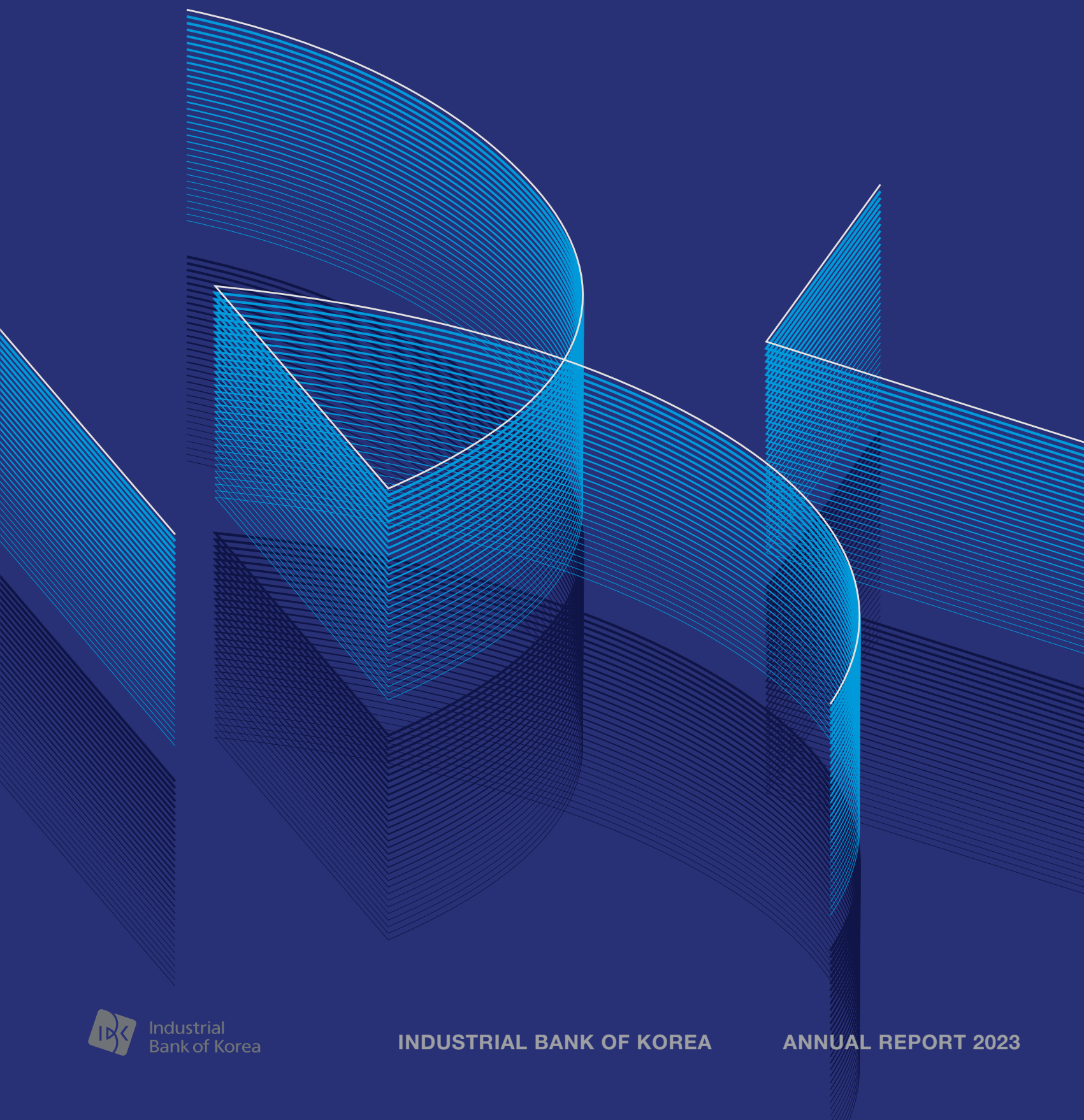


# TAKING IBK TO NEW HEIGHTS



Industrial  
Bank of Korea

INDUSTRIAL BANK OF KOREA

ANNUAL REPORT 2023

TAKING IBK  
TO NEW  
HEIGHTS

As a policy finance institution that specializes in SMEs, IBK has been steadfastly supporting the growth and resilience of SMEs for over 60 years, contributing to the economic development of Korea along the way.

We are continuously expanding our capacity to reinforce our role as a dependable partner, striving to perfect internal controls and enhancing our core competitiveness. Trusted by customers and recognized as a reliable partner to SMEs, IBK is unwavering in its commitment to continuous improvement, aiming to establish itself as an exemplary corporate citizen that contributes positively to a healthy society.

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THE CHALLENGES WE HAVE OVERCOME AND  
THE INNOVATION WE HAVE PIONEERED OVER THE PAST  
62 YEARS HAVE SHAPED IBK INTO WHAT IT IS TODAY.  
HOLDING TRUE TO THE SPIRIT THAT HAS  
BROUGHT US TO WHERE WE ARE NOW,  
WE ARE STEADFAST IN OUR PURSUIT OF BECOMING  
A WORLD'S LEADING FINANCIAL GROUP.

In 2023, IBK placed a strategic emphasis on aiding SMEs in navigating crises and achieving robust recoveries, thereby solidifying its leadership in the SME financing market. We have seen strong global performance results and have worked to balance the capabilities of each operational sector, setting the stage for the bank's balanced growth. Beyond enhancing our digital competitive edge, we have made a concerted effort to eliminate potential financial incidents at source. Building on the progress we made in 2023, IBK is committed to relentless improvement and innovation in 2024, with the goal of elevating the value we deliver to our employees, customers, shareholders, and society at large.



# TAKING



# IBK TO

“Ensuring a prosperous 2024 through solid achievements that enhance value for customers, shareholders, and society.”

# NEW HEIGHTS

Respected Shareholders and Customers,  
I would like to express my sincerest gratitude to all of you for supporting IBK over the last year.

Across the globe, 2023 was marked by heightened geopolitical risks and increased volatility in financial markets, along with the challenges of high inflation and rising interest rates. During this time of unabated crises, IBK continued to demonstrate strong leadership in the SME financing market. Our SME loan balances surpassed KRW 230 trillion for the first time in the Korean financial sector. The newly introduced Re: Value-Up Program played an important role in alleviat-

ing the interest burden for SMEs with growth potential and facilitating their restructuring. IBK also achieved balanced growth across various operations. In terms of overseas business, IBK generated record profits and extended its global financial footprint by opening a new representative office in Poland. Other operations, including investment banking and retail banking, helped the bank achieve a net profit of KRW 2,411 billion, or KRW 2,675 billion on a consolidated basis.

In 2024, challenges and difficulties are expected to continue. However, we will stay competitive and sustainable by focusing on the following four areas.

**First, we will continue to support the growth of SMEs and microbusinesses.**

IBK will commit to supporting the recovery and rebound of SMEs and microbusinesses. We will increase the supply of SME loans and provide customized support by industry while also establishing a dedicated fund for microbusinesses. For export SMEs, discovering promising companies and strengthening our comprehensive assistance system for them will be prioritized. This will help the Korean economy pioneer new growth paths and further solidify IBK's leading position in the SME financial market.

**Second, we will practice sustainable business management.**

Asset quality will be managed by implementing bank-wide management measures and minimizing the inflow of unhealthy loans. At the same time, a balanced revenue base will be secured by making our efforts to expand IBK's global financial territory, including the conversion of entities in Poland and Vietnam into subsidiaries and reinforcing the competitiveness of retail banking and non-interest-bearing operations. IBK will work together with its 12 subsidiaries for maximizing group synergies. In order to increase venture capital investment more effectively in the market, we will collaborate with the recently launched IBK Venture Investment.

**Third, we will accelerate digitalization.**

IBK will consistently enhance customer convenience by building an advanced digital infrastructure that includes the IBK Card Platform, i-ONE Bank and IBK BOX. As for i-ONE Bank, we will develop it into an open platform with enhanced convenience, accessible to everyone, even those without an IBK account. In the corporate digital banking sector, we will lead the market with innovative services like IBK Loan Assistance BOX, which has streamlined the loan application process by integrating online and offline services.

**Lastly, we will enhance customer trust and social responsibility.**

IBK will develop and maintain a strong internal control system to prevent financial incidents and improve its comprehensive emergency response system to be better prepared for increasing digital risks. The bank's information security system, built on a zero-trust approach, will also verify the trust of all internal and external users. Along with customer protection, IBK will fulfill corporate social responsibility as a member of community, focusing on fostering financial inclusion for underserved groups and promoting the welfare of SME employees through financial and non-financial support.

In any dynamic and challenging business environment, IBK has always put our stakeholder interests first and grew together with customers, shareholders, and society. With our efforts and your unwavering support, we believe 2024 will be another year of taking IBK and the value for customers to new heights.

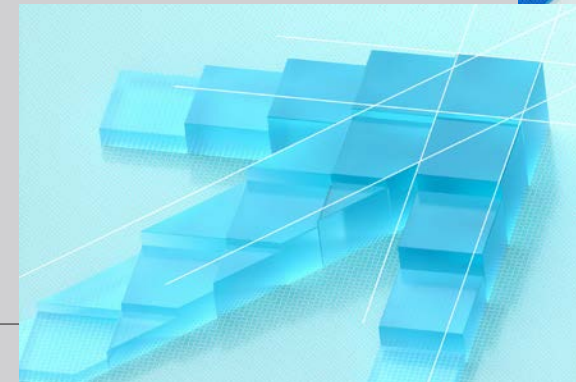
Thank you.



*Kim Sung-tae*

**Kim Sung-tae**  
Chairman and CEO  
Industrial Bank of Korea

**ALONG WITH CUSTOMER PROTECTION, IBK WILL FULFILL CORPORATE SOCIAL RESPONSIBILITY AS A MEMBER OF COMMUNITY, FOCUSING ON FOSTERING FINANCIAL INCLUSION FOR UNDERSERVED GROUPS AND PROMOTING THE WELFARE OF SME EMPLOYEES THROUGH FINANCIAL AND NON-FINANCIAL SUPPORT.**

**ROBUST BANK****PRINCIPLED FINANCE****HAPPY AND FULFILLING ORGANIZATION**



BOARD OF DIRECTORS & MANAGEMENT

(as of April 30, 2024)



**Kim Sung-tae**  
Chairman & CEO



**Kim Hyungil**  
Deputy CEO (Board Member)



**Jeon, Byung Mok**  
Auditor



**LIM MOON TAEK**  
Executive Vice President,  
Head of Corporate Banking Group



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



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



**Park Chong-joon**  
Executive Vice President,  
Head of Retail Banking Group



**Kim Oun-Young**  
Executive Vice President,  
Head of Wealth Management Group



**Park, Bong-kyu**  
Executive Vice President,  
Head of Global & Capital Markets Group



**Kim Tai Hyung**  
Executive Vice President,  
Head of Card & Annuity Business Group



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



**Kwon Yong dae**  
Executive Vice President,  
Head of Credit Management Group



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



**PARK IL KYU**  
Executive Vice President,  
Head of Digital Group



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



**Son Geun Su**  
Executive Vice President,  
Head of Risk Management Group



**OH EUN SUN**  
Executive Vice President,  
Head of Consumer Protection Group



**Lee JangSeob**  
Chief Compliance Officer

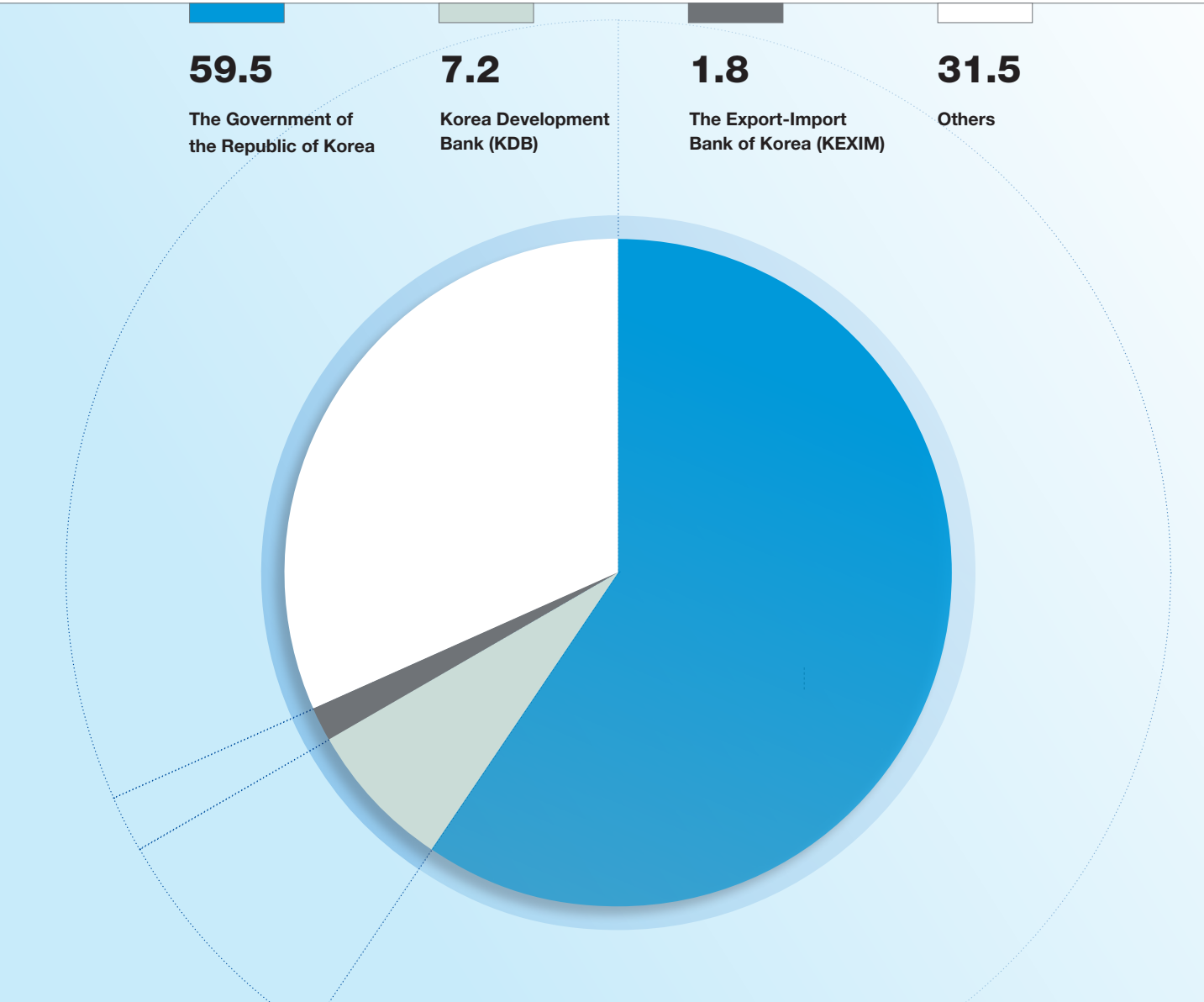
Outside Directors

Chung So-min | Lee Geun-kyung | Jeon Hyun-bae

# CORPORATE GOVERNANCE

IBK, established under the IBK Act, is a policy finance institution dedicated to fostering the growth of SMEs and supporting the broader development of the national economy through efficient and effective policy financing. We are equally committed to rational management practices that account for the interests of all stakeholders. This commitment is embodied in our balanced governance structure, which promotes harmonious collaboration between the board of directors and management team.

OWNERSHIP (%)



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 four 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 2023, the BOD convened 11 meetings to deliberate on or receive reports concerning 67 agenda items. In February, the first BOD meeting resolved the “Contingent Convertible Bond (CoCo Bond) Issuance Proposal” to address shortages in the capital amount for stabilizing its BIS ratio. Later, at the eighth BOD meeting in October, the BOD passed a proposal to establish and invest in the IBK-LX Export Support Private Equity Investment Company (provisional name). The decision paves the way for the provision of venture capital to promising export-oriented enterprises in the innovation industry while, as a policy bank, playing a leading role in the governmental policies of enhancing the export competitiveness of SMEs. In 2024, IBK remains committed to fostering responsible management and exemplary governance through its board activities, with the aim of remaining a leader in ESG management. Furthermore, the bank is working tirelessly to supply a model for conscious management practices, foster constructive relations with all stakeholders, and establish an advanced governance structure.

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 2023, the Steering Committee consisted of the bank’s Chairman & CEO, Deputy CEO, and three 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 three 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.

SHAREHOLDER STATUS (as of the end of 2023, 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 2022: None

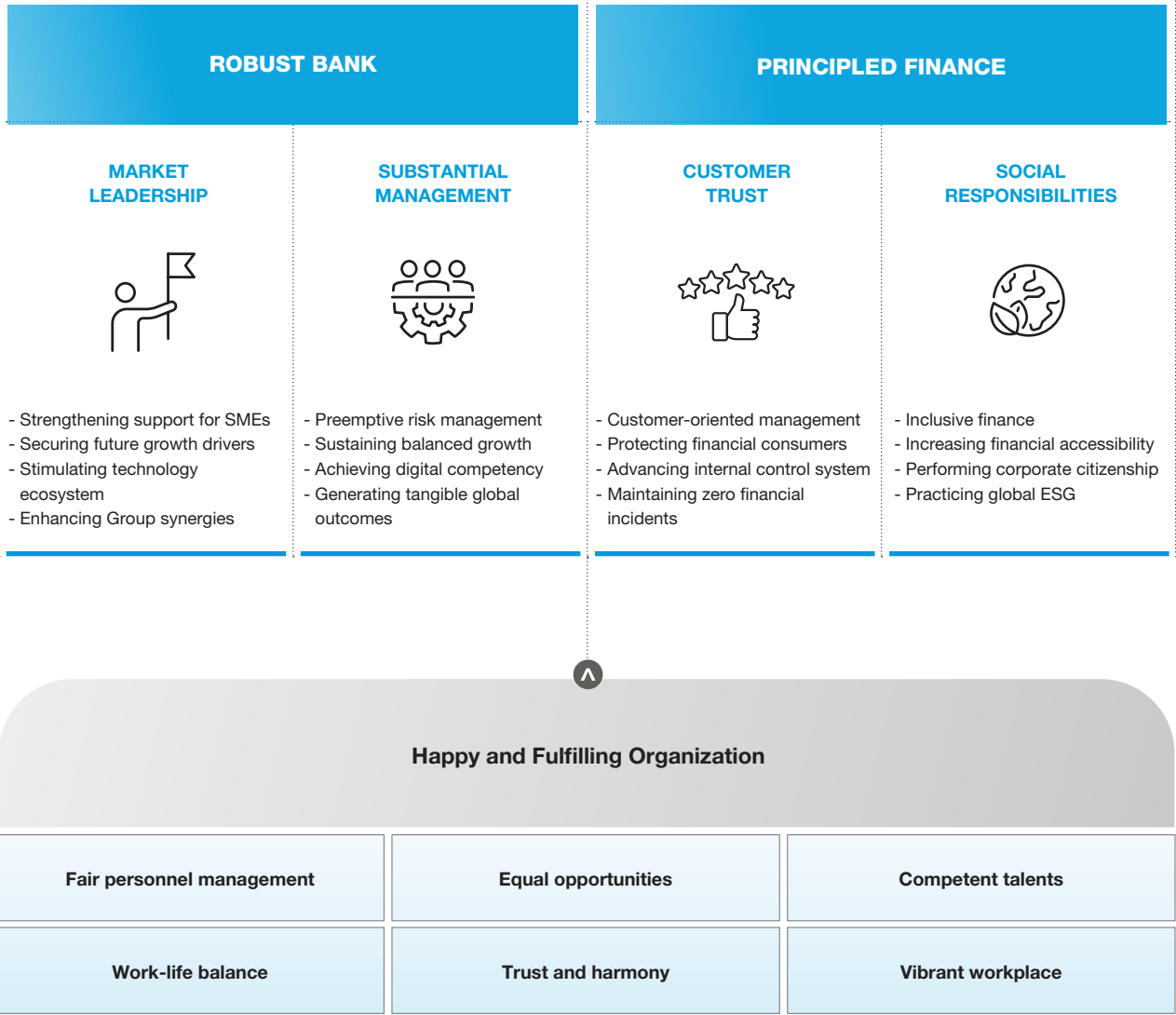
# VISION AND STRATEGY

## IBK VALUE SYSTEM

### VISION

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

#### STRATEGIC DIRECTIONS: VALUE-CREATING FINANCE



## 2024 SLOGAN & STRATEGIES

### BUSINESS SLOGAN

Challenging Possibilities, Continuously Innovating IBK



IBK set its 2024 business slogan as “Challenging Possibilities, Continuously Innovating IBK.” This slogan conveys the spirit of overcoming challenges and driving innovation, both of which aim to enhance our capability of realizing the vision IBK Value-Creating Finance on our way to becoming a global top-tier financial group. By continuing along the journey of promoting *customer trust-based*

*solid growth* through *bold ventures* and *bank-wide innovation*, IBK will maintain its ability to assist customers' growth with its excellent services, creating a virtuous cycle of value-creating finance that leads to greater benefits not only for IBK but also for society as a whole.



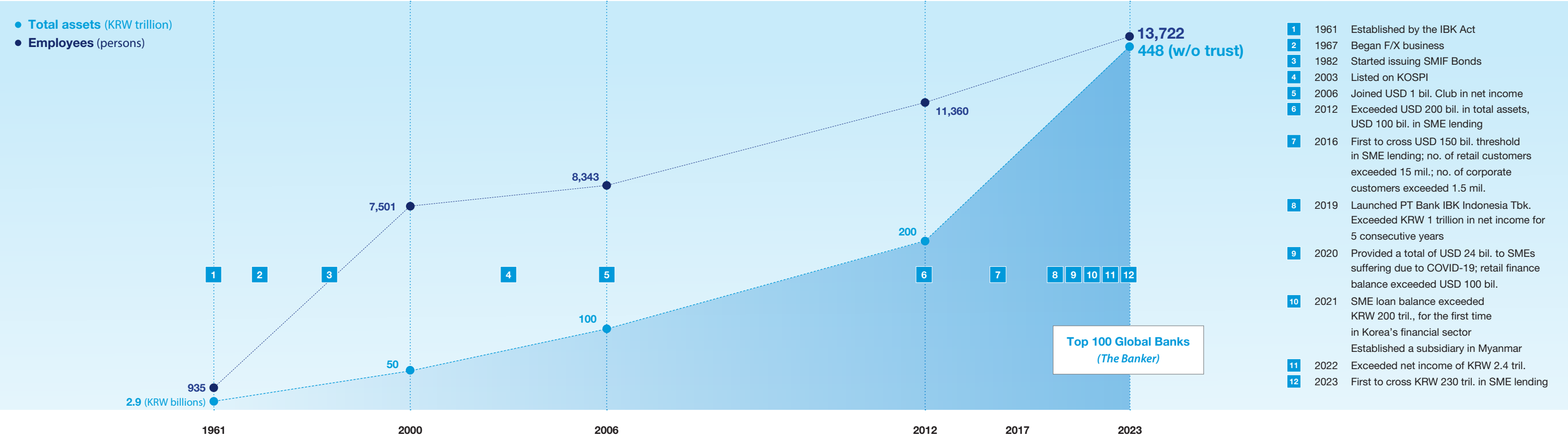
# ROLE AS A POLICY BANK

## 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 Korea	Article 26
Business Plans	Government approval of IBK's annual business plan	Article 35
Issuance of SMIF Bonds	IBK may issue SIMF Bonds (Small and Medium Industry Finance Bonds) up to 20 times of the paid - in -capital	Article 36-2
Government's Guarantee on Bonds	Government'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	Government'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

<div>Number of Companies</div> <div>99.9%</div> <div>Of the 7.72 million companies, SMEs account for an absolute majority at 7.71 million.</div>	<div>Number of Employees</div> <div>80.9%</div> <div>SMEs employ 18 million of the 23 million people employed by all Korean companies, playing a crucial role in maintaining a healthy society.</div>	<div>Total Sales</div> <div>46.8%</div> <div>Of the total corporate sales of KRW 6,450 trillion, SMEs make up almost half, KRW 3,017 trillion, of the national economy.</div>
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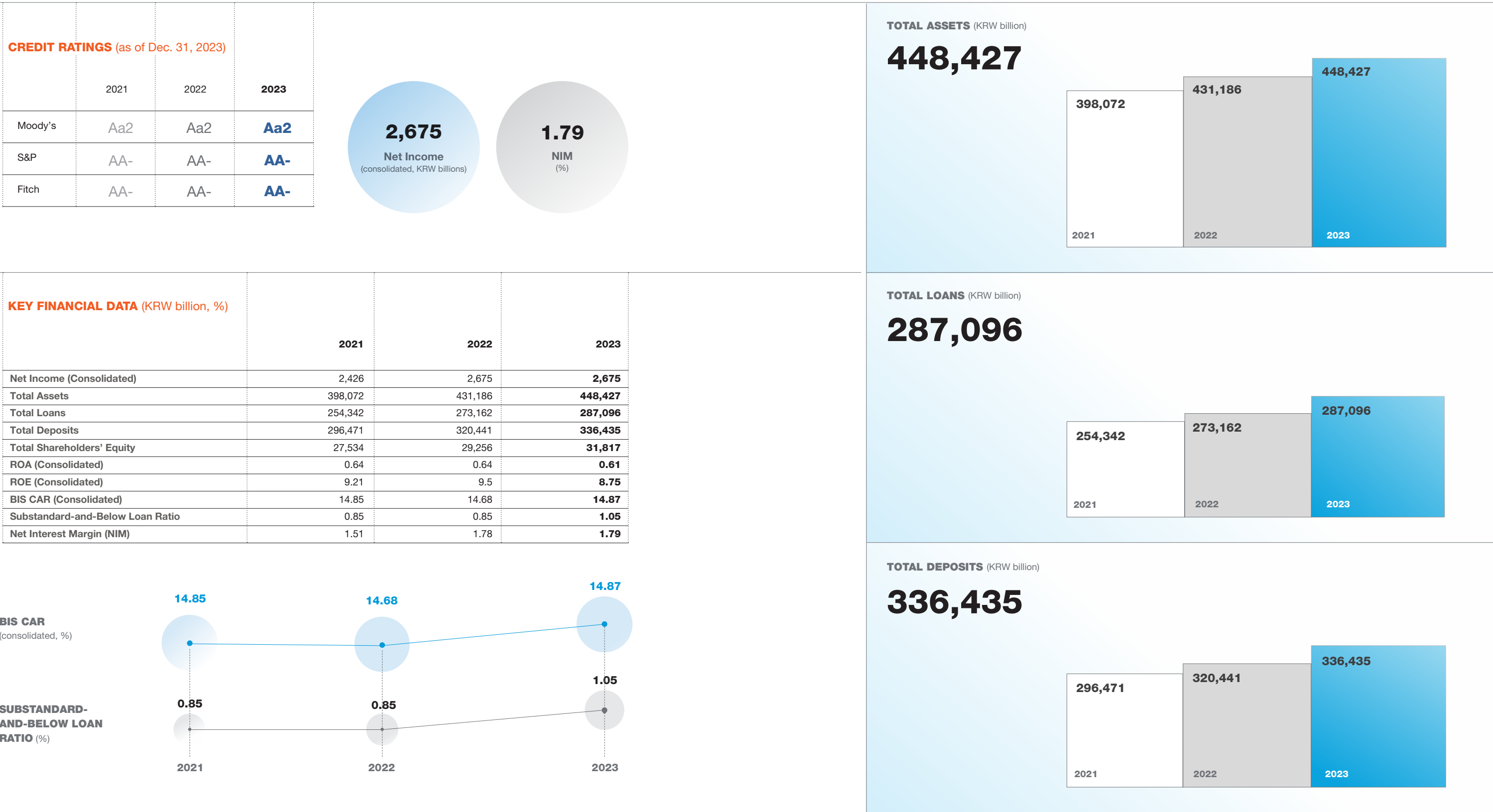
\* Source: K-Biz (Korea Federation of Small and Medium Business), edited from KOSTAT as of 2021

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

IBK acts as an execution vehicle, the direct SME financing channel		Government Initiatives towards SMEs
Execution Vehicles	Policy-Making Bodies	- Increase financial support for SMEs and microbusinesses
IBK	The Government of the Republic of Korea	- Promote deregulation to create a business-friendly environment
KODIT / KOSME / KIBO	KBIZ	- Discover and incubate innovative ventures and startups



FINANCIAL HIGHLIGHTS





# INVESTMENT HIGHLIGHTS

Since its founding in 1961, IBK has steadfastly supported SMEs through challenging economic times, serving as a reliable pillar of stability. Over the past six decades, the bank has utilized its extensive expertise and sophisticated systems to identify and assist high-potential enterprises, innovate lending practices focused on technological and future prospects, expand venture capital, create support structures tailored to different business growth phases, and all while supporting ESG practices at SMEs for their sustainable growth.

Although IBK reported a slight increase of 0.1% in consolidated net profit in 2023, reaching KRW 2,675.2 billion, on a separate basis, this marked a 1.8% decline to KRW 2,411.5 billion year on year. The bank's SME loan balance amounted to KRW 233.8 trillion at year's end, accounting for 23.2% of the market and solidifying its dominant position in the Korean SME financial market. The bank's financial health remained robust, with a Basel III capital adequacy ratio of 14.87% and a liquidity coverage ratio of 103.81%, both figures exceeding regulatory standards. The total delinquency rate was kept at 0.60% and the non-performing loan ratio at 1.05%, indicating well-managed credit quality.



In spite of the year's increased market volatility and the incidental costs related to risk management and collaborative growth, the bank's continued commitment to supporting SMEs and microbusinesses facilitated a virtuous cycle in the bank's stable growth trajectory.

Driven by a solid foundation in profit generation, IBK remains dedicated to bolstering its role as a market safety net as it moves forward. The bank aims to elevate the collective value of its customers, the institution, and the broader community by advancing a finance model that prioritizes shared value, thereby ensuring ongoing and sustainable growth.

# GROWTH

## Korea's Top SME Bank

SME loan balance exceeded KRW 230 trillion, with an industry-top market share of 23.2%

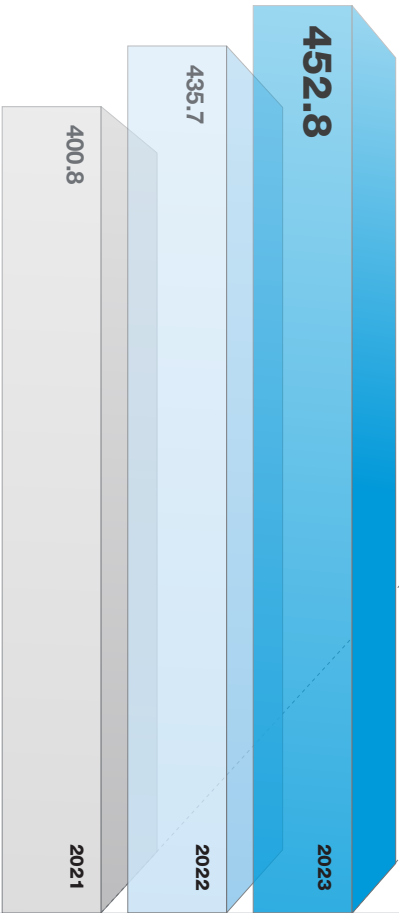
As of the end of 2023, IBK's total assets stood at KRW 452.8 trillion, marking an increase of KRW 17.1 trillion, or 3.9%, over the previous year. This growth primarily stems from a significant rise in SME loans, which surged by KRW 13.1 trillion, or 5.9%, year on year, bringing the SME loan balance to KRW 233.8 trillion and reaffirming the bank's leading position with a 23.2% market share.

Retail loans also saw a moderate rise, increasing by KRW 0.4 trillion, or 1.0%, to KRW 42.1 trillion. The growth in both mortgage loans (+0.1% YoY) and unsecured loans (-0.6% YoY) was tempered due to ongoing high interest rates and regulatory pressures, leading to somewhat stagnant growth in this segment.

For 2024, IBK is committed to reinforcing its leadership in SME lending. Alongside this, the bank will enhance its personal finance services to promote stable and balanced growth.

Total Assets (on a separate basis, KRW trillion)

\* Including trust funds



## Total Loans

(on a separate basis, KRW trillion)

	2022	2023	YoY Change
Total Loans	273.2	287.1	+5.1%
SME Loans	220.7	233.8	+5.9%
Retail Loans	41.7	42.1	+1.0%
Large Corp. and Other Loans	10.8	11.2	+3.7%

\* Including trust funds



# PROFITABILITY

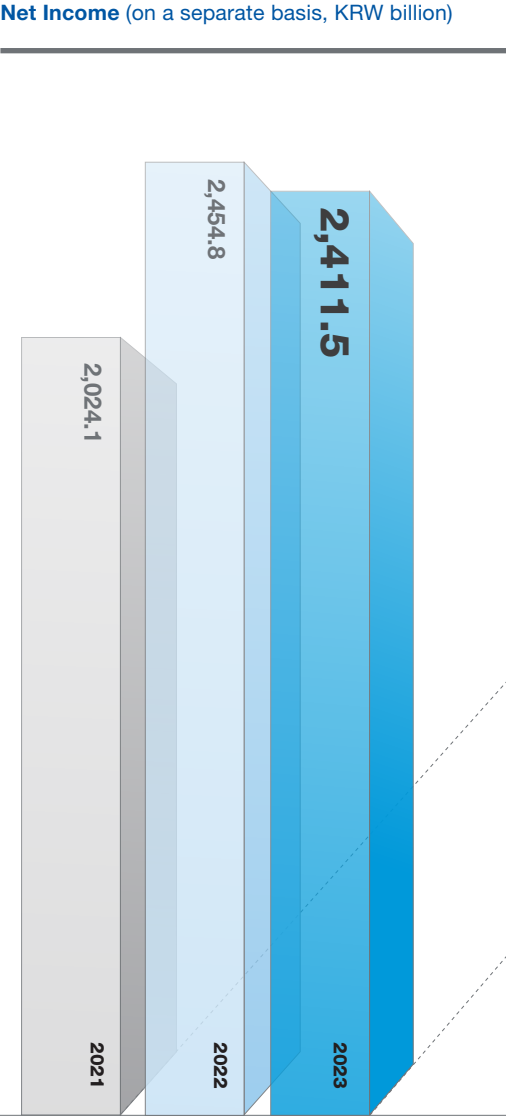
## Profitability Improved Despite the Global Economic Slowdown

### Increases in both interest and non-interest income

On a separate basis, net income for 2023 amounted to KRW 2,411.5 billion, representing a decrease of 1.8%, or KRW 43.3 billion, from the previous year's KRW 2,454.8 billion. This decline was principally due to a KRW 156.4 billion reduction in operating income stemming from a significant increase of 50.6%, or KRW 770.6 billion, in credit loss provisioning.

On a separate basis, interest income grew by KRW 426 billion, or 6.1%, to reach KRW 7,466.7 billion. This increase was fueled by a KRW 18.7 trillion expansion in interest-earning assets and a slight 1 basis point rise in net interest margin (NIM) resulting from higher market interest rates. Non-interest income was KRW 488.6 billion and supported by a KRW 262.6 billion gain in available-for-sale securities as well as a KRW 30.9 billion increase in loan disposal profits.

Looking ahead to 2024, with experts anticipating continued global economic challenges and persistent high inflation, IBK is committed to enhancing profitability through strategies focused on balanced growth and improved cost structure despite recurring difficulties in the business environment.



### Key Performance Indicators

	2022	2023	YoY Change
Net Interest Income	7,040.7	7,466.7	+6.1%
Non-Interest Income	253.5	488.6	+92.7%
Provisions	1,524.0	2,294.6	+50.6%

# ENHANCEMENTS

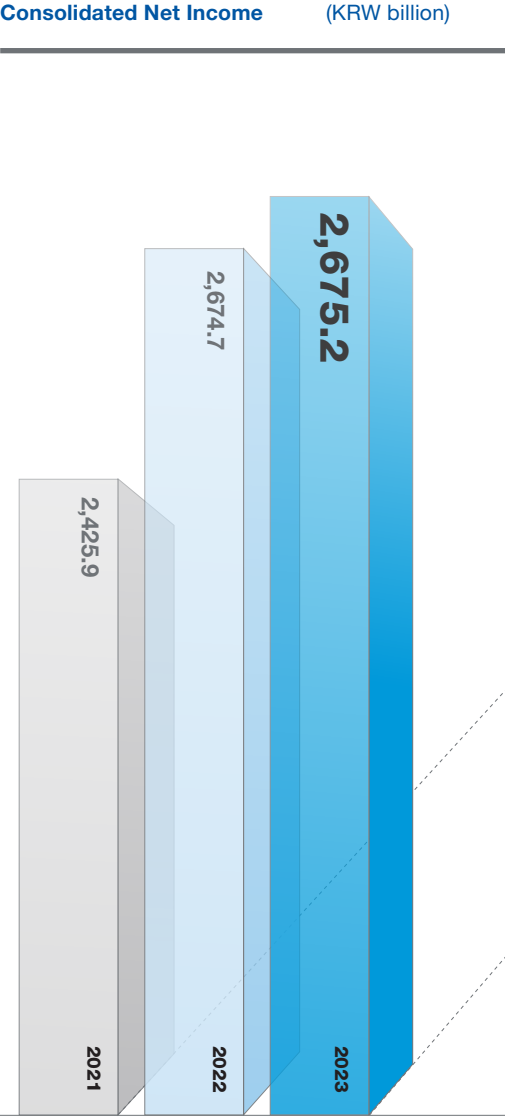
## Increase in Consolidated Net Income

### Record-high net income achieved by overseas subsidiaries (China)

The consolidated net income for 2023 amounted to KRW 2,675.2 billion, a slight increase of KRW 500 million from KRW 2,674.7 billion in the previous year.

Interest income surged by KRW 426.0 billion as a result of rising market interest rates, totaling KRW 7,926.6 billion, and up by 6.5%, or KRW 482.9 billion, year on year. While non-interest income decreased by KRW 43.1 billion due to lower acquisition finance and financial advisory fees from IBK Securities, gains in marketable securities from both IBK Securities and IBK Capital rose significantly, contributing to a 68.8% increase in non-interest income to KRW 648.7 billion.

While net income from domestic subsidiaries fell by KRW 94.9 billion to KRW 234.0 billion, with decreases noted from IBK Securities and IBK Insurance, the bank's overseas subsidiaries saw robust performance results. In spite of China's zero-COVID policy, IBK China posted a record net income of KRW 38.1 billion, up 5.4% due to enhanced asset quality, effective revenue management, and strict risk controls. PT Bank IBK Indonesia TBK improved its net income to KRW 15.6 billion, up by almost KRW 7.5 billion, driven by reduced provisioning and growth in total assets.



### Net Income by Subsidiary

	2022	2023	YoY Change
PT Bank IBK Indonesia TBK	8,129	15,590	+91.8%
IBK Myanmar Co., Ltd.	-373	1,612	Turned to profit
IBK Credit Information	3,084	3,984	+29.2%
IBK Asset Management	5,169	6,291	+21.7%
IBK China Ltd.	36,154	38,102	+5.4%

\* Data sourced from the separate financial statements of each subsidiary



# ASSET QUALITY

## Proactive Risk Management through Strategic Credit Loss Provisioning

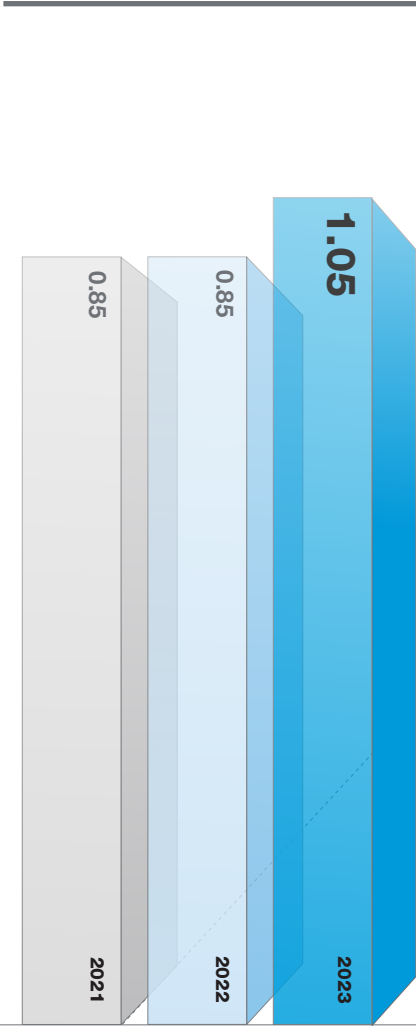
### Coverage ratio reaches 143.53%

Non-performing loans (NPLs) rose by KRW 716.4 billion, or 28.95%, year on year due to increases in delinquencies and defaults, with the NPL ratio reaching 1.05%, a 0.20 %p increase from the previous year. Despite this uptick, the bank’s coverage ratio—a measure of the bank’s ability to absorb potential losses—remained strong at 143.53% as a result of proactive and additional provisioning.

As of year-end 2023, the bank’s loan delinquency rate was maintained at 0.60%. Even though the delinquency rate rose modestly from the second half of 2022, primarily due to rising interest rates and a prolonged economic slowdown, it continues to be effectively managed within acceptable limits.

Looking ahead to 2024, with ongoing internal and external economic uncertainties likely to persist, the bank is committed to intensifying its proactive asset quality management. Efforts will focus on rigorous credit risk assessments for potentially distressed businesses, vigorous support for business normalization through suitable restructuring programs, and heightened expansion efforts to attract high-quality new clients while strategically reducing any exposure to potential problem borrowers. Additionally, the bank will aim to maximize the reduction of non-performing assets through diversified disposal strategies, further strengthening its asset soundness.

NPL Ratio (%)



Credit Cost Ratio (%)

	2021	2022	2023
	0.36	0.51	0.68

# CAPITAL ADEQUACY

## Maintaining a Stable Capital Ratio above Regulatory Requirements

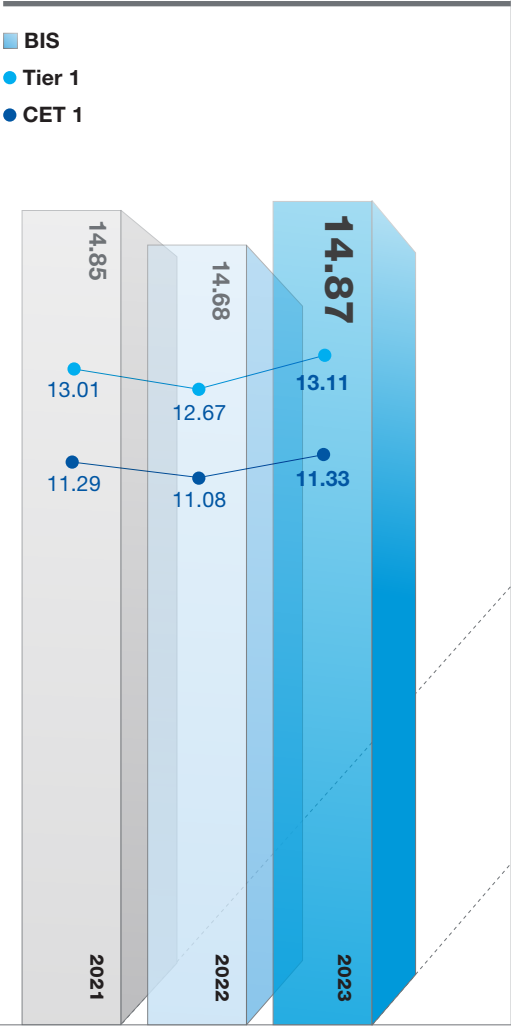
### BIS capital ratio of 14.87%

As of the end of 2023, IBK’s total capital ratio (based on the final draft of Basel III standards) stood at 14.87%, with the Tier 1 capital and CET 1 ratios standing at 13.11% and 11.33%, respectively. These figures remained well above the regulatory requirements (total capital ratio of 10.5%, Tier 1 capital ratio of 8.5%, and CET 1 ratio of 7%).

By the end of 2023, IBK’s CET 1 capital amounted to KRW 26,291.7 billion, up KRW 2,307.0 billion year on year, which could largely be attributed to a consolidated net income of KRW 2,675.2 billion. Additional Tier 1 (AT1) capital increased by KRW 704.3 billion year on year to KRW 4,148.2 billion, mainly driven by the net increase of KRW 720 billion in hybrid bonds (investment grade). The value of Tier II capital dropped by KRW 271.5 billion YoY to KRW 4,081.1 billion as a result of the KRW 520 billion decrease in the capital recognition amount of subordinated debt.

Year-end risk-weighted assets amounted to KRW 232,118.6 billion, up KRW 15,553.1 billion from the previous year, and mainly led by the net increase of KRW 13,034.2 billion in SME loan assets. In the future, IBK will continue to improve its capital adequacy by generating consistent profits and appropriately increasing its capital levels.

BIS Capital Ratio (%)



### Payout Ratio

IBK’s five-year average payout ratio on a separate basis stood at 31.3% (common shareholders) as of December 31, 2023. The bank plans to maintain this level going forward and will strive to enhance shareholder value by increasing dividends per share that are backed by robust business results.

EPS & Payout Ratio (KRW, %)

	2021	2022	2023
Earnings per Share	2,389	2,920	2,838
Cash Dividend Payout Ratio	30.73	31.19	32.54

\*Cash dividend payout ratio based on separate financial statements of IBK Bank

NEWS HIGHLIGHTS

January

Inauguration of Kim Sung-tae:  
IBK’s 27th President

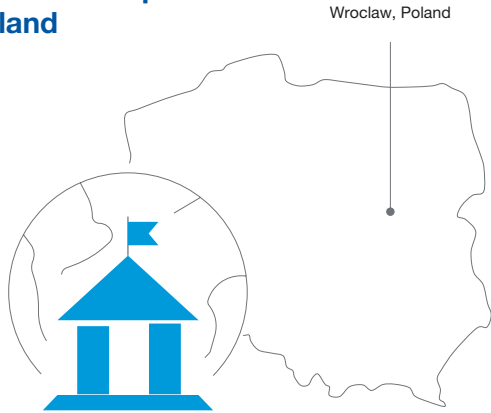


A Robust Bank  
Principled Finance

On January 3, 2023, Kim Sung-tae assumed office as the 27th CEO of IBK. During the inauguration ceremony, CEO Kim articulated his determination to “pursue innovative economic growth together with SMEs through value-creating finance and to forge a better world alongside our customers.” To achieve this, he pledged to establish IBK as “a robust bank,” steadfast in its foundational principles, and to advocate for “principled finance” that elevates value for both customers and society. Furthermore, he reaffirmed his dedication to fostering inclusive finance for the underbanked, particularly those from low-credit and low-income sectors, with the aim of increasing social value.

May

Establishment of a Rep  
Office in Poland



May

Introduction of Special Programs for  
SME Employees



In an effort to address the challenges of labor shortages and to enhance the management stability of SMEs, IBK has launched the IBK SME Employee Special Program. Designed to foster a sense of belonging and pride among SME employees and to encourage their long-term commitment to their employers, the program offers preferential interest rates for deposits and reduced rates for loan and credit card financing. These benefits are aimed at supporting the financial stability of households and their asset accumulation, while also enhancing the workplace welfare of SME employees. To date, 76,000 SME employees who are customers of IBK have benefited from the program, receiving support through deposits and loans totaling KRW 2.5 trillion. Additionally, long-term SME employees have received extra benefits, contributing to retention of staff within SMEs.

76,000  
persons



IBK opened its first representative office in May in Wrocław, Poland. This came just two months after obtaining final approval for setting up an office from the Polish financial supervisory authority (KNF) in March of the same year. Wrocław was chosen because it is the biggest industrial city in southwestern Poland, with a concentrated presence of large Korean corporations like LG Energy Solution and POSCO, as well as some of their SME partners who have entered the Polish market. IBK’s Poland office has now laid the groundwork for IBK to enter the EU market, where the bank is establishing a new business strategy hub. The opening ceremony was attended by a number of notable figures, including IBK CEO Kim Sung-tae, Korean Ambassador to Poland Im Hoon-min, and high-profile government officials of Poland, such as Poland’s deputy minister of finance and the head of the Polish Investment and Trade Agency, as well as heads of major Korean companies active in Poland, all of whom were celebrating the first entry of a Korean policy bank into Poland.

June

SME Loan Balance Surpassed  
KRW 230 Trillion



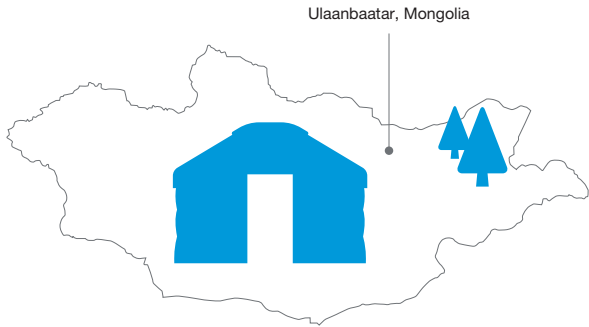
230+  
KRW trillion



In 2023, IBK became the first Korean bank to record an SME loan balance of KRW 230 trillion, with a market share of 23.24%. This milestone was the result of the bank’s active support of SMEs and microbusiness owners to navigate through domestic and international challenges, and of its continued diligence in playing its role in policy finance to secure future growth engines. After crossing the KRW 200 trillion loan balance threshold in 2021—the first time any company in the Korean financial sector had done so—IBK further increased the SME loan balance by KRW 30 trillion in just over two years. This achievement sets a new record high and only serves to reinforce IBK’s market dominance, which maintains the largest market share in the SME loan market.

July

Resumption of Global Volunteer Activities  
after Four-Year Hiatus



In July, the IBK employee volunteer corps resumed their global volunteer activities in Ulaanbaatar, Mongolia, after a hiatus precipitated by COVID-19. This resumption came four years after the last overseas volunteer activities were conducted in Myanmar in April 2019. During the activities, participants planted trees to reduce yellow dust and fine dust, and built traditional Mongolian ger homes to support low-income households. This round of volunteer activities in Mongolia, which has been adversely affected by rapid desertification and land degradation, served to raise awareness among IBK employees about the climate crisis. IBK plans to further intensify its efforts to address the impact of climate change in its work throughout Mongolia.

November

Assetization of Customer Feedback  
and Process Innovation



In pursuit of sustainable growth alongside its customers, IBK initiated the Assetization of Customer Feedback to systematically collect and share feedback and improvement requests based on customer experience, thereby strengthening customer-centric management. As a result, the number of customer complaints, which had been on an upward trend over the past five years, began to decrease monthly in 2023. Furthermore, internally, to reduce the workload on employees and increase job satisfaction, IBK promoted a Process Innovation campaign that enhanced work efficiency. The campaign involved surveys targeted at employees to directly gather their opinions from the field and incorporated this feedback into innovating work processes.



2023 AWARDS



Corporate Internet Banking  
category winner at the 2023 Korea Brand Hall  
of Fame, selected by the Industrial Policy  
Research Institute (IPS)



Outstanding Financial Product & No. 1  
Excellent Case at the Mutual Growth and  
Cooperation Financial Products  
organized by the Financial Supervisory Service



e-Daily Chairman's Award winner  
at the 2023 e-Daily  
Korea Financial Consumer Awards  
organized by e-Daily



MyData Service category winner  
at the 2023 Consumer's Choice Brand of  
the Year Awards organized by the Korea  
Broadcasting News Association



Top call center for the 17th consecutive year  
at the 2023 KSQI (Korea Service Quality  
Index) organized by the Korea Management  
Association Consulting



ESG category winner  
at the 2023 Global Finance Awards  
organized by Korea Economic TV



Carbon Management Honors Club  
at the 2022 CDP Korea Awards  
organized by  
Carbon Disclosure Project Korea



ESG Certified Company at  
the 2023 Korea Sustainable Management  
Communication Awards  
co-hosted by News Today and the Korean  
Association for Business Communication

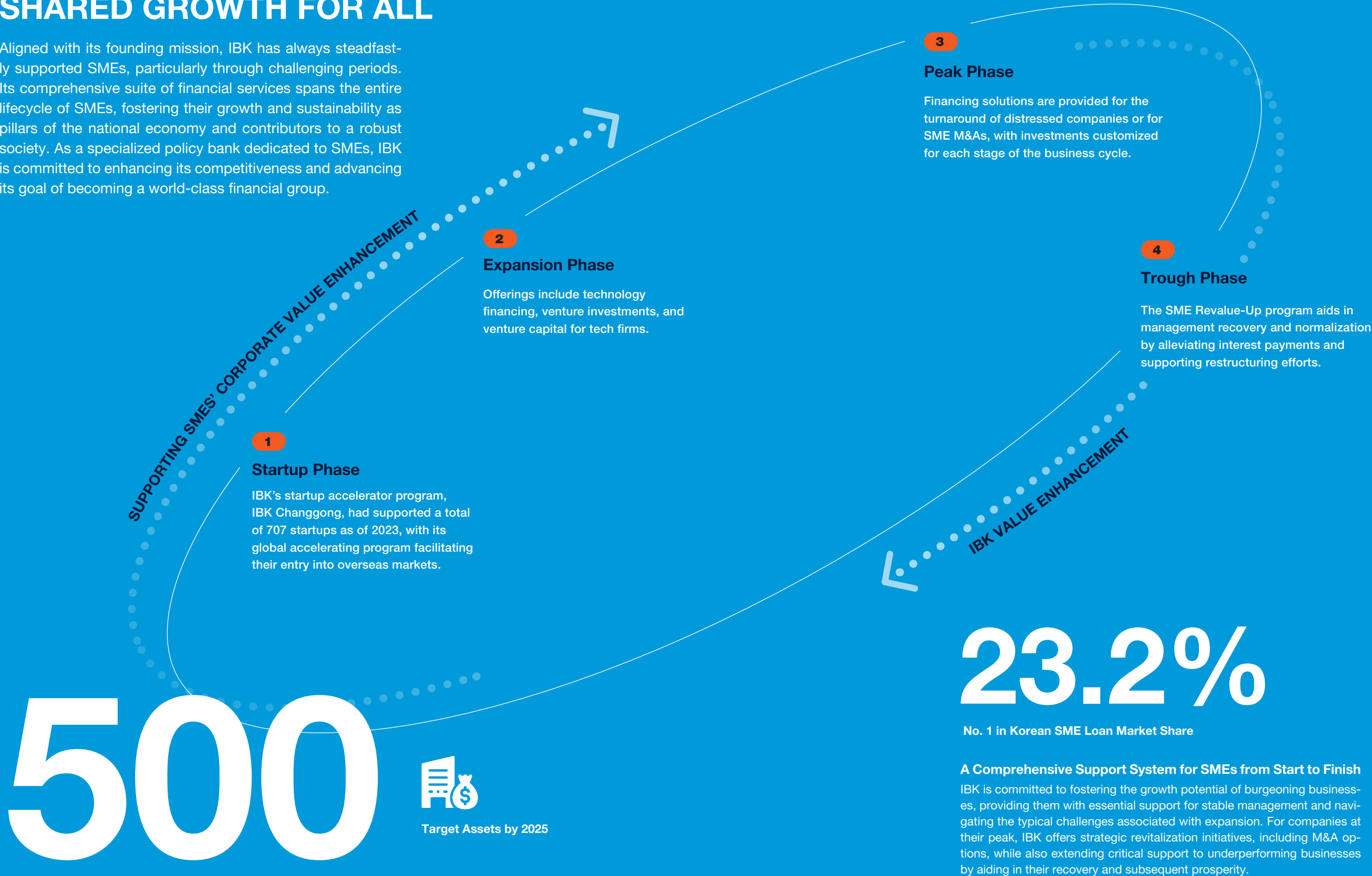


PERFORMANCES AND  
STRATEGIES FOR  
BETTER FINANCE

OUTSTANDING PERFORMANCES

# SHARED GROWTH FOR ALL

Aligned with its founding mission, IBK has always steadfastly supported SMEs, particularly through challenging periods. Its comprehensive suite of financial services spans the entire lifecycle of SMEs, fostering their growth and sustainability as pillars of the national economy and contributors to a robust society. As a specialized policy bank dedicated to SMEs, IBK is committed to enhancing its competitiveness and advancing its goal of becoming a world-class financial group.



Total Assets  
(KRW trillion)



SME Loan Balance  
(KRW trillion)



# HARNESSING OUR DIGITAL PROWESS

IBK prioritizes enhancements in the areas most utilized by our customers, where the advantages of digital transformation are most perceptible, thereby delivering tangible convenience and satisfaction. Through an open innovation model, the bank collaborates with startups to consistently achieve significant outcomes, broaden cross-industry partnerships to introduce novel services, and increase operational efficiency and productivity, all of which have propelled the acceleration of Digital IBK.

### Safe and Convenient Digital Services

Starting in 2023, IBK expanded its branch visit reservation service to all IBK branches nationwide. This was facilitated by a strategic partnership with NAVER, which enabled reservations through the NAVER Booking service. In 2024, IBK plans to pilot Face Bank, an innovative financial service that makes use of facial recognition technology for identity verification. For corporate customers, we have established the Internal Control Assurance Center, which empowers administrators to monitor and regulate key transactions, significantly enhancing transaction security. Furthermore, the launch of IBK Loan Assistance BOX—an omnichannel approach to lending—has streamlined the loan process, as it allows customers to apply for loans and submit documents



## Face Bank, designated as an innovative financial service in September 2023



**IBK Loan Assistance BOX**  
This omnichannel (online-to-offline) solution empowers both individual and corporate clients to initiate loan applications online, followed by comprehensive consultation services at IBK branches.



online, followed by subsequent in-branch consultations, thus significantly enhancing the convenience of loan transactions.

### Expanding Digital Alliances

IBK is actively expanding into non-financial services, launching budget mobile plans and real estate services to broaden its service offerings. We are also advancing the digital transformation of SMEs by venturing into Banking as a Service (BaaS). In collaboration with Daou Technology, the bank is developing a BaaS that melds digital management solutions with IBK's financial expertise. Along the way, our global outreach has gained momentum through a new partnership with Web-cash.

### Digital Innovation for Mutual Benefits

IBK 1st Lab continues to foster innovation, working alongside participating companies to integrate new projects into its banking services. In 2023, we tested 10 initiatives with five companies, successfully completing five of these initiatives, with the AI SMS Screening System commercialized in July.

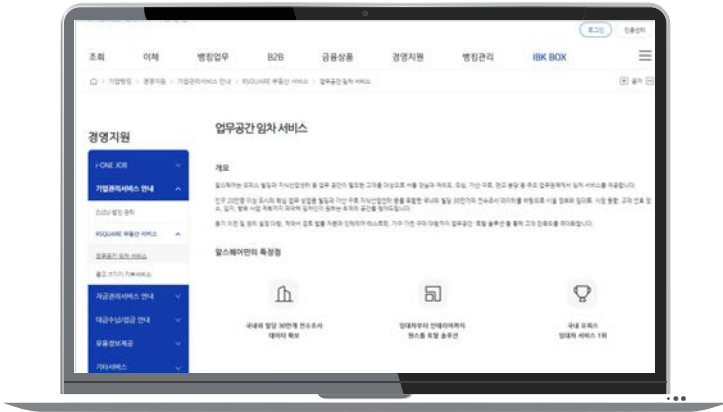
### Digitization for Enhanced Efficiency and Security

In 2023, IBK reached a significant milestone by completing a two-year initiative aimed at automating two million work hours, successfully automating 197 tasks. This project significantly enhanced operational efficiency and strengthened internal controls by minimizing any risk of data omission. This was achieved by automating routine, repetitive tasks through AI-aided document reviews and digitized loan processes and approvals. The success of this project was showcased at the UiPath Forward VI workflow automation conference in the U.S. that same year.



### Total Real Estate Services

Through a partnership with RSQUARE, IBK provides corporate customers with total real estate services, including leasing brokerage and interior design. These services are accessible on IBK's internet banking portal and include tailored consultations, support for tenant fees, and legal fee assistance upon the successful closure of contracts.



## AI SMS Screening System launched through IBK 1st Lab in July 2023



# OPENING THE DOOR TO FUTURE SUCCESS



STARTUP INTERVIEW

**HOPAE**  
**IBK Changgong Silicon Valley  
Accelerating Program**  
**JAE-HOON SHIM, CEO**

Introduce your company and its name origin, please.

HOPAE, Inc. is a digital identity verification specialist committed to our vision of creating a world where everyone can easily authenticate their identity and data. The company name is inspired by the traditional Korean hopae system from the Joseon Dynasty, which served as proof of identity and a means to verify one’s credibility. Our team developed the COVID-19 vaccine certificate app COOV, which is now used by 43 million people, and leveraged that experience to build a system for managing large-scale services in a secure environment. We are currently active as one of the founding members of the Open Wallet Foundation (OWF), collaborating with companies like Google, Microsoft, and Visa to lead the way towards standardization in the digital identity verification market.



Awards and Accolades (2023-2024)

- Qualified for the Amazon AWS SaaS Accelerator Program
- Named the Best Company for Personal Data Protection Technology by the Korea Internet & Security Agency (KISA)
- Received the Ministerial Award for Public-Private Cooperation Open Innovation from the Ministry of SMEs and Startups



Which IBK Changgong program did you participate in and what were the benefits?

We joined Changgong’s Silicon Valley Accelerating Program, as it aligned with our initial need to target global markets. With the seed funding, mentoring, and educational support we received, we then prepared for our entry into the U.S. market. Utilizing IBK’s network, we built local connections and co-promoted HOPAE’s capabilities and potential, leading to numerous opportunities and valuable experiences. The continued support we received after the program ended made us feel like lifelong partners rather than just a one-time association. Through Changgong, we’ve gained access to many opportunities, notably advancing paid proof of concept (PoC) collaborations with partners at the OWF and engaging in intensive discussions during investment rounds with foreign VCs, all of which culminated in some very successful fundraising efforts. These are particularly noteworthy achievements for us.



STARTUP INTERVIEW

**BANF**  
**IBK Changgong Innovative Startups,  
Mapo 9th Generation**  
**SUNG-HAN YOO, CEO**

Please tell us a little bit about BANF.

BANF has developed a Tire Profile System that monitors the condition of a vehicle’s tires and the road surface in real-time through sensors attached inside tires. In fact, tire problems are second only to driver error as the leading cause of traffic accidents, accounting for 30% of all accidents. Our intelligent tires not only prevent accidents but also improve fuel efficiency, maximizing economic efficiency and contributing to carbon neutrality. BANF has secured a unique technology for powering these tire sensors and is currently collaborating with self-driving truck companies as well as with truck and tire manufacturers to further extend the use of this technology.



Awards and Accolades (2023-2024)

- Received an Innovation Award in the CES 2024’s Vehicle Tech and Advanced Mobility category
- Minister of Land, Infrastructure, and Transport Award (Grand Prize) in the C-ITS Competition
- Selected for the Ministry of SMEs and Startup’s Leading Startup 1000+ Project



What support did you receive from IBK Changgong and how did you come to join the program?

One of the biggest challenges for startups is that it’s often their first venture. We desperately needed help with everything from business operations to personal challenges. Fortunately for us, we were selected to be part of the Changgong program. Based on IBK’s strong network and financial expertise, Changgong provides startups with substantial financial support and opportunities for links to investment. Tailored support according to the growth stage and individual needs of the enterprise has also been immensely beneficial. In my case, I received expert consulting in finance, business strategy, marketing, and law. This support enabled us to explore additional investment opportunities, strengthen our business model, and enhance our competitiveness in the market. On top of facilitating our immediate growth, I believe the Changgong program has also laid the foundation for our sustainable development.





STARTUP STORY

**T'ORDER**  
IBK Changgong Innovative Startup,  
Mapo 7th Generation

**Company Overview**  
CEO: Sung-taek Kwon  
Primary Service: Tablet-based ordering platform  
Established: January 3, 2019  
Employees: 234 persons

Leading the Digital Transformation of  
the Dining Industry

As the current market leader in tablet-based menu systems in Korea, t'order is a company driven not merely by the desire to sell menu services, but by the ambition to transform dining culture as a whole. CEO Sung-taek Kwon, who was motivated by the high labor costs and operational inefficiencies he experienced while managing a restaurant franchise, founded t'order. With the onset of the pandemic the following year, the demand for t'order's tableside ordering systems, which allow customers to directly check menus and place their orders, quickly surged because they fit seamlessly into the contactless service trend.

IBK Changgong Story

In 2022, t'order was selected as a member of the 7th generation of IBK Changgong innovative startups in Mapo. Through this program, t'order accelerated its growth with support in developing and manufacturing prototypes, patent strategies, IPO consulting, and mentoring. At present, t'order is involved in tablet-based ordering and payments as well as in expanding into the advertising platform business and leveraging the data collected through tablets for big data and smart device integration platform projects. Since joining Changgong, t'order has grown fivefold, recording sales of KRW 58.7 billion in 2023, successfully completing a pre-IPO, and continuing to grow with a company valuation in the KRW 300 billion range after the 1st round of a Series B funding round in 2024.



T'order is evolving beyond  
an unmanned table-ordering platform into  
a data platform that guides convenient  
and smart store management for  
dining business owners.

220,000,000

Cumulative Orders Placed on the Platform

270,000,000

Cumulative User Count



STARTUP STORY

**SLM GLOBAL**  
IBK Changgong Innovative Startup  
Daejeon 4th Generation

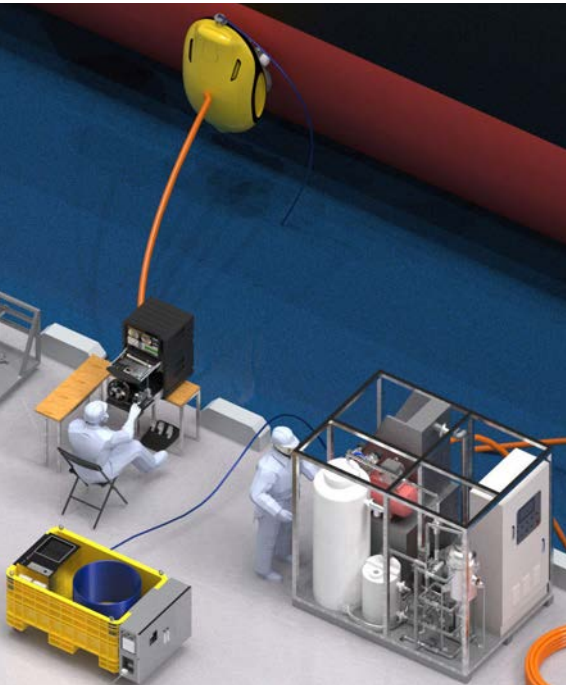
**Company Overview**  
CEO: Young-joon Park  
Main Product: Underwater hull cleaning robots  
Established: February 2018  
Employees: 35 persons

Robotics for Humans and Nature

When ships are out at sea, they inevitably build up biofouling organisms, such as seaweed and microbes, on their hulls. This buildup increases the hull's weight, undermining fuel efficiency and potentially causing ecological disruptions by transporting invasive species. SLM's CHIRO, a robot certified by the Ministry of Oceans and Fisheries as a new excellent technology (NET), autonomously navigates underwater to clean these foreign substances off a ship's hull. Featuring over 50 patented technologies, CHIRO offers several benefits: it can reduce fuel costs by 10%, prevent the introduction of invasive species, and capture and purify biofouling debris to mitigate environmental pollution. Additionally, its data transmission function enables better monitoring of a ship's conditions.

SLM's Growth and IBK Changgong

Removing biofouling is a critical concern for international organizations, including the International Maritime Organization (MO), which are either currently regulating or planning to introduce regulations concerning biofouling. SLM's CHIRO is the world's first commercialized robotics system for underwater hull cleaning and addresses this issue in a highly effective way. Just two years after its establishment in 2020, SLM signed a supply contract with the Republic of Korea Navy and has been expanding its reach since then, supplying companies in Korea, Indonesia, and Singapore. In 2023, SLM was selected for the fourth generation of IBK Changgong Daejeon, receiving consulting services in human resources management, finance, marketing, and legal matters. In particular, as the company prepares for significant expansion into international markets and is busy crafting its new IR deck, SLM envisions a more ambitious and hopeful future, now bolstered by substantial practical assistance.



SLM envisions contributing to  
a better world with a cleaner sea through  
its products for human safety and  
marine environmental protection.

50m

CHIRO's maximum operating depth

90%

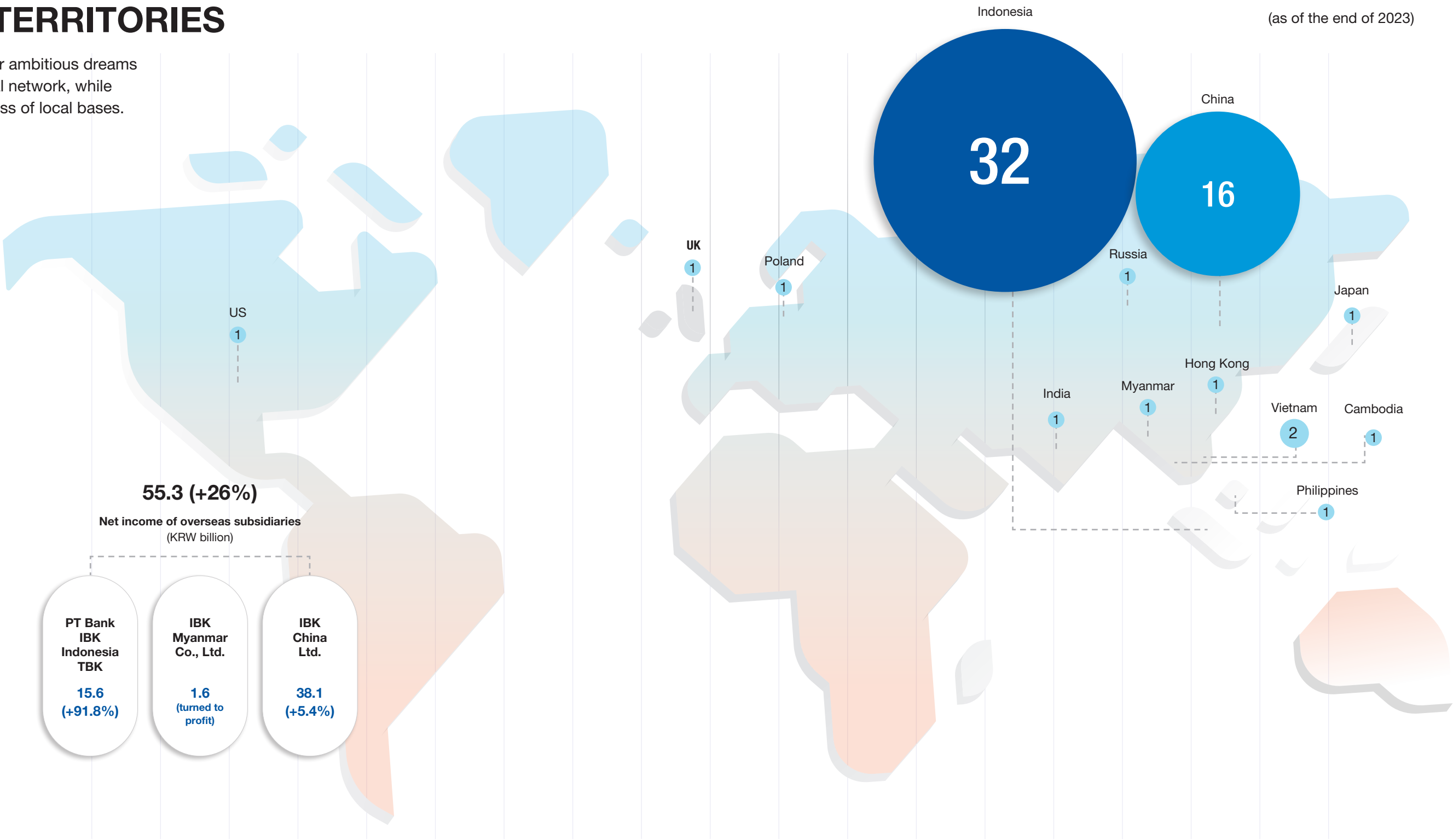
CHIRO's autonomous pilot coverage of the hull



# CHARTING NEW TERRITORIES

IBK supports Korean companies and their ambitious dreams to reach bigger markets through its global network, while continuously enhancing its competitiveness of local bases.

IBK’s global reach stretches from China, India and Indonesia to Vietnam, the Philippines, and Myanmar—regions in Asia where many Korean SMEs have already advanced. Additionally, as Poland emerges as a hub for electric vehicle battery production and sees active entry from Korean companies, the bank has established a new base there. We continue to strengthen the competitiveness of our global bases, thereby expanding our capacity to support local enterprises as we achieve growth ourselves. In 2023, we saw tangible benefits from all these efforts with the opening of a representative office in Poland, a project that was already underway since before the pandemic. At the same time, our overseas branches achieved record-breaking net income in 2023, continuing the trend from 2022. Specifically, our branches in Indonesia, China, and Myanmar have driven this notable performance, achieving net increases in profitable assets, heightened management of financial soundness, and a rise in digital product sales, thus demonstrating substantial growth. We have also consistently shared our expertise in SME financing with governments from emerging countries to contribute to the growth of global SMEs.



**60** branches & offices in **13** countries

IBK continues to expand its support for local enterprises around its global bases, fostering growth for all involved.

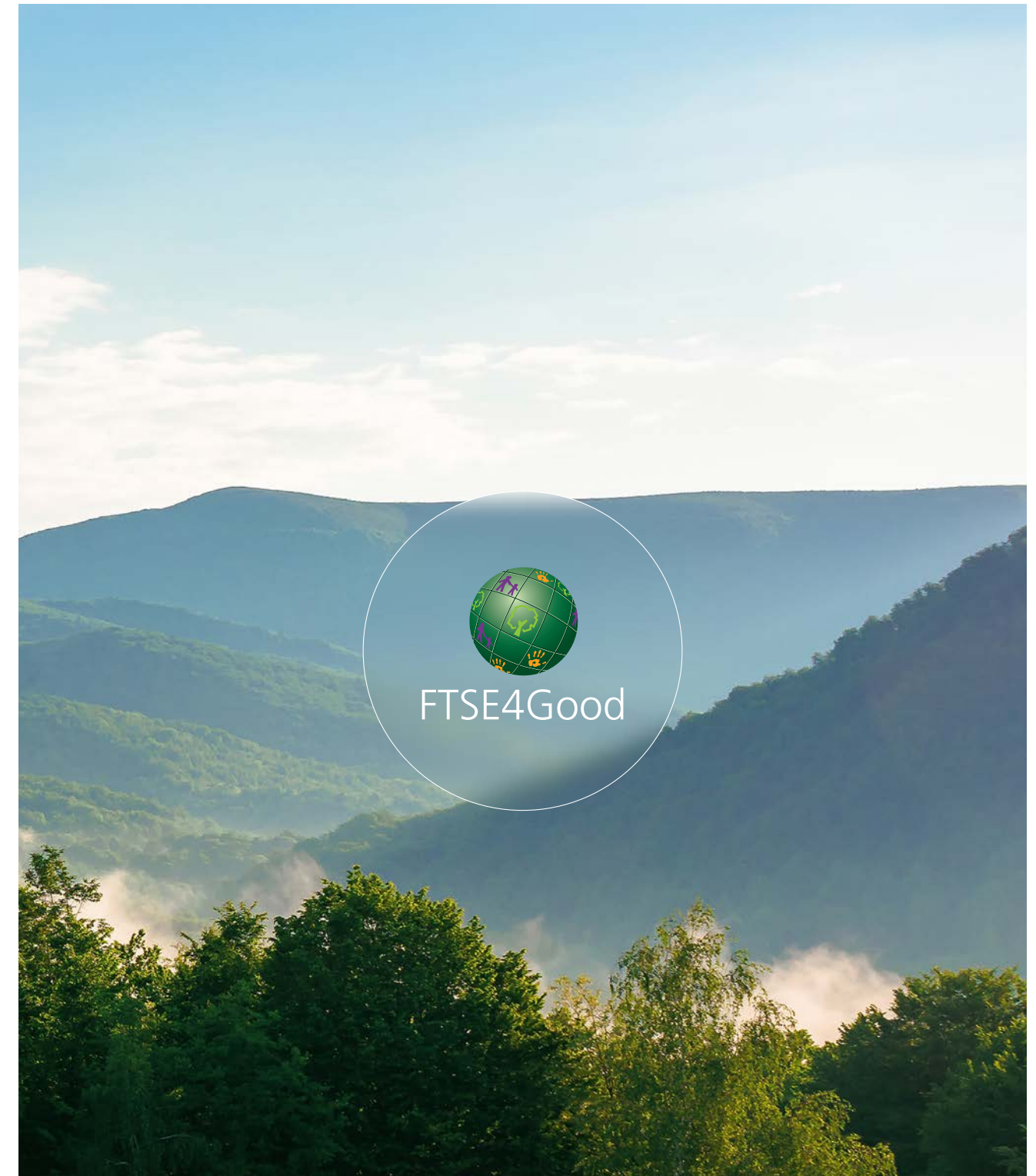


## LEADING THE WAY IN SUSTAINABLE PRACTICES



### Newly Included in the Bloomberg Gender-Equality Index (GEI)

Under the goal of becoming a global ESG-leading bank, IBK has established a comprehensive ESG roadmap and makes improvements to it based on regular assessments. The bank also supports SMEs that often lack information and know-how about ESG management practices. In 2023, IBK's dedication was recognized by its inclusion in the Bloomberg Gender-Equality Index, which assesses corporate practices of supporting gender equality and diversity within an organization.



### Newly Included in the FTSE4Good Index

IBK's sustainability commitment marked a significant milestone in 2023 when it was newly included not only in the GEI but also the FTSE4Good Index, which comprehensively evaluates corporate sustainability efforts. IBK received high marks for its roadmap to achieve carbon neutrality, efforts to protect financial consumers, and overall commitment to human rights.

# LAYING A SOLID FOUNDATION FOR EXPANDED VALUE

BUSINESS & MANAGEMENT REVIEW

- 42 CORPORATE BANKING GROUP
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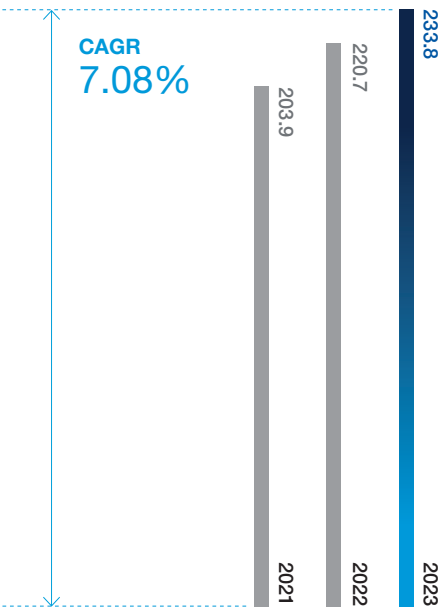
CORPORATE BANKING GROUP

LIM MOON TAEK  
Executive Vice  
President,  
Head of  
Corporate  
Banking  
Group

“The Corporate Banking Group provides SMEs with a comprehensive range of support, from corporate financial services, such as corporate loans and trade finance, to non-financial needs, including solutions for SME labor shortages and enhancements to employee benefits. Continuously improving the scope and quality of its services, the Group heightens accessibility and convenience for corporate customers through digital channels like IBK BOX and corporate internet and mobile banking.”



SME LOAN BALANCE (KRW trillion)

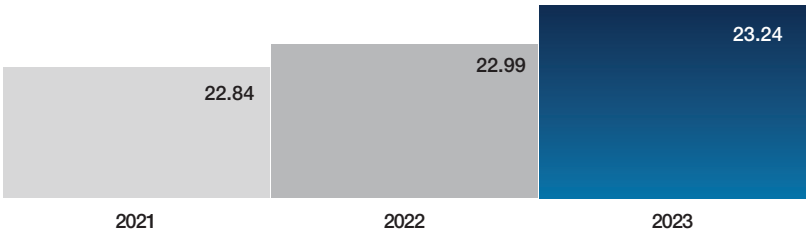


GROWTH IN SUPPORT FOR CRISIS MANAGEMENT

Record-High Performance in SME Loans

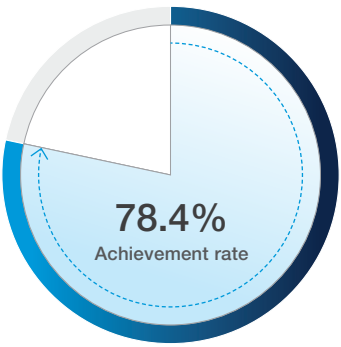
In 2023, IBK proactively supported SMEs and microbusiness owners facing complex difficulties due to factors in the domestic and international environments, and faithfully performed its role as a policy bank to secure future growth engines for the country. This dedication culminated in a historic milestone in June 2023, as the bank’s SME loan balance renewed its record-high balance to reach KRW 230 trillion. As of the end of the year, the bank maintained the industry’s largest market share of 23.24%, thus reinforcing its unrivaled dominance in the SME loan market.

SME LOAN MARKET SHARE (%)



FINANCIAL SUPPORT FOR  
SMEs TACKLING COMPLEX  
CRISES FUNDS  
(KRW trillion)

■ Commitment \_ 18.6  
■ Funds Disbursed \_ 14.6



Support Initiatives for Tackling Complex Crises

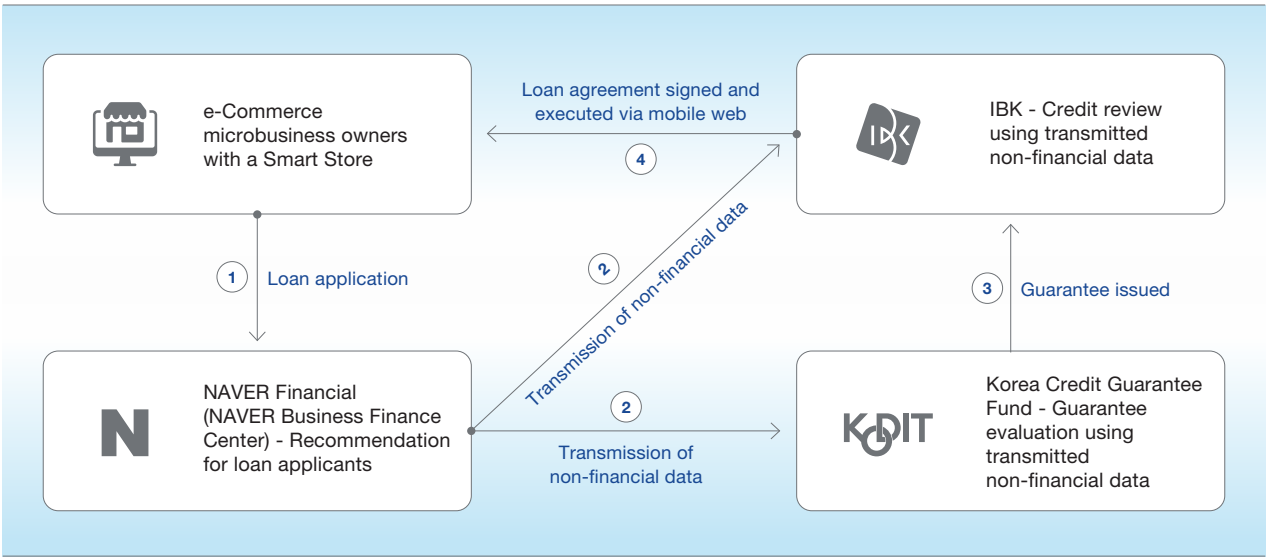
In alignment with the government’s initiative called Financial Support for SMEs Tackling Complex Crises, totaling KRW 84 trillion, IBK made a commitment of KRW 18.6 trillion in funds, launching three loan products for the cause: the Increased Corporate Support Loan, the Overcoming Complex Crises Loan, and the Mid- to Long-Term Interest Rate Stability Loan. As of December 2023, KRW 14.6 trillion of the committed total had been disbursed.

Support for Microbusiness Owners and Export Companies

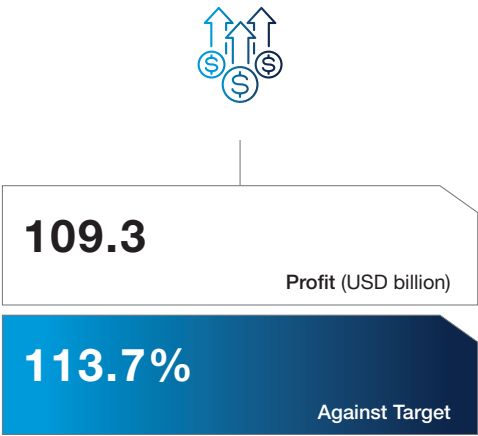
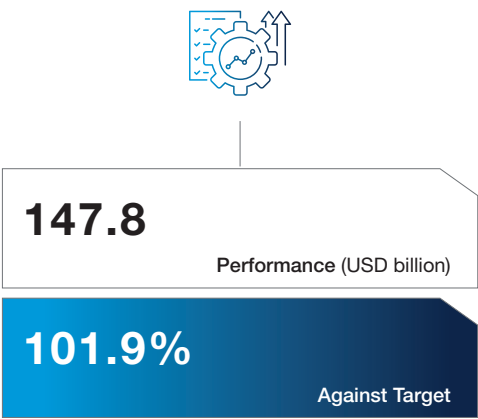
To alleviate financial costs and repayment pressures on microbusiness owners, IBK introduced the Ultra-Long-Term Special Amortization Loan for Microbusiness Owners. This product offers guaranteed loans with ultra-long terms at low interest rates. Additionally, the e-Commerce Microbusiness Owner Success Guaranteed Loan was introduced to support microbusiness owners with insufficient financial references. This innovative mobile web-based service leverages non-financial data collectable from platform service providers in the guarantee and credit review processes. Even for those with insufficient credit or financial history, this loan is executed and guaranteed based on a company’s growth potential, as assessed by operational metrics like sales, repurchase rates, and return rates from platforms such as NAVER Smart Store. The entire process is accessible via mobile web, eliminating the need for app installation and thereby enhancing the convenience of loan applicants.

For SME exporters facing difficulties due to the deteriorating external trade environment, new products with preferential interest rates were introduced. This includes special support for trade finance and the Export Plus Guaranteed Loan covered by the Korea Credit Guarantee Fund (KODIT). In total, KRW 12.6 trillion was provided in export finance products as part of this effort.

E-COMMERCE MICROBUSINESS OWNER SUCCESS GUARANTEED LOAN (KRW billion)



TRADE FINANCE OPERATIONAL METRICS



Support to SME Export/Import Businesses

In 2023, IBK’s International Trade Business Department outperformed its objectives, with transactions amounting to USD 147.8 billion and profits reaching KRW109.3 billion (as of November 2023). This performance underscores robust quantitative and qualitative growth in FX operations. At the same time, the department also successfully expanded its market share from the previous year. Such accomplishments stem from prioritizing substantial on-the-ground support that is aimed at delivering palpable benefits to export/import SMEs. Driven by this commitment, IBK consistently broadened its support throughout the year for both exporting and importing SMEs, extending comprehensive assistance in both financial and non-financial services.

- Financial Support

To strengthen support for SME exporters contending with the challenges posed by rising interest rates, exchange rates, and inflation, IBK entered into an MOU with KODIT for providing special contributions to support SME exporters in September 2023. This pact calls for comprehensive financial aid totaling KRW 150 billion, including IBK’s contribution of KRW 10 billion, in the form of interest rate discounts, guarantee fee waivers, and preferential service charges. Eligibility for this support is extended to SMEs embarking on export ventures or those documenting an export customs clearance of less than USD 1 million in the year preceding the application.

To alleviate the payment challenges import-focused SMEs encounter amid escalating exchange rates, IBK has facilitated the maturity extension of a total of 2,633 letters of credit, including exemptions from collateral deposits and expanded periods of maturity extension.

- Non-financial Support

IBK offers annual trade practice education that consists of on-site courses designed to enhance the export and import work skills of employees of corporate clients involved with FX transactions. In 2023, the 49th On-Tact IBK Trade Business Practice Academy’s curriculum included export/import business principles, FX risk management, and updated FX transaction laws and regulations, as well as up-to-date case studies, garnering positive feedback from satisfied trainees.

In addition, a range of support projects continued to aid SME clients in pioneering and expanding into overseas markets. Coordination with overseas partner banks facilitated the online matching of import and export transactions between IBK’s corporate clients and foreign companies. In partnership with the Industrial and Commercial Bank of China (ICBC), IBK facilitated the participation of its corporate clients in the 6th China International Import EXPO held in Shanghai. In the e-commerce sphere, the IBK Online Export Business Growth Support Program backed the entry of novice export SMEs to enter online markets like Amazon. Furthermore, eight-week foundation-level courses introduced employees at 167 SMEs to topics such as logistics optimization, payment settlement, product certification, and marketing strategies, while 41 online market vendors with high growth potential were chosen to receive customized sales solutions provided by specialized consulting firms.

In August 2023, the IBK x TikTok SME Growth Support Program was launched through an MOU with TikTok, assisting 12 SME exporters with overseas marketing campaigns. These campaigns encompassed a range of activities, from producing advertisements in collaboration with various content creators to pro-

viding promotional strategies for global marketing, social media marketing, and social media advertising. During the Korea Grand Sourcing Fair 2023, organized by the Korea International Trade Association, IBK introduced its export SME support programs to the attendees and provided one-on-one consultations. In collaboration with Samsung SDS, the bank furnished its corporate clients with exporter logistics vouchers, which can be used like cash for covering overseas logistics expenses.

ACCELERATION OF DIGITAL MARKETING

Reinforcement of Internal Controls and Expansion of Customer Support

To prevent incidents of electronic financial fraud, including embezzlement, without undermining its secure and convenient services, the Corporate Banking Group has bolstered its internal controls. Measures include limiting the transaction hours and implementing real-time verification of the authenticity of identity documents during photo ID submission. Additionally, a dedicated internal control center has been established to enable administrators to monitor and control high-risk transactions, such as certificate check and OTP issuance, detection of abnormal sign-ins, and monitoring of large-amount transfers.

In support of SMEs struggling due to economic downturns, a comprehensive fee waiver policy has also been implemented for all corporate clients. This waiver covers interbank transfer fees associated with both corporate internet banking and corporate smart banking services, irrespective of a client’s transaction history.

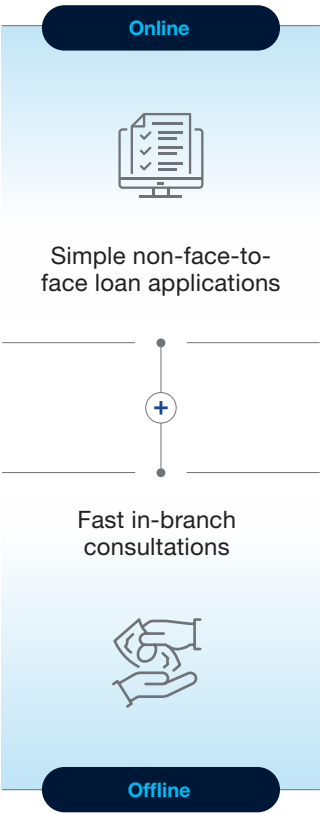
Collaboration for Non-financial Service Offerings

June 2023 marked a significant milestone with the establishment of a partnership with the fintech firm RSquare Inc. This collaboration brings a suite of integrated services encompassing the leasing and interior design of commercial properties. Leveraging IBK’s internet banking platform, corporate clients seeking new business premises can avail themselves of customized consultation and services from RSquare. Benefits extend to successful lease negotiations, including support for tenant fees and legal representation costs. Moving forward, IBK intends to expand its collaboration with RSquare, exploring further non-financial service offerings to accelerate the digital transformation of corporate banking. This strategy aims to enhance not only operational convenience but also satisfaction among our corporate clientele.

IBK Loan Assistance BOX

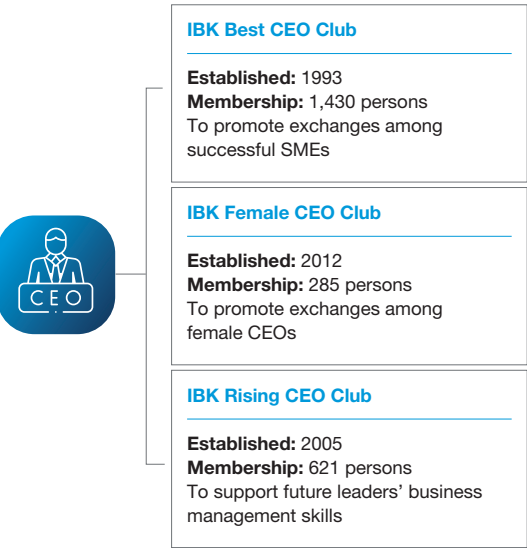
IBK’s BOX Business Department achieved a groundbreaking development in December 2023 with the launch of IBK Loan Assistance BOX, a novel service designed to streamline the business loan application process. This omnichannel (online-to-offline) solution empowers both individual and corporate clients to initiate loan applications online, followed by comprehensive consultation services at IBK branches. This innovative approach, a first in the financial industry, does not require prior transaction records with IBK, offering various options such as unsecured loans and guaranteed, or secured loans. The application process is also simplified through the digitization of essential documentation and consent procedures. Branch consultations are enriched with pre-provided customer financial data and estimated credit ratings, ensuring efficient and effective service delivery. IBK Loan Assistance BOX exemplifies our commitment to integrating online and offline channels, thereby enhancing accessibility for our customers and expanding our reach to new client segments.

IBK LOAN ASSISTANCE BOX

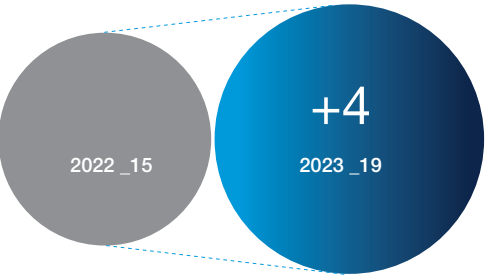




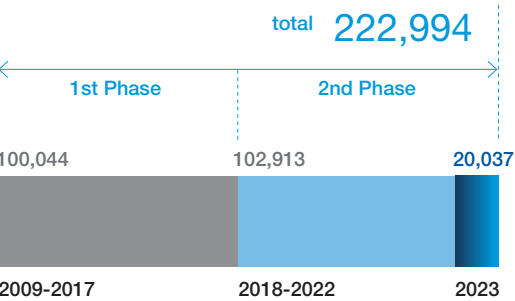
IBK CEO CLUBS



SME NETWORKING SESSIONS (sessions)



100,000 JOB CREATION PROJECT  
PERFORMANCE (persons)



ASSISTING SMES' OPERATIONAL STABILITY

Supporting Exchanges and Expanding Communication

- IBK CEO Club Gatherings

IBK's three CEO clubs help reinforce the bank's customer engagement while promoting active networking among SME members. In 2023, the bank organized the second Jeju Seminar, following the first one the previous year, for the three CEO clubs, fostering member interaction and internal solidarity, as well as memorable and impactful experiences.

- 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 39 honorees have been inducted on 20 occasions. The 2023 honoree of the year was Chairman Kim Kyung-jae of Daeyoung Co., Ltd., which has grown into a global natural materials company based on enzyme treatment stevia manufacturing technology. In honoring his entrepreneurial spirit and accomplishments, IBK invited Mr. Kim, his family, employees, and other guests to the bank's head office building in Seoul for a grand ceremony to celebrate his induction.

- Expanding On-Site Management

In 2023, IBK executives continued networking with members of the three CEO clubs and Hall of Fame honoree CEOs to listen to their opinions about practical support initiatives for SMEs overcoming challenges. All the heads of IBK regional headquarters and business groups attended the IBK Best CEO Club seminar to interact with club members. Each event also featured lectures by IBK executives to reiterate IBK's role as a policy bank and to deliver supportive messages to SMEs, strengthening customer trust in the bank as a result. Specifically, five SME meetings were held in 2023, with 20 SME CEOs invited per session to identify challenges and gather opinions. Each meeting acted upon 10 suggestions, which were then incorporated in the following policy-building process. For instance, heeding the feedback on the need for incentives for long-serving SME employees, IBK introduced a favorable program for long-term service SME employees and launched IBK SME Employee Preferential SME Bonds for retail customers.

Job Support Initiatives

IBK has continued expanding and enhancing job support projects that were initiated from the direct feedback of SME CEOs struggling with staffing challenges. Since establishing the industry's first job creation initiative in 2009, IBK's extensive job support initiatives encompass everything from the operation of the job portal i-ONE JOB and hosting job fairs to launching the Job Chaeum Fund and running SME employee welfare support projects. The two-phased 100,000 Job Creation Project achieved a cumulative total of 220,000 job placements by the end of 2023. Notably, the employee welfare project introduced in 2023 has not only increased job matching but also contributed to improving the quality of jobs at SME employers.

- i-ONE JOB

i-ONE JOB, a free recruitment portal for SMEs, boasts annual visit counts of more than 6.3 million, with membership exceeding 88,000 people and over 21,000 job postings. In 2023, the platform initiated the AI Talent Plus+ Service,

which recommends suitable candidates matching SME employers' criteria. This ultimately helped increase the successful job matching rate, while also alleviating SME staffing challenges. For job seekers, the portal adopted the AI One-Stop Employment Solution, which utilizes ChatGPT, to support customized employment programs. In addition, the service provides career diagnosis consulting for job seekers, AI interview simulations and job recommendation services, and operates an e-learning program to strengthen the capabilities of both SMEs and job seekers. Furthermore, IBK has signed Job Shared Growth Agreements with 45 large corporations to establish virtual recruitment pavilions for outstanding partners of large corporations, thereby leading the expansion of quality job opportunities for job seekers.

- Job Fairs

Job fairs facilitated through public-private partnerships with central and local governments alongside large corporations provide the venue for connecting SME employers and job seekers. Since 2009, a total of 68 job fairs have been held, with over 730,000 job seekers participating and over 8,300 individuals successfully finding jobs. In 2023, a job fair for outstanding partners of the Hanhwa Group was co-hosted by Gyeongsangnam-do and Hanhwa. At the same time, the Good Companion Job Fair was conducted in collaboration with the Seoul Metropolitan Government. Through the Companion Partner Agreement, a synergy has been expanded in employee welfare and employment projects by linking job policies for SMEs and workers located in Seoul. Moreover, since 2017, IBK has also orchestrated an industry-wide job fair involving all major Korean financial institutions, with 2023 seeing the largest participation of financial institutions and attendees in its history.

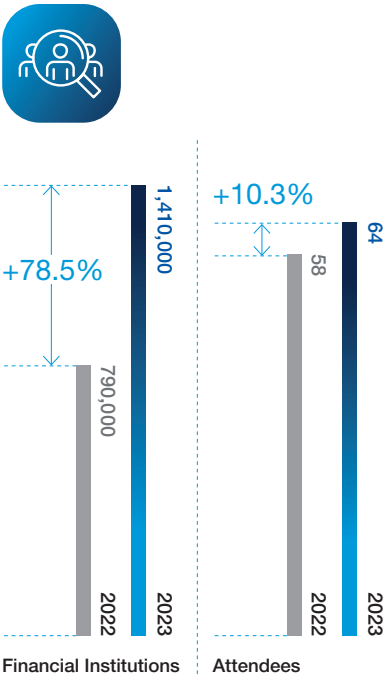
- Job Chaeum Fund

Since its commitment of a total of KRW 60 billion to the Job Chaeum Fund in 2018, IBK has been offering financial benefits to SME employers who create quality jobs. 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 2023, the fund had paid a total of KRW 24.2 billion to 1,688 SMEs for hiring 36,336 people.

- SME Employee Welfare Support Project

In 2023, IBK launched its SME Employee Welfare Support Project, the first of its kind in Korea's financial sector. The initiative, aimed at reducing the gap in employee welfare between large corporations and SMEs, enhances the quality of life for SME employees, while assisting SME employers to bolster their competitive edge in the job market. In collaboration with the Korea Tourism Organization and the Korea Chamber of Commerce and Industry, the SME Employee Welfare Support Project is comprised of four cafeteria plans, benefiting 10,421 employees at 1,560 SMEs with a budget of KRW 1.2 billion.

FINANCIAL INDUSTRY JOINT JOB  
FAIR (events, persons)



SME EMPLOYEE WELFARE SUPPORT

Vacations	Culture	Workcation	Travel for Families of Disabled Workers
Providing KRW 200,000 in vacation allowances through the employee welfare portal Vacation Shop	Providing KRW 100,000 vouchers for cultural activities per employee on the SME employee welfare platform	Supporting workcation programs that combine work and rest at resorts in collaboration with local governments	Organizing free travel (IBK Shared Travel) for families of SME employees with disabilities
1,200 employees at 340 SMEs	8,000 employees at 974 SMEs	1,200 employees at 241 SMEs	21 employees and families from 5 SMEs

INNOVATIVE FINANCING GROUP

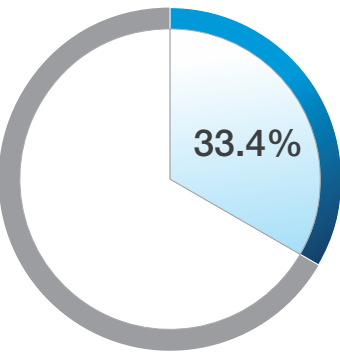
Kim In-Tae  
Executive Vice  
President,  
Head of  
Innovative  
Financing  
Group

“The Innovative Financing Group identifies promising companies with strong technological capabilities and growth potential, providing venture capital and technology finance through direct and indirect investments. It develops specialized products for startups and operates IBK Changgong to discover and foster new startups. In particular, it is the only Korean bank with a Content Financing Department, which supports the cultural content industry through project investments in films, TV shows, and live performances, as well as contributions to indirect investment vehicles. Additionally, the Group offers SME-specialized consulting services via the IBK Consulting Center, helping SMEs navigate management challenges and ensure their sustainable growth.”



TECH LOAN BALANCE & M/S (KRW trillion)

■ IBK \_ 103.5  
■ Industry Total \_ 310.0



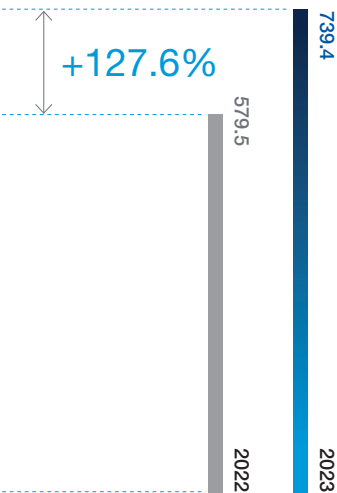
FINANCING FOR THE FUTURE

Technology Finance

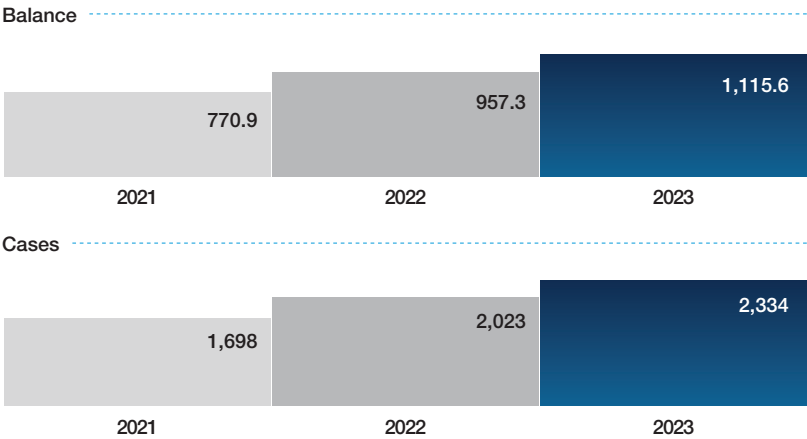
IBK finances promising technologies and future-oriented ideas through its tech finance program, which is operated after careful scrutiny of technology evaluation results. The bank actively supports SMEs that require immediate funding to fuel future growth. By the end of 2023, IBK had solidified its market leadership with a technology finance loan balance of KRW 103.5 trillion, representing the highest market share in Korea. In 2023, the bank enhanced its support for advanced industries with significant social impact and growth potential, notably in the aerospace, pharmaceutical, and electronics manufacturing sectors, where support grew by 128%. Additionally, IBK achieved the top-ranking position for a second consecutive year in the Financial Services Commission’s tech finance performance evaluation.

IP loans utilize intangible assets as collateral to provide financial support to corporate borrowers who lack tangible assets but hold the rights to valuable intellectual properties (IPs). In 2023, IBK provided KRW 158.3 billion to 311 such companies. Through a partnership with the Korea Credit Guarantee Fund, IBK also launched the IP Growth Guarantee Loan to support companies with modest IP assets. This initiative is part of the bank’s commitment to ensuring that no SMEs are underfinanced due to their small size or limited traditional collateral assets.

FINANCE TO ADVANCED INDUSTRIES (KRW billion)



IP LOAN POSITIONS (accumulated, KRW billion, cases)



Venture Investments

- IBK Venture Loans

The first of its kind in Korea, the IBK Venture Loan is an innovative financial product adapted from the Silicon Valley-style venture loan model to suit the Korean market environment. It provides low-interest loans to promising startups that have secured investments from venture capitalists. In exchange, the bank leverages warrants associated with convertible bonds to share in the profits from increases in the corporate value of these companies. In January 2023, IBK launched a pilot project for this venture loan, collaborating with leading venture capitalists, policy financial institutions, and local governments, disbursing a total of KRW 80.7 billion throughout the year. In 2024, plans are underway to annually allocate a KRW 100 billion fund to help promising venture firms navigate through the “death valley curve” and sustain continuous growth.

- Venture Capital

Providing venture capital to support the survival and growth of innovative tech firms is an ongoing initiative of IBK. In 2023, despite a downturn in venture investments in Korea due to high interest rates and associated financing burdens, IBK disbursed its largest-ever fund of KRW 760 billion to finance the growth of innovative startups. Moreover, IBK plans to allocate over KRW 2.5 trillion in the next three years to bolster investments in high-potential, tech-savvy firms that may lack significant collateral or financial stability.

Furthermore, the bank offers the founders stock options as part of IBK’s value-driven financing approach, which fosters mutual growth between investors and investees. These stock options allow founders to repurchase shares under certain conditions, thereby protecting their management rights and supporting the company’s long-term growth.

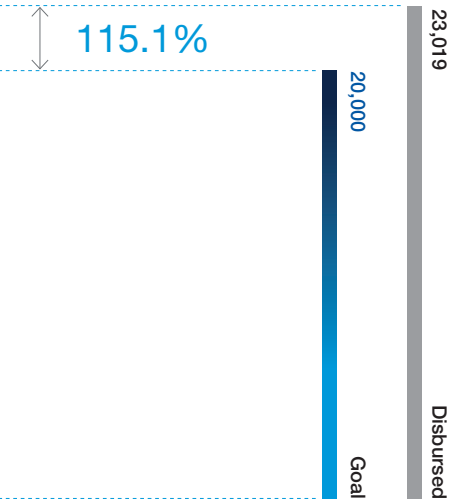
VENTURE CAPITAL PERFORMANCE (KRW billion)





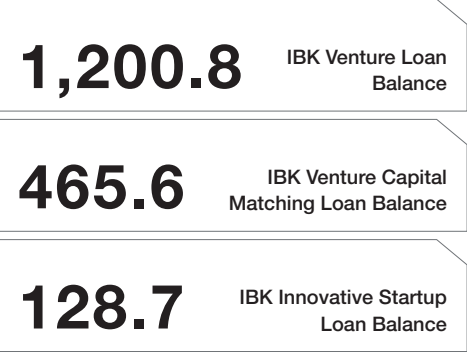
STARTUP FINANCING PERFORMANCE

IN 2023 (KRW billion)



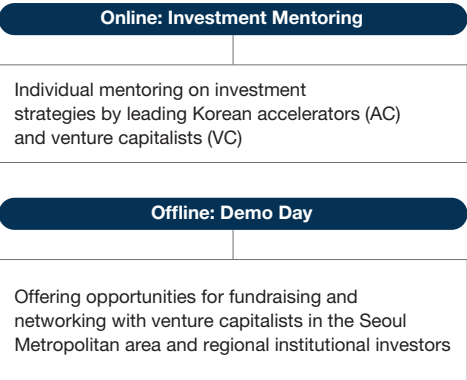
SPECIAL LOAN PRODUCT PERFORMANCE

(KRW billion)



(as of December 2023)

IBK CHANGGONG PLUS



Financing Startups and Venture Firms

To support the growth of startups, IBK earmarks an annual fund of KRW 20 trillion and consistently outperforms these targets. In 2023 alone, KRW 23.0 trillion was disbursed. In addition, the bank offers specialized loan products with preferential interest rates and credit limits specifically for startups and venture companies. Notably, after signing an MOU with the Korea Credit Guarantee Fund in April 2023, IBK has since been providing guaranteed loans with favorable terms to innovative startups that have successfully attracted outside investment.

IBK Changgong

IBK Changgong is the bank’s in-house startup accelerator platform that leverages IBK’s SME financial expertise and extensive network to support the growth of innovative startups. Since the opening of the first center in Mapo in 2017, the program has grown to operate four regular centers in Guro, Busan, and Daegu, along with two campuses located at Seoul National University and Ulsan National Institute of Science and Technology (UNIST). As of 2023, IBK Changgong had provided KRW 1.46 trillion in financial support and facilitated over 10,000 sessions of non-financial support to a total of 707 innovative startups.

In the first half of 2023, IBK Changgong PLUS was launched, establishing a hybrid online-offline continuous support program. Through an MOU signed with South Gyeongsang Province in May, the IBK Changgong PLUS in Gyeongnam program was initiated, offering an intensive support program for startups based in South Gyeongsang Province to attract investment.

- Global Expansion

In 2023, IBK expanded its global programs, providing Changgong beneficiary companies with expanded opportunities to tap into broader markets. From September to November, a three-month accelerator program was conducted in the United States and Europe, involving a total of 15 companies. These participants gained valuable experience and worthwhile chances for international expansion.

IBK also established the Changgong Silicon Valley Venture Desk within 500 Global, an early-stage venture fund and seed accelerator. Through this collaboration, the bank now operates its global accelerating program, jointly discovering innovative venture startups and engaging in ecosystem research and networking. In 2023, five companies that were ultimately selected laid the groundwork for their entry into the Americas through investment attraction and local nurturing programs.

In Europe, IBK signed a tripartite MOU with the German state of Saarland and the Korea Institute of Science and Technology (KIST). Together, they operated a pilot accelerating program focused on successful expansion into Europe. The ten companies selected for their potential participated in a local Demo Day and networking events in Germany, which led to significant developments such as establishing local subsidiaries in Europe and initiating joint projects with German companies and research institutes.

EUROPEAN ACCELERATING PROGRAM BENEFICIARY COMPANIES

Busan 4th Group Beneficiary Company

Mapsea

Established a local subsidiary in Saarland in November 2023

Daejeon 4th Group Beneficiary Company

CELLIAZ

Collaborated with a German biotechnology research institute and discussed investment plans in ophthalmology

CREATIVE CONTENTS FINANCE

Financing K-Content Competency-Building

The scope of K-content investments, which has traditionally focused on movies, dramas, and live performance shows, has been expanded to include video and non-video content, as well as new media areas, to align with the trends of the cultural content industry and support the comprehensive enhancement of K-content competitiveness. In particular, we are contributing to the establishment of a growth foundation and expanding the base through direct and indirect investments in high-potential future growth areas, such as immersive content and generative AI technologies.

In June 2023, IBK participated in evaluating standout companies as part of a media convergence startup nurturing program. This initiative, conducted in collaboration with Korea’s Ministry of Science and ICT, was part of the Financial Services Commission’s Policy Financial Aid Council initiative. The selected companies subsequently received investments from IBK. Later, and in a historic first in the financial sector, IBK introduced a content creator preferential guarantee agreement in collaboration with the Korea Technology Finance Corporation and a cultural industry policy guarantee agreement in collaboration with the Korea Credit Guarantee Fund (KCGF) to support content production companies and related upstream and downstream industries. These programs are designed to support content production companies and related industries, thereby enhancing loan support for SMEs within the cultural content industry.

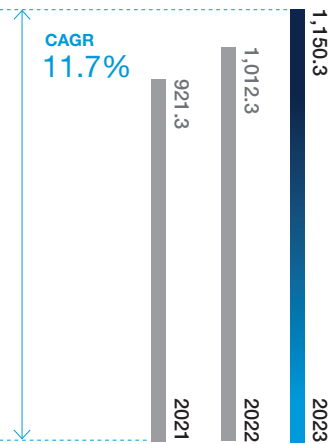
In December, our increased investments in the Ministry of Science and ICT’s three key areas—OTT platforms, immersive content, and creator media—yielded several successful projects that enriched the industry’s ecosystem. The Ministry of Science and ICT acknowledged these achievements when it awarded us a Commendation for the Promotion of the Digital Media Industry in the organization category.

IBK CONSULTING CENTER

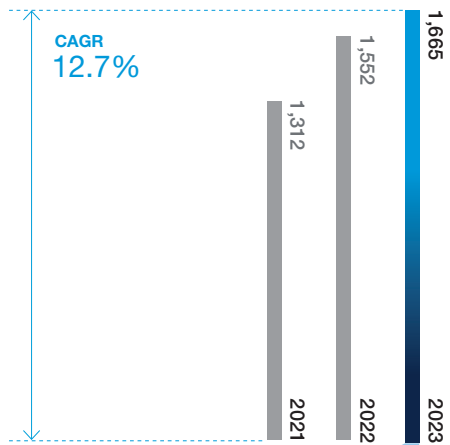
SME Consulting

IBK has supported the continuous growth of SMEs by providing over a thousand consulting services annually, reaching a record number of 1,665 sessions in 2023. SME consulting involves deploying IBK experts directly to SME companies, where they offer essential guidance across a broad spectrum of fields—from tax and accounting to management, labor, and ESG. Additionally, to meet the varied needs of SMEs, the bank provides a comprehensive suite of services through multiple online and offline channels, including educational workshops, telephone consultations, and online ESG self-assessments.

CULTURAL CONTENT FINANCIAL SUPPORT (KRW billion)



FACE-TO-FACE CONSULTING (Cases)



■ Tax/Accounting	758 (45.5%)
■ Business Management	465 (27.9%)
■ Education	232 (13.9%)
■ ESG	154 (9.3%)
■ Startup/Legal Affairs	56 (3.4%)

2023 Key Consulting Areas

- Tax and Accounting

In 2023, IBK conducted 1,448 telephone consultations to assist SME customers and branch staff with complex tax and accounting challenges. Also, in response to significant revisions to the 2023 tax laws regarding business succession support systems, the bank provided business succession consulting. This service aimed to minimize inheritance and gift tax burdens and facilitated the creation of ownership transfer roadmaps through 347 consultations.

- ESG Consulting

IBK has developed a dedicated ESG knowledge-sharing platform specifically for SMEs, who often lack access to information on ESG trends at home and abroad. At the same time, we enhanced the quality of self-assessments and provided customized consulting based on the findings automatically generated from these assessments. In addition, IBK’s ESG training programs deliver practical, case-based education to boost SMEs’ awareness and competitiveness in ESG management. Our industrial safety consulting service includes employee safety training, safety inspections and diagnostics, and hazard assessment consulting. The service identifies potential workplace risk factors and proposes strategies for improvement and management. Furthermore, we conduct ESG assessments for large corporations and mid-sized enterprises that urgently need to implement ESG management practices, prioritizing their improvement plans.

- Labor Consulting

IBK’s consulting program also extends to address labor issues, specifically by preparing client companies for inspections from the Ministry of Employment and Labor. These inspections involve ministry officials enforcing labor standards compliance, and so we provide SMEs with schedules and key criteria to help them prepare in advance and respond to corrective instructions according to the inspection findings. IBK labor consultants also visit SME clients’ worksites to offer specialized guidance on focused and special inspection issues.

- One-Point Consulting

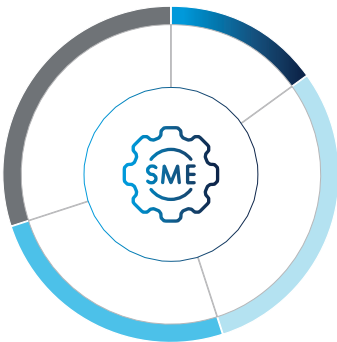
Introduced in 2023, this consulting service focuses on solving and implementing specific tasks over a short period of 3 to 5 days, based on topics of high interest at the site. This service covers 12 topics in four areas: business strategy, HR and organization, business management, and production management.

CORPORATE & INVESTMENT BANKING GROUP

“The Corporate & Investment Banking (CIB) Group focuses on investments in SOC and energy projects at home and abroad, engaging in direct and indirect investments related to cross-border mergers and acquisitions. The Group’s investment banking business includes trading foreign currency-denominated securities. Prioritizing ESG and green finance criteria, the CIB Group aims to secure a safe, long-term asset portfolio by investing in projects that enhance public utility, contribute to social development, and have significant environmental improvement effects. Furthermore, the Group enters into various agreements with a wide range of institutions, such as municipal treasury bank services, win-win partnership projects, and CMS agreements, to support loan and investment-related projects for SMEs.”

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

SME M&A FINANCIAL SUPPORT PACKAGE (KRW billion)



	Phase	Supplied Amount	IBK
■ IBK Win-Win Fund	Overcoming the second death value curve	450	150
■ SME Growth M&A Fund	Market-building for SME M&A deals	1,000	300
■ Acquisition Finance Special Loan Program	Business restructuring phase	300	250
■ M&A Support (Especially for the Value-Up Program)	Sustained growth phase	2,250	300
<b>Total</b>		<b>4,000</b>	<b>1,000</b>

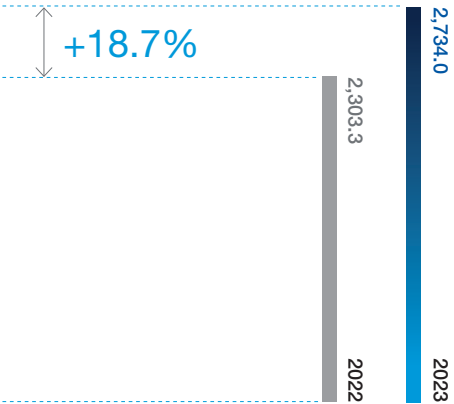
INVESTMENT BANKING

Supporting the Rebound of SMEs

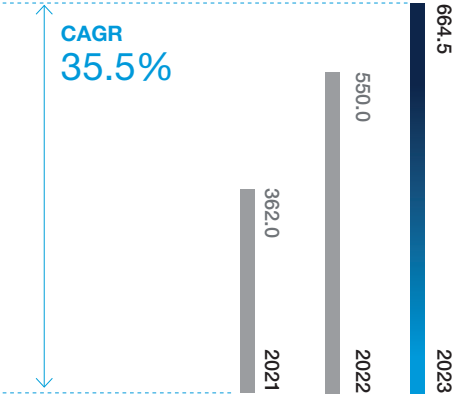
IBK has introduced a KRW 4 trillion financial support package for SME M&A that is to be implemented over three years, from 2023 to 2025. Targeted at funding M&A activities of underfinanced SMEs, the package provides investments and financing solutions tailored to each company’s growth phase in support of their resurgence. With a commitment to offer KRW 1 trillion in finance and investment, IBK will serve as the stimulus needed to attract additional KRW 3 trillion in funds from the private sector.



BALANCE OF ASSETS INVESTED  
IN INDUSTRIAL FACILITIES  
(KRW billion)



ASSET BALANCE IN  
NON-METROPOLITAN AREAS  
(KRW billion)



NEW GLOBAL PROJECTS



Total (KRW billion)

140.5

Project	Partner	Committed Amount
Multifamily Development Project (California, USA)	New York IB DESK	USD 45 million
Canon Marketing Office (Japan)	Tokyo Branch	JPY 4 billion
CyrusOne Data Center (USA)	Hong Kong Branch	USD 30 million
Senior Secured Loan to Aeon Mall (Japan)	Tokyo Branch	JPY 1 billion
Total		KRW 140.5 billion

\*. Currency conversion based on the foreign exchange rates at the end of November 2023 (USD/KRW 1,289.00, 100JPY/KRW 877.29)

PROJECT FINANCE

Expanding IBK's Role

IBK's increased investments in SME industrial infrastructure, such as industrial parks and knowledge industry centers, have enabled SMEs to secure their business sites and create more jobs. In particular, the bank has bolstered investments in viable projects in major cities outside of Seoul, thereby contributing to regional economic revitalization and balanced national development.

Securing Global IB Hubs

IBK is expanding its global IB profits by deploying IB experts abroad and collaborating organically between headquarters in Korea and international branches. In 2023, the bank office ventured into new territories of IB and project finance (PF), aiming to broaden our market reach and diversify our profits. In the IB sector, we partnered with the New York IB Desk to engage in a multifamily development project in California. In the PF sector, we have been collaborating with our Tokyo branch to accelerate project financing for the Canon Marketing Office in accordance with revised internal regulations that support IB operations comparable to those in advanced economies since the second half of 2022.

INFRASTRUCTURE FINANCE

Fostering the Renewable Energy Ecosystem

- RE100 -> RE100 Funds

In May 2023, IBK established Korea's first RE100 Fund in collaboration with SK E&S, providing a renewable energy platform to companies pursuing the RE100 initiative. The fund KRW totals 300 billion, in which IBK participated by committing KRW 200 billion. In September, the bank partnered with the Korea Energy Agency to establish an additional RE100 Fund of KRW 250 billion, to which IBK committed KRW 50 billion.

RENEWABLE ENERGY FUNDS  
(KRW billion)

RE100 Partnerships	
SK E&S	
Arranged	Invested
300	200
Korea Energy Agency	
Arranged	Invested
250	50
Wind Power	
Hoenggye Onshore Wind Power Project	
Arranged	Invested
92.3	49.3
Hydrogen	
Clean Hydrogen Energy	
Invested	
30	

R&D FUND CUSTODY BANK  
AGREEMENT

1

Duration

January 2024 - December 2026

2

Total Budget

KRW 5.4 trillion (KRW 3.2 trillion deposited with IBK)

3

Loans

KRW 2.2 trillion

4

Investments

KRW 170 billion

- Renewable Energy Fund

After more than three years of collaboration with SK E&S, IBK arranged financing for a total of KRW 1.9 trillion in renewable energy funds, including the RE100 Fund. In July 2023, a joint business agreement was signed to share expertise in renewable energy generation projects and to continue close cooperation between the two signatories.

- Investments in Wind and Hydrogen Energy Funds

Our investment in wind projects is on the rise in support of the Korean government's 10th Power Plan, which aims to increase the share of wind energy in renewable energy-sourced power generation. In September 2023, IBK arranged financing for the first project of the Green Value Growth Fund—the Hoenggye Onshore Wind Power Project—from its initial development stage, investing KRW 49.3 billion out of the total of KRW 92.3 billion. This initiative is part of the bank's commitment to pre-empt the financial arrangement rights and expand its role as a market maker.

Additionally, the bank is championing the government's Clean Hydrogen Portfolio Standard (CHPS), a system that separates and establishes an independent market solely for hydrogen generation projects within the mandatory renewable energy supply market. In October 2023, IBK participated in the CHPS-tailored Clean Hydrogen Energy Fund, a fuel cell fund, with an investment of KRW 30 billion.

SOC PROJECT FINANCING

IBK is continually increasing its financing for green SOC projects, such as wastewater treatment facilities and biogas power plants, which generate high social benefits and align with K-Taxonomy, Korea's official classification standards for the green industry.

In addition, the bank is securing long-term quality assets through investments in public BLT (Build-Transfer-Lease) funds, which ensure stability and highly functional public utilities. IBK's investments in public BTL projects in sectors such as schools, defense facilities, water supply pipelines, and other environmental facilities contribute to enhancing public utilities. As of December 2023, a total of KRW 110 billion had been invested in three projects.

INSTITUTIONAL CUSTOMER FINANCE

Public Institution Partnership Fund

Through MOUs signed with seven public institutions and a credit guarantee fund, IBK has expanded the provision of low-interest policy funds to cooperative SMEs. The public institutions involved in the agreements include six local governments—Suwon City, South Chungcheong Province, Ulsan City, Gyeongju City, Wanju County, and South Gyeongsang Province—as well as Gongyoung Home Shopping. The partnership fund is capped at KRW 630 billion, with these local governments providing a 2.0%p interest subsidy and a credit guarantee fee reduction of up to 1.2%p.

R&D Fund Custody Bank

In 2023, IBK was designated as Korea's official R&D Fund Custody Bank, topping the list of bidder banks in the public tender overseen by the Ministry of SMEs and Startups. This successfully increased our deposits of national R&D funds, laying the groundwork for expanding SME finance.

RETAIL BANKING GROUP

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

“The Retail Banking Group develops comprehensive strategies for personal finance, including product development, microfinance, and retail loans. It oversees the retail digital banking business, formulates digital marketing strategies, and continually expands services, while also strengthening digital security to protect financial consumers. At the same time, the Group practices inclusive finance, supporting SME employees and socially underprivileged groups, thereby fulfilling the bank’s social responsibilities.”



BALANCING GROWTH AND RESPONSIBILITY

Maintaining Stable Growth

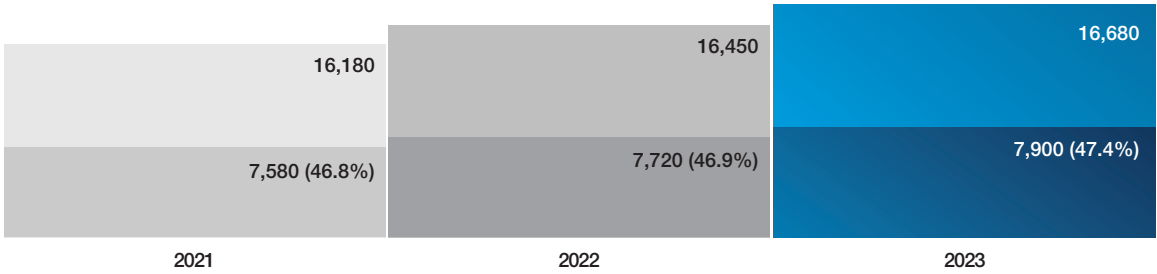
In 2023, the number of IBK’s retail customers reached 16.68 million, an increase of 229,000 from the previous year. Nearly half of this customer base, or approximately 7.9 million, constitutes core customers, including those with salary or pension direct deposits and product subscribers, which has helped establish a solid operational foundation for sustained stable growth. Compared to the average growth of retail deposits in Korea (around 4% at commercial banks), IBK achieved a remarkable increase of 8.1%, reaching a balance of KRW 86.7 trillion. Meanwhile, retail loans have been maintained at KRW 41.8 trillion, with a focus on supplying to real-demand customers such as SME employees and middle-income workers.

RETAIL CUSTOMERS  
(Persons in thousands)



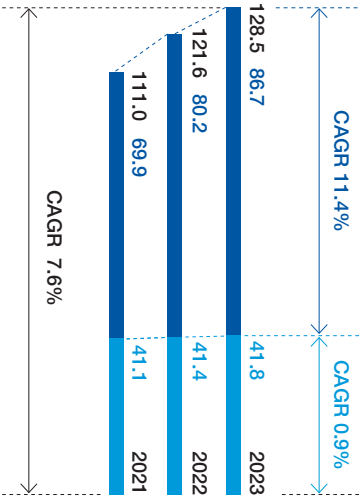
Customer Base

Core Customers



RETAIL LOANS/DEPOSITS  
BALANCE BY YEAR (KRW trillion)

■ Total  
■ Retail Deposits  
■ Retail Loans



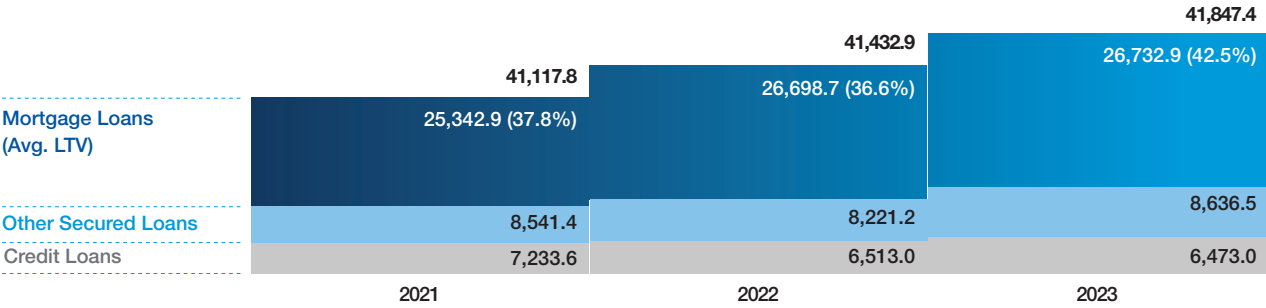
- Retail Loans

As of 2023, retail loans totaled KRW 41.8 trillion, up KRW 414.5 billion from the previous year. Of this total, the mortgage loan balance accounted for 63.9%, reaching KRW 26.7 trillion, with an average loan-to-value (LTV) ratio of 42.5%. Also, credit loan balance was KRW 6.47 trillion, comprising 15.5% of the total retail loan balance.

- Policy Finance for Underbanked Individuals

In 2023, IBK also launched a t-type Special Bogeumjari Loan, becoming the first Korean commercial bank to offer such a product. This loan is an inclusive product for digitally excluded customers, as it receives loan applications offline as an inclusive product for digitally excluded customers. The t-type Special Bogeumjari Loan is a product that sells at commercial banks, which take care of the entire lending procedure, from loan consultation and loan reviews to agreement signing and lending, followed by securitization through the Korea Housing Finance Corporation (KHFC). Another distinct benefit of the product is a preferential interest rate that is 0.1% lower than the u-type loan, for which KHFC is responsible for the loan review. As of the end of December 2023, 4,312 loans totaling KRW 884.3 billion had been dispersed. Additionally, IBK supplied KRW 1,088 billion in policy loans aimed at supporting underbanked individuals.

RETAIL LOAN BALANCE BY YEAR (KRW billion)



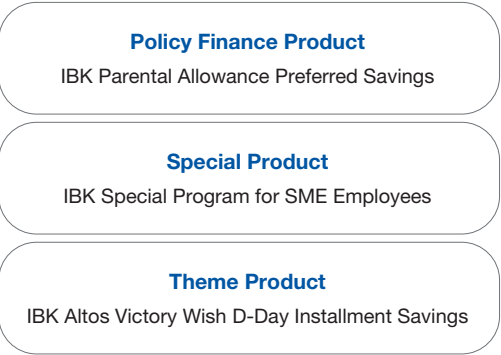
MICROFINANCE POLICY LOAN PRODUCTS (% , KRW billion)

	Launched	Eligibility	Limit per Borrower	Interest Rates	Supplied in 2023	Balance
New Hope Seed Loan	Nov. 2010	Low-income, low-credit	KRW 35 million	4.29~9.50	473.9	501.7
Living Stabilization Loan*	Aug. 2008	Low-income workers, unemployed	20 million	1.50	291.2	874.4
Stepping Stone Mid-rate Loan	July 2016	Mid-credit	20 million	8.53~11.0	1.8	6.0
Sunshine Loan 17	Sep. 2019	Low-income, low-credit	14 million	4.00~4.50	-	6.8
Sunshine Loan Youth	Jan. 2020	Low-income young adults	12 million	3.50	136.2	334.4
Sunshine Loan 15	July 2021	Low-income, low-credit	20 million	3.50~4.00	180.2	194.9
Safety Net Loan (II)	July 2021	Low-income, low-credit	20 million	3.50	-	1.2
Sunshine Loan Bank	July 2021	Microfinance borrower	20 million	Up to 8.90	3.8	4.6
Others	-	-	-	-	0.9	7.3
(Including Mid-rate Credit Loans)						
Total	-	-	-	-	1,088.0	1,931.3

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



KEY NEW PRODUCTS



Increasing the Customer Base and Practicing Responsibility

New products launched in 2023 included policy products aimed at reducing the financial burden on parents raising infants and young children, specialized products offering preferential interest rates to SME employees, and special theme products in collaboration with the IBK Altos volleyball team. Among these products, the IBK Parental Allowance Preferred Savings account, which offers preferential interest rates to customers receiving government-supported parental allowances, was selected in June as an outstanding cooperative finance new product by the Financial Supervisory Service. Notably, the IBK Special Program for SME Employees, offering preferential interest rates on deposits and loans to 76,000 SME workers, contributed KRW 2.5 trillion to the bank’s total asset growth. It is aimed at supporting household financial stability and enhancing the quality of life for SME employees, as well as contributing to staff retention at SME employers with its additional benefits to long-term SME employees.

Practicing Inclusive Finance

In 2023, IBK continued to fulfill its role as a policy bank, supporting young adults and underbanked groups by offering differentiated financial and economic classes tailored to teenagers, military service members, and young adults. Furthermore, the Financial Harmony CAR program, an IBK Mobile Branch initiative, provided in-person economics classes and financial services directly to underbanked individuals, including students and youths from rural areas and multicultural families.

EXPANDING DIGITAL FINANCE

Providing More Secure Services

IBK’s commitment towards greater security and convenience of digital finance continued in 2023. As a result, the i-ONE Bank app won the grand prize in the mobile banking (finance) category at the Institute for Industrial Policy Studies’ (IPS) National Service Awards for a fourth consecutive year in 2023, while the bank’s i-ONE PFM Service was awarded the grand prize at the 2023 Consumer Choice Awards.

For consumer protection, the focus was on stopping financial fraud. To prevent online financial incidents, such as identity theft through stolen copies of identification documents via voice phishing and pharming, IBK became the first Korean bank to introduce an AI-based system that verifies the originality of IDs in real time for identity verification. In addition, the i-ONE Bank app’s Easy Banking service has newly incorporated an automatic process of referring to any fraud report history of the recipient account for money transfers via the platform, which has helped to prevent financial incidents.



Enhancing Customer Convenience

IBK’s customer convenience enhancement efforts have reduced the need for parents to visit brick-and-mortar branches on behalf of their children. The i-ONE Bank app supports everything from opening accounts for their kids to checking transaction histories, thereby easing the inconvenience of doing all this in person. Moreover, in collaboration with the Ministry of Public Administration and Security, GoodPy—a virtual assistant service for Koreans—has been incorporated into the i-ONE Bank app. By activating the GoodPy menu on the i-ONE Bank app, customers can check their personal and administrative data provided by the ministry, and can even pay tax bills on the same platform.

- Accelerating the Digitalization and Diversification of Retail Loan Channels

Continued digitalization at IBK has considerably enhanced customer convenience while reducing the workload at the branch level. In addition to launching new digitalized products, such as the i-ONE Mortgage Loan and i-ONE Sunshine Loan Bank, the bank has expanded coverage of the Smart Loan Agreement service. Partnerships with Toss, KakaoPay, and NAVER Pay have also been established to create sales channels to attract premium customers and SME employees. Furthermore, a service that compares and intermediates microfinance loans from various savings banks not sold by IBK has been introduced to help SME employees explore different loan products and choose the one that best fits their needs.

- Strengthening Digital Marketing

External digital touchpoints have been expanded through search engine advertising on portal sites and partnerships with fintech firms, with new tools like the online Christmas Check-in event and Welcome Coupon process having been established. Various life-embedded finance benefits, such as cash rewards for completing missions (watching ads, subscribing) and online check-ins or roulette events, are also offered to raise customers’ page views and average time on page.

Advancing Wealth Management Capabilities

In response to the government policy to expand data coverage of the financial MyData Service, IBK upgraded its MyData system and i-ONE Personal Finance Management (PFM) Service. Most notably, the i-ONE PFM Service has evolved to its 2.0 iteration, broadening its service offerings to include the collection and inquiry of integrated financial and non-financial data, as well as analysis, comparison, and recommendation of products and services. By actively promoting marketing campaigns that feature extra fun and benefits, the service achieved its annual subscriber target number ahead of schedule.

Fulfilling Responsibility through Digital Finance

For the first time in the Korean financial sector, IBK digitalized paper compensation certificates for customers at one of the bank’s partner companies, Preed Life. It also introduced an electronic braille service that automatically translates transaction details from the bank’s internet banking service for visually impaired customers. Additionally, IBK engages in social campaigns like resource recycling events with the used ICT device platform MINTIT to further its practice of ESG management.

TAILORED ECONOMICS CLASSES AND FINANCIAL SERVICES

		Sessions	Persons	Class Themes (Jan. to Nov. 2021)
Future Customers	Preschoolers	90	6,503	Magic shows introducing savings and economics
	Teenagers	269	15,503	How to form good habits with managing and saving pocket money
	Military service members	245	93,202	How to carry out financial transactions and prevent financial fraud
Adults		10	292	Credit management and wealth management for young adults
Financial Harmony CAR		60	955	IBK Mobile Branch visits underbanked individuals to provide education and financial services

## WEALTH MANAGEMENT GROUP

Kim Oun-Young  
Executive Vice  
President,  
Head of Wealth  
Management  
Group

“The Wealth Management Group acts as a control tower for investment products, overseeing product planning, post-management, and sales training for the distribution of beneficiary certificates and bancassurance. It supports 18 WM centers and 224 VM teams, fostering and educating WM experts as part of its mandate. In addition, the Group develops and offers targeted marketing and service programs for VIP clients.”



### LAYING THE FOUNDATION FOR GROWTH

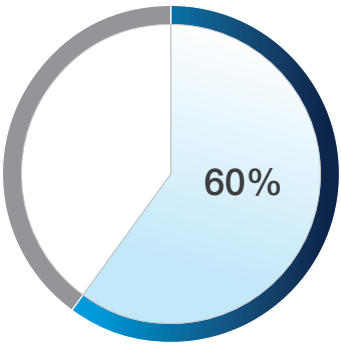
#### Fostering Customer-Centric Business Practices

The Wealth Management (WM) Group has adopted several protocols to safeguard consumer rights in financial product sales practices. We have introduced a portfolio-driven sales model anchored in IBK’s reliable market forecasts and strategic investment approaches. Before any new financial offerings are launched, they undergo double-check protocols—the Investment Product Council conducts the initial risk assessment, followed by a secondary review by both internal and external experts. Our portfolio-based sales model utilizes the IBK House View to allocate investments across asset classes, crafting model portfolios that align with the investment preferences of specific customer groups.

#### Enhancing Wealth Management Competencies

The WM Group is bolstering its human resources by identifying and nurturing employees with high potential. In May 2023, we selected 20 employees to kick-start this initiative. Our long-term goal is to cultivate growth trajectories for both employees and the organization through a refined WM career path, all the way from entry-level positions to group leader roles.

FOREIGN CURRENCY  
MONEY MARKET FUNDS'  
M/S (%)



14.1 KRW billion

Commission of Mutual Funds

#### Enhancing Satisfaction for Premium Customers

IBK offers comprehensive WM consulting tailored for elite corporate customers. This service combines expertise in finance, tax, real estate, business succession, IPOs, retirement pensions, and M&A. At the same time, it is specifically tailored to meet the needs of SMEs, targeting corporate clients with total deposits exceeding KRW 10 billion. Additionally, to boost customer satisfaction, we regularly organize exclusive events such as concerts for our top-tier VIP clients, ensuring they enjoy valuable and memorable experiences.

### STRENGTHENING WEALTH MANAGEMENT COMPETITIVENESS

#### Mutual Funds

We released an array of strategic products onto the market in 2023, aligning with our goal of meeting customer needs and adapting to market trends. These new offerings included foreign currency money market funds (MMFs), dollar-denominated global funds, short-term bonds, and Big Tech stocks. Notably, foreign currency MMFs achieved sales of USD 81 million, capturing a 60% market share and ranking first among Korean banks. To optimize post-launch management efficiency, we implemented a product sunset policy, discontinuing a total of 87 products upon maturity. This initiative bolstered the competitiveness of our product lineup and resulted in mutual fund sales commissions of KRW 14.1 billion.

In addition to product enhancements, we have consistently focused on improving the customer experience and increasing staff work efficiency. In 2023, we refined the investor preference analysis process and transitioned customer notifications from the length-limited LMS to AlertTalk, improving the clarity of information delivery. Expanded digital marketing efforts have improved the convenience of non-face-to-face transactions as well. Furthermore, operational efficiency received a boost with the introduction of robotic process automation (RPA) for fund subscriptions and cancellations, alongside enhancements in departmental bank withdrawal processes. To eliminate mis-selling practices, we conducted comprehensive training programs on face-to-face and non-face-to-face products across all branches and carried out internal Mystery Shopper audits to further strengthen our financial consumer protection practices.

#### Bancassurance

In 2023, the market environment proved challenging, particularly for insurance companies, which tended to restrict bancassurance channels to address financial stability concerns arising from changes in the accounting rules under the new IFRS 17 standards. Nevertheless, IBK’s bancassurance division remained resilient in meeting customer needs, selling high-demand fixed annuities and recording KRW 10.3 billion in bancassurance sales commission income (including a mutual aid sales commission of KRW 500 million).

As a policy bank, we also supported government initiatives through products such as the Yellow Umbrella Mutual Aid Fund (YUMAF), a financial safety net for SMEs and self-employed individuals, and the Naeil Chaeum (Brighter Future) Mutual Aid Fund, which was designed to foster long-term employment among SME employees.

In addition, a system overhaul laid the foundation for sustainable growth in our bancassurance operations. The i-ONE Bank app added insurance portfolio management to its menu, along with a small-amount premium insurance gift service.





1.2

KRW trillion

Trust Sales (including KTBs)

+4.0

KRW trillion

Short-Term Money Market Trust (MMT) Balance

Moreover, digital insurance offerings streamlined the documentation process for subscribing to YUMAF, while non-face-to-face processes have also been improved to comply with the FSC guidelines, aiding financial consumers in making informed decisions when subscribing to a financial product. Our Mystery Shopper audit program ensures that all our business activities adhere to these guidelines.

Trusts

In addressing external challenges such as the decline in interest rate competitiveness for short-term fixed-income products, IBK's Trust Division introduced a Treasury Money Market Trust (MMT) product in 2023, enriching its product offerings. As they are both risk-free and tax-efficient, Korea Treasury Bonds (KTB) cater to the tax-saving needs of high-income HNW customers subject to global taxation on financial income, contributing KRW 1.2 trillion to our sales of tax-saving products like financial bonds. Additionally, direct sales efforts led by headquarters and supported by related departments successfully attracted a significant amount of short-term funds from various financial institutions, including securities firms, resulting in a KRW 4 trillion increase in short-term MMT balances compared to the end of 2022.

Looking ahead to 2024, our focus is on enhancing and diversifying the IBK Trust portfolio, transitioning from a predominant focus on MMTs to initiating an estate planning trust business with the launch of living trust products. Through the comprehensive management of various assets (including monetary, real estate, and securities), we aim to activate the inherent function of trusts, thus advancing our trust operations. Furthermore, we are proactively preparing for the Ministry of Economy and Finance's selection bid for the outsourced chief investment officer (OCIO) agency of national and public funds, which is scheduled for August 2024. We anticipate close cooperation with related departments to position ourselves favorably for selection. Lastly, in response to potential losses in bank ELTs tied to the Hong Kong H Index, we are proactively managing post-maturity balances for KRW 22.5 billion of related bank customers maturing after July 2024, a clear demonstration of our commitment to financial consumer protection.



GLOBAL & CAPITAL MARKETS GROUP

“The Global & Capital Markets Group is setting the stage for the bank to become one of the world’s leading financial groups. The Global Markets Division is expanding its overseas network and preemptively securing foreign currency liquidity, while managing asset quality tailored to each country’s unique circumstances. It also develops and directs business strategies for foreign subsidiaries and branches. The Capital Markets Division plays a crucial role in managing the bank’s funding functions. It manages liquidity of both Korean won and foreign currencies, interest rate and liquidity risks. The Group also raises market funds through bond issuance, controls reserve funds, and generates yields from trading financial assets such as bonds, mutual funds, and stocks.”

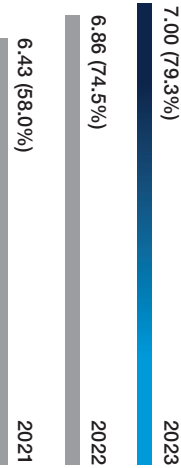


Park, Bong-kyu  
Executive Vice  
President,  
Head of Global  
& Capital  
Markets Group

WON-DENOMINATED ESG BONDS

(KRW trillion)

Amount (M/S)

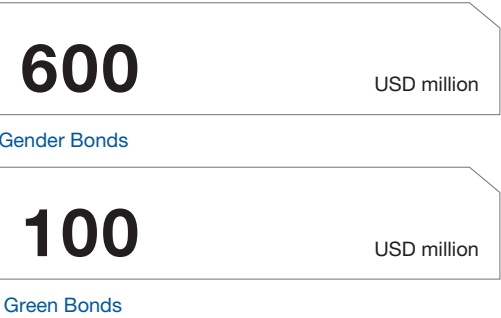


FUNDING SOURCES

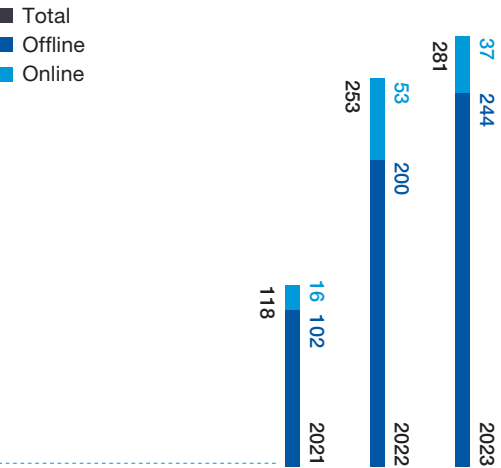
Won-Denominated Bonds

Even with unstable market conditions, as witnessed by the complete write-off of Credit Suisse’s hybrid bonds, IBK successfully issued KRW 600 billion of ESG (social) hybrid bonds in March 2023 at a record-narrow spread in the Korean banking sector. In November, amid sagging investment demand due to the Israel-Hamas conflict, the bank successfully issued KRW 400 billion worth of ESG hybrid bonds, thereby raising the total capital for the year to KRW 1 trillion and improving our BIS ratio by 0.44%p, which in turn bolstered our capacity to support SMEs.

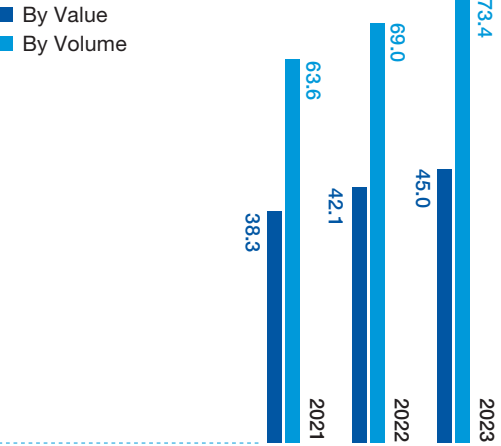
In terms of won-denominated ESG bonds, IBK also issued KRW 7 trillion in 2023, accounting for 79.3% of the total issuance by the entire Korean banking sector. This marked the third consecutive year that we held the largest share of ESG bond issuances within the domestic banking sector. This not only enhanced our funding stability but also demonstrated our commitment to expanding the domestic ESG bond market.



FX RISK MANAGEMENT SEMINARS



REMOTE CHANNEL TRANSACTION PROPORTION (%)



Foreign Currency Funding

On the global front, IBK issued USD 600 million in global gender bonds—the largest scale in Asia for gender equality bonds. Following this, the bank was acknowledged for its excellence in green financing and successfully issued its first USD 100 million in foreign currency green bonds, thus enhancing the stability of our foreign currency funding in response to uncertainties throughout global financial markets. Additionally, in response to financial market volatility, we secured an additional USD 40 million through committed lines and newly contracted a USD 200 million ESG (social) syndicate loan, diversifying our funding instruments.

Government Policy Support

In 2022, IBK committed KRW 650 billion to a refinancing program for corporate bonds and commercial papers (CP) following a decision made by the Financial Services Commission’s Roundtable on Macroeconomic Financial Affairs. This initiative injected much-needed liquidity into corporations grappling with CP refinancing challenges, effectively forestalling the transmission of financial instability—preventing large corporations’ credit crunch from impacting the liquidity of SMEs—while aligning with the government’s policies for financial market stabilization. In addition, the bank purchased mortgage-backed securities (MBS), which are based on special housing loans as underlying assets, valued at KRW 176.9 billion. This purchase was pivotal in sourcing funds for policy mortgage products designed to alleviate the public’s interest burden during this rising interest rate period. Furthermore, as a policy bank, IBK addressed the temporary liquidity crunch faced by MG Community Credit Cooperatives by executing repurchase agreement (RP) transactions totaling KRW 1 trillion. Through these efforts, IBK actively upheld its role as a policy bank, swiftly assisting MG in quelling its liquidity issue.

TRADING

Supporting SMEs’ FX Risk Management

In meeting this fluctuating foreign exchange rate environment, we support SMEs with timely information and assist them in managing currency risks. In addition to the annual FX risk management seminars for SMEs, we provided updates on currency market trends and the latest financial market developments twice daily via text alerts and emails through the IBK Currency Market Conditions Service. In 2023, we also held briefings for individual companies and regional headquarters seminars to provide guidance on FX market trends, FX risk management techniques, and hedging products. For SMEs located in areas outside the Seoul Metropolitan Area, we actively utilized online media for FX risk management seminars.

Digital-Based FX/Forward Exchange System

IBK’s Internet FX/Forward Exchange System allows customers to trade on the spot and forward FX transactions directly through their computers at real-time market exchange rates. In 2023, the proportion of FX/forward transactions carried out through remote channels accounted for 73.4% by volume and 45.0% by value, continuing the annual growth trend. On top of enhancing customer convenience, this system has also reduced the workload at branches while preventing the mis-selling of financial products.

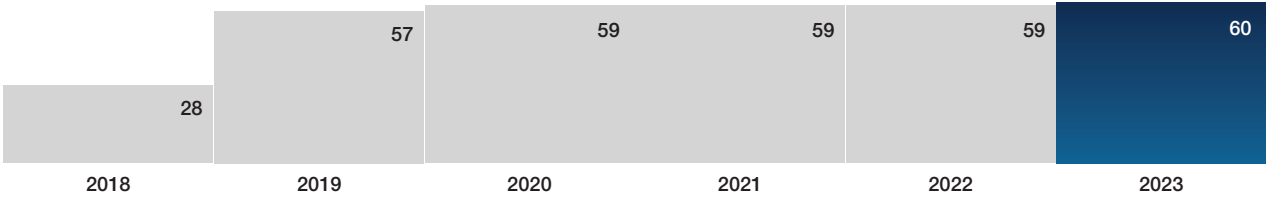
GLOBAL NETWORK  
(branches)



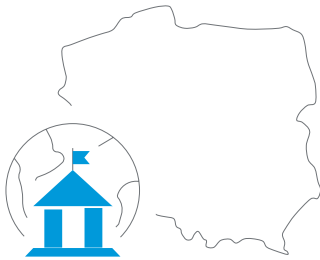
GLOBAL BUSINESS

Global Network

As of the end of December 2023, IBK operated 60 networks in 13 countries. In regions without a direct presence, the bank supports Korean companies active in local markets through strategic partnerships with local banks. Notably, IBK has forged strategic alliances with 16 leading international banks, including Italy’s UniCredit and Germany’s Deutsche Bank. Through these alliances, IBK had extended local financial support comprising 2,120 loans and an amount totaling USD 676 million as of the end of 2023.



\* The figure includes 16 branches in China, 32 in Indonesia, 1 in Myanmar, as well as 9 overseas branches and 2 rep office.



Representative Office in Poland

Constant Growth of IBK’s Global Footprint

On May 16, 2023, IBK inaugurated its representative office in Wrocław, Poland, the country’s largest industrial city. The Polish Rep Office serves as a support hub for Korean companies entering Eastern Europe, a region rapidly becoming a focal point for electric vehicle and battery production. The Polish Rep Office was established after seven years of careful preparations, beginning with the deployment of regional experts in 2016. This period included weathering numerous challenges, such as the pandemic and the Russia-Ukraine war. Following its successful entry into Eastern Europe, IBK is now transitioning this Rep Office into a local subsidiary, with the aim of securing a stronger market presence after its planned launch by 2025.

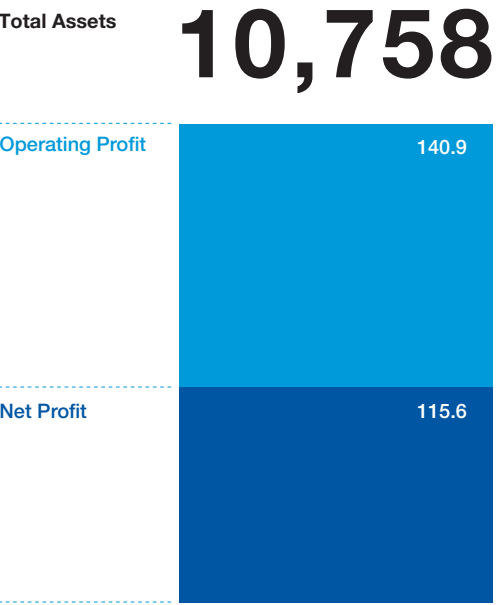
On the other side of the globe, in Southeast Asia, IBK is enhancing its business capabilities and considering setting up a new base in Singapore. With market research and feasibility studies already completed, this prospective Singapore base is going to function both as a hub for investment banking operations across East and Southeast Asia and as the regional headquarters for Southeast Asia. Additionally, the bank is exploring the opening of further branches in rapidly growing markets such as Cambodia and India to capitalize on these promising opportunities.

Expanding Overseas Cooperation Projects

Through IBK’s Knowledge Sharing Project (KSP), the bank shares its expertise in SME policy financing with government agencies from emerging countries. In 2023, we conducted a total of six sessions, including collaborations with Vietnamese government authorities and the country’s central bank, ASEAN open banking cooperation projects, and training programs for senior and managerial-level officials from Asian countries. Since 2017, we have also sustained the KDI School of Public Policy and Management scholarship program, which targets government officials in countries where IBK operates. This initiative not only actively supports scholarships but also fosters other collaborative efforts with international institutions and organizes training programs.



OVERSEAS BRANCH PERFORMANCE  
(USD million)



\* Based on consolidated financial statements under the IFRS

2023 IBK Global Business Performance

Despite heightened global economic uncertainty, IBK marked a historic milestone in 2023 by achieving a net profit of USD 100 million from its overseas branches for the first time in its 62-year history. This accomplishment was driven by our overseas branches’ consistent efforts to achieve balanced growth in both interest and non-interest income, which led to a record operating profit of KRW 178.3 billion. Furthermore, through enhanced financial support for local companies and expanded IB lending, our overseas branches contributed to a net increase of USD 335 million in revenue-generating overseas assets. Moreover, proactive management of asset quality helped maintain a relatively favorable delinquency rate of 0.77% compared to domestic operations, while the expansion of customized digital product offerings resulted in 376,256 digital product sales.

- Localization Strategies

IBK’s overseas branches employ regional-specific differentiated sales strategies. Branches in developed countries focus on launching new businesses and entering new territories to increase high-quality earning assets, while those in emerging markets continuously identify opportunities to enhance profitability through portfolio restructuring and margin improvements. In 2023, branches in developed markets like New York, London, Tokyo, and Hong Kong prioritized expanding IB lending, pioneering EMEA markets, initiating securities operations, and promoting integrated fund management for overseas branches. Branches in emerging markets like China and Southeast Asia concentrated on increasing the proportion of local currency loans, actively re-pricing lending rates, and improving net interest margin (NIM). Additionally, overseas branches are coordinating financial support for the international ventures of beneficiary companies from the IBK Changgong program (including the Silicon Valley Desk) as part of the bank’s expansion initiative into new territories globally.

- Strategic Localization and Digital Transformation

IBK China Ltd. is focused on building an optimal localized sales base and augmenting customer-centric digital products. In 2023, the company improved its profitability by relocating branches, while it also localized senior managerial staff, secured digital competitiveness through collaborations with platform companies, and expanded retail banking bases through fintech affiliation products.

For its part, PT Bank IBK Indonesia Tbk is increasing the proportion of its local corporate loans to 70% of its loan portfolio, while also advancing its enterprise-wide digitization initiative. It supports financing prime-rated SME accounts receivable through MOUs with large Indonesian corporations, strengthening collaborative projects with large Korean corporations for mutual growth, and driving successful digital localization through the introduction of non-face-to-face account openings, QR code payments, and the full digitalization of FX services.

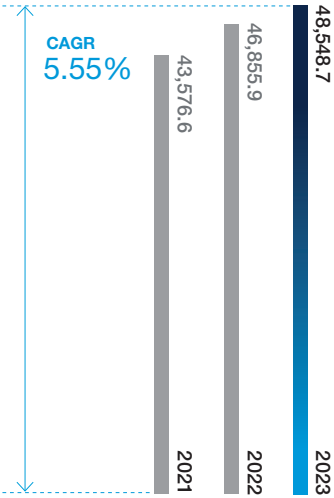
Other overseas operations are also striving to develop customer-centric optimized digital services. In fact, the New Delhi branch has digitized its credit card transaction processes and the Phnom Penh branch has developed a mobile automatic payment service.

CARD & ANNUITY BUSINESS GROUP

“The Card Business Group develops a variety of credit/debit card products and manages the profits generated from its card operations. It is driving the digital transformation of the credit card business by developing and operating the IBK Card Platform, as well as by pursuing related new ventures. Elevated to a Group unit in 2023, the Annuity Business Group handles the investments and management of retirement pensions. As a partner for post-retirement financial planning for all salaried workers in Korea, the Group strives to provide the most reliable products and systems.”

Kim Tai Hyung  
Executive Vice President,  
Head of Card & Annuity Business Group

CREDIT CARD SALES (KRW billion)



CREDIT CARD BUSINESS

Achieving Balanced Growth

Despite challenging market conditions worsened by the global high interest rate regime and economic downturn in 2023, IBK set new records with its unprecedented financing achievements. Its credit card sales reached a record high of KRW 48.5 trillion, accompanied by year-on-year growth in new credit card issuances.

This exceptional performance stemmed from aggressive marketing, balanced with the enhanced competitiveness of its credit card products and preemptive risk management.

To enhance its product competitiveness, the bank systemized its credit card product branding into three categories: “I” for Individuals (retail credit cards), “B” for Business (corporate credit cards), and “K” for Korea (premium credit cards). Under the new system, nine new products with specialized features were launched. Notably, the newly launched I-Anywhere Green Card received the Minister of Environment Award for responding to the government’s policy of promoting green consumption and an eco-friendly consumption culture.

IBK CORPORATE CREDIT CARD APP 2.0



- 1

Remote, digital credit card issuance process
- 2

Hassle-free signup without the need for digital certificates
- 3

Simple pay function featured

In addition, IBK’s marketing efforts were meticulously tailored to address the diverse needs of its clientele throughout the entire cardholder lifecycle. From attracting new customers and securing their loyalty to retaining high-value clients and preventing the departure of inactive ones, the segmented and personalized marketing strategies proved crucial to this initiative. These strategies were complemented by extensive promotions linked to major third-party platforms, increased partnerships with leading businesses, the introduction of digital-exclusive products, and premium marketing initiatives directed at VIP clients.

These aggressive marketing efforts were underpinned by our proactive risk management strategies. While tightening the criteria for new card issuance and enhancing real-time monitoring of merchant sales data to proactively address potential defaults, the bank intensified collaborative efforts with IBK Credit Information. This accelerated the reduction of delinquencies, thereby ensuring the bank’s sustained financial stability and soundness.

**Leading the Corporate Credit Card Market through Digital Transformation**  
The IBK Corporate Card app, which has now evolved into its 2.0 version, is the only corporate credit card-exclusive simple pay app in Korea. The process innovation of digitizing the entire process of issuing corporate cards has expanded the influx of new members while reducing the workload at branches. The IBK Corporate Card app supports quick and easy credit card issuance utilizing AI voice bot verification and instant confirmation of audit results and card limits. It also maximizes customer convenience by offering easy payment options for online shopping, reservations for airline/rail tickets, accommodations, and private delivery services through partnerships with leading platforms in industries preferred by corporate customers.

**Support for Underbanked Groups**  
Since its first issuance of braille credit cards for 10 major credit card products in April 2019, IBK’s entire personal credit card lineup has also been made available in braille form. In 2023, the bank expanded the braille service to issuing braille instructions and simplified the contract document procedures for visually impaired customers seeking to have a new credit card issued. Additionally, in support of financial expenses for the elderly and underprivileged, IBK has waived its fees for lost or reissued debit cards and, in collaboration with the Credit Recovery Committee and Korea Asset Management Corporation, the bank has supported the issuance of credit cards to over 47,000 debt holders who have an excellent payment history, thus making financial transactions more convenient.

SUPPORT FOR UNDERBANKED GROUPS

Visually Impaired	Elderly and Underprivileged	Debt Holders with Excellent Payment History
Braille card issuance, publication of braille instructions, operation of simplified contract documents	Waiving fees for lost/reissued debit cards (worth KRW 30 million, 15,806 cases)	Credit card issuance support (47,000 individuals)

ANNUITY BUSINESS

Introduction of Market-Leading Products

In 2023, IBK’s Annuity Business Group launched new products competitively designed to enhance customers’ retirement pension yields and ensure various product options tailored to individual needs. Among these innovations were equity-linked bonds (ELB), principal-guaranteed products offering competitive interest rates to both corporate clients and individual retirement pension (IRP) subscribers. Furthermore, in response to evolving customer demands, the bank significantly expanded its offerings in exchange-traded funds (ETFs), a strategic move driven by a thorough analysis of investment trends.

An Array of Fee Reduction Benefits

Our strategic fee reduction program varies with its targets and purpose. IBK offers management fee reductions for SME employees, aiming to encourage broader adoption of corporate retirement pension plans among its primary clientele. Notably, IBK stands out as the only Korean financial institution providing exclusive fee reductions for startups and a 50% fee exemption for social enterprises. Additionally, long-term retirement pension contracts are eligible for management fee discounts, while a complete fee waiver is provided for digital IRP account openings, affirming our commitment to enhanced financial accessibility.

FEE BENEFITS FOR SMES AND MICROBUSINESS OWNERS



Microbusiness Owners	SME Employers	Robust Small Businesses	Startups
100% fee waiver in the first year, 70% in the second, and 30% in the third	A consistent 5% reduction	50% reduction in the first year, 30% reduction in the second, and 20% reduction in the third	Eligibility expanded to startups up to their 7th year of business, a significant rise from the previous 3-year limit

Retirement Pension Customer Management System

Retirement pension plans are characteristically investments held over a long period of time, necessitating an effective management strategy. In support of this, IBK’s specialized pension consultants assist with pension asset diagnostics and retirement pension portfolio services through in-person visits or telephone consultations. Especially for companies adopting a retirement pension system for the first time, IBK offers comprehensive consulting on the system’s mechanisms, assists with enrollment procedures, and provides education to clients’ employees, guiding corporate clients through the entire process of adopting the most suitable corporate pension plan for their needs.

An Ongoing Social Campaign

IBK runs a year-round campaign to help employees of shuttered businesses retrieve their unclaimed retirement pensions deposited at the bank or to inform those unaware of their pension accruals. In 2024, the bank is set to introduce mobile electronic notifications for this purpose, making it easier for customers to access their retirement funds.



BUSINESS STRATEGY GROUP

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

“The Business Strategy Group formulates management strategies and objectives, designs organizational structures, and handles interactions with external bodies such as the National Assembly, Ministry of Economy and Finance, Financial Services Commission, and Financial Supervisory Service. It oversees public institutional disclosures, establishes the bank’s ESG management strategies, and acts as the ESG management control tower for the IBK Financial Group. The Group works under a sustainable management framework to harmonize economic, social, and environmental values, while also supporting Group-wide ESG management practices.”

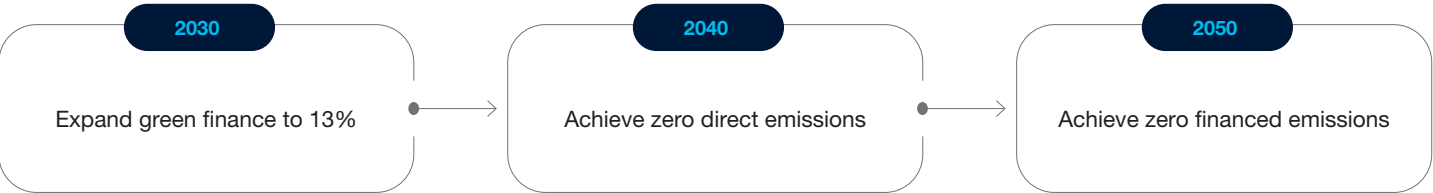


ESG MANAGEMENT

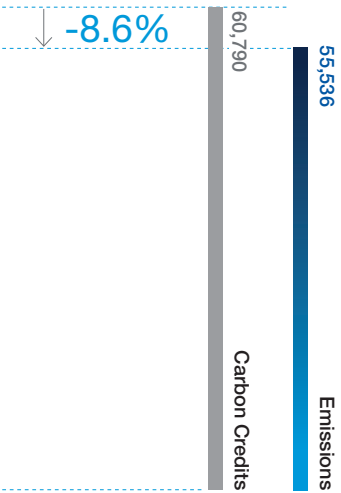
Green Finance Strategy

Under the green finance vision “Global Green Bank, Together with SME,” IBK is at the forefront of tackling the climate crisis in line with its 2050 Roadmap as it supports SMEs through their stable transition to green operations. Established in 2022, our carbon-neutral financed emissions roadmap set a precedent when we became the first policy financial institution in Korea to earn international certification (SBTi) for these efforts in January 2024. Additionally, our uninterrupted commitment to the greenhouse gas (GHG) target management system has resulted in surpassing our government-allocated GHG emissions quotas for six consecutive years, showcasing our continued commitment to environmental stewardship.

CARBON NEUTRALITY ROADMAP



GREENHOUSE GAS EMISSIONS  
REDUCTION (tCO<sub>2</sub>)



Accolades and Awards

- International Index Inclusion

While advancing its financial performance through bank-wide strategic implementations, IBK has consistently expanded its engagement with global initiatives to bring its ESG management practices in line with international standards. This commitment led to the bank’s inclusion in the FTSE4Good Index in 2023. Developed by the UK’s FTSE Group, this index serves as a respected sustainability benchmark in Europe, assessing over 3,000 companies world-wide using roughly 300 indicators to evaluate ESG performance. IBK’s inclusion reflects its exemplary achievements, particularly in areas like climate change response, financial consumer protection, and human rights management, where it exceeded the top 20% threshold. Furthermore, IBK’s progress in promoting gender equality in management roles and supporting work-life balance policies also secured its position in the Bloomberg Gender-Equality Index (GEI).

- Domestic Evaluations and Awards

On the domestic front, the Korea Institute of Corporate Governance and Sustainability (KCGS) has awarded IBK with the highest evaluation—Grade A—for three consecutive years, acknowledging continuous improvements across all sectors over the previous year. At the 2023 ESG Korea Awards, hosted by *Hankook Sports Business Daily*, IBK received the 1.5°C HOW Leadership Company Special Award for its contributions to the green transition of SMEs and the development of a robust green finance framework. Moreover, at the *Korea Economic Daily*’s 2023 Global Finance Awards, the bank earned an ESG sector award in recognition of its comprehensive ESG management efforts, while *Ajou Economy*’s Economic Daily ESG Management Awards honored IBK with the Grand Prize in SME support, celebrating its role in facilitating SMEs’ ESG transitions through innovative products and tailored consulting services.

ESG INITIATIVES

 2006 Joined the UNGC	 June 2020 Declared support for the TCFD	 Mar. 2021 Joined PCAF (Partnership for Carbon Accounting Financials)	 Mar. 2021 Joined SBTi (Science-Based Targets initiative)	 Apr. 2021 Joined UNEP FI (United Nations Environment Programme Finance Initiative)	 Apr. 2021 Declared support for UN PRB (United Nations Principles for Responsible Banking)
 Apr. 2021 Became a CDP signatory member	 June 2021 Participated in the World Bank CWI project as an observer	 Sep. 2021 Joined the Net-Zero Banking Alliance (NZBA)	 Nov. 2021 Participated in the Glasgow Financial Alliance for Net Zero (GFANZ)	 Dec. 2021 Participated as a signatory bank of the UN’s PRB Commitment to Financial Health and Inclusion	 Jan. 2022 Participated in the Business and Biodiversity Platform (BNBP)
 Jan. 2022 Joined the Women’s Empowerment Principles (WEPs)	 Sep. 2022 Joined the Equator Principles	 Jan. 2024 Participated in the Korea Social Responsibility Investment Forum (KOSIF)	 Jan. 2024 Declared support for the Taskforce on Nature-related Financial Disclosures (TNFD)		

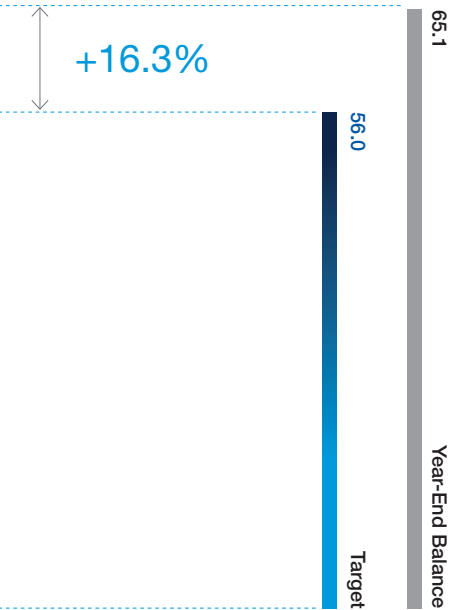
CREDIT MANAGEMENT GROUP

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

“The Credit Management Group plans and oversees the implementation of bank-wide lending policies and systems for funding SME growth. It manages credit to maintain asset quality and leads efforts to reduce actual financial costs for SMEs through low-interest policy funding and managing credit guarantees and municipal/provincial agreement funds. Additionally, the group is making significant efforts to manage the soundness of SMEs by addressing issues such as delinquencies and bankruptcies. To support SMEs in difficult situations, it provides liquidity support and offers workout programs to aid their recovery.”



SME LOANS (KRW trillion)



REINFORCING THE SME FINANCIAL SAFETY NET FUNCTION

SME Financing

In 2023, consecutive interest rate increases led to a contraction in capital investments and a downturn in the real estate market. Amidst these challenging market conditions, IBK remained committed to its role as a financial safety net for SMEs. As such, the bank faithfully provided countercyclical financial support through a newly instituted program meant to address funding gaps in the private financial sector during economic downturns.

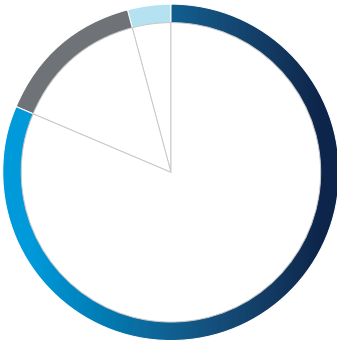
The SME loan supply target for 2023 was raised by KRW 3 trillion from the previous year to KRW 56 trillion. By the end of the year, KRW 65.1 trillion had been supplied. In fact, its SME loan balance has already outperformed the respective targets set for each type of SME: local SMEs, companies leading innovative growth, materials/component/equipment manufacturers, and startups.

65.1

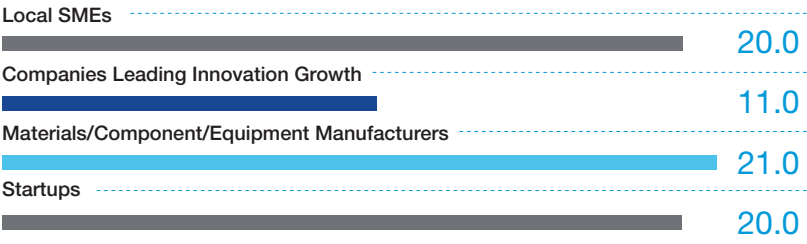
SME Loan Balance as of Dec. 2023

LOAN PORTFOLIO BY BORROWER (%)

- SMEs \_ 81.5
- Households \_ 14.6
- Large Corporations & Public Organizations \_ 3.9



SUPPLY PERFORMANCE RESULTS BY TYPE (KRW trillion)



SME LOAN BALANCES BY FUNDING SOURCE (KRW trillion, %)

	Balance	Percentage
Financial Funding	264.7	92.3
Fund & Fiscal Funding	20.0	7.0
Borrowed Funds	-	-
Foreign Currency Funding	2.1	0.7
Total	286.8	100.0

Policy Finance

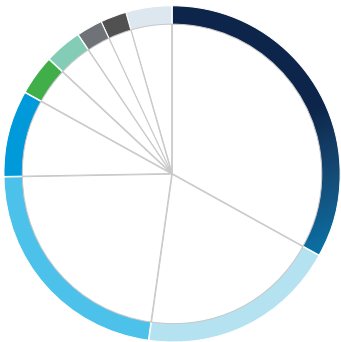
In line with the government’s SME promotion policies, IBK provides SME policy finance loans to small and medium-sized enterprises to help them enhance their productivity and competitiveness. As of the end of 2023, the outstanding loan balances, sourced from funds and fiscal finances, stood at KRW 20,042.8 billion.

SME POLICY FINANCE LOAN BALANCE BREAKDOWN (KRW billion)



Total 20,042.9

On-Lending Fund	6,643.6 (33.1%)
Overseas On-Lending Fund	3,840.8 (19.2%)
SME Startup and Promotion Fund	4,538.5 (22.6%)
Regional Restructuring Fund	1,683.4 (8.4%)
Energy Use Rationalization Fund	739.8 (3.7%)
Industrial Accident Prevention Facility Fund	738.2 (3.7%)
Environmental Policy Fund	515.3 (2.6%)
Tourism Promotion and Development Fund	460.7 (2.3%)
Others	882.6 (4.4%)





SME POLICY FINANCE LOAN BALANCE BREAKDOWN

(KRW billion)	Criteria	Annual Supply Amount
On-Lending Fund	Support for SMEs and MEs with growth potential	2,551.7
Overseas On-Lending Fund	Support for companies with track records in offshore projects or export/import businesses	1,935.2
SME Startup and Promotion Fund	Support for startup businesses, restarts, and the development of new growth foundations	771.8
Regional Restructuring Fund	Support for enhancing competitiveness through facility improvements for local SMEs, promoting regional balance, and fostering regional specialty industries	318.6
Energy Use Rationalization Fund	Support for the installation of energy-saving facilities and promotion of the renewable energy supply necessary for the stable supply and price stability of energy, as well as the effective promotion of energy resource projects	210.9
Industrial Accident Prevention Facility Fund	Support for preventing industrial accidents and creating a pleasant working environment	200.4
Environmental Policy Fund	Promotion of systematic development of environmental industries, installation of environmental pollution prevention facilities, and promotion of low-pollution vehicles	147.8
KITA Trade Promotion Fund	Support for SMEs entering overseas markets	13.8
ICT Promotion Fund	Promotion of the ICT industry through the development of ICT and ICT-based convergence technologies	5.6
Gas Safety Management Fund	Support for improving LPG supply and facilities of city gas and inspection agencies	1.7

CREDIT MANAGEMENT MEASURES



Strengthening Pre-Assessment

Screening NPLs

Enhancing Follow-Up Management

Meticulous management of marginal companies

Increasing Inter-Branch Communication

Front-office-led asset quality control

ENHANCING OVERALL CREDIT MANAGEMENT

Comprehensive Credit Management

IBK has intensified its credit management efforts in response to the ongoing effects in the wake of COVID-19. As such, it is formulating strategies to address delinquency rates at every stage, from pre-assessment to follow-up management, while enhancing inter-branch communication to bolster risk management capabilities at the front-office level.

Expanding the range of target industries under the Pre-Consultation System for Loan Portfolio Caps, IBK now includes loan transfers from other banks in its list of automatically approved loans. Additionally, IBK maintains control over the net increase in loan balance by setting monthly balance caps based on industry and business type. In the second half of 2023, IBK classified corporate borrowers into premium, watchlists, and high-risk sectors, conducting a comprehensive assessment of their soundness and credit ratings in a bid to sustain precise, industry-specific credit management. As a result, 19 businesses in medical materials and pharmaceutical manufacturing were identified as premium businesses, while 87 businesses, including general construction, were placed on its watchlist. IBK is also strengthening repayment conditions and expanding the range of companies and loans subject to mandatory installment repayment to reduce NPLs.



Digital Transformation and Advancement

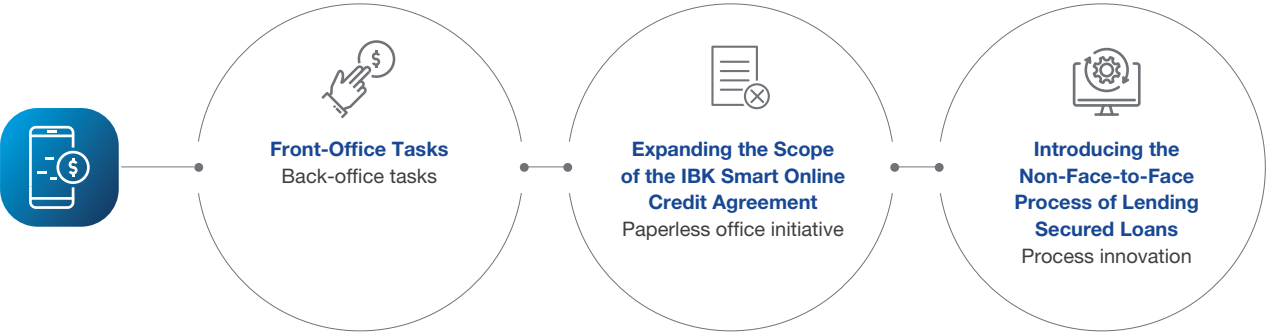
IBK is continuously striving for an efficient and smart working environment by streamlining, digitalizing, and redesigning the lending process, while also adopting electronic approvals at the same time. In 2023, the bank extended the reach of its IBK Smart Online Credit Agreement to cover all enterprises and products, and subsequently digitized all forms and documents. This service allows sole proprietors to extend loans by creating extension agreements via mobile and internet banking. Moreover, IBK established a non-face-to-face process for handling secured loans to expedite processing with respect to product eligibility and loan limits, thereby expanding the range of one-click approval.

At the back-office level, IBK is driving paperless initiatives and process innovation in credit management operations. It is also actively promoting electronic approvals throughout the lending process and digitalizing pertinent documents. In fact, in 2023, IBK’s credit consultation department adopted electronic approvals and established an integrated management system for the lending process. Furthermore, significant improvements in work efficiency were achieved through streamlined approval procedures and loan extensions, alongside automated collateral management and policy fund-related processes.

Future Growth Evaluation Committee

IBK established an evaluation body tasked with assessing the future value of enterprises to discover and foster promising future-oriented companies. The Future Growth Evaluation System is designed to ensure equal opportunities for underfinanced companies that may not qualify under the traditional credit review system, which relies heavily on financial positions. This new system aims to attract promising young companies that will strengthen the bank’s new growth momentum. For example, IBK issued USD 16 million in foreign currency payment guarantees to one company facing operational challenges due to declining sales and accumulated losses even after its successful development of technology for manufacturing a secondary battery facility—the core component of EVs. IBK also assisted the company in attracting additional funding.

DIGITALIZATION OF CREDIT MANAGEMENT



BUSINESS SUPPORT GROUP

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

“The Business Support Group oversees human resources, wages, employee benefits, and labor relations. It has established a fair and transparent personnel system and supports the organization’s strategic goals through effective workforce management and utilization. Additionally, the Group focuses on boosting employee morale and enhancing job satisfaction to create a happy and productive work environment.”



2023 IMPROVEMENTS



- Achieving a Healthy Work-Life Balance**

Flexible work hour system /  
Expanded leave options
- Promoting a Flexible Corporate Culture**

Relaxed dress code
- Enhancing a Fair Evaluation and Reward System**

Expanding personnel information disclosure /  
Improving awardee selection procedures /  
Instituting a statute of limitations  
for disciplinary actions

IMPROVED PERSONNEL MANAGEMENT SYSTEM

An Employee-Centric Approach

IBK constantly advances its personnel management system to realize a happier workplace for its employees by reflecting their opinions in the process. In 2023, the bank ceaselessly engaged in dialogue with its workforce through meetings and surveys to pinpoint areas for improvement, and meticulously crafted action plans for each identified task.

During the year, six key improvements were made. In support of employees’ healthy work-life balance, IBK introduced a flexible working hour system. This empowers employees to tailor their work schedules around family commitments, health needs, retirement plans, and/or academic pursuits. In addition, employees can now take leave for company-related rewards or disaster relief purposes, while fertility treatment leave has been extended from the previous two days up to four straight days at a time.

Furthermore, as the corporate culture has become more flexible and creative than before, employees can now dress down for work, with attire like jeans and hoodies allowed. As fair evaluation and compensation can motivate employees’ self-development and enhance work efficiency, IBK expanded the scope of informing employees on their personnel management data. This includes providing detailed descriptions of performance evaluations and career assess-

BLOOMBERG GEI



75.4 points

Newly listed, with a 55% YoY increase from the previous year’s score

ments, thus enhancing employees’ trust in personnel management practices. From now on, individuals’ scorecards of training outcomes, language proficiency scores, and certifications are put in perspective against benchmark group average scores, which helps inspire employees in their professional growth. Also, to further uphold fairness in rewards and disciplinary processes, awardee selection procedures are open to all employees, enabling them to check the outcomes and the grounds for awardees’ selection. On top of that, a statute of limitations for disciplinary actions has been instituted to prevent dwelling on overdue disciplinary issues and to encourage proactive performance of duties by employees.

Strengthening Internal Controls

As a proactive measure to safeguard against financial malpractices, such as embezzlement, pre-arranged financial transactions, and bribes, IBK revised its employee transfer guidelines. Employees are now subject to a transfer after working at the same branch for three years and at the headquarters for five years. Additionally, the bank has added compliance support to its area for pooling experts, reinforcing bank-wide expertise in compliance support and internal controls.

FOSTERING A SOUND CORPORATE CULTURE AND WORK SYSTEM

Advancing Diversity Initiatives

IBK is dedicated to advancing social equity in its recruitment practices. To this end, separate quotas are allocated for veterans’ children, regional hires, and high school graduates. Extra credit is also granted in the recruitment process for veterans’ children and individuals with disabilities, promoting diversity in our workforce. At the same time, IBK is witnessing a steady increase in competent female managers, while junior staff are afforded opportunities for career advancement through diverse job experiences, including roles at the headquarters. In recognition of these sustained efforts to promote gender equality and family-friendly policies, IBK was just included in the Bloomberg Gender Equality Index (GEI)\* in 2023.

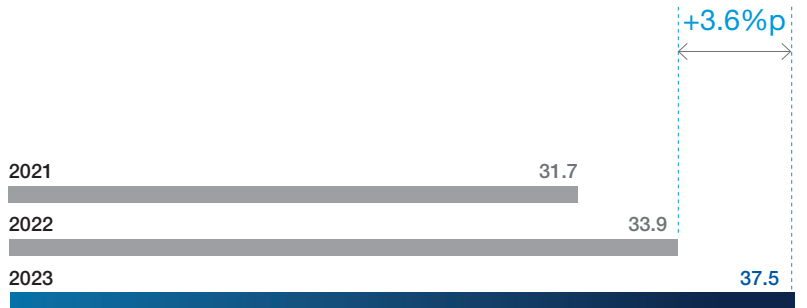
\* The Bloomberg Gender Equality Index is an annual global ESG index that evaluates gender equality practices and commitment of listed companies worldwide. As of 2023, 464 companies from 45 countries were named on the list, including IBK and four other Korean companies.

FEMALE MANAGERS (%)



2023

37.5







Expanding Parenting Support Programs

In 2023, IBK continued to expand its parental support programs, aiming to ease the burden faced by employees juggling work and childcare responsibilities. Employees with children under the age of five are now eligible to shorten their daily work schedules by up to two hours. Similarly, those with children in elementary school can now opt for a delayed clock-in time of 10 a.m. for up to two months—double the previous allowance of one month. In addition, IBK extended childcare leave from two days to three days per year for employees with two or more children, children with disabilities, or single parents, allowing them more time to attend to family needs.

Furthermore, the bank introduced more regularly run programs, such as childcare coaching and family relationship building, to support employees in navigating the challenges of parenthood and fostering happier family relations. In December 2023, the bank also organized seminars for 100 employees and their children, ranging in age from kindergarten to grade three elementary school students, to strengthen parent-child bonds and enhance communication within families.

Carefully Crafted Talent Development Programs

IBK aims to cultivate talents who progress through their careers, from new employees to senior management, by fostering the skills essential to their roles and aligning them with performance outcomes. To achieve this objective, the bank categorizes roles based on individuals’ positions, responsibilities, and fields, implementing comprehensive educational programs to enhance competencies and cultivate essential skills throughout their professional journey. Moreover, IBK operates educational and support initiatives to facilitate seamless adaptation to the evolving business landscape and the changing roles of its employees.

In 2023, the bank offered tailored training programs on digital finance and career planning, with the aim of meeting the specific needs of different job roles. These initiatives not only enhance employees’ professional capabilities but also provide them with opportunities to engage in volunteer activities, thereby contributing to their communities.

PATERNITY PROGRAMS



Parental Support Programs	Benefits	Eligibility
Reduced work schedule 10 a.m. clock-in	Up to 2 hours per day 2 months (during the first three months following a child’s admission to primary school )	Parents with children under the age of 5 Parents with elementary school-aged children
Childcare leave	3 days (annually)	Parents with 2 or more children, those with children with disabilities, or single parents

DIGITAL GROUP



PARK IL KYU  
Executive Vice  
President,  
Head of Digital  
Group

“As the control tower for IBK’s digital business, the Digital Group formulates and supports the implementation of digital strategies and initiatives across the bank. It drives process innovation through automation, establishes UX/UI guidelines, and innovates the customer experience through behavior analysis. The Group also oversees responses to government policies on data and AI, develops new data-driven businesses, and integrates new technologies through strategic partnerships.”



ENHANCING DIGITAL FINANCE COMPETITIVENESS

Strategically Accelerating Digital Transformation

In line with the digital vision “Easy, quick, and secure—Digital IBK,” we are working hard on action plans to achieve three specific goals: customer satisfaction, work efficiency, and revenue generation. As part of this effort, IBK became the first Korean bank to implement digital key performance indicators (KPIs) in 2022, establishing its very own quantitative assessment model. This approach has proven instrumental in remaining focused and reviewing performance results, all as part of an effort to accelerate our digital transformation journey.

Incubating Innovative Ideas at IBK 1st Lab

Launched in 2019, IBK 1st Lab is an innovation testbed, scouting for startups that have brilliant ideas and innovative technologies to jointly test for potential integration into IBK’s banking operations. As of 2023, the program had entered its fifth cycle, completing five tests with four companies and currently moving forward with five more. Upon test completion, relevant departments take over for commercialization within banking operations. Notably, in 2023, the AI Text Message Screening System was introduced, utilizing AI to screen the content of bulk text messages before dissemination, and thus ensuring the bank avoids distributing inappropriate advertising text messages.

IBK 1ST LAB COMMERCIALIZATION STATUS



Service Launch	Commercialization in Progress
AI Text Message Screening System (July 2023)	Developing a system for discovering innovative companies at different stages of business growth
	Corporate Default Risk Detecting System based on the IoT database of moveable assets security
	Branch management solutions based on AI and spatial data

PROCESS AUTOMATION



IBK was introduced as one of the best practices at the UiPath Forward VI annual automation conference in the U.S. in October 2023.



Successful Completion of IBK’s Two-Million-Hour Process Automation Project

In 2023, IBK accomplished the automation of 197 tasks across its branches and headquarters, concluding this ambitious project which had been initiated in 2022. Behind the successful conclusion of this bold project were a series of concerted bank-wide efforts—administering working-level meetings, brainstorming through several design-thinking workshops, and consistently addressing the agenda in executive meetings. This all led to increased bank-wide recognition of the initiative and ensured alignment across the board.

Through these efforts, over 200 automation tasks were identified and addressed, leveraging a variety of technologies, such as RPA, OCR, AI, and IT development. Also, this approach significantly reduced the time and effort expended on repetitive tasks, consequently enhancing productivity and efficiency throughout the organization. Of particular note, the adoption of AI-OCR technology for document recognition expedited paperwork processes and minimized data omissions, consequently bolstering internal controls.

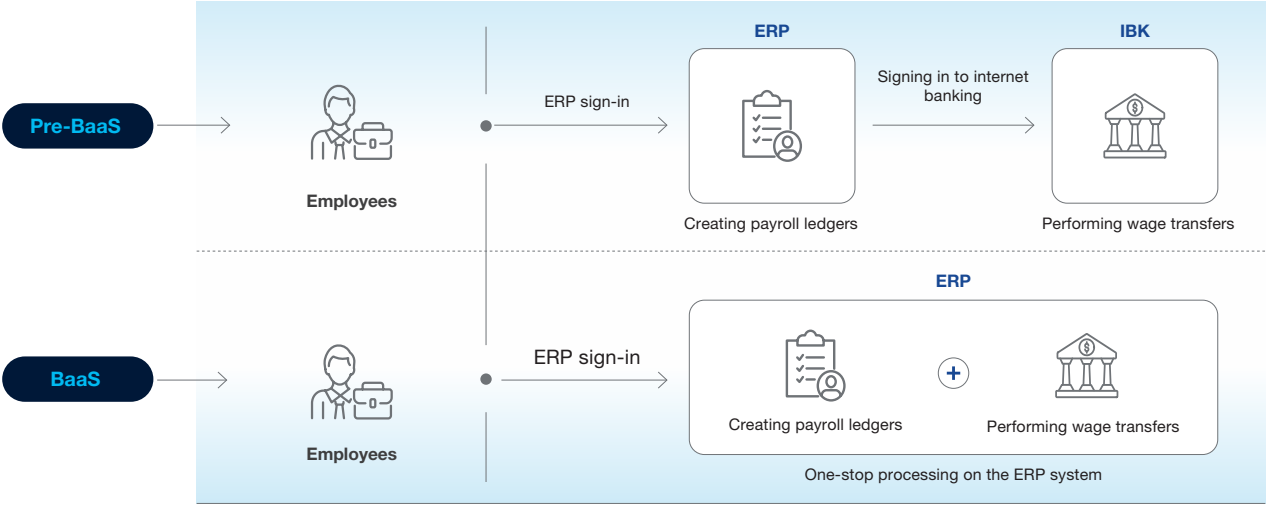
This achievement of IBK was highlighted at the UiPath Forward VI annual automation conference in the U.S. in October 2023, contributing to the advancement of Korea’s overall reputation overseas and raising local awareness of the bank. Looking ahead to 2024, the initiative is transitioning to phase 2.0, with a focus on standardizing all work processes and exploring new avenues for automating non-computational tasks.

BOOSTING DIGITAL PARTNERSHIPS

IBK MVNO Service

In November 2023, through a collaboration with LG Uplus and the mobile virtual network operator (MVNO) GH Connect, IBK launched the IBK Mobile Plan to help customers reduce their phone bills. This plan allows any IBK customer to enjoy mobile services at industry-leading rates for 24 months. At the same time, this partnership marks the beginning of IBK’s expansion into non-financial products and services, aiming to provide customers with tangible benefits in their daily lives.

BAAS PROCESS: PAYROLL MANAGEMENT



IBK BaaS for SMEs’ Digital Transformation

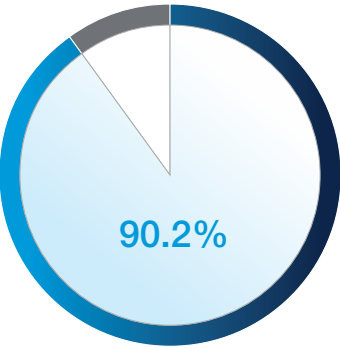
Today, IBK is making full use of banking as a service (BaaS) to empower the digital transformation of SMEs. BaaS involves providing banking products and services to non-bank platform companies through application programming interfaces (APIs). As such, IBK is actively forging partnerships with both domestic and international platforms, integrating its financial function APIs with solutions such as sales and payroll management offered by digital management support platform companies. This strategic move will enable IBK customers to effortlessly access the bank’s financial products and services from third-party platforms. In Korea, IBK is partnering with Dow Technology to develop BaaS solutions to support SMEs’ digital management services. On the global stage, it has joined forces with Webcash to introduce specialized services in Southeast Asia, starting with Indonesia.





VISIT RESERVATION SERVICE  
PERFORMANCE RESULTS

■ Participating Branches \_ **90.2%**  
No. of Reservations \_ **3,186**



\* August-November 2023

FACE BANK



This authentication service uses facial recognition, followed by additional PIN authentication, and has recently been designated as an innovative financial service.

DIGITAL CX INNOVATION

Branch Visit Reservation Service

IBK has been piloting a branch visit booking service at 32 branches since 2021. As of August 2023, the service had been rolled out across all IBK branches nationwide. The expansion came with service enhancements based on feedback gathered from bank windows as well as VOC assessments during the pilot service. The upgrades include providing real-time waiting counts and daily predictions of teller turnovers. In particular, IBK forged a groundbreaking partnership with NAVER, allowing customers to make visit reservations through the NAVER booking service, a first in the Korean financial sector, in which customers receive notification messages and reminders of required documents upon reservation. The service has been highly praised by customers, who appreciate the convenience and speed of visiting a bank window without waiting in line. Within just three months of going into service nationwide, it recorded a booking rate of 90.2%, totaling 3,186 reservations, across participating branches. IBK plans to further extend the service, currently available to retail customers, to encompass financial consultations and consulting services for corporate clients in the future.

Designation of Face Bank as an Innovative Financial Service

In September 2023, IBK’s identification service, Face Bank (tentative name), was officially designated as an innovative financial service. It can replace physical ID cards with facial recognition technology, supplemented by additional PIN authentication at branches. IBK plans to roll out a pilot service of Face Bank at select branches by the end of 2024, with the subsequent gradual expansion of available channels and services. Face Bank is expected to significantly enhance the convenience of financial services, particularly benefiting digitally marginalized individuals, such as elderly customers who prefer in-person channels.

\* Innovative financial services, as designated by the Financial Services Commission, are entitled to protected testing, even without a legal basis or despite prohibition under current laws, as part of the government initiative to foster the fintech industry and promoting financial innovation.

LEVERAGING BIG DATA

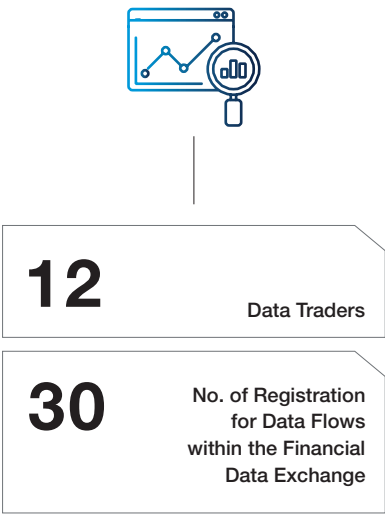
Establishment of Data Governance

IBK has initiated the establishment of data governance, a crucial step in developing a bank-wide decision-making system and organizational culture centered on data utilization. To that end, the bank has identified 16 key initiatives across six critical areas: organization, culture, data utilization, systems, processes, and regulations. Additionally, IBK has taken steps to lay the groundwork for AI governance by formulating AI ethics principles. These principles, crafted through external consultation and collaboration with relevant departments, will serve as the guidelines for adopting AI services within the bank. Demonstrating a commitment to promoting safe and reliable AI utilization, IBK is running a census on the current status of in-house AI service utilization and establishing platforms for systematic AI development and management.

Promotion of Data Utilization Operations

In order to accelerate the full-scale engagement of data utilization operations, IBK has trained 12 experts in data trading who are now certified by the Ministry of Science and ICT. These certified data traders represent the first such employees in the banking sector and the largest group in the financial industry, playing a crucial role in facilitating the trading and mediation of data. IBK anticipates that these experts will significantly enhance the efficiency and reli-

DATA UTILIZATION



ability of its data utilization operations. Furthermore, the bank has successfully completed its registration as a government-certified data trading institution, in accordance with the Data Industry Promotion Act. It has also met all the conditions of being a fully licensed data trader and data analysis service provider. In addition, IBK has substantially increased the number of registrations for data flows within the Financial Data Exchange to 30, accelerating efforts to monetize data. On top of that, the bank has strategically structured marketing initiatives for data sales by offering high-value-added statistical information tailored to customer needs.

Active Support for Government Data and AI Policies

In answering the government initiative aimed at fostering the data economy, IBK developed and submitted action plans for the data-based administration and promotion of public data utilization in 2023. The bank is actively engaging in government efforts to promote digital platform development and public data disclosure on Korea’s public data portal by registering public utilization data as part of a cross-governmental effort. Furthermore, IBK was selected as one of the pilot evaluation targets for the Ministry of the Interior and Safety’s assessment of the current state of public data provision in 2023. Through comprehensive bank-wide cooperation, IBK systematically and diligently underwent the evaluation process. Additionally, the bank actively participates in working groups tasked with establishing AI policies and guidelines, thereby contributing to the advancement of AI utilization and the fostering of trust in AI technologies.

Pursuit of Higher Data Literacy

To help employees’ data competency-building and foster their interest in data science and AI, IBK regularly organizes experiential data and AI competitions. The third iteration of the Data Analysis Challenge, which was held in 2023, welcomed participants of all expertise levels, offering pre-competition education and flexible participation without time or space constraints. IBK intends to continue hosting such competitions to develop in-house talent in data analysis. Moreover, the IBK AI Art Competition, designed to provide employees with opportunities for hands-on experience in generative AI technology, attracted high interest from employees. A total of 230 creative works utilizing generative AI platforms were submitted, confirming widespread interest within the organization. Among the submissions, 17 were selected through expert evaluation and open electronic voting by IBK’s entire workforce. Finalist works are currently being digitally exhibited in the head office building’s hall of fame, located inside its lobby, not only enhancing the bank’s brand image but also serving as an environmentally friendly way to reduce carbon emissions.

IT GROUP

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

“The IT Group develops IT strategies and manages the integration of information projects and IT infrastructure such as main business systems to ensure the stable operation of IT systems and the execution of digital transformation within IBK Financial Group. It also runs various educational programs to cultivate financial IT experts and promotes innovative R&D activities to spread digital insights throughout the organization to prepare for the rapidly changing digital environment.”



**IBK Hanam Data Center Profile**

**Location**  
24-1, Hanam Misa District, Pungsan-dong, Hanam-si, Gyeonggi-do

**Total floor area**  
50,176 m<sup>2</sup>

**Scale**  
Computer Building (8F above ground), Operations Building (2F underground to 5F above)

**ADVANCING RELIABILITY AND LEADERSHIP OF IT COMPETENCIES**

**Achieving a Downtime-Free IT System**

IBK is actively advancing the development of an IT system that operates seamlessly, without interruption, year-round. With the target of commencing operation in 2025, IBK is presently constructing a new data center in Hanam which boasts three times the capacity of its current IT Center in Suji, on the southern outskirts of Seoul, and is gearing up for the relocation of the bank’s IT backbone. To ensure the smooth and uninterrupted progress of the bank-wide IT system relocation, IBK is meticulously crafting precise relocation plans with a sharp focus on business continuity and risk management. Beginning in the first half of 2024 with the selection of service providers, IBK plans to carry out phased relocations in a total of eight stages by May 2025.

Additionally, to accommodate the average annual increase of over 3% in online transaction volume, IBK has undertaken thorough diagnostics of core business systems and expanded its IT resources to ensure service stability. This comprehensive approach includes expert diagnostics, such as assessing the status of over 160 units of hardware constituting core business systems, checking manufacturer technical support systems, and analyzing case studies of system failures from third-party sources. IBK has also enhanced its main computing system by adding 69 CPU cores, ensuring availability and providing stable financial services even during peak transaction days.



IBK partnered with prominent IT companies to organize interactive technology expos.

**Securing Future IT Competitiveness**

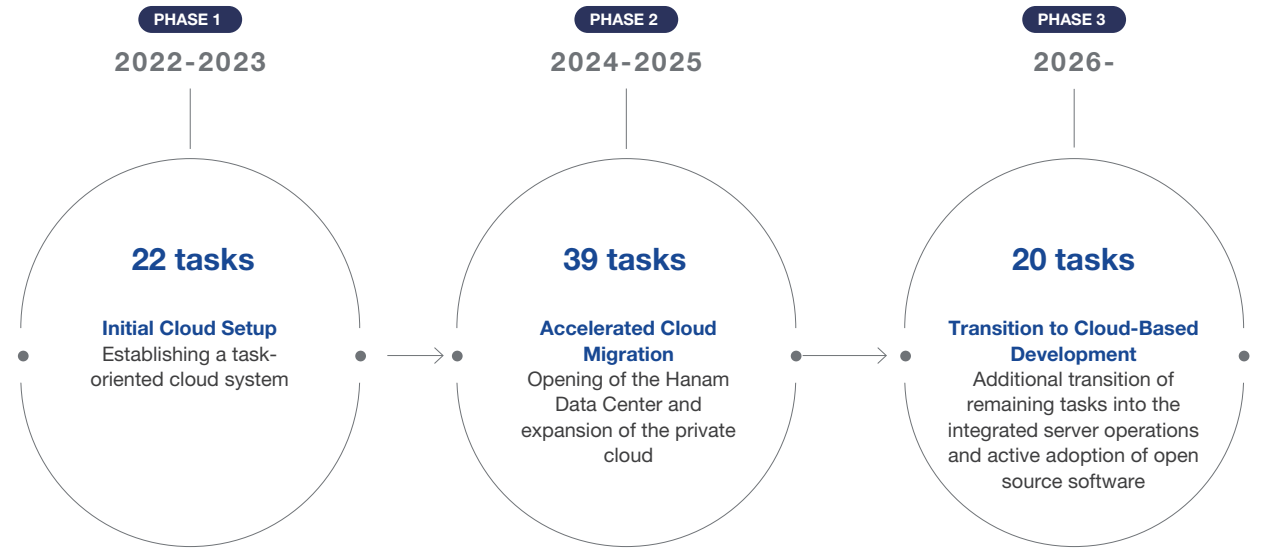
In 2023, IBK constructed a hybrid cloud platform to streamline its IT infrastructure and migrated 10 systems, including the M&A advisory system, to its cloud infrastructure. In line with Korean government policies promoting cloud services, the bank introduced a preliminary assessment phase to evaluate the compatibility with its cloud service before any new DT projects moved forward from their planning stages. In addition, to internalize advanced cloud technology capabilities and raise awareness, IBK provided service development education using its own Cloud Start Kit, a program aimed at personnel in relevant departments that encompasses theory education, screen development (React), and business development (Spring), facilitating the swift establishment of development environments.

**Training Financial IT Experts**

IBK has in place a number of programs to foster financial IT specialists. In particular, it operates an IT R&D organization dedicated to uncovering innovative financial services that utilize cutting-edge technologies. In 2023, the main focus of the research was on artificial intelligence (AI), leading to the recruitment of eight new research personnel. The new recruits collaborated with AI specialist institutions to identify and prototype tasks applicable to our banking operations.

Furthermore, in a bid to inspire advanced digital insights across the board, IBK partnered with prominent IT companies to organize interactive technology expos. Additionally, the bank facilitated various avenues for staying abreast of the latest IT trends, including quarterly technology seminars and newsletters highlighting recent IT innovations.

CLOUD MIGRATION ROADMAP





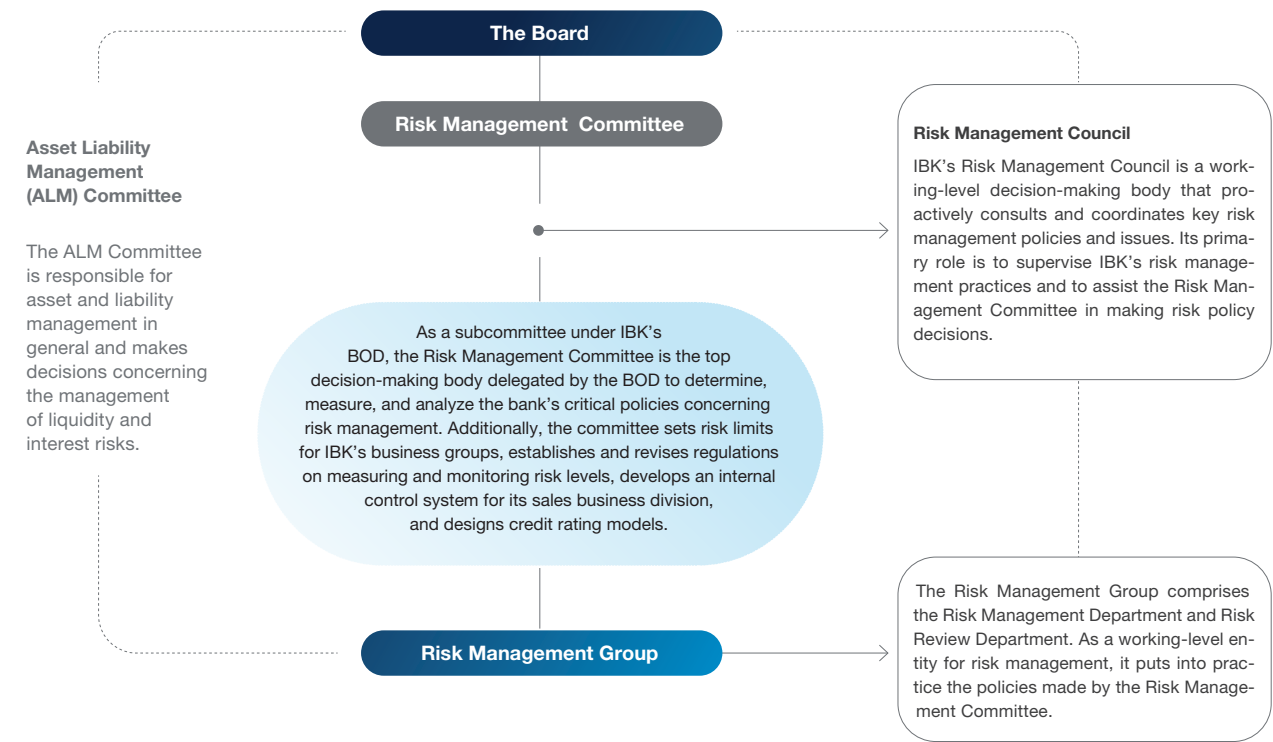
RISK MANAGEMENT GROUP

Son Geun Su  
Executive Vice  
President,  
Head of Risk  
Management  
Group

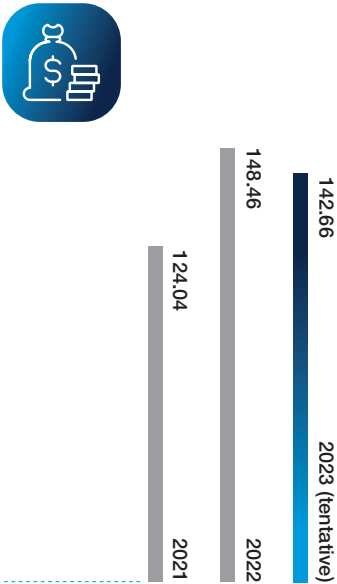
“The Risk Management Group, comprising the Risk Management Department and Risk Review Department, proactively identifies and effectively manages risks associated with all business activities of IBK Financial Group, including its subsidiaries. The Risk Management Department monitors market, interest rates, liquidity, and operational risks, and develops credit rating models. Additionally, the Risk Review Department calculates and manages the BIS ratio for the bank's capital adequacy and conducts credit review and credit risk assessment for soundness management.”



RISK MAANAGEMENT ORGANIZATION

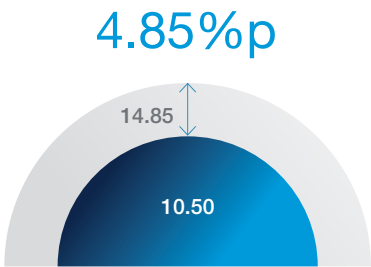


NPL COVERAGE RATIO (%)



BIS CAPITAL RATIO (%)

■ Requirement \_ 10.50  
■ Performance (tentative) \_ 14.85



RISK MANAGEMENT ACTIVITIES AND PERFORMANCE BY TYPE

In 2023, IBK strived for extensive risk management in anticipation of potential crises, such as prolonged high interest rates and a downturn in the real estate PF market. The bank closely monitors market developments to proactively ensure asset soundness and liquidity. At the same time, it is enhancing its non-financial risk management capabilities to achieve balanced risk management across all financial and non-financial areas.

Stable Management of Financial Risks

IBK enhanced its loss absorption capacity in anticipation of potential non-performing loans (NPLs) by allocating additional provisions for loan loss allowances in vulnerable sectors, particularly in real estate PFs. As a result, the NPL coverage ratio remained consistent with the previous year, despite an increase in the NPL loan balance year on year. Furthermore, in anticipation of stricter capital requirements set by financial authorities, such as the countercyclical capital buffer and stress capital buffer scheduled for 2024, IBK proactively secured a stable capital buffer. This was achieved through rigorous management of risk-weighted assets, as well as additional capital funding efforts, ensuring uninterrupted policy financing performance.

Of particular note, in consideration of a business environment where an increasing number of SMEs face deteriorated debt repayment capability due to the protracted pandemic and subsequent economic fallout, IBK expanded credit rating reviews and conducted targeted audits to preemptively strengthen its asset soundness. Through credit risk assessments, IBK identified companies showing signs of distress and actively led restructuring efforts, playing a pivotal role in the restructuring of SMEs.

Strengthening the Management Capabilities of Non-financial Risks

The development of a new evaluation model employing quantitative criteria has reduced the reliance on subjective judgments in non-financial evaluations and incorporated an automatic system for reflecting internal and external corporate information. Consequently, the enhanced objectivity and consistency of the credit evaluation model have improved its ability to distinguish potential insolvency risks.

With respect to bank operations, the adoption of an integrated monitoring system has reinforced efficiency in operational risk management on a consolidated basis, including at the subsidiary level. This system automatically collects and reports on operational risk indicators, self-audit results, and other risk-relevant tasks, facilitating the consolidated management of operational risks across subsidiaries.

Looking ahead, the market outlook appears unfavorable, with increased uncertainties due to intensified volatility in commodity prices stemming from geopolitical risks and the potential for a hard landing of the real economy influenced by a recession in the real estate market. In response to these challenges, IBK will continue to strengthen its resilience through rigorous risk management.

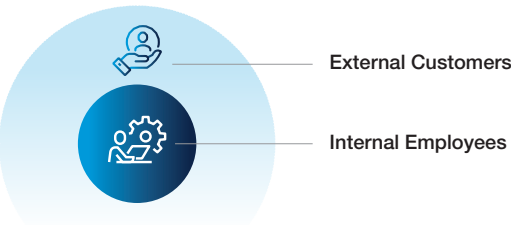
## CONSUMER PROTECTION GROUP

OH EUN SUN  
Executive Vice  
President,  
Head of  
Consumer  
Protection  
Group

“With the aim of enhancing customer trust and ensuring the bank’s sustained growth, the Consumer Protection Group handles all customer complaints arising from financial transactions between financial consumers and IBK. It continuously monitors and works to prevent financial fraud, such as voice phishing. The Group is committed to consumer protection by ensuring responsible and ethical sale practices of financial investment products, from product selection to post-sale management.”



### POLICIES IMPLEMENTED TO COLLECT FEEDBACK



External Customers	Internal Employees
Assetization of customer feedback	Process innovation
Systematically gathering and sharing customer feedback and turning this into an asset of actionable insight	Improving the work process based on employee feedback

### PRINCIPLED FINANCE

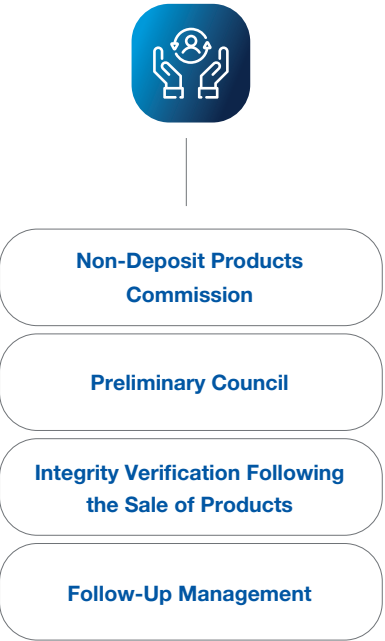
#### Addressing Customer Inconvenience

In 2023, IBK established a process for actively gathering and reflecting on-site feedback to make substantive improvements as part of its top priority initiative to enhance customer value. This initiative, called Assetization of Customer Feedback, involved developing an integrated management process for efficiently collecting and managing customer feedback, incorporating this feedback into new product development and system enhancement, and improving the customer complaint handling process. Internally, a process innovation campaign was undertaken to reduce employee workload and create a more efficient work environment. Work processes in back-office operations have also been categorized to apply process innovation effectively. In addition, a bank-wide survey was conducted to listen to exactly what employees had to say and incorporate their suggestions and concerns into work processes.

#### Sales Practice Enhancement

IBK is strengthening its internal controls across the entire work process, from selecting to selling and managing investment products post-sale. With the aim of ensuring complete and responsible sales practices for financial products, the bank continuously updates and enhances its sales policies. The Non-Deposit Products Commission now includes retirement pension products in its deliberation list at the investment product selection stage.

### CONSUMER-CENTRIC INTERNAL CONTROL SYSTEM



Furthermore, audit criteria for product sales procedures have been expanded to incorporate financial consumer protection measures, bolstered by detailed explanatory duty clauses to ensure comprehensive reviews. Moreover, with the rise in non-face-to-face sales of financial products, the bank has undertaken a thorough review to ascertain the adequacy of product descriptions and terms and conditions on its website and i-ONE Bank app, thereby enhancing the precision of the information provided.

Similarly, for in-person sales, the bank has developed compliance requirements and sales procedures that sales staff must follow, reflecting recent legal amendments. Work guidebooks have also been distributed, and mandatory training has been conducted for sales staff to ensure they are well-versed in the revised procedures.

#### Prevention of Financial Fraud

IBK’s commitment to preventing financial fraud remains vigilant day and night around the year. In January 2023, IBK established a dedicated Financial Fraud Prevention Team to prevent any potential damage from voice phishing. The following month, it also hired specialized staff for nighttime and weekend monitoring, with the aim of preventing voice phishing incidents that occur outside business hours. Soon after, in response to the May 2023 amendment to the Special Act on the Prevention of Loss Caused by Telecommunications-Based Financial Fraud and Refund for Loss, the bank introduced a service of application for refunding any losses incurred from cash-swindling voice phishing, thus extending support to a broader range of financial fraud victims who had, up until then, not received any official assistance.

Today, IBK believes that preventing financial fraud from occurring in the first place is the best strategy. As such, IBK conducted 44 educational sessions on voice phishing prevention for its customers in 2023. Tailored programs for different age groups—from teenagers to those in their 70s—and education on various types of voice phishing fraud and prevention, as well as proven response methods, all aim to protect people from falling victim to financial fraud. Notably, the bank has not only produced and distributed easy-to-read leaflets with counteraction guidelines for elderly customers but also mobile leaflets for easy and quick access. Additional promotional efforts to prevent voice phishing included customer participation events, promotional videos, and intensive promotion periods.

#### Protection of Underbanked Groups

A Task Force for the Protection of Underbanked Consumers was established to develop a wide range of measures aimed at protecting the rights of, and improving convenience for, underbanked individuals. The bank introduced new procedures to assist with contract documentation work for visually impaired customers, including the expansion of services such as the provision of braille documents. Additionally, the bank improved its digital platform’s sign-up screens to make financial services easier to use for digitally illiterate customers, including the elderly. This helps customers fully understand important details about financial products in support of their informed decisions.



## CHIEF COMPLIANCE OFFICER

Lee JangSeob  
Chief  
Compliance  
Officer

“The Chief Compliance Officer oversees anti-money laundering and financial sanctions compliance, including customer due diligence (CDD) and suspicious transaction reports (STRs). The office plans and manages compliance activities, legal reviews and advisory services, as well as tasks related to integrity and ethical management. It also strives to proactively prevent financial incidents by establishing tight internal control systems.”



### INTERNATIONAL STANDARDS CERTIFICATIONS



ISO 37301

Compliance Management Systems

ISO 37001

Anti-bribery Management System

### COMPLIANCE

#### Compliance System Enhancements

In May 2023, IBK simultaneously obtained dual certifications from Korea Management Registrar Inc.—the ISO 37301 (Compliance Management Systems) and the ISO 37001 (Anti-bribery Management Systems). These certifications are essential benchmarks that evaluate the effectiveness of a corporation’s policies and systems for legal compliance and anti-corruption in line with international standards. Securing these certifications not only reinforces IBK’s commitment to transparency and legal compliance but also significantly enhances its domestic and international credibility, solidifying its reputation as an institution with excellent integrity.

Furthering its commitment to ethical governance, IBK has implemented a vigorous training program to deepen the awareness of integrity and ethics among its employees, embedding these values into the fabric of its organizational culture. In 2023, under the leadership of the Group’s Compliance Officer, IBK conducted comprehensive compliance training across 21 regional headquarters and organized centralized training sessions for departmental teams. In addition, the bank broadened the scope of its anti-corruption training—originally designed for the executive level only—to include department heads and utilized an innovative musical format to augment the engagement and effectiveness of the training.

### FINANCIAL INCIDENT PREVENTION AND RESPONSE MEASURES



#### Detailed Standards for Prevention Measures

- Expanding targets at the mandatory level
- Specifying those for job separation
- Strengthening the whistle blower system
- Increasing the effectiveness of financial incident countermeasures

#### Process Advancement for Incident-Prone Tasks

- System access controls
- Enhancing step-by-step verification for fund withdrawals
- Systemizing the management of handwritten documents

#### Regularize and Enhance the Awareness of Internal Controls

- Expanding the scope of continuous monitoring
- Substantializing the self-audit functions at branch levels

### FINANCIAL INCIDENT PREVENTION GUIDELINES

- Incident data collection
- Financial incident analysis
- Control level inspection

#### Cause Review

#### Countermeasures

- Emergency checks on similar risk factors across departments
- Inspection of business procedures and accident prevention measures for vulnerabilities
- Application of expanded ongoing surveillance indicators
- Improvement activities for employee accident prevention awareness

### Tightening Internal Controls

#### - System Revamps

IBK has consistently bolstered its internal control framework through ongoing system enhancements. Notable in 2023 was the revision of internal control regulations to include detailed accident prevention measures, heightened continuous monitoring, and regulation of long-term service for the same duties. Furthermore, amendments to the whistleblower system regulations increased whistleblower protection under anonymity, broadened the scope of reportable incidents, and refined compensation schemes, thus improving the system’s effectiveness and encouraging active participation. Additional updates included refining compliance support regulations, regulations to prevent mis-selling practices, and the IBK Employee Code of Conduct, thereby reinforcing the internal control structure. These initiatives successfully integrated and executed the enhancement tasks for internal control systems as outlined by the Financial Supervisory Service (FSS), allowing IBK to complete all of its jointly established internal control innovation tasks with the banking sector more than a year ahead of the December 2024 deadline. Moreover, the Internal Audit Department, which is in charge of compliance monitoring tasks, has taken over all ongoing branch audit tasks, which has significantly boosted the efficiency of surveillance operations.

#### - Augmenting Responsiveness

To improve its incident response capabilities, IBK formed a dedicated team for incident analysis and response measures. The team is tasked with a systematic review of financial incidents, discovering any loopholes in the internal controls system, and developing comprehensive remedial measures. This team is also responsible for prompt counteractions in the event of any financial incidents. For embezzlement cases, all involved departments collaboratively analyze the causes and implement timely measures to prevent recurrence, thereby strengthening the Group’s overall resilience against financial mishaps.

#### Preventing Money Laundering Attempts at Source

In response to the evolving complexities of money laundering and illegal financial transactions facilitated by advancements in digital technology, we have significantly improved our business processes and systems to preemptively curtail these activities. Through an internal analysis of recent critiques from regulatory bodies targeting all financial institutions, including banks, we reviewed our own operational status to identify critical areas requiring improvements. Based on the findings, we derived strategic initiatives that are planned for implementation in short, medium, and long-term phases starting from 2024.

The customer due diligence (CDD) process sifts out ultra-high-risk customers who are more likely to engage in money laundering for robust verification and post-monitoring. Additional system revamps involve making the update intervals more frequent for critical watchlists connected to the international financial sanctions filtering system to better mitigate risks associated with sanctions violations.

On the global front, the resumption of on-site inspections at foreign branches, which had been paused due to COVID-19, strengthened compliance management and supervision systems at our overseas operations. In 2023, inspections were successfully completed at branches in Phnom Penh, Ho Chi Minh City, Manila, and New Delhi, ensuring that international operations maintain stringent compliance standards.

SPECIALIZED DEPARTMENTS

2024 MEMBERS OF THE OECD PLATFORM ON FINANCING SMES FOR SUSTAINABILITY



Members

Knowledge partners

IBK ECONOMIC RESEARCH INSTITUTE

IBK Composite Index of SME Coincident Indicators

IBK recently developed Korea’s first composite index of business indicators specialized for SMEs. This initiative addresses the critical gap in quantitative economic indicators that specifically cater to small businesses. By integrating eight significant economic indicators, including the manufacturing production and shipment indices, as well as the service production index, this new composite index vividly captures the dynamic activities taking place within SMEs, and now serves as the foundation for crafting sophisticated SME policies and in making accurate economic forecasts. In November 2023, the Director of Statistics Korea officially recognized this composite index of SME coincident indicators as a national statistic, which today is published monthly by the Korean Statistical Information Service and on the IBK Economic Research Institute’s website. This marked a meaningful milestone for the bank, as it was the first time it had received government approval for its advent of a statistical model specialized for SMEs since introducing the SME Financial Status Survey in 1979, reaffirming the bank’s pivotal role in supporting SMEs as a policy finance institution.

OECD Platform on Financing SMEs for Sustainability

As a founding member of the OECD Platform on Financing SMEs for Sustainability, IBK collaborates with member institutions and a wide range of international initiatives, focusing on knowledge sharing, joint research, and policy recommendations to support SMEs in their efforts to go green. At the OECD SME and Entrepreneurship Ministerial Meeting in June 2023 at which the bank represented the platform, IBK delivered a statement urging for strengthened sustainable finance for SMEs. In December—and in alignment with the 28th UN Climate Change Conference (COP28)—it published a research report analyzing the current state of sustainable finance across global financial institutions. Looking ahead, IBK will continue to actively engage in joint research and external activities with various international bodies, expand its international cooperation network, and lead efforts to promote sustainable finance to facilitate the green transition of SMEs.

Recognized as Korea’s Best SME Bank

In December 2023, *Global Finance* magazine and *Asiamoney* awarded IBK the title of Best SME Bank – South Korea. This recognition highlights the bank’s commitment to assisting SMEs in navigating crises and its strategic management grounded in the new CEO’s philosophy of value-creating finance. This accolade not only reaffirms the bank’s expertise and core competencies in SME finance but also reinforces its leadership in the domestic SME finance sector on a global stage.

AWARDS



Global Finance Magazine



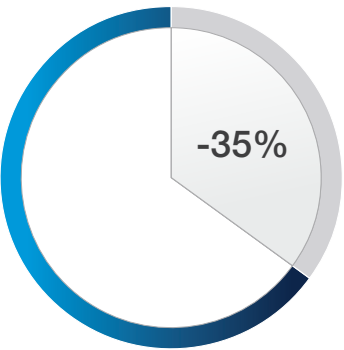
Asiamoney

BIOMETRIC AUTHENTICATION SYSTEM



Utilizing an individual’s unique vein patterns for the in-house use of computers for work purposes, our biometric authentication system offers higher accuracy than fingerprint-based authentication.

DECREASE IN SOURCE CODE LOOPHOLES (%)



CHIEF INFORMATION SECURITY OFFICER

Enhancing Cyber Threat Response Capabilities

IBK strives for an impeccable security framework to rigorously mitigate the growing threat of cyberattacks. The bank systematically conducts annual mock drills that replicate hacking scenarios, DDoS attacks, and breaches from malicious emails. In 2023, these defensive measures were further validated through a cyberattack response drill led by an external agency, affirming the bank’s excellent responsiveness.

Strengthening Internal Information Security

As of July 2023, access to any computers on IBK’s premises is only authorized by a biometric authentication system, thereby bolstering its security control and preventing unauthorized access to its operation systems at the source. The bank also established a continual review system to detect security loopholes in source code early in the development phase of financial services, reducing security loopholes by 35% compared to before. Additionally, the bank annually scrutinizes all operational systems, including its electronic finance infrastructure, to maintain a high level of stability and reliability for its financial transactions.

Personal Information Protection for Customers

In 2023, IBK advanced its information security credibility through an evaluation of personal data security management conducted by financial authorities in Korea. The bank achieved the highest rating (S-grade) for the third consecutive year in a review of personal credit information security involving more than 3,800 financial institutions. In addition, it renewed its ISO 27001 certification, reinforcing its steadfast commitment to international information security standards. To further enhance customer trust, the bank also revamped its privacy policy presentation to be more visually appealing and user-friendly. Moreover, the bank has simplified the process for customers to halt the pseudonymization of their data, giving them greater control over their privacy.

BRAND STRATEGY DIVISION

IBK Design for Hope Initiative

Since 2016, the IBK Design for Hope initiative has been improving the aging business environments of microbusiness owners by replacing outworn signs and awnings to stimulate regional economies. Over the past eight years, the project has gone nationwide, having aided 483 microbusinesses across myriad locations, including Seoul’s Yeomcheon Shoe Street, Busan’s Nampo-dong Dried Seafood Market, and Suwon’s Gucheon-dong Tool Market. Notably, in 2020, the initiative supported the emergency restoration of the flood-damaged Gurye 5-Day Market.

In 2023, the initiative broadened its scope to include the creation of public amenities for merchants and citizens, as well as enhancing branding to revitalize sagging traditional markets. For instance, at the Incheon Meat Market, the project cleared cluttered, underutilized spaces to create multipurpose outdoor rest areas, and installed road paintings and scenic lighting to improve the market’s ambiance, which in turn attracted more visitors.

Going forward, IBK also remains committed to continually advancing the Design for Hope initiative. By supporting the stable growth of microbusinesses and promoting co-prosperity within local communities, IBK aims to significantly extend its social impact.



INCHEON MEAT MARKET



Eco-Friendly Designs

IBK is expanding the application of green designs on its premises as part of its commitment to environmental protection and carbon neutrality. Every year, the bank now replaces 1,000 to 1,500 banners hanging across its branches with ones made from natural material fabrics. At the same time, it has replaced plastic teller trays and vinyl passbook/card cases with biocomposite materials and recycled paper. Employee ID badges have also been redesigned using bio-based materials derived from vegetable oil. IBK intends to upcycle old plastic badges it has collected into new valuable items as well.

Reaching Out to the Underprivileged

- IBK Wings for Hope

In 2023, IBK launched the IBK Wings for Hope project in partnership with the Ministry of Health and Welfare to support young adults who are just getting on their own feet. The project assists over 200 youth aged 18 and above who have left a care facility within the past five years, those no longer eligible for independence grants after five years of leaving one of these facilities, or those who have exited one of them early. Each selected young adult receives an annual scholarship of KRW 5 million, along with access to financial education, mentoring, legal counseling, and employment consulting services. Recognized as a critical government initiative, this support program for young adults is heralded as an outstanding example of public-private collaboration, significantly contributing to policy implementation and providing essential assistance to youths in need.

- Blood Donation Campaign

To address national blood supply shortages and promote a culture of sharing, IBK Financial Group conducted an employee blood donation campaign in October 2023. During this campaign, employees donated 500 blood donation certificates to support children suffering from leukemia and pediatric cancer. Furthermore, through an online customer participation fundraising campaign, a total of KRW 300 million (KRW 150 million raised and an equal amount matched by IBK Financial Group) was donated to the Korea Childhood Leukemia Foundation to help cover treatment costs.

- Disaster and Emergency Recovery Support

IBK actively participates in community recovery efforts following disasters and emergencies. In 2023, the bank contributed a total of KRW 400 million to support the livelihood and repair damages for residents affected by wildfires in Gangwon Province and widespread heavy rains across the country. The bank also provided emergency relief kits and free meals. Additionally, extending its support internationally, IBK donated KRW 300 million to aid earthquake recovery efforts in Turkey and Syria.

SOCIAL MEDIA CHANNELS



IBK Website



YouTube



Instagram



Facebook

ANOMALY TRANSACTION PATTERN MONITORING PROCESS



Internal System
Providing anomaly transaction pattern details and inspection specifications
Branches
Carrying out self-audits on specified targets
Audit Department
Performing additional double-checks on specified targets
Anomaly Transactions
Conducting on-site audits if anomalies are detected

Cultural and Artistic Sponsorships

Today, IBK is actively expanding its support for the cultural and artistic sectors through initiatives like the backing of exhibitions and scholarships, ensuring broader access to culture and the arts while also fostering social value through job creation. In 2023, in collaboration with the Korea Mecenat Association, the bank launched IBK Art Road, a public art project designed to enhance industrial complex environments and offer SME workers more opportunities to engage with art. The first project targeted a factory and nearby intersection within the Sihwa Industrial Complex, optimizing the aesthetics of the area by displaying paintings on factory walls, meeting rooms, and public spaces, such as side-walks and utility poles, making art a part of everyday life for more people.

In addition, the bank initiated IBK Dream Wings to support aspiring artists with developmental disabilities. This program, developed in partnership with the Miral Welfare Foundation, selects 10 individuals with artistic potential and supports their creative endeavors through professional one-on-one mentoring and opportunities to exhibit their work, thereby strengthening their artistic capabilities.

INTERNAL AUDIT DEPARTMENT

Anomaly Transaction Pattern Monitoring

IBK has established an anomaly transaction pattern monitoring system to heighten efficiency and prevent financial incidents by digitizing audit operations. The system utilizes a database built on analyses of cases and types of embezzlement to set an advanced review criteria. All branches and IBK's audit department conduct mutual checks, with separate audits initiated when abnormal transactions are detected. In 2023, branches and the Group's audit department completed checks on a total of 2,918 transactions.

Extraordinary Inspections at All IBK Branches

In March 2023—and in the wake of several embezzlement scandals in the Korean financial sector—IBK ran a comprehensive survey across all branches that focused on operations prone to embezzlement incidents. The scope of inspections included the handling of working capital loans, canceled international money transfers, and the retention of customer-named passbooks. Each branch performed self-audits, while IBK's audit department also carried out additional checks to increase the effectiveness of these inspections, promote methods to prevent recurrence, and emphasize the importance of proper business conduct to all employees.

Financial Incident Prevention

To raise ethical awareness and vigilance among employees, IBK performs accident prevention training on an ongoing basis. In 2023, training was tailored by role, including pre-CEO, 3rd- and 4th-grade managers, and new employees, with a focus on key precautions for preventing financial incidents. For all staff, we utilized videos reconstructed from past embezzlement cases for internal training. Additionally, we continue to promote financial incident prevention by sharing documents that highlight a variety of financial incident types, while also providing key operational insights and important advisory services.

CEO ON-SITE COMMUNICATION PROGRAMS



CORPORATE CULTURE  
IMPROVEMENT ACTIVITIES



<b>Expanding Education</b>
Conducting collective training and online education at regional headquarters
<b>Providing Practice Videos</b>
Producing and sharing videos to eliminate double approvals
<b>Listening to Feedback from the Field</b>
Heeding field feedback to share and implement improvements across the board

VALUE MANAGEMENT DEPARTMENT

A Communicative Financial Group

In 2023, IBK continued to prioritize on-site communication, actively encouraging direct interaction between the CEO and employees to discuss challenges and gather feedback. This initiative included CEO site visits, thematic communication sessions, and on-site meetings. Moreover, the bank enhanced its communication infrastructure by establishing new field organizations and diversifying communication channels to strengthen its overall communication system and build solidarity among employees.

- CEO On-Site Communication

In 2023, the CEO visited both remote and high-performing branches to listen to feedback from the field and acknowledge staff efforts, which helped boost morale at the same time. The bank also introduced themed interactive programs that facilitated deeper emotional connections between the CEO and employees. Initiatives like Talk Concert, Empathy IBK and Meeting You Now were particularly notable. Talk Concert, Empathy IBK was organized around the theme of leading a fulfilling life and was held twice, while Meeting You Now, which involved the CEO fulfilling employee requests, took place four times. Furthermore, IBK opinion meetings and sales field meetings were conducted throughout the year, allowing strategic business issues and directions to be discussed collaboratively.

- Enhancing IBK's Communication Infrastructure

To refine the Group's communication system, IBK Opinion was formed with 50 representatives from front-office operations to integrate insights directly from operational fronts on pressing bank issues. IBK also launched Communication Postcards, an anonymous channel for employees to suggest topics directly to the CEO that was supported by both online platforms and an Issue Briefing section on the intranet. This setup helped in disseminating vital information about key projects, enhancing employee understanding and engagement in the process.

Cultivating a Positive Organizational Culture

IBK has worked tirelessly to foster a vibrant and equitable organizational culture. This has included conducting surveys to identify areas for improvement and implementing a three-phase process of awareness enhancement that involved gathering feedback, enhancing understanding, and encouraging active participation from employees.

- Process Innovation

Throughout the year, the bank also undertook several measures to streamline work processes and establish more efficient practices. This included expanding the use of electronic approvals for loan processing at branches and minimizing any redundant paper output after electronic approvals. Enhancements in IT infrastructure, such as providing dual monitors and improving electronic approval features like note-taking and highlighting, contributed to better productivity and convenience as well.

Following the success of the Leadership Guide it created in 2022, the bank developed a Followership Guidebook in 2023. This guidebook, informed by surveys targeting followers, addressed their roles and effective behaviors, incorporating successful case studies and senior employees' advice to their juniors, further fostering a supportive and dynamic work environment.

IBK SPORTS TEAMS

IBK Altos Volleyball Team

IBK is committed to enhancing sports culture and expanding its reach through steady sports sponsorships, with a particular focus on supporting less-popular sports and balancing the attention usually given to mainstream sports. This approach facilitates a diverse sporting environment and provides budding athletes with the opportunity to excel. Established in 2011, the IBK Altos Volleyball Team made a significant impact by winning the V-League Championship in their second season (2012-2013), achieving the fastest championship win across Korea's four major professional sports. The team has since won the league three times (2012-13, 2013-14, 2015-16), claimed three championship titles (2012-13, 2014-15, 2016-17), and secured three KOVO Cups (2013, 2015, 2016).

In 2023, the team was the runner-up at the Gumi-Dodram Cup, at which time the bank expanded its athlete support programs to further enhance the team's capabilities. Efforts to increase fan engagement included hosting face-to-face fan meetings and other interactive events, as well as active communication initiatives through social media channels.

In 2024, the bank aims to support further systematic athlete development and growth, strengthen fan communication with diverse programs, and continue its social contributions alongside the team's progress.

IBK Shooting Team

The IBK Shooting Team has a strong performance history, including a gold medal in the women's team pistol event (Kwak Jung-hye) at the 2014 Incheon Asian Games, a silver in the rapid-fire pistol team event (Song Jong-ho), and a bronze in the mixed 10 m air pistol (Kim Bo-mi) at the 2023 Hangzhou Asian Games. The team also produced the highest number of Team Korea members for the Olympic Games among domestic professional teams, with four members in the 2016 Rio Olympics and three in the 2020 Tokyo Olympics. Beyond international competitions, the IBK Shooting Team consistently excelled in major domestic shooting competitions in 2023.

For 2024, the team is focused on preparing for the Paris Olympics based on a strategic long-term roadmap. IBK plans to introduce a customized training system to maintain high skill levels and support an environment conducive to shooting practice, further enabling the team to concentrate on their sport.





# TAKING DECISIVE ACTION FOR A BETTER TOMORROW

FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

- 100 MANAGEMENT DISCUSSION AND ANALYSIS
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- 113 CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

CONDENSED INCOME STATEMENT FOR THE YEAR

(KRW billion, %)	2023	2022	YoY
Net interest income	7,926.6	7,443.7	6.49%
Non-interest income	648.7	384.4	68.76%
Total income	8,575.3	7,828.1	9.55%
Labor expenses	1,557.0	1,577.0	Δ1.27%
SG&A expenses	1,128.6	1,036.1	8.93%
Provisions	2,457.4	1,568.0	56.72%
(Provisions for credit losses)	2,215.1	1,524.0	45.34%
Operating income	3,432.3	3,647.0	Δ5.89%
Non-operating income	60.7	Δ42.8	241.82%
Income before taxes	3,493.0	3,604.2	Δ3.09%
Income taxes	817.8	929.5	Δ12.02%
Consolidated net income	2,675.2	2,674.7	0.02%
Controlling interest	2,669.7	2,667.7	0.07%
Non-controlling interest	5.5	7.0	Δ21.43%

In 2023, IBK’s consolidated net income grew by 0.02% year on year to KRW 2,675.2 billion. Net interest income rose by 6.49% from the previous year, driven by the growth in interest-earning assets and the rise in market interest rates, leading to an increase in net interest margin (NIM). Non-interest income surged by 68.76% year on year due to gains on securities. Provisions for credit losses increased by 45.34% compared to the previous year, as the bank proactively accumulated provisions in response to global geopolitical risks and heightened financial market volatility. Additionally, provisions rose by 56.72% year on year, influenced by the interest cashback-related provisions associated with the profit-sharing fund initiated by Korean banks at the end of 2023.

INTEREST INCOME

(KRW billion, %)	2023	2022	YoY
Interest revenue	18,364.1	12,602.5	45.72%
Interest on loan assets	15,814.6	10,986.5	43.95%
Interest on securities	2,081.8	1,379.3	50.93%
Other interest revenue	467.7	236.7	97.59%
Interest expenses	10,437.5	5,158.8	102.32%
Interest on deposit liabilities	2,227.6	1,005.3	121.59%
Interest on debentures	6,472.3	3,117.4	107.62%
Interest on borrowings	1,286.3	708.6	81.53%
Insurance finance expenses arising on insurance contracts	275.5	242.8	13.47%
Other interest expenses	451.3	327.5	37.80%
Net interest income	7,926.6	7,443.7	6.49%

Interest revenue reached KRW 18,364.1 billion, a 45.72% increase from the previous year, primarily driven by a KRW 5,761.6 billion YoY increase in loan interest thanks to the NIM growth from the increased interest-earning assets and rising market interest rates. Interest expenses surged by 102.32% year on year, influenced by a KRW 1,222.3 billion rise in interest on deposit liabilities and a KRW 3,354.9 billion increase in interest on debentures. As a result, net interest income increased by 6.49% compared to the previous year, reaching KRW 7,926.6 billion, mainly due to the rise in the won-denominated net interest spread (NIS) and higher yields on securities invest-ments.

NON-INTEREST INCOME

(KRW billion, %)	2023	2022	YoY
Fee income	852.3	905.1	Δ5.83%
Gains/Losses on F/X derivatives	123.4	328.8	Δ62.47%
Trust income	150.6	140.7	7.04%
Gains/Losses on securities	873.7	207.4	321.26%
Gains/Losses on disposal of loan assets	216.8	187.1	15.87%
Other non-interest expenses (Δ)	1,568.1	1,384.7	13.24%
Net non-interest income	648.7	384.4	68.76%

A significant decline in gains on F/X derivatives was offset by a phenomenal 321.26% YoY growth in gains on securities, resulting in a 68.76% YoY increase in non-interest income.

LABOR AND SG&A EXPENSES

(KRW billion, %)	2023	2022	YoY
Salaries	1,447.4	1,435.4	0.84%
Retirement benefits	109.0	140.2	Δ22.25%
Special severance benefits	0.6	1.4	Δ57.14%
Total labor expenses	1,557.0	1,577.0	Δ1.27%
Welfare expenses	138.9	127.9	8.60%
Depreciation	283.2	263.0	7.68%
Taxes and dues	190.9	163.2	16.97%
Advertising and marketing expenses	66.4	62.3	6.58%
Computers & Software	73.0	70.9	2.96%
Service fees	103.6	95.5	8.48%
Rents	24.6	25.1	Δ1.99%
Communications expenses	39.1	36.4	7.42%
Others	208.9	191.8	8.92%
Total SG&A expenses	1,128.6	1,036.1	8.93%

Labor expenses decrease by 1.27% year on year, amounting to KRW 1,557.0 billion. SG&A expenses increased by 8.93% compared to the previous year, mainly due to a KRW 25.2 billion YoY growth in education tax resulting from higher interest income and a KRW 2.1 billion increase in computers and software expenses arising from digital transformation

NON-OPERATING GAINS/LOSSES

(KRW billion, %)	2023	2022	YoY
Gains/Losses on valuation of investments in associates	106.3	62.7	69.54%
Gains/Losses on disposal of investments in associates	18.8	Δ1.6	1,275.00%
Gains on disposal of tangible assets	28.1	1.1	2,454.55%
Gains from real estate leases	2.1	1.7	23.53%
Donations (Δ)	37.0	27.3	35.53%
Impairment losses on equipment & tangible assets (Δ)	5.2	28.3	Δ81.63%
Legal proceedings provisions (Δ)	0.2	0.9	Δ77.78%
Others	Δ52.2	Δ50.2	Δ3.98%
Non-operating gains/losses	60.7	Δ42.8	241.82%

Non-operating gains rose by KRW 103.5 billion from the previous year thanks to both the KRW 43.6 billion YoY increase in gains on val-uation of investments in associates and the KRW 20.4 billion YoY growth in gains on disposal of investments in associates.



FINANCIAL POSITIONS

CONDENSED STATEMENTS OF  
FINANCIAL POSITION AT YEAR'S END

(KRW billion, %)

	2023	2022	YoY
Cash & Deposits	28,038.8	26,070.6	7.55%
Securities	83,921.5	81,933.8	2.43%
Loan assets	315,882.9	307,831.8	2.62%
Tangible assets	2,331.2	2,245.4	3.82%
Other assets	18,252.9	13,104.7	39.29%
Total assets	448,427.3	431,186.3	4.00%
Deposit liabilities	154,045.0	155,049.8	Δ0.65%
Borrowings	41,239.2	49,423.4	Δ16.56%
Debentures	181,991.8	166,476.7	9.32%
Other liabilities	39,334.5	30,980.5	26.97%
Total liabilities	416,610.5	401,930.4	3.65%
Equity attributable to controlling interest	31,656.7	29,093.9	8.81%
Paid-in capital	4,211.4	4,211.4	-
Hybrid Tier 1	4,133.5	3,614.7	14.35%
Capital surplus	1,178.2	1,174.8	0.29%
Capital adjustment	Δ0.3	Δ40.6	99.26%
Retained earnings	21,889.9	20,180.2	8.47%
Accumulated other comprehensive income	244.0	Δ46.6	623.61%
Non-controlling interest	160.1	162.0	Δ1.17%
Total shareholders' equity	31,816.8	29,255.9	8.75%
Total liabilities & shareholders' equity	448,427.3	431,186.3	4.00%

In 2023, IBK remained steadfast to its mission of backing SMEs and microbusinesses navigating through the macroeconomic uncertainties and adverse business conditions. As a result, the outstanding balance of the bank’s SME loan exceeded KRW 230 trillion by the end of the year. Total assets increased by 4.00% year on year, driven by a KRW 1,987.7 billion increase in securities and an KRW 8,051.1 billion increase in loan assets.

In terms of funding sources, borrowings declined by 16.56% from the previous year to KRW 41.239.2 billion, while debentures rose by 9.32% YoY to reach KRW 181,991.8 billion by the end of 2023.

Breaking down total shareholders’ equity, the KRW 518.8 billion YoY increase in capital came from additional issuance of hybrid Tier 1 securities. However, the bank incurred a KRW 300 million loss from the early redemption of KRW 280 billion of CoCo bonds issued in 2018 and KRW 200 billion of those issued in 2013. Retained earnings increased by KRW 1,709.7 billion year on year, reaching KRW 21,889.9 billion.

LOAN ASSETS

(KRW billion, %)

	2023	2022	YoY
Won-denominated loans	298,726.3	284,364.2	5.05%
Corporate loans	255,088.4	241,114.8	5.80%
Retail loans	42,841.7	42,376.5	1.10%
Public funds	796.2	872.9	Δ8.79%
Foreign currency-denominated loans	7,674.3	7,402.6	3.67%
Others	9,482.3	16,065.0	Δ40.98%
Total loan assets	315,882.9	307,831.8	2.62%

IBK continued its commitment to the financial support of SMEs and microbusinesses severely impacted by the prolonged pandemic. Consequently, the corporate loan balance rose by 5.80% YoY to reach KRW 255,088.4 billion, including the KRW 286,826.9 billion in SME loan balance.

DEPOSIT LIABILITIES

(KRW billion, %)

	2023	2022	YoY
Won-denominated deposits	128,511.7	131,445.8	Δ2.23%
Demand deposits	54,555.3	59,972.5	Δ9.03%
Savings deposits	71,548.9	69,218.0	3.37%
Mutual installment deposits	2,407.5	2,255.3	6.75%
Foreign currency-denominated deposits	21,079.9	20,025.2	5.27%
Certificates of deposits	4,452.4	3,578.1	24.43%
Others	1.0	0.7	42.86%
Total deposit liabilities	154,045.0	155,049.8	Δ0.65%

Total deposit liabilities edged down by 0.65% YoY to KRW 154,045.0 billion, as won-denominated deposits declined by 2.23% YoY to KRW 128,511.7 billion due to a contracting balance of core deposits.

KEY FINANCIAL INDICATORS

(%)

	2023	2022	YoY
ROA	0.61	0.67	Δ8.96%
ROE	9.00	9.99	Δ9.91%
NIM*	1.79	1.78	0.56%

\* NIM is for IBK Bank on a separate basis.

Return on assets (ROA) declined by 8.96% YoY to 0.61%, and return on equity (ROE) also decreased by 9.91% year on year to 9.00%. Due to the increase in the won-denominated NIS resulting from rising market interest rates, the bank’s NIM rose by 1.0 basis point year on year to 1.79%.

SEPARATE FINANCIAL STATEMENTS

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, 2023 and 2022, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for each of the two years in the period ended December 31, 2023, and the notes to the separate financial statements, including a summary of material accounting policy information.

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, 2023 and 2022, and its separate financial performance and its separate cash flows for each of the two years in the period ended December 31, 2023 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, 2023, based on criteria established in Conceptual Framework for Design and Operation of ICFR in accordance with Korean Standards on Auditing (“KSA”) issued by the Committee of ICFR Operatoins (the “ICFR Committee”), and our report dated March 7, 2024 expressed an unqualified opinion thereon.

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 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 matter is the matter that, in our professional judgment, was of most significance in our audit of the separate financial statements of the current period. This matter was 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 this matter. 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 as a key audit matter.

As described in Note 7 to the separate financial statements of the Bank, as of December 31, 2023, loan receivables measured at amortized cost and loss allowances thereon amount to ₩302,237,641 million and ₩4,492,465 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 methodolotoes 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.

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*

Ernst & Young Han Young  
March 7, 2024

This audit report is effective as of March 7, 2024, 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.



INDEPENDENT AUDITOR’S AUDIT 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 the internal control over financial reporting (“ICFR”) of Industrial Bank of Korea (the “Bank”) based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR (the “ICFR Committee”) as of December 31, 2023.

In our opinion, the Bank’s ICFR has been effectively designed and operated, in all material respects, as of December 31, 2023, in accordance with the Conceptual Framework for Design and Operation of ICFR.

We also have audited, in accordance with the Korean Standards on Auditing (“KSA”), the separate statement of financial position as of December 31, 2023, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for each of the two years in the period ended December 31, 2023, and notes to the separate financial statements, including a summary of material accounting policy information, and our report dated March 7, 2024 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 company’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 company’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 company; (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 company are being made only in accordance with authorizations of management and directors of the company; 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*

Ernst & Young Han Young  
March 7, 2024

This audit report is effective as of March 7, 2024, 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, 2023.

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, 2023, 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 29, 2024  
**Kim Sung-tae**  
Chief Executive Officer  
**Moon Chang-Hwan**  
Internal Accounting Manager

SEPARATE STATEMENTS OF FINANCIAL POSITION

as of December 31, 2023 and 2022

(Korean won in millions)	2023	2022
<b>Assets</b>		
Cash and due from banks	25,800,403	23,865,527
Financial assets at fair value through profit or loss	11,625,071	11,636,867
Financial assets at fair value through other comprehensive income	23,345,723	21,398,222
Securities at amortized cost, net	34,409,613	38,431,591
Loans receivables at amortized cost, net	298,346,224	290,730,078
Derivative financial assets for hedge accounting	74,817	40,921
Investments in subsidiaries and associates	3,332,786	2,897,746
Investment properties, net	63,909	69,532
Property and equipment, net	2,199,353	2,104,290
Intangible assets, net	172,088	147,706
Net defined benefit assets	163,272	330,001
Deferred tax assets	2,483	2,154
Other assets	13,159,538	6,243,276
<b>Total assets</b>	<b>412,695,280</b>	<b>397,897,911</b>
<b>Liabilities</b>		
Financial liabilities at fair value through profit or loss	1,706,753	3,603,773
Deposit liabilities	148,542,549	148,919,499
Borrowings	36,294,445	45,442,000
Debentures	172,850,616	158,366,833
Derivative financial liabilities for hedge accounting	201,714	286,701
Provisions	994,874	692,380
Deferred tax liabilities	284,933	200,838
Other liabilities	22,334,944	13,162,258
<b>Total liabilities</b>	<b>383,210,828</b>	<b>370,674,282</b>
<b>Equity</b>		
Issued capital	4,211,365	4,211,365
Hybrid capital instruments	4,133,457	3,614,677
Capital surplus	1,161,597	1,161,597
Capital adjustment	(309)	(40,627)
Accumulated other comprehensive income	561,101	316,617
Retained earnings	19,417,241	17,960,000
Regulatory reserve for credit loss (December 31, 2023: ₩3,098,079 million) (December 31, 2022: ₩2,847,633 million)		
Regulatory reserve for credit loss estimated to be appropriated (December 31, 2023: ₩57,831 million) (December 31, 2022: ₩250,446 million)		
<b>Total equity</b>	<b>29,484,452</b>	<b>27,223,629</b>
<b>Total liabilities and equity</b>	<b>412,695,280</b>	<b>397,897,911</b>

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

for each of two years in the period ended December 31, 2023

(Korean won in millions)	2023	2022
Interest income:	16,827,179	11,455,746
Interest income on financial assets at fair value through profit or loss	103,716	74,406
Interest income on financial assets at fair value through other comprehensive income and at amortized cost	16,723,463	11,381,340
Interest expenses	(9,360,454)	(4,415,079)
Net interest income	7,466,725	7,040,667
Fee and commission income	654,289	657,464
Fee and commission expense	(323,626)	(297,067)
Net fee and commission income	330,663	360,397
Net gains on financial instruments at fair value through profit or loss	419,885	103,302
Net gains (losses) on derivative financial instruments for hedge accounting	33,475	(19,367)
Gains on disposal of financial assets at amortized cost	223,596	192,474
Net gains on financial assets at fair value through other comprehensive income	116,436	65,536
Net gains on foreign currency transactions	93,479	246,560
<b>Gross operating profit</b>	<b>8,684,259</b>	<b>7,989,569</b>
Impairment losses on financial assets	(1,931,989)	(1,445,013)
<b>Net operating profit</b>	<b>6,752,270</b>	<b>6,544,556</b>
General and administrative expenses	(2,519,401)	(2,472,518)
Other operating income	153,108	139,415
Other operating expenses	(1,244,712)	(913,764)
<b>Operating profit</b>	<b>3,141,265</b>	<b>3,297,689</b>
Non-operating income	81,950	18,327
<b>Profit before income tax</b>	<b>3,223,215</b>	<b>3,316,016</b>
Income tax expense	(811,740)	(861,227)
<b>Profit for the year</b> (Adjusted profit after provision of regulatory reserve for credit losses December 31, 2023: ₩2,353,644 million) December 31, 2022: ₩2,204,343 million)	<b>2,411,475</b>	<b>2,454,789</b>
<b>Other comprehensive income</b>		
<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	(26,872)	72,555
Remeasurements of net defined benefit liabilities (assets)	(95,990)	117,990
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Changes in valuation of debt securities at fair value through other comprehensive income	361,761	(339,292)
Exchange differences on translation of foreign operations	10,690	17,667
Changes in valuation of hedges of net investment in foreign operations	(5,068)	(19,309)
<b>Other comprehensive income (loss) for the year, net of tax</b>	<b>244,521</b>	<b>(150,389)</b>
<b>Total comprehensive income for the year</b>	<b>2,655,996</b>	<b>2,304,400</b>
<b>Earnings per share (Korean won)</b>		
Basic earnings per share	2,838	2,920
Diluted earnings per share	2,838	2,920



SEPARATE STATEMENTS OF CHANGES IN EQUITY

for each of the two years in the period ended December 31, 2023

(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, 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
Transfer of realized gains or losses on equity investment at fair value through other comprehensive income	-	-	-	-	61	(61)	-
Remeasurement of the net defined benefit assets	-	-	-	-	117,990	-	117,990
Total comprehensive income	-	-	-	-	(150,328)	2,454,728	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)
Others	-	-	-	92	-	(92)	-
Total transactions with owners	-	115,497	(57)	(40,535)	-	(748,568)	(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

	Issued capital	Hybrid capital instruments	Capital surplus	Capital adjustment	Accumulated other comprehensive income	Retained earnings	Total equity
Balance as of January 1, 2023	4,211,365	3,614,677	1,161,597	(40,627)	316,617	17,960,000	27,223,629
Comprehensive income							
Profit for the year	-	-	-	-	-	2,411,475	2,411,475
Other comprehensive income for the year							
Gain on valuation of debt securities at fair value through other comprehensive income	-	-	-	-	361,761	-	361,761
Exchange differences on translation of foreign operations	-	-	-	-	10,690	-	10,690
Changes in valuation of hedges of net investment in foreign operations	-	-	-	-	(5,068)	-	(5,068)
Changes in valuation of equity securities at fair value through other comprehensive income	-	-	-	-	(26,872)	-	(26,872)
Transfer of realized gains or losses on equity investment at fair value through other comprehensive income	-	-	-	-	(37)	37	-
Remeasurement of the net defined benefit assets	-	-	-	-	(95,990)	-	(95,990)
Total comprehensive income	-	-	-	-	244,484	2,411,512	2,655,996
Transactions with owners							
Cash dividends	-	-	-	-	-	(765,529)	(765,529)
Dividends for hybrid capital instruments	-	-	-	-	-	(148,115)	(148,115)
Issuance of hybrid capital instruments	-	998,360	-	-	-	-	998,360
Repayment of hybrid capital instruments	-	(479,580)	-	(309)	-	-	(479,889)
Others	-	-	-	40,627	-	(40,627)	-
Total transactions with owners	-	518,780	-	40,318	-	(954,271)	(395,173)
Balance as of December 31, 2023	4,211,365	4,133,457	1,161,597	(309)	561,101	19,417,241	29,484,452

SEPARATE STATEMENTS OF CASH FLOWS

for the years ended December 31, 2022 and 2021

(Korean won in millions)	2023	2022
Cash flows from operating activities		
Profit for the year	2,411,475	2,454,789
Adjustments in expenses and revenues	(4,454,128)	(3,844,778)
Changes in operating assets and liabilities	(6,774,980)	(19,595,108)
Interests received	16,510,911	11,049,906
Interests paid	(8,328,676)	(4,247,017)
Dividends received	279,609	249,825
Income taxes paid	(1,070,626)	(812,249)
Net cash flows used in operating activities	(1,426,415)	(14,744,632)
Cash flows from investing activities		
Increase in financial assets at fair value through profit or loss	(35,875,683)	(38,493,001)
Decrease in financial assets at fair value through profit or loss	34,628,355	38,599,711
Increase in financial assets at fair value through other comprehensive income	(27,825,888)	(15,983,228)
Decrease in financial assets at fair value through other comprehensive income	26,240,384	13,187,393
Increase in securities at amortized cost	(9,460,037)	(15,135,500)
Decrease in securities at amortized cost	13,480,075	12,850,332
Disposal of investments in subsidiaries	37,393	92,222
Disposal of investments in associates	42,845	25,552
Acquisition of investments in subsidiaries	(398,039)	(57,133)
Acquisition of investments in associates	(113,640)	(108,869)
Disposal of property and equipment and investment properties	29,104	58
Acquisition of property and equipment and investment properties	(181,378)	(114,501)
Disposal of intangible assets	2,528	-
Acquisition of intangible assets	(89,236)	(52,974)
Proceeds from government grants	-	307
Net cash flows provided by (used in) investing activities	516,783	(5,189,631)
Cash flows from financing activities		
Net increase (decrease) in borrowings	(9,324,491)	5,037,989
Increase in debentures	207,642,012	200,685,662
Decrease in debentures	(193,439,277)	(177,929,463)
Repayment of lease liabilities	(63,947)	(64,640)
Convertible preferred stock to common stock	-	(57)
Proceeds in hybrid capital instruments	998,360	599,040
Repayment of hybrid capital instruments	(479,889)	(524,170)
Payment of dividends of hybrid capital instruments	(145,981)	(128,851)
Dividends paid	(765,529)	(621,992)
Net cash flows provided by financing activities	4,421,258	27,053,518
Effects of exchange rate changes on cash and cash equivalents	2,852	(32,964)
Net increase in cash and cash equivalents	3,514,478	7,086,291
Cash and cash equivalents at the beginning of the year	21,386,857	14,300,566
Cash and cash equivalents at the end of the year	24,901,335	21,386,857

CONSOLIDATED FINANCIAL STATEMENTS

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, 2023 and 2022 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the each of the two years in the period ended December 31, 2023, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of Decemebr 31, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for each of the two years in the period ended December 31, 2023 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”).

We also have audited the Group’s internal control over financial reporting (“ICFR”) as of December 31, 2023, based on criteria established in Conceptual Framework for Design and Operation of ICFR in accordance with Korean Standards on Auditing (“KSA”) issued by the Committee of ICFR Operatoins (the “ICFR Committee”), and our report dated March 7, 2024 expressed an unqualified opinion thereon.

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 matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter. 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, 2023, loan receivables measured at amortized cost and loss allowances thereon amount to ₩320,018,862 million and ₩4,713,819 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.

Emphasis of Matter

Without qualifying our audit opinion, we draw attention to Note 2 to the consolidated financial statements which describes that the consolidated statement of financial position as of December 31, 2022, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, presented for comparative purposes, have been restated to reflect the application of KIFRS 1117.



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 consolidated 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 consolidated 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.
- 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*

Ernst & Young Han Young  
March 7, 2024

This audit report is effective as of March 7, 2024, 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.

INDEPENDENT AUDITOR’S AUDIT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING FOR CONSOLIDATION PURPOSES

Industrial Bank of Korea The Shareholders and Board of Directors

Opinion on internal control over financial reporting for consolidation purposes

We have audited the internal control over financial reporting (“ICFR”) for consolidation purposes of Industrial Bank of Korea (the “Bank”) based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea (the “ICFR Committee”) as of December 31, 2023.

In our opinion, the Bank’s ICFR has been effectively designed and operated, in all material respects, as of December 31, 2023, in accordance with the Conceptual Framework for Design and Operation of ICFR.

We also have audited, in accordance with the Korean Standards on Auditing (“KSA”), the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information, and our report dated March 7, 2024 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.

This audit report is effective as of March 7, 2024, the independent auditor’s audit report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor’s audit 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.

*Ernst & Young Han Young*

Ernst & Young Han Young  
March 7, 2024

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 company’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 consolidated financial reporting and the preparation of consolidated financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”). A company’s internal control over consolidated 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 company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with KIFRS, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR may not prevent or detect misstatements of the consolidated 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*.

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 Consolidated Internal Control over Financial Reporting (“ICFR”) for the year ending December 31, 2023.

Design and operation of Consolidated 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 Consolidated ICFR to prevent and detect errors or frauds which may cause a misstatement in consolidated financial statements to ensure preparation and disclosure of reliable consolidated 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 Consolidated ICFR. And we conducted an evaluation of Consolidated 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 Consolidated ICFR is designed and operated effectively as of December 31, 2023, 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 29, 2024  
**Kim Sung-tae**  
Chief Executive Officer  
**Moon Chang-Hwan**  
Internal Accounting Manager

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as of December 31, 2023 and 2022

(Korean won in millions)	December 31, 2023	December 31, 2022	January 1, 2022
<b>Assets</b>			
Cash and due from banks	28,038,761	26,070,593	19,652,416
Financial assets at fair value through profit or loss	20,347,272	19,831,666	19,136,576
Financial assets at fair value through other comprehensive income	29,401,005	25,584,877	22,784,632
Securities at amortized cost, net	36,226,185	40,317,143	37,887,237
Loans receivables at amortized cost, net	315,882,890	307,831,762	286,938,154
Derivative financial assets for hedge accounting	82,236	51,799	43,292
Investments in associates	1,748,764	1,518,957	1,352,215
Investment properties, net	82,999	88,512	57,718
Property and equipment, net	2,248,154	2,156,909	2,170,206
Intangible assets, net	296,184	264,197	268,842
Net defined benefit assets	178,297	347,981	94,473
Deferred tax assets	112,215	101,238	7,248
Other assets	13,782,317	7,020,704	7,334,758
<b>Total assets</b>	<b>448,427,279</b>	<b>431,186,338</b>	<b>397,727,767</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	2,876,396	4,860,906	2,583,174
Financial liabilities designated at fair value through profit or loss	1,246,091	780,615	657,755
Deposit liabilities	154,044,994	155,049,836	158,246,290
Borrowings	41,239,201	49,423,444	43,191,533
Debentures	181,991,789	166,476,705	143,614,755
Derivative financial liabilities for hedge accounting	230,242	337,773	110,202
Insurance contract liabilities	7,336,963	7,006,478	5,907,077
Provisions	1,021,228	716,798	642,200
Deferred tax liabilities	288,792	258,846	525,131
Other liabilities	26,334,822	17,019,008	14,538,115
<b>Total liabilities</b>	<b>416,610,518</b>	<b>401,930,409</b>	<b>370,016,232</b>
<b>Equity</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	4,211,365	4,211,365	4,211,365
Hybrid capital instruments	4,133,457	3,614,677	3,499,180
Capital surplus	1,178,177	1,174,836	1,171,905
Capital adjustment	(309)	(40,627)	(92)
Accumulated other comprehensive income (loss)	243,950	(46,648)	428,399
Retained earnings	21,889,945	20,180,222	18,254,306
Regulatory reserve for credit loss (December 31, 2023: ₩3,269,778 million) (December 31, 2022: ₩2,952,630 million) (January 1, 2022: ₩2,756,940 million)			
Regulatory reserve for credit loss estimated to be appropriated (December 31, 2023: ₩74,032 million) (December 31, 2022: ₩317,148 million) (January 1, 2022: ₩195,690 million)			
	31,656,585	29,093,825	27,565,063
<b>Non-controlling interests</b>	<b>160,176</b>	<b>162,104</b>	<b>146,472</b>
<b>Total equity</b>	<b>31,816,761</b>	<b>29,255,929</b>	<b>27,711,535</b>
<b>Total liabilities and equity</b>	<b>448,427,279</b>	<b>431,186,338</b>	<b>397,727,767</b>



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for each of two years in the period ended December 31, 2023

(Korean won in millions)	2023	2022
Interest income:	18,364,055	12,602,491
Interest income on financial assets at fair value through profit or loss	287,686	203,260
Interest income on financial assets at fair value through other comprehensive income and at amortized cost	18,076,369	12,399,231
Interest expenses	(10,437,491)	(5,158,805)
Interest expense on finance instruments	(10,161,976)	(4,916,018)
Interest expense on insurance	(275,515)	(242,787)
Net interest income	7,926,564	7,443,686
Fee and commission income	852,249	905,105
Fee and commission expense	(375,277)	(333,307)
Net fee and commission income	476,972	571,798
Net gains on financial instruments at fair value through profit or loss	828,667	205,840
Net gains (losses) on financial instruments designated at fair value through profit or loss	(63,052)	22,810
Net gains (losses) on derivative financial instruments for hedge accounting	8,278	(84,691)
Gains on disposal of financial assets at amortized cost	217,036	187,232
Net gains on financial assets at fair value through other comprehensive income	104,694	57,885
Insurance gains and losses	35,342	30,705
Insurance income	83,550	79,204
Insurance expense	(48,208)	(48,499)
Net gains on foreign currency transactions	132,157	345,201
Gross operating profit	9,666,658	8,780,466
Impairment losses on financial assets	(2,076,147)	(1,485,508)
Net operating profit	7,590,511	7,294,958
General and administrative expenses	(2,685,598)	(2,613,050)
Other operating income	196,338	187,242
Other operating expenses	(1,668,970)	(1,222,161)
Operating profit	3,432,281	3,646,989
Non-operating income (expenses)	60,756	(42,784)
Profit before income tax	3,493,037	3,604,205
Income tax expense	(817,849)	(929,475)
Profit for the year	2,675,188	2,674,730
(Adjusted profit after provision of regulatory reserve for credit losses December 31, 2023: ₩2,601,156 million December 31, 2022: ₩2,357,582 million)		

	2023	2022
Other comprehensive income		
Items that will not be subsequently reclassified to profit or loss:		
Changes in valuation of financial liabilities designated at fair value through profit or loss	-	(581)
Changes in valuation of equity securities at fair value through other comprehensive income	(134,939)	150,262
Remeasurements of net defined benefit liabilities	(101,777)	123,734
Items that may be subsequently reclassified to profit or loss:		
Changes in valuation of debt securities at fair value through other comprehensive income	648,303	(700,616)
Changes in shares of other comprehensive loss of associates	(1,333)	(2,687)
Exchange differences on translation of foreign operations	38,315	6,435
Changes in valuation of cash flow hedge	11,782	(10,755)
Changes in valuation of hedges of net investment in foreign operations	(8,689)	(31,170)
Insurance finance income and expenses	(159,949)	(2,596)
Other comprehensive loss for the year, net of tax	291,713	(467,974)
Total comprehensive income for the year	2,966,901	2,206,756
Profit is attributable to:		
Owners of the parent	2,669,685	2,667,696
Non-controlling interests	5,503	7,034
	2,675,188	2,674,730
Total comprehensive income attributable to:		
Owners of the parent	2,960,320	2,199,740
Non-controlling interests	6,581	7,016
	2,966,901	2,206,756
Earnings per share (Korean won)		
Basic earnings per share	3,162	3,180
Diluted earnings per share	3,162	3,180

(continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for each of the two years in the period ended December 31, 2023

(Korean won in millions)	Attributable to owners of the parent							
	Issued capital	Hybrid capital instruments	Capital surplus	Capital adjustment	Accumulated other comprehensive income (loss)	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
Change in accounting policy (Application of KIFRS 1117)	-	-	-	-	(3,286)	180,972	-	177,686
Balance as of January 1, 2022	4,211,365	3,499,180	1,171,905	(92)	428,399	18,254,306	146,472	27,711,535
Comprehensive income								
Profit for the year	-	-	-	-	-	2,667,696	7,034	2,674,730
Other comprehensive income for the year								
Gain (Loss) on valuation of debt securities at fair value through other comprehensive income	-	-	-	-	(700,651)	-	35	(700,616)
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	-	-	-	-	(10,755)	-	-	(10,755)
Changes in valuation of hedges of net investment in foreign operations	-	-	-	-	(31,170)	-	-	(31,170)
Insurance finance income and expenses	-	-	-	-	(2,596)	-	-	(2,596)
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	-	-	-	-	150,262	-	-	150,262
Replacement in realized gains and losses of equity securities at fair value through other comprehensive income	-	-	-	-	(7,091)	7,091	-	-
Remeasurement of net defined benefit assets	-	-	-	-	123,119	-	615	123,734
Total comprehensive income for the year	-	-	-	-	(475,047)	2,674,787	7,016	2,206,756
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)
Equity acquisition by subsidiaries	-	-	-	-	-	-	3,380	3,380
Others	-	-	2,988	92	-	(395)	8,105	10,790
	-	115,497	2,931	(40,535)	-	(748,871)	8,616	(662,362)
Balance as of December 31, 2022	4,211,365	3,614,677	1,174,836	(40,627)	(46,648)	20,180,222	162,104	29,255,929

(continued)

(Korean won in millions)	Attributable to owners of the parent							
	Issued capital	Hybrid capital instruments	Capital surplus	Capital adjustment	Accumulated other comprehensive income (loss)	Retained earnings	Non-controlling interests	Total equity
Balance as of January 1, 2023	4,211,365	3,614,677	1,174,836	(40,627)	(46,648)	20,180,222	162,104	29,255,929
Change in accounting policy (Reclassification of business model due to application of KIFRS 1117)	-	-	-	-	-	(5,039)	-	(5,039)
Balance as of January 1, 2023	4,211,365	3,614,677	1,174,836	(40,627)	(46,648)	20,175,183	162,104	29,250,890
Comprehensive income								
Profit for the year	-	-	-	-	-	2,669,685	5,503	2,675,188
Other comprehensive income for the year								
Gain on valuation of debt securities at fair value through other comprehensive income	-	-	-	-	648,274	-	29	648,303
Changes in share of other comprehensive income of associates	-	-	-	-	(1,333)	-	-	(1,333)
Exchange differences on translation of foreign operations	-	-	-	-	36,854	-	1,461	38,315
Changes in valuation of cash flow hedge	-	-	-	-	11,782	-	-	11,782
Changes in valuation of hedges of net investment in foreign operations	-	-	-	-	(8,689)	-	-	(8,689)
Insurance finance income and expenses	-	-	-	-	(159,949)	-	-	(159,949)
Changes in financial liabilities designated at fair value through profit or loss	-	-	-	-	(9)	-	9	-
Changes in valuation of equity securities at fair value through other comprehensive income	-	-	-	-	(134,939)	-	-	(134,939)
Replacement in realized gains and losses of equity securities at fair value through other comprehensive income	-	-	-	-	(37)	37	-	-
Remeasurement of net defined benefit assets	-	-	-	-	(101,356)	-	(421)	(101,777)
Total comprehensive income for the year	-	-	-	-	290,598	2,669,722	6,581	2,966,901
Transactions with owners								
Cash dividends	-	-	-	-	-	(765,529)	(1,250)	(766,779)
Acquisition of stocks	-	-	-	-	-	-	(2,462)	(2,462)
Dividends for hybrid capital instruments	-	-	-	-	-	(148,115)	-	(148,115)
Issuance of hybrid capital instruments	-	998,360	-	-	-	-	-	998,360
Repayment of hybrid capital instruments	-	(479,580)	-	(309)	-	-	-	(479,889)
Equity acquisition by subsidiaries	-	-	-	-	-	-	(3,140)	(3,140)
Others	-	-	3,341	40,627	-	(41,316)	(1,657)	995
	-	518,780	3,341	40,318	-	(954,960)	(8,509)	(401,030)
Balance as of December 31, 2023	4,211,365	4,133,457	1,178,177	(309)	243,950	21,889,945	160,176	31,816,761



CONSOLIDATED STATEMENTS OF CASH FLOWS

for each of the two years in the period ended December 31, 2023

(Korean won in millions)	2023	2022
Cash flows from operating activities		
Profit for the year	2,675,188	2,674,730
Adjustments in expenses and revenues	(5,049,328)	(4,259,716)
Changes in operating assets and liabilities	(7,720,295)	(19,721,947)
Interests received	17,974,975	12,183,939
Interests paid	(9,309,330)	(5,030,202)
Dividends received	310,849	258,917
Income taxes paid	(1,202,009)	(958,123)
Net cash flows used in operating activities	(2,319,950)	(14,852,402)
Cash flows from investing activities		
Increase in financial assets at fair value through profit or loss	(37,654,317)	(40,976,199)
Decrease in financial assets at fair value through profit or loss	36,628,577	40,679,995
Increase in financial assets at fair value through other comprehensive income	(32,527,319)	(20,254,978)
Decrease in financial assets at fair value through other comprehensive income	29,148,753	16,775,530
Increase in securities at amortized cost	(9,829,978)	(15,799,956)
Decrease in securities at amortized cost	13,971,307	13,345,452
Proceeds from disposal of investments in associates	193,631	209,111
Acquisition of investments in associates	(300,218)	(321,399)
Proceeds from disposal of property and equipment and investment properties	30,169	8,519
Acquisition of property and equipment and investment properties	(192,407)	(157,943)
Disposal of intangible assets	6,016	1,053
Acquisition of intangible assets	(109,994)	(63,915)
Receipt of government grant	-	307
Net cash flows used in investing activities	(635,780)	(6,554,423)
Cash flows from financing activities		
Net increase (decrease) in borrowings	(8,348,574)	6,118,966
Increase in debentures	212,487,409	204,353,260
Decrease in debentures	(197,259,291)	(181,001,062)
Repayment of lease liabilities	(80,693)	(82,004)
Conversion of convertible preferred stocks	-	(57)
Proceeds from issuance of hybrid capital instruments	998,360	599,040
Repayment of hybrid capital instruments	(479,889)	(524,170)
Payment of dividends of hybrid capital instruments	(145,981)	(128,851)
Payment of dividends	(766,779)	(624,861)
Net cash flows provided by financing activities	6,404,562	28,710,261
Effects of exchange rate changes on cash and cash equivalents	11,260	21,817
Net increase in cash and cash equivalents	3,460,092	7,325,253
Cash and cash equivalents at the beginning of the year	23,251,190	15,925,937
Cash and cash equivalents at the end of the year	26,711,282	23,251,190

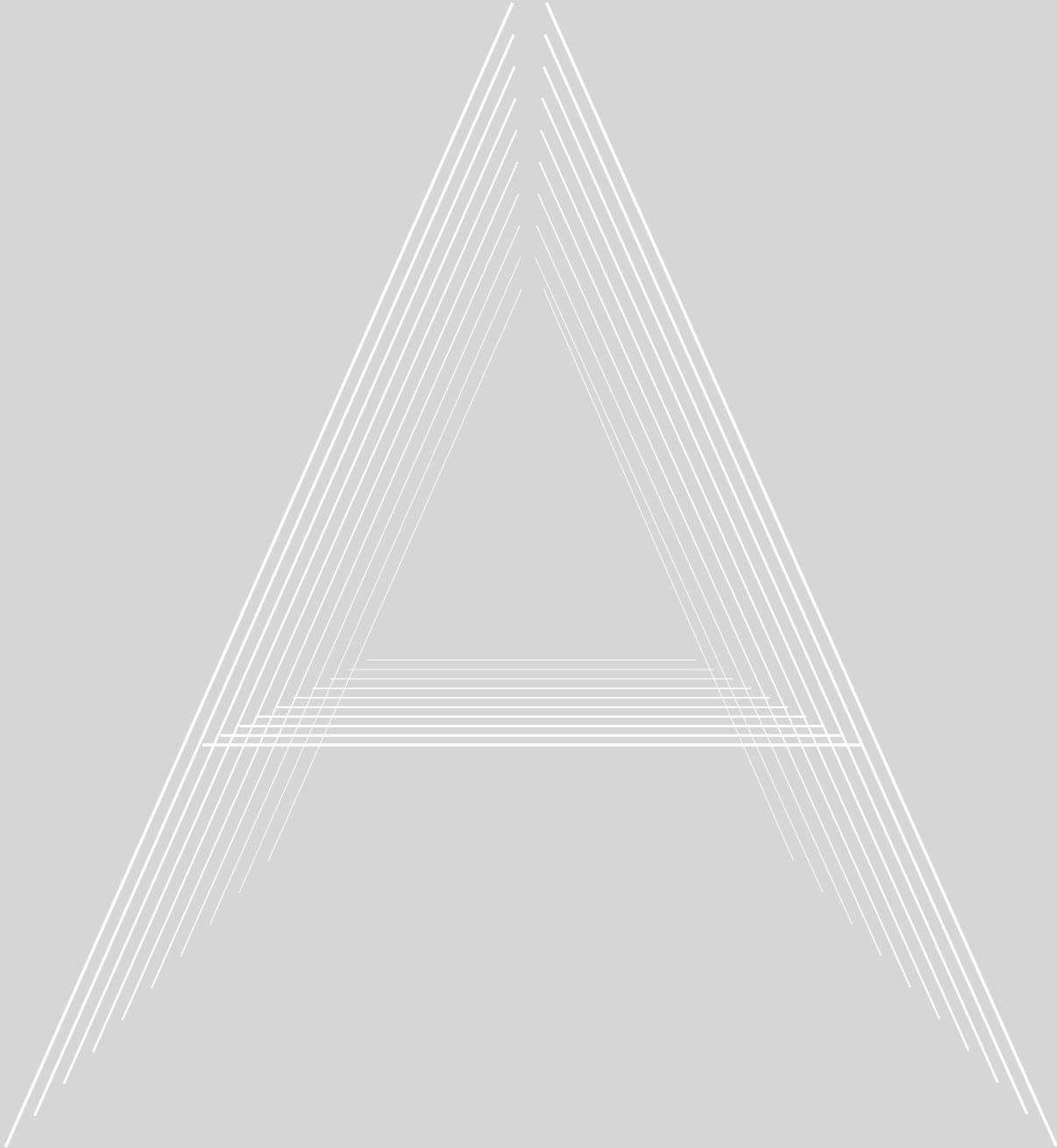
APPENDIX

124 ORGANIZATIONAL CHART

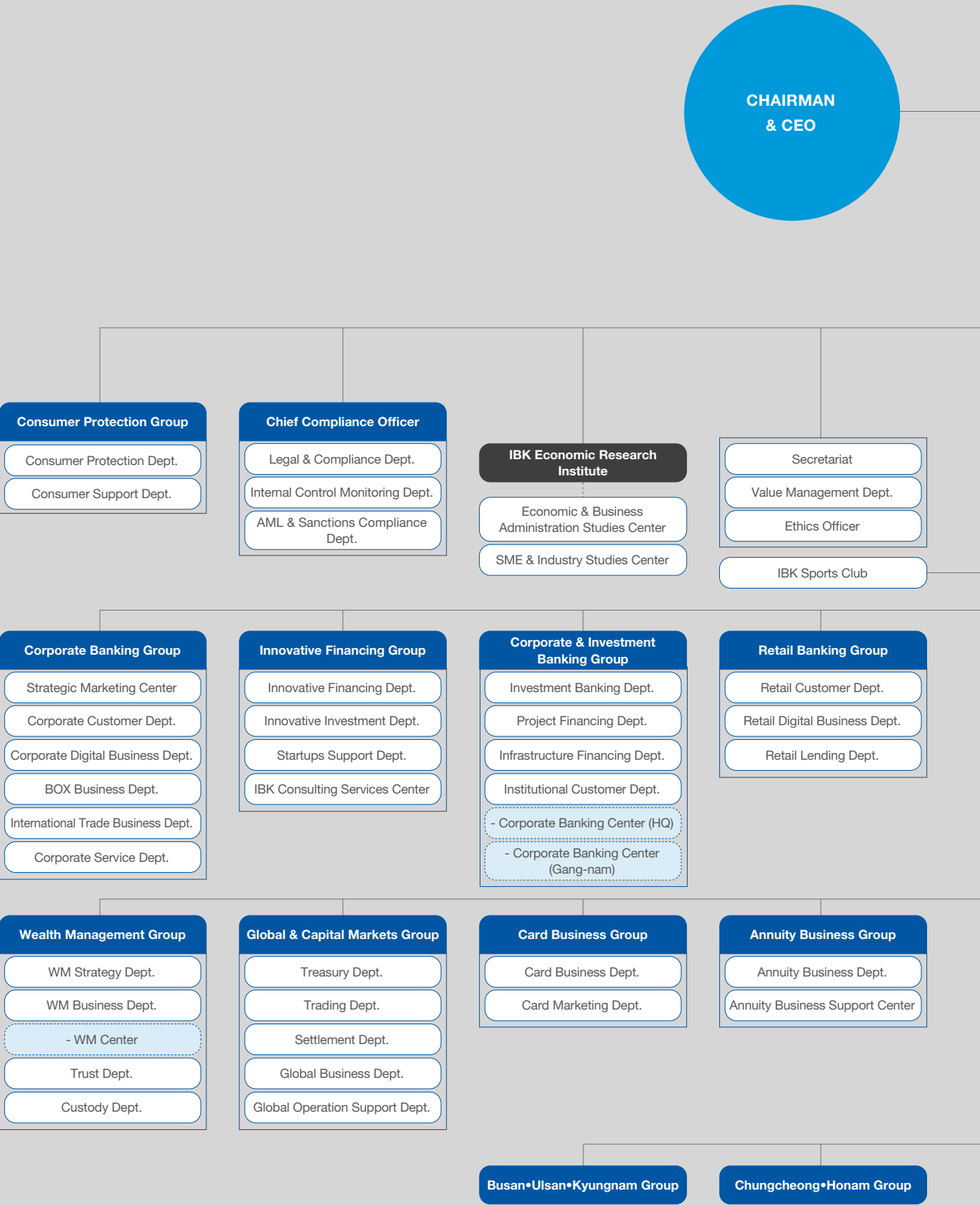
126 SUBSIDIARIES

130 MILESTONES

132 GLOBAL NETWORK & CONTACT INFORMATION



ORGANIZATIONAL CHART



(as of March 2024)

17 Groups

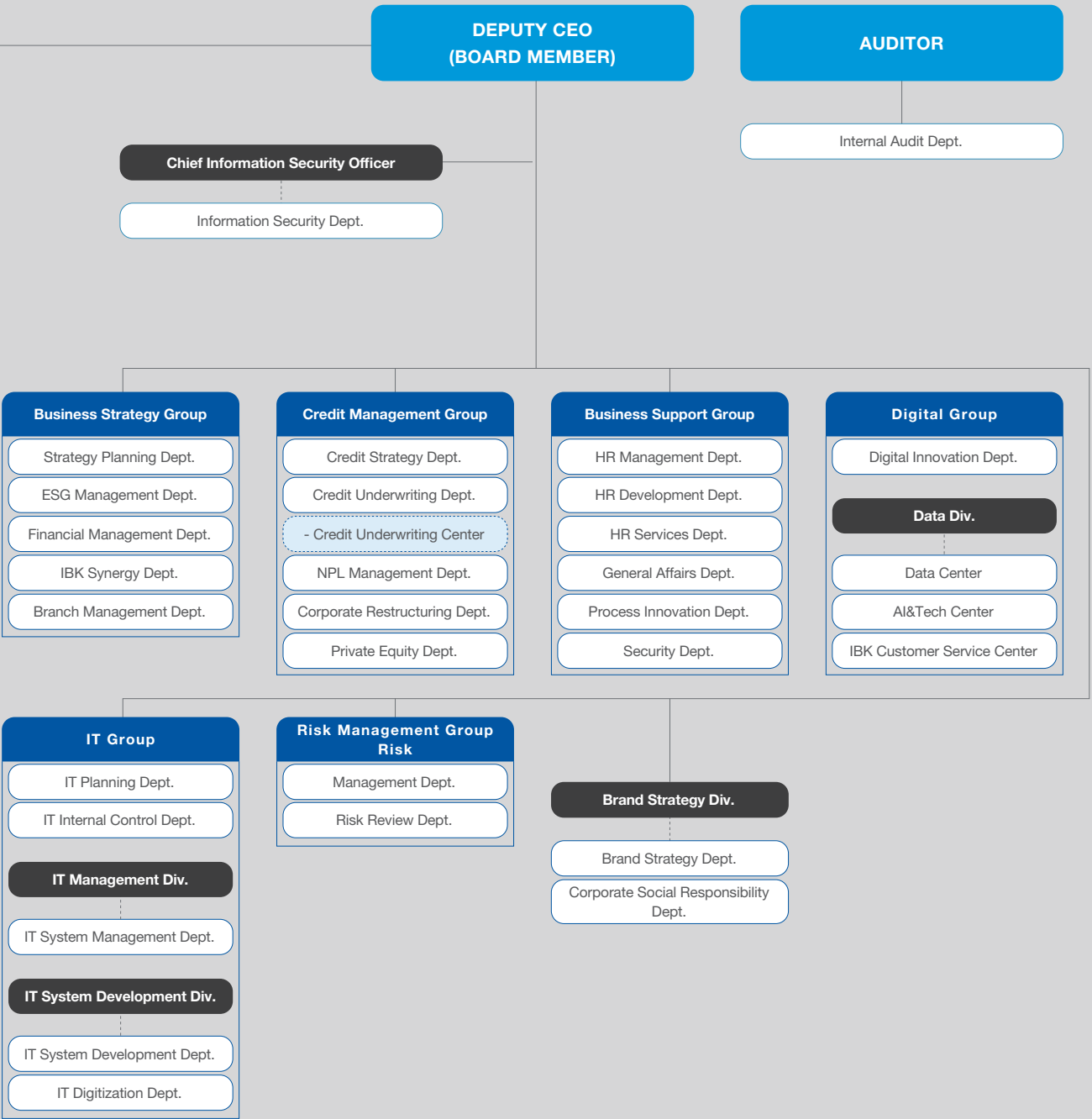
4 Divisions

5 Centers

1 Research Institute

1 Club

64 Departments





SUBSIDIARIES



IBK  
CAPITAL  
CORPORATION

**Main Business**  
Corporate finance,  
installment finance

**Date of Establishment**  
1986

**IBK Ownership**  
100.0%

IBK Capital offers services in innovative technology financing, installment financing, lease financing, factoring, and corporate banking. Prioritizing the stable growth and soundness of financial and investment assets, in 2023, the company recorded financial assets of KRW 10,654.7 billion, with a net income of KRW 184.1 billion. The one-month-and-longer delinquency rate and substandard-and-below loan ratio also remained healthy at 0.56% and 0.61%, respectively. The synergy effect from cross-selling within the IBK Financial Group amounted to KRW 359.7 billion in the finance sector and KRW 52.4 billion in the IB sector, with ongoing efforts to maximize these synergies.

In 2024, IBK Capital is committed to improving its competitiveness through asset quality improvement measures and the strengthening of business capabilities. It also aims to build firmer trust through proactive risk management and enhanced internal controls, and to realize its vision of New Finance by continuously developing new markets, products, and services.

IBK  
SECURITIES  
CO., LTD.

**Main Business**  
IB, trading and wealth  
management

**Date of Establishment**  
2008

**IBK Ownership**  
87.78%

IBK Securities was established as a financial investment company with the purpose of increasing support for the growth of SMEs and MEs in the direct financing market. It offers a suite of comprehensive corporate finance solutions, such as advisory services and acquisition finance, as well as differentiated wealth management services and financial products designed to align with clients' investment goals and preferences.

In the face of 2023's complex financial challenges, IBK Securities leveraged IBK Financial Group's value-driven management to enhance synergies, advance digital transformation initiatives, and refine its internal control mechanisms. Additionally, it embarked on a new vision—IBK Securities: The best investment partner for the public and SMEs—which encapsulates the essence of IBK's identity. Through strategic organizational restructuring, the company aimed to diversify its revenue streams and solidify a stable income base. In 2024, IBK Securities sets its sights on continuous growth as a leader in the financial investment sector, driven by a strategic directive of making IBK Securities the highest-quality securities firm through conscious management and innovation growth. This ambition is underpinned by initiatives to nurture competitive growth businesses, widen its unrivaled leadership in SME-specialized operations, boldly pursue digital transformation, and reinforce a culture of conscious management.

IBK  
INSURANCE  
CO., LTD.

**Main Business**  
Pension insurance

**Date of Establishment**  
2010

**IBK Ownership**  
100.0%

IBK Insurance was established to diversify IBK's business portfolio and expand its non-banking revenue streams. As Korea's first pension-focused insurer, it primarily serves those traditionally underserved in retirement planning, such as SME employees. With its primary services in individual and corporate retirement pension plans, the company continuously strives to develop exclusive products for SME employees, thus enhancing synergies with IBK in service of its mission as an SME-specialized bank.

The year 2023 presented a number of different challenges, including swift changes in capital regulations and a sharp rise in interest rates, which temporarily impacted financial outcomes. In response, IBK Insurance conducted an intensive company-wide strategic review, laying down mid- to long-term strategic plans. This included an overhaul of its IT infrastructure to pave the way for sustainable growth. In addition, a strategic capital increase of KRW 150 billion was carried out through shareholder contributions at year's end to strengthen the company's operational foundation.

Looking ahead to 2024, IBK Insurance is poised to proactively navigate the evolving market dynamics by adapting to stricter regulatory frameworks (IFRS 17 and K-ICS) and managing the unpredictability of interest rates. The company is dedicated to continual innovation in its operational processes and fortifying its organizational structure to secure the necessary capabilities for future success and achieve steadfast growth.

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 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 2023, the company grew its assets under management (AUM) to KRW 25.4 trillion, achieving a net income of KRW 6.3 billion. Committed to its role as a policy financier, IBK Asset Management effectively provided the required P-CBO asset management services to support the innovation growth of SMEs & venture firms and effectively manage the Bond Market Stabilization Fund, as well as the IBK Small-and-Mid-Cap Korea Fund, which invests in SMEs and MEs. In 2024, IBK Asset Management aims to grow its flagship funds with an emphasis on increasing AUM and profitability. By diversifying its portfolio to include more ETFs and overseas investment fund options, the company seeks to secure a foundation for sustainable, long-term growth and to emerge as a market-leading comprehensive asset management company.

IBK SAVINGS  
BANK  
CO., LTD.

**Main Business**  
Microfinance

**Date of Establishment**  
2013

**IBK Ownership**  
100.0%

IBK Savings Bank was launched to finance regionally based SMEs and provide microfinance services. Its core businesses include deposit-taking, installment savings accounts, and lending through six branches located in Seoul, Busan, and Ulsan. Notably, it is the only subsidiary of the IBK Financial Group that is headquartered in Busan.

In 2023, IBK Savings Bank saw its highest performance results in microfinance, while at the same time enhancing its loan asset portfolio. This was achieved through the introduction of new financial products, such as mid-interest rate loans and special guarantee programs for borrowers with the lowest credit scores, which helped strengthen asset soundness. Furthermore, the Regional Mutual Growth Synergy Loan was launched, targeting regional SMEs to grow high-quality assets. Another significant achievement was its agreement with IBK to sell retirement savings plans on IBK's behalf, which ensured a low-cost funding source and leveraged synergies from within the IBK Financial Group. Externally, the bank maintained the highest industry credit rating of A for the sixth consecutive year, reinforcing its market position. In 2024, IBK Savings Bank is dedicated to advancing sustainable and value-driven management through fundamental principles and continuous innovation.

IBK  
VENTURE  
INVESTMENT

Main Business  
Venture capital firm  
Date of  
Establishment  
2023  
IBK  
Ownership  
100.0%

Inaugurated in December 2023, IBK Venture Investment is a financial entity dedicated to backing entrepreneurs who possess innovative technologies through venture capital. As the venture investment specialist subsidiary of the IBK Financial Group, the company aims to actively unearth promising startups and nurture them into unicorn companies, thereby assisting startups at every stage of their growth. This initiative is part of IBK Financial Group’s comprehensive strategy to achieve substantial progress in the venture capital industry.

IBK  
SYSTEMS  
CO., LTD.

Main Business  
IT systems development  
and management  
Date of  
Establishment  
1991  
IBK  
55.63%

IBK Systems is a specialist in financial IT services, boasting a team of over 640 financial IT experts. The company provides a comprehensive suite of total IT services designed to heighten the financial competitiveness of its clients. These services span system operations and development, solutions delivery, IT consulting, and ongoing maintenance. Throughout 2023, the company focused on stabilizing its IT services through continuous quality improvements across all domains, from security to systems failure prevention, aiming for uninterrupted IT operations for the IBK Financial Group around the clock and throughout the year. This year’s key successful projects included bolstering the Group’s digital capabilities and enabling strategic joint procurement, which played a key role in achieving cost efficiencies.

Heading into 2024, IBK Systems is set to elevate its real-time monitoring frameworks and reinforce internal IT controls further to ensure the smooth execution of pivotal Group initiatives, such as its data center migration, thus contributing to IBK Financial Group’s digital competitiveness. Moreover, by advancing its digital technical expertise and capabilities, notably in AI, the company aims to facilitate the stable implementation of projects following the expanded adoption of a hybrid cloud system into the work environment. Committed to the development of client-centric digital services, IBK Systems continues to forge a path toward enhancing digital service offerings for its customers.

IBK CREDIT  
INFORMATION  
CO., LTD.

Main Business  
Credit information  
service  
Date of  
Establishment  
2000  
IBK  
Ownership  
100.0%

IBK Credit Information’s services range from prior to and post-loan procedures, from on-site investigations for individual and corporate credit evaluations prior to lending, to management of potential NPLs and collection of NPLs after lending. In meeting the many internal and external crises, the company underwent a significant organizational restructuring to focus on capacity-building. It succeeded in the competitive bidding of IBK and attracted new clients. Furthermore, it strengthened ESG management by realigning its internal controls and expanding its social contribution activities. As a result, the company achieved its highest-ever revenue of KRW 32.4 billion and a profit of KRW 4 billion through balanced growth among credit investigation, debt collection, and debt management services, as well as cost reduction and exploration of new business areas.

In 2024, IBK Credit Information plans to further expand its ESG management by supporting SMEs and microbusiness owners to recover from their current challenges, thus realizing value-driven management. The company is also entering the asset management market and expanding external business operations in pursuit of new growth engines, while driving innovation management through the acceleration of digital transformation and the elimination of management risks through RegTech, or regulatory technology. With a sense of responsibility that encompasses the initiation (investigation services) and culmination (collection services) of IBK’s financial operations, the company has committed itself to further contributing to the enhancement of asset soundness and trust of IBK’s customers.

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 converting contract-based workers in the public sector to permanent employees. In fact, IBK was the first policy bank to organize a fully owned subsidiary for that cause. The company is tasked with providing top-tier services to the Group’s employees and customers across all of IBK’s business premises, from nationwide branches to head office facilities (including the headquarters, IFT, Customer Centers, Suji IT Center, Giheung Training Center, and Chungju Training Center). Its responsibilities encompass security, cleaning, facility maintenance, administrative assistance, catering, and parking management. By ensuring that all its employees are full-time employees, the company has fostered a stable organizational culture. As of the end of 2023, it achieved a revenue of KRW 72.9 billion, demonstrating efficient management dedication to creating quality jobs in line with government policy. In 2024, IBK Services aims to focus on enhancing service quality to provide a more pleasant and safe environment for all visitors to the IBK Financial Group’s premises, ensuring their utmost satisfaction.

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 2023. While enjoying a stable operating base, the company is consistently promoting localization for its sustainable growth. It has also 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  
93.24%

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  
100.00%

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

-

2019

Aug. 01, 1961	Established as Small and Medium-sized Business Bank
Mar. 01, 1962	Commenced SME counseling services
Mar. 09, 1967	Commenced SME credit guarantee services
June 01, 1967	Commenced foreign exchange services
Sep. 01, 1982	Commenced SME bond issuance services
Dec. 01, 1987	Renamed IBK (Industrial Bank of Korea)
Dec. 03, 1987	Relocated head office building to 50, Euljiro-2ga, Jung-gu, Seoul
Nov. 30, 1994	Listed on KOSDAQ
Dec. 24, 2003	Transferred listing to KOSPI
Mar. 30, 2012	Reached KRW 100 trillion in SME loan balance
Nov. 29, 2016	Completed the second headquarters, IBK Finance Tower
Aug. 01, 2017	Proclaimed IBK Companion Finance
Dec. 19, 2017	Opened first startup incubator, IBK Changgong, in Mapo, Seoul
Aug. 01, 2019	Launched BOX digital platform to support SME business management operations

2020

-

2022

Apr. 6, 2020	Implemented super-low interest special loans for microbusinesses
July 27, 2020	Proclaimed Innovative Management
Dec. 17, 2020	Received Presidential Citation at 25th Small and Medium Venture Business Financial Support Award
Jan. 21, 2021	Launched IBK Myanmar Co., Ltd.
June 11, 2021	Established the ESG Committee under the BOD
July 01, 2021	Ranked 88th in The Banker’s Top 1000 World Banks list
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
Feb. 08, 2022	Net income exceeded KRW 2 trillion
Feb. 18, 2022	CEO was appointed co-chair of the OECD Platform on Financing SMEs for Sustainability
July 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
Dec. 06, 2022	Awarded the International Chamber of Commerce’s Open Innovation Challenger award at the CSS Awards 2022
Dec. 06, 2022	Attained the highest rating in ESG assessment organization CDP (Carbon Disclosure Project) 2022’s Climate Change Response Evaluation

2023

Feb. 02, 2023	Included in the 2023 Bloomberg Gender-Equality Index’s ESG Index
Feb. 10, 2023	Received the Carbon Management Honors Club award at the 2022 CDP Korea Awards
Apr. 28, 2023	Started promotion of the IBK SME Employee Preferential Program
May 16, 2023	Opened the Industrial Bank of Korea Representative Office in Brochów, Poland
May 30, 2023	Launched the IBK Corporate Card App 2.0, the first financial platform for domestic corporate card users
June 02, 2023	Became the first Korean bank to serve as a financial arranger for the RE100 Fund
June 08, 2023	Released an SME-specialized M&A financial support package
June 08, 2023	Signed an MOU with the state of Saarland, Germany and the Korea Institute of Science and Technology (KIST) for support in the European expansion of Korean startups.
June 30, 2023	SME financing balance exceeded KRW 230 trillion, a first in Korea’s financial industry
Aug. 01, 2023	Declared a new strategic direction, IBK Value-Creating Finance
Aug. 03, 2023	Included in the global ESG index FTSE4Good (socially responsible investment index)
Sep. 15, 2023	Launched the first electronic braille service in the Korean financial sector
Oct. 11, 2023	Signed an MOU with the French Public Investment Bank Bpifrance to support the development of SMEs in both Korea and France
Oct. 11, 2023	Implemented the Re:Value-Up program for SMEs
Oct. 13, 2023	Launched the customer service AI voice bot consultation service IBK Baro
Nov. 27, 2023	Successful completion of IBK Changgong Silicon Valley Accelerating Program Class 1
Dec. 08, 2023	Opened the SME M&A channel IBK M&A Center
Dec. 21, 2023	Obtained the first license for simple certification service for sole proprietors in the Korean financial sector

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Financial Derivatives  
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APPENDIX

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