

# 2021 IBK SUSTAINABILITY REPORT



Principles and Standards of the Report

This is the 7th corporate sustainability report of IBK and was prepared to transparently disclose the company’s sustainability management activities and performances in 2020 to various stakeholders. It was prepared by reflecting various international ESG (Environmental, Social and Governance) standards, including the Core option of the GRI (Global Reporting Initiative) Standards, as well as TCFD and SASB. It consists of detailed sustainability management activities and performances for three material topics and the MA (management approach) for each topic.

Period of the Report

This report was prepared based on financial and non-financial performances from January 1 to December 31, 2020, and it also contains matters from the first half of 2021 where they may have significant influence on decision-making. For quantitative performances, data from 2018 to 2020 has been used.

Scope of the Report

This report contains the management activities of the head office, domestic/overseas branch offices, and overseas offices, etc., of IBK. Financial performances were prepared based on a consolidation standard in accordance with the K-IFRS (Korean International Financial Reporting Standards).

Third-Party Assurance

To enhance the credibility and quality of the reported contents, the Korean Foundation for Quality (KFQ), which is an independent certification-specializing institution, has verified the report contents. The results can be viewed on pages 112 and 113.

IBK ESG Magazine

We have produced the IBK ESG Magazine, which is easy to read, to deliver IBK’s unique sustainable management philosophy effectively to various stakeholders. We look forward to your interest and support.

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



Navigator Button

- Cover page
- Contents
- Previous page
- Next page
- Re page

CONTENTS

2021 Industrial  
Bank of Korea  
Sustainability Report



E

S

Social Contributions

G

IBK

Support for SMEs  
(Small- and Medium-Sized Enterprises)



CEO's Message



**IBK set a vision of becoming a “Sustainable Bank that Sticks to the Basics” and is striving to promote ESG management.**

This year is the 60th Anniversary of IBK. I would like to thank our customers, shareholders, and executives/ employees, and the small- and medium-sized enterprises that we work with for their support of IBK over the last 60 years. IBK has been a strong supporter of small- and medium-sized enterprises every time our economy has faced difficulty since its foundation in 1961, such as during the foreign currency crisis in 1997, the global financial crisis of 2008, and the COVID-19 crisis of 2020.

2020 was an important year for IBK to draw a rough sketch for the next 60 years. IBK started IBK Innovative Management to focus its internal capabilities on responding flexibly to rapid internal/external changes and achieving its new vision as well as the purpose of its foundation: support of SMEs. IBK is internally focusing its efforts on strengthening credibility, capabilities, human resources, and systems and externally tries communication with many stakeholders such as customers, shareholders, and communities, etc.

Amid the unprecedented global pandemic situation, IBK set a vision of becoming a “Sustainable Bank that Sticks to the Basics” and is striving to promote ESG management. ESG management, which has emerged as a new economic paradigm, seems like something new and great, but is part of the regular efforts of IBK, as the company was founded to provide financial support to SMEs and its reason for existence is ESG management. IBK will establish and implement a goal for each area, environmental, social, and governance, as detailed below to ensure fundamentally faithful and sincere ESG management in the future.

First

**IBK will perform environmental management to lead environmental friendliness the response to the climate crisis.**

IBK has carried out various activities to respond to climate changes. We have established our goal for greenhouse gas reductions and disclosed our performance externally, and, as a result, surpassed the targets of the government’s Greenhouse Gas & Energy Target Management System for four consecutive years. As a government-run bank, IBK is leading support for the government’s carbon neutrality plan by playing the role of market coordinator of the emissions trading system through an agreement with the Ministry of Environment and trying to create an ecological system of environmental management by participating in the development of a guide to green bonds and the implementation of green finance TFT. IBK will continue its various activities to create a sustainable future as an environmentally friendly, finance-leading bank through the construction of an environmental management system and participation in various international initiatives to reduce greenhouse gas emissions and improve energy efficiency.

Second

**IBK will carry out responsible comprehensive management to fulfill its social responsibility as a corporate citizen.**

IBK supports projects that create good jobs through job fairs and the ‘i-ONE job’, professional jobs platform for SMEs, and is making efforts to employ the socially disadvantaged - such as the disabled and students from specialized high schools. In addition, IBK is paying close attention to the settlement of a culture of gender equality that enhances employees’ competencies, assesses employees solely based on their performance and ability regardless of their gender, and provides equal opportunities, thereby creating an environment where the diversity of members is respected. IBK will do its best to continue to faithfully perform its responsibility as a specialized bank for SMEs and in supporting employee growth within an inclusive organizational culture that is considerate of all people.

Third

**IBK will create a healthy, transparent governance structure through proper management.**

To maintain the trust of its customers, all IBK employees carry out conscious management with a responsible attitude based on compliance with the law and a sense of ethics. IBK is putting resources into managing risk and advancing internal control systems by putting top priority on customer value and is continuously making efforts to enhance integrity. IBK will improve management transparency and strengthen responsible management through the expanded disclosure of information and will create a healthy governance structure through continuous strategies to enhance the shareholder value.

IBK will not be afraid of change, but will be reborn as an innovative organization that uses change as a stepping stone for growth, assisting in the growth and development of SMEs. In particular, IBK will create its own model that generates both social value and new profits by strengthening support for solutions that raise awareness of ESG for SMEs that may be disadvantaged in terms of promoting ESG processes as compared to conglomerates, so that they are not excluded from the ESG process.

We hope that this 2021 Sustainability Report, which contains our sincere ESG philosophy, is helpful. We hope for your unwavering encouragement and support for the next 60 years so that IBK can take a great leap forward as a leading financial group equipped with global competitiveness. Thank you.

Chairman & CEO Industrial Bank of Korea **Yoon Jong-won** 

# Business



About IBK	08
Vision and Strategy	10
UN-SDGs and IBK	11
Highlights of IBK's 60th Anniversary	12
Highlights of COVID-19	14
Support for Stakeholders During COVID-19	16



About IBK

Purpose of Foundation

IBK was founded in August 1961 to support smooth economic activity among SMEs and to improve their economic standing by establishing efficient credit systems. IBK, which is short for Industrial Bank of Korea, is a government-run bank and a strategic financial institution designed to lead the industry and the development of SMEs in Korea.

IBK Overview

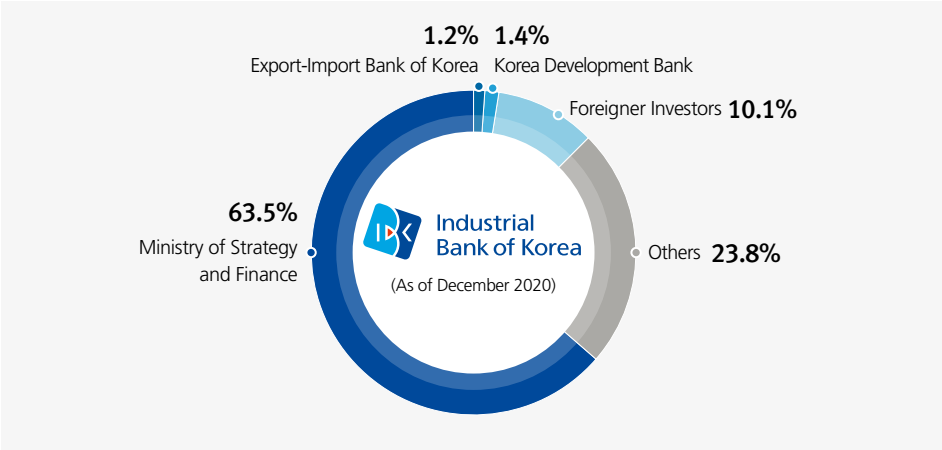
Date of foundation	Basis of foundation	Chairman & CEO
August 1, 1961	Industrial Bank of Korea Act	Yoon Jong-won
Total assets (consolidated)	Operating profit (consolidated)	Net profit for the year
KRW 361,616 billion	KRW 2,125 billion	KRW 1,547 billion

Main Performances in 2020

Please refer to the report above for detailed management performance in 2020.



Shareholder Composition



Status of Domestic/ Overseas Business Offices

(As of December 2020)

IBK operates 21 local HQs and 635 branch offices across the country. IBK also has 59 business networks in 12 foreign countries including local corporations in China (8 branch banks and 8 subsidiary banks) and Indonesian (32 branches).



Status of Subsidiaries

IBK Ownership of Major Subsidiaries (As of December 2020)

Company Name	Ownership (%)	Company Name	Ownership (%)
IBK Capital	100	IBK System	55.6
IBK Securities	83.9	IBK Credit Information	100
IBK Insurance	100	IBK Service	100
IBK Asset Management	100	IBK (Chinese) Co., Ltd	100
IBK Savings Bank	100	IBK Indonesian Bank	97.5

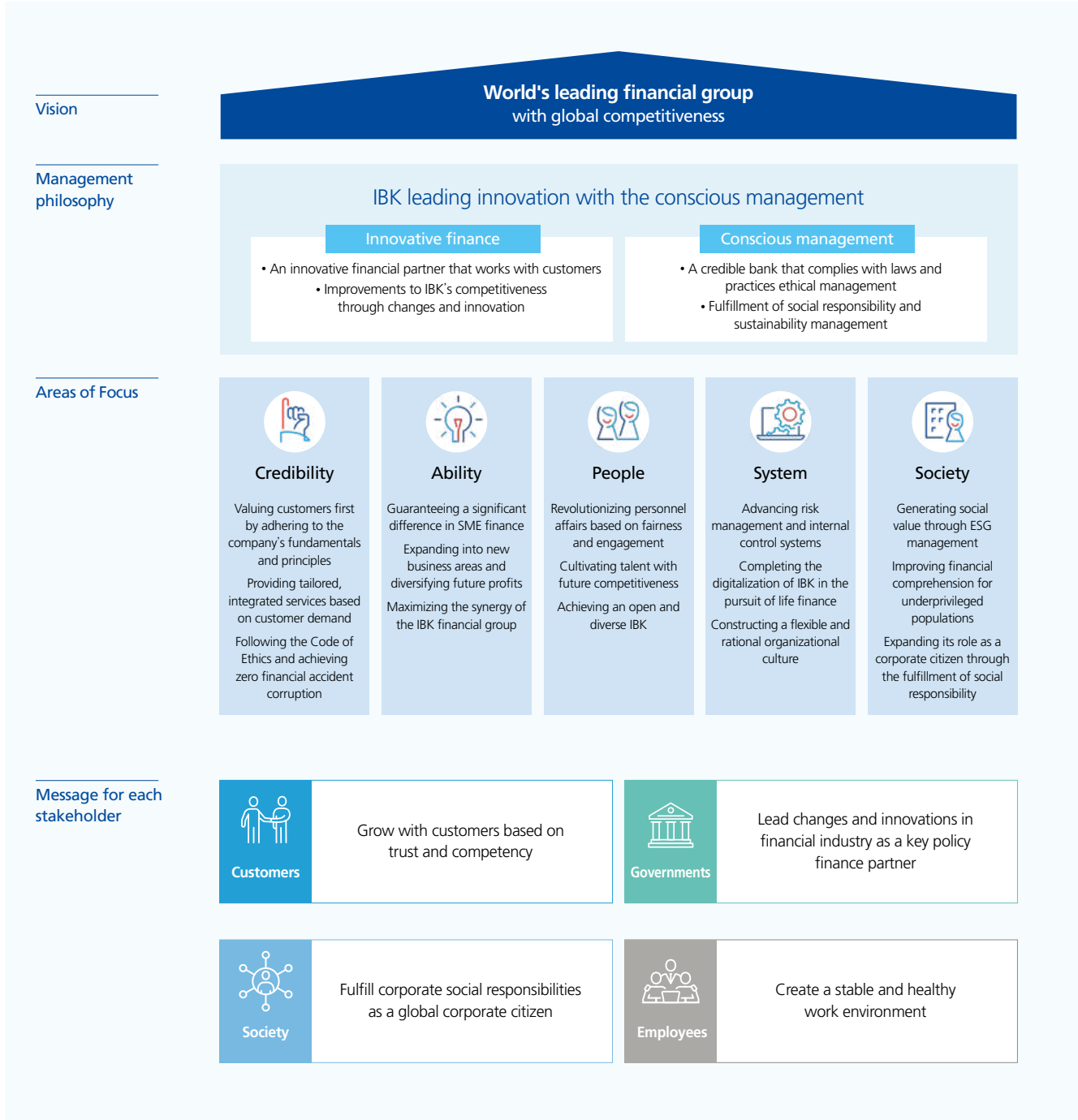
Vision and Strategy

Vision and Strategy  
(Innovative Management)



The banking industry faces various challenges, ranging from the emergence of new competitors to the economic impact caused by COVID-19, prolonged low growth and low interest rates, accelerated industrial restructuring, and big tech.

IBK set 2020 as an important turning point to prepare for the next 60 years and pondered how to spend this period wisely. Likewise, IBK established new visions and directions for the concentration of all members' capabilities to meet the new mid- to long-term vision of the management.



UN SDGs and IBK



IBK is working to achieve the UN SDGs (Sustainable Development Goals), which are common goals of humankind, as well as the K-SDGs (Korean-Sustainable Development Goals). The efforts of IBK toward the common goals of the world, beyond the country, are part of its duties as a corporate citizen and a strategic financial institution, and IBK will actively participate in creating a sustainable future for humankind and Korea.

UN-SDGs	Detailed Goals of K-SDGs		IBK activities
	1-2 1-3 1-4	Achieve substantial security for the poor and vulnerable by minimizing social security blind spots Strengthen social services for the poor and the vulnerable Help the poor and the vulnerable strengthen the resilience to economic, social and environmental impacts	42~49
	3-1 3-2 3-4 3-7	Control the risk of chronic disease and expand health insurance coverage Promote mental health and prevent drug abuse and misuse Prevent and manage infectious diseases Reduce the damage caused by environmental pollution	70~71
	4-4 4-5	Increase the actual numbers of youths and adults with adequate technology, such as professional technologies and job technologies, etc., needed for employment, good jobs, and entrepreneurial activities in keeping with digitalization and technical changes Solve the gender inequality equation	44, 46, 72~73
	5-3 5-4 5-6	Respect and value housework Ensure women's participation in social activities and equal opportunities Expand access to core technologies to strengthen women's empowerment	68~71
	7-2 7-3 7-4	Increase clean energy generation Save energy and enhance energy efficiency Minimize energy consumption in transportation sector	34~39
	8-2 8-3 8-4 8-6	Strengthen strategies for generating good jobs Stimulate growth of SMEs and small business owners Ensure equal pay for work of equal value Protect workers' right and create a safe working environment	66~73, 88~95
	9-2 9-3 9-5	Improve access to financial services for small businesses Establish technological capability and promote the commercialization of advanced technology Eco-friendly industrial activities and technological innovation	38~39, 54~65, 88~89
	10-3	Eliminate discriminatory treatment and provide equitable opportunities	66, 68
	11-6	Reduce the negative environmental influences of cities, including air quality and waste management	34~39
	12-5 12-6 12-7 12-8	Reduce waste generation by preventing, reducing, and reusing waste Manage businesses' sustainable management activities Encourage sustainable green consumption through the certification of green products and expansion of green purchasing Expand environmental education to raise awareness of sustainable development	28~29, 39, 74~76, 88~95
	13-3 13-4	Strengthen capability to respond to climate change Limit the rise in global temperature to 2℃ compared with the level before industrialization and try to limit rise in temperature to within 1.5℃ .	22~27, 34~36 74~76
	16-4 16-5 16-12	Reduce illegal funds and arms trade, strengthen the redemption and return of illegally acquired assets, and exterminate all types of organized crimes Reduce corruption and bribery Strengthen digital rights protection	78~80, 83~85, 87
	17-4 17-6	Realize overall development cooperation Strengthen various types of global partnerships for the sustainable development of developing countries	9, 90





## Highlights of IBK's 60th Anniversary

### 1961~2000

- **August 1961** Founded IBK and started business (6 HQ and 30 branches)
- **September 1982** Started issuance of SME financial bonds
- **March 1984** Established the SME Integrated Service Center and SME Integrated Counseling Window
- **December 1987** Changed English name to IBK (Industrial Bank of Korea) and relocated the head office to a newly constructed building
- **February 1993** Organized the Excellent SME CEO Exchange Meeting (currently known as the CEO Club)
- **November 1994** Listed over-the-counter stock (KOSDAQ)
- **June 1998** **Carried out the "Total funding campaign to help SMEs"**
  - Poured all energies into helping SMEs during foreign currency crisis
  - Supplied SMEs with special anti-bankruptcy funding worth KRW 581.7 billion to prevent a chain of SME bankruptcies
  - Contributed to the stabilization of the SME financial market with a KRW 2 trillion net increase in loans to SMEs amid the serious monetary stringency that caused a KRW 13.8 trillion reduction in all bank loans to SMEs compared to the previous year

### 2000~2010

- **December 2003** Listed on the KOSPI, delisted from the KOSDAQ
- **June 2004** Established SMEs' Hall of Fame
- **June 2006** Reached a total of KRW 100 trillion in assets, the first time for a domestic bank through self-growth
- **August 2007** Abolished the joint guarantor system, the first domestic bank to do so
- **2008** **Expanded supply of funds for SMEs during the financial crisis**  
**Increased loans to SMEs by KRW 15.6 trillion during the financial crisis Equivalent to a 80% net increase of all bank loans to SMEs A leader of SMEs to overcome the liquidity crisis**
- **March 2009** Opened JOB WORLD (a free professional employment portal site for SMEs)

### 2011~2019

- **March 2012** Provided KRW 100 trillion worth of loans to SMEs  
Exceeded KRW 200 trillion in total assets
- **November 2013** **Net increase of individual customers by one million per year for three consecutive years, achievement of one million corporate customers, net increase of IBK ONE banking by one million a year, and achievement of foreign currency performance equivalent to USD 100 billion a year**
- **July 2018** Selected by The Banker, ranked among the "Global 100 Banks" (ranked 93rd in Tier 1 Capital and 97th in total assets)

### 2020

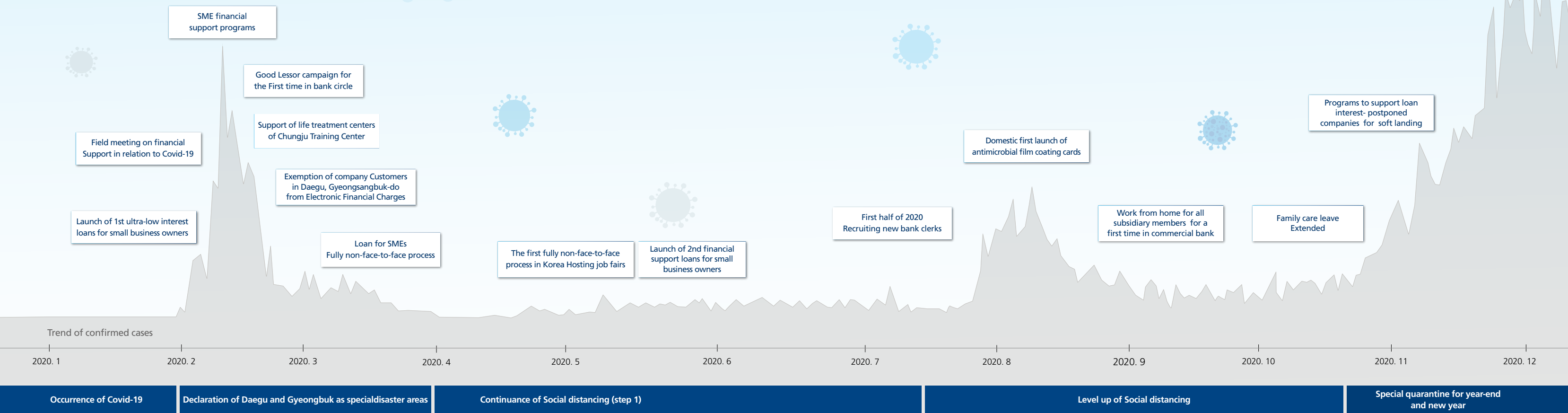
- **January** Mr. Yoon Jong-won assumed office as the 26th Chairman & CEO
- **June** Exceeded KRW 100 trillion in personal finance (personal savings and household loans)
- **July** Declared IBK Innovative Management (innovative finance and proper management)
- **August** **Recorded an SME loan balance of KRW 180 trillion, a first in the domestic financial industry**
- **November** Launching of 'i-ONE Micro Business app' a life finance platform for small business owners



# COVID-19 HIGHLIGHTS

## Efforts made by IBK

Everything stops due to COVID-19, but not IBK.



### COVID-19 loans

Support for  
**333,908** cases



### COVID-19 loans

Support worth  
KRW **21** trillion



### Work from home

**9,643** Employees  
(All branch offices and HQ)



### Total suspended interest

KRW **37.2** billion  
Four times the average of  
the five largest banks of Korea



### Good Lessor Campaign

Reduction of rental fees  
by **50%** (maximum)



### Extended SME loans

**96.1%** support for  
total mature loans worth





## Support for Stakeholders During COVID-19

### SMEs

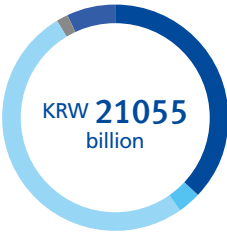


Launch of “Haenaeri Loans” for small business owners with less than 10 full-time workers
Program for innovative growth and special support of small business owners - Launch of ultra-low interest (1.5%) special loans
Operation of an integrated financial-difficulty counseling desk Designation of exclusive employees at the HQ, local HQs, and branch offices to support companies affected by COVID-19 Identification of field trends and support for a broad range of financial difficulties with the establishment of systematic counseling channels
Installation of a COVID-19 damage support unit with support funds for small business owners at the Small Enterprise and Market Service
Business agreement on supporting companies affected by COVID-19 through a local credit guarantee foundation
Special support fund for COVID-19
Support for companies affected by COVID-19 through special import/export financing Extension of maturity with exemption from margin for up to one year, including original period of usance L/C Reduction of additional interest caused by delayed payment of export drafts and postponement of bankruptcy registration for up to two months
Operation of a program for the financial support of SMEs to help them overcome the liquidity crisis
Application of special 50% discount to forward exchange p-bonds
Establishment of contactless processes for company banking and loan processing Contactless loans without visits to branch offices, including ultra-low interest special loans (April 29) and 2 <sup>nd</sup> -round financial support loans for small business owners (June 4)
Operation of a program to support the suspension of loan interest for companies to ensure a soft landing (Total support for KRW 232 billion for 67 companies, ongoing support of up to KRW one trillion)
Operation of special credit evaluations Postponement of preparation of credit evaluation sheets in the case of companies with extended maturity for corporate tax reports and payments
“Allowance for bad debts management” to support companies affected by COVID-19 Increased loss absorption capability with additional saving (KRW 340 billion) of bad debt allowance in 2020 as an preemptive measure against the potential expansion of bad debts following the termination of the interest suspension system

No. of applications received for Corona-related loans



Amount supported for Corona-related loans



(Unit : Cases, KRW 100 million)

	Cases	Amount
1st round of ultra-low interest loans for small business owners	267,424	78,064
2nd round of financial support of small business owners	38,195	6,755
SME financial support program	18,901	108,031
COVID-19 special support fund	1,658	3,257
Haenaeri Loans	7,730	14,443
Total	333,908	210,550

### Individual Customers



Support credit card members affected by COVID-19 through the postponement of card payments and long-term card loan payments (134 cases equivalent to KRW 1.2 billion as of December 2020)
Special extension of maturity for up to one year without payment of principal for mature household loans (11,492 cases equivalent to KRW 847.2 billion as of December 2020)
Postponement of payment of “credit loans” and installments of “guarantee-based Inclusive loans” for up to one year (114 cases equivalent to KRW 1.9 billion as of December 2020)
Support for individual customers affected by COVID-19 with special interim termination of savings (January 4 to June 30, 2021)

### Local Communities



Support for local government through victim aid cards worth KRW 50 million Supplying Jincheon-gun, Asan-si, and Daegu Metropolitan City, etc., with aid kits including washing tools, masks, underwear, blankets, etc.
‘Spring Flower Dream Event’ to support affected small business owners Flower giving event for visitors to promote flower purchases, which have decreased due to fewer graduation ceremonies, entrance ceremonies, etc., being held
Supply of 64,000 sets of hand washing detergent and disinfectant, etc., to small business owners and SMEs
Exemption of corporate customers in the Daegu and Gyeongbuk areas from electronic financial charges Temporary exemption from electronic financial charges for corporate customers in the Daegu and Gyeongbuk areas that sustained large damages due to COVID-19
Supply of a life treatment center for mild COVID-19 patients at the Chungju Training Center

(Unit : persons)

Items	Schedule	Capacity
Life treatment center for mild patients	From March 12 to April 7, 2020	213
Temporary living facilities for travelers from abroad	From April 9 to 27, 2020	174

### Executives and Employees



Preemptive provision of disinfection and quarantine materials to prevent the spread of COVID-19 and protect employees Disinfection of all subsidiary offices, distribution of quarantine materials including masks, and installation of transparent barriers
Full-time operation of COVID-19 Emergency TF Real-time sharing of action guidelines and precautions through Kakao Talk, SMS, and the 24-hour hotline of the Emergency TF
Execution of a BCP (business continuity plan) to respond to COVID-19 Execution of documented policies to respond to business suspensions caused by COVID-19 and to restore and restart the main business
Implementation of the first work-from-home system (including branch offices) for a commercial bank in Korea Grade 3 team leaders or lower grade employees in areas under level 2.5 social distancing 1st : From September 3 to 16, 2020 / 2nd : From December 9, 2020 to February 10, 2021

# ESG Management, Strategy



2021 ESG Implementation Strategy	20
TCFD Report	22
Internal ESG Management	28
External ESG Management	30

2021 ESG Implementation Strategy

IBK has set the Year 2021 as the first year of ESG management and created the future of IBK through ESG. The goal of each area in Environmental, Social, and Corporate governance is to become a “sustainable bank that sticks to the basics” centered on the main tasks of ESG management. We will not forget that being faithful to the purpose of establishment, which is to support small and medium-sized enterprises (SMEs), is to practice ESG management and promote a win-win relationship continuously with SMEs with ceaseless ideas and proactive support for SMEs. The mid-to-long-term goals of ESG management including carbon neutrality will be disclosed after the ESG Committee's decision.



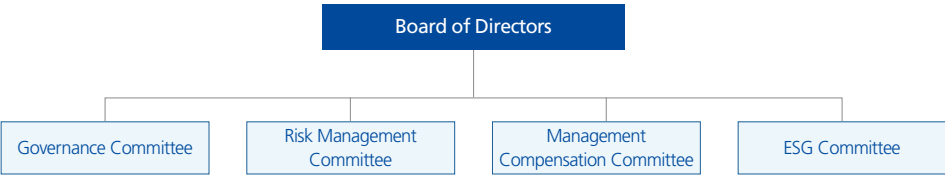
TCFD Report

Nowadays, the global financial market is focused on climate change due to its potential impacts on microscopic & macroscopic financial stabilization and financial quantification in the area of ESG. The financial risks and opportunities associated with climate change under the 2℃ scenario of the Paris Climate Agreement have drawn much attention, and the FSB (Financial Stabilization Board) announced its TCFD Recommendations in June 2017 following the establishment of the TCFD (Taskforce on Climate-related Financial Disclosures) upon request by the G20 to create a public notification system for the financial impacts of climate change.

IBK declared its support for the TCFD in June 2020, making it the first domestic financial public institution to do so, and is carrying out step-by-step response activities to meet the TCFD Recommendations. The TCFD Recommendations consist of 4 areas (governance, strategy, risk management, and target/indicator) and 11 detailed indicators for meeting the 2℃ scenario, and IBK is establishing ESG management and formulating a strategy to meet the recommendations.

Governance Structure  
Establishment of  
ESG Governance

IBK established its ESG Committee as the top decision-making organization under the Board of Directors through a resolution of the Board of Directors in June 2021. It was the first time public financial institution in the country to do so. The ESG Committee regularly (each quarter) reviews and makes resolutions for risks, opportunities, and strategies related to climate change based on international standards such as those of CDP and the TCFD.



The ESG Committee consists of one internal director and three external directors in accordance with international standards and global initiatives (i.e., an operation focused on external directors is desirable and the chairman should be elected from among the external directors).

The CEO does not participate in the ESG Committee, which is operated with a focus on external directors to secure independence, but participates in management meetings on responding to climate change. Internally, responses to climate change are embodied in overall management by reflecting ESG performance, including such responses, in all bank KPIs, thereby maximizing operational efficiency.

The ESG Management Team established under the Strategic Planning Department in January 2021 plays the role of control tower, manages the risks and opportunities of the bank with regard to climate change, including the establishment of a carbon neutrality goal, and manages ESP application in overall management. In addition, a group-level climate change response system was established with the organization of the “ESG Implementation Meeting of IBK Finance Group,” which all affiliates of the IBK Finance Group participate in. Through this monthly meeting, information on the opportunities and dangers of environmental risks related to climate change is shared.



Strategy  
Physical Risks and  
Transition Risks

Means of GHG Emission Offset

CERs of UNFCCC Climate Neutral Program

Voluntary carbon market (the VERs of GS and VCS, etc.)

IBK is now considering various means of offsetting greenhouse gas emissions, including participating in the Korea Energy Agency’s K-Renewable Energy Certificate (REC) pilot project in 2021.

**Physical Risks**

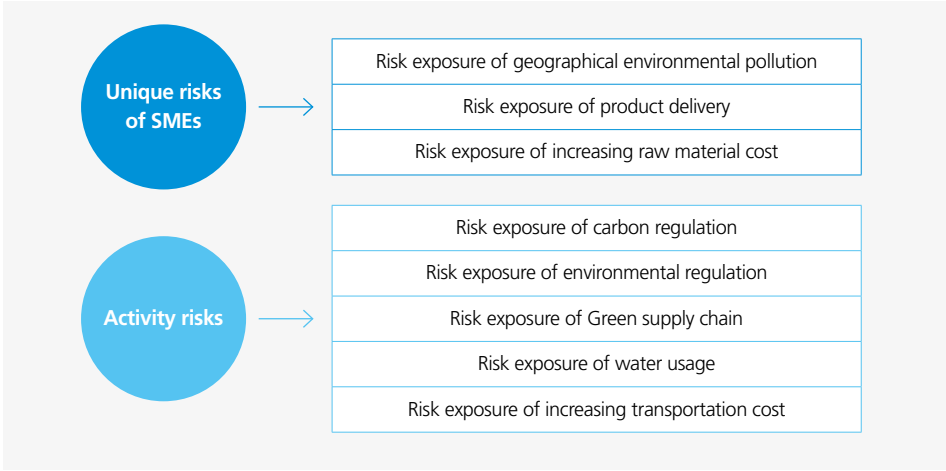
Physical risks are the same as opportunity and risk factors for most domestic companies and are managed by the BCP (business continuity planning) system with consideration for direct impacts, such as increased operational costs for data centers due to a rise in temperature. Impacts on business are monitored in real time.

**Strategic Risks**

Transition risks are important for IBK and are different from those of other domestic financial institutions in terms of climate change risk, opportunity analysis, strategy reflection process, etc. Some transition risks faced by IBK are the increased costs associated with the role of market marker caused by price falls, increased investment in low-carbon facilities such as renewable energy equipment, and increased costs for the implementation of RE100, including K-REC. These risks are being managed by the corresponding departments.

As the impacts of climate change on large enterprises and SMEs is different, including the infrastructure and response conditions, managing customer transition risks is considered to be important. IBK has conducted independent analyses to overcome the limits of use of its domestically disclosed data. IBK analyzed climate/environmental risk evaluation methods of foreign governments and financial institutions and, based on domestic/foreign risk evaluation factors, deduced the evaluation factors suitable for SMEs.

Risk Factors of IBK and SMEs for Climate/Environmental Exposure



Evaluation models were developed based on the company DB of climate and environmental risk factors, with the risk exposure level of each business type deduced based on information regarding SMEs possessed by IBK. Businesses were classified into high-, middle- and low-risk groups through matrix analysis. The results, in descending order, were manufacturing businesses, construction businesses, and other public businesses, and 25% of all customer companies belonged to the high risk group. All analyses were conducted based on the 2℃ scenario, and an analysis based on the 1.5℃ scenario is being considered.

The impacts of climate change may be relatively small for SMEs, the main customers of IBK, compared to large enterprises that participate in the emissions trading system. Indirect impacts such as the ripple effect and increases in raw material prices cannot be neglected, however, support for and management of responses to climate crisis by SMEs are essential tasks of IBK, and IBK reflects new opportunities and risks such as the climate crisis and green finance, etc., in overall management based on analysis.

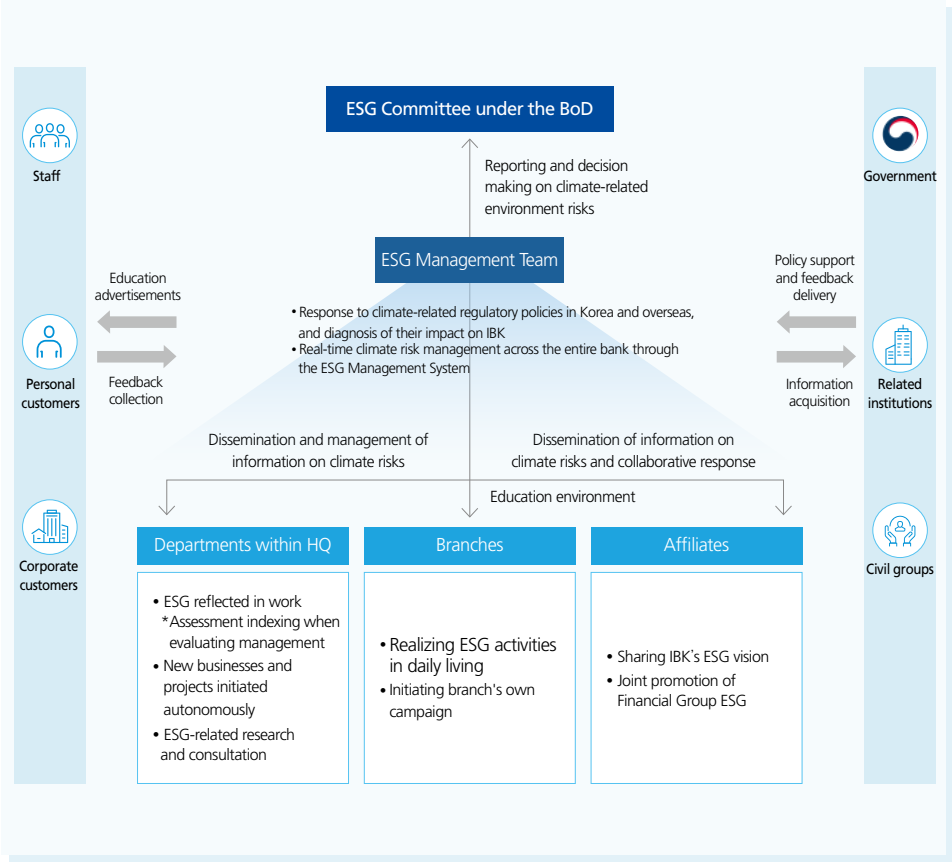


TCFD Report

Risk Management  
Climate and  
Environmental  
Risk Management

IBK manages the processes of identifying and evaluating the risks of climate change and integrating a management system for all financial & non-financial risks through a horizontal decision-making structure focused on the ESG Management Team of the exclusive Strategic Planning Department. Monitoring is done in real time through the constructed ESG Management System, with affiliates notified of all detected risks through the ESG Implementation Meeting of the IBK Finance Group.

Structure of the Climate Change Risk Management Organization of IBK



As climate and environmental risks are rapidly changing, efforts to receive the latest information rapidly and to reflect it in the management strategy of the bank are important. For this, close communication with governments and external organizations is a very important element of risk management. IBK participated in the study group for “sustainable climate finance” hosted by the Financial Supervisory Service in 2019, the Green Finance TF WG1 of the Financial Services Commission in 2020, and the development of green finance model standards with the Korea Federation of Banks. Likewise, IBK is endeavoring to learn international climate and environmental information and manage risk by participating in various global initiatives such as the UNEP FI, UN PRB, PCAF, and SBTi as well as the UNGC, which IBK joined in 2006.

Indicators and  
Reduction Targets  
Performance Achieved

IBK manages the quantitative targets it has established based on indicators such as greenhouse gas emissions, carbon intensity, green finance loans, and investment performance to respond to climate change. IBK manages greenhouse gas emissions indicators with short- and mid-term targets up to 2050, and green finance loans and investments are managed through the establishment of quantitative targets for 2025 and 2030. IBK participates in the government’s Greenhouse Gas & Energy Target Management System and is reducing emissions based on greenhouse gas emissions allowances for each year determined by the government. IBK has over-achieved its targets for four consecutive years since 2017 through company-wide efforts to save energy. In 2020, IBK exceeded its emissions reduction target by 2,235 tCO<sub>2</sub>eq compared with the emissions allowance.

**Greenhouse Gas & Energy Target Management System**

According to the environmental regulation system for carbon neutrality in governmental ESG policy, companies\* with greenhouse gas emissions exceeding a certain quantity receive reduction targets from the government every year.

\* 1,638 companies and 782 public agencies

Emissions allowance in 2020	Actual emissions in 2020	Achievement of target (excess or deficiency)
61,789tCO <sub>2</sub> eq	59,554tCO <sub>2</sub> eq	Surplus achievement (△2,235)

In addition to the indicators and targets for responding to government regulations, IBK has established and is managing its own greenhouse gas reduction targets, and is expanding its management scope to cover intensity (basic sales unit and basic per-capita unit) and Scope 3 emissions. Total greenhouse gas emissions increased slightly compared to 2019, but carbon intensity decreased, which indicates an improvement in actual emissions efficiency.

IBK’s Greenhouse Gas Emission in 2020

Total emissions (tCO <sub>2</sub> eq/y) <sup>1)</sup>	SCOPE 1	SCOPE 2	SCOPE 3 <sup>2)</sup>	Basic sales unit (tCO <sub>2</sub> eq/KRW 100 billion)	Basic per-capita unit (tCO <sub>2</sub> eq/person)
59,554	9,483	50,071	26,321	0.1647	4.3721



Note1) SCOPE 1 + SCOPE 2    2) Nine items including commuting, business trips of executives/employees, and products

IBK actively manages the following year’s target, which is established in connection with the Greenhouse Gas & Energy Target Management System. IBK established its own 2050 carbon neutrality goal in line with the 2050 carbon neutrality policy of the government through a service to introduce PCAF (Partnership for Carbon Accounting Financials) and SBTi (Science Based Targets initiative) methodologies and is formulating detailed reduction strategies as well.



TCFD Execution Status of IBK

Classification	Item	TCFD Implementation Status of IBK
<div>Governance</div> <div></div>	a) Role of the Board of Directors in relation to the risks and opportunities associated with climate change	- Establishment of the ESG Committee under the Board of Directors
	b) Role of the management in evaluating and managing the risks and opportunities associated with climate change	- Participation of management (executive director) in the ESG Committee - Participation of the CEO and executives in the decision-making process through emergency management meetings
<div>Strategy</div> <div></div>	a) Analysis of the risks and opportunities associated with climate change	- Diagnosis of climate change risks and development of carbon finance business
	b) Impacts of the risks and opportunities associated with climate change on the business, strategies, and financial plan of the organization	- Comprehensive impact results
	c) Resilience of organizational strategies to various scenarios related to climate change	- Impact modeling, deducement of high risk groups, and risk analysis reflecting various scenarios - Analysis of financial impacts and drawing up of management plans for SMEs

Classification	Item	TCFD Implementation Status of IBK
<div>Risk Management</div> <div></div>	a) Risk identification and evaluation process regarding climate change	- Climate and environmental analysis and deducement through an external professional agency and development of an evaluation process with related departments
	b) Organizational process to manage the risks of climate change	- ESG management control computer system
	c) Method of integrating the process to identify, evaluate, and manage the risks of climate change in the overall risk management of the organization	- ESG management control computer system
<div>Target/Indicator</div> <div></div>	a) Indicators used by the organization to evaluate the risks and opportunities associated with climate change according to strategies and risk management processes	- Greenhouse gas emissions quantity, products, and services, etc.
	b) SCOPE 1, SCOPE 2 and SCOPE 3 emissions quantities and related risks	- SCOPE 1: 9,483tCO <sub>2</sub> eq
		- SCOPE 2: 50,071tCO <sub>2</sub> eq
		- SCOPE 3: 26,321 <sup>1)</sup> tCO <sub>2</sub> eq
	c) Targets to be used by the organization and performance compared to the targets for managing the risks and opportunities associated with climate change	- Ongoing reduction by 2.5% per year * Reduction by 20% in 2030 compared to 2020

Note1) Nine items including commuting, business trips of executives/employees, and products



Internal ESG Management

IBK endeavors to realize its unique ESG management without pursuing temporary trends. We are establishing our ESG management system as our whole bank shares the strategic direction of ESG management and our employees identify and implement the required indicators. By establishing a management system to share the implementation of metrics in real time and reflecting ESG performance in via KPIs, we are increasing our implementation capabilities and encouraging employees to participate. IBK is committed to integrating ESG management deeply throughout all bank processes by continuously providing diverse training programs and campaigns to increase understanding and consensus with respect to our ESG management.

Development of ESG Management System



Environmental Education

IBK operates the Task Force Team to promote ESG improvement tasks, which all groups in the departments within HQ participated in the first half of 2021. After analyzing the current status of IBK, 120 improvement tasks were identified, with the roles of responsible groups and departments defined. In addition, IBK has been operating the ESG management control system established to share the implementation of improvement tasks in real time and to manage them systematically. Once discussions on the K-Taxonomy and K-ESG have matured, we will apply them to the ESG management control system and upgrade the improvement tasks accordingly; thus solidifying IBK's unique ESG management.

**Executives** In May, IBK hosted a lecture by Mr. Choe Jae-cheol, current chairperson of BIE (Bureau International des Expositions) and former Climatic Change Ambassador of the Ministry of Foreign Affairs, on the subject of "New coordinates, 2050 carbon neutrality, and ESG in this time of climate crisis."

**Employees** In April, IBK hosted a lecture by Team Leader Yoo In-sik on the subject of "Green Finance." IBK will provide regular environmental education at least once per quarter and expand the target audience to branch office employees.



ESG Educational Videos

IBK produces and broadcasts various types of educational videos to fuel interest in and better perceptions of ESG. "ESG with IBK," featuring the concept of ESG and some examples, and "ESG, who are you?," featuring interviews with ESG staff, are being broadcast in the HQ and branch offices twice a day, four days a week. IBK will continue to encourage the interest and participation of executives/employees in ESG by occasionally creating such videos.

- 1) 'ESG with IBK'  
A video about the ESG management of IBK broadcast in executives meetings as well as at the HQ and all branch offices
- 2) 'ESG, who are you?' Short interview video for hands-on workers in the ESG Management Team



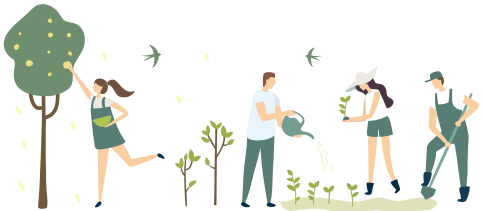
ESG Newsletter

The "Step-by-Step ESG" newsletter is shared with all employees every Monday, which is designated as "ESG understanding day." It contains recent news and trends related to ESG, IBK activities, future plans, etc.,. The newsletter was shared 12 times to date and is used as a communication channel for employees to share and sympathize with the ESG management of IBK as well as basic knowledge and refinement of ESG management.



Campaigns to Expand ESG Management

**'Green Printers' campaign**  
IBK reduces costs by conducting a campaign to encourage 'green computers' on Arbor Day and reducing use of papers and toner. IBK creates an atmosphere of practicing environmental friendliness even in minor matters in banks.



ESG practice through learning and sharing

In 2020, executives and employees used about 60,000 books for training, which is equivalent to 900 30-year-old trees. Implemented in 2021, our book donation system promotes the practice of environmentally friendly management (E) and social contributions (S) by donating books used by executives/employees to improve their capabilities to the IBK Happiness Sharing Foundation.

Practicing energy saving

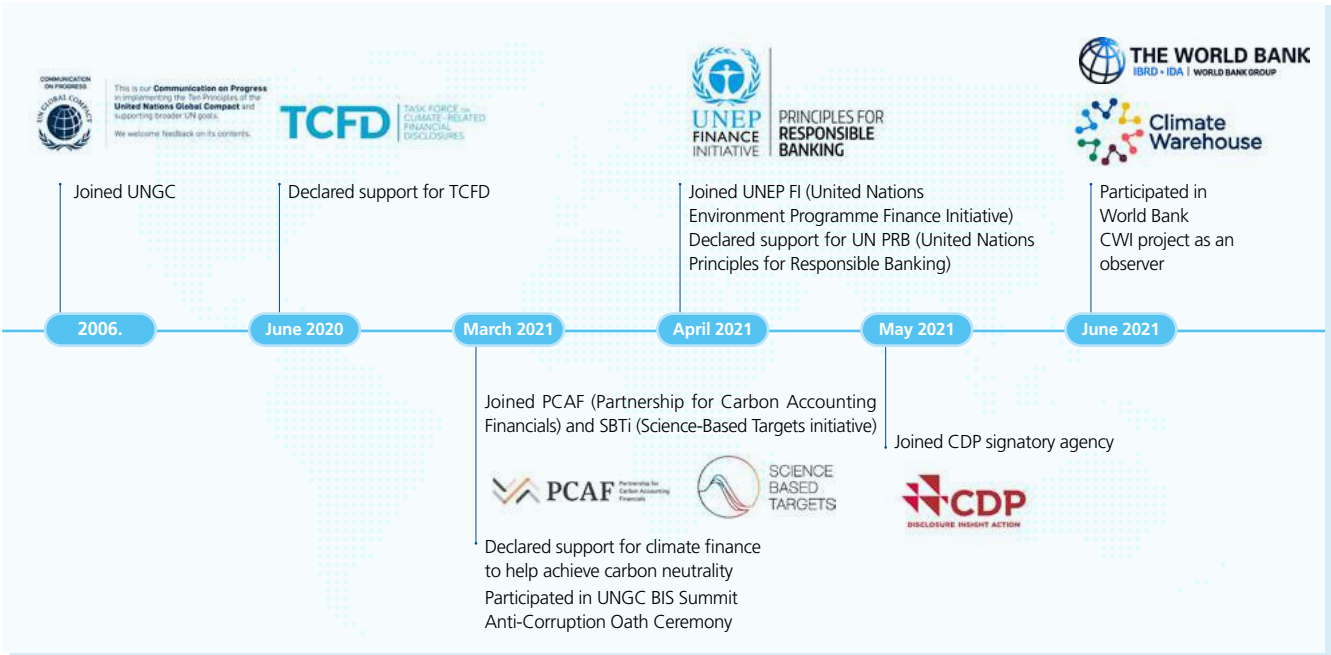
IBK is minimizing the unnecessary use of energy by moving up the lights-out time after closing by 30 minutes and by adjusting the water pressure in toilets for energy savings in its offices. In addition, IBK encourages energy-saving practices by guiding various activities in daily life, such as saving electricity, reducing waste, and maintaining optimum cooling/heating temperatures.





External ESG Management

There have been growing social voices that financial institutions should play a more active role and carry out interventions in the practice and spread of ESG management. IBK is leading participation in various ESG activities to meet social expectations, assuming responsibility for its roles as a policy financial institution and as a corporate citizen. We ensure that diverse economic stakeholders, including SMEs, are included and promote ESG-based mutual growth. IBK will provide the social basis to spread ESG management by upgrading internal ESG management through participation in various external networks as well as joint efforts.



Participation in International Initiatives

**UN PRB 6 Principles**

Detailed content consist of

- ▲ Matching business strategies with the Paris Climate Agreement and UN SGDs
- ▲ Reducing negative influences of financial products and services and expanding positive influences
- ▲ Encouraging sustainable practices among customers
- ▲ Partnering with stakeholders to achieve social goals
- ▲ Implementing the principles with an effective governance system and responsible banking culture, and
- ▲ Regularly reviewing the implementation performance of the principles and guaranteeing transparency.

IBK intends to carry out model ESG management in the future by following the six principles sincerely.

IBK has expanded its participation in domestic/foreign standards and initiatives to learn advanced ESG management skills and to construct a network with excellent global ESG banks. IBK is concentrating its capabilities on the responsible execution of ESG management and participating in various initiatives to meet the standards required by international societies.

Following its declaration of support for the TCFD (Task Force on Climate-related Financial Disclosures) in 2020, IBK joined the UNEP FI and participated in the UN PRB as a signatory agency in 2021. IBK has also joined the PCAF (Partnership for Carbon Accounting Financials) and SBTi (Science-Based Targets initiative) for carbon neutrality.

- UN PRBs are the principles that banks should follow in order to achieve the SDGs (Sustainable Development Goals) and the goals established in Paris Climate Agreement and secure a sustainable future.
- The PCAF and SBTi are global consultative groups that set and verify the greenhouse gas emissions reduction targets of enterprises with the goal of limiting the average global rise in temperature to within 1.5℃, in line with the Paris Climate Agreement. IBK intends to set and disclose its greenhouse gas emissions reduction targets by applying the greenhouse gas emissions measurement standards of the PCAF and SBTi as well as their methods of setting targets and evaluating reduction performance, and will expand its application to all assets in the future, starting with initial PF (project financing).

Participation in ESG Events

- Six Promises of Support for Climate Finance**
- 1 Support for carbon neutrality by 2050
  - 2 Integration of ESG elements across the entire financial business
  - 3 Support for the disclosure of information on climate change in accordance with international standards and endeavor to disclose financial information
  - 4 Request standards and endeavor to disclose financial information
  - 5 Efforts to invest capital in decarbonization industries
  - 6 Launch of financial products to response to climate change



Participation in Strategic Financial Institutions (Government)

Expansion of ESG to Individual Customers and SME

**Declaration of Support for Climate Finance to Achieve Carbon Neutrality**  
IBK participated in a ceremony to declare support for climate finance to achieve carbon neutrality by 2050 and to demonstrate its will for ESG management with six promises about the practice of climate finance.




**Participation in Anti-Corruption Oath Ceremony of UNGC**  
IBK participated in the 2021 BIS Summit Anti-Corruption Oath Ceremony held by the UNGC Network Korea and Social Investment Forum and pledged to practice anti-corruption and ESG management in its companies.  
※ BIS : (Business Integrity Society) A UNGC project to encourage joint efforts to prevent corruption, improve anti-corruption systems, and conduct policy proposal activities

**Anti-Corruption Oath Ceremony**

- 1 IBK will eradicate corruption to strengthen its competitiveness and will lead the improvement of policies and systems related to anti-corruption.
- 2 IBK will manage enterprise risks based on ESG for improved transparency and will try to establish credibility with stakeholders.
- 3 IBK will participate in joint efforts with the central government, local governments, public agencies, enterprises, the press, civil societies, etc., and will try to create a fair and clean business environment.

**P4G Green Finance Hall**  
P4G is an abbreviation of 'Partnering for Green Growth and Global Goals 2030,' and it indicates solidarity for Green Growth and Global Goals 2030. P4G is a 21st-Century fusion organization wherein government agencies and enterprises and civil societies in the civil sector, etc., participate in a global consultative group to respond to climate change and achieve the UN Sustainable Development Goals.  
IBK introduced its on/offline 'P4G Green Finance Hall' and green finance as an ESG management activity at the 2nd P4G Summit Conference, which was held in Seoul.

**Participation in the Green Finance Conference**  
IBK participates in the Green Finance Conference established by the Financial Services Commission, to regularly monitor the state of green finance execution and the difficulties of strategic financial agencies, and to make joint efforts for the improvement of systems and the activation of green finance.

 Individual customers	<b>Becomes good Let's live gently</b> IBK implemented "Let's live gently" marketing for customers with the slogan, "When gentle customers meet a gentle bank." When customers promise to perform environmental protection and service activities, etc., and signs up for an installment savings accounts, banks support their promises, provide environmentally friendly gifts, and depending on the account number, also supports young women with organic sanitary products. IBK is thereby carrying out environmentally friendly activities (E) and making social contributions (S).	
 SME	<b>ESG Education (Chief, Future, and Female Manager Clubs)</b> IBK planned a contactless (online) lecture on the subject of "SME and ESG" for representatives of companies belonging to the SMEs' Hall of Fame and IBK's top three clubs, the Chief, Future, and Female Managers clubs.	



# ESG Performance



E	
Response to Climate Change	34
Efforts to Save Energy	37
Expansion of Green Finance	38
Special   ESG bond	40

S	
Comprehensive Finance and Social Contributions	42
Protection of Financial Consumers	50
Innovative Growth	54
Respect for Employees	66

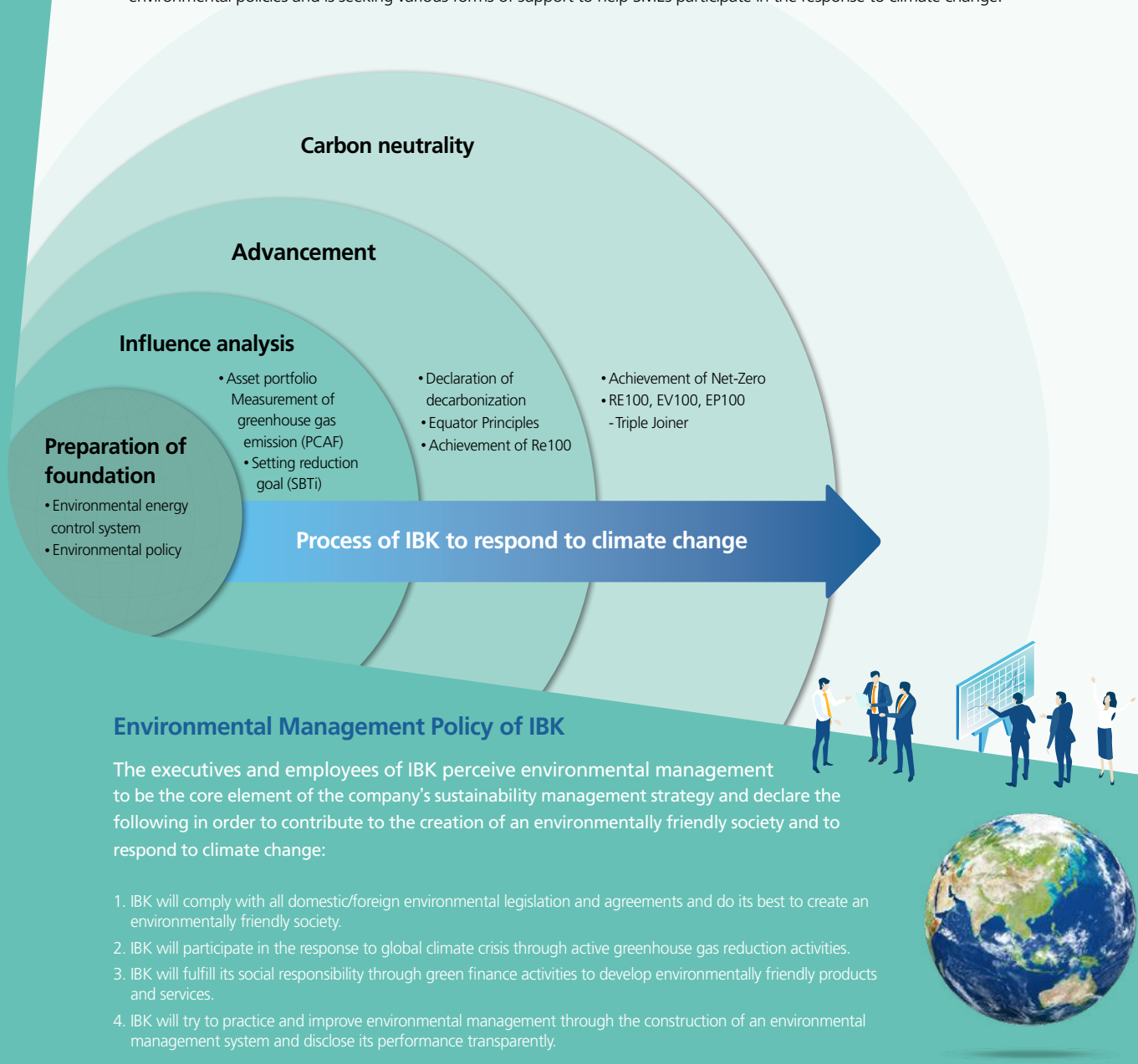
G	
Corporate Governance	74
Ethical Management	78
Mid- to Long-Term Risk Management	81
Establishment of Fair Trade	83

IBK	
Special   Sustainability Management	88
Support for SMEs (Small- and Medium-Sized Enterprises)	

# Environment

## Response to Climate Change

The importance of responding to climate change is gradually increasing with the prolongation of the COVID-19 pandemic. Efforts to solve environmental issues are no longer optional but an obligation and the responsibility of members of society. The whole world has started to make efforts for the declaration and realization of the 2050 Carbon Neutrality. In order to reduce greenhouse gas emissions and achieve low-carbon green growth, active investment and the reorganization of industrial structures are required. As a leading bank in carbon finance, IBK has drawn up a roadmap to respond to climate change internally in order to manage the risks related to the crisis of climate change and to seek new opportunities. IBK is strengthening its foundation through the preparation of environmental and energy management systems and the establishment of environmental policies and is seeking various forms of support to help SMEs participate in the response to climate change.



## Role of Emissions Trading Market Makers

The Ministry of Environment implemented an emissions trading system in 2015 for domestic companies with excessive greenhouse gas emissions. IBK has played the role of market maker for the system since June 2019. The market maker's role is to supply the market with liquidity through emissions rights borrowed from the Ministry of Environment and to set buy and sell prices. In the beginning, the market maker was more focused on sales, but nowadays it is contributing to price stabilization through purchasing as well due to greater price fluctuation.

(Unit : ton,%)

Trading Quantity	'19. 12.	'20. 12.	'21. 3.	Total
Trading quantity of the IBK	528,975	42,878	90,000	661,853
Trading quantity in the whole market	1,236,766	289,473	783,345	2,309,584
Share of the IBK's trading quantity	42.80%	14.81%	11.49%	28.65%



## Green Consulting to Respond To Climate Change

IBK has been selected as an observer for the World Bank's Climate Warehouse Initiative (CWI) platform project, in recognition of our status in the greenhouse gas emissions trading scheme and carbon market in Korea. This project seeks to strengthen the transparency and efficiency of carbon markets, which are individually operated around the world. IBK will lead the climate financial market in Korea through communication and cooperation with global institutions.

IBK began providing green consulting in 2010, the first in the domestic banking industry to do so, and has consulted on 435 cases to date. To support SMEs in responding to climate change, IBK provides consulting preferentially to companies which have been allocated with emissions credits, companies wishing to engage in an emissions offset business, and companies requiring carbon management. As requirements for environmental management are increases rapidly for SMEs, IBK will continue to expand specialized consulting for them.

### Structure of Green Consulting Work

Item		Content Of Work	Expected Effect
<b>Carbon management</b> 	Carbon asset management	- Establishment of a carbon asset management strategy and procedure - Matching of companies that request emissions trading	• Stable response system • Emissions trading cost savings
	Emissions offsets	- Support for their preparation of business plans - Support for third-party verification - Arrangement of emissions offset sales	• Generation of profits from emissions sales • Consulting cost savings
<b>Fire safety management</b> 		- Identification of fire risk factors - Diagnosis of safety accident risks in business places - Education of executives/employees	• Elimination of management risks • Deduction of improvement measures for business sites
<b>Green authentication</b> 		- Support for the preparation of technical manuals - Support for third-party verification	• Expansion of product competitiveness • Consulting cost savings

Efforts to Create Paperless Workplaces

IBK has conducted diverse activities early on to practice environmentally friendly management. One representative environmentally friendly activity is ‘going paperless.’

Expanded Use of Electronic Documents

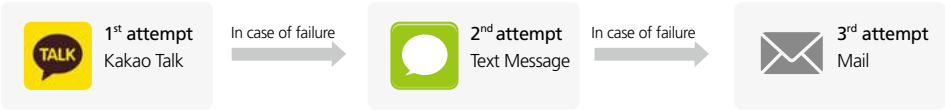
IBK uses electronic documents in various kinds of work to reduce paper consumption. As a representative example, all branch offices process more than 450 transactions using electronic documents when working for customers; the rate of use of electronic documents in branch offices is 76%, and 38 million paper documents were replaced with electronic documents in 2020. Through electronic document services, customers can reduce the time spent preparing forms, and banks can reduce incomplete sales by preventing the omission of handwritten items. Moreover, about 520,000 pieces of paper have been saved (as of March 2021) by substituting closing slips, which are produced when closing business, with images; 22 million pieces of paper have been saved per year by replacing general facsimiles with electronic facsimiles. IBK is making efforts to save costs and reduce carbon emissions by reducing the unnecessary use of paper. For example, the company now uses an electronic approval system rather than paper documents for internal approvals or reports, and we now send business cards by SMS through an “electronic image business card” service.

Mobile Electronic Notification and Smart Statement Service

IBK has adopted a mobile electronic notification service to send various bills following digitalization, including credit card statements, in order to reduce paper consumption, to improve issues such as loss of paper mail, mistakes in delivery, and reading by other persons, and to save on sending costs. Mobile electronic notification services are accurate and safe because the content can only be read by the relevant persons. Notifications are sent first by Kakao Talk. Then, in the event of a sending failure, by SMS, and if that doesn’t work, a paper document is sent. This ensures that all customers receive notifications.

Item	Post	Mobile Electronic Notification	Remarks
Sending charge (per case)	KRW 507	KRW 177	△Savings of KRW 330

The mobile electronic notification service achieved savings of approximately KRW 136 million over the three months following its launch on February 24, 2021, with the conversion of about 57% of recipients.




As of December 2020, more than 76,000 customers were receiving credit card statements in digital form. IBK will continue to practice ESG management in the future by converting various other statements into a digital format.

Special

Fine Dust Preventive Education Programs for Daycare Centers and Kindergartens

In collaboration with Ecomom Korea, IBK ran fine dust prevention education programs for infants and toddlers at daycare centers and kindergartens (885 children at 26 institutions in 2020), diagnosed indoor air quality using professional equipment, and awarded agreement certificates to do its part in the national task of solving climate and environmental issues.



**Ecomom Korea**

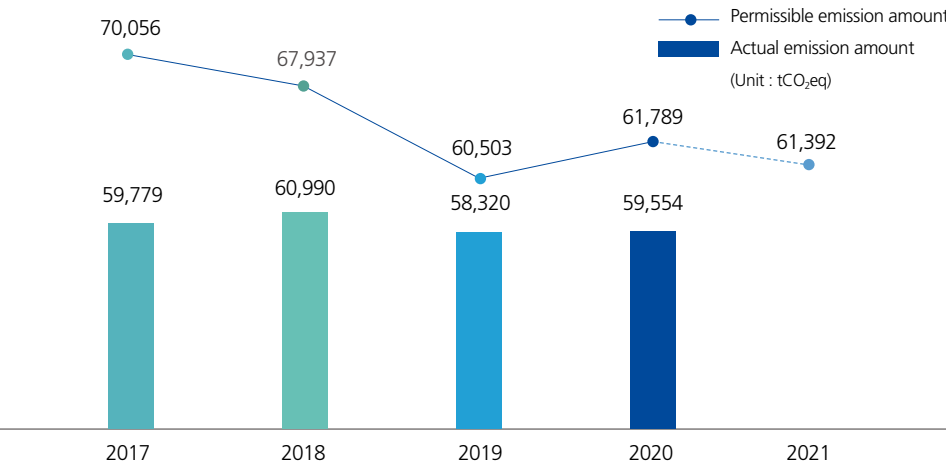
- Government-certified green education center
- Climate change response and environmentally friendly education, consulting, and culture campaigns

Efforts to Save Energy

Over-Achievement of Greenhouse Gas Emissions Reduction Targets

IBK is making continuous efforts in various ways to fundamentally reduce greenhouse gas emissions in order to effectively respond to the climate change crisis.

IBK was included as one of the companies for the Greenhouse Gas & Energy Target Management System in 2017, and manages greenhouse gas emissions and energy consumption every year. As a result of continuous management, IBK achieved performances that exceeded its greenhouse gas emissions reduction targets for four consecutive years until 2020. As of 2020, IBK has exceeded its targets (61,789 tCO<sub>2</sub>eq) by about 3.6% with emissions of 59,554 tCO<sub>2</sub>eq (equivalent to CO<sub>2</sub>). IBK will make further efforts to reduce greenhouse gas emissions and energy consumption in the future for the next generation.



Construction of Energy-Saving, Environmentally Friendly Buildings

IBK constructed various environmentally friendly facilities in its own buildings to reduce CO<sub>2</sub> emissions by reducing energy consumption and waste generation. IBK installed electricity saving and control devices such as LEDs and auto-sensor lighting fixtures, solar heat panels on the exterior walls of the IBK Finance Tower, and geothermal and photovoltaic equipment in its training facilities in order to encourage the use of renewable energy. Moreover, in the case of the Chungju Training Center, water pollution has been prevented through a method of converting sewage into tap water with a non-discharge system in order to reuse good-quality tap water without any impact on the pristine surrounding environment, including Chungju Lake.



Replacement of Company Cars with Electric Cars

Starting this year, IBK intends to replace its company cars with electric cars. IBK will install exclusive parking spaces for electric cars and charging stations in its own buildings and, in case of rented buildings, first install them in places where charging stations may be installed or charging infrastructure is available within 10-minute walking distance. Slow-speed charging stations will be installed to minimize the electricity burden on the buildings.



## Expansion of Green Finance

### Green Finance Products

IBK is playing the role of a financial institution in the expanded use of new and renewable energy and conversion to a low-carbon economy. IBK supplies individuals and companies with various loan products and is actively making PF investments for the expansion of new and renewable energy. IBK will lead the support for green finance by expanding the issuance of ESG bonds, including green bonds, in the future.

#### Neulpureunhaneul Bankbook

IBK is now offering the IBK Neulpureunhaneul Bankbook, a government-supported product that it launched to garner the interest and participation of all people in solving domestic and foreign climate, environmental and fine dust issues. To help reduce fine dust, IBK is generating continuous interest in environmental protection by selling products that provide special benefits (prime rates and exemptions from charges) when using public transportation or environmentally friendly vehicles. These benefits added up to KRW 189.7 billion for 65,809 individual accounts and KRW 508.1 billion for 18,104 corporate accounts as of the end of 2020.



#### Green Card

IBK has been offered the Green Card v2 since its launch in 2016 in order to encourage the spread and practice of an environmentally friendly mindset. Green Card is also promoting an environmentally friendly rewards programs which provides discounts at national parks and natural forest lodges across the whole country. Users can accumulate eco-money through green consumption such as by using cards and public transportation. As of the end of 2020, there were 9,283 account holders.

#### ESG-Related Fund Products

As of the end of 2020, IBK had seven ESG-related fund products with a total balance of KRW 154.5 billion. IBK will activate investment in green finance and ESG-related funds by continuously launching new ESG-related products, such as Green New Deal and clean energy funds, in 2021.



### Green Finance Loans

#### Program to Support Investments in Environment & Safety

IBK is operating a KRW 2.5 trillion program to support investments in the environments and safety areas to support SMEs and middle-standing enterprises. IBK supports investment in environmental equipment related to air pollution prevention, greenhouse gas and harmful chemical reduction, and the installation of new and renewable energy equipment, having provided support worth KRW 1.9297 trillion since launching the program in January 2019.

#### Neulpureunhaneul Loans

IBK operates KRW 50 billion worth of products to support energy and environmentally themed enterprises in keeping with the government's efforts to reduce fine dust. IBK has supported enterprises in five areas with KRW 12.1 billion as of the end of 2020: new and renewable energy under the environment/sustainability themes, environmentally friendly power generation, improvement of energy efficiency, environmental improvement, and environmental protection.

#### Fund for the Rational Use Of Energy

With its KRW 105.5 billion Fund for the Rational Use of Energy based on the recommendation of the Korea Energy Management Corporation, IBK has supported SMEs in installing energy-saving equipment and distributing new and renewable energy needed for energy supply, price stabilization, and effective implementation of energy and resource projects.

#### Strategic Environmental Fund

IBK has supported SMEs with its KRW 174.7 billion per year Strategic Environmental Fund based on the recommendation of the Korea Environmental Industry & Technology Institute to contribute to national environmental improvements by encouraging the systematic cultivation of environmental industries, installation of environmental pollution prevention facilities, and distribution of low-emission vehicles.

In the future, IBK will launch additional products that will be beneficial for enterprises performing ESG management. IBK will soon launch carbon reduction-guaranteed loans to support enterprises related to new and renewable energy and guaranteed loans to support enterprises at smart green industrial complexes. IBK intends to lead the expansion of green finance by supplying various products to enterprises that perform environmentally friendly management continuously.




### Green Finance PF

#### Expanded investments in renewable and environmentally power generation projects

As of December 2020, IBK has provided KRW 155.6 billion in support to five solar power generation projects, a representative new and renewable energy source, in keeping with the government's strategy of cultivating new and renewable energy-related industries. IBK intends to expand its investment in various forms of new and renewable energy, such as hydrogen fuel cells and wind power generation, with a focus on solar projects with accumulated investment experience.

Investment plan for new and renewable energy (Unit : 100 million won)

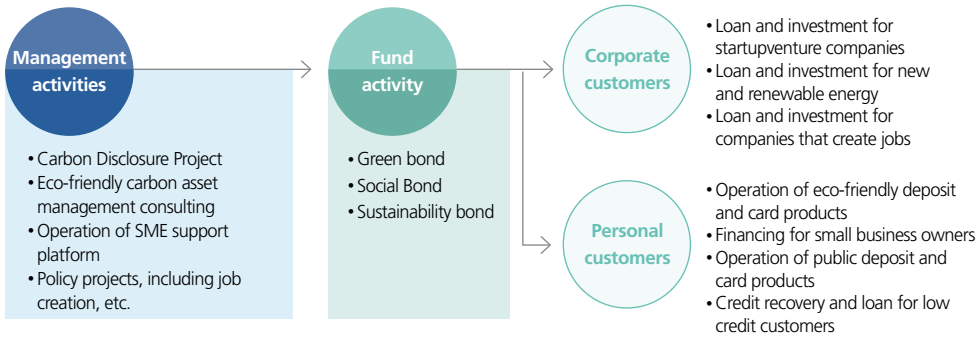
Category	2021	2022	2023	Total
 New and renewable energy	1,500	2,500	3,000	7,000



SPECIAL REPORT

ESG Bonds

IBK receives investment capital from investors, and as a way of fulfilling its social responsibility to create a sustainable society using the power of finance, uses such capital for financial product development and investments to generate social value, such as through the cultivation of environmentally friendly industries.



Efforts to Seek ESG Bond Investors

Since its issuance of social bonds in June 2020, IBK has maintained relations with investors through ongoing conference calls, etc., and disclosed its status of social responsibility fulfillment. In spite of the COVID-19 pandemic, IBK has maintained its transaction relationship with Global SRI to improve its position, having issued social bonds for the first time in Korea, and is seeking investors in order to establish a base for ESG bond issuance.

Sustainable Bonds

IBK issued new 'sustainable' capital bonds in March 2020 worth KRW 400 billion (KRW 90 billion worth of 5-year bonds with 2.43% interest and KRW 310 billion worth of 10-year bonds with 2.87% interest), the first company in Korea to do so. IBK is aiming at the diversification of the supply market by seeking institutional investors interested in investing in social responsibility and is promoting its public character as a strategic financial institution contributing to the activation of the domestic ESG bond market.

In addition, in February 2021, IBK issued social bonds that acquired the highest grade from an external certification agency and which are worth KRW 1.05 trillion (senior bonds), the largest scale in the domestic banking industry. Since then, IBK has continued to issue social bonds to support SMEs and small business owners suffering from COVID-19, leading the domestic ESG bond market in the generation of social value through KRW 2 trillion in funding as of the end of April 2021.

(Unit : KRW 100 million, %, %p)

	Issuer	Amount of Issuance	Interest	Maturity (exercise of call)	Remarks
Sustainable bonds (Social + Green)	February 21, 2019	3,000	1.93	3 years	Senior
	September 11, 2019	6,500	1.7	10 years	Subordinate
	March 18, 2020	900	2.43	Permanent bond (5-year call)	New type
		3,100	2.87	Permanent bond (10-year call)	
	Subtotal	13,500			
Social bonds	February 17, 2021	5,500	0.81	1 year	Senior
		5,000	1.1	3 years	
	March 11, 2021	2,000	2.65	Permanent bond (5-year call)	New type
		3,000	3.11	Permanent bond (10-year call)	
	April 20, 2021	4,500	0.76	1 year	Senior
	Subtotal	20,000			
Total		35,500			

ESG bond certification grade Acquisition and issuance procedure

Description of bond issuance criteria  
Description of issuance purpose and fund use

Evaluation of assessment institution  
Evaluation of adequacy of external assessment institutions

Acquisition of certification evaluation reports  
Social contribution  
Effectiveness verification and issuance

Issuance of ESG bonds  
Investor attraction and issuance

Post-management verification  
Adequacy of fund use and management  
External verification

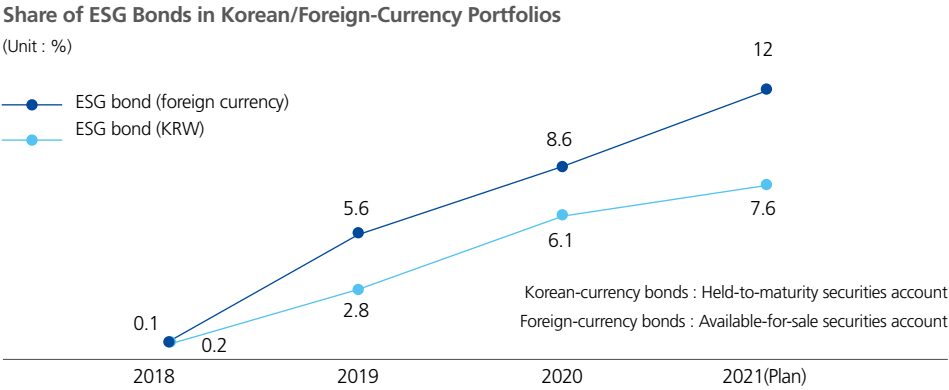
Issuance of Foreign-Currency Social Bonds

IBK has made various efforts to promote "social bonds" since 2017 for the purpose of creating social value, such as job creation and support of SMEs, and it successfully issued social bonds worth US\$ 500 million in June 2020 in addition its issuance of social bonds in August 2018, which were the first in Korea. Social bonds are issued to support vulnerable groups and for the construction of social infrastructure, crime prevention, etc. The social bonds issued this time have been used to support small business owners, start-up companies, social enterprises, and SMEs suffering from COVID-19 and to generate various positive effects, such as an expansion of the funding base through the external disclosure of social contribution effects and acquisition of SRI investors.

Items	Issue Date	Amount Issued
Foreign-currency ESG bonds	June 2020	US\$ 500 million
	August 2018	US\$ 500 million

Management of ESG Bonds

IBK has expanded not only investment but also ESG bond issuance to achieve social financing. In the second half of 2020, IBK diversified portfolios and participated in socially responsible management with an increase of KRW 551.1 billion in its Korean-currency ESG bond operations in held-to-maturity accounts. In the case of foreign currencies, IBK had invested KRW 67.4 billion in 16 ESG bonds by the end of 2020. As investments in socially responsible management are considered important, IBK intends to increase its investment in ESG bonds in Korean/foreign-currency portfolios. (Plan for 2021: 7.6% in Korean currency and 12% in foreign currency)



IBK will support promising SMEs with competitive funding through the continuous expansion of ESG bond issuance to meet investor demand in markets that are expected to expand in the future. Likewise, IBK will support new businesses and continuously contribute to the activation of ESG bond transactions by issuing the first green bonds in the country, with consideration for the scale of business for which green-bond funding is possible among the projects implemented by IBK.

# Social

## Comprehensive Finance and Social Contributions

### Social Contributions

IBK is doing its best to fulfill its social responsibility as a government-run bank. It is conducting many sincere social contribution activities in various areas with the establishment of the IBK Happiness Sharing Foundation and IBK Smile Finance Foundation.

#### IBK Happiness Sharing Foundation

The IBK Happiness Sharing Foundation was established in March 2006 to improve the welfare of SME workers, small business owners, and underprivileged families, and conducts social contribution activities in diverse areas every year. In 2020 in particular, IBK led the support for workers at SMEs and the families of small business owners in areas of the country such as Daegu and Gyeongbuk which experienced great difficulties due to the rapid spread of COVID-19. The CEO, management, and the IBK affiliates participated in the preparation of resources for support against COVID-19 damages through voluntary donations. It first supported students in COVID-19 affected areas with scholarships, followed by medical expenses of underprivileged populations.

#### IBK Scholarship and Medical Expenses Projects

The IBK Scholarship Project is a representative social contribution activity of IBK wherein the school expenses of high school and college students who have difficulties in learning due to their household situation are supported. In 2020, IBK supported SME workers and 708 of their children who were experiencing economic difficulties due to COVID-19 with school expenses amounting to KRW 1.6 billion. As of 2020, the company had provided KRW 15.2 billion to cover the school expenses of 8,859 persons since its foundation.

The IBK Medical Expenses Project is a project to support the families of SME workers suffering from severe rare or chronic diseases with medical expenses. In 2020, KRW 1 billion was provided to 287 persons experiencing economic difficulties due to high medical expenses. A total of KRW 12 billion in medical expenses has been paid for 2,769 persons as of 2020.

#### IBK Mentoring Project

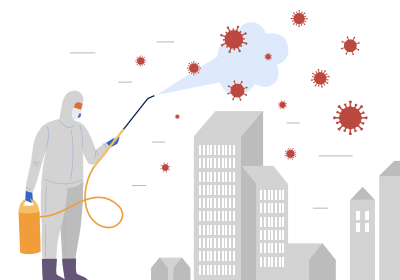
Through the IBK Mentoring Project, college students receive scholarships from IBK and provide educational support for the children of underprivileged populations. It is a representative virtuous-cycle relay service program of the foundation. In 2020, contactless online learning-support mentoring was conducted due to the spread COVID-19, and KRW 100 million was provided for 442 students. As of 2020, 6,892 students have participated in the program and received KRW 1.4 billion in total.



#### Joint Workplace Daycare Centers with SMEs

IBK is the first domestic financial company to operate joint workplace daycare centers for workers at SMEs in Incheon and Gumi using empty space in its branch offices in industrial complexes. IBK has provided pleasant and safe child-care opportunities by expanding the opening of its daycare centers to improve the welfare of SME workers, and is making continuous efforts to support a balance between work and family life for workers at SMEs.

Since the opening of these daycare centers, KRW 1.8 billion has been provided to support the care of 139 babies as of the end of 2020. Last year, IBK converted its childcare centers into emergency childcare centers because special cautions were required due to the spread of COVID-19. The entirety of each daycare center was disinfected by a professional quarantine company (twice a month on average and once a week during the peak period) and IBK did its best to ensure proper quarantine measures to prevent possible harm to children or teaching staff caused by COVID-19 by supporting homes with masks for children.



Photos of COVID-19 prevention measures at daycare centers  
(performed an average of twice per month, or once per week during peak periods)



#### IBK Hope Design Project

IBK has implemented its Hope Design Project to support small business owners with the design, manufacture, and installation of store signs through talent donation. The project was initiated to support small business owners who are weak in design and visual marketing with practical help for their businesses in addition to monetary support in order to promote the continuous growth of local commercial areas.

The IBK Hope Design Project is aimed at mutual growth with enterprises and communities, the improvement of social value, and contributions to the activation of local commercial areas, and it will support small business owners to ensure their continuous growth. IBK has supported 103 small business owners including Seoul's Yeomcheongyo Street and at the Gurye 5-Day Market since 2016. In 2020 in particular, IBK supported merchants at the Jeonnam Gurye 5-Day Market and Daegu Daesindong Socks Alley, who were suffering from the double difficulties of COVID-19 and floods, with signs and awning screens. IBK intends to expand its support targets to youth/start-up enterprises, social enterprises, and other SMEs that require a leg up to jumpstart their growth.



IBK Smile Finance Foundation

The largest branches in the banking sector - 19 branches  
The first 20,000 loans in the banking sector (cumulative)

IBK Financial and Economic Education

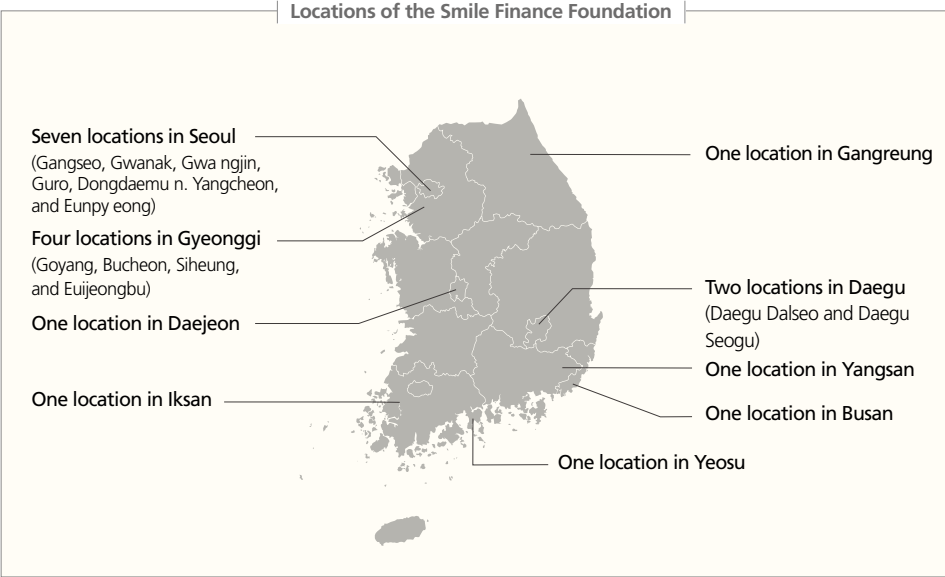
IBK supported 9,157 persons with financial and economic education worth KRW 1.7 billion until 2020 to foster a proper consumption culture among children and youths and to narrow the gap in digital financial information among financially underprivileged populations such as the elderly and housewives. In 2020, IBK produced and distributed contactless online education videos due to the impact of COVID-19.

Performance of IBK Happiness Sharing Foundation in 2020 (Unit : person, KRW 100 million)

Name of project	Performance in 2020		Total performance		Remarks
	Number of persons	Amount	Number of persons	Amount	
IBK Scholarship	708	16	8,859	152	First support for COVID-19 affected areas
IBK Medical Expenses	287	10	2,769	120	First support for COVID-19 affected areas
IBK Daycare Centers	63	7	139	18	Conversion into COVID-19 emergency childcare centers
IBK Mentoring	442	1	6,892	14	Contactless online mentoring lessons
IBK Financial and Economic Education	-	-	9,157	17	Distribution of COVID-19 contactless online videos
IBK Hope Design	176	5	-	-	Support for COVID-19 affected or flood-damaged areas

※IBK Happiness Sharing Foundation received the Prime Minister’s Award in the 2020 Korean SME Conference  
- Selected as an excellent group for its project to support SMEs and small business owners

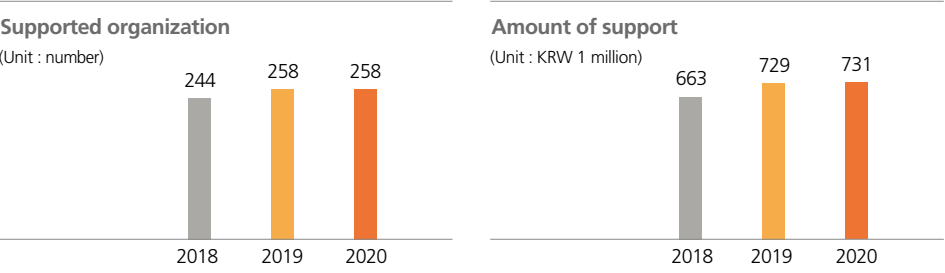
IBK established the IBK Smile Finance Foundation in December 2009 to respond to the government’s policy of helping ordinary persons who are experiencing economic difficulties make a new start and to support them in gaining practical independence. IBK makes various efforts to help financially underprivileged populations find stability. These include start-ups and consulting, credit control counseling, and employment opportunities, along with support in preparing a foundation for economic independence to help them get back on their feet. As of 2020, IBK had the most branches (19) in the domestic banking industry. It was also the first bank to surpass 20,000 loans, with 20,525 in total as of the end of 2020, achieved through aggressive support, including donations, every year. IBK will continuously try to support ordinary people in gaining practical independence by expanding its business through the construction of a countrywide network with additional branches and the development of diverse products.



Support for Local Communities

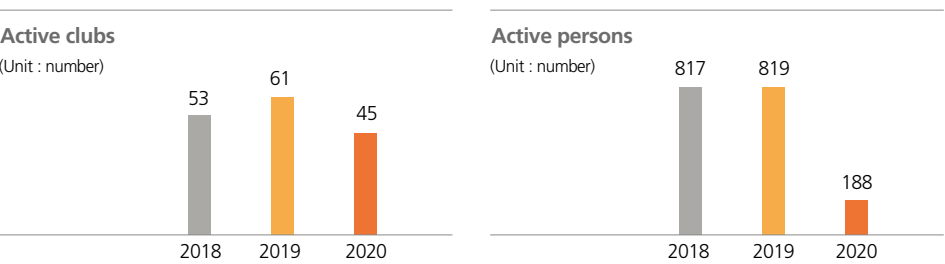
Regular Support for the Welfare Facilities of Local Communities

IBK regularly supports community-based social welfare facilities centered around 21 local HQs in the country. IBK supports welfare facilities for the elderly, children and living facilities for the disabled, etc., with up to KRW 1 million a month based on recommendations by branch offices. In addition to simple support, IBK intends to construct and expand community networks by listening to the opinions of community residents, conduct surveys at 250 supported facilities once a year, and occasionally collect opinions through the establishment of an online communication channel on the website.



Activation of the Internal Service Club

IBK operates a service club support system at its bank to help the voluntary service activities of executives and employees and support communities to take root. Anybody from among the executives and employees of IBK may organize a service club consisting of two or more persons, conduct service activities freely at social welfare facilities requiring help, and receive support for actual expenses. In addition, any social welfare facility where voluntary service activities are conducted may be supported with donations of up to KRW 4 million a year. IBK intends to fulfill its social responsibility by supporting the voluntary service activities of its executives and employees and by expanding its sharing culture in communities.



\*The number of volunteers rapidly dropped due to the COVID-19 spread.

Emergency Support for Disaster Areas

IBK implements emergency support projects for areas requiring national-level help due to disasters. IBK supplies underprivileged populations and elderly persons living alone with free food by organizing "Very good food trucks of love," which have operated in 30 areas around the country since 2012, and supports citizens with free food by deploying trucks to the sites of national disasters. IBK had supplied about 2,250,000 persons with free food (more than 8,700 times) as of the end of 2020. In August 2020, IBK organized a voluntary service club for executives and employees' to help victims of heavy rains in the rainy season and carried out service activities with its food trucks in Yeongdong-gun, Chungcheongbuk-do. IBK supplied damage restoration volunteers with free food and victims with packed meals. Moreover, IBK supplied vulnerable groups suffering from COVID-19 with food boxes. In addition, IBK supplied severely damaged areas such as Hapcheon, Asan, and Gurye, etc., with free food in relay type and gave a KRW 100 million bank donation and KRW 100 million collected voluntarily from executives and employees to the Disaster Relief Association.





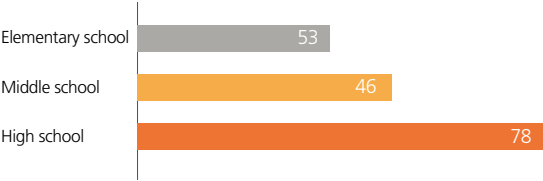
Financial Consumer  
Support Activities

Contactless Online Economic Education

IBK has improved the accessibility and convenience of financial consumers by creating new online finance education content for each age group of youths and posting it on YouTube with a URL shortcut. IBK continuously tries to support financially underprivileged populations by providing and implementing various kinds of educational curriculums, with topics such as smart pocket money management, proper saving habits, and various jobs in the financial industry, and video (ZOOM) finance & economics education (one-company-one-school) for educational institutions and students who have difficulty in accessing education due to COVID-19.

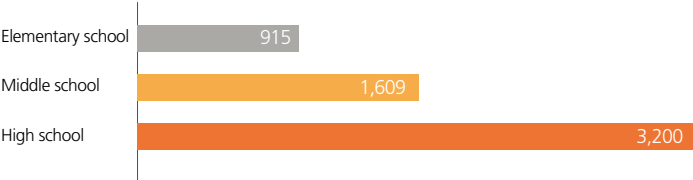
Status of education implemented

Times (Unit : times)



Total  
161  
times

Person (Unit : persons)



Total  
5,724  
persons

Contactless Service Activities with Youth Customers of IBK

IBK has carried out joint contactless service activities with Holt Children's Services, Inc., for youth customers. IBK supplied youths with book cover DIY kits and donated book covers completed at home to children in vulnerable groups, with 300 persons participating in such activities in 2020.



Operation of a Companion Desk

The companion desk is an exclusive financial services desk that prioritizes financially vulnerable classes such as the elderly, disabled, pregnant women, etc., over number tickets to supply them with improved convenience in financial transactions. Since the adoption of companion desks in 2017, IBK has tried to ensure convenient financial transactions for financially vulnerable populations by expanding them to all branch offices in 2020.

Regular Support Event with the Korea Childhood  
Leukemia Foundation

IBK has joined regular support events in cooperation with the Korea Childhood Leukemia Foundation to fulfill its social responsibility. IBK has garnered interest in social contributions by giving gift cards to the first 1,000 customers who registered with the foundation for regular support after opening accounts at IBK and introduced the event through various PR channels (IBK website, Facebook, applications, website of the foundation, etc.).



SPECIAL REPORT

Operation of  
Sport Teams

IBK has continued activities to communicate with various stakeholders and realize social value through sports. We have run the IBK Altos women's professional volleyball team and IBK shooting team to lead the revival of sports that had relatively little social interest. We have also sponsored various sports such as women's soccer, Ssireum, biathlon, and hockey for a long time and recently held a women's Go tournament with the largest prize money in Korea. To nurture promising youngsters who dream of becoming the second Yuna Kim and Taehwan Park, we have supported the expansion of the unpopular sport base by providing various kinds of support.

IBK Altos Women's  
Volleyball Team



The IBK Altos Women's Volleyball Team has made large contributions to the development and success of women's volleyball. The team made it into the championships six consecutive times, the first team to do so in the history of women's professional volleyball in Korea, and came second place in the 17/18 seasons. In particular, through the "Spike of Love" program, which accumulates donations based on the points scored in games won, the team has provided about 600 million won to 160 organizations, including social welfare facilities, over nine years and created synergy with local social contribution projects. In 2020, the team practiced diverse contactless sports events to activate sports in the stagnant social atmosphere caused by the COVID-19 pandemic. As representative cases, the team helped its fans enjoy the field even in no-audience games by practicing cheering events with an online opening ceremony, online fan meetings, and Zoom Live.



IBK Shooting Team



The IBK Shooting Team won a gold medal at the 2014 Asian Games and the bronze medal at the New Delhi World Cup Shooting Championship 2019 by maximizing organizational and personal capabilities based on excellent teamwork. The team has developed its skills through participation in various domestic and foreign competitions for the 2021 Tokyo Olympics, and four players were selected as members of the national team.



Inclusive Loans

Awards and achievements (2020)

Grand Prize awarded by the Korea Finance Industry  
「Presidential Award of the Korea Inclusive Finance Agency,」 (Jan. 30)  
Grand Prize of the Ninth Inclusive Finance 「Ministry of Economy and Finance Award,」 (Feb. 20)  
Best Banker in Korea 「Best Inclusive Finance Award,」 (March 19)

Inclusive Loan Products



IBK was selected as an excellent inclusive loan institution by external agencies three times in 2020, with its contribution to the expansion of inclusive loans and practice of comprehensive finance recognized. IBK provided inclusive loans worth KRW 747.1 billion in 2020, an increase of 56% compared to the previous year, and it will fulfill its social responsibility by expanding support for inclusive loan products.

New Hope Loan

In the case of the New Hope Loan, IBK’s representative Inclusive loans product, KRW 303.3 billion was supplied in 2020, ranking second in actual delay rate (3.81%) and third in goal achievement level (112.3%) among major commercial banks(\*) and indicating that IBK actively supports and sincerely manages the integrity of the financially vulnerable class. \* KB Kookmin, Shinhan, NH, Hana, and Woori

i-ONE Sunshine Youth Loan

The i-ONE Sunshine Youth Loan is a contactless product designed to support youths such as job seekers, social novices, etc., with a low-interest, social stability fund to help them concentrate on job-seeking activities. Three banks, including IBK, were selected to handle these loans, and IBK supplied customers with 19,410 loans equivalent to KRW 74.3 billion as of year-end since the launch in January 2020.

Lump-Sum Deposit Guarantee

This is a guarantee product for deposit money. If the money is not returned after the termination of a rental contract, the Korea Housing Finance Corporation makes a proxy payment to the lessee. IBK has supplied lessees with KRW 19.6 billion as of year-end since the launch in July 2020.

IBK Partial Installment Lump-Sum Deposit Loan

This is a product designed to support the preparation of large sums at loan maturity through a method of installment payments for lump-sum deposit loans. KRW 1 billion has been supplied since the launch of the product in October 2020.

i-ONE SME Worker Priority Credit Loan

The i-ONE SME Worker Priority Credit Loan is a contactless product designed to support SME workers with small, low-interest loans. Workers may quickly and conveniently get loans within five minutes, regardless of their yearly income or service period. IBK has contributed to the social security of SME workers by supplying them with 1,907 loans worth KRW 14.4 billion as of year-end since the launch on December 17, 2020.

Supply Performance of New Inclusive Loan Products in 2020

Product name	Cases	Amount (KRW 100 million)
i-ONE Sunshine Youth Loan	19,410	743
Lump-Sum Deposit Guarantee	124	196
Partial Installment Lump-Sum Deposit Loan	8	10
i-ONE SME Worker Priority Credit Loan	1,907	144



Increase (amount) by 2.25 times compared to that of the previous year  
Supplied KRW 308.5 billion in 48,863 cases

Debt Relief and Advanced Notice of Overdue Payments

Loan for Workers' Livelihood Stabilization Fund

The Loan for Workers' Livelihood Stabilization Fund has been provided in 343,369 cases, equivalent to KRW 1,728.2 billion, as of 2020 since its launch in 2008 to support low-income workers based on an exclusive contract with the Korea Workers' Compensation & Welfare Service. In 2020, 48,863 cases of loans worth KRW 308.5 billion were recorded, representing a 2.25-fold increase (based on the amount) compared to the previous year. In particular, as most specialized workers in blind spots, such as parcel service workers and workbook teachers, have not subscribed to occupational health and safety insurance, they had difficulty accessing the benefits of the Loan for Workers' Livelihood Stabilization Fund in the past. With support expanded since December 2020, however, specialized workers with no occupational health and safety insurance may also get loans (4,258 cases equivalent to KRW 33.4 billion as of March 2021). IBK participates actively in the government’s construction of an employment and social safety network, and started supporting workers with infant children with child rearing expenses in January 2021 (1,481 cases equivalent to KRW 7.3 billion as of March 2021).



Advanced Notice System for Persons Worried About Overdue Payments

IBK has tried to prevent the occurrence of overdue payments through the implementation of an advanced notice system for persons worried about overdue payments at the end of December 2020. In order to introduce the debt relief system it operates, which includes the postponement of principal repayments and free loan workout, etc., IBK sends DMs in advance to potential bad debtors (2,407 DMs sent as of 2020).

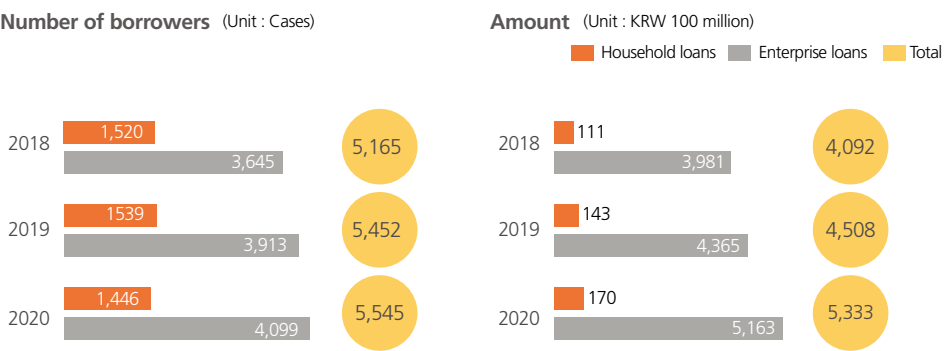
Special Program for the Debt Relief of Debtors Overdue by Small Amounts

IBK has prepared a special debt relief program to support the recovery of debtors who are overdue by small amounts and are experiencing economic difficulties due to the spread of COVID-19. IBK has tried to ease the burden of debt through a temporary expansion of debt relief for 148 such debtors with debts not exceeding KRW 10 million.

Burning of Expired Receivables

IBK practices comprehensive finance by declining to suspend expiry periods for receivables which have no practical likelihood of collection and by rapidly burns expired receivables.

Scale of burn of expired receivables



Burn : The action of deleting overdue records, etc., of receivables due to expiration and waiving the receivables

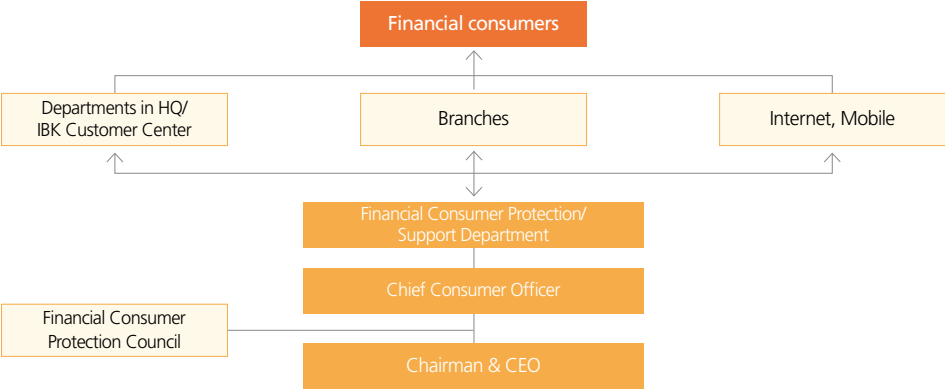


Protection of Financial Consumers

Operation of an Exclusive Organization to Protect Financial Consumers

IBK established its Financial Consumer Protection Charter to conduct all management activities from the viewpoint of financial consumers, and is seeking to enhance its financial consumer protection culture with the construction of a financial consumer protection system for all sales procedures, from selection of products to follow-up management. In addition, IBK has constructed an advanced system to prevent financial fraud and financial accidents for the safe financial transactions of customers, and is making every effort to supply customers with various services, such as the operation of exclusive desks for the financially vulnerable class who have difficulty in financial transactions.

IBK operates an exclusive organization to protect financial consumers and create a safe financial environment for consumers. The person in charge of financial consumer protection under the CEO manages and supervises the stepwise consumer protection system in all processes, from the selection and sale of financial products to follow-up management, and also works to relieve the inconveniences of consumers. Moreover, the Financial Consumer Protection Council holds discussions on the establishment of a strategic direction and master plan to protect financial consumers, identification of matters to be improved, and development of products from the viewpoint of consumers. In response to complaints received through the customer service center and various consumer access channels, IBK is enhancing reliability for financial consumers by reinforcing its systems, such as by restructuring the civil complaint system in line with complex and diversified changes in the field.



New Organization of Financial Fraud Response Team

IBK is responding actively to financial fraud with the establishment of an exclusive organization for voice phishing prevention tasks that had previously been performed by the Complaints Team. For rapid and accurate restoration for damages resulting from telecommunications financial fraud, IBK is making efforts to protect the valuable assets of financial consumers. It constructed a one-stop support system after the Financial Consumer Support Department absorbed a range of tasks which had been performed by other departments, from registration of payment suspension to refunding damages.

Financial Consumer Concentrated Management Certification System



IBK became the first public financial institution to acquire CCM (Consumer Concentrated Management) certification from the Fair Trade Commission in 2017 and succeeded in re-certification with re-acceptance of its excellence. "CCM Certification" is a domestic certification system that evaluates and certifies that all configuration and sustainability improvement activities of management are performed from the viewpoint of consumers. It has allowed IBK to show its will to practice CCM and strengthen interest in CCM among employees. IBK is making every effort to supply customers with the specific experiences, products, and services they want as well as all the information they require with the establishment of its Financial Consumer Protection Charter containing the values of activities of IBK financial group.



Construction of an Active Response System to Voice Phishing

1,114 cases of potential damage were prevented in 2020, and 63 branch offices received letters of appreciation and award certificates in relation to the prevention of telecommunications financial fraud.



Construction of Suspicious Corporation Verification Process to Prevent the Opening of Fake Bank Accounts

IBK actively blocks the creation of fake bank accounts through a strengthened process of confirming the purposes of financial transactions. In order to prevent the opening of fake bank accounts, IBK has established the first verification process for suspicious corporations in the industry. This involves conducting surveys on the status of business places in order to confirm they are proper businesses through on-site visits in addition to document checks when new accounts are opened. Moreover, in order to eradicate fake bank accounts, any person found to have committed telecommunications financial fraud is prohibited from opening an account for three years, and education and PR activities are conducted through various channels in order to improve the alertness of customers and employees when it comes to fake bank accounts and financial fraud. As a result of such efforts, cases of fake bank accounts were reduced from 5,464 in 2019 to 3,706 in 2020, with the amount of damages reduced as well from KRW 48,378 million in 2019 to KRW 23,475 million in 2020.

Strengthening of the Complaints Handling Process and Construction of a Financial Consumers' Rights Protection System

IBK operates a complaint handling process that covers the receipt of complaints, classification and registration of complaints, confirmation of facts, and handling and reply procedures. In addition, IBK conducts preventive activities through an analysis of the causes of occurrence and trains for employees after the termination of a complaint. The suggestions and complaints of financial consumers are reflected when improving the system, and some content is used for the improvement of products and services through an internal review process. Moreover, IBK improved functionality by upgrading the complaint management system and constructed an advanced system with the application of RPA (Robotic Process Automation) technology to complaint work, a first in the domestic banking industry.

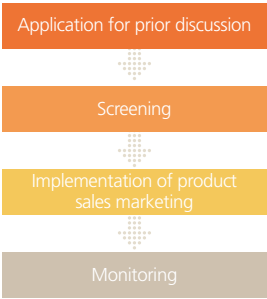
IBK is strengthening the field-oriented complaint support system it constructed for the prevention and rapid handling of complaints. IBK changed the person responsible for receiving and reviewing complaints from worker level to subsidiary/branch manager level in order to increase the interest of employees in complaints and strengthened the responsibility of subsidiaries and branches for complaints attributable to them. Likewise, IBK has supplied all employees with contactless complaint prevention training to cope with the COVID-19 environment. In addition, IBK continues to improve its system and inadequate matters found in the complaints handling process and prevents the occurrence of complaints with the establishment of "Complaints prevention 119" for employees in the business field to report improvements to work processes.

1 <sup>st</sup> Warning (Ready)	2 <sup>nd</sup> Warning (Attention)	3 <sup>rd</sup> Warning (Caution)	4 <sup>th</sup> Warning (Monitoring)	5 <sup>th</sup> Warning (Serious)
Internal complaint prevention education at the local HQ	Internal complaint prevention education at the local HQ for relevant team managers	Internal complaint prevention education at the local HQ for relevant branch managers	Internal complaint prevention education at the HQ for relevant branch managers	Complaint prevention education at the HQ for all employees of branch offices where complaints were raised



Strengthened Financial Fraud Prevention Services

Flow of prior discussion



IBK operates the various safety systems it has constructed to grow into a bank that prevents financial fraud and enjoys the trust of customers for safe transactions.

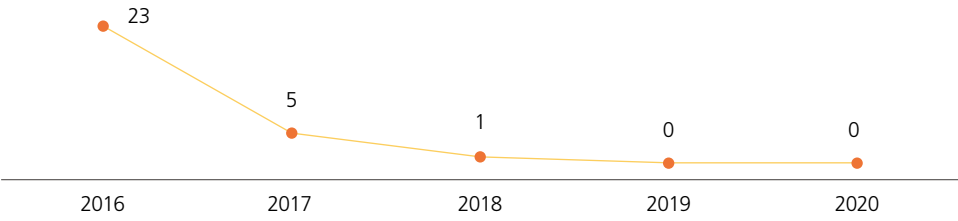
Prior Consultation System for the Development and Sale of Financial Products

IBK holds prior consultation with the Financial Consumer Protection Department starting from the development stage for financial products and establishes marketing policies to prevent consumer complaints and improve consumers’ rights. In relation to matters disadvantageous to consumers, the Financial Consumer Protection Department seeks solutions through discussions on work supplementation and improvement plans after reviewing related data. In addition, it tries to protect consumers’ rights by taking measures such as abolishing or suspending the execution of documents, supplementing the documents, or submitting improvement plans, etc., if prior consultations are not arranged through regular monitoring. In 2020, prior consultation on the development and sale of financial products was arranged for 570 cases and matters disadvantageous to consumers were solved in 18 cases. Monitoring was performed for 492 cases.

Strengthening Contactless Security Policy for Resale Phones

As there has been an increasing number of incidents involving resale phones being damaged after customers’ information has been stolen through the use of COVID-19 loans or disaster support as bait, IBK has strengthened its contactless security policy for resale phones to automatically block transactions in the case of i-ONE Bank transactions using different resale phones in order to prevent damages from electronic financial accidents. Cases of telecommunications financial accidents have also been reduced through financial consumer protection activities such as posting information about major electronic financial fraud skills and education on the website and sending an e-mail every month.

Cases of indemnification due to electronic financial accidents (Unit : cases)



Prior Confirmation to Prevent Voice Phishing

IBK has established a procedure for prior confirmation to prevent voice phishing that customers must go through in cases of new contactless loans. If a fraudulent loan is suspected as a result of a customer’s self-check, the loan request procedure is terminated, and a convenient report function is run the next time the loan request screen is accessed which automatically contacts related agencies such as the Financial Supervisory Service, National Police Agency, etc.

Customer Confirmation to Prevent Fraudulent Remittance

As fraudulent remittances are occurring frequently due to e-mail hacking in foreign-currency transactions, IBK operates a system to protect financial consumers and prevent fraudulent remittances. If the country of the remittee and the country of the beneficiary bank are different, or the account number of the remittee is different from the previous remittance information (past five years), the transaction can only be made after the customer signs the “Customer check to prevent fraud remittance” in person; in the case of a first remittance to a receiving account with no history of remittance from IBK, a guide to prevent fraudulent remittances is provided.

Customer Satisfaction and Experience

Achievement of Top-Level Service Quality

IBK ranked third in the 2020 KSQI (Korean Service Quality Index) Customer Contact Point area managed by the Korea Management Association Consulting. The KSQI is an index that expresses the level of service quality experienced by customers, and service quality is evaluated every year. With IBK ranking third out of eight banks, external credibility could be improved.



Operation of a Customer Satisfaction Improvement Program

VOC(Voice of Customer)

IBK receives customers’ opinions through various channels, such as the website, i-ONE Bank, IBK Customer Center, Customers Postcards, etc., and reflects them in its management activities. IBK gives customers feedback on compliments, complaints, and suggestions and uses the results of big data analysis as basic data for CS activities. In addition, IBK has a service improvement processes based on VOC. IBK selects projects to be implemented to improve CS based on customer complaints, operates “CS themes” with the participation of all employees, and reflects the results in the management evaluations of branch offices.



Survey of Customer Satisfaction Level

IBK conducts a survey of its customer satisfaction level every year and uses the results in the diagnosis of its service level and education for the improvement of CS. Various auxiliary indicators, such as a recommendation indicator, bank preference survey, etc., are used for the multilateral analysis of the customer satisfaction level, which stood at 91.1 in 2020. IBK undergoes the Customers Satisfaction Level Survey for Public Agencies managed by the Ministry of Strategy and Finance every year in addition to an internal survey and reflects the results in the agency’s management evaluation.

Field-Oriented CS Education And Consulting

IBK makes many efforts to improve the CS capabilities of the executives and employees of its subsidiaries and branch offices through field-oriented CS education and consulting. IBK has expanded contactless CS video education to respond to the COVID-19 situation, provided countrywide “Business office CS leader” education to strengthen the CS activities of branch offices, and 563 executives and employees of branch offices completed training four times in 2020. In addition, IBK provided the “Warm CS companion” education for the protection of the financially vulnerable class, and was able to improve the response capabilities of 592 employees regarding the financially vulnerable class. Besides, IBK has tried to expand its customer-oriented culture by organizing CS education broadcasts to introduce various services for protecting the financially vulnerable class as well as excellent cases.



CS consulting for branch offices and HQ	1:1 customized, intensive consulting through on-site visits to individual branch offices and HQs and contactless videos (44 times, 690 persons)
CS education for transaction enterprises	Education on customer satisfaction skills tailored to each enterprise and business manners for transactions with SMEs
CS video education	Production and broadcasting of CS education for all branch offices and HQ (48 pieces) Supplying subsidiary/branch managers or higher-level employees with video content related to service leadership (6 times per year)
Basic CS education course	Education on improving the basic mindset for responding to customers and methods of responding to each complaint case (Training of new bank clerks, youth interns)
In-depth CS education course	‘Mind-up’ education to improve leadership and communication skills at each position (CS leader education, education about the CS mindset of the HQ and local HQs, training for promoted persons, and pre-CEO education)
CS education to protect the financially vulnerable class	Education on internal/external regulations and response skills in relation to financial consumer protection (3 times, 592 persons)

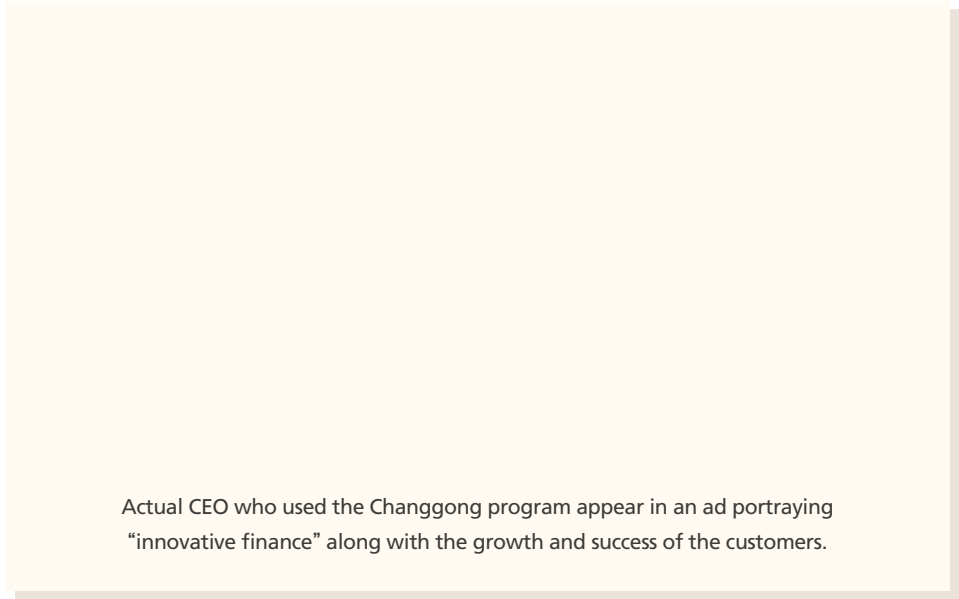
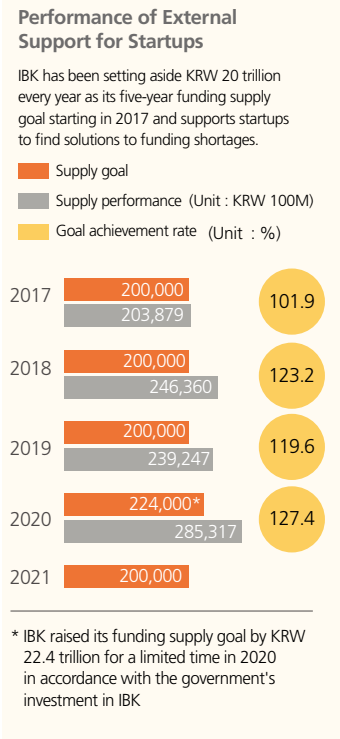
Innovative Growth

IBK Changgong

IBK Changgong, the Representative Nurturing Platform for Startups and Venture Companies

IBK is pursuing innovative management through digital transformation to become a world-class financial group with global competitiveness. Furthermore, it is leading the promotion of and support for competitive companies by operating its startup promotion platform, IBK Changgong, and its innovation testbed, IBK 1st Lab. Moreover, IBK supports a relationship of mutual growth with small- and medium-sized enterprises and sustainable growth through innovation management that responds to various financial demands, such as supplying risk capital and fostering the cultural contents industry, further increasing the competitiveness of the bank.

IBK Changgong is IBK’s representative startup nurturing platform. It provides a total financial service for SMEs based on internally accumulated financial know-how and consulting competency. In particular, it supports the discovery, nurturing, and growth of startups in connection with investments/loans, consulting, and education/mentoring. It is creating a virtuous circle by efficiently connecting startup entrepreneurs with major stakeholders in the startup ecosystem.



IBK Changgong encourages the growth of startups and venture businesses through various kinds of infrastructure support for nurturing as well as financial and non-financial support. As of the end of 2020, it nurtured and supported a total of 243 companies, leading financial support through approximately KRW 130 billion in investments and KRW 56.7 billion of loans. In addition, it conducted mentoring, consulting and IR (investor relations) activities 3,192 times to support the competitiveness of startups.

The results of IBK’s support for innovative companies can be seen in the history of external awards received by participating companies. Breathings Co., Ltd. is a fourth-round graduate of IBK Changgong Mapo. The company’s “Lung health meter” was awarded the 2021 Innovation Award and Ministerial Award at the World IT Show (WIS). Kitronyx, Inc., is a third-round graduate of IBK Changgong Mapo. It won the 2020 Best Contents Award at the KES (Korea Electronics Show) for its “Pressure distribution measurement system.” In addition, the CEOs of Artisan & Ocean Co., Ltd., a second-round graduate of IBK Changgong Mapo, and Foodpang Co., Ltd., a first-round graduate of IBK Changgong Busan, were selected as Asia’s 300 leaders under age 30 by Forbes.

Interviews with Companies that Participate in IBK Changgong



INTERVIEW

We have successfully completed attracting investment through direct investment from IBK and connections with various investors, and networking between companies and support for marketing programs have been the cornerstone of our business area expansion.

Gomi Corporation Co., Ltd., is a global e-commerce platform wherein marketing strategy and ad technology are combined. It runs its own online platform which has been localized to nations such as Vietnam, Thailand, and Chile.



Gomi Corporation Co., Ltd.  
Fifth-round graduate of IBK Changgong Mapo

IBK Changgong supports the growth of innovative startups in connection with the customized investment.

INTERVIEW



OurBox Co., Ltd.  
Third-round graduate of IBK Changgong Guro

The systematic education program and consulting have been a steppingstone for our company to take a step forward, leading to successful large-scale investments that have given us the wings to grow.

OurBox Co., Ltd., provides an on-demand fulfillment service that supplies customized logistics services to e-commerce businesses using its own platform.

IBK Changgong supports the successful leap forward of companies with its SME financial know-how accumulated over 60 years.

INTERVIEW

The customized consulting and investment support for marketing, human resources, and labor from IBK Changgong have been the moonlight that lights a country road on a pitch-dark night.

Lillycover Co., Ltd., is a beauty technology startup that diagnosis customers’ skin based on big data and proposes skin regeneration solutions by providing customized cosmetics.



Lillycover Co., Ltd.  
Fourth-round graduate of IBK Changgong Busan

IBK Changgong supports the innovative growth of companies through customized consulting on the overall management of SMEs.



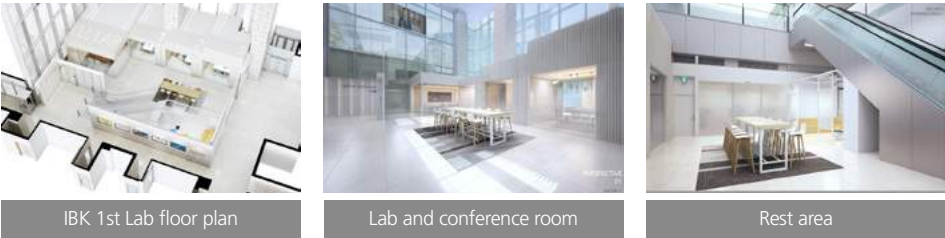
The Daejeon Center, the fourth branch of IBK Changgong, is expected to open in the second half of 2021. IBK Changgong Daejeon is located in Daeduk Innopolis, a research and development district of Daejeon where universities such as KAIST (Korea Advanced Institute of Science and Technology) and Chungnam National University are located alongside a dense population of government-funded research centers. Thus, it is expected to promote the regional economic actively and support the growth of promising innovative startups.

IBK 1st Lab

IBK 1st Lab, a Testbed for Innovative Ideas Using an Open Innovation Strategy



IBK opened the IBK 1st Lab, a collaborative space with fintech companies, in the IBK Finance Tower in September 2019. In IBK 1st Lab, new services are developed to improve customer convenience, with the participation of many related departments based on digital innovation technology and the ideas of fintech companies, and measures to improve existing work processes efficiently are studied.



The first-round operation results of IBK 1st Lab for 2020 showed that tests were conducted with 17 companies based on real banking data, out of which two innovative services were successfully adopted at the bank.

Status of commercialization of the IBK 1st Lab first batch

**AI real estate automatic valuation system** (Tanker Co., Ltd., Sep. 2020)

- AI analyzes real estate book issuance, government, and IBK regulations simply by entering property addresses to calculate the borrowing capacity of real estate mortgage loan, within three minutes (used to take more than one hour).

**Digital identification service** (Infosonic, Inc., Nov. 2020)

- Customer identification can be verified with smart bank authentication (i-ONE bank), without needing to submit an ID at the branch window, through the connection between the teller's Tablet PC and the customer's smartphone via inaudible sound transmission technology.

\* Named "Innovative Financial Service" by the Financial Services Commission in Feb. 2020

IBK has adopted and commercialized innovative technology and ideas in the real world, while fintech companies have landed additional contracts and attracted investment, thus creating a virtuous cycle for mutual growth.

Successful Investment Attraction and Contracts by Companies that Completed the Commercialization of IBK 1st Lab

Company Name	Production Type	Content
Tanker Co., Ltd.	Investment attraction	Total of KRW 1.55 billion (including KRW 1 billion from Mirae Asset Venture Investment, etc.)
	Landing a contract	Total of seven contracts (including the supply of a real estate valuation system to bank A, etc.)
Infosonic, Inc.	Landing a contract	Total of four contracts (including the supply of technology for sound wave communication to the Indonesian Tax Authority, etc.)
	Selection of collaboration	Total of eight cases (including the addition of a function for sound wave certification in the ATMs of bank B, etc.)

Interview with Companies Participating in IBK 1st Lab

**Tanker Co., Ltd.** | First-round graduate of IBK 1st Lab

Tanker Co., Ltd., is a company that processes various information necessary for real estate finance review using artificial intelligence (AI). The acceptance of new real estate information technology was viewed negatively in the existing financial industry. However, we are pleased to see innovation taking place in line with the changing times, thanks to the big decision by IBK.

Tanker Co., Ltd.  
CEO Hyun Seo Im

**Infosonic, Inc.** | First-round graduate of IBK 1st Lab

Infosonic, Inc., is a company offering a data transmission technology using inaudible sound called 'Sonic Code.'

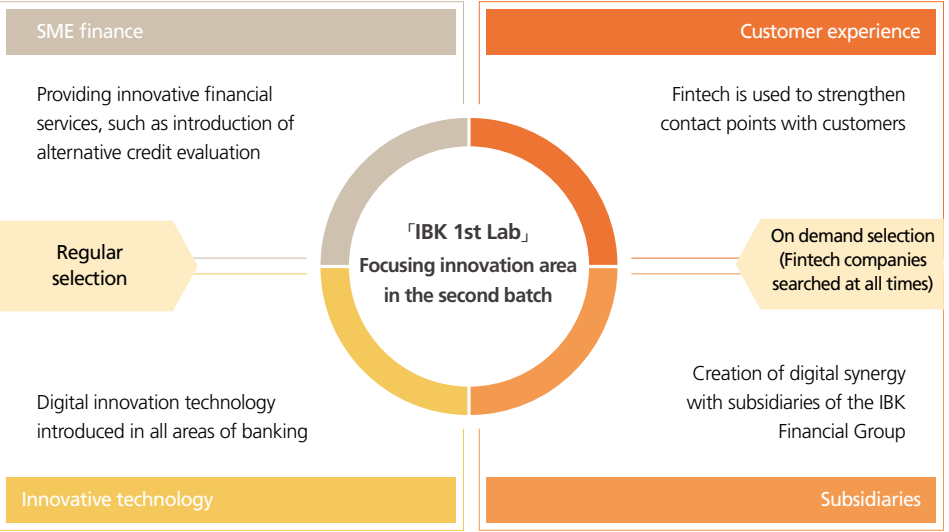
Since the 'Sonic Code' solution was applied to IBK services, various collaborations have been discussed with major financial companies in Korea and many overseas technology supply contracts have been signed, providing a big boost to the company's growth.

Infosonic, Inc.  
CEO Hoon-Tack Cho

Selection of IBK 1st Lab Second-Round Candidates

IBK is advertising IBK 1st Lab actively through its website and the channels of external institutions and member companies, and regularly recruiting participating companies once a year. In addition, IBK makes an effort to frequently discover and select companies possessing innovative technology and ideas and which can collaborate with the bank.

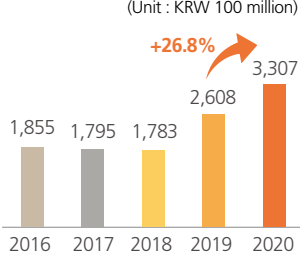
In January 2021, IBK selected nine companies for the second round of IBK 1st Lab, and it is now looking for ways to achieve a digital transformation of key work processes and automate work processes using new digital technologies as well as how to create synergy with subsidiaries .





Supply of Risk Capital

Supply of Risk Capital to Promote Technology-Based SMEs



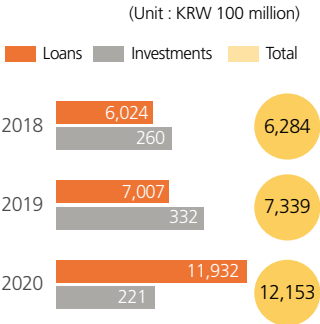
Risk capital refers to venture capital supplied in return for shares of unlisted companies in the early, growing, or mature stage, and PE (private equity) capital for the restructuring of companies through business takeover. IBK is investing with a focus on the promotion of technology-based companies that have not matured in the market, and is using its strengths, such as technical information owned by IBK, its infrastructure, financial support, and know-how, to support SMEs. IBK is investing in companies that own outstanding technologies, particularly SMEs that operate in future innovative growth industries such as state-of-the-art manufacturing, energy, and knowledge services.

It will supply KRW 1.5 trillion worth of risk capital over three years to become a key player in risk capital, and has already achieved its first-year supply goal of KRW 330.7 billion in risk capital in 2020. This was a record-breaking amount, representing a 26.8% increase compared to the previous year.

Support for the cultural contents industry

Enhancing the Promotion of the Cultural Contents Industry

Current Status of Financial Support for Cultural Contents in the Previous Three Years

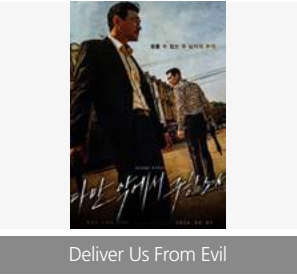


IBK is leading the fostering of the cultural contents industry to realize social value and secure new growth engines through the promotion of culture and art in Korea. It operates a department in charge of cultural content finance, the only one in the banking financial sector, and it supplied KRW 1.2 trillion worth of loans and investment for cultural contents in 2020, playing the leading role in policy finance.

IBK has signed a business contract with the Korea Credit Guarantee Fund and Korea Creative Content Agency to support and promote the innovative growth of K-Contents for the financial promotion of cultural contents and supported companies to enter overseas markets and produce non-face-to-face and new technology fusion contents. Additionally, it proactively promoted a secondary compensation project initiated by the Ministry of Culture, Sports and Tourism to meet the government's policy for nurturing the cultural contents industry.

IBK has steadily invested in movies and dramas to support the cultural contents industry, which experienced difficulties due to COVID-19 in 2020. In particular, Deliver Us From Evil and Pawn, which IBK invested in uncertainty regarding cinema opening, both exceeded the BEP (break-even point), and the drama World of the Married, the first work of the JTBC drama lineup investment project attempted by IBK and a first for the banking and financial sector, achieved the highest viewing rate of all mini-series dramas aired in 2020.

In the future, IBK plans to pursue cooperation and promote related investments in discovering excellent content after driving business contracts with major film investment and distribution companies to activate the production of video content, which stagnated due to COVID-19. Furthermore, IBK will play a leading role in the promotion of the cultural contents industry by helping local video content producers secure intellectual property rights and driving investment in commercialization support in response to the market expansion of global OTT (over-the-top) media services.



Deliver Us From Evil



Pawn



The World of the Married

Digital IBK



Innovation of Internal Processes



**What is the “Talk Chief” business counseling chatbot?**

This chatbot service understands work-related inquiries from employees and provides answers automatically.

\* Employees ask questions conveniently; as the counseling scope is extended and accuracy is improved, the rank is promoted.

Personification is applied to reflect the promotion (Talk Chief → Talk Assistant Manager → Talk Manager)

DT (digital transformation) has been accelerated to create new value and rapidly change the world via digital technology. IBK is driving DT to provide innovative services to diverse stakeholders by upgrading its internal processes and decision-making systems based on much customer data accumulated over the past 60 years. Please follow IBK’s shift to Digital – First IBK for maximizing the customer experience value.

Chatbot Service for Work-Related Inquiries From Employees

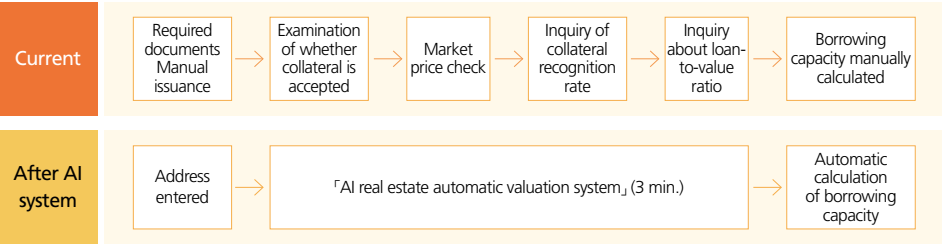
In February 2020, IBK launched its Talk Chief chatbot service for work-related inquiries from employees using AI. The chatbot is a service that automatically provides answers to work-related inquiries through AI that can understand the inquiries. By using the chatbot, headquarters can focus on responses to complex case inquiries rather than simple and repetitive questions, and branches can shorten their problem-solving time to allow employees to focus on their consultation and marketing work.

The Talk Chief chatbot for employees, which previously provided answers to 2,500 questions in two areas (IT consultation and credit cards), is now providing answers to more than 4,000 questions in nine areas after steadily learning new content; currently, it can answer 1,100 inquiries from employees a day on average. In particular, the most popular service is the automatic sending service for documents required by customers, which guides customers in preparing required documents easily and conveniently when interacting with a bank clerk. Furthermore, this chatbot for work-related inquiries from employees will provide the services required by employees and raise the work efficiency.

AI Automatic Real-Estate Valuation System

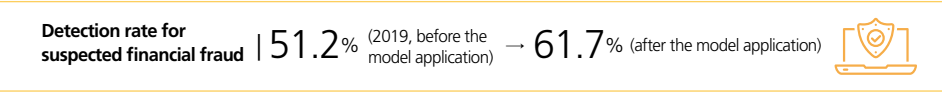
The AI automatic real estate valuation system can automatically calculate the borrowable amount for real-estate mortgages within three minutes via AI with only the address. It has significantly contributed to the simplification of the work process of collateral examination, which takes a lot of time, and it has been used in 1,412 cases as of the end of the year since its launch in September 2020.

Consulting procedure for real estate mortgage loan



Development of a Financial Fraud Detection Model

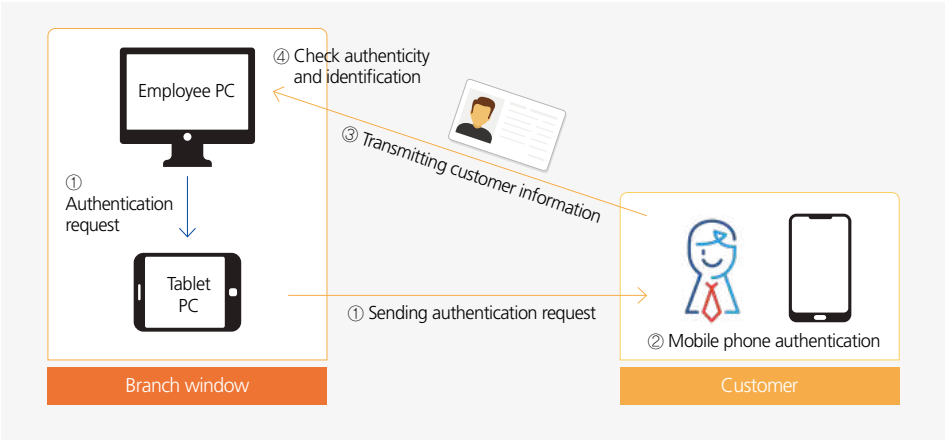
To cope systematically with the increasing number of cases of financial fraud, IBK has developed an AI model to analyze the big data of 17 million financial transactions with individual customers and detect financial fraud. This model was applied to the existing monitoring system, and the suspected fraud detection rate increased by 10.5%p.



Individual Customers

Digital Identification Service

At IBK’s branch offices, identification of customers and banking transactions can be performed using smart banking (i-ONE bank) and the previously registered ID card images, without customer’s IDs. When transactions based on real name verification are needed according to the Act on Real Name Financial Transactions, an ID check must be done. However, real name verification can now be done without IDs at branch offices thanks to the Special Act on Financial Innovation Support (Feb. 19, 2020). From the launch of the service on Nov. 16, 2020 until March 31, 2021, its cumulative use stood at 2,450 cases, which has raised convenience and safety for customers and employees at branch offices in the COVID-19 era.



FAST Document Submission Service

Using IBK’s FAST document submission service, customers can easily and quickly submit the documents required for household loan assessments in a non-face-to-face manner through scraping via the use of cloud servers. Following the launch of this service on Sep. 2020, it was used in 423 cases as of the end of the year. As many documents, including income documents, documents to verify household members, and documents providing evidence of tax payment can be now collected automatically with the customer’s consent, customers need not visit multiple institutions for document issuance, thus increasing convenience.

A More Convenient IBK Card with Digital Features

IBK has considered various methods to provide a more convenient services to customers by combining digital features with its card business. A system has been put in place for individual customers so that all banking services, from card issuance to various declarations, can be processed in a non-face-to-face manner without visiting a branch at all and related infrastructure is under construction to expand this system to business customers. In August 2020, IBK launched its virtual safety card number service for overseas purchases, which provides a virtual card number that can be used securely in overseas online payments (a previous security vulnerability). In October 2020, in collaboration with big technology companies, it began offering its simple payment immediate use service in which cards are automatically registered in a simple payment app and can be used immediately after card issuance. Additionally, in November 2020 IBK completed the development of its mobile-exclusive card, which can be registered and used on various simple payment platforms such as Samsung Pay, Kakao Pay, and Paybook without a physical plastic card, thereby enhancing customer convenience.

Foreign Customers

i-ONE Bank (Global)



INTERVIEW

“It is very difficult to visit a bank during working hours because it feels awkward.” “There is no place to ask questions during the immigration process at the airport.” “It is too difficult to install the banking app even if it has all the best functions.” “Please provide essential daily living information, instead of tourist attraction information.”



Excerpt from interviews with foreign customers

Re-Development of i-ONE Bank Global Application

IBK has re-developed its smart banking platform for foreigners only to support convenient digital finance for the increasing number of foreign workers in Korea by improving the existing platform’s inconveniences. Major improvements included the expansion of multilingual services to 15 languages and the enhancement of specialized services for foreigners such as AI remittance and One Wallet. Also added was a “non-face-to-face documentation” feature in which customers can sign up for a new account or electronic financing with a simple identification check at a branch office after entering the required information in advance.

Version	Original	Improved
Launch date	Oct. 2013	Dec. 2020
Certificate	Accredited certificate	Mobile certificate (six-digit password)
Supported languages	4 languages	15 languages
Remittance method	SWIFT remittance	AI overseas remittances (SWIFT, W/U, I-VARO, etc.)
Specialized services	-	One Wallet, Anytime Together, communication channels, etc.

Foreigner-Only One Wallet and Anytime Together Services

On December 17, 2020, the non-face-to-face electronic wallet service, which was previously available only for domestic customers, was expanded to foreign customers, a first in the banking sector, to improve the convenience of foreigners who have difficulty opening foreign currency accounts. Foreign customers can deposit up to USD 5,000 without opening a foreign currency account through One Wallet, and services are provided to enable the receipt of foreign currency, overseas remittance, and re-exchange when required by customers. Foreign remittance, which previously required registration each time, can now be done simply with only one registration, and a foreigner-only shared remittance service is being offered where an additional favorable foreign exchange rate can be applied if more than 30 senders designate the same date as an automatic transfer date. (Launched on Dec. 17, 2020)



New Digital Platform for Micro Business



i-ONE App For Micro Business

The i-ONE app was launched in November 2020 for Micro Business to provide daily business banking services by combining easy and convenient finance with the daily management activities of small business owners. With this app, various daily banking services can be used conveniently in a non-face-to-face manner, including integrated queries of personal and business accounts as well as transfer and management tasks including labor, legal, and tax-related tasks. It's even useful for small business owners whose digital accessibility is low. In the first half of 2021, a non-face-to-face process for COVID-19 loan-term extensions was established to process the extension of loan terms conveniently without a visit to a branch office being required.

Banking		Integrated banking	Queries and fund transfers can be done with both personal and business accounts in a single app. ※ Note that daily transfer is limited to KRW 5 million.
		Simple banking	Queries and fund transfers can be performed using a simple password without the use of an accredited certificate or one-time password (OTP).
Daily banking		Business knowledge	Experts provides business knowledge in various fields including tax, labor, and legal matters.
		Guidance on policy funds	Information on policy funds of central and local governments specialized for small business owners is provided.
		Community	Business-related knowledge or opinions can be shared between small business owners.
		Tax evidence	Tax evidence is automatically collected and submitted to the tax accountant in a non-face-to-face manner.
		Work management	Management task support, such as employee management, customer management, and document storage is provided.

Banking service

Project information

Management support



66,952 registered users had used this service for transactions worth KRW 2.2 billion as of December 2020.



Simple Payment Service for Corporate Common Cards

IBK has introduced a simple payment service for corporate common cards that can be jointly used by executives and employees by registering an anonymous corporate common card in mobile simple payment platforms such as Samsung Pay and Paybook. Once the owner of the business completes the simple certification procedure for real users, the corporate common card can be used for simple payments. Up to 100 users can be registered per common card, and 66,952 registered users had used this service for transactions worth KRW 2.2 billion as of December 2020.



IBK Alpha Series

As a specialized service for small business owners, the IBK Alpha Series provides the IBK Alpha Briefing, IBK Alpha Commercial Area Information, and IBK Alpha Tax Report services. It supports small business owners with services for management information, commercial area analysis, and tax reports, which are not easily accessible due to costs and human resource barriers.

IBK Alpha Briefing	This service provides mail notifications by automatically collecting and sorting various forms of management information, such as deposit and loan information, for all banks, card sales, and tax invoices.
IBK Alpha Commercial area information	This service provides companies and startup entrepreneurs with big data analysis results that can be used in business operation strategies such as analyses of business feasibility and commercial area business trends by business sector.
IBK Alpha Tax Report	This service dramatically reduces costs by supporting automatic book preparation and non-face-to-face tax reports at an affordable cost to small business owners.

Promoting Linkage with the Non-Face-to-Face Service Voucher Project

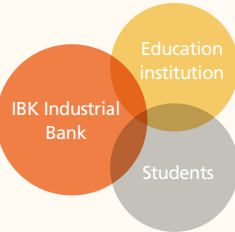
In connection with a government project (Ministry of SMEs and Startups) that supports the costs required for the use of non-face-to-face services such as videoconferencing and work from home to develop a non-face-to-face work environment and aid in the digital transformation of SMEs, IBK has promoted marketing that substantially reduced the cost burden on SMEs of Kyungrinara usage fees.

Special

Fostering National Talent Through Industry-University Collaboration in the Big Data and AI Sectors

In 2019, IBK signed MOUs (memoranda of understanding) with the Software Convergence Education Center at Hanyang University and the AI Research Center at Seoul National University for joint research in the big data and AI fields. Six joint research projects were conducted from 2019 to 2020, and collaborative relationships with various educational institutes will be further extended in 2021, including the preparation of an industry-university collaboration with the Seongnam Research Center of AI Graduate School at KAIST in addition to the two existing universities.

- Acquisition of the latest analysis trend technology
- Generating creative work performance



- Diversification of education programs
- Achievement of goal to foster talent suitable for the company
- Experience of actual field datasets
- Expansion of understanding of the finance industry by collaborating with on-site workers

- (Period) Support provided twice, once in the first half (March) and once in the second half (September) of 2020
- (Benefits) Eight months of usage fees are provided if 10% of the fee is paid - Government support of KRW 684,000 out of a total of KRW 760,000 (90%)
- A dedicated letter of invitation is produced and distributed for branch-marketing use.







IBK BOX, a Comprehensive Management Support Platform for SMEs

IBK BOX is an abbreviation for “IBK Business Operation eXpert.” It is a management support platform for SMEs that supports various management activities with digital methods. IBK BOX supports enterprises by dividing required services largely into three sectors funds, operations, and sales channels to help to reinforce the competitiveness of SMEs. The service was launched on August 1, 2019, and since then, new and affiliated services have been steadily expanded. Currently, 26 services is provided (as of April 2021).

Fund Assistance

	<b>Innovative Enterprise Investment BOX</b>	A service for innovative enterprises to apply for integrated investment with IBK, IBK Capital, and IBK Securities through a single registration application
	<b>Policy Fund Recommendations</b>	A service that automatically recommends applicable policy funds for each company based on customer-specific information and provides assistance on how to prepare the application form
	<b>Loan BOX</b>	A service whereby customers can receive all information at once online, from borrowing limits to loan deposits, without visiting a branch or submitting documents

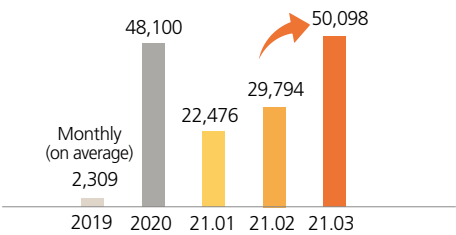
Operation Assistance

	<b>BOX POS</b>	An exclusive service for vendors that enables card payments free of charge anytime, anywhere, once the app is installed on the smartphone of a company representative or employee.
	<b>Work Attendance Management</b>	A service that can comprehensively manage the joining date, retirement date, daily work start and end times, holidays, and working hours of company employees.
	<b>Fund Management</b>	A service in which a financial briefing report can be received that summarizes financial details related to bank accounts, card usage details and balances at a glance.

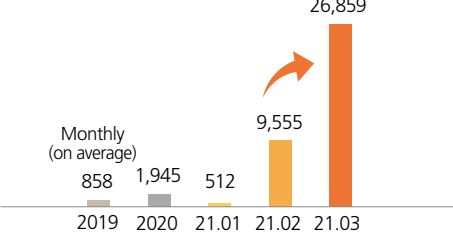
Sales Channel Assistance

	<b>Sales Channel Pioneering</b>	An assistance service in which superior export and import customers of IBK can be matched with superior overseas companies proven through partnerships with major global banks in 20 nations
	<b>Manufacturer Network</b>	A service for SOHOs (small offices/home offices) or startups requiring new product development or commercialization using ideas to find easily factories equipped with production facilities.

Monthly Visitors (Unit : persons)

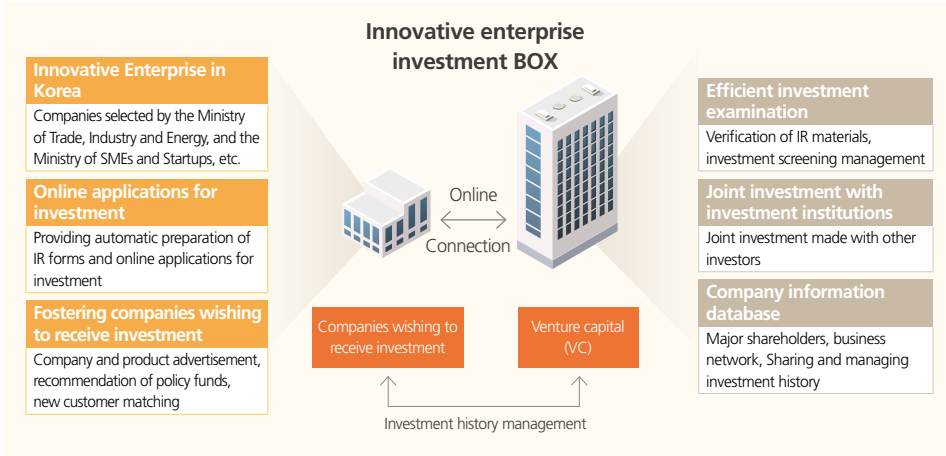


Monthly Business Subscribers (Unit : services)



Innovative Enterprise Investment BOX

The Innovative Enterprise Investment BOX is a service for innovative and venture companies that have difficulty accessing financing through existing finance systems due to low collateral, despite having a high proportion intangible assets and technology. Companies can prepare and submit an application for investment and IR materials online quickly and conveniently, a departure from existing complex and difficult investment procedures. Companies can apply for investment at multiple institutions with a single application, thereby saving on the costs of searching for venture capital and individual IR time, which was needed in the past when applying for investment. More than 158 companies had applied for the service as of the end of April 2021 since its launch in October 2020. In the future, the service will provide a communication system where communication between companies requiring investment and investment institutions can be facilitated, such as by indicating clear reasons for investor rejection.



BOX POS

BOX POS is a terminal service by which payment can be received through various means, including credit card, pay, and cash, through the installation of a dedicated app on a company representative’s (or employee’s) smartphone instead of an expensive POS (point-of-sale) card payment terminal. IBK participate in the “realization of a paperless society” by helping businesses through improved convenience and lower costs with a free card payment reader for small business owners, and by sharing electronic receipts instead of paper receipts in response to climate change.



Respect for Employees

Employee Management

IBK’s human resource vision is “proper human resource management, cultivation of talented employees, and happy employees” to make a leap forward as a global finance leader equipped with global competitiveness. To do this, IBK continues to make efforts in various areas, including recruitment, evaluation, and compensation, the fostering of talented employees, welfare and benefits, and organizational culture. Additionally, IBK generates performance to achieve its core value of customer happiness through its talented, professional employees who have a thirst for challenge, creativity, responsibility, and a global spirit, as well as its market competitiveness and ability to touch customers’ hearts.

Recruitment of New Bank Employees

Due to the COVID-19 pandemic, the recruitment market has been frozen. Nonetheless, IBK recruited the more than new 400 employees through open recruitment in the first and second halves of 2020, thereby leading new job creation. IBK has thoroughly complied with government quarantine rules during the entire recruitment process, and as the safety of job applicants is considered the most important priority, AI-based competency testing and contactless and non-face-to-face interviews were conducted. Additionally, specialized finance and global areas were newly created at the time of open recruitment to secure specialized, talented employees. Furthermore, IBK’s written examination was refined for each work duty, and in-depth interviews were introduced. In the future, IBK will faithfully fulfill its role of a government-run financial institution by creating quality jobs regularly.



Joint job fair for the banking sector in 2020



Dialog between the CEO and new employees

Expansion of Social Equality Recruitment

To fulfill its social responsibility as a public organization, IBK is expanding its efforts to increase employment opportunities for socially disadvantaged groups. In 2020, IBK conducted recruitment especially for people with disabilities and men of national merit and expanded the ratio of preferential merit points for applicants with disabilities during new bank employee recruitment. Furthermore, IBK continues to strive for the expansion of recruitment for socially disadvantaged groups, such as through new special selection targeting (prospective) high school graduates. Additionally, IBK provides opportunities for prospective workers to experience practical work and facilities and develop their career by recruiting recent graduates (563 graduates in 2020) for its ongoing internship programs.

Category	Mandatory Ratio	End of Dec. 2019		End of Dec. 2020	
	Ratio	Ratio	Overages and shortages	Ratio	Overages and shortages
Men of national merit	8.00%	8.07%	+10persons	8.16%	+22persons
Persons with Disabilities	3.40%	3.02%	△47persons	3.54%	+19persons

Through the continuous expansion of recruitment from socially disadvantaged groups, IBK is fulfilling its social responsibility. It has exceeded mandatory employment ratios for men of national merit (8.0%) and people with disabilities (3.4%).

Creation of a New Open Position and Recruitment of Talented External Employees

IBK has provided a recruitment process and criteria for external experts targeting higher positions above managerial level to secure banking specialization and hired a director of advertising and branding in November 2020 through the open position system. Additionally, in August 2020 IBK created an evaluation goal in relation to the “knowledge and know-how sharing” performance management items for specialized contract employees to create synergy between specialized contract and general employees.

Fair Performance Evaluations and Compensation System

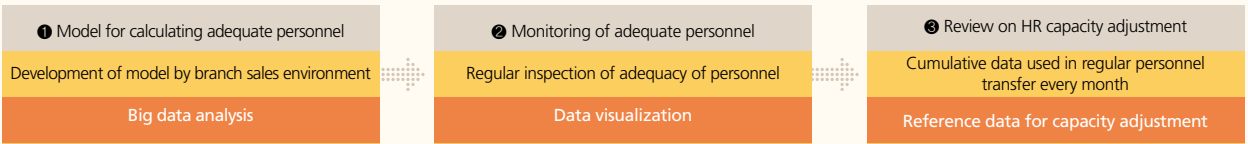
IBK is promoting a performance-oriented company culture by dynamically linking employee performance evaluations with its compensation system. IBK has created a fair and independent evaluation system through evaluations tailored to each type of job and the diversification of evaluations. IBK performs customized evaluations tailored to each business environment by forming a bottom-up evaluation group reflecting the collective opinions of branch offices, local headquarters, and business divisions through a five-step process. IBK operates its compensation system such that the compensation awarded is commensurate with each employee’s performance. The results of performance evaluations are reflected in employee ratings and are also used when promoting employees, switching jobs, and selecting candidates for academic training or dispatch to our overseas offices. IBK also offers differential incentives according to evaluation ratings to motivate employees and is continuously improving the system by collecting feedback.

Special

Establishment of Data-Based Employee Operation Plan

IBK has developed a system whereby each employee’s performance, competencies, and organizational contributions are systematically evaluated through a human resource scoring and data-based personnel transfer system that is linked with human resource systems such as promotions and transfers. Additionally, IBK has developed a branch model with the same sales environment conditions after setting indices to reflect optimal personnel calculations based on the monthly workload and growth potential of the branch using big data. Based on this model, the work environments of branches are monitored continuously, and data from this model will be used for regular personnel transfers starting in the first half of 2022.

Category	HR scoring system	Data-based personnel transfer system
Employees subject to transfer	All employees whose rank is equal to or lower than the third-level below the head level of the department or branch	
The main content	Performance, competencies, and organizational contributions, etc., are evaluated and used for promotions.	Criteria such as work experience, qualifications, and training histories are evaluated and used for transfers.
Future plan	A pilot test is underway, with revisions and improvements to be applied in 2022.	System development is expected from the second half of 2021.



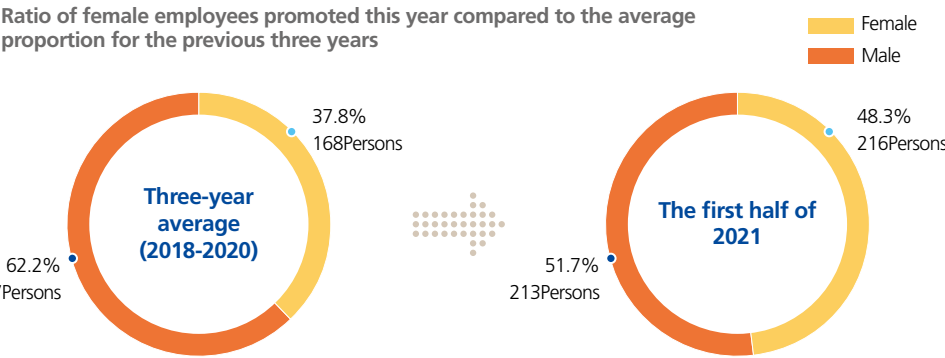
Establishment of Manageent Criteria for Employees Who Work at Distant Workplaces

In September 2020, IBK established clear criteria for the selection and management of employees who work at distance workplaces to enhance fairness between employees and improve the acceptance of distant work. Distant work means significant difficulty in commuting due to the distance of the workplace from the employee's residence. Thus, employees are selected for distant work on a semiannual basis with objective consideration for commuting data such as commuting distance, time, and location of residence. A total of 1,160 employees as of the second half of 2020 and 1,192 employees as of the first half of 2021 was selected. For the selected employees, HR welfare and benefits were determined after setting merit conditions such as distant work bonus, a shortened period of transfer, future reflection of preferred workplace, and preferential treatment in internal contests within the bank and HR pool selection.



Expansion of Promotional Opportunities for Women

IBK is striving to improve gender equality within the organization such as by expanding promotional opportunities for women with proven performance and competencies. IBK has achieved the remarkable result of appointing two women as division heads, the first such appointments since its founding, and promoting 23 women to branch manager positions, a record-breaking number. The number of female managers promoted through regular personnel appointments in the first half of 2021 was 216, the second highest in IBK's history. Additionally, for female employees who are team members below the fourth rank, opportunities to take various positions are given, and education on work transition for female employees has been promoted steadily to enable them to work in various positions just like their male counterparts.



HR Operation for Employees Subject to the Wage Peak System

Positions are newly created for employees subject to the wage peak system through revisions to the job system to relieve the workload at bank branches and raise the efficiency of employee management. A special "conscious management" role was newly created for regular personnel appointment in January 2021, and employees with this role were assigned to branch offices nationwide. Expanded operation of the credit analysis role also contributed to improvements in bank productivity. Additionally, IBK has operated a grievance counter to improve working conditions and created a new 1:1 mentoring program.

Final position	Main roles	Responsibilities	Personnel operations
Head of division	Management consultant, etc.	Providing consulting services, etc.	
Head of department or branch	Compliance Manager	Auditing branches, activities' compliance with regulations, etc.	➤ Actively using know-how accumulated during service
	Credit Analyst (loan examination center)	Supporting loan examinations	
Team leader	Positions required in HQ	Monitoring management/ inspections, etc.	➤ Expansion of assurance positions (internal control, etc.) and enhanced operation
	Compliance Manager	Auditing branches, activities' compliance with regulations, etc.	
	Credit Analyst (loan examination center)	Supporting loan examinations	➤ Reducing the work of general employees and improvement of bank productivity
Team leader	Support of HQ and branches	Marketingwork support, etc.	

System and Program to Support Retired Employees

**Before Wage Peak**

Support for early adaptation to wage peak positions and environmental change through the "prior training for employees at the rank of department/branch head or higher."

**During Wage Peak**

Guidance on changed treatment due to the wage peak and education on change management through "training for transition of highly experienced employees."

**After Wage Peak**

Education on "future job design" or "re-employment and startup education."

Operation of a Retirement Pension Plan

An outplacement program and related training system were established and implemented to develop successful job transition by supporting adaptation to environmental change and career development for employees nearing retirement. The outplacement program is a scheme that supports up to KRW 5 million in educational costs when employees nearing retirement who worked at IBK for more than 10 years apply for education courses for job transition development. The education courses include the state-sponsored test for licensing real estate agents, SOHO startups, startups in functional areas, and language courses. The support period is for six months before retirement. The education courses, provided timely for employees nearing retirement, are divided based on the wage peak period. For employees before wage peak, early adaptation to wage peak positions and environmental change is supported through the "prior training for employees at the rank of department/branch head or higher." For employees who have reached wage peak, guidance on changed treatment due to the wage peak and education on change management is conducted through "training for transition of highly experienced employees." When employees turn 59 years old, which is passed the wage peak, IBK supports them in choosing their preference between "future job design" and "reemployment and startup education." IBK is committed to generously supporting employees who have dedicated their lives to the organization in successfully planning for their old age and post-retirement period.

IBK has contributed to relieving the financial burdens of retirees by operating a retirement pension plan since 2011. The value of DB (defined benefit) obligations as of 2020 were KRW 1,047 billion (based on a separate statement), and that of DC (defined contribution) retirement allowances recognized as expenditures were KRW 0.58 billion (based on a separate statement).



Great Work Environment

Improvement of Working Conditions

IBK is committed to creating a work environment where all members are satisfied based on the belief that “people are the most important asset.” To create a balance between work and life, IBK is making an active effort to improve its working conditions and vacation system and strengthen the health management system for employees.

IBK has prepared a management plan to comply with the Labor Standards Act by running the “52-hour workweek policy” and to help a sound working culture take root. As a preliminary preventive measure, the system was revised to prevent inappropriate overtime work through fraudulent use of personal computers, and a menu for managers was newly established to create an efficient working-hour management environment for each branch. As a post-measure, the management evaluation criteria under “Working Hour Normalization” were revised to include demerits when inappropriate cases of work occur, and strict personnel measure is being taken against managers depending on the severity of the case. In the future, IBK will do its best to comply with the 52-hour workweek policy thoroughly through work collaboration between related departments.

Improvement of Vacation

IBK is steadily improving the vacation system for employees so that they can enjoy vacation more flexibly and actively realize a work-life balance. Family care vacation newly established for cases of family illness or the need for childcare, and the parental vacation scheme were revised so that both parents can take vacation at the same time. Additionally, the flexibility and convenience of taking vacation have extended thanks to the new two-hour vacation system.

Policy Restructuring for the Coexistence of Work and Family

Category	The Main content
Creation of new family care vaction (February 2020)	Up to 10 days of vaction per year have been newly added for child care or taking care of family members due to disease, accident, or aging, and half-day vaction is allowed to enhance usage.
Expansion of family care vaction (February 2020)	Expansion of “family members” subject to care* * Spouses, (spouse’s) parents, and children → Grandparents and grandchildren added
Expansion of child care vaction (February 2020)	Couples allowed to use child care vaction at the same time for the same children.
Creation of new two-hour vaction (September 2020)	With the creation of the two-hour vaction period, including morning and afternoon commuting times, the flexibility and convenience of taking vaction have been enhanced.
Creation of new vaction for miscarriages and stillbirths (September 2020)	New vaction created for male employees who’s spouses suffer miscarriage or stillbirth (three days)
Expansion of miscarriage and stillbirth-related vaction (September 2020)	To protect maternal instincts of employees, the number of vaction days for women’s in early pregnancy has been extended (from five days to ten days).

Furthermore, IBK established criteria that allow employees donate their compensated vacation voluntarily to colleagues whose long-term sick vacation is all used up due to the treatment of a severe illness by creating a new vacation-sharing system. Since the system was launched in June 2020, employees with No. 1 (pancreatic cancer) and No. 2 (leukemia) benefited from the vacation-sharing system as of April 2021.

Health and Safety Management for Employees

In the first half of 2020, IBK established Safety Management Guidelines that aim to maintain and improve the health and safety of workers by creating a safe and comfortable work environment through the regulation of safety activities. Persons charged with safety management prepare safety management responsibility reports, which include key details regarding the safety management responsibility plan for the current year, inspection details concerning the safety management responsibility plan in the previous year, and the status of major incidents by the end of February each year. IBK will strive to prevent accidents of not only our employees, but also facility management agents and workers in construction sites, and will endeavor to create comfortable work environments for all.

Assistance in Health Management and Disease Prevention for Employees

<div>Medical checkups</div> <div></div>	<ul style="list-style-type: none"><li>- Medical checkups (comprehensive and general checkups, etc.) are conducted every year so that the health management of employees can be conducted systematically through intensive healthcare management of employees with health issues.</li><li>- Thorough and comprehensive checkups are conducted for employees over the age of 30 and who have worked at IBK for more than five years.</li></ul>
<div>Fitness centers</div> <div></div>	<ul style="list-style-type: none"><li>- Fitness centers are operated at the head office, Hannam-dong office, and Suji IT Center.</li><li>- A medical center that can provide dental services and first-aid for employees are operated at the head office.</li></ul>
<div>Counseling program for employees</div> <div></div>	<ul style="list-style-type: none"><li>- Counseling is provided to employees and their families.</li><li>- Employees can access linked counseling centers nationwide (around 427 centers in 8 regions) depending on the location of their residence.</li><li>- Various fields are handled, including personal relations, family issues, job stress, legal and financial issues, etc.</li></ul>

Improving the Health Screening Rate

Recognizing the need for more faithful health checkups to manage employee health more effectively, IBK has increased the health screening rate by pro-actively implementing early health checkups. In the past, the high number of people who delayed checkups until the last day of the year deteriorated in the quality of checkups along with difficulties in managing human resource at sales branches. Through early health checkups, IBK has been able to complete health checkups for all employees.

Operation of IBK Great! Good Childcare Center

IBK Great! Good Childcare Center has been established and is operating to create an environment where employees with infants and preschool-aged children can work without worrying about childcare.

(Unit : persons)

Branches of Operation	Seoul					Gyeonggi				Incheon	Busan	Daejeon	Total
	Hannam	Dogok	Guro	Madeul	IFT	Ilсан	Pyeongchon	Suji	Bundang	Bupyeong			
No. of children	68	25	40	22	75	49	55	37	41	28	20	20	480

Strengthening the Competencies of Employees

Conducting Skill Enhancement for All Employees Through Tailored Job Training

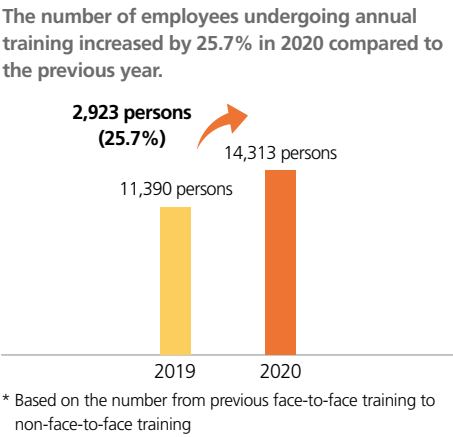
IBK endeavor to promote talented employees who can lead the digital transformation and successfully implement “innovation management.” IBK has the finest talent development program in the South Korean financial industry, which includes the development of expert human resource in many specialty areas along with career development support, global skill cultivation, industry-leading training facilities, and educational infrastructure.

To foster talented employees who can provide top services with high job competency, IBK has operated various training programs and support systems for each position. In particular, IBK created two new training programs in 2020. One was for the protection of financial consumers to enhance overall sales competency in investment and protection products and the other provides special training for employees who have no work experience in business finance to further strengthen the bank’s position as the leading financing bank for SMEs. Additionally, various systems such as scholarship assistance, qualification certification, and private institute tuition fees are being operated to motivate self-directed learning.

	Bank clerk level	Manager level	Team leader level	Head of department or branch level
Rank Training	New bank clerk (re) training Future design training	Training for employees promoted to the fourth rank Competency-enhancement training	Training for employees promoted to the third rank Competency-enhancement training	Pre-CEO training Leadership training for heads of departments and branches
Job Training	(Weekday) Job Academy, sales field training, training for reinstated employees, training for employees transferred from headquarters, Financial Consumer Protection Academy (newly-organized), special training for business finance (newly-organized) (Weekend) Finance Academy, key job field experts, financial certificate training			
Support System	Scholarship support, certificate acquisition support, support for private institution tuition fees (newly-organized), training mileage scheme			

Enhancing Training Performance via Non-Face-to-Face Channels

IBK has supported the competency development of employees without interruption by constructing a non-face-to-face learning system that can be activated at any time, even during crises such as the COVID-19 pandemic in 2020. Existing in-person training methods have been replaced by real-time remote and cyber training with of bi-directional communication, and learning and online evaluation systems have been introduced to induce higher participation in education than in the pre-COVID era.



Strengthening the Work Expertise of Working-Level Employees at the HQ

IBK sends some of the working-level employees based at its HQ’s departments to professional educational institutes where they are taught the latest financial trends and knowledge. Such institutions include the Korea Banking Institute and major universities in South Korea as well as associations, media companies, and conferences and other organizations with educational programs for financial experts. In 2020, 141 IBK employees were dispatched to such institutions for further education.

Fostering Digital Innovation Among Employees

IBK has also made great efforts to strengthen digital competencies to respond to the era of the Fourth Industrial Revolution. The Digital Level-Up three-year education course (2018 to 2020) for all employees who used communication infrastructure has been completed, and other programs on digital insight cultivation, scratch hands-on, Python programming, etc., were operated. In 2020, a digital education course in collaboration with renowned universities in Korea\* was created, and superior employees in each field were selected to strengthen their digital competencies, thus spurring the promotion of digital experts.

\* Graduate School of Data Science at Seoul National University (30 employees), Graduate School of Information at Yonsei University (25 employees), etc.

Fostering Key Talented Employees Equipped with Global Competitiveness

IBK has proactively fostered key talented employees who can respond to changes in the business environment preemptively and lead the global era. It also dispatches superior employees to MBA courses in Korea and overseas and runs overseas benchmarking, overseas training by theme, and language proficiency improvement courses. Moreover, since 2018, it has solidified cooperative relationships with reputable universities in Asia with the main theme of fostering global talent for the “completion of the Asian financial belt.” Currently, IBK has signed MOUs with four universities, one each in Indonesia and Vietnam in 2017, one in Philippines in 2018, and New Delhi University in India in 2019. Additionally, it has widened its global HR pool through academic training and language courses in major countries in Asia.

Special

### Geumsabba FESTA (Fall in Love with Financial Certifications)

Geumsabba FESTA is a program that supports employees in acquiring financial certifications and provides investment-type product education to strengthen consulting competitiveness on asset management and improve sales completion. In 2020, 491 employees participated in this program and were assisted with the study group matching, learning materials, weekly notices, and the production of certification plaques. As a result, even though various examinations were delayed and applications for examinations were difficult due to COVID-19, 43.7% of the employees who took on the challenge of the examinations succeeded in acquiring certifications.

Pre-exam	super pass care	Post-exam	after care
<ul style="list-style-type: none"><li>• Providing the basis for learning synergy (Operation, etc. of communities to create a study environment)</li><li>• Providing learning materials and exam success stories</li><li>• Sending main notifications related to tests</li></ul>		<ul style="list-style-type: none"><li>• Various kinds of education and support after acquiring certification and product sales Certification Post*, training on product sales, providing rewards, etc.</li><li>* Certification of qualification acquired</li></ul>	

Ratio of certificates acquired ↑  
Providing a basis to promote product sales

※ (Target to support certification acquisition) Nationally certified financial planner, Certified Investment Adviser of derivative products

# Governance

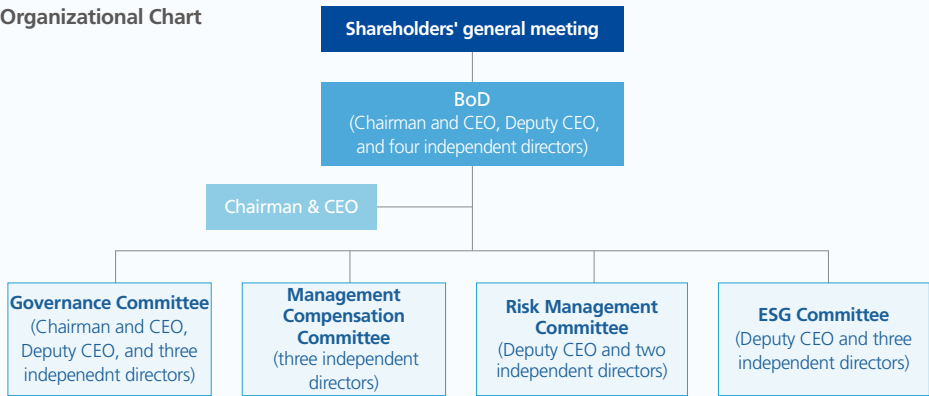
## Corporate Governance

### Principles and Policies of Corporate Governance

IBK believes that reliable, efficient, and transparent corporate governance is necessary for the organization to grow steadily and protect the interests of stakeholders, including shareholders. Reliable, efficient, and transparent corporate governance can be established and maintained through checks and balances among members, the expertise and diverse viewpoints of members, and openness of work handling criteria and procedure and handling results. IBK will continue its sound and transparent corporate governance management through proper management in the future.



Organizational Chart



### Organization of the Board of Directors

As IBK's supreme decision-making body, the BoD (Board of Directors) consists of the CEO, deputy CEO, and four outside directors. The BoD is concurrently chaired by the CEO according to Article 25-2 of the Industrial Bank of Korea Act. To ensure the independence of the BoD and as a necessary check against the management because a person who is not an outside director concurrently holds the office of chairperson of the BoD, the number of outside directors is set at more than three directors and the majority of the total number of board members. The BoD only meets the attendance of a majority of BoD members, and resolutions are passed with the consent of a majority of the BoD members.

### Operation and Main Roles of the BoD

The BoD was convened 12 times in 2020, and the average participation rate of directors was 97%. A total of 76 items was on the agenda or reported. The BoD is the supreme decision-making body of the bank besides the shareholders' general meeting. It deliberates on items on the agenda and makes decisions from objective and reasonable viewpoints for the sustainable development of the bank.



BoD members

Name	Date of birth	Position		Major career	Term
Yoon Jong-Won	Dec. 4, 1960 (Male)	Chairman & CEO	Registered and full-time	- Bachelor in Economics, Seoul National University - Master in Public Administration, Seoul National University - PhD in Economics, UCLA, USA - (Former) Senior Presidential Secretary for Economic Affairs - (Former) OECD Ambassador Extraordinary and Plenipotentiary - (Former) IMF Executive Director - (Former) Secretary for Economy and Finance to the President - (Former) Director, Economic Policy Bureau, Ministry of Strategy and Finance	Jan 3, 2020, to Jan 2, 2023
Kim Sung-Tae	June. 27, 1962 (Male)	Deputy CEO & Senior Executive Vice President	Registered and full-time	- Bachelor in Business Administration, Chungnam National University - MBA, Helsinki School of Economics - (Former) IBK Capital CEO - (Former) Head of the Business Strategy Group at IBK - (Former) Head of the Consumer Protection Group at IBK - (Former) Head of the Gyeongdong Group	March 20, 2020, to March 19, 2023
Shin Chung-Shik	Aug. 25, 1955 (Male)	Outside Director	Registered/ Part-time	- Bachelor in History, Korea University - (Current) Advisor to Samil Accounting Firm - (Former) Advisor to Nonghyup Investment & Securities - (Former) President of Nonghyup Bank - (Former) Managing Director, National Agricultural Cooperative Federation	March 27, 2019, to March 26, 2022
Kim Se-Jik	Jan. 25, 1960 (Male)	Outside Director	Registered/ Part-time	- Bachelor and Master of Economics, Seoul National University - PhD in Economics, University of Chicago - (Current) Professor, Department of Economics, Seoul National University - (Former) Member of the Financial Development Deliberation Committee, Financial Services Commission	March 27, 2019, to March 26, 2022
Kim Jeong-Hoon	June. 24, 1958 (Male)	Outside Director	Registered/ Part-time	- Bachelor in Public Administration, University of Seoul - Master in Public Administration, Yonsei University - (Current) Adjunct Professor, Department of Legal Administration, Graduate School of Public Administration and Welfare, Dankook University - (Former) Outside Director at IBK(Feb. 2018 to Feb. 2021) - (Former) Head at the Audit and Examination Office at the Korean Banking Institute	April 8, 2021, to April 7, 2024
Jeong So-Min	Oct. 12, 1971 (Female)	Outside Director	Registered/ Part-time	- Bachelor of Law, Seoul National University - Master of Law, Stanford University - PhD in Law, Seoul National University - (Current) Professor at Hanyang University School of Law - (Current) Member of the Financial Development Deliberation Committee, Financial Services Commission - (Former) Interpretation member of the Committee on Statutory Interpretation, Ministry of Government Legislation	April 8, 2021, to April 7, 2024



Subcommittees under the BoD

Governance Committee	The Governance Committee is responsible for improving the BoD’s operational efficiency, functions, and communication with shareholders and other stakeholders. Major deliberations include suggesting outside director candidates whom the CEO recommends to the Financial Service Commission and appointing executive directors recommended by the CEO.
Management Compensation Committee	The Management Compensation Committee reviews the overall compensation system for executive directors and evaluates their management performances for compensation. Major deliberations include the evaluation of and compensation for performances of executive directors as well as the review and approval of their welfare benefits.
Risk Management Committee	Major roles of the Risk Management Committee include comprehensive management of various uncertainties and possible losses from the bank’s management activities and maintenance of capital adequacy. The committee makes resolutions on the establishment of basic risk management plans, setup and allocation of risk limits by the business group or unit, and setup and allocation of investment and loss limits regarding market risks.
ESG Committee	The ESG (Environmental, Social, and Governance) Committee contributes to establish management strategies on ESG topics such as climate change and managing and supervising performances. Major resolution items include the establishment of ESG management strategies, policies, and goals; current progress status, performance, and the evaluation of ESG management; and revisions to or the abolition of ESG management-related rules.

(As of June 2021)	Governance Committee	Management Compensation Committee	Risk Management Committee	ESG Committee
Yoon Jong-Won (Chairman & CEO)	●			
Kim Sung-Tae (Deputy CEO & Senior Executive Vice President)	○		○	○
Shin Chung-Shik (Outside Director)	○	●	○	
Kim Se-Jik (Outside Director)	○		●	○
Kim Jeong-Hoon (Outside Director)	○	○		○
Jeong So-Min (Outside Director)		○		●

\* Female chairperson of the ESG Committee for the first time in the finance sector      ● : Chairperson

Role of an Independent Auditor

Due to its specificity as a government-run bank established in accordance with the Industrial Bank of Korea Act, IBK does not have a separate executive candidate recommendation committee, CEO management succession, audit committee, or business management committee (Paragraph 1, Article 24 and Paragraphs 1 and 2, Article 26 of the Industrial Bank of Korea Act), and the Financial Services Commission appoint an auditor. The auditor performs audits on IBK’s business and accounting its major role and has the authority to select, change, and dismiss external auditors.

Expertise and Diversity of the BOD

The BoD consists of members with expertise in each field to secure professionalism and diverse perspectives and eliminate biases related to specific backgrounds and business careers. The BoD also considers diversity in terms of gender, age, experience, and background. As of May 2021, there were three outside directors in the economic and finance areas and one in the legal area, according to the expertise classification. The latest trends and issues in the financial and economic fields are reported to the BoD with the aim of enhancing the basic and global capabilities of outside directors. Proactive support is offered for those who want to join individual training courses. Due to COVID-19, five education sessions were provided with the theme of major issues of the company in 2020.

Training schedule	Training provider	Training details
Mar. 4, 2020	Strategy and Planning Dept.	Major tasks of the bank and direction of business strategy
Jun. 11, 2020		Major tasks of the bank and direction of business strategy
Aug. 27, 2020		Major tasks of the bank and direction of business strategy
Nov. 30, 2020		Major tasks of the bank and direction of business strategy
Dec. 30, 2020		Progress and achievements in 2020 and direction of business strategy in 2021

Evaluation of the BoD and Criteria for Job Performance Evaluation

The BoD inspects the composition and operating status of the BoD and all committees under the BoD every year before the date of the annual shareholders’ general meeting. This evaluation supports the establishment of the BoD and its committees as the supreme decision-making body of the bank and a check against the management team by reviewing whether the BoD and each committee properly fulfill the roles and responsibilities required by statutes and internal guidelines regularly. The evaluation items can be largely divided of three sections: composition, roles and responsibilities, and operation. There are 14 detailed evaluation items for the BoD and 5 items for each committee. These include the adequacy of the BoD’s size and composition, whether it performs an advisory and supervisory role for management, whether ethical obligations and responsibilities are reflected in decision making, the timeliness of material supply, and the fidelity of materials. The evaluation score is based on a 5-point scale, and members of the BoD and committees under the BOD score each item differentially out of five grades. This inspection is conducted anonymously through an audit of documents. Support department performs detail tasks. The job performance evaluation of the directors is not conducted separately.

Qualification Requirements for Directors

Passive qualification requirements	Active qualification requirements
<ul style="list-style-type: none"><li>- Those who are not Korean citizens</li><li>- Those who fall under any of the subparagraphs of Article 33 of the Government Officials Act</li><li>- Those who cannot become executives in accordance with the Act on Corporate Governance of Financial Companies</li></ul>	<ul style="list-style-type: none"><li>- As for the chairman &amp; CEO, deputy CEO &amp; senior executive vice president, and director &amp; senior executive vice president, those with extensive experience and knowledge in finance and who will not undermine the bank’s public interest, healthy management and order of credit.</li><li>- As for outside directors, those who demonstrate profound expertise and experience in the fields of business administration, economics, accounting, law, and SMEs.</li></ul>

Compensation and Bonus System of Executives

IBK’s compensation and bonus system for management is operated on the basis of the Guidance on Innovation in Public Institutions of the Ministry of Economy and Finance and the Budget Guidance for Public Financial Institutions of the Financial Service Commission. Additionally, it ensures the design and operation of reasonable compensation systems according to the management performance evaluations of standing executives and executive officers through the Management Compensation Committee. Personnel expenses such as compensation for the executives are made fully in cash due to its allocation as a cash budget and are not postponed according to the principle of setting an annual budget according to related guidelines. The compensation plan is approved by the Financial Service Commission in advance, and its limit is determined at the general meeting of shareholders.

Performance Evaluation Index of Executives

Management bonuses are set internally according to management performance evaluations, and achievement bonuses in accordance with external management evaluation guidelines for public financial institutions. Four indices regarding profitability (net income before provisions, etc.), adequacy (overdue loan ratio, BIS capital adequacy ratio, etc.), growth (SME loans, general deposits, core deposits, etc.), and customers (increasing market competitiveness, etc.) are used for internal management performance evaluations. Additionally, evaluation results such as risk management indicators are reflected to a certain extent, thereby directly affecting bonus pay calculations.



Ethical Management

As part of sound corporate governance, in 2020 IBK established the IBK Ethics Charter consisting of five themes for the practice of ethical management by the IBK Finance Group. The Ethics Charter is a statutory form of internal guidelines that are equally applied to IBK and all subsidiaries. It is the first such charter in the company's history, which is significantly meaningful.

IBK maximized the impact of its external declaration of the Ethics Charter through videos and an employee oath at the bank's anniversary event, and the charter was published through on- and off-line channels of all group companies to encourage its internalization.



Ethical Management System

IBK has established and implemented its Code of Ethics and Code of Conduct for Employees. To fulfill IBK's core values of "Together with customers, trust and responsibility, passion and innovation, and communication and teamwork," regulations of conduct for customers, shareholders, employees, society, and directors are defined.

Additionally, IBK has established and declared its Code of Ethics, which proposes common-practice standards of ethical management within the IBK finance group. Moreover, to prevent corruption and create a clean workplace culture, IBK complies with the prohibition on conflicts of interest, unethical behaviors, and unfair profits.

Programs for the Practice of Ethical Management



Self-diagnosis program for ethical compliance	Monthly ethical practice theme	Clean contract system	Cyber ethical management training
Monthly diagnostic items are provided to inspect whether IBK's Code of Ethics and Code of Conduct for employees is being practiced.	In this program, the ethical items that employees should adhere to are selected through contests every month and then published and observed through the bank's intranet.	IBK ensures the transparency of the contract process and fairness of transactions when entering into contracts.	IBK produces animated films on critical ethical management activities and registers them as employee training courses on the cyber-training center.

Anti-Corruption Education

Education of employees about the Anti-Graft Law	To raise employees' awareness about corruption and graft, and to encourage transparent and fair work, in-person education was provided to the executive teams, and special broadcasting education was provided to all employees regarding the Anti-Graft Law.
In-person education on Ethics and Compliance for each stage of the life cycle	In accordance with the customized ethical education completion system, in-person education is given to newly recruited clerks and employees subject to promotion for each stage of the life cycle.
Providing education on ethical and right-way management through various channels	Various opportunities to complete the ethical education courses are given to employees, including mobile education for persons in charge of related positions via regional HQs, online lecturing through a cyber training center, and in-person education by external institutions to help employees understand and implement ethical management.

Strengthened Human Rights Management



Human Rights Management Committee  
June 2020

IBK emphasizes human dignity and value in all business activities and has declared its intention to pursue human rights management. It also deliberates on matters regarding the establishment of basic plans for human rights management through the Human Rights Management Committee. All employees and executives actively practice the human rights management declaration, which contains the regulations of conduct and value judgment criteria of human rights management.

The Guidelines for Preventing Human Rights Abuses were established in June 2020 to set up detailed criteria for the smooth operation of preventative work related to human rights abuses and to strengthen the executive ability of human rights management. The guidelines consist of general principles, the acceptance of human rights abuse reports, the investigation of cases, the operation of a human rights management subcommittee, the handling of reports, and decisions of the human rights management committee. IBK's existing Human Rights Abuse Report Center has been changed to the Human Rights Counseling Center, which is now up and running.

An evaluation of factors impacting human rights was conducted to identify real and potential human rights risks that may occur in various areas of major businesses and throughout IBK's business activities. The evaluation results and improvement recommendations will be reflected to develop a human rights-friendly management system. Out of 132 evaluation indicators in 10 areas, 127 indicators were evaluated for their adequacy, and the organization has viewed this as the normative and institutional basis for the systematic promotion of human rights management. Moreover, all employees were subject to education on integrity, human rights management, and the prevention of abuses of power. For those who work in contracts and the management of dispatched employees, additional preventive education on human rights and abuses of power is conducted based on the guidelines to eradicate abuses of power in public areas.

Tightened Inspections on the Trade of Financial Investment Instruments

Inspections on the trade of financial investment instruments have been tightened to prevent employees from engaging in insider trading through undisclosed or internal information. In a bid to observe the Financial Investment Services and the Capital Markets Act more strictly, IBK has extended the scope of inspectees to fund sellers at branch offices and shortened the reporting cycle from an annual and quarterly basis to a monthly basis. Moreover, a four-step self-inspection checklist, including investment amount by position and job connection, was introduced to enhance the monitoring of ethics and compliance.

Sales verification process of financial investment instruments



Introduction of the Ethics Officer

IBK's Ethics Officer seeks to protect and uphold the rights and interests of employees by reporting sexual harassment or unjust damages, including bullying in the workplace, without the need to worry about secondary damage. Because such a system has been adopted for the first time in IBK, the office will be manned by external experts whose expertise and independence are ensured and will be directly under the immediate control of the CEO. Through this system, ethical and human rights management will be strengthened, and corporate governance will be maintained more transparently and soundly.

Strengthened Measures Against Sexual Harassment

IBK has strengthened measures against sexual harassment in order to create a healthy work environment. Sexual harassers are strictly punished by applying the zero-tolerance principle, and employees who cause secondary damage, such as spreading rumors of sexual harassment rumor denouncing victims, are also subject to disciplinary action. Furthermore, IBK is constantly striving to eradicate sexual harassment at work by further reinforcing preventive activities.

Ethical Rules of Business Conduct Practice Day

The Ethical Rules of Business Conduct refer to the basic principles of sales activities for eradicating unethical business conduct. IBK established the Ethical Rules of Business Conduct in September 2018, and an educational event called the Ethical Rules of Business Conduct Practice Day is held semiannually for all employees. Through this event, bank employees are reminded of the basic principles that they should observe, and IBK is striving to creating a business culture based on the protection of financial consumers' rights and interests.

Reports of ethical violation

IBK operates a variety of reporting channels to receive and handle reports ethical violations and present solutions when employees face ethical conflicts. Through the operation of these reports, IBK is committed to preventing intentional or negligent illegal behaviors and their ensuing impacts on the bank as well as eliminating illegal or unfair behaviors that can harm trust in the bank.

Whistleblowing system

IBK operates a whistleblowing system to prevent financial accidents and minimize the losses arising from such accidents and to enhance its corporate image as a financial bank of high integrity that fight corruption. Our employees are encouraged to report on abnormal behaviors such as embezzlement, malpractice, bribes, violations of laws regarding real-name financial transactions and money laundering, unjust orders of superiors, etc. Real name reporting is done in principle, but an anonymous reporting is also available if necessary. IBK keeps all reporting contents and identities private.

In August 2020, employees in all departments and branches underwent education to internalize and promote the whistleblowing system. In particular, education was conducted to deliver information on the protection of whistleblower identities to ensure the confidentiality of the reported content as well as details on preferential treatment and compensation for whistleblowers to resolve any doubts employees might have regarding the confidentiality of the whistleblowing system.

Self-cleanliness report	Reporting violations of the Anti-Graft Law	Public interest disclosure
		
When bribes are received regardless of the employee's own inclinations, this system protects employees by returning or donating the bribes voluntarily.	This is a system for reporting acts of graft or violations of work-related laws in frequent areas of corruption as specified in the Anti-Graft Law.	This is a system for reporting, petition, tip-off, indictment, or prosecution regarding public interest infringement or concerns that public interest infringement acts may occur, or providing clues to investigations about acts that infringe public interest.

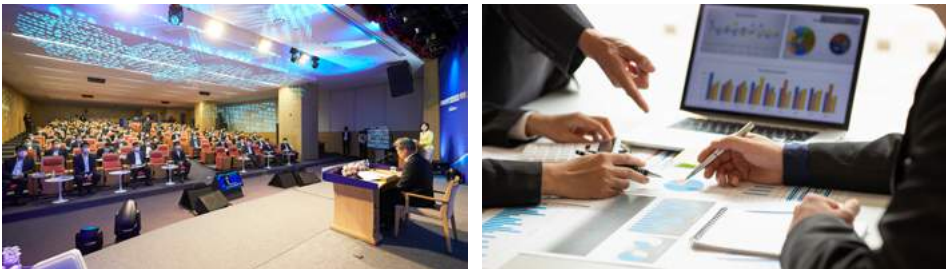


Mid-to Long-Term Risk Management

IBK is focusing on managing various uncertainties and risks arising from business activities in an integrated and systematic manner. This effort secures financial soundness and security, protect the rights of depositors, and maximize shareholder value, thereby fulfilling our role as a state-run bank under all circumstances.

Risk Management Governance


The risk-related decision-making system of IBK is centered on the BoD and comprises the Risk Management Committee, Risk Management Council, and Risk Management Group. The Risk Management Group consists of the Risk Management Dept. and the Risk Review Dept. It is responsible for the execution of the Risk Management Committee's policies. With a governance sytems established to optimize risk management, systematic risk management can be achieved covering the current status of major risk factors, causes and countermeasures in the case of sudden increases in risk, crisis analysis results, and internal capital adequacy evaluation results. Such management status is reported to the Risk Management Committee and the management regularly, enabling immediate communication of and response to risk.



Risk Management Process

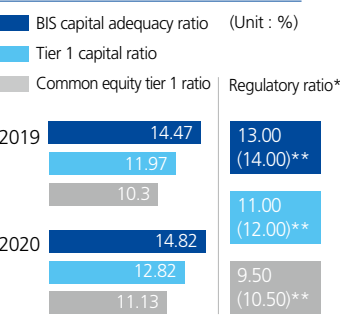
IBK is expanding its range risk management to all possible major risks it may face in business. The scope encompasses not only financial risks concerning credit, markets, operations, interest rates, and liquidity, but also non-financial risks such as compliance. IBK selects risk measurement methods based on the features of each risk and checks its risk management status every month, thereby monitoring the effectiveness and adequacy of risk measurement methods and policies.



Risk management process	
<div>Risk policy</div> 	<ul style="list-style-type: none"><li>• Allowable limits for each risk are set and observed.</li><li>• Risks and profits should be balanced adequately.</li><li>• When risks and profit opportunities are contradictory, profits should be considered within the range of the allowable limits of risk.</li><li>• Risks should be managed comprehensively, including subsidiaries.</li><li>• Risks should not only be managed by category, but also integrated for enterprise management.</li><li>• How various market volatilities have an impact on all or part of the portfolios are analyzed regularly.</li><li>• Organizations responsible for risk management, sales division, and transaction check and payment shall maintain their independence, and they shall be operated separately.</li><li>• Risk measurement and reporting should maintain unified indexes and consistency.</li></ul>



Risk Areas to Be Managed Intensively



\* Minimum ratio 8.0% + Capital conservation buffer 2.5% + Countercyclical capital buffer 2.5%  
\*\* Including 1.0% of D-SIB (Domestic Systematically Important Banks)

IBK preemptively pursues sound financial management that can lead to robust growth. IBK is focused on managing its BIS ratio, non-performing loan ratio, and allowances for bad debts, and it is working hard to upgrade its risk management standards and improve its execution capabilities. IBK realized a BIS capital adequacy ratio of 14.82% in 2020, which provided a solid foundation for the steady performance of policy finance even during the prolonged COVID-19 pandemic. Additionally, with the early introduction of the Basel III regulatory reform (end of December 2020), IBK has secured the capacity to support SME loans by easing capital burdens. Our systematic credit evaluation model, which reflects changes in the financial environment and regulations, is used for the overall business of the bank, including decision-making for loans and the identification of quality indices. Moreover, we secure quality and create appropriate profits through the consistent inspection of risks in each area.

Current status of risk management promotion

Reasonable management of allowances for bad debts	Improvement of loan portfolios	<ul style="list-style-type: none"><li>Improvement of loan interest competitiveness for blue-chip companies</li><li>Expansion of loan proportion for sectors where growth rate is high and insolvency rate is low</li><li>Ensuring preemptive total loss-absorbing capacity by upgrading insolvency rate prediction models</li></ul>
	Credit rating system innovation	<ul style="list-style-type: none"><li>Re-development of corporate credit rating models (SMEs, micropayment-based, specialized lending)</li><li>Expansion of big data rating use (loan examination, product development, etc.)</li><li>Preemptive management of potentially insolvent companies through the expansion of companies subject to early credit ratings</li></ul>
Improvement of executive ability of risk management	Reinforcement to manage expected insolvent companies	<ul style="list-style-type: none"><li>Strengthening the audit of credit rating for preemptive integrity management</li><li>Enhancing inspection of the credit risk of loan customers through the expansion of customers subject to audit</li><li>Periodic inspections and timely audits on the top sectors of SME loans</li></ul>
	Re-establishment of control tower roles of risk management	<ul style="list-style-type: none"><li>Strengthening the role of the Risk Management Council (identification of pending issues and rapid execution)</li><li>Introduction of optimal methodology for internal capital allocation (Return on investment: RAROC, etc.)</li><li>Strengthening venture capital support and management, consulting to reduce risk-weighted assets</li></ul>
	Field-oriented risk management	<ul style="list-style-type: none"><li>"Finding hidden operational risks" together with all employees</li><li>Support of systematic risk management for overseas branches and subsidiaries</li><li>Credit audit by reflecting on-site voices (communication enhancement and improving convenience)</li></ul>
Strengthening internal controls and response to regulations	Strengthening operational risk management	<ul style="list-style-type: none"><li>Improvement of operational risk management due to expansion of non-face-to-face transactions</li><li>Enhancement of system on guidance to the special business processing procedure</li></ul>
	Thorough response to regulations, such as Basel III	<ul style="list-style-type: none"><li>Development of the IBK principle for sound management of operational risks (PSMOR)</li><li>System development due to the introduction of Basel III market risk regulations</li></ul>

Managing Emerging Risks

IBK manages current important risks while preemptively defining and managing risks that could have a significant impact on the years to come. As the volume of data-based financial transactions continues to increase, the complexity of credit rating continues to grow due to the many and diverse ways in which transactions are made. To address this challenge, IBK has combined a model that uses big data to upgrade the approval process of non-face-to-face loans with its loan limit strategy, thereby enabling preemptive risk management. The insufficient response to the climate crisis along with strengthened environmental regulations is likely to lead to a depreciation in the company's asset value and possible investment losses. Thus, IBK will consider its response to the environmental crisis from a long-term viewpoint. Climate risk measurement, management and stress tests will be adopted from a long-term viewpoint, and internal evaluations will also be conducted using management items combined with a big data model. As demands from various stakeholders regarding corporate social responsibility have increased, ESG regulations have been reinforced globally, and monitoring by stakeholders has also expanded. Various management activities that do not take ESG into consideration may serve as various risk factors in such areas as the environment, strategy, and law. Thus, ESG risks should be reviewed and responded to preemptively in the IBK's management activities. While responding to internal ESG risks, IBK will also strive to faithfully fulfill the purpose of its founding, which is to support SMEs by continuously maintaining a system that can minimize the ESG-related risks of SMEs.

Establishment of Fair Trade

IBK is strengthening information security and internal controls to establish sound and transparent corporate governance. The bank will continue to develop its system and procedures related to information security and internal controls to comply with laws, promote sound management, and protect shareholders and other stakeholders.

Enhancement of Information Security

Securing Information Protection Infrastructure

As channels for financial transactions become more diversified (online, smartphones, etc.), reacting in advance to protect the personal information of financial consumers and customers has become critical. IBK is striving to reinforce its information protection infrastructure and build a systematic security system that can protect customer information and prepared the company for unforeseen situations that could be detrimental to it. IBK is doing its best to ensure that not even one case of customer information infringement or leakage occurs.

Strengthening Legal Compliance Activities on Information Protection

IBK is responding thoroughly to information protection and information security policies designated by law. To comply with the FSC's audit plan on information protection, IBK conducted an in-house audit on 65 key categories, including information protection. IBK was assessed to be adequate in all categories. IBK also conducted an inspection of the security level and a verification of the security adequacy of its currently operating work system. Additionally, IBK regularly checks compliance with the Electronic Financial Transactions Supervision Standards and the Information Security Basic Directive and improves insufficient areas. Finally, IBK has also inspected the information protection management systems of companies it has invested in as a part of restructuring its overall information protection infrastructure.

Information protection audit undertaken by affiliate organizations of the Financial Services Commission	An audit on 106 inspection categories was performed in accordance with the FSC's annual audit plan to protect information. The results of the audit were reported to the FSC, and IBK passed all categories.
Inspection/Verification of the adequacy of the security measures built into the work system	<b>Security-level inspection</b> : Construction of IBK My-Data Systems and 26 other inspections <b>Security adequacy verification</b> : Obtained qualified ratings of security measures (e.g., construction of IBK Broadcast IPTV Systems) that IBK had set up on its own initiative
Tightened compliance standards on information protection	<b>Every quarter</b> : 25 categories such as PC passwords <b>Every month</b> : Improved standards deemed inadequate in 34 categories (e.g., rules on bringing in/taking out IT equipment) and obtained qualified ratings
Inspections of information protection systems of IBK subsidiaries	Inspections of 8 IBK subsidiaries such as IBK System Co. were carried out in Dec. 2020. All audit results are shared, and best practice cases are awarded.

Strengthening the Information Protection Management System

IBK is operating and strengthening its information protection system in accordance with ISO 27001, which is the international standard for information protection, as well as the ISMS (information security management system) standard, which is the local information protection certification. Through a review by an outside agency, IBK was assessed as having adequate levels in overall management categories such as information protection policies for Internet banking and smart banking, access control, and risk management. Accordingly, IBK has been able to increase public trust in its information protection system.

24X365 Cyber Security Control

By making its information protection system more robust through the operation of a year-round cyber security control room, IBK is increasing its competency for responding to external cyber-attacks. IBK has established action plans for each phase of a cyber-crisis and built a response system to fend off cyber-attacks such as DDos attacks, thereby enabling the company to keep information security breaches to zero. In particular, with the increase in cyber attacks on financial institutions and enterprises in 2020, such as indiscriminate DDoS and ransomware attacks, some damage has been reported, but IBK has experienced no damage thanks to its comprehensive defense against two DDoS attacks. Additionally, IBK has conducted response training hosted by the National Intelligence Service for emergent DDoS attacks, and it was given a superior grade in all areas, including detection, response, analysis, and recovery, in the “blind practical training for infringement response” conducted in collaboration with the Financial Security Institute.

Inspection and Removal of Security Weak Points in Key Systems




IBK is preventing the likelihood of security threats from the early stages by checking and eliminating security vulnerabilities in its key critical systems. To be able to respond preemptively to the recently emerging AI-powered hacking attacks, IBK has conducted blind hacking simulations that have greatly improved the company’s responsiveness. Additionally, it is making diverse efforts to eliminate security weak points, such as the early removal of risk factors through regular security vulnerability checks, inspections for personal information left exposed on internet websites, and inspections of password settings for shared folders.

Results of Vulnerability Inspections of Internet Banking Infrastructure

Category	Inspection Target	Inspection Content	Remarks
Information protection management system	Internet banking infrastructure	284 items including whether a specialized Internet banking-related organization is operated	Financial Security Institute
Open websites	33 sites including Internet banking	51 items including whether unauthorized users are authenticated	
DBMS	50 systems including fund systems	31 items including account and password management	
Network equipment	50 machines including banking DMZ	74 items including logging settings	
Information protection system	55 systems including firewalls	41 items including adequacy of security policy settings	
Server	590 servers including credit card servers	159 items including directory and file rights settings	In-house

Expanding Education and Communication on Information Protection

To provide effective education on information protection, awareness of information security has been raised through online education customized for each job, and to strengthen the expert competencies in digital security for employees responsible for information protection, a course for fostering information protection experts has been created. Additionally, basic security education is provided for newly recruited employees and the employees of partners whose security awareness leaves them relatively vulnerable. In other words, various efforts have been made to build security awareness.

Type	Target	Course
	Executives	Three courses including finance IT internal controls
	General staff	Six courses including personal credit information protection
	IT group	Nine courses including understanding of secure coding
	Information Protection Dept.	12 courses including financial security encryption techniques
	All employees	<ul style="list-style-type: none"><li>• Guidance to precautions regarding the inflow of malicious emails</li><li>• Guidance to preventive measures against COVID-19-related cyber attacks</li><li>• Introduction of the latest hacking cases including ransomware and DDoS attacks</li></ul>
	All employees	Cases of personal information violation as well as how to process tasks related to personal credit information, etc.

Safety of Personal Information Processing

IBK has conducted an impact evaluation of its new personal information processing system to determine whether the Personal Information Protection Act is being observed and conducted an impact evaluation of its work system. Targeting ten systems where new personal information processing systems have been applied, including the development of a customer rate-of-return evaluation system, 84 items were inspected, including securing the safety of personal information processing, and a satisfactory level was acquired for all items. The current status of technical and managerial personal information processing conducted under consignment by companies that provide personal information is managed and supervised regularly, and IBK has fully committed itself to the secure handling of personal information through various other efforts.

Strengthening Personal and Credit Information Management

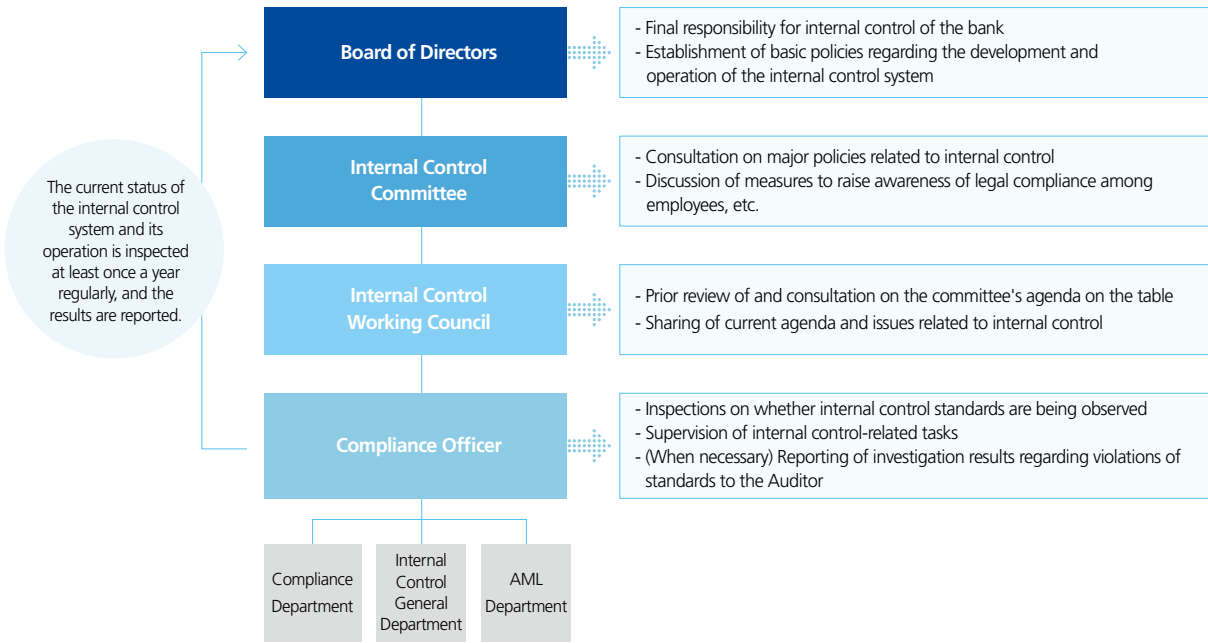
The Customer Information Protection System was put in place to prevent excessive use and querying of customer information, thereby monitoring the adequacy of querying tasks conducted by all employees. As IBK enters consignment contracts for personal and credit information, it manages and supervises the relevant companies regularly to prevent loss, theft, and leakage of the personal information of customers. In addition, when personal information is provided to external parties, customer information is used securely after careful deliberation on the security management contract and consent forms through a prior agreement procedure. Every month a “Day to Practice Personal and Credit Information Protection” is held and a newsletter is published to remind all employees of the importance of personal credit information protection.

Strengthening of Internal Control

Corporate Governance of Internal Control

During organizational restructuring in the first half of 2021, IBK created new Internal Control Supervision Department, which will play the role of control tower for internal control. IBK will do its best to become a trusted bank for customers through inspections on whether legal regulations are being observed by branches and the headquarters and the practice of conscious management via the pre-management and supervision of risk factors related to internal control.

The decision-making system for internal control consists of the Internal Control Committee, the Internal Control Working Council (newly established in 2021), and a compliance officer under the BoD. The compliance officer supervises internal control-related tasks, having a position and authority equivalent to those of executive officers and the group head. The bank supports the job performance of the compliance officer through its Compliance Department, Internal Control Supervision Department, and Anti-Money Laundering Department to ensure the independence of the compliance officer so that he/she can perform his/her job and compliance tasks efficiently.



※ Employees have the primary responsibility for work-related internal control, and they should fully understand and comply with regulations and internal guidelines in the performance of work.

※ Employees and executives who manage organizations and tasks should supervise internal control related to the organizations and tasks they are concerned with.

Compliance Monitoring System

IBK operates an efficient compliance monitoring system to ensure fairness in business activities and prevent illegal and unfair behaviors. Employees should comply with the Code of Ethics established by the bank in performing their duties, and IBK should conduct management supervision and education regularly so that its executives and employees can fulfill their responsibilities as good managers to protect customers, shareholders, and the bank assets.

Compliance Monitoring System

Inspection of whether relevant regulations and internal control standards are being observed and corrective actions to be taken	Prior review and requests for correction in terms of legal compliance for major tasks
Preparation and distribution of manuals for compliance with internal control standards	Establishment, revision, and operation of the Code of Ethics for employees
Education and advice for employees in relation to compliance with laws and administrative guidance	Cooperation with and support of supervisory authorities, inspections and related departments

Compliance Education for Employees

IBK is striving to strengthen employee competencies regarding compliance and internal control through education customized to each position and job. Additionally, educational content has been developed using various media such as drama, newsletters, and cyber-training, to help employees understand compliance and internal control more easily, thereby raising the interest of employees.

Enhancement of Anti-Money Laundering Efforts

The risk of money laundering in financial transactions is identified, analyzed, and evaluated, and a money laundering risk evaluation system through which management levels are differentiated according to risk is now up and running.

To promote AML (anti-money laundering) in more detail in every sector, in 2020 IBK established its new AML Monitoring Team within the AML Department, and personnel were added to provide a foundation for improving the accuracy of monitoring. In particular, the IBK Global AML system was developed in mid 2020 to block money laundering risks in advance. An electronic process has been established to enable differentiated customer due diligence according to risk levels following the customer risk evaluations that take place before financial transactions, and real-time monitoring is up and running to prevent transactions with prohibited persons and those on the watch list. Additionally, a system has been developed and is being operated by the headquarters to support overseas branches in meeting the requirements of competent local authorities.





SPECIAL REPORT

Sustainability Management Support for SMEs

Consulting support for SMEs

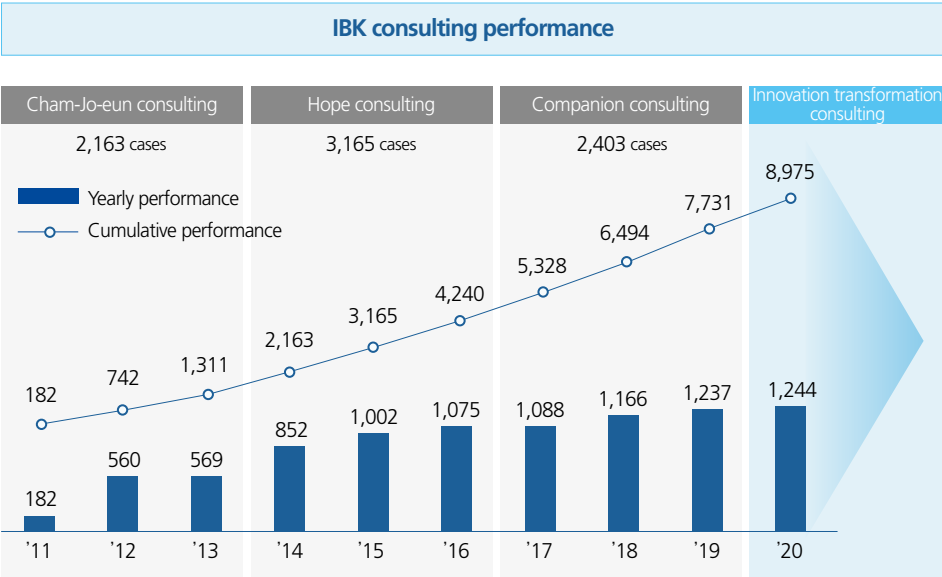
Consulting for SMEs

IBK is a specialized bank for SMEs, the economic foundation of Korea, which it was established to promote. IBK's SME-related financial know-how accumulated over the last 60 years is its unique strength, differentiating the company from other financial institutions. Based on this, IBK is trying to promote and develop SMEs.

IBK has tried to become a foundation for promoting creative and innovative SMEs with multi-faceted support across the financial and non-financial sectors. Furthermore, IBK will strive to create a virtuous-cycle economic structure in Korea, by which coexistence and balanced development between conglomerates and SMEs can be realized.

IBK has provided free for SMEs in various areas, including ESG management support, since 2011 to strengthen their competitiveness and sustainable growth. It is a differentiated ESG activities by IBK.

Field-oriented, specialized consulting in areas outside the control of SMEs, such as business strategy, HR, labor, family business succession, taxes and accounting, mergers and acquisitions, and legal matters have been provided by 50 expert business consultants from global consulting firms and accountants from large accounting firms who have assisted in a total of 8,975 consulting cases since 2011.



Survey of SMEs

Survey of SMEs



IBK is constantly conducting surveys and research on SMEs to fulfill its founding purpose of supporting SMEs and is helping to ensure the sustainability management of SMEs by offering various consulting programs based on its accumulated expertise and experience.

As prescribed in the company's founding principles and in Article 33-3 of the Industrial Bank of Korea Act—"The Industrial Bank of Korea shall conduct research and surveys on, and business guidance services for, small- and medium-sized enterprises"—the IBK Economic Research Institute is operated directly under the CEO and conducts survey and research tasks based on the field-oriented data analysis. With the attitude of "leading research," "field-oriented research," and "open research," the research institute provides a future role model for the bank not only for the growth and advancement of IBK but also for national development.

In 2020, the research institute studied various pending economic and management issues with the major mission of responding to IBK's innovation management and COVID-19. In particular, it helped many major economic agents, including SMEs, to establish a plan for economic activities through the "2021 Economy and Business Environment Forecast" report.

The institute also conducted a financial status survey of SMEs, a statistical survey certified by the government for the purpose of publishing up-to-date statistical data applicable to SME support and financial studies, and awarded excellent researchers in SME areas with the IBK Academic Award to activate SME-related research.

Core value



## Support for Sales Channel Pioneering

### Support for Sales Channel Pioneering for SMEs in Korea and Overseas



IBK has promoted various sales channel support projects targeting Korean SMEs facing difficulties in sales channel pioneering. These include supporting SMEs in entering Market Luxury Maru, producing a Home & Shopping advertisement video for SMEs, and recommending the best SME products of the month in the Korea Economic Daily.

The sales channel support project Market Luxury Maru for SMEs promotes SME products by establishing and operating markets in major train stations (\*Seoul Station, Daejeon Station, Dong Daegu Station, and Gwangju Station) through a contract with KORAIL. As of the end of 2020, IBK had supported 192 companies in entering the market to achieve sales worth KRW 2.7 billion per year.

IBK supports export SMEs through financial consulting and preferential foreign exchange rates and fees for enterprises selected by relevant organizations, such as the Ministry of SMEs and Startups. It also opened online export and import exhibitions in collaboration with overseas partner banks for the first time in the domestic banking sector to pioneer overseas sales channels for SMEs, and web seminars for global entry were conducted jointly with Amazon while support was expanded for payment services of overseas online shopping malls.

In 2021, IBK has supported the export payment service of the Buy Korea B2B online export platform run by KOTRA (Korea Trade Investment Promotion Agency) to encourage online and non-face-to-face exports, expanded the payment services of overseas online shopping malls, and driven matching services for export and import companies in connection with overseas partner banks. IBK will continue to attempt various support projects in the future.

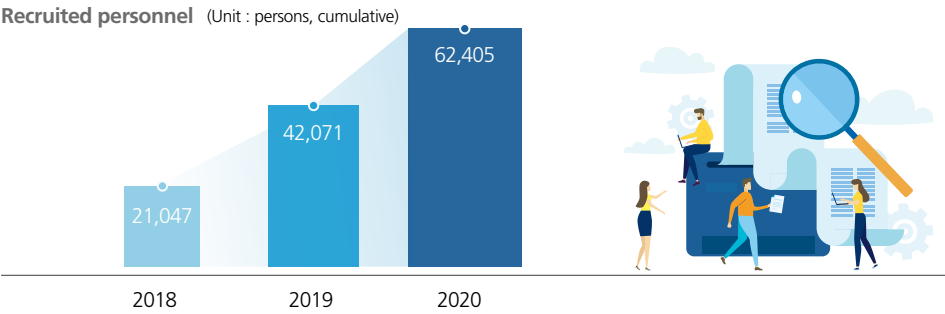
## Job Support

### Job Support Project

IBK's job support project started from listening to requests at a meeting with SME CEOs regarding the difficulty of finding new employees for a workplace. Accordingly, the Youth Employment Project for SMEs was launched in 2009 to strengthen SME competitiveness by supporting the recruitment efforts of SMEs, and IBK has launched various job support projects since, such as an online recruitment portal and job fairs.

### Project to Create 100,000 New Jobs

IBK has recorded a cumulative 100,000 new employees hired through the Youth Employment Project for SMEs from 2009 to 2017. The project was restructured as the Project to Create 100,000 New Jobs in 2018. IBK has re-developed its recruitment portal system and created a job-filling fund to strengthen its foundation for business promotion, and has thus matched around 20,000 new employees with SMEs every year since.



### i-ONE JOB Platform for SMEs

i-ONE JOB is a job platform for SMEs. It provides matching assistance in job search and hiring for SMEs through a system for the convenient, one-stop management of enterprise-recruiting procedure such as opening jobs, searching for job applicants, and managing successful job applicants. Additionally, job applicants can use many additional services free of charge, such as resume consulting and consulting on jobs with current employees.

### Job Fairs

### Support to Ensure SME Human Resources Through the Selection of Voluntary Business for Win-win Relationship



IBK held 60 job fairs from 2009 to 2020 to assist in job matching between SMEs and job seekers. Around 240,000 job seekers and 3,324 companies participated in the job fairs, and 5,105 job seekers found new jobs. In particular, contactless job fairs have also been held in which all programs, such as AI competency tests and non-face-to-face video interviews, were conducted in a non-face-to-face manner to cope with the COVID-19 pandemic in 2020.

IBK was selected as the 16th Voluntary Business for Win-win Relationship after signing a work contract with the Ministry of SMEs and Startups and the Korea Federation of Small and Medium Business on August 5, 2020, to secure superior human resources for SMEs and resolve the problem of youth unemployment. It executed contract tasks in three areas: financial assistance for job creation, job-linked support, and enhancement of job awareness.

Contract Tasks	Major Achievements (Aug. 5 to end of Dec. 2020)
Financial assistance for job creation	<ul style="list-style-type: none"><li>Expansion of IBK Job Plus loan amounts and beneficiaries (up to KRW 1.6 trillion)<ul style="list-style-type: none"><li>- Amount of support: KRW 183.4 billion</li></ul></li><li>Expansion of recipients of co-growth and cooperation loans from the Korea Federation of Small and Medium Business<ul style="list-style-type: none"><li>- Amount of support: KRW 79.3 billion</li></ul></li></ul>
Job-linked support	<ul style="list-style-type: none"><li>Collaboration in operating the job support platform for SMEs</li><li>Financial awards to SMEs upon recruiting (KRW 500,000 per employee)<ul style="list-style-type: none"><li>- KRW 2,153 million in support for 589 SMEs</li></ul></li></ul>
Enhancement of job awareness	<ul style="list-style-type: none"><li>Promotion of the IDEA contest to herald SMEs in 2020</li><li>Production and sharing of content to improve awareness of SMEs<ul style="list-style-type: none"><li>- Production of advertising video for participating companies in the non-face-to-face job fair (51 companies)</li><li>- Recruitment briefing session conducted with HR teams of SMEs (16 companies)</li></ul></li></ul>

### Financial Assistance Programs

### Job Filling Fund through the Employment-Linked Financial Assistance Program

IBK created the Job Filling Fund, worth KRW 60 billion as of Sep. 2018, to support the employment costs of SMEs and had provided a total of KRW 10.4 billion in support as of the end of 2020. The Job Filling Fund is a scheme to provide enterprises employing full-time employees with KRW 500,000 through i-ONE JOB for each new employee retained for at least three months. It has been expanded and improved to support KRW 1 million for enterprises employing socially disadvantaged persons, such as persons with disabilities, persons who graduated from specialized vocational high schools, and recipients of the basic livelihood since 2021.

### Loan Products to Support Win-Win Job Creation Enterprises

IBK has set its own loan amount limits to respond to the government's job creation policies, enhance the self-reliance of SMEs, and lead the win-win enterprise ecosystem. As such, IBK launched the IBK Job Plus Loan, a low-interest loan for enterprises that create and maintain jobs, and through it has loaned a total of KRW 1,085 billion (2,618 loans). Additionally, with the low-interest Mutual-Growth Cooperation Loan for SMEs based on contracts among middle standing enterprises, public institutions, and conglomerates, IBK has loaned a total of KRW 302.1 billion (864 loans) to enterprises that create and maintain jobs.

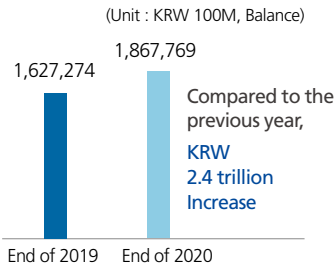
### Plan for a Recruitment Support Project in Connection with the Korean New Deal

To support the Korean government's New Deal project, the theme of the 2021 Job Fair was set as the "Korean New Deal," and IBK is preparing to hold three job fairs for each sector. It has also developed Digital and Green New Deal enterprise-dedicated recruitment online booths inside at the i-ONE JOB to support the recruitment of Korean New Deal companies and advertise the New Deal project

Opening	May	July	October
Event theme	Employment and the social safety net	Green New Deal	Digital New Deal

## Financial Support for SMEs

### Expansion of Financial Support for SMEs



IBK raised the annual loan limit to **KRW 1.2 trillion** for the first time since the project started in 2008, fulfilling its role as a policy finance institution.

IBK has expanded financial support for SMEs experiencing financial difficulties due to COVID-19. As a result, IBK was the first company in the banking sector to record a loan balance of KRW 180 trillion. It also maintained the greatest market share in Korea, strengthening its status as the leading bank for SME financing.

### Support for Regional SMEs

With the aim of promoting balanced regional growth and creating jobs to revitalize local economies, IBK has set and implemented an additional supply target for proactive funding support for regional SMEs. As a result, the supply of funding had exceeded KRW 25.7 trillion as of the end of Dec. 2020 (support target in 2020: KRW 18.5 trillion). Additionally, 73 regional industrial complexes were selected as strategic areas to receive preferential treatment for loan schemes such as the loan-to-value ratio. IBK has signed contracts with local governments located in 68 non-metropolitan regions to lead the support for low-interest policy fund loans.

### Support for Social Enterprises

IBK has actively expanded its support for social enterprises that develop or provide social services or contribute to job creation for the vulnerable class. As of the end of Dec. 2020, about KRW 221.6 billion (loan balance) had been supplied. Moreover IBK is expanding various kinds of assistance for social enterprises. For example, it now provides consulting services to strengthen the self-reliance of social enterprises and has newly created and is operating interest reduction rights to alleviate the financing costs.

### Mutual-Growth Cooperation Loan

IBK has contributed to create low-interest loans based on deposit funds from institutions and conglomerates for the purpose of mutual growth between conglomerates and SMEs. Although COVID-19 in 2020, with the active promotion of sales targeting institutions and conglomerates, IBK has contributed to expanding its sales base by signing work contracts with 40 institutions related to major business customers, CMS, and mutual growth. In particular, in 2020 IBK raised the annual loan limit to KRW 1.2 trillion for the first time since the project started in 2008, fulfilling its role as a policy finance institution.

(As of the end of 2020, Unit : Enterprise, KRW 100M)

Category	Deposits	Annual net increase	Loan limit	Annual net increase	No. of customers
Institutions	15,211	5,416	23,245	7,130	64
Conglomerates	29,440	2,300	60,321	4,920	109
Sum	44,651	7,716	83,566	12,050	173



### The introduction of the Partner Support Scheme, Collaborative Channels, and Fair Trade Principles

IBK runs a dedicated fair trade unit and is implementing an autonomous compliance program for fair trade to realize fair and free competition and consumer protection. IBK is advancing together with its partners through fair trade. As such, it has prepared behavioral principles that should be observed by partners, such as the protection of worker's rights, prohibition of illegal solicitation, and compliance with fair trade, and allows partners to comply with the principles voluntarily.



### Promoting mutual growth agreements for Green New Deal support

Mutual-growth agreements for Green New Deal provides financial support for collaborative enterprises wishing to invest in energy savings and greenhouse gas reductions to participate in the government's Green New Deal policy. In keeping with this policy, IBK has signed mutual-growth agreements with nine companies, beginning with Emart, and supplied loans worth KRW 116.8 billion.

(As of Dec. 2020, Unit : KRW 100M)

Company name	Net increase of deposits	Net increase of loan limit	Remarks
Emart	54	81	June. 2020
Daesang	10	30	Aug. 2020
KEPCO Energy Solution	100	100	
Hyundai Construction Equipment	50	100	Sep. 2020
Hyundai Engineering & Construction	150	300	
Hyundai Development Company	75	75	Oct. 2020
Amore Pacific	22	22	Nov. 2020
LG Innotek	200	400	
Doosan	30	60	
Sum (9 cases)	691	1,168	-

### Promoting mutual growth agreements for the expansion of ESG

In line with the growing demand to introduce ESG management to SME partners in the supply chain and expand ESG management for conglomerates, IBK has promoted mutual growth agreements for expansion of ESG to broadly support ESG management at small and large companies. IBK will continue to lead the spread of ESG culture among SMEs in an attempt to expand mutual-growth agreements in 2021.

※ Eligible loan recipients expected to increase

(Unit : KRW 100M)

	Net increase of deposits	Net increase of loan limit	Month
Lotte E&C*	15	30	Jan. 2021
Hyundai Construction Equipment	100	200	Apr. 2021
Lotte Chilsung Beverage*	50	100	
Hyundai Electric	50	100	May. 2021
LG Chem	100	100	Jun. 2021
Samsung Heavy Industries	50	200	Aug. 2021
S&I Corp.	100	100	
LG U+	100	250	Sep. 2021
SK Magic	100	200	Nov. 2021
CJ Olive Young	100	200	
Lotte Chemical	100	200	Dec. 2021
Lotte Himart	100	200	
Lotte Foods	50	100	
Total (13 enterprises)	1,015	1,980	-

\* Lotte E&C and Lotte Chilsung Beverage were mutual growth agreements for Green New Deal, but green investment cases have also been included under mutual growth agreements for the expansion of ESG.



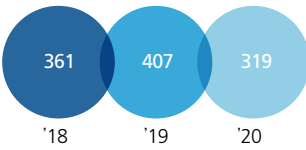
## Support for Restructuring

### Restructuring Support Policies and Current Status

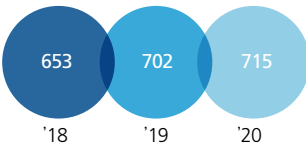
IBK is not only providing restructuring programs but also expanding various other support activities, including new fund assistance and debt adjustment, through contracts with other institutions for the sustainability management of SMEs in crisis.

Rapid financing is supplied jointly with other banks in the banking sector for enterprises with temporary liquidity problem, and IBK unilaterally supports pre-fast track loans, thereby leading solutions to enterprise financial crises. Furthermore, IBK supports change-up (workout) in collaboration with creditors or alone for companies showing warning signs of insolvency as it steadily strives for management normalization. IBK supports 400 new enterprises per year. As of the end of 2020, 715 enterprises participated in programs for the normalization of management. In particular, IBK plays the role of host bank for 67% of rapid financing cases and 69% of workout cases in Korea, acting as a faithful companion to enterprises by supporting them when they are in trouble.

Record of new restructuring assistance (Unit : companies)

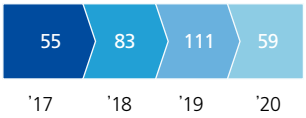


Record of ongoing restructuring assistance (Unit : companies)



### Introduction of Restructuring Consulting

Record of consulting (Unit : companies)



IBK is operating a consulting service for restructuring to help SMEs in crisis find solutions through in-depth conversations and by sharing difficulties. It is thus not only guiding enterprises in implementing restructuring measures, but also linking to and supporting various restructuring programs.

A change-up program is introduced to companies that are reluctant to undergo restructuring or which are facing difficulties regarding how to restructure to help those companies improve their financial structure through the sale of idle assets. Additionally, for companies with difficulty in financing due to high loan ratios but which have ample enough technical assets to attract external investment, IBK requests investment recommendations from fund management companies in relation to enterprise innovations.

※ Record of investment attraction for the Enterprise Structural Innovation Fund : attracted 20 companies with investments worth KRW 379 billion.

Although the number of cases of restructuring consulting, which had been 100 cases on average, dropped to just 59 in 2020 due to COVID-19, IBK will expand its consulting assistance further by introducing suitable systems for the contactless era, such as non-face-to-face consulting.

New Restructuring Records (Unit : Companies, KRW 100M)

	End of 2018		End of 2019		End of 2020	
	No. of companies	Amount	No. of companies	Amount	No. of companies	Amount
Change-up	200	8,204	184	6,988	110	2,786
Rapid financing	104	4,158	170	6,836	118	6,068
Pre-FTP	57	2,477	53	2,660	91	4,372
Total	361	14,839	407	16,484	319	13,226

Current Status of Ongoing Restructuring (Unit : Companies, KRW 100M)

	End of 2018		End of 2019		End of 2020	
	No. of companies	Amount	No. of companies	Amount	No. of companies	Amount
Change-up	419	21,748	397	19,982	336	15,671
Rapid financing	172	7,482	249	11,219	259	12,746
Pre-FTP	62	2,932	56	2,304	120	5,393
Total	653	32,162	702	33,505	715	33,810

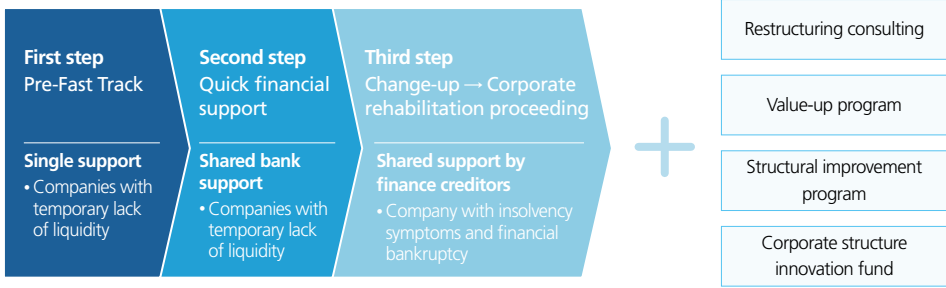
### Business Agreements for Preemptive Restructuring Support

In Sep. 2020, IBK and Korea's SMEs and Startups Agency launched the Preemptive Restructuring Support Program, which comprehensively supports business consulting, new funds, debt adjustment, etc., for enterprises requiring restructuring.

IBK discovers and recommends SMEs and supports debt adjustments, such as extensions of loan maturity dates and interest rate discounts, with the Korea's SMEs and Startups Agency supporting new fund loans and business consulting. Through this program, new funding worth KRW 3.5 billion was supplied to 11 companies as of the end of March 2021, and assistance in debt adjustment, including extension of loan maturity date, was provided for debts worth KRW 46.6 billion.

In Aug. 2019, IBK signed on to the SME Value-Up Program, which helps address temporary liquidity problems, along with KODIT (Korea Credit Guarantee Fund), and has since supplied new funding worth KRW 8.5 billion to 27 companies and assisted debt adjustment of up to KRW 89.4 billion as of the end of March 2021.

### Customized Recovery Support Program



## Conclusion

The goals of IBK are to help SMEs overcome resource and competency limitations and support SMEs in achieving sustainable growth. IBK will ceaselessly consider its financing role in resolving various problems that SMEs face in the growth stage and become the main partner in the stabilization of the SME financing market. IBK will always be with SMEs as a faithful-financing partner in challenge of growth.



# Appendix



Definition of Stakeholders	98
Materiality Assessment	100
Economic, Environmental, and Social Data	102
GRI Index	108
SASB Report	110
Third-Party Assurance	112
Major Awards, ESG Evaluation Grade	114





# Materiality Assessment

## Materiality Assessment Process

IBK assessed the materiality of the report based on the “Context of sustainability,” “Importance,” “Participation of stakeholders,” and “Completeness” reporting principles of the GRI (Global Reporting Initiative) Standards. To identify material issues related to the sustainability management of IBK, IBK evaluated international sustainability management trends, corporate vision and strategies, global financial industry, media exposure, etc., from a comprehensive perspective. IBK also prioritized material issues through surveys of and interviews with stakeholders. IBK identified six material issues, which were divided into the categories of E (Environment), S (Social) and G (Governance) and reported.

### STEP 01

#### Identification of Issue Pool

IBK identified the status of its sustainability management through an analysis of sustainability management issues and international standards and identified external viewpoints through benchmarking of advanced financial enterprises and media research. IBK identified the direction and major performances of its sustainability management activities through a review of internal documents such as management performance and business reports, etc., surveys of employees, and interviews with stakeholders. By doing so, IBK created an issue pool of 21 material issues having a significant impact on the sustainability management of IBK.

Analysis of Global Standards	Analysis of Current Status	Benchmarking of Advanced Companies	Media Research
<ul style="list-style-type: none"><li>• GRI Standards</li><li>• DJSI (Dow Jones Sustainability Indices)</li><li>• ISO 26000</li><li>• Sustainable Development Goals (UN SDGs, K SDGs)</li><li>• TCFD, SASB</li></ul>	<ul style="list-style-type: none"><li>• Management performance reports</li><li>• Business reports and audit reports</li><li>• Annual Report</li><li>• Surveys of executives/employees</li><li>• Annual report on governance structure and annual report on wage system</li></ul>	<ul style="list-style-type: none"><li>• Identification of sustainability management strategies, activities, and performances in domestic/ foreign financial industries</li><li>• Analysis of report subjects and priorities of sustainability management reports of 14 peer-group enterprises</li></ul>	<ul style="list-style-type: none"><li>• Identification of major news and issues in areas related to the economic, environmental, social, and governance structures of IBK</li></ul>

### STEP 02

#### Prioritization of Issues

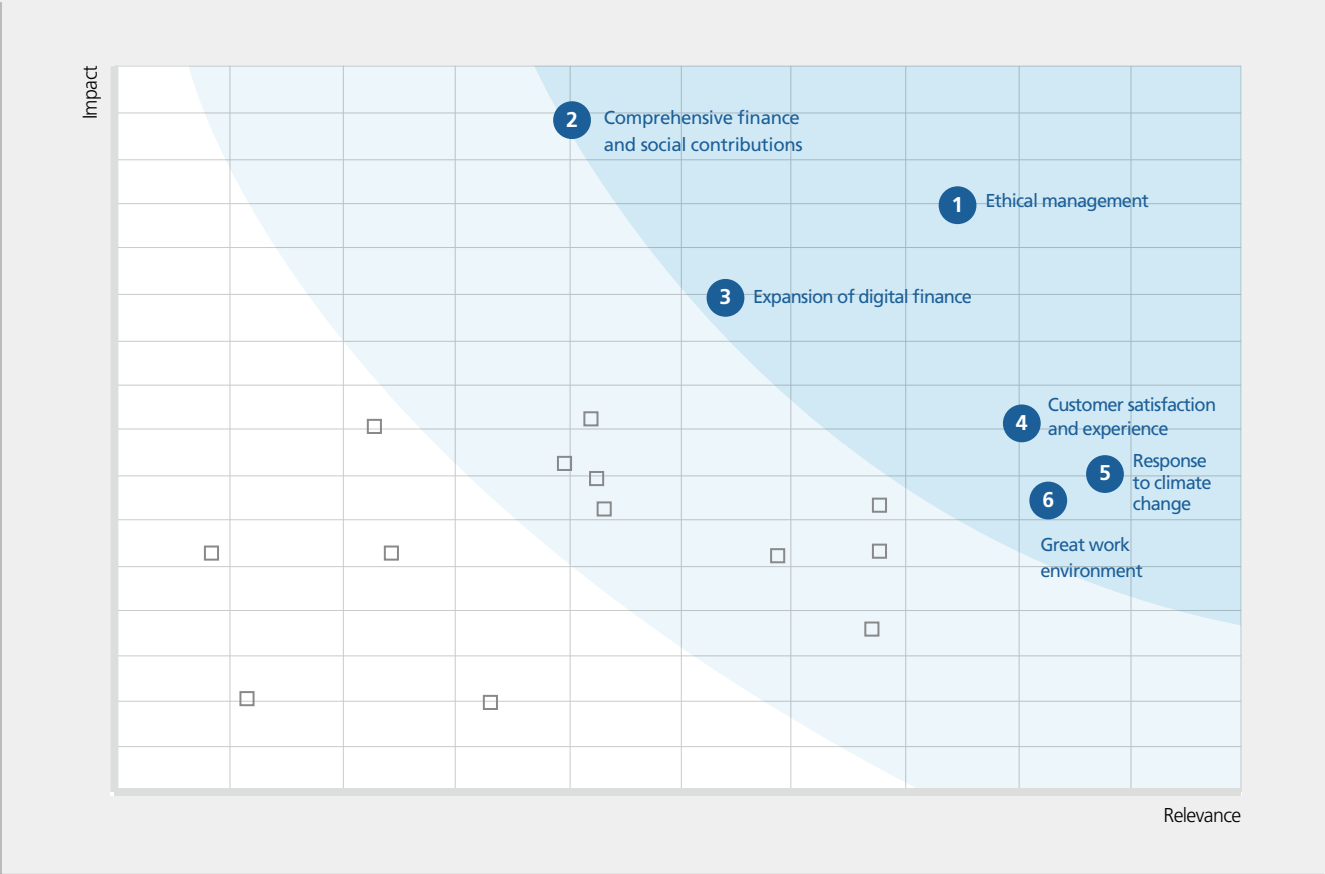
To select material issues from the pool that should be consistently managed, IBK evaluated the interest levels of stakeholders and business impacts in the four areas of strategy, finance, operation, and reputation. This process enabled IBK to understand the impact of each issue on our business and to prioritize issues in accordance with stakeholder perspectives.

### STEP 03

#### Materiality Assessment Results

IBK selected 6 material issues out of the 21 issues obtained through comprehensive consideration of the impacts of IBK on stakeholders according to business relevance and social impact. IBK organized the Table of Contents of the 2021 Sustainability Management Report of IBK by dividing the issues according to ESG themes and has disclosed major related activities and performances in this report.

## Materiality Assessment Matrix



## Definition of ESG Issues in the Report

	Material Issue	Stakeholder Impact						SDGs (Sustainable Development Goals)	Page
		SMEs	Individual customers	Employees	Communities	Governments	Shareholders and investors		
E	5 - Response to climate change	●	●	●	●	●	●	Goal 7, 9, 11, 12, 13	22~27, 34~39
S	2 - Comprehensive finance and social contributions				●	●		Goal 1, 17	42~49
	3 - Expansion of digital finance	●	●			●		Goal 4, 9, 16	56~65
	4 - Customer satisfaction and experience	●	●	●	●			Goal 12, 16	50~53
	6 - Great work environment	●	●	●			●	Goal 3, 5, 8, 10	70~71
G	1 - Ethical management			●	●	●	●	Goal 16	78~80

Economic Data

Credit Ratings

	2018		2019		2020	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
Moody's	P-1	Aa2	P-1	Aa2	P-1	Aa2
S&P	A-1+	AA-	A-1+	AA-	A-1+	AA-
Fitch	F1+	AA-	F1+	AA-	F1+	AA-

\* The long-term grades of Moody's and Fitch are the same as the national credit grade and are maintained at a higher level compared to commercial banks (as of end of March 2021).

Creation of Economic Value

(Unit : KRW billion)

	2018	2019	2020
Total assets	289,509	318,111	361,616
Operating profit	2,396	2,227	2,125
Net income for the year	1,764	1,614	1,547

Distribution of Economic Value

(Unit : KRW million)

		2018	2019	2020
Shareholders and investors	Dividends	410,107	382,614	372,933
Executives and employees	Wages	1,198,515	1,240,847	1,333,999
Executives and employees	Welfare expenses	8,351	8,766	6,836
Government	Corporate taxes	635,189	625,976	538,993

Operating Profit for Each Country

(Unit : KRW million)

	2018	2019	2020
Operating profit of IBK (Chinese) Co., Ltd.	26,212	29,115	10,801
Net income for the year of IBK (Chinese) Co., Ltd.	17,491	24,794	9,058
Operating profit of IBK Indonesia	-	-13,182	-30,036
Net income for the year of IBK Indonesia	-	-18,201	-39,430

Payments to the Government

(Unit : KRW million)

	2018	2019	2020
Calculated corporate tax amount	410,512	322,082	335,733
Tax credit	6,040	13,265	16,941
Finalized tax amount	404,471	308,816	318,792

BIS Leverage Ratio

(Unit : KRW billion)

	2018	2019	2020
(Basel III) Tier 1 capital	19,629	21,109	24,073
(Basel III) Total exposure	317,090	343,728	385,454
(Basel III) Leverage ratio	6.19%	6.14%	6.25%

Economic Data – ESG

Issuance of ESG Bonds

	Unit	2018	2019	2020
Foreign-currency ESG bonds	US\$ 100 million	5	-	5
Korean-currency sustainable bonds	KRW 100 million	-	3,000	10,500

Operation of ESG Bonds

	Unit	2020
Balance of Korean-currency ESG bonds	KRW 100 million	19,500
Balance of Korean-currency bonds	KRW 100 million	315,934
Ratio of ESG bonds	%	6.10%
Balance of foreign-currency ESG bonds	KRW 100 million	1,069
Balance of foreign-currency bonds	KRW 100 million	12,497
Ratio of ESG bonds	%	8.56%

\* Korean-currency bonds : Based on held-to-maturity securities accounts

Foreign-currency bonds : Based on available-for-sale securities accounts (Based on the exchange rate at the corresponding yearend).

ESG Finance - Green finance

(Unit : KRW trillion)

	2020
Green finance (Performance of supply in 2020)	2.2
Enterprise loans (Total supply in 2020)	71.7
Share of support for green areas	3%

\* Performance based on 85 items of the Green New Deal according to the joint standard of new deal investments, etc. (new and renewable energy, environmentally friendly generation, smart farms, etc.)

\* IBK will subdivide green finance following the application of K-Taxonomy.

ESG Project Financing

(Unit : KRW billion)

	2020
New and renewable energy	64
Environmental infrastructure	188
Ratio of ESG PF	17.70%

ESG Investments

(Unit : KRW billion)

	2020
New and renewable energy	168
Environmental infrastructure	238

ESG Finance - Inclusive Loans

(Unit : KRW 100 million, based on new loans)

	2020
New Hope Loan	3,033
Loan for Workers' Livelihood Stabilization Fund	3,085
Sunshine Loan Youth	743
Sunshine Loan 17	309
Saitdol Mid-Interest Loan	182
Convenient Mid-Interest Loan	95
House Mortgage Free Workout	14
Personal Free Workout	7
Mid-Interest Credit Loan	4
Total	7,471
Ratio of Inclusive loans	5.20%

ESG finance - Innovation growth

(Unit : KRW 100M, based on new loans)

	2020
Fund for startup	285,317
Risk Capital	3,307
Cultural content	11,932

## Environmental Data

### GHG Emissions \* Based on whole company

		Unit	2018	2019	2020
SCOPE 1 emissions		tCO <sub>2</sub> eq	12,432	11,384	9,483
SCOPE 2 emissions		tCO <sub>2</sub> eq	48,558	46,936	50,071
SCOPE 1+2		tCO <sub>2</sub> eq	60,990	58,320	59,554
SCOPE 3	Purchased products & services	tCO <sub>2</sub> eq	8,050.46	5,988.63	5,365.37
SCOPE 3	Capital goods	tCO <sub>2</sub> eq	101.23	282.23	165.34
SCOPE 3	Business trips	tCO <sub>2</sub> eq	1,290.11	926.30	845.49
SCOPE 3	Employee commuting	tCO <sub>2</sub> eq	12,124.70	8,127.99	5,595.72
SCOPE 3	Total	tCO <sub>2</sub> eq	21,566.50	15,325.15	11,971.92

### Energy Consumptions \* Based on HQ, IFT

		Unit	2018	2019	2020
Electricity		MWh	13,395.64	13,839.55	13,199.98
Sunlight		kWh	26,082.00	24,882.00	23,665.00
Gas		m <sup>3</sup>	855,065	825,926	879,840

### Water Consumption \* Based on HQ, IFT

		Unit	2018	2019	2020
Tap water		ton	64,067	72,789	78,148

### Waste Discharge \* Based on HQ, IFT

		Unit	2018	2019	2020
Recyclable waste	Blank paper	ton	92.22	91.9	77.9
Recyclable waste	Newspaper	ton	82.1	87.1	73.3
Recyclable waste	Scrap paper	ton	96.7	101.1	93.7
Recyclable waste	Cans	ton	4.5	2.91	3.7
Recyclable waste	Plastic	ton	17	16.6	13.6
Recyclable waste	Bottles	ton	9.8	10.4	9.4
Recyclable waste	Total	ton	302.3	310	271.6
General waste		ton	180	195.6	286.8

\* General waste calculated as 75 L = 19 kg and 100L = 25kg in reference to the enforcement policy of the volume-rate waste disposal system of the Ministry of Environment (November 30, 2017)  
\*\* Water and waste usage have increased as the demolition and improvement work of deteriorated facilities have been conducted since February 2019 due to the old Headquarters building (which was built in 1987).

### Purchase of Environmentally Friendly Products

		Unit	2018	2019	2020
Purchase of LED lights		KRW million	0	250	478
Environment-friendly specifications of transactions		KRW million	499	372	470
Total		KRW million	499	622	948

### Environmental Law Violations

		Unit	2018	2019	2020
Cases of environmental laws violations		Case(s)	0	0	0

## Employees Data

### Number of Executives and Employees (Unit : persons)

		2018		2019		2020	
		Male	Female	Male	Female	Male	Female
Total number of employees		6,010	7,143	6,181	7,341	6,256	7,490
Conditions of contract	Executives	3	0	2	0	3	0
	Regular workers	5,296	3,728	5,498	3,874	5,581	3,968
Contract workers		711	3,415	681	3,467	672	3,522
Position	Executive	3	0	2	0	3	0
	1st rank	56	7	56	5	53	3
2nd rank		312	12	317	11	337	20
3rd rank		1,626	443	1,599	554	1,527	674
4th rank		1,734	1,366	1,828	1,425	1,905	1,512
Clerk		1,568	1,900	1,698	1,879	1,759	1,759
Contract worker		711	3,415	681	3,467	672	3,522

### New Employees (Unit : persons)

		2018		2019		2020	
		Male	Female	Male	Female	Male	Female
Total new employees		280	267	276	350	176	218
Age group	< 30 years	170	204	196	179	128	117
	≥ 30 years and < 50 years	109	63	74	163	43	89
≥ 50 years		1	0	6	8	5	12

\* The number of newly recruited employees in general full-time positions was disclosed in the 2019 Report, whereas the total number of newly recruited employees was disclosed in the 2021 Report.

### Diversity (Unit : persons)

		2018	2019	2020
Veterans employees		922	1,076	1,106
Disabled employees		308	379	454

\* Including regular and temporary workers

### Current Status of Parental Leave (Unit : persons)

		2018		2019		2020	
		Male	Female	Male	Female	Male	Female
Total number of employees taking parental leave		11	1,284	27	1,277	33	1,358
Employees returning from parental leave		4	526	15	449	22	528

### Deposit for Retirement Pension

Start date of retirement pension	11.12.28	Unit	2018	2019	2020
Defined Benefit (DB)	Current value of payables	KRW billion	852	992	1,047
Defined Benefit (DB)	Subscribed employees	Person(s)	12,652	12,954	12,907
Defined Contribution (DC)	Retirement benefit expense	KRW 100 million	2.5	3.7	5.8
Defined Contribution (DC)	Subscribed employees	Person(s)	402	659	789



## Employees Data

### Safety & Health

	Unit	2018	2019	2020
Cases of industrial disasters	Case(s)	0	0	0
Cases of safety accidents	Case(s)	0	0	0
Application of flexitime	Person(s)	2,042	2,204	2,619
Application of work-from-home	Person(s)	0	0	9,643

\* Number of employees using flexitime (staggered commutes, optional work, and flexible work) - Overlapped calculation for employees belonging to more than one flexible work systems  
\*\* Application of work-from-home in 2020 in keeping with the national crisis caused by COVID-19

### Strengthening Capabilities

	Unit	2018	2019	2020
Total participating executives/employees	Person(s)	13,153	13,522	13,746
Total executive/employee education costs	KRW million	21,706	22,775	14,933
Total per capita education costs	KRW million	1.7	1.7	1.1
Total executive/employee education time	Hour(s)	2,062,709	2,712,611	2,711,756
Total per capita education time	Hour(s)	156.8	200.6	197.3

\* Subjects of training: All expected education/training costs  
\*\* Time of publication of 2019 Report and change of calculation method for education time (in consideration of the acceptance criteria and mean learning time of the Ministry of Employment and Labor)  
\*\*\* Due to the limitation of face-to-face education because of COVID-19 pandemic, the total education cost for employees decreased.

### Strengthening Ethical and Human Rights Management

	Unit	2018	2019	2020
Participants in ethical education	Person(s)	-	10,907	11,035
Ethical education time	Hour(s)	-	23,631	25,748
Participants in human rights education	Person(s)	-	10,907	11,035
Human rights education time	Hour(s)	-	3,635	4,046

\* Mandatory cyber-education on ethics and human rights from 2019 (face-to-face education conducted in 2018)

### Strengthening Information Security Management

	Unit	2018	2019	2020
Executive/Employee training time	Hour(s)	69,792	71,070	73,398
Participating executives/employees	Person(s)	11,422	11,644	12,028
Supplier trainees	Person(s)	1,454	1,420	1,479
Customer information leakage accidents	Case(s)	0	0	0

### Practice of Labor Relations

	Unit	2018	2019	2020
Subjects for labor union membership	Person(s)	13,153	13,522	13,746
Members of labor unions and labor-management negotiations	Person(s)	9,963	10,467	10,435
Ratio of labor unions and labor-management negotiations	%	75.7%	77.4%	75.9%

\* IBK Senior Union was established in 2019 to improve the welfare and rights of employees subject to wage cap.

### Turnover

	Unit	2018	2019	2020
Employee turnover	Person(s)	349	257	170
Total turnover rate	%	2.65	1.90	1.24

## Customers and Communities Data

### Customer Satisfaction Level

	Unit	2018	2019	2020
Self-surveys	Point(s)	91.4	91.4	91.1
Korea Standards Association (KC-SQI – Service Quality Index)	Point(s)	75.4	75.4	75.9
Korea Management Association Consulting (KCSI – Customer Satisfaction Index)	Point(s)	72.5	75.6	76.9
Korea Management Association Consulting (KSQI – Service Quality Index)	Point(s)	92	94	94

### Details of Social Contribution Project Budget

(Unit : KRW million)

	2018	2019	2020
Community benefit	50,316	40,541	18,114
Inclusive loans	32,958	41,559	49,501
Academy & education	9,739	10,645	11,713
Environment	310	510	10
Culture, art and sports	10,862	11,318	5,518
Global	1,456	1,126	159
Total	105,641	105,699	85,015

\* Social contribution project budget decreased in 2020 due to COVID-19.

### Details of Donations

(Unit : KRW 100 million)

	2018	2019	2020
Total donations	468	411	267
Political donations	0	0	0

\* In Korea, political donations by corporations are prohibited in accordance with the Political Funds Act. IBK had prior discussions on the subjects and adequacy, etc., of donation support based on the “Donation operation standard,” and it follows laws strictly so that funds related to IBK are not used as political donations, voting-related funds, lobby funds, etc.

### Support for Social Enterprises

(Unit : KRW million)

	2018	2019	2020
Material purchases for social enterprises	1,519	1,584	1,509

### Current status of IBK’s memberships in associations

Korea Federation of Banks	Council on Financial Information Protection	Korea Money and Finance Association
Korea Chamber of Commerce and Industry	Korea International Trade Association	Global Finance Society
Korea Employers’ Federation	Council on International Financial Cooperation	UN Global Compact



GRI Index

Universal Standards (GRI 100)

Classification	Disclosure	Indicators	Page	Remark
Organization Profile	102-1	Name of the organization	8	
	102-2	Activities, brands, products, and services	8	Annual Report, Business Report
	102-3	Location of headquarters	115	
	102-4	Location of operations	9	
	102-5	Ownership and legal form	8	
	102-6	Markets served	9	Annual Report, Business Report
	102-7	Scale of the organization	8	
	102-8	Information on employees and other workers	105	
	102-9	Supply chain	93	
	102-10	Significant changes to the organization and its supply chain	-	No significant change
	102-11	Precautionary principle or approach	23-24, 82	
	102-12	External initiatives	30	
	102-13	Membership in associations	107	
Strategy	102-14	Statement from senior decision-maker	4-5	
	102-15	Key impacts, risks, and opportunities	4-5	
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	78-79	
	102-17	Mechanisms for advice and concerns about ethics	80	
Governance	102-18	Governance structure	22, 74-76	Annual Report of Corporate Governance
	102-19	Delegating authority	24	
	102-20	Executive-level responsibility for economic, environmental, and social topics	22, 24, 74-76	
	102-22	Composition of the highest governance body and its committees	24	
	102-23	Chair of the highest governance body	74-76	
	102-24	Nominating and selecting the highest governance body	74-76	
	102-26	Role of the highest governance body in setting purpose, values, and strategy	22, 24, 74-76	
	102-27	Collective knowledge of highest governance body	76	
	102-28	Evaluating the highest governance body's performance	77	Annual Report of Compensation System
	102-29	Identifying and managing economic, environmental, and social impacts	22, 24	
	102-30	Effectiveness of risk management processes	24, 81-82	
	102-31	Review of economic, environmental, and social topics	22	
	102-34	Nature and total number of critical concerns	74	Annual Report of Corporate Governance
	102-35	Remuneration policies	77	Annual Report of Compensation System
	102-36	Process for determining remuneration	77	Annual Report of Compensation System
Stakeholder engagement	102-40	List of stakeholder groups	98-99	
	102-41	Collective bargaining agreements	106	
	102-42	Identifying and selecting stakeholders	98-99	
	102-43	Approach to stakeholder engagement	98-99	
	102-44	Key topics and concerns raised	98-101	
Reporting Practice	102-45	Entities included in the consolidated financial statements	8	
	102-46	Defining report content and topic boundaries	100-101	
	102-47	List of material topics	101	
	102-48	Restatements of information	105	
	102-49	Changes in reporting	-	Not applicable
	102-50	Reporting period	2	
	102-51	Date of most recent report	114	
	102-52	Reporting cycle	2, 114	
	102-53	Contact point for questions regarding the report	115	
	102-54	Claims of reporting in accordance with the GRI Standards	2	
Management Approach	102-55	GRI content index	108	
	102-56	External assurance	112-113	
	103-1	Explanation of the material topics and its boundary	100-101	
	103-2	The management approach and its components	21,34,42,53 54,70,78	
	103-3	Evaluation of the management approach	21,34,42,53 54,70,78	



Topic-specific Standards

Economic Standards (GRI 200)

Classification	Disclosure	Indicators	Page	Remark
Economic performance	201-1	Direct economic value generated and distributed	102	
	201-2	Financial implications and risks and opportunities due to climate change	22-27	TCFD Report
	201-3	Defined benefit plan obligations and other retirement plans	105	
Indirect economic impacts	203-1	Infrastructure investments and services supported	43-44	
	203-2	Significant indirect economic impacts	88-95	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	78	

Environmental Standards (GRI 300)

Classification	Disclosure	Indicators	Page	Remark
Energy	302-1	Energy consumption within the organization	104	
Water and Effluents	303-3	Water withdrawal	104	
Emissions	305-1	Direct greenhouse gas emissions(scope 1)	25, 37, 104	
	305-2	Indirect greenhouse gas emissions(scope 2)	25, 37, 104	
	305-3	Other indirect greenhouse gas emissions(scope3)	25, 104	
	305-4	GHG emissions intensity	25	
	305-5	Reduction of GHG emissions	25, 37	
Waste	306-2	Management of significant waste-related impacts	104	
Environmental compliance	307-1	Non-compliance with environmental laws and regulations	104	

Social Standards (GRI 400)

Classification	Disclosure	Indicators	Page	Remark
Employment	401-1	New employee hires and employee turnover	105-106	
	401-3	Parental leave	105	
	403-3	Occupational health services	71	
Occupational health and safety	403-4	Worker participation, consultation, and communication on occupational health and safety	-	Safety Management Responsibility Report Task Force Team to establish a measure for complying with safety duties
	403-5	Worker training on occupational health and safety	-	Safety Management Responsibility Report
	403-6	Promotion of worker health	71	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-	Safety Management Responsibility Report
	403-9	Work-related injuries	106	Safety Management Responsibility Report
Training and education	404-1	Average hours of training per year per employee	106	
	404-2	Programs for upgrading employee skills and transition assistance programs	69, 72-73	
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	68, 105	
Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	Article 4 (Guarantee of Freedom of Association and Collective Bargaining) in the Human Rights Management Regulations
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	Article 5 (Prohibition of Forced and Child Labor) in the Human Rights Management Regulations
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	Article 5 (Prohibition of Forced and Child Labor) in the Human Rights Management Regulations
Human rights assessment	412-2	Employee training on human rights policies or procedures	106	
Local communities	413-1	Operation with local community engagement, impact assessments, and development programs	45	
Public policy	415-1	Political contributions	107	
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	84-85	

## SASB Report

IBK served public notices according to the Financial Industry Accounting Standards of the US Sustainability Accounting Standards Board (SASB) for the first time this year in order to subdivide the financial impacts of sustainability management and carry out smooth communication with stakeholders. IBK intends to gradually expand and subdivide the range of public notices in accordance with SASB.

### Disclosures crossing multiple Sector Standards

Topics of SASB	Public Notice Code	Category	IBK's Response	Page
Data security	FN-CB-230a.2 FN-CF-230a.3 FN-EX-550a.3	Description of approach to identifying and addressing data security risks	Establishment of fair trade - Strengthening information security	83-85
Business ethics	FN-CB-510a.2 FN-AC-510a.2 FN-IB-510a.2	Description of whistleblower policies and procedures	Ethical management - Reporting whistleblowing system	80
Employee diversity & inclusion	FN-AC-330a.1 FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Appendix - Employees Data Contract conditions and personnel by rank are disclosed by gender.	105
Incorporation of environmental, social, and governance factors	FN-AC-410a.2 FN-IB-410a.3	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	ESG bonds	40-41

### SASB - Commercial Banks

Topics of SASB	Public Notice Code	Category	IBK's Response	Page
Data security	FN-CB-230a.1	(1) Number of data breaches (2) percentage involving personally identifiable information(PII) (3) number of account holders affected	(1) 0 case, (2) 0%, (3) 0 case	83-85, 106
Financial inclusion & capacity building	FN-CB-240a.1	Number of loans outstanding qualified to programs designed to promote small business and community development	Disclosed by the number of loan cases for companies whose annual sales are less than KRW 1 billion 65,685 cases	-
	FN-CB-240a.1	Amount of loans outstanding qualified to programs designed to promote small business and community development	Disclosed by the loan amount for companies whose annual sales are less than KRW 1 billion KRW 28.638 trillion	-

※ Based on loans for companies whose annual sales are less than KRW 1 billion  
1. For SMEs whose annual sales are less than KRW 1 billion based on the 2019 Annual Financial Statement (Borrower category - SME sole proprietorship, SME corporation, Cooperative)  
2. (Borrowers among SME sole proprietorship, SME corporation, Cooperative) Balance in the balance sheet of SMEs loans including KRW and foreign currency loans  
3. No. of cases is calculated based on the balance (excluded if there is no balance after signing a credit line loan contract)  
4. Excluded in case of KRW 0 sales and if the annual financial statement of enterprise is not registered.



Topics of SASB	Public Notice Code	Category	IBK's Response	Page									
Financial inclusion & capacity building	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Due to covid-19, the number of education to financial vulnerable class has decreased. IBK provided non-face-to-face online economic education to 5,724 persons.	44, 46									
Incorporation of environmental, social, and governance factors in credit analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	Disclosure of credit exposure of industries accounting for more than 2% of the total portfolio by business sector	-									
			(Unit : KRW million, %)										
			Manufacturing		1,115,828	45.24%							
			Household loan		397,419	16.11%							
			Wholesale and retail		349,166	14.16%							
			Real estate industry		207,592	8.42%							
			Construction industry		62,900	2.55%							
Total sum	2,466,254	100%											
Systemic risk management	FN-CB-550a.1	G-SIB score, by category	IBK Industrial Bank is not one of the global systemically important banks (G-SIBs). Instead, it discloses the current status of the BIS leverage ratio (Basel III).	102									
	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	TCFD Report	22-27									
Activity Metrics	FN-CB-000.A	Number and value of checking and savings accounts by segment : (a) personal and (b) small business	(Unit : KRW million) <table><tr><td></td><td>No. of customers</td><td>Deposit amount</td></tr><tr><td>Personal</td><td>16.13 million people</td><td>64,596</td></tr><tr><td>SMEs</td><td>1,952,024</td><td>64,680</td></tr></table>		No. of customers	Deposit amount	Personal	16.13 million people	64,596	SMEs	1,952,024	64,680	-
		No. of customers	Deposit amount										
	Personal	16.13 million people	64,596										
	SMEs	1,952,024	64,680										
	FN-CB-000.B	Value of loans by segment : (a) personal, (b) small business, and (c) corporate	(Unit : KRW billion) <table><tr><td></td><td>Loans amount</td></tr><tr><td>Personal</td><td>38,515</td></tr><tr><td>SMEs</td><td>186,777</td></tr><tr><td>Corporate</td><td>8,172</td></tr></table>		Loans amount	Personal	38,515	SMEs	186,777	Corporate	8,172	Annual Report 2020 P37	
	Loans amount												
Personal	38,515												
SMEs	186,777												
Corporate	8,172												
FN-CF-000.A	Number of unique consumers with credit card accounts	Total number of credit card members as of end of 2020 : 8.8 million accounts	Annual Report 2020 p62										



## Third-Party Assurance

### Dear Stakeholders of Industrial Bank of Korea

KFQ has been requested by Industrial Bank of Korea to conduct an independent assurance on the 2021 Sustainability Report for Industrial Bank of Korea (further 'the Report'). KFQ has responsibility to provide an opinion of independent assurance in accordance with scope of assurance, based on standard, methodology and limitations stated in this Assurance Statement. KFQ was not involved in the process of preparing the Report and the information and presentation of data within the Report is the responsibility of Industrial Bank of Korea.

#### Standard and Scope of Assurance

The assurance was planned and carried out to verify the activities and performance of the organization disclosed in the report in accordance with following criteria based on international standard, AA1000AS v3, AA1000APS(2018) and GRI standards

- Compliance with AA1000AS
  - Application of Type 1 (Adherence to Principles of Inclusivity, Materiality, Responsiveness and Impact) with Moderate Level
- Compliance with GRI standards according to the criteria of "Core Option"
  - GRI Standard reporting principles
  - GRI Universal Standards
  - Topic Specific Standards
  - Management Approach for Topic-specific Standard
- Economic Performance: 201-1, 201-2, 201-3
- Indirect Economic Impacts: 203-1, 203-2
- Anti-Corruption: 205-2
- Energy: 302-1
- Water: 303-3
- Emissions: 305-1, 305-2, 305-3, 305-4, 305-5
- Waste: 306-2
- Environmental Compliance: 307-1
- Employment: 401-1, 401-3
- Occupational Health and Safety: 403-3, 403-4, 403-5, 403-6, 403-7, 403-9
- Training and Education: 404-1, 404-2
- Diversity and Equal Opportunity: 405-1
- Freedom of Association and Collective Bargaining: 407-1
- Child Labor: 408-1
- Forced or Compulsory Labor: 409-1
- Human Rights Assessment: 412-2
- Local Communities: 413-1
- Public Policy: 415-1
- Customer Privacy: 418-1

#### Methodology

In order to assess credibility of sustainability performance of the Report, we reviewed the process and system for preparation of the Report, as well as available data and information. Non-financial information was reviewed based on internal data of Industrial Bank of Korea, such as latest sustainability report, disclosed Business Report and compared with information from media and internet. Financial information was investigated whether data in the Report are correctly reported from DART (Data Analysis, Retrieval and Transfer System), an Electronic Disclosure System managed by Financial Supervisory Service. The assurance was solely assessed on document review and on-site visit was not conducted during this assessment. Validity of report descriptions and processes for materiality assessment, identifying issues considering stakeholders, data collection and management, and the Report preparation are assessed through interview during document verification. It was confirmed that the findings from above steps such as error, inappropriate information and ambiguous expressions are properly complemented by Industrial Bank of Korea.

#### Competency and independence

The assurance team was organized in accordance with KFQ's internal regulations. KFQ has no conflict of interest which could threaten the independence and impartiality of verification, other than providing third-party audit services in the Industrial Bank of Korea business.

#### Limitations

The completeness and responsiveness of sustainability performance in the Report has inherent limitations due to its nature and the methodology used to determine, calculate and estimate its performance. In accordance with the terms of the contract, assessment is conducted based on provided data and information without verification for original data of specified performance information which is out of assurance scope.

#### Findings and Conclusions

As a result of the above assessment, we confirm that the content of this report fulfills the requirements of the 'Core option' of GRI Standards and secured reasonable basis to assurance level of Type 1 in accordance with AA1000AS v3. Within the scope of the assurance activities above, we could not find further significant error or inappropriate information from the final Report against the following principles:

- **Inclusivity** : Whether Industrial Bank of Korea is actively identifying stakeholders and enabling their participation in establishing an organization's material sustainability topics, and the developing strategic countermeasures.
  - Industrial Bank of Korea is collecting opinions from various stakeholders including Small and medium enterprises, individual customers, employees, local communities, governments, investor through communication channels such as Stakeholders' meeting, Customer Panel, Labor-management Council. Omission of major stakeholders was not found.
- **Materiality** : Whether each topic is considered in overall sustainability management activities by identifying and prioritizing the most relevant sustainability topics in consideration of impact on the organization and stakeholders.
  - Industrial Bank of Korea conducted a materiality assessment in terms of stakeholders' interest and business impact. They identified important issues, derived priorities, and reported sustainable management activities and performance without omission of major issues.
- **Responsiveness** : Whether Industrial Bank of Korea has established a communication process with stakeholders to respond to the needs, interests, and expectations of stakeholders that affect sustainability performance.
  - Industrial Bank of Korea has been reporting activities and performance that addresses needs and concerns of stakeholders which were identified from materiality assessment process and responds to their opinion by taking into consideration for its overall management.
- **Impact** : Whether Industrial Bank of Korea has considered sufficient aspects of the impact of material topics based on its understanding of related stakeholders' concerns.
  - KFQ confirms that Industrial Bank of Korea is identifying and monitoring for impact of material topics of stakeholders such as distribution of economic value and human right and reporting them to the extent possible.

#### Recommendation for improvement

KFQ recommends following developmental approaches in order to systematize sustainability management in the future and to disclose results of the report effectively

- In order to reflect stakeholders' interest more balanced and timely, we recommend more various type of stakeholders participate in materiality assessment on selecting management activities and accomplishments to be disclosed.
- In the future, we anticipate Industrial Bank of Korea actively discloses mutual impact between newly established ESG committees and key stakeholder groups. The action allows stakeholders to fully understand IBK's efforts for ESG management.

June, 2021

Seoul, Korea



CEO

Ji Young Song

## Major Awards, ESG Evaluation Rating

### Details of main awards in the previous three years

2020	Received the Korea Inclusive Finance Agency Chairman’s Award in the “13th 2020 e-Daily Korea Financial Industry Awards” held by e-Daily
	Received the Minister of Strategy and Finance Award in the “Inclusive Loan Awards” held by Financial News
	Received the Minister of Strategy and Finance Award in the “9th Petty Loan Awards” held by Financial News
	Received the inclusive Loan Award in the “9th Korea Best Bank Awards” held by Sedaily
	Received the Best Product Development Award (smart movable asset mortgage loan) in the “Best Banker Awards” held by Sedaily
	Received the Social Science - Financial Supervisory Service Governor’s Award and Best Product Development - Korea Federation of Banks Chairman’s Award from Sedaily
	Received a Plaque from CDP KOREA during the “2019 Climate Change” (carbon management honors (financial part))
	Selected as an excellent call center of Korea in the call center category of the “2020 KSQI (Service Quality Index)” held by the Korea Management Association Consulting (for 14 consecutive years)
	Received the Service Innovation Award in the “Internet Echo Awards 2020” under the IBK Global Homepage
2019	Received the Promotion Content Award in the enterprise category of the “13th Korea Communication Awards” held by the Korea Internet Communication Association
	Received an award in the bank category at the Smart App Awards 2019 hosted by the Korea Internet Professional Association
	Received an award in the enterprise category at the 2019 Korea Internet Communication Awards hosted by the Korea Internet Professional Association
	Received the CEO’s Award in the smart finance category at the 2019 Korea Economy TV Awards hosted by Korea Economy TV
	Received the Minister of Environment Award at the 2019 Korea Climatic Management Awards hosted by Energy Economic News
	Received the Best Social Contribution & Enterprise Finance Award at the 2019 Korea Best Banker Awards hosted by Sedaily
2018	Received the Financial Supervisory Service Governor’s Award at the 8th inclusive Loan Forum and inclusive Loan Awards hosted by Financial News
	Received the Minister of Environment Award at the 2018 Korea Climatic Management Awards hosted by Energy Economic News
	Received the Integrated Award at the 2018 Global Financial Awards hosted by Korea Economy TV
	Received a Minister of Strategy and Finance Citation at the Excellent Professional National Treasury Bond Dealer Awards hosted by the Ministry of Strategy and Finance
	Received the Minister of Strategy and Finance Award at the 7th Inclusive Loan Awards hosted by Financial News Translation required.

### 2020 ESG Evaluation Rating

Integrated rating	Environmental	Social	Corporate governance
			

※ The latest report is the 2019 IBK Sustainability Report; a report was not published in 2020.

### Inquiries about this report

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