2023 Plans

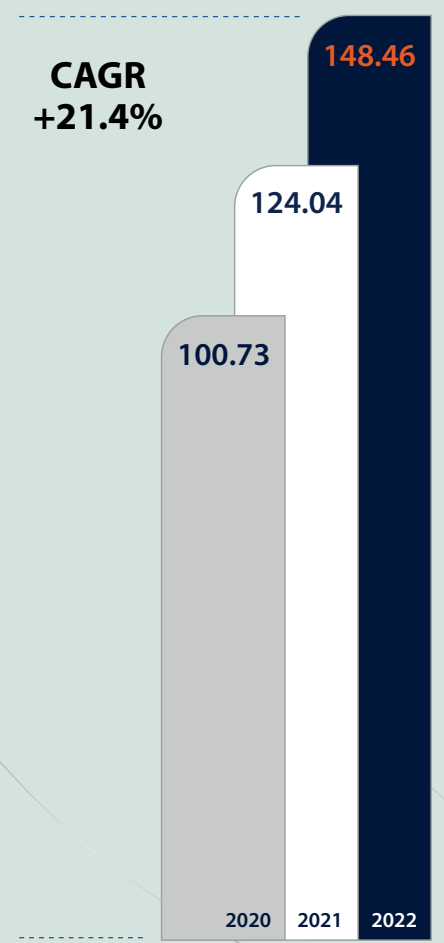
In 2023, IBK will continue with its mid- to long-term roadmap to realize principled finance and bring about a more vibrant organization than ever before. The bank will also strive to promote organizational innovation to enable employees to demonstrate their capabilities with conviction, and will establish a sound sales culture and thorough internal control system to prevent financial accidents. At the same time, IBK plans to improve its products and services, as well as business processes, from the perspective of protecting financial consumers, and will enhance the security competitiveness of its digital finance services. Additionally, the bank aims to reduce the burden of high-interest rates on low-credit and low-income groups while also actively supporting arts and culture as well as sports. Finally, IBK plans to expand social investment and strengthen international ESG cooperation, and will continue to pursue its carbon neutrality roadmap.

MANAGEMENT HIGHLIGHTS



71.5

IBK HAPPINESS SHARING FOUNDATION
(cumulative, KRW billions)
Support for scholarships and medical expenses through the IBK Happiness Sharing Foundation, a public interest foundation established to improve the welfare for families of SME employees



31.7%

NPL COVERAGE RATIO
(%)
Preparing against potential insolvency with a record-high level of provisioning for credit losses



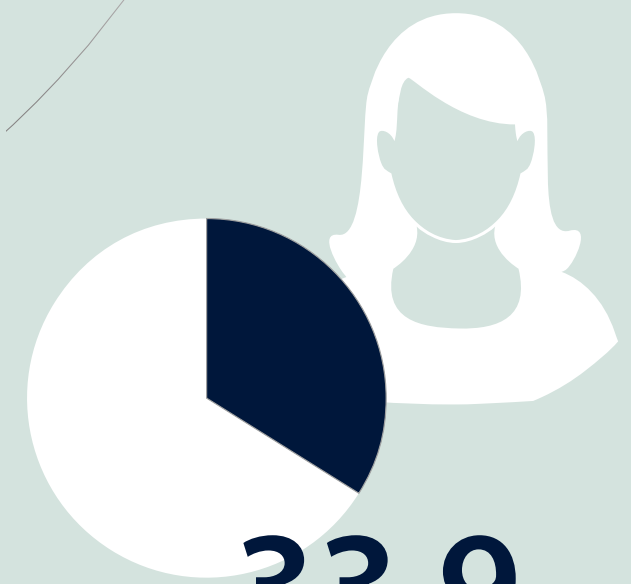
15

SUPPORT FOR ARTS AND CULTURE
(events)
A total of 12 concerts to support the performance activities of rising musicians, and hosting IBK Art Station (three times) to support emerging artists



12

ZERO CYBER ACCIDENTS
(Years)
Thorough cyberattack preparedness realized zero accidents for 12 consecutive years



33.9

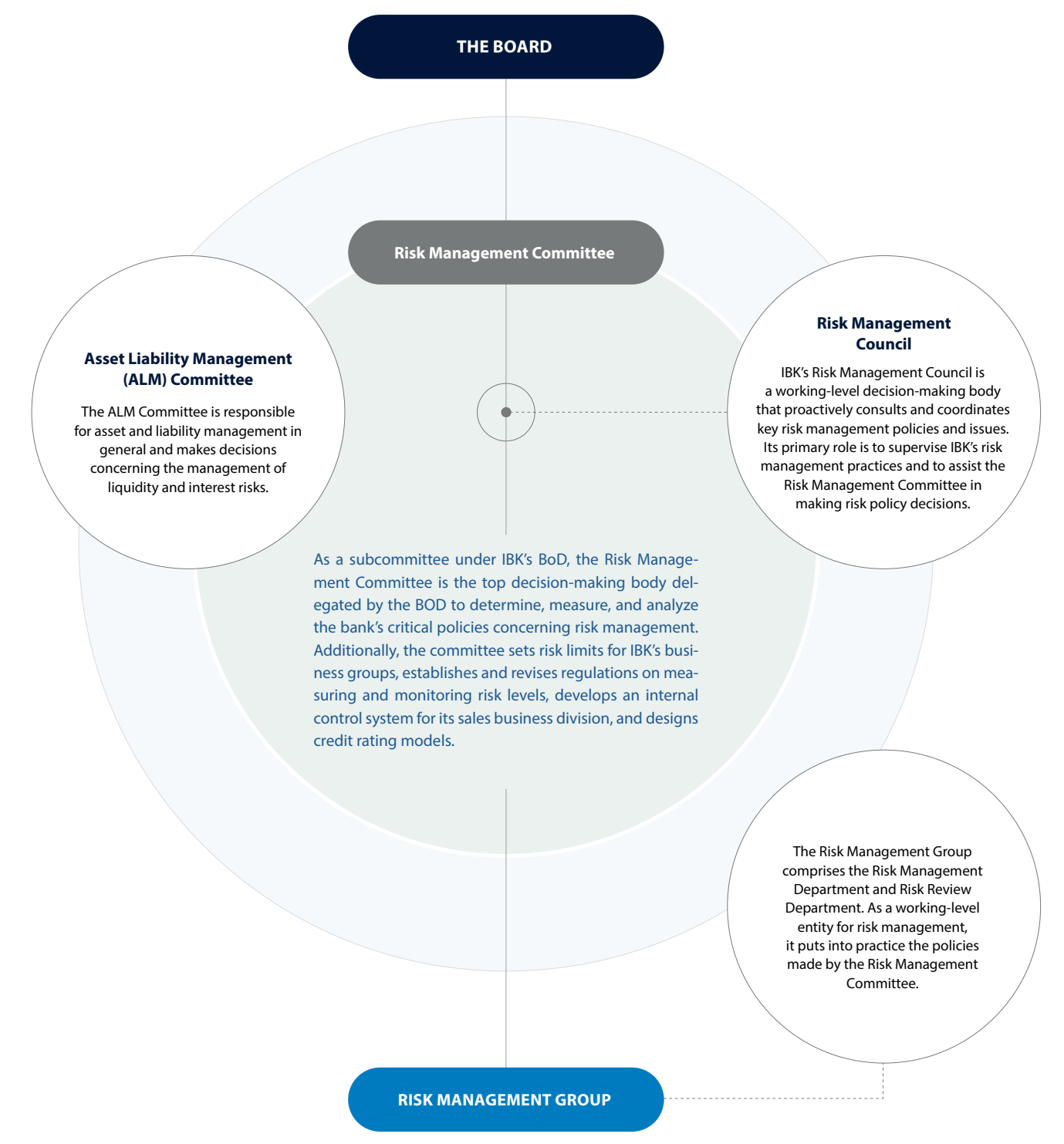
FEMALE MANAGERS
(%)
Steadily expanding the proportion of female managers, an increase of 11.5% from 2019



RISK MANAGEMENT

Preemptive and Systematic Risk Management

Risk Management Organization



RISK MANAGEMENT

Strengthening Asset Soundness and Risk Management

In 2022, SMEs and microbusinesses had to endure a triple-highs (ever-rising interest rates and FX rates added to high inflation), widening IBK's exposures to these borrowers. As a result, we spent the year bolstering our risk management and asset quality in preparation for potential insolvency on the part of those same borrowers.



First, we increased our loan loss provision ratio against vulnerable borrowers. We preemptively continued to make loan loss provisioning in anticipation of an economic crisis, thereby enhancing our total loss-absorbing capacity (TLAC) in case of any economic deterioration.

Second, surging interest and exchange rates deteriorated market conditions, leading to valuation losses in bonds and FX losses. In response, we converted convertible preferred stocks into common shares and discovered reducible risk-weighted assets, which minimized the drop in our BIS capital ratio.

Third, we prepared ourselves for the Basel III regulations. At the same time, we established a comprehensive operational risk management system that also covers subsidiaries, thus reinforcing our risk management. In addition, our market risk management system enhanced its conformity to the new requirements by factoring in the revised account classification criteria.

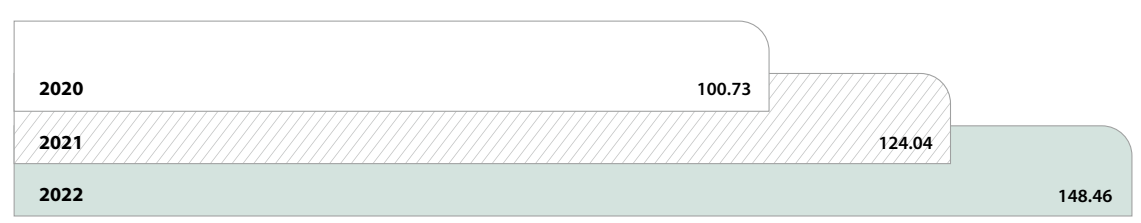
Fourth, we stepped up our asset quality control through thematic audit reviews and risk management advice on 598 potential insolvent companies (KRW 14.3 trillion in exposure). We also ran credit risk reviews on 801 companies showing signs of insolvency (KRW 7.4 trillion in exposure) and subsequently induced them to adopt one of several restructuring programs, such as IBK's SME Fast-Track Program or Change-Up program. As we expect the economic downturn to continue being a market reality in 2023, we will work tirelessly to elevate risk management and asset quality control.

Readiness for Basel III Revised Regulations

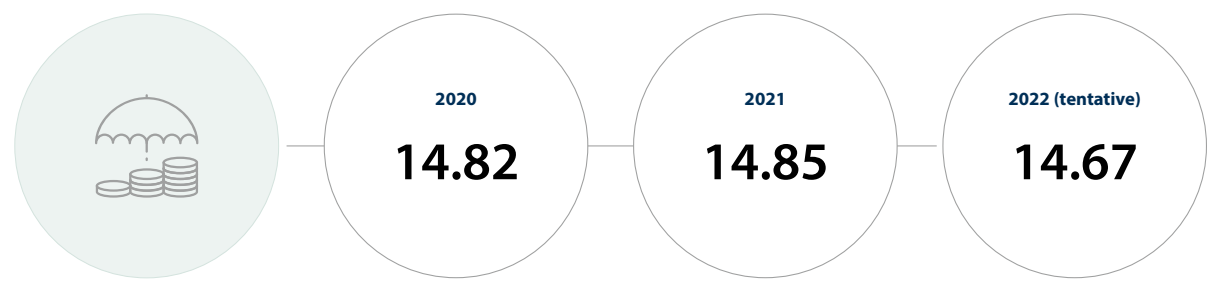
 Operational Risks	<ul style="list-style-type: none"> - Advancing the management of operational risk indicators, such as strengthening our standards and setting new limit moves - Establishing internal capital management plans separately for the bank and subsidiaries
 Market Risks	<ul style="list-style-type: none"> - Applying risk-weighted metrics that adopt a risk bucket*, correlation coefficient, and sensitivity - Advancing the measurement of risk levels by factoring in the risks inherent in products

* A risk bucket refers to grouping assets of similar attributes together, such as credit standings, industrial sectors, or market capitalization.

NPL Coverage Ratio (%)



BIS Capital Ratio (%)

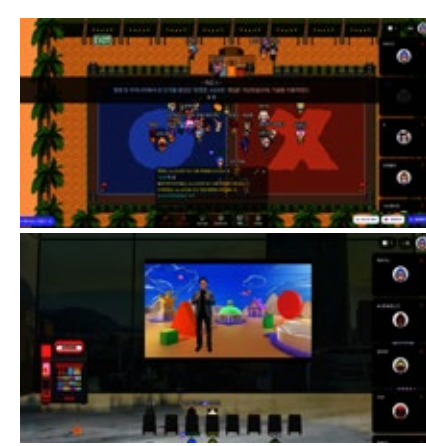


IT MANAGEMENT

IT Support of Successful Digital Transformation

Working on a Proven Framework for Digital Transformation

In 2022, the IBK IT Group worked up its innovation base, which picked up steam for the bank-wide digital transformation initiative. While continuing with the IBK Cloud Future Strategy we developed in 2021, we completed our own cloud computing environment under the IBK Cloud Introduction and Construction project. To that end, The Fast Cloud Program was brought in to support the bank-wide adoption of the cloud system, and two of our operational systems, including i-ONE JOB, have completed their migration to IBK's private cloud system. As such, we have gained the necessary momentum for expediting our transition into a new future environment. Moreover, we are preparing everyone at IBK for the new work environment to develop the most effective way to think more flexibly through communication programs and outsourced training at specialized training institutions. In fact, we even hosted an MDF (Metaverse Digital Festival), an online IT expo for employees to keep abreast of cutting-edge technologies from leading IT firms at home and abroad.



Special Event Programs / webinar



Hanam Data Center

Tight Control of IT Infrastructure for Secure Financial Services

The IBK IT Group strives to keep its IT infrastructure under firm control to ensure reliable and secure financial services. Any disruption of our IT system, especially in financial operations, could lead to critical consequences. Therefore, we have implemented full defensive preparation measures against any potential downtime by continuously updating all major software and aging equipment, including the DBMS upgrade of our central computer system. Furthermore, we are currently relocating the data center to Hanam in Gyeonggi-do for our next-generation IT infrastructure. Before starting the relocation process, we conferred with a third-party expert to develop the optimal relocation plan without compromising business continuity and operational efficiency. Benchmarking the previous data center relocation cases of other banks and institutions, we have completed a review of the current status of our existing infrastructure. As such, we will perform the required tasks step by step until we successfully complete the relocation in a safe and sound manner.

Operational Efficiency Improvement Initiatives

The IBK IT Group continues checking and upgrading its bank-wide IT systems to ensure the optimal workspace at IBK headquarters and branches. While continuously replacing old IT equipment with new replacements at all IBK premises, IT staff visit branches to check on computer devices and replace consumables to keep the bank-wide IT infrastructure up to date for higher work efficiency. At the same time, we attend to process innovation initiatives that cut back on the manual workload for employees at the headquarters and branches, such as computerizing the procedures to provide retail loan interest rate tables.

Strengthening the Internal Control System to Prevent Financial Mishaps

The IT Group is strengthening its internal control system by improving work processes and expanding monitoring targets to prevent financial incidents that threaten the security of customers and employees. Specifically, we are now working on an IT Internal Audit System Integration project to comprehensively monitor IT control work. Currently, we are also transferring the work system, which used to be controlled by the headquarters' related departments, to the IT Group for more efficient control of the system.

ESG MANAGEMENT

ESG Management with SMEs

ESG Management System Establishment

Under the belief that responsible ESG management practices can drive up corporate value and sustainable growth, IBK has established and been operating an ESG management system in four key strategic directions—green finance, carbon neutrality, fossil fuel divestment, and the Equator Principles.

Beginning with green finance, we set our goal at becoming a global green bank serving SMEs and now have in place an array of detailed action plans, including the establishment of a green finance system and SME green finance strategies. In terms of carbon neutrality, we completed a roadmap to achieve net-zero financed emissions (loans and investments) by 2050 based on international standards such as PCAF and SBTi. For fossil fuel divestment, we set management principles that rule out any new project financing (PF) or bond investments in coal power-related industries, which was approved at the first 2022 ESG Committee meeting. Lastly, we have joined the Equator Principles and instituted guidelines on handling environmental and social risk management, aligning our responsibilities and ESG risk management system with global standards.

Support for ESG Management Efforts at SMEs

As a policy bank, supporting SMEs is the clear mission of IBK, and this extends to helping with their ESG efforts. IBK offers differentiated green management support policies so that SMEs are not left behind from today's green transition. In financial support, the bank has expanded fundraising initiatives for ESG and green causes, while also actively pursuing its financial investments. In 2022, the bank successfully issued the first green bonds in its history and broadened its investments in renewable energy projects and finances to green businesses and green transition activities in support of ESG

and green management. Our ESG management support also extended to non-financial areas. For example, the bank provided non-financial support to SMEs that were experiencing difficulties in adopting ESG management. Our free-of-charge ESG self-checklist tools and ESG consulting/education programs have helped them enhance their ESG competencies.






ESG Management Strategies

Establishing green finance strategies	Developing a roadmap to reach net-zero financed emissions by 2050
Setting fossil fuel divestment as a management principle	Joining the Equator Principles

ESG Evaluations

Domestic	KCGS Composite score: A-grade
	CDP Leadership A
Overseas	WWF Upgrades in all categories
	Bloomberg Officially listed on the GEI

Global Initiatives & Awards

<p>Jan. 2022</p> <p>Joined the WEPs (Women's Empowerment Principles)</p> 	<p>Mar. 2022</p> <p>Joined the BNBPN (Biz N Biodiversity Platform)</p> 	<p>May 2022</p> <p>Named one of the top 100 ESG Champions in Korea by the <i>Hankookilbo</i> and <i>Korea Times</i></p> 	<p>July 2022</p> <p>Received the grand prize at the K-ESG Management Awards from the <i>Dong-a Ilbo</i> and Statista Korea</p> 	<p>Oct. 2022</p> <p>Received the LACP Spotlight Award from the League of American Communications Professionals in the Sustainability Report category (Platinum)</p> <p>Named one of Korea's Climate Leaders 33 by the <i>Korea Economic Daily</i> and Bloomberg</p> 
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Increased Public Interactions Domestically and Globally

IBK publishes its ESG accomplishments in various domestic and international mediums to promote the transparent practice of ESG management.

Not long ago, we published the 2022 Sustainability Report to effectively and sincerely communicate our ESG performance with stakeholders. The publication also satisfied our obligation to non-financial information disclosure, thereby enhancing our organizational transparency. After we joined the UNEP FI Principles for Responsible Banking (UN PRB) in April 2021, we drew up and submitted the first PRB report on our strategies, performance results, and plans in environmental and social aspects in October 2022.

IBK is gradually taking on more roles and responsibilities in global initiatives in order to learn more advanced ESG management practices and network with global banks that have made prominent ESG achievements. The numerous awards and excellent grades we have earned from respected international entities speak volumes of our ESG accomplishments to date.

Research Performance

Increasing Our Cooperation for International Research Efforts

In January 2022, IBK joined forces with COP26 to establish the OECD Platform on Financing SMEs for Sustainability as a founding member and co-chair. The platform provides a venue for collaboration concerning research and policy development among policy banks, including IBK, from various countries that include the UK and Canada, as well as international entities such as the OECD, to promote green transition and sustainable growth for SMEs. The platform presented its first joint research report, "Financing SMEs for Sustainability: Drivers, Constraints and Policies," at an OECD conference in December 2022.

ESG Guidebook for SMEs

In October 2022, IBK published a revised edition of its ESG Guidebook for SMEs. Updated on the latest ESG trends at home and abroad, the new edition introduces all ESG-related support programs offered by both IBK and the government. While adhering to its basic function as an ESG guidebook that introduces the concept and background of ESG management, as well as its current status and future directions, the new edition provided updates on the latest developments since the previous volume. It also contains IBK's ESG consulting case studies for SMEs so that they can get a firm handle on their shortcomings and improvement directions. A total of 23,000 copies were distributed to IBK's SME clients via the bank's 620 branches and regional headquarters nationwide, offering practical assistance for ESG management efforts at SMEs.

Green Transition Status Quo Report

IBK researched and published a status quo report on the progress of green transition at SMEs in Korea in September 2022. Based on the survey results on the awareness of SMEs regarding green transition, social responsibility, and their needs from financial institutions, the report set out the bank's sector-specific suggestions for enhancing the understanding and practices of green transition at SMEs.

Green Transition Status Quo

Awareness	Practice	Sector	Suggestion
High	High	Manufacturing, wholesale & retail, warehousing & logistics	Preferential support for green specialty products/investments
Low	High	F&B and hospitality	Enhancing green recognition with innovative and best practices
High	Low	Education	Providing support guidelines and encouraging ESG practices
Low	Low	Construction, real estate, IT, science & technology	Offering green transition education and consulting

ESG MANAGEMENT

Corporate Social Responsibilities

Support for SME Employees

The IBK Happiness Sharing Foundation was founded in March 2006 to improve the health and well-being of SME employees and their families. Since then, IBK has contributed a total of KRW 71.5 billion to the foundation. As of 2022, KRW 18.9 billion went towards scholarships to 10,700 SME employee families whose children have shown remarkable academic achievement, and KRW 14.3 billion went to medical bills that benefited 3,300 SME employee families who have at least one member suffering from an intractable disease. Starting in 2022, the scholarships and medical subsidies became closer to the actual costs in helping financially distressed SME employees and their families, as the amount increased by more than 30% from the previous year.

On top of all this, the scholarship beneficiaries are given opportunities to give back what they have received. Under the IBK Mentoring Program, university students who are beneficiaries of an IBK scholarship mentor their juniors online who are also SME employee family members. In 2022 alone, 94 pairs of mentors and mentees met online for 1,417 sessions (1,072 hours).

In an effort to address the social issue concerning work-family balance and low birthrates in Korea, IBK opened the IBK Namdong-Sarang Daycare Center at the Namdong Industrial Complex in Incheon in April 2018. It was the first daycare center in Namdong Industrial Complex exclusively for SME employees that was established by a Korean financial institution. A second daycare center, the IBK Gumi-Sarang Daycare Center in Gumi has been in operation since March 2019. As of the end of 2022, the daycare centers are under management of consortiums consisting of 33 SMEs located in the Namdong Industrial Complex and 45 SMEs operating in the Gumi Industrial Complex. Both centers are open to the children of employees working for member businesses of the consortiums.

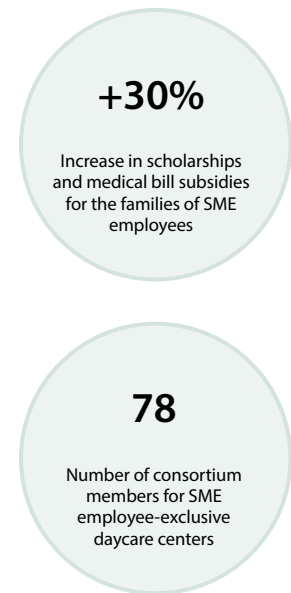
In addition, IBK engages in diverse social contribution projects, such as economics education and support for the underprivileged, to support SME employees who are marginalized from comprehensive social welfare benefits.

Giving Back to Local Communities

IBK extends a helping hand to local communities' efforts for recovery from damages caused by natural disasters. In 2022, the bank donated a total of KRW 420 million in cash, emergency relief kits, and free meals in support of the livelihood and repair expenses of displaced people from the wildfires on Korea's east coast and then around Miryang, as well as the torrential downpours in the Seoul Metropolitan area.

Since 2012, IBK has been deploying its Food Trucks to 30 locations nationwide whenever the need arises in the wake of such events as natural disasters. The food trucks provide free meals to the underprivileged in the community and elderly people living alone. As of the end of 2022, the truck had fed 2.6 million people at 10,000 events.

IBK also promotes cultural sharing in local communities. In addition to the regular sponsorships of up to KRW 1 million per month to welfare centers that need assistance, such as those for the elderly, children, and the disabled, the bank also sponsors employees' volunteer work and community service through a wide range of clubs and activities.



Local Community Support

420 donations

Recovery from Natural Disaster Damages (KRW millions)

2.6 people

Free Meals (millions)

Up to 1

Monthly Sponsorship (KRW millions)

Addressing Less-Popular Sports

IBK's social contribution initiatives extend to expanding the social infrastructure for less-popular sports. Under an MOU signed with the Korea Go Association, the bank sponsors the IBK Cup Women's Go Masters Tournament, opening the door to amateur female players. Awarding KRW 30 million to the winner and KRW 12 million to the runner-up, the prize money is the top-level among Korean women's GO tournaments.

In promotion of tennis in Korea, IBK also launched the IBK Grand Slam Junior Training Team to sponsor junior tennis players. Under the agreement signed in 2021, the bank is sponsoring a total of KRW 1 billion over a period of three years to cover expenses related to training junior players in their bid to reach the global top 10 in junior rankings by the end of the three-year period.

Under the MOUs signed with respective federations, IBK is now the official sponsor of the Korea Weightlifting Federation and the Korea Wrestling Federation, both home to Olympic medalists. Despite their past glories, the two federations are currently struggling with poor training conditions and a dearth of regular corporate sponsorships. The bank committed KRW 600 million to each of the two federations, covering training expenses and national team support for three years.

Support for Arts and Culture

In promotion of the public value of arts and culture, IBK created the Culture and Arts Team under the Social Contribution Department of the Brand Management Division. Of particular note is that the team invites experts from outside to lead the team, allowing them to oversee all the arts and culture strategies. The team orchestrates bank-wide initiatives to promote arts and culture and even sponsors emerging artists.

From April to November 2022, IBK organized the IBK Music Live concert series, where emerging musicians had opportunities to perform in public, which during the pandemic had been banned. IBK Music Live held a total of 12 concerts in Euljiro and Hannam-dong, Seoul, as well as in Busan and Gwangju, featuring artists from various genres, such as indie bands, classical, jazz, and musicals. While providing young musicians with a venue to perform, the concerts also resonated with passersby, some of whom ended up watching the performances.

The team also held an IBK Art Station in the lobby of the bank's head office building in Euljiro, Seoul. Three exhibitions were held in different genres, including installation art and painting, to offer emerging artists under 45 years of age with opportunities of exhibit their works in public.

A visual art exhibition and art market called The Art Plaza: LINK by IBK (hereinafter "The Art Plaza") was held for five days from November 2, 2022, and was organized to help revive local commercial districts with an infusion of art and culture. The Art Plaza is an exhibition for art ecosystem participants, such as artists, curators, and galleries, to network with each other. At the same time, it is an alternative art market with no admission fee, participation fee, or other fees. All proceeds from the sale of the artworks go to the artists as part of our commitment to promote a virtuous cycle of an arts and culture ecosystem.

Such a commitment by IBK to sponsor arts and culture was recognized when the bank was selected as an Outstanding Arts and Culture Supporter for 2022 by Korea's Ministry of Culture, Sports and Tourism. The ministry singles out businesses that have achieved remarkable sponsorship results with outstanding expertise in the field of arts and culture. Going forward, IBK will continue to plan its own arts and culture sponsorship projects, including exhibition patronage and scholarship programs, and continue to work for social value creation that addresses job creation and bridges the arts and culture gap in society.

Employee Engagement in Social Causes

In 2022, IBK implemented several social contribution projects involving employees to share their awareness of ESG management. Commemorating the beginning of the IBK 2040 Zero Net initiative, we launched a "Heartfelt Steps" Employee Walk-to-Donate Campaign, encouraging bank-wide participation for carbon reduction. A KRW 408 million fund raised by employees' heartfelt steps—and the bank's matching amount—was then donated to support environmental causes, engaging employees with the bank's ESG management commitment.

Moreover, all IBK employees joined in to answer the call to address the national blood supply shortage during the height of COVID-19. The IBK Financial Group Blood Donation Drive donated 1,004 blood donation certificates volunteered by IBK employees to the Korea Childhood Leukemia Foundation.

FINANCIAL CONSUMER PROTECTION

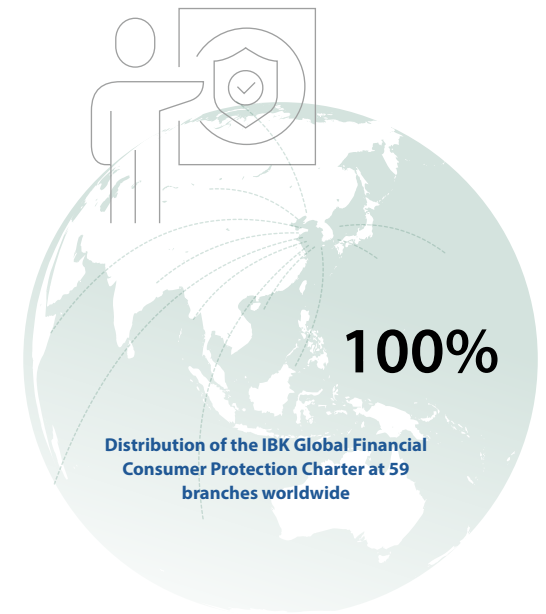
Principled Finance

Establishing a Consumer-Centered Management System

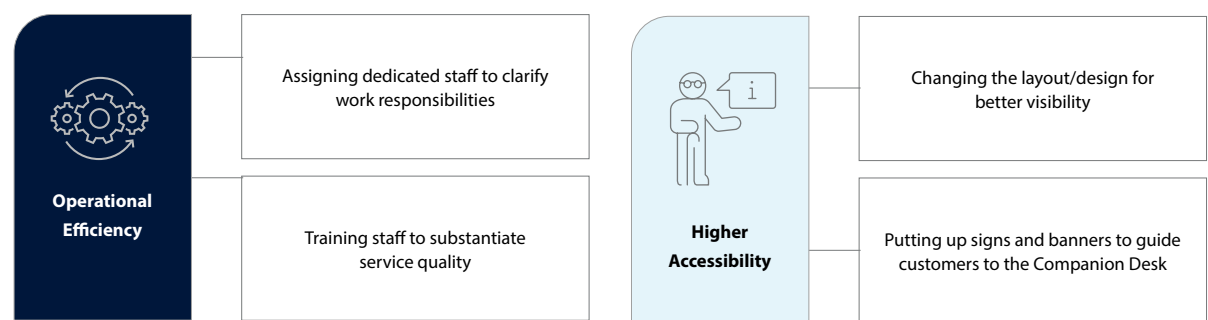
In 2021, IBK promulgated the IBK Financial Group Charter on Financial Consumer Protection, laying out a code of conduct for consumer protection and establishing a group-wide guideline to promote financial consumer-oriented management practices across the board. In 2022, we published and subsequently distributed the IBK Global Financial Consumer Protection Charter in a number of languages via the bank's 59 overseas branches around the world.

A month prior to that, the IBK Financial Group Council on Financial Consumer Protection convened on March 28, 2022. The council not only facilitates interactive communication between the bank and IBK subsidiaries but also discusses financial consumer issues, allowing an integrated approach to group-wide consumer protection work as well as coordinated responses to the government's financial consumer protection policies. The bank has also shared its financial consumer protection education program with its subsidiaries.

In October, the IBK Financial Consumers Panel was established to listen to the voice of consumers and reflect their feedback before and after introducing new financial products and systems. As part of its customer-oriented consumer protection practices, the bank is increasing its Companion Desk service at branches located in underbanked regions with a high percentage of elderly customers, many of whom tend to do the bulk of their bank errands on-site. The Companion Desk service is essentially a teller's window featuring priority service for financially marginalized people.



Elderly Priority Service at the Companion Desk



Financial Fraud Prevention Measures

IBK is dedicated to protecting customer assets from today's surging number of voice phishing crimes. In October 2022, the voice phishing monitoring system was upgraded and its checkup frequency rate was increased. In addition to increasing the speed and accuracy of countermeasures to voice phishing scams, the bank utilizes the KakaoTalk messenger service to share notifications customized to customer age groups on new cases and developments involving fraud.

In particular, the bank has hosted its IBK Financial Fraud Prevention Play event four times since October 2022 with the Senior Financial Education Council. The event has been a highly effective educational tool, as it was designed to help the elderly understand the frequent cases of voice phishing scams through theatrical productions and songs, while also serving as our social responsibility to vulnerable groups in society.

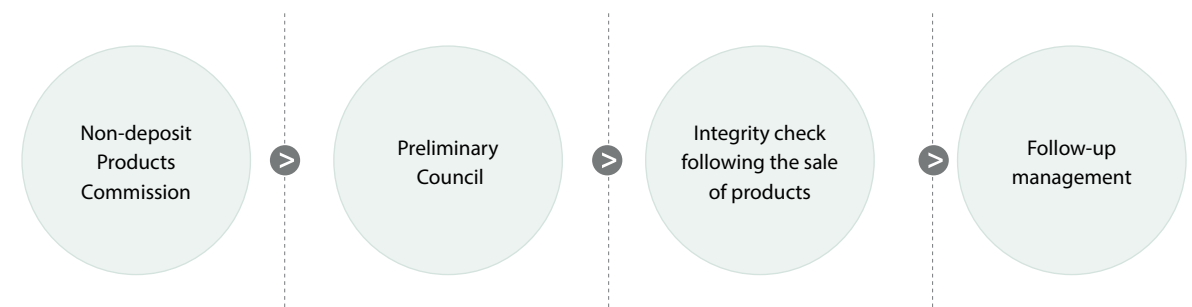
Weaving Digital Technology into Complaint Prevention

IBK has adopted a Mobile Complaint Service which allows financial consumers to view complaint replies anywhere and anytime, eliminating the risk of undelivered mail, while a diversified reply process has further strengthened the rights of financial consumers. Also, the bank set up a non-face-to-face channel for the right to terminate illegal contracts to protect the rights and interests of financial consumers, with the streamlined process helping to improve work convenience.

Strengthening Internal Control Practices on All Investment Product Policies

IBK pursues exhaustive internal control over the entire process of investment product policies, from selection to sales and follow-up management, in a bid to establish consumer-centered product selection and sales practices.

Investment Product Internal Control System



In May 2022, the New Electronic Document Review Process was adopted, replacing paperwork with digital processes and supporting tablet-based sales activities, which are showing a clear growth trend. All sales procedures (documents, transcripts, happy calls) are immediately scrutinized on the following business day to steer clear of misselling practices. As online fund sales volume is on the rise, the bank uncovers and addresses deficiencies through its Online Fund Mystery Shopping checkups twice a year. This effort paid off when the bank topped all financial companies in an online fund sales practice evaluation by the Korea Financial Consumers Protection Foundation.

Excellent External Evaluation

In 2022, IBK scored the highest rating of "Excellent" in the Korean Consumer Protection Index (KCPI), an evaluation by Korea Management Association Consulting (KMAC) to measure the level of consumer protection at each company, including their compliance with the six major sales principles of the Financial Consumer Protection Act and other factors.

COMPLIANCE & ETHICAL MANAGEMENT

Compliance

Reducing AML and Financial Sanctions Risks

Money laundering techniques and methodologies are growing more diverse and sophisticated by the day. In response, IBK reinforced its monitoring at the headquarters and improved the processes and systems needed to reduce the risk of money laundering and financial sanctions violations.

To cut at source any attempts of money laundering through IBK accounts, the bank expanded the scope of its customer due diligence (CDD) to include foreigners in Korea. It also increased the frequency of specific inspections of suspicious cases with inbound/outbound financial transactions when it comes to media coverage, social issues, and local supervisory tendencies.

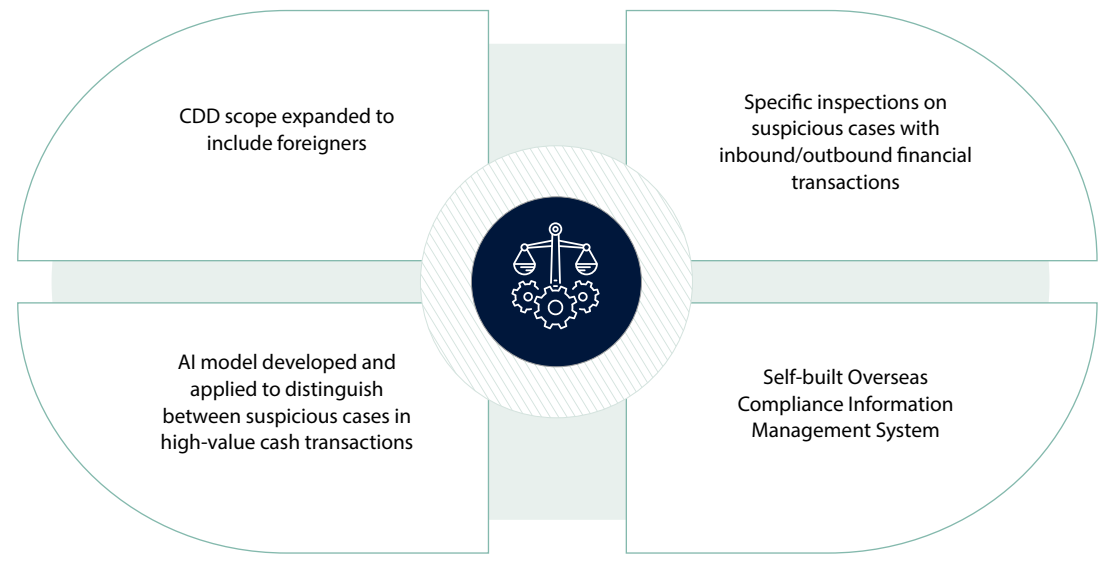
Additionally, our in-house-developed AI model is now in operation, distinguishing between suspicious cases in high-value cash transactions at a higher speed as well as with improved precision and timeliness at work. Also, the self-built Overseas Compliance Information Management System enabled the integrated management of overseas AML and financial sanctions monitoring systems, reinforcing the headquarters' monitoring of CDD practices, suspicious transaction reports, and checkups on financial sanctions at overseas branches.

On top of that, we resumed in-person training at branches that had been suspended during the pandemic. Following one recommendation to increase the mandatory training hours by the Korea Financial Intelligence Unit (KoFIU), we updated our cyber education content on the latest legal amendments and current issues to help employees keep abreast of all trends in AML and financial sanctions compliance requirements.

Successful Introduction of the Conflict of Interest Prevention Act

IBK assists employees' compliance of the Act on the Prevention of Conflict of Interest with its own systems and institutions. A detailed process has been established for applying individual provisions of the Act, with various forms having been created to facilitate reporting obligations. The IBK Employee Code of Conduct was also updated to reflect the new provisions of the Act, thereby raising bank-wide awareness of the new Act and clarifying the grounds for which sanctions may be imposed against any violations. Furthermore, employees received intensive training programs tailored to their individual job titles and duties, while video educational materials were also produced and distributed for internal training at branches and regional headquarters.

Improvements to Compliance Processes and Systems



Digital Transformation for Legal Compliance

IBK continued its efforts toward the substantial implementation and establishment of all legal compliance practices. An AI-based text message screening system is currently in place to block the sending of inappropriate advertising text messages, while cyber training material was also produced on the advertising of financial products featuring the latest interpretation of the Financial Consumer Protection Act from the supervisory authorities. Moreover, the Legal Compliance Checklist was revised to reflect all the amended laws and regulatory standards.

Enhancing Internal Controls

IBK has been operating a Chief Approval System in which a third party examines, in advance, the integrity of transactions on terminals with a high risk of accidents and then approves or rejects them. However, the system has been under fire for its low level of effectiveness. To address the issue, we identified key issues and devised the necessary remedies through branch surveys and status analysis.

First, the approval items are classified into three levels of importance (high, medium, and low) according to three criteria: their relevance to accidents, their necessity according to laws and regulations, and their relevance to monetary transactions. Approval of items with high importance and high exposure should provide transactional information, such as accident information related to the transactions and precautions. Second, the approval records, which used to be printed out on paper for review and storage, have become digitalized. The work process has also improved, with the review process now easier than ever before due to a new terminal screen dedicated to daily inspections and self-audits of approval records.

Also, a self-audit data provision system has been introduced to help branches recognize and improve shortcomings. The system automatically produces and provides monthly reports on a comprehensive analysis of the current status of self-audit operations at each branch, including the status of special inspections following mandatory leaves of absence, the details of self-audit findings, and analysis data on the trends of transactions subject to audits.

Following management's commitment to zeroize any financial accidents, conscious management training has become a bank-wide program. All regional headquarters and branches have been receiving in-person training on conscious management since 2021, and the scope of trainees grew to include all departments at the headquarters starting in 2022.

Customer Information Protection System

Despite the growing frequency of cyber security threats, such as North Korea's nuclear threats and the Russo-Ukrainian War, IBK has successfully maintained zero accidents for 12 consecutive years by maintaining a safe defense system through practical response training and well-prepared contingency plans. Annual cyberattack response drills under different scenarios, including hacker attacks, DDoS, and malicious mail bombardments, reinforce our responsiveness to security breaches.

Improvements to Chief Approval System



COMPLIANCE & ETHICAL MANAGEMENT

As part of these efforts, the entire workforce receives annual information security education to enhance the level of customer privacy protection. Customized information protection videos such as ransomware prevention guide videos are produced to enlighten employees to the importance of information security. In addition, IBK has made efforts to enhance the reliability of its information protection and secure customer trust through the diagnosis and evaluation of its personal information security management level, which is organized by Korea's financial authorities. In Korea, IBK obtained the highest grade (S grade) for two consecutive years in the regular evaluation of personal credit information utilization and management for all Korean financial companies (appx. 3,600 in total), while also acquiring information protection and personal data management system certification. Internationally, IBK maintained its ISO 27001 certificate, the international information security standards, yet more evidence of its advanced information security level.

Securing Data Management
 IBK has completed its Internal Security Threat Monitoring System, which detects abnormalities on internal processes to prevent potential security issues within IBK, and bolstered its internal controls. Data access protocols have also been strengthened through tighter security policies with personal data storage and access to databases, preventing potential security threats in advance.

To secure our digital transformation, security reviews have been carried out on 150 DT projects, including the introduction of the IBK Cloud service and the establishment of an electronic signature certification service. This was followed by the appropriate countermeasures and introduction of reliable communication protocols, such as encrypted communication, thereby building a secure network for customer information protection.

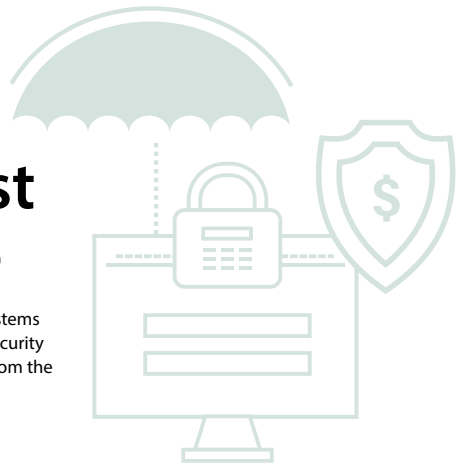
IBK runs annual security loophole tests on its entire operational systems in cooperation with the Financial Security Intelligence Service, a security-specialized organization. In 2022, IBK's main business systems obtained the Security the 1st grade results from the test, indicating excellent security control of its data environment. Financial services at IBK have been further secured after an extraordinary examination that focused on our newly adopted digital services, such as cloud and open banking, showed to have appropriately addressed unknown security risks at source.

Our personal data management system was also reinforced for heightened customer protection by establishing a process for using pseudonymous information related to the Customer Information De-identification System and expanding the scope of monitoring targets under the Customer Information Protection System.



The 1st Grade

IBK's main business systems have obtained their Security the 1st grade results from the security loophole test.



HUMAN RESOURCES AND ORGANIZATIONAL CULTURE

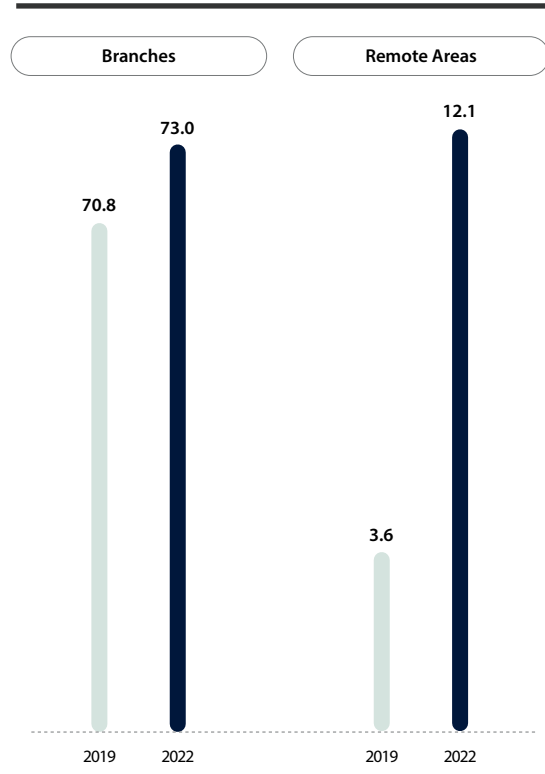
Human Resources

Fair and Inclusive Field-Based Personnel Management
 At IBK, providing equal opportunity is the overarching principle of HR. Our inclusive field-based HR policy offers branch and remote area workers with a better chance for promotion and transfer to headquarters. In addition, job postings and job bidding open windows of opportunities for capable and enthusiastic employees to advance up the career ladder. Indeed, eleven new general managers were appointed through the job posting and bidding process in the second half of 2022, a 2.7-fold increase over the previous year.

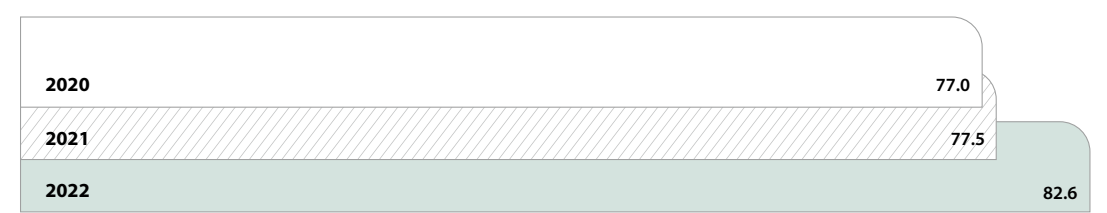
Achieving Higher HRM Efficiency through Digital HRM
 In order to enhance fairness and inclusiveness with personnel management, IBK has been relying on an in-house-developed HR Score System for regular promotion since the first half of 2022. The IBK HR Score System integrates and quantifies personnel data into four categories: performance, competence, contribution to the bank, and conscious management. This system is used for references related to promotions at the level of general manager and above. Furthermore, our HR deployment scheme has become standardized with the use of an AI model that calculates the optimal manpower size for each branch by factoring in 31 workload indicators from performance results and the operational environment of each branch.

Hiring the Right Talent to Remain Leaders in Financial Innovation
 Hiring digitally literate and savvy talents is imperative to our bank-wide digital transformation initiative. We therefore added digital & data literacy to the criteria for new hiring tests in 2022. At the same time, we have adopted a new IBK-type personality test that measures a person's suitability for a specific job duty and organization in order to select capable talents that are in line with IBK's core values. Additionally, the year-round recruitment of experts helps us heighten our capabilities in information security, taxation, and accounting, while private headhunting agencies are also available whenever necessary to hire highly adept people.

Percentage of Front-Line Workers Promoted (%)



Transfer Rate to Headquarters through Open Human Resource Pooling(%)



HUMAN RESOURCES AND ORGANIZATIONAL CULTURE

Systemic ESG Management Index Maintenance

To uphold affirmative action for certain underemployed groups, IBK sets a quota for national merits/disabilities, rural background, and vocational high school graduates. Veterans and the disabled gain additional points in the screening process or can get part-time jobs in quasi-permanent position. IBK outperformed its quota for hiring veterans and disabled people for a second consecutive year in 2022. Moreover, as a result of our effort to remove the glass ceiling within the organization, our fair and unbiased evaluation scheme has helped increase the promotion rate of female employees with proven performance and competence records.

A Family-Friendly Workplace

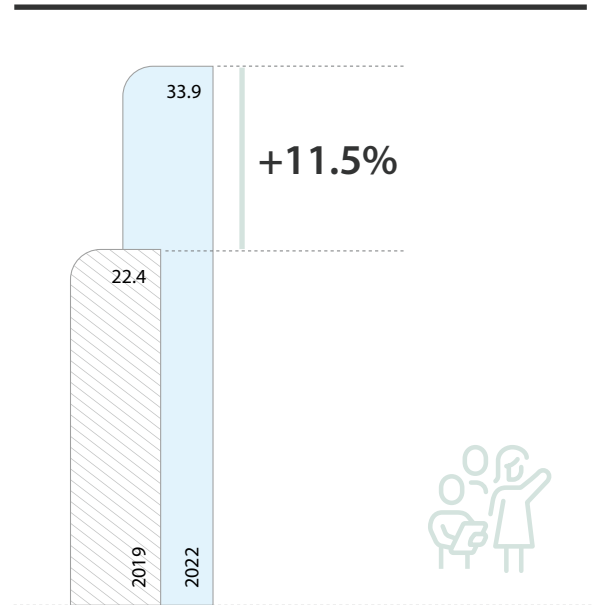
IBK continues to advance its HRM system to support employees' job competency-building as well as their work-life and work-family balance. In fact, the bank-wide computer system has been revamped to discourage employees from working overtime (i.e. more than 52 hours per week), enabling a round-the-clock workhour monitoring system, while all computers have a default setting to shut down during the hours between midnight and six a.m. unless for some unavoidable reason that has been approved in advance for overtime work. On top of that, IBK earned excellent scores in the Ministry of Gender Equality and Family's evaluation of family-friendly practices, thereby reobtaining its certification

as a Family-Friendly Management. The certification is only granted to companies that set a leading example with their family-friendly policies in the workplace. IBK first received this certification in 2014. It was recertified in 2019 and then again in 2022.

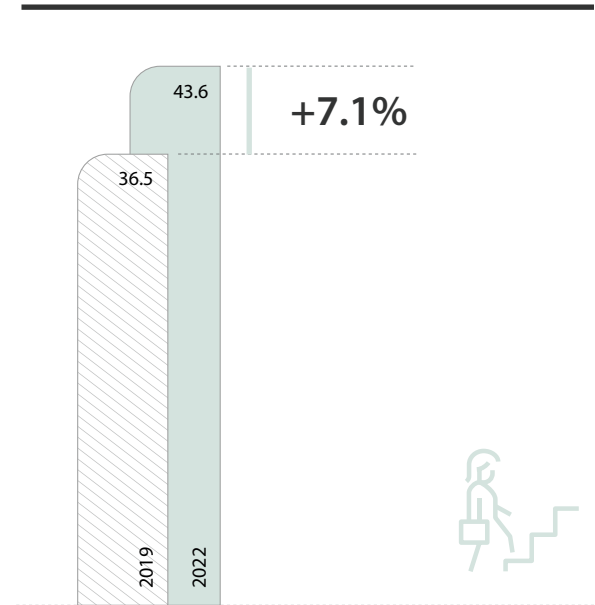
Employee-Friendly Policies

Compulsory annual PTO (paid time off)	Increased from ten days to fifteen
Self-learning leave	Newly adopted to encourage employees to focus on self-learning, such as financial certificates or training courses (14 employees to be granted with this leave in the first half of 2023)
Parental leave	Expanded the allowance for dividing the leave period from the previous one time to two times
Spousal support leave	Expanded the eligibility to include IBK employees whose spouses work at a multinational company

Percentage of Female Managers



Percentage of Female Staff Transferred to Headquarters



Improved Performance Evaluation System

Performance evaluation systems have improved to describe work performance and best practices in detail, strengthening the well-grounded objectives and substantial evaluations of performance. In order to establish fair and transparent performance evaluation practices within the organization, we published a guidebook and trained the entire workforce on performance evaluation.

Innovative HR Development System

We have established a new training system to cultivate leadership in our employees so that they can lead our digital transformation initiative, quickly adapt to changes in job requirements, and rebuild our corporate culture. The new training system allows employees to design their personal career development paths (CDPs) and apply for the specific training they need. In addition, we operate an IBK digital bookstore (electronic library) to help employees read e-books and documents whenever and wherever they want to. We also cover academic tuition fees and exam fees for enhancing job function-related or language skills.

Organizational Culture

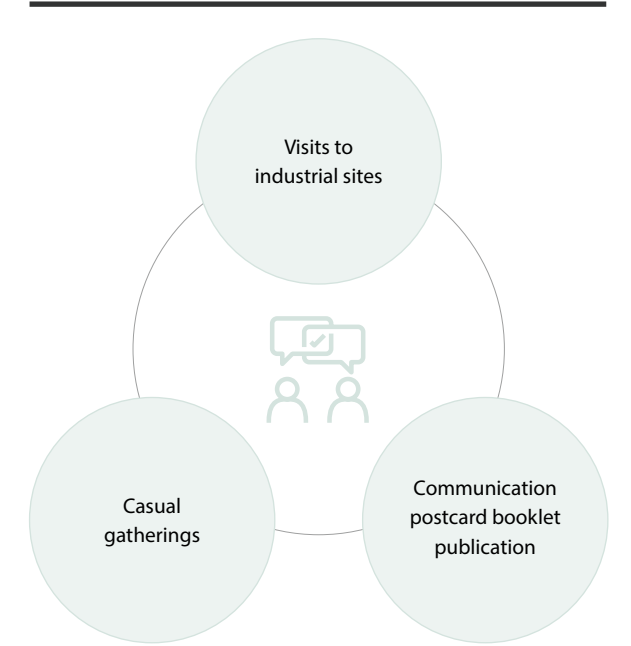
Open and Healthy Communication

In 2022, IBK promoted communication management to consolidate mutual trust, reaching employees and customers through various on-site communication activities despite the resurgence of COVID-19. As such, we published a compilation book of "Communication Postcards," an anonymous bottom-up communication channel for employees to reach the CEO. We also published the CEO's replies and a booklet containing a collection of positive outcomes of the Communication Postcards in corporate culture, HR, systems, and programs, all well-grounded by supportive statistical data, employee interviews, and corporate culture stories. These efforts have allowed us to focus on mutual understanding and consensus building of our corporate culture, while simultaneously promoting a healthy communication.

Townhall Sit-Downs with the CEO

In 2022, IBK CEO visited branches across the country to interact with rank-and-file employees, discussing management issues and listening to their pain points. He also visited industrial sites, such as innovative companies and excellent ESG practice companies, to listen to their concerns, making every effort to support SMEs and microbusiness owners and address their worries and challenges. We also arranged culture and sports events for the CEO and employees to meet, including a live music event held after work hours and gatherings with corporate clubs to reinvigorate employees from pandemic fatigue.

Interactive Communication Programs



Human Resource Development System

Digital Academy

- Branch staff
- Headquarters staff
- Digital occupations

Leadership Academy

- Managerial level
- Chief deputy general managers
- General managers

Job Training Academy

- Job functions
- Specialties
- Wealth management

HUMAN RESOURCES AND ORGANIZATIONAL CULTURE

Corporate Culture Revamp

Corporate Culture Overhaul Project

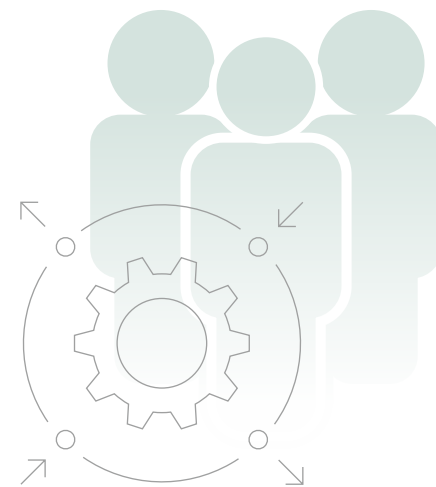
In order to build a fair and dynamic corporate culture, we discovered old customs and habits requiring improvement, and carried out myriad improvement tasks to initiate further changes. Our focus has been on activities and practice programs that raise the awareness and understanding of employees so that the new corporate culture can permeate their daily lives, allowing everybody to experience the benefits of these changes.

Identifying Improvement Issues and Conducting Improvement Procedures

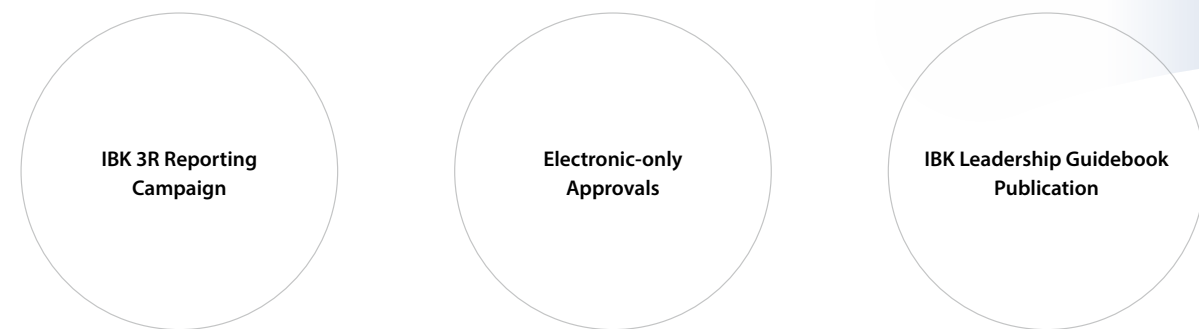
IBK engages in regular bank-wide campaigns to bring about a more desirable corporate culture. We set the catchphrase "IBK 3R (Remove, Reduce, Replace) Reporting" as an action plan to improve inefficient work habits in the reporting process. We also embarked on the spirited promotion of the catchphrase through posters and campaign songs, and completed a pilot operation of electronic approval-only business processing at 35 branches to replace the redundant practice of reporting the same work both electronically and on paper. The electronic-only approval practice will expand bank-wide in the future. This is expected to reduce the overall workload and paper usage at branches, while preventing any risk of missing approval or documents, which will collectively enhance our ESG performance. In December 2022, IBK leaders wrote and then distributed to chief deputy general managers and general managers the *IBK Leadership Guidebook*, which contains leadership solutions for department/branch operation and employee management in 26 topics.

Employee Engagement Programs

On the subject of corporate culture enhancement, we provided 21 face-to-face training sessions to the entire workforce, online training for a total of 12,110 employees, and published 25 newsletters throughout 2022. In the first half of 2022, a survey of 3,293 employees on the corporate culture confirmed an increase in the positive perception of our corporate culture. Going forward, we will continue with other improvement tasks to realize even more changes in our corporate culture.



Corporate Culture Improvement Tasks



FINANCIAL PERFORMANCE



MANAGEMENT DISCUSSION AND ANALYSIS
INDEPENDENT AUDITOR'S REPORT
SEPARATE FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT ON ICFR
CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

Condensed Income Statements for the Year

(KRW billions)	2022	2021	YoY
Net interest income	7,616.5	6,128.4	24.28%
Non-interest income	343.6	597.1	△42.46%
Total income	7,960.1	6,725.5	18.36%
Labor expenses	1,577.0	1,650.3	△4.44%
SG&A expenses	1,041.0	948.7	9.73%
Provisions	1,567.3	895.2	75.08%
(Provisions for credit losses)	1,523.9	953.8	59.76%
Operating income	3,774.8	3,231.3	16.82%
Non-operating income	△34.0	86.6	△139.26%
Income before taxes	3,740.8	3,317.9	12.75%
Income taxes	960.0	892.0	7.62%
Consolidated net income	2,780.8	2,425.9	14.63%
Controlling interest	2,773.8	2,412.4	14.98%
Non-controlling interest	7.0	13.5	△48.15%

In 2022, IBK's consolidated net income grew by 14.63% year on year to KRW 2,780.8 billion. Net interest income surged 24.28% from the previous year to reach KRW 7,616.5 billion, owing to the increase of interest-earning assets, as well as the net interest margin (NIM) growth stemming from interest rate hikes. Non-interest income dropped by 42.46% year on year to KRW 343.6 billion due to the decrease in securities valuation gains. Provisions for credit losses soared by 59.76% from the previous year to KRW 1,523.9 billion because we earmarked considerable amounts in preemptive provisions for bad loans given the endemic situations, coupled with soaring interest rates, as well as geopolitical risks from Russo-Ukraine war.

Interest Income

(KRW billions)	2022	2021	YoY
Interest revenue	12,532.9	8,689.4	44.23%
Interest on loan assets	10,969.2	7,692.5	42.60%
Interest on securities	1,328.0	903.2	47.03%
Other interest revenues	235.7	93.7	151.55%
Interest expenses	4,916.4	2,561.0	91.97%
Interest on deposit liabilities	1,005.3	534.6	88.05%
Interest on debentures	3,117.4	1,718.8	81.37%
Interest on borrowings	708.6	281.3	151.90%
Other interest expenses	85.1	26.3	223.57%
Net interest income	7,616.5	6,128.4	24.28%

Interest revenue rose by 44.23% from the previous year to reach KRW 12,532.9 billion, mainly driven by the year-on-year growth of KRW 3,276.7 billion in interest on loan assets thanks to the NIM growth from the increased interest-earning assets coupled with rising interest rates. Interest expenses soared 91.97% from 2021 due to the KRW 470.7 billion YoY growth in interest on deposit liabilities and KRW 1,398.6 billion in interest on debentures. Ultimately, net interest income grew by 24.28% from the previous year to KRW 7,616.5 billion as the surging market rates boosted the won-denominated net interest spread (NIS) and yield on securities investments.

Non-interest Income

(KRW billions)	2022	2021	YoY
Fee income	903.8	976.8	△7.47%
Gains/Losses on F/X derivatives	329.5	204.5	61.12%
Trust income	140.7	122.9	14.48%
Gains/Losses on securities	318.9	452.0	△29.45%
Gains/Losses on disposal of loan assets	187.1	251.5	△25.61%
Other non-interest expenses (△)	1,536.4	1,410.6	8.92%
Net non-interest income	343.6	597.1	△42.46%

Net non-interest income was down by 42.46% from the previous year to KRW 343.6 billion. This was due to the drop in gains on securities and disposal of loan assets eating up the growth in gains on F/X derivatives and trust income. Gains on securities and the disposal of loan assets declined because their discount rates soared due to interest rate hikes.

Labor and SG&A Expenses

(KRW billions)	2022	2021	YoY
Salaries	1,435.4	1,401.3	2.43%
Retirement benefits	140.2	247.2	△43.28%
Special severance benefits	1.4	1.8	△22.22%
Total labor expenses	1,577.0	1,650.3	△4.44%
Welfare expenses	127.9	124.6	2.65%
Depreciation	267.6	260.4	2.76%
Taxes and dues	163.2	136.1	19.91%
Advertising and marketing expenses	62.3	65.1	△4.30%
Computers & Software	70.9	70.4	0.71%
Service fees	95.6	89.6	6.70%
Rents	25.1	21.6	16.20%
Communications expenses	36.4	34.5	5.51%
Others	192.0	146.4	31.15%
Total SG&A expenses	1,041.0	948.7	9.73%

Labor expenses decreased 4.44% from the previous year to KRW 1,577.0 billion, the result of the base effect of the increase in severance benefits payments in the previous year following the revisions made to the retirement benefit payment regulations. SG&A expenses were up 9.73% from the previous year due to the KRW 19.9 billion YoY increase in education taxes from the increased interest income and the KRW 33.8 billion YoY growth in contributions to the corporate welfare benefit fund.

Non-operating Gains/Losses

(KRW billions)	2022	2021	YoY
Gains/Losses on evaluation on investments in associates	62.7	95.1	△34.07%
Gains/Losses on disposal of investments in associates	△1.6	11.4	△114.04%
Gains on disposal of tangible assets	1.1	1.0	10.00%
Gains from real estate leases	1.7	1.5	13.33%
Donations (△)	27.3	27.8	△1.80%

(KRW billions)	2022	2021	YoY
Impairment losses on equipment & intangible assets (△)	28.3	8.9	217.98%
Legal proceedings provisions (△)	0.9	9.1	△90.11%
Others	△41.4	23.4	△276.92%
Non-operating gains/losses	△34.0	86.6	△139.26%

Non-operating gains declined by KRW 120.6 billion from the previous year due to both the KRW 32.4 billion YoY drop in gains on the valuation on investments in associates and the KRW 13.0 billion YoY drop in gains on the disposal of investments in associates.

Financial Positions**Condensed Statements of Financial Position at Year's End**

(KRW billions)	2022	2021	YoY
Cash & Deposits	26,058.5	19,492.8	33.68%
Securities	79,960.2	75,811.8	5.47%
Loan assets	307,295.5	286,301.6	7.33%
Tangible assets	2,245.4	2,227.9	0.79%
Other assets	16,420.1	14,237.8	15.33%
Total assets	431,979.7	398,071.9	8.52%
Deposit liabilities	155,054.8	158,252.0	△2.02%
Borrowings	49,423.4	43,191.5	14.43%
Debentures	166,476.7	143,614.8	15.92%
Other liabilities	31,914.2	25,479.8	25.25%
Total liabilities	402,869.1	370,538.1	8.73%
Equity attributable to controlling interest	28,948.5	27,387.4	5.70%
Paid-in capital	4,211.4	4,211.4	-
Hybrid Tier 1	3,614.7	3,499.2	3.30%
Capital surplus	1,174.8	1,171.9	0.25%
Capital adjustment	△40.6	△0.1	△40,500.00%
Retained earnings	20,105.3	18,073.3	11.24%
Accumulated other comprehensive income	△117.1	431.7	△127.13%
Non-controlling interest	162.1	146.4	10.72%
Total shareholders' equity	29,110.6	27,533.8	5.73%
Total liabilities & shareholders' equity	431,979.7	398,071.9	8.52%

In 2022, the Bank remained faithful to its mission of backing SMEs and microbusinesses through the burgeoning uncertainties in the macroeconomic environment and challenging business conditions. As a result, the bank's SME loan balance exceeded KRW 220 trillion that year. Its total assets increased by 8.52% from the previous year due to the KRW 4,148.4 billion YoY growth in securities and KRW 20,993.9 billion YoY increase in loan assets.

In terms of the sources of funding, borrowings jumped by 14.43% from the previous year to reach KRW 49,423.4 billion and debentures were up by 15.92% YoY to KRW 166,476.7 billion at the end of 2022.

Breaking down the total shareholders' equity, additional Tier 1 capital increased by KRW 115.5 billion from the previous year following the new issuance of hybrid bonds and the early redemption of the 2017 CoCo bonds, which resulted in a KRW 40.6 billion loss from repayment and translation. Retained earnings grew by KRW 2,032.0 billion year on year to reach KRW 20,105.3 billion.

Loan Assets

(KRW billions)	2022	2021	YoY
Won-denominated loans	283,826.3	263,989.1	7.51%
Corporate loans	240,291.6	220,711.6	8.87%
Retail loans	42,661.8	42,403.9	0.61%
Public funds	872.9	873.6	△0.08%
Foreign currency-denominated loans	7,402.6	6,589.6	12.34%
Others	16,066.6	15,722.9	2.19%
Total loan assets	307,295.5	286,301.6	7.33%

IBK continued with its commitment to the financial support of SMEs and microbusiness hit hard by the prolonged pandemic. Consequently, the corporate loan balance rose by 8.87% YoY to reach KRW 240,291.6 billion, including the KRW 220,908.3 billion in the SME loan balance.

Deposit Liabilities

(KRW billions)	2022	2021	YoY
Won-denominated deposits	131,445.8	137,246.0	△4.23%
Demand deposits	59,972.5	66,673.7	△10.05%
Savings deposits	69,218.0	67,901.1	1.94%
Mutual installment deposits	2,255.3	2,671.2	△15.57%
Foreign currency-denominated deposits	20,025.2	17,798.1	12.51%
Certificates of deposit	3,578.0	3,201.4	11.76%
Others	5.8	6.5	△10.77%
Total deposit liabilities	155,054.8	158,252.0	△2.02%

Total deposit liabilities edged down by 2.02% YoY to KRW 155,054.8 billion, as won-denominated deposits declined by 4.23% YoY to KRW 131,445.8 billion because of the decrease in core deposits.

Key Financial Indicators

(%)	2022	2021	YoY
ROA	0.67	0.64	4.69%
ROE	9.99	9.21	8.47%
NIM*	1.78	1.51	17.88%

* NIM is for the bank on a separate basis.

Return on assets (ROA) was up by 4.69% YoY to 0.67%, and return on equity (ROE) also increased by 8.47% YoY to 9.99% in 2022. Both increases can be explained by the growth in net income from the increased interest income. The Bank's NIM increased by 27.3 bps to 1.78% for 2022 thanks mainly to the won-denominated NIS growth from rising market interest rates.

INDEPENDENT AUDITOR'S REPORT**THE SHAREHOLDERS AND BOARD OF DIRECTORS
INDUSTRIAL BANK OF KOREA****Opinion**

We have audited the separate financial statements of Industrial Bank of Korea (the "Bank"), which comprise the separate statements of financial position as of December 31, 2022 and 2021, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Bank as of December 31, 2022 and 2021, and its separate financial performance and its separate cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We also have audited the Bank's internal control over financial reporting ("ICFR") as of December 31, 2022, based on criteria established in Conceptual Framework for designing and operating ICFR in accordance with Korean Standards on Auditing ("KSA") issued by the Committee of ICFR Operators (the "ICFR Committee"), and our report dated March 7, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

We conducted our audits in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audits of the separate financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Assessments of expected credit loss allowances on loan receivables measured at amortized cost

As discussed in Note 2.2.5 (c) to the separate financial statements, the Bank recognizes loss allowance based on the assessment of the expected credit loss impairment model for loan receivables measured at amortized cost.

The expected credit loss impairment model requires recognizing a loss allowance on financial assets either for 12-month expected credit loss or life-time expected credit loss depending on the extent of changes in credit risk subsequent to the initial recognition of the financial assets.

Management's significant judgment is involved in factors determining a loss allowance, such as the assessment of credit risk, estimation of risk factors including probability of default and loss given default, estimation of forward-looking information, and future cash flows and discount rates related to the individual assessment.

Therefore, we identified the assessment of loss allowances as a key audit matter.

As described in Note 7 to the separate financial statements of the Bank, as of December 31, 2022, loan receivables measured at amortized cost and loss allowances thereon amount to ₩293,792,956 million and ₩3,611,782 million, respectively, based on the expected credit loss impairment model. The primary audit procedures we have performed for management's assertion on the measurement of loss allowances on loan receivables measured at amortized cost are as follows:

- We understood and assessed the procedures and controls related to the assessment of expected credit loss by management on individual or collective basis.
- We assessed and tested analytical procedures and methodologies on the appropriateness of stage classification.
- We involved a specialist to assess and test methodologies on the estimation of probability of default (PD) and loss given default (LGD) including the methodology on the estimation of forward-looking information.
- We inquired, evaluated and tested the appropriateness of future cash flow estimation and discount rate used to calculate loss allowances via individual-basis assessment.

Other matter

The separate statement cash flows of the Bank for the year ended December 31, 2021, presented for comparative purposes, has been restated to reflect adjustments to deposits with restriction on use, such as reserve deposits, as described in Note 2.2(1) to the separate financial statements. These adjustments have no impact on the Bank's net assets as of December 31, 2021 and profit for the year then ended.

Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with KIFRS, and for such internal control as management determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is *Tae Gu Kang*.



Ernst & Young Han Young
March 7, 2023

This audit report is effective as of March 7, 2023, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying separate financial statements and may result in modifications to this report.

SEPARATE STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2022 AND 2021

(Korean won in millions)

	2022	2021
Assets		
Cash and due from banks	23,865,527	17,624,405
Financial assets at fair value through profit or loss	11,636,867	11,543,508
Financial assets at fair value through other comprehensive income	21,398,222	19,023,073
Securities at amortized cost, net	38,431,591	36,148,328
Loans receivables at amortized cost, net	290,730,078	271,750,869
Derivative financial assets for hedge accounting	40,921	41,457
Investments in subsidiaries and associates	2,897,746	2,831,804
Investment properties, net	69,532	68,585
Property and equipment, net	2,104,290	2,107,868
Intangible assets, net	147,706	152,761
Net defined benefit assets	330,001	87,648
Deferred tax assets	2,154	3,037
Other assets	6,243,276	6,794,155
Total assets	397,897,911	368,177,498
Liabilities		
Financial liabilities at fair value through profit or loss	3,603,773	1,728,161
Deposit liabilities	148,919,499	153,165,259
Borrowings	45,442,000	40,238,241
Debentures	158,366,833	136,114,471
Derivative financial liabilities for hedge accounting	286,701	70,350
Provisions	692,380	616,947
Deferred tax liabilities	200,838	424,386
Other liabilities	13,162,258	10,226,791
Total liabilities	370,674,282	342,584,606
Equity		
Issued capital	4,211,365	4,211,365
Hybrid capital instruments	3,614,677	3,499,180
Capital surplus	1,161,597	1,161,654
Capital adjustment	(40,627)	(92)
Accumulated other comprehensive income	316,617	466,945
Retained earnings	17,960,000	16,253,840
Regulatory reserve for credit loss (December 31, 2022: ₩2,847,633 million) (December 31, 2021: ₩2,676,213 million)		
Regulatory reserve for credit loss estimated to be appropriated (December 31, 2022: ₩250,446 million) (December 31, 2021: ₩171,420 million)		
Total equity	27,223,629	25,592,892
Total liabilities and equity	397,897,911	368,177,498

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Korean won in millions

	2022	2021
Interest income:	11,455,746	7,885,419
Interest income on financial assets at fair value through profit or loss	74,406	30,964
Interest income on financial assets at fair value through other comprehensive income and at amortized cost	11,381,340	7,854,455
Interest expenses	(4,415,079)	(2,296,120)
Net interest income	7,040,667	5,589,299
Fee and commission income	657,464	691,955
Fee and commission expense	(297,067)	(306,055)
Net fee and commission income	360,397	385,900
Net gains on financial instruments at fair value through profit or loss	103,302	385,685
Net losses on derivative financial instruments for hedge accounting	(19,367)	(6,922)
Gains on disposal of financial assets at amortized cost	192,474	250,578
Net gains on financial assets at fair value through other comprehensive income	65,536	88,547
Net gains on foreign currency transactions	246,560	24,455
Gross operating profit	7,989,569	6,717,542
Impairment losses on financial assets	(1,445,013)	(940,348)
Net operating profit	6,544,556	5,777,194
General and administrative expenses	(2,472,518)	(2,441,702)
Other operating income	139,415	188,946
Other operating expenses	(913,764)	(800,295)
Operating profit	3,297,689	2,724,143
Non-operating expenses	18,327	(3,912)
Profit before income tax	3,316,016	2,720,231
Income tax expense	(861,227)	(696,136)
Profit for the year	2,454,789	2,024,095
(Adjusted profit after provision of regulatory reserve for credit losses December 31, 2022 : ₩ 2,204,343 million) December 31, 2021 : ₩ 1,852,675 million)		
Other comprehensive income		
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Changes in valuation of equity securities at fair value through other comprehensive income	72,555	(14,044)
Remeasurements of net defined benefit liabilities	117,990	72,971
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Changes in valuation of debt securities at fair value through other comprehensive loss	(339,292)	(100,615)
Exchange differences on translation of foreign operations	17,667	45,523
Changes in valuation of hedges of net investment in foreign operations	(19,309)	(22,941)
Other comprehensive income (loss) for the year, net of tax	(150,389)	(19,106)
Total comprehensive income for the year	2,304,400	2,004,989
Earnings per share (Korean won)		
Basic earnings per share	2,920	2,389
Diluted earnings per share	2,920	2,389

SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Korean won in millions)

	Issued capital	Hybrid capital instruments	Capital surplus	Capital adjustment	Accumulated other comprehensive income	Retained earnings	Total equity
Balance as of January 1, 2021	4,183,183	3,059,888	1,140,916	(105)	484,611	14,727,649	23,596,142
Comprehensive income							
Profit for the year	-	-	-	-	-	2,024,095	2,024,095
Other comprehensive income for the year							
Gain (loss) on valuation of debt securities at fair value through other comprehensive income	-	-	-	-	(100,615)	-	(100,615)
Exchange differences on translation of foreign operations	-	-	-	-	45,523	-	45,523
Changes in valuation of hedges of net investment in foreign operations	-	-	-	-	(22,941)	-	(22,941)
Changes in valuation of equity securities at fair value through other comprehensive income	-	-	-	-	(14,044)	-	(14,044)
Remeasurement of the net defined benefit liabilities	-	-	-	-	72,971	-	72,971
Total comprehensive income	-	-	-	-	(19,106)	2,024,095	2,004,989
Transactions with owners							
Issuance of stocks	28,182	-	20,738	-	-	-	48,920
Cash dividends	-	-	-	-	-	(372,933)	(372,933)
Dividends for hybrid capital instruments	-	-	-	-	-	(123,426)	(123,426)
Issuance of hybrid capital instruments	-	499,200	-	-	-	-	499,200
Repayment of hybrid capital instruments	-	(59,908)	-	(92)	-	-	(60,000)
Transfer of realized gains or losses on equity investment at fair value through other comprehensive income for hedge accounting	-	-	-	-	1,440	(1,440)	-
Others	-	-	-	105	-	(105)	-
Total transactions with owners	28,182	439,292	20,738	13	1,440	(497,904)	(8,239)
Balance as of December 31, 2021	4,211,365	3,499,180	1,161,654	(92)	466,945	16,253,840	25,592,892

	Issued capital	Hybrid capital instruments	Capital surplus	Capital adjustment	Accumulated other comprehensive income	Retained earnings	Total equity
Balance as of January 1, 2022	4,211,365	3,499,180	1,161,654	(92)	466,945	16,253,840	25,592,892
Comprehensive income							
Profit for the year	-	-	-	-	-	2,454,789	2,454,789
Other comprehensive income for the year							
Loss on valuation of debt securities at fair value through other comprehensive income	-	-	-	-	(339,292)	-	(339,292)
Exchange differences on translation of foreign operations	-	-	-	-	17,667	-	17,667
Changes in valuation of hedges of net investment in foreign operations	-	-	-	-	(19,309)	-	(19,309)
Changes in valuation of equity securities at fair value through other comprehensive income	-	-	-	-	72,555	-	72,555
Remeasurement of the net defined benefit liabilities	-	-	-	-	117,990	-	117,990
Total comprehensive income	-	-	-	-	(150,389)	2,454,789	2,304,400
Transactions with owners							
Convertible preferred stock to common stock	-	-	(57)	-	-	-	(57)
Cash dividends	-	-	-	-	-	(621,992)	(621,992)
Dividends for hybrid capital instruments	-	-	-	-	-	(126,484)	(126,484)
Issuance of hybrid capital instruments	-	599,040	-	-	-	-	599,040
Repayment of hybrid capital instruments	-	(483,543)	-	(40,627)	-	-	(524,170)
Transfer of realized gains or losses on equity investment at fair value through other comprehensive income	-	-	-	-	61	(61)	-
Others	-	-	-	92	-	(92)	-
Total transactions with owners	-	115,497	(57)	(40,535)	61	(748,629)	(673,663)
Balance as of December 31, 2022	4,211,365	3,614,677	1,161,597	(40,627)	316,617	17,960,000	27,223,629

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Korean won in millions)

	2022	2021
Cash flows from operating activities		
Profit for the year	2,454,789	2,024,095
Adjustments to reconcile profit for the year to net cash flows used in operating activities	(3,844,778)	(3,789,448)
Changes in operating assets and liabilities	(19,595,108)	(4,029,171)
	(20,985,097)	(5,794,524)
Interests received	11,049,906	7,684,056
Interests paid	(4,247,017)	(2,408,047)
Dividends received	249,825	211,095
Income taxes paid	(812,249)	(368,602)
Net cash flows used in operating activities	(14,744,632)	(676,022)
Cash flows from investing activities		
Increase in financial assets at fair value through profit or loss	(38,493,001)	(32,833,415)
Decrease in financial assets at fair value through profit or loss	38,599,711	32,265,372
Increase in financial assets at fair value through other comprehensive income	(15,983,228)	(20,259,128)
Decrease in financial assets at fair value through other comprehensive income	13,187,393	15,373,371
Increase in securities at amortized cost	(15,135,500)	(13,357,270)
Decrease in securities at amortized cost	12,850,332	9,618,107
Disposal of investments in subsidiaries	92,222	100,588
Disposal of investments in associates	25,552	16,696
Acquisition of investments in subsidiaries	(57,133)	(570,780)
Acquisition of investments in associates	(108,869)	(103,525)
Disposal of property and equipment and investment properties	58	5,596
Acquisition of property and equipment and investment properties	(114,501)	(139,691)
Disposal of intangible assets	-	2,471
Acquisition of intangible assets	(52,974)	(41,870)
Proceeds from government grants	307	-
Net cash flows used in investing activities	(5,189,631)	(9,923,478)
Cash flows from financing activities		
Net increase in borrowings	5,037,989	4,765,132
Increase in debentures	200,685,662	140,223,415
Decrease in debentures	(177,929,463)	(128,455,983)
Repayment of lease liabilities	(64,640)	(62,281)
Issuance of stocks	-	48,920
Convertible preferred stock to common stock	(57)	-
Proceeds in hybrid capital instruments	599,040	499,200
Repayment of hybrid capital instruments	(524,170)	(60,000)
Payment of dividends of hybrid capital instruments	(128,851)	(122,331)
Dividends paid	(621,992)	(372,933)
Net cash flows provided by financing activities	27,053,518	16,463,139
Effects of exchange rate changes on cash and cash equivalents	(32,964)	271,861
Net increase in cash and cash equivalents	7,086,291	6,135,500
Cash and cash equivalents at the beginning of the year	14,300,566	8,165,066
Cash and cash equivalents at the end of the year	21,386,857	14,300,566

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

INDUSTRIAL BANK OF KOREA THE SHAREHOLDERS AND BOARD OF DIRECTORS

Opinion on internal control over financial reporting

We have audited Industrial Bank of Korea's (the "Bank") internal control over financial reporting ("ICFR") based on the Conceptual Framework for designing and operating ICFR established by the Operating Committee of ICFR (the "ICFR Committee") as of December 31, 2022.

In our opinion, the Bank's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2022, in accordance with the Conceptual Framework for designing and operating ICFR.

We also have audited, in accordance with the Korean Standards on Auditing ("KSA"), the separate statement of financial position as of December 31, 2022, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies, and our report dated March 7, 2023 expressed an unqualified opinion thereon.

Basis for Opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of ICFR section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of ICFR in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for ICFR

Management is responsible for designing, implementing, and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying report on the effectiveness of the ICFR.

Those charged with governance are responsible for overseeing the Bank's ICFR process.

Auditor's responsibilities for the audit of ICFR

Our responsibility is to express an opinion of the Bank's ICFR based on our audit. We conducted our audit in accordance with KSA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR was maintained in all material respects.

An audit of ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operating effectiveness of ICFR based on obtaining an understanding of ICFR and the assessed risk.

ICFR definition and inherent limitations

A bank's ICFR is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of separate financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). A bank's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of separate financial statements in accordance with KIFRS, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the separate financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements of the separate financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that ICFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is *Tae Gu Kang*



Ernst & Young Han Young
March 7, 2023

This audit report is effective as of March 7, 2023, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditors' report date to the time this report is used. Such events and circumstances could significantly affect the Bank's ICFR and may result in modifications to this report.

ICFR OPERATING STATUS REPORT

TO THE SHAREHOLDERS, BOARD OF DIRECTORS AND AUDITOR OF INDUSTRIAL BANK OF KOREA

We, as the Chief Executive Officer and the Internal Accounting Manager of Industrial Bank of Korea ("the Bank"), assessed operating status of the Bank's Internal Control over Financial Reporting ("ICFR") for the year ending December 31, 2022.

Design and operation of ICFR is the responsibility of the Bank's management, including the Chief Executive Officer and the Internal Accounting Manager (collectively, "We", "Our" or "Us").

We evaluated whether the Bank effectively designed and operated its ICFR to prevent and detect errors or frauds which may cause a misstatement in financial statements to ensure preparation and disclosure of reliable financial information.

We used the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee") as the criteria for design and operation of the Bank's ICFR. And we conducted

an evaluation of ICFR based on the 'Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting' established by the ICFR Committee.

Based on our assessment, we concluded that the Bank's ICFR is designed and operated effectively as of December 31, 2022, in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting'.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

February 23, 2023

Kim Sung-tae
Chief Executive Officer

Moon Chang-hwan
Internal Accounting Manager

INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDERS AND BOARD OF DIRECTORS INDUSTRIAL BANK OF KOREA AND ITS SUBSIDIARIES

Opinion

We have audited the consolidated financial statements of Industrial Bank of Korea (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing ("KSA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Assessments of expected credit loss allowances on loan receivables measured at amortized cost

As discussed in Note 2.2.5 (c) to the consolidated financial statements, the Group recognizes loss allowance based on the assessment of the expected credit loss impairment model for loan receivables measured at amortized cost.

The expected credit loss impairment model requires recognizing a loss allowance on financial assets either for 12-month expected credit loss or life-time expected credit loss depending on the extent of changes in credit risk subsequent to the initial recognition of the financial assets.

Management's significant judgment is involved in factors determining a loss allowance, such as the assessment of credit risk, estimation of risk factors including probability of default and loss given default, estimation of forward-looking information, and future cash flows and discount rates related to the individual assessment. Therefore, we identified the assessment of loss allowances as a key audit matter.

As described in Note 7 to the consolidated financial statements of the Group, as of December 31, 2022, loan receivables measured at amortized cost and loss allowances thereon amount to ₩310,533,686 million and ₩3,755,123 million, respectively, based on the expected credit loss impairment model. The primary audit procedures we have performed for management's assertion on the measurement of loss allowances on loan receivables measured at amortized cost are as follows:

- We understood and assessed the procedures and controls related to the assessment of expected credit loss by management on individual or collective basis.
- We assessed and tested analytical procedures and methodologies on the appropriateness of stage classification.
- We involved a specialist to assess and test methodologies on the estimation of probability of default (PD) and loss given default (LGD) including the methodology on the estimation of forward-looking information.
- We inquired, evaluated and tested the appropriateness of future cash flow estimation and discount rate used to calculate loss allowances via individual-basis assessment.

Other matter

The consolidated statement of cash flows of the Group for the year ended December 31, 2021, presented for comparative purposes, has been restated to reflect adjustments to deposits with restriction on use, such as reserve deposits, as described in Note 2.2(2) to the consolidated financial statements. These adjustments have no impact on the Group's net assets as of December 31, 2021 and profit for the year then ended.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with KIFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the

financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is *Tae Gu Kang*.



Ernst & Young Han Young
March 7, 2023

This audit report is effective as of March 7, 2023, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2022 AND 2021

(Korean won in millions)

	2022	2021
Assets		
Cash and due from banks	26,058,475	19,492,813
Financial assets at fair value through profit or loss	19,471,944	18,608,009
Financial assets at fair value through other comprehensive income	24,158,213	21,458,957
Securities at amortized cost, net	40,129,864	37,695,894
Loans receivables at amortized cost, net	307,295,503	286,301,619
Derivative financial assets for hedge accounting	48,350	43,002
Investments in associates	1,518,957	1,352,215
Investment properties, net	88,512	57,718
Property and equipment, net	2,156,909	2,170,206
Intangible assets, net	264,197	268,842
Net defined benefit assets	347,981	94,473
Deferred tax assets	148,689	32,261
Other assets	10,292,096	10,495,905
Total assets	431,979,690	398,071,914
Liabilities		
Financial liabilities at fair value through profit or loss	4,860,907	2,582,359
Financial liabilities designated at fair value through profit or loss	780,615	657,755
Deposit liabilities	155,054,831	158,251,977
Borrowings	49,423,444	43,191,533
Debentures	166,476,705	143,614,755
Derivative financial liabilities for hedge accounting	332,547	103,621
Provisions	716,726	642,108
Deferred tax liabilities	258,846	490,957
Other liabilities	24,964,506	21,003,000
Total liabilities	402,869,127	370,538,065
Equity		
Equity attributable to owners of the parent		
Issued capital	4,211,365	4,211,365
Hybrid capital instruments	3,614,677	3,499,180
Capital surplus	1,174,836	1,171,905
Capital adjustment	(40,627)	(92)
Accumulated other comprehensive income	(117,116)	431,685
Retained earnings	20,105,324	18,073,334
Regulatory reserve for credit loss (December 31, 2022: ₩ 2,955,514 million) (December 31, 2021: ₩ 2,756,940 million)		
Regulatory reserve for credit loss estimated to be appropriated (December 31, 2022: ₩ 317,992 million) (December 31, 2021: ₩ 198,574 million)		
	28,948,459	27,387,377
Non-controlling interests	162,104	146,472
Total equity	29,110,563	27,533,849
Total liabilities and equity	431,979,690	398,071,914

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Korean won in millions

	2022	2021
Interest income:	12,532,949	8,689,462
Interest income on financial assets at fair value through profit or loss	196,581	121,215
Interest income on financial assets at fair value through other comprehensive income and at amortized cost	12,336,368	8,568,247
Interest expenses	(4,916,438)	(2,561,042)
Net interest income	7,616,511	6,128,420
Fee and commission income	903,736	976,754
Fee and commission expense	(333,307)	(345,205)
Net fee and commission income	570,429	631,549
Net gains on financial instruments at fair value through profit or loss	218,747	505,049
Net gains (losses) on financial instruments designated at fair value through profit or loss	22,810	(15,450)
Net losses on derivative financial instruments for hedge accounting	(75,103)	(70,296)
Gains on disposal of financial assets at amortized cost	187,232	251,537
Net gains from financial assets at fair value through other comprehensive income	56,078	94,229
Insurance losses	(198,375)	(146,559)
Net gains on foreign currency transactions	336,294	144,430
Gross operating profit	8,734,623	7,522,909
Impairment losses on financial assets	(1,484,796)	(940,428)
Net operating profit	7,249,827	6,582,481
General and administrative expenses	(2,617,938)	(2,598,935)
Other operating income	294,151	380,575
Other operating expenses	(1,251,593)	(1,139,789)
Overlay adjustments	100,390	6,978
Operating profit	3,774,837	3,231,310
Non-operating income (expenses)	(34,067)	86,599
Profit before income tax	3,740,770	3,317,909
Income tax expense	(959,966)	(891,968)
Profit for the year	2,780,804	2,425,941
(Adjusted profit after provision of regulatory reserve for credit losses December 31, 2022 : ₩2,462,812 million December 31, 2021 : ₩2,227,367 million)		

(continued)

	2022	2021
Other comprehensive income		
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Changes in valuation of financial liabilities designated at fair value through profit or loss	(581)	46
Changes in valuation of equity securities at fair value through other comprehensive income	(34,612)	(39,933)
Remeasurements of net defined benefit liabilities	124,081	73,247
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Changes in valuation of debt securities at fair value through other comprehensive loss	(514,378)	(150,482)
Changes in shares of other comprehensive loss of associates	(2,687)	(2,646)
Exchange differences on translation of foreign operations	6,435	129,193
Changes in valuation of cash flow hedge	(12,145)	(10,210)
Changes in valuation of hedges of net investment in foreign operations	(31,170)	(35,338)
Overlay adjustments	(76,671)	(4,702)
Other comprehensive loss for the year, net of tax	(541,728)	(40,825)
Total comprehensive income for the year	2,239,076	2,385,116
Profit is attributable to:		
Owners of the parent	2,773,770	2,412,459
Non-controlling interests	7,034	13,482
	2,780,804	2,425,941
Total comprehensive income attributable to:		
Owners of the parent	2,232,060	2,371,126
Non-controlling interests	7,016	13,990
	2,239,076	2,385,116
Earnings per share (Korean won)		
Basic earnings per share	3,320	2,877
Diluted earnings per share	3,320	2,877

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Korean won in millions

	Attributable to owners of the parent							Total equity
	Issued capital	Hybrid capital instruments	Capital surplus	Capital adjustment	Accumulated other comprehensive income	Retained earnings	Non-controlling interests	
Balance as of January 1, 2021	4,183,183	3,059,888	1,145,060	(105)	471,578	16,158,648	124,097	25,142,349
Comprehensive income								
Profit for the year	-	-	-	-	-	2,412,459	13,482	2,425,941
Other comprehensive income for the year								
Gain (loss) on valuation of debt securities at fair value through other comprehensive income	-	-	-	-	(150,494)	-	12	(150,482)
Shares of other comprehensive income of associates	-	-	-	-	(2,646)	-	-	(2,646)
Exchange differences on translation of foreign operations	-	-	-	-	128,752	-	441	129,193
Changes in valuation of cash flow hedge	-	-	-	-	(10,210)	-	-	(10,210)
Changes in valuation of hedges of net investment in foreign operations	-	-	-	-	(35,338)	-	-	(35,338)
Net losses on overlay adjustments	-	-	-	-	(4,702)	-	-	(4,702)
Changes in financial liabilities designated at fair value through profit or loss	-	-	-	-	40	-	6	46
Changes in valuation of equity securities at fair value through other comprehensive income	-	-	-	-	(39,933)	-	-	(39,933)
Remeasurement of net defined benefit assets	-	-	-	-	73,198	-	49	73,247
Total comprehensive income for the year	-	-	-	-	(41,333)	2,412,459	13,990	2,385,116
Transactions with owners								
Issuance of stocks	28,182	-	20,738	-	-	-	-	48,920
Cash dividends	-	-	-	-	-	(372,933)	(2,712)	(375,645)
Dividends for hybrid capital instruments	-	-	-	-	-	(123,426)	-	(123,426)
Issuance of hybrid capital instruments	-	499,200	-	-	-	-	-	499,200
Repayment of hybrid capital instruments	-	(59,908)	-	(92)	-	-	-	(60,000)
Transfer of realized gains or losses on equity investment at fair value through other comprehensive income	-	-	-	-	1,440	(1,440)	-	-
Others	-	-	6,107	105	-	26	11,097	17,335
	28,182	439,292	26,845	13	1,440	(497,773)	8,385	6,384
Balance as of December 31, 2021	4,211,365	3,499,180	1,171,905	(92)	431,685	18,073,334	146,472	27,533,849

(continued)

Attributable to owners of the parent

	Issued capital	Hybrid capital instruments	Capital surplus	Capital adjustment	Accumulated other comprehensive income	Retained earnings	Non- controlling interests	Total equity
Balance as of January 1, 2022	4,211,365	3,499,180	1,171,905	(92)	431,685	18,073,334	146,472	27,533,849
Comprehensive income								
Profit for the year	-	-	-	-	-	2,773,770	7,034	2,780,804
Other comprehensive income for the year								
Loss on valuation of debt securities at fair value through other comprehensive income	-	-	-	-	(514,413)	-	35	(514,378)
Changes in share of other comprehensive income of associates	-	-	-	-	(2,687)	-	-	(2,687)
Exchange differences on translation of foreign operations	-	-	-	-	7,022	-	(587)	6,435
Changes in valuation of cash flow hedge	-	-	-	-	(12,145)	-	-	(12,145)
Changes in valuation of hedges of net investment in foreign operations	-	-	-	-	(31,170)	-	-	(31,170)
Net losses on overlay adjustments	-	-	-	-	(76,671)	-	-	(76,671)
Changes in financial liabilities designated at fair value through profit or loss	-	-	-	-	(500)	-	(81)	(581)
Changes in valuation of equity securities at fair value through other comprehensive income	-	-	-	-	(34,612)	-	-	(34,612)
Remeasurement of net defined benefit assets	-	-	-	-	123,466	-	615	124,081
Total comprehensive income for the year	-	-	-	-	(541,710)	2,773,770	7,016	2,239,076
Transactions with owners								
Conversion of convertible preferred stocks	-	-	(57)	-	-	-	-	(57)
Cash dividends	-	-	-	-	-	(621,992)	(2,869)	(624,861)
Dividends for hybrid capital instruments	-	-	-	-	-	(126,484)	-	(126,484)
Issuance of hybrid capital instruments	-	599,040	-	-	-	-	-	599,040
Repayment of hybrid capital instruments	-	(483,543)	-	(40,627)	-	-	-	(524,170)
Transfer of realized gains or losses on equity investment at fair value through other comprehensive income	-	-	-	-	(7,091)	7,091	-	-
equity acquisition by subsidiaries	-	-	-	-	-	-	3,380	3,380
Others	-	-	2,988	92	-	(395)	8,105	10,790
	-	115,497	2,931	(40,535)	(7,091)	(741,780)	8,616	(662,362)
Balance as of December 31, 2022	4,211,365	3,614,677	1,174,836	(40,627)	(117,116)	20,105,324	162,104	29,110,563

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

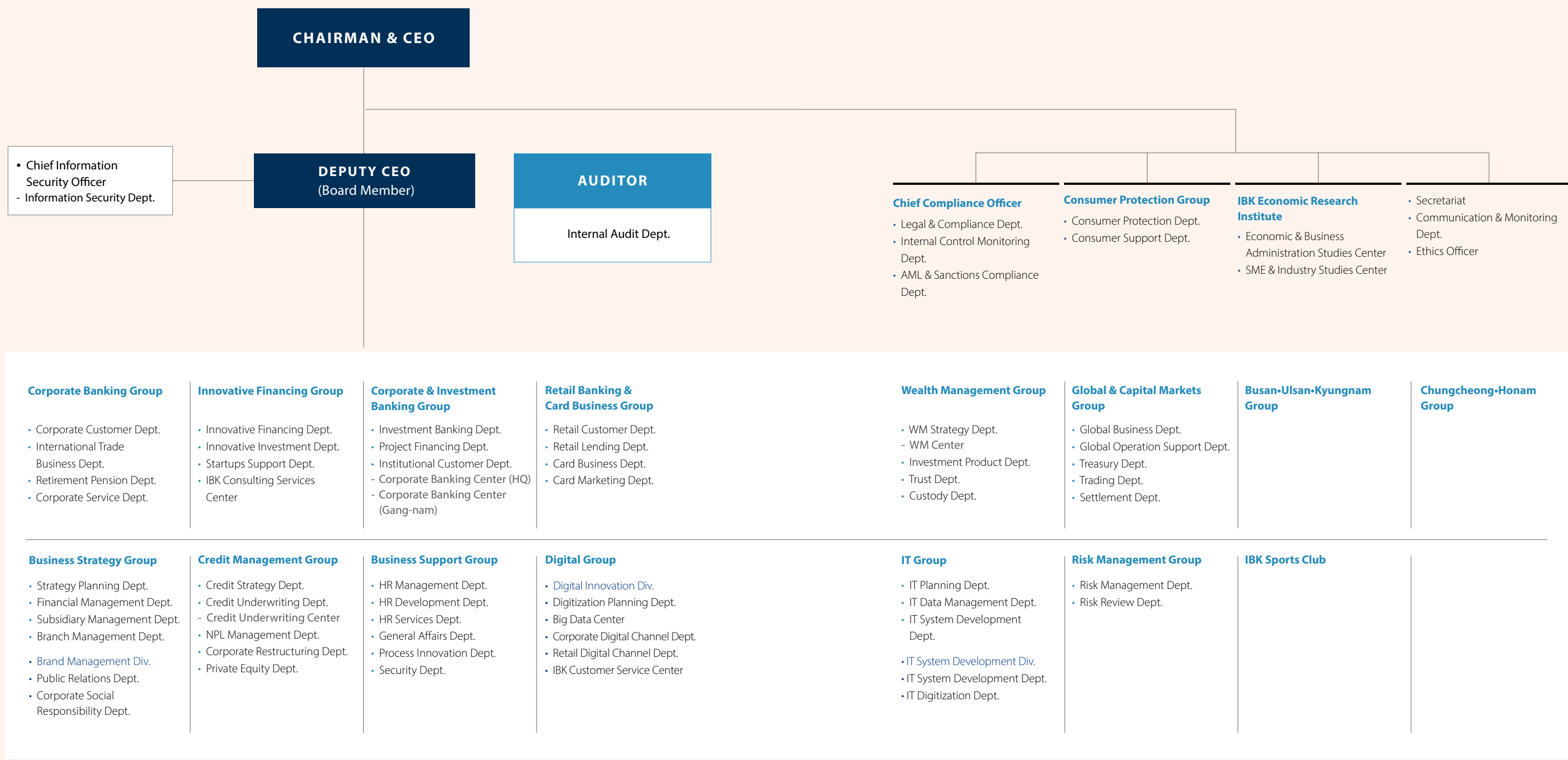
Korean won in millions

	2022	2021
Cash flows from operating activities		
Profit for the year	2,780,804	2,425,941
Adjustments to reconcile profit for the year to net cash flows used in operating activities	(4,389,324)	(4,380,981)
Changes in operating assets and liabilities	(19,719,021)	(3,818,173)
	(21,327,541)	(5,773,213)
Interests received	12,119,988	8,484,774
Interests paid	(4,787,835)	(2,716,219)
Dividends received	252,120	257,291
Income taxes paid	(955,174)	(487,380)
Net cash flows used in operating activities	(14,698,442)	(234,747)
Cash flows from investing activities		
Increase in financial assets at fair value through profit or loss	(40,872,123)	(35,135,444)
Decrease in financial assets at fair value through profit or loss	40,540,508	34,284,932
Increase in financial assets at fair value through other comprehensive income	(18,360,077)	(21,522,168)
Decrease in financial assets at fair value through other comprehensive income	14,905,475	16,446,508
Increase in securities at amortized cost	(15,765,673)	(13,940,332)
Decrease in securities at amortized cost	13,314,241	9,765,024
Proceeds from disposal of investments in associates	209,111	142,180
Acquisition of investments in associates	(321,399)	(486,419)
Proceeds from disposal of property and equipment and investment properties	8,519	6,417
Acquisition of property and equipment and investment properties	(157,943)	(151,782)
Disposal of intangible assets	1,053	3,750
Acquisition of intangible assets	(63,915)	(54,095)
Receipt of government grant	307	-
Net cash flows used in investing activities	(6,561,916)	(10,641,429)
Cash flows from financing activities		
Net increase in borrowings	6,118,966	4,971,460
Increase in debentures	204,353,260	145,183,137
Decrease in debentures	(181,001,133)	(132,952,471)
Repayment of lease liabilities	(82,004)	(74,508)
Issuance of stocks	-	48,920
Conversion of convertible preferred stocks	(57)	-
Proceeds from issuance of hybrid capital instruments	599,040	499,200
Repayment of hybrid capital instruments	(524,170)	(60,000)
Payment of dividends of hybrid capital instruments	(128,851)	(122,331)
Payment of dividends	(624,861)	(375,645)
Net cash flows provided by financing activities	28,710,190	17,117,762
Effects of exchange rate changes on cash and cash equivalents	21,804	331,930
Net increase in cash and cash equivalents	7,471,636	6,573,516
Cash and cash equivalents at the beginning of the year	15,767,436	9,193,920
Cash and cash equivalents at the end of the year	23,239,072	15,767,436

ORGANIZATIONAL CHART

As of Mar. 2023

15 Groups	3 Divisions	3 Centers
1 Research Institute	1 Club	61 Departments



SUBSIDIARIES



IBK Capital Corporation	IBK Securities Co., Ltd.	IBK Insurance Co., Ltd.	IBK Asset Management Co., Ltd.
IBK Savings Bank Co., Ltd.	IBK Systems Co., Ltd.	IBK Credit Information Co., Ltd.	IBK Service Co., Ltd.

IBK China Ltd.	PT Bank IBK Indonesia Tbk	IBK Myanmar Co., Ltd.
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IBK CAPITAL CORPORATION

Main Business
Corporate finance, installment finance

Date of Establishment
1986

IBK Ownership
100.0%

IBK Capital provides innovative technology financing, installment financing, lease financing, factoring, and corporate banking services. In 2022, the company grew its financial assets to a historic high of KRW 10,051.4 billion, with a net income of KRW 182.2 billion, through a management strategy focusing on the sound and stable growth of financial and investment assets. The one-month-and-longer delinquency rate and substandard-and-below loan ratio also remained healthy at 0.56% and 0.43%, respectively.

In dealing with the era of hyper-uncertainty in 2023, the company will effectively handle pending crises as it works hard to lay the foundation for another significant step forward on its way to becoming a trusted leader in the financial market under the slogan "Turning crises into opportunities for growth." In line with its vision of ushering in a new financial strategy, IBK Capital will constantly develop new markets, new products, and new services—and all while putting into action its customer-centered thinking to realize true customer happiness.

IBK SECURITIES CO., LTD.

Main Business
IB, trading and wealth management

Date of Establishment
2008

IBK Ownership
87.78%

IBK Securities was founded as a financial investment company to support the growth of SMEs and middle-market enterprises (MEs) in the direct financing market. Its services include initial public offerings (IPOs), rights offerings, M&As, and bond issuances. The company offers differentiated wealth management services and custom-tailored products to serve all the investment appetites and needs of its clients.

In 2022, IBK Securities recorded a net income of KRW 47.1 billion, down 53% year on year, amid challenging market environments mired in hyperinflation, interest rate hikes, and sluggish economic growth rates. While expanding its business domain by stabilizing global equity and fixed-income trading systems, the company also digitalized the work process at branches and expanded the IBKS HUB service coverage, thereby enhancing customer convenience. At the same time, trading operations staffed up with trading experts to diversify investment strategies and strengthen their investment capabilities. As an SME-specialized brokerage house, IBK Securities has also continued to carry out venture investments and SME/ME financing. In 2023, it will continue to evolve as a leading financial investment company in line with its vision of becoming a capital market leader trusted by customers and respected in the market.

IBK INSURANCE CO., LTD.

Main Business
Pension insurance

Date of Establishment
2010

IBK Ownership
100.0%

IBK Insurance was established as part of IBK's strategy of business portfolio diversification and non-bank profit growth in 2010. Its primary services include individual and corporate retirement pension insurance plans. As Korea's first pension-based insurer, its mission is to support SME employees and underfinanced people with financial planning for their retirement.

In 2022, increasing volatility in financial markets caused a contraction in the savings-type insurance market. Nevertheless, the company earned a premium income of KRW 2.5 trillion, up 38% year on year. In 2023, the company will increase its market responsiveness to address escalating market uncertainties, while also introducing IFRS 17 and the subsequent K-ICS guidelines. Furthermore, IBK Insurance plans to reorganize its management infrastructure and improve business fundamentals, with its priority placed on the sound management of risks.

IBK ASSET MANAGEMENT CO., LTD.

Main Business
Asset management

Date of Establishment
2004

IBK Ownership
100.0%

IBK Asset Management was founded to administer investment products tailored to the varying needs of IBK customers and boost non-interest income. Its asset management product portfolio ranges from equity-, hybrid-, and bond-type funds, funds of funds, derivatives, and money market funds (MMFs) to real estate and infrastructure funds.

In 2022, its assets under management (AUM) grew to KRW 22.8 billion, with a net income of KRW 5.2 billion. At the same time, the company is faithfully serving its mission of supporting SMEs as a policy financier. In addition to the newly launched IBK Small-and-Mid-Cap Korea Fund, which invests in SMEs and MEs, the company continues to faithfully perform its other day-to-day functions, such as operating P-CBO wealth management and bond market stabilization funds. In preparation for deepening uncertainties in financial markets in 2023, the company will solidify its revenue base by balancing its asset portfolio with equities and fixed-income as it simultaneously secures future growth drivers by entering ETF markets and expanding its ESG investment assets lineup.

IBK SAVINGS BANK CO., LTD.

Main Business
Microcredit Finance

Date of Establishment
2013

IBK Ownership
100.0%

IBK Savings Bank was set up to support regionally based SMEs and provide micro-credit finance. It offers services for deposit-taking, installment savings accounts, and loans through six branches located in major cities nationwide.

Since its foundation, the bank has concentrated on improving its loan asset portfolio, building its assets, and enhancing its asset adequacy through consistent expansion in microcredit finance. As a result, its net income reached KRW 19.2 billion in 2022, at which time the bank also obtained the industry's top rating (A grade) for the fifth straight year. Moreover, it was the only savings bank to receive the FSC Chairman's commendation for its ESG finance practices. To further our steadfast commitment of ESG management, the bank has also launched a special deposit product for medical and quarantine staff as just one way to honor their hard work during the pandemic, and engaged in several social contribution activities. In 2023, the bank will further its role as a strong supporter of microfinance and regional economies, thus growing together based on the highest level of customer trust.

IBK SYSTEMS CO., LTD.**Main Business**

IT systems development and management

Date of

Establishment
1991

IBK

Ownership
55.63%

Started as IBK Computer IT Company in 1991, IBK Systems has since grown into a solid partner for IBK Financial Group and a leading financial IT company in Korea over the past 30 years. Today, it is a specialized company providing total financial IT services. With sales of KRW 200 billion, its team of 600 financial IT professionals is poised to realize its core value of true customer happiness.

In 2022, as IBK's reliable partner for financial IT operations, IBK Systems concentrated on enhancing the quality of its IT infrastructure and stabilizing its services, from security issues to downtime issues, in its operation of the IT systems at IBK and its subsidiaries. Following the successful completion of key SI projects, it then successfully stabilized the integrated procurement process, spearheading IBK Group's digital competency-building and budget-saving initiatives. Going forward, IBK Systems will continue to strengthen its system monitoring and management to realize a stable IT service through constant process innovation. At the same time, it will bolster its high-tech competencies, such as with AI and cloud services, to further its support for seamless work processes at the bank and its subsidiaries.

IBK CREDIT INFORMATION CO., LTD.**Main Business**

Credit information service

Date of

Establishment
2000

IBK

Ownership
100.0%

IBK Credit Information's main business lines are credit information research and collection. The company aligns its business activities, such as credit information research, credit reports to clients, and collection on delinquent loans, with the mission of being there at the front end and back end of all IBK finance efforts.

In 2022, the business environment was not particularly favorable for the company due to the prolonged pandemic, the government's lengthened pandemic relief policies to protect debtors, curbs on household debts, maturity rollovers, and deferrals on principal repayments. Nevertheless, the company was able to generate KRW 30.0 billion in sales and KRW 3.1 billion in profits in 2022 through balanced growth between credit research, debt collection, and debt management, as well as between cost reduction and new business expansion. Of particular note was that the company had successfully recovered more than 7,500 accounts receivables of IBK clients, thereby improving customer cash flow and enhancing reliability by the end of 2022.

In 2023, IBK Credit Information is taking bold steps to ensure future growth, such as entering into new businesses and securing new customers. Additionally, it will innovate the work process and embrace digital transformation to build a smarter work environment in pursuit of creative innovation.

IBK SERVICE CO., LTD.**Main Business**

Workforce sub-contracting

Date of

Establishment
2018

IBK

Ownership
100.0%

IBK Service was established to implement the government's policy of turning irregular workers into permanent employees in the public sector. IBK was actually the first state-owned bank to organize a fully owned subsidiary for that cause. Today, IBK service provides maintenance services at IBK Financial Group's business premises, performing duties such as cleaning, security, facility maintenance, clerical assistance, cooking, parking management, and the organization of customer information.

In 2022, IBK Service adopted groupware, security systems, and mobile workstations to set up a distance field support protocol in step with the bank's digital transformation initiative. Its prime concerns during the pandemic have been on ensuring a safe and healthy environment as well as top-notch quarantine protocols to help customers use IBK services free of any contamination concerns. At the same time, the company trains security staff on a regular basis to prevent financial crimes.

IBK CHINA LTD.**Date of**

Establishment
2009

IBK

Ownership
100.0%

IBK China was founded in June 2009 by integrating IBK's five Chinese branches, including its Tianjin office, which was opened in 1995. Since then, the company has opened branches in Tianjin, Shenyang, Qingdao, and other cities where Korean companies were already operating. This brought its total to sixteen networks, consisting of eight branches and eight sub-branches, as of December 2022. While enjoying a stable operating base, the company is consistently promoting localization for its sustainable growth. It has added to its local customer base by developing locally customized products and increased both its online and mobile channels.

PT BANK IBK INDONESIA TBK**Date of**

Establishment
2019

IBK

Ownership
91.24%

PT Bank IBK Indonesia Tbk was launched in September 2019 after receiving approval from the country's authorities regarding the merger and acquisition of two local banks, PT Bank Agris Tbk and PT Bank Mitraniaga Tbk. PT Bank IBK Indonesia Tbk is now working to stabilize its operations, such as achieving the highest loan growth rate among the various foreign-based banks that have advanced into the country and adopting a two-track marketing strategy targeting Korean and local companies.

IBK MYANMAR CO., LTD.**Date of**

Establishment
2021

IBK

Ownership
100.0%

IBK Myanmar obtained its license as a local subsidiary from the Central Bank of Myanmar (CBM) in December 2020. Its first branch commenced operations in Yangon on January 21, 2021. Its service priorities are supporting Korean companies in Myanmar and offering financial/non-financial support to Korean SMEs pursuing opportunities in the local market. It also aims to discover and grow prime SME businesses in the local market.

MILESTONES

1961–2009

Jul. 01, 1961	Small and Medium-sized Business Bank Act (No. 641) enacted
Aug. 01, 1961	Established as Small and Medium-sized Business Bank with paid-in capital of KRW 200 million
Nov. 18, 1968	Relocated head office building to 36, Euljiro-2ga, Jung-gu, Seoul
Nov. 01, 1986	Established Korea Corporate Development Finance
Dec. 03, 1987	Relocated head office building to 50, Euljiro-2ga, Jung-gu, Seoul
Mar. 22, 1991	Established IBK Computing Development
Jul. 21, 1992	Established IBK Installment Finance
Dec. 09, 1994	Increased paid-in capital by issuing public offering worth KRW 180 billion for total of KRW 507.7 billion
Nov. 29, 1997	Changed from government-funded institution to government-affiliated one
Apr. 01, 1999	Established IBK Capital through merger between IBK Development Finance and IBK Installment Finance
Jan. 29, 2000	Invested KRW 200 billion in The Export-Import Bank of Korea
Jun. 24, 2000	Invested KRW 166.7 billion in The Export-Import Bank of Korea
Aug. 04, 2001	Carried out organizational restructuring (adopting a Business Division system)
Dec. 24, 2003	Listed on KOSPI
Oct. 26, 2004	Established IBK SG for asset management
May 27, 2005	Launched Win Class PB brand
Jan. 04, 2007	Declared new corporate identity
May 29, 2008	Established IBK Securities
Jun. 22, 2009	Established subsidiary in China

2010–2019

Jul. 09, 2010	Established IBK Insurance
Aug. 04, 2011	Launched IBK ALTOS Women's Volleyball Team
Apr. 29, 2013	Opened office in Yangon, Myanmar
Jul. 15, 2013	Launched IBK Savings Bank
Nov. 01, 2013	Opened Hanoi branch
Feb. 12, 2014	Opened Beijing branch of IBK China, Ltd.
Apr. 15, 2014	Issued global depository receipts
Jan. 26, 2015	Opened offices in Jakarta, Indonesia, and Phnom Penh, Cambodia
Apr. 13, 2015	Opened New Delhi branch
Nov. 06, 2015	Opened Manila branch
Apr. 14, 2017	Registered SME financial innovation program at The Case Centre
Aug. 01, 2017	Proclaimed IBK Companion Finance
Nov. 28, 2017	Received presidential commendation for programs to counter money laundering
Dec. 14, 2017	Achieved 100,000 youth employment on IBK Job World
Dec. 15, 2017	Obtained Consumer Centered Management Certification from Fair Trade Commission, a first for a South Korean state-funded financial institution Korea
Dec. 19, 2017	Opened first startup incubator, IBK Changgong, in Mapo, Seoul
May 28, 2018	Launched IoT-privileged loan products and smart movable asset-based loans
May 28, 2018	Opened IBK Big Data Platform
Oct. 01, 2018	Opened second startup incubator, IBK Changgong, in Guro, Seoul
Nov. 20, 2018	Opened office in Vladivostok
Dec. 03, 2018	Opened Phnom Penh branch
Dec. 14, 2018	Established IBK Service subsidiary
Feb. 28, 2019	Received government contribution of KRW 200 billion in cash
Aug. 01, 2019	Launched BOX digital platform to support SME business management operations
Sep. 19, 2019	Launched PT Bank IBK Indonesia Tbk
Sep. 25, 2019	Launched IBK 1st Lab in-house innovation testbed
Dec. 12, 2019	Launched IBK e-branch VINA for companies entering Vietnam

2020

Jan. 30, 2020	Received Korea Inclusive Finance Agency CEO Award at 2020 Korea Financial Industry Awards from <i>E-Daily</i>
Feb. 07, 2020	Introduced specialized financial support for companies affected by COVID-19
Mar. 12, 2020	Provided Chungju HR Training Center for use as COVID-19 community treatment center
Apr. 10, 2020	Obtained preliminary license as a "local subsidiary" from the Central Bank of Myanmar
Apr. 22, 2020	Received government contribution of KRW 264.0 billion in cash
Apr. 29, 2020	Received government contribution of KRW 412.5 billion in cash
Jun. 12, 2020	Volume of retail finance (deposits and loans) exceeded KRW 100 trillion
Jul. 07, 2020	Proclaimed Innovative Management (Innovative Finance and Conscious Management)
Sep. 23, 2020	Introduced AI automatic real estate review system, a first for South Korea's financial industry
Oct. 28, 2020	Received Financial Supervisory Service Governor's Prize at the "Global Financial Expo 2020 Financial Awards" from <i>Korea Economic Daily TV</i>
Nov. 15, 2020	Launched i-ONE Microbusiness financial services platform for microbusiness
Nov. 19, 2020	Established IBK Global Anti-money Laundering System
Dec. 17, 2020	Received Presidential Citation at 25th Small and Medium Venture Business Financial Support Award
Dec. 29, 2020	Received Gold Prize in banking category at 30th Dasan Financial Awards

2021–2022

Jan. 21, 2021	Launched IBK Myanmar Co., Ltd.
Feb. 02, 2021	Launched IBK BOX POS, an on-the-go POS app for smartphones
Jun. 11, 2021	Established the ESG Committee under the BoD
Jul. 1, 2021	Ranked 88th in <i>The Banker's</i> Top 1000 World Banks list
Jul. 16, 2021	Designated an officer committed to protecting employee rights, a first for any Korean bank
Aug. 31, 2021	SME financing balance exceeded KRW 200 trillion, a first in Korea's financial industry
Sep. 07, 2021	Signed a strategic partnership agreement with Kingdom of Saudi Arabia on establishing a Saudi SME Bank
Sep. 09, 2021	Acquired MyData Service license from the Financial Services Commission
Nov. 16, 2021	Launched the Financial Doctor Service program
Dec. 01, 2021	Launched the i-ONE Personal Finance Management Service
Feb. 8, 2022	Net income exceeded KRW 2 trillion
Feb. 18, 2022	CEO was appointed co-chair of the OECD Platform on Financing SMEs for Sustainability
Jul. 11, 2022	Adopted the IBK Auto-Evaluation System to reflect the future growth potential of borrowers in its credit review system—a first in Korea's financial sector
Sep. 20, 2022	Received two awards—SME Financier of the Year and Product Innovation—at the SME Finance Forum's Global SME Finance Awards 2022, a first for any Korean financial institution
Nov. 22, 2022	Revamped digital corporate banking channel launched

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(as of Dec. 31, 2022)

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Money Market Transaction

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Trading Department

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Foreign Exchange Trading

Tel. 82-2-729-7945

Settlement Department

Settlement
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