

SUSTAINABLE GROWTH

with JB Financial Group

About this Report

Overview

This report is JB Financial Group's Integrated Annual Report published with the aim of reporting annual performance to the group's investors and stakeholders. The report provides an honest account of the group's financial and non-financial performance as well as the efforts to make such progress.

Reporting Period, Scope and Boundaries

In this report, 'JB Financial Group' refers to the corporation incorporating subsidiaries subject to the consolidation under the Korean International Financial Reporting Standards (K-IFRS). Financial data is prepared on consolidated financial statements basis while non-financial one, such as environment and society, is prepared on an individual subsidiary basis. Unless otherwise noted other than general description or information, it excludes data of overseas branches, sub-subsidiaries, and investee companies of JB Financial Group. The geographical boundary of this report is within the Republic of Korea where its main business sites are located and generate more than 97% of its profits while periodical boundary is from January 1, 2022 through December 31, 2022. Yet, some of key activities in 2023 are also contained in this report. In case there was a change in data included in previous reports requiring attention, the data was recalculated based on the year 2022. The report is released at an interval of 1 year, and the previous report was '2021 JB Financial Group Integrated Report' released in July 2022.

Reporting Standards and International Guidelines

We prepared this report in accordance with the GRI (Global Reporting Initiative) Standards 2021. And this report aligns with GRI Financial Service Sector Supplement, ISO 26000, and the Ten Principles of the UNGC (UN Global Compact). And we follow the standards of IR Framework presented by IIRC (International Integrated Reporting Council), TCFD (Task Force Climate-Related Financial Disclosure) recommendations and SASB (Sustainability Accounting Standards Board).

Data Assurance

Financial data has been audited by an independent accounting firm, and non-financial information has also been subject to the third-party verification for furtherance of its reliability. Data on greenhouse gas (GHG) emissions stated in this report has been separately reviewed for verification. This report incorporates forecasting statements associated with financial conditions and sales performance, and the plans and goals of the management of JB Financial Group and its subsidiaries. Notwithstanding assurance from third parties, the political, economic and situational uncertainties around business operation may bring about differences between future performance stated or implied through forecasting and actual performance of the corporation.

Contact Details

This report is published in Korean and English. And it is available on JB Financial Group's official website. For more details or enquiries, feel free to contact us.

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JB Financial Group's Homepages

JB Financial Holdings

www.jbfg.com

JB Woori Capital

www.wooricap.com

PPCBank

ppcbank.com.kh

Jeonbuk Bank

www.jbbank.co.kr

JB Asset Management

www.jbam.co.kr

JB Securities Vietnam

jbsv.com.vn

Kwangju Bank

pib.kjbank.com

JB Investment

www.jbinvest.co.kr

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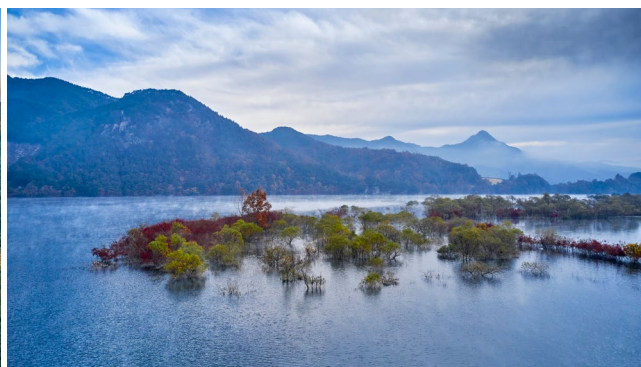
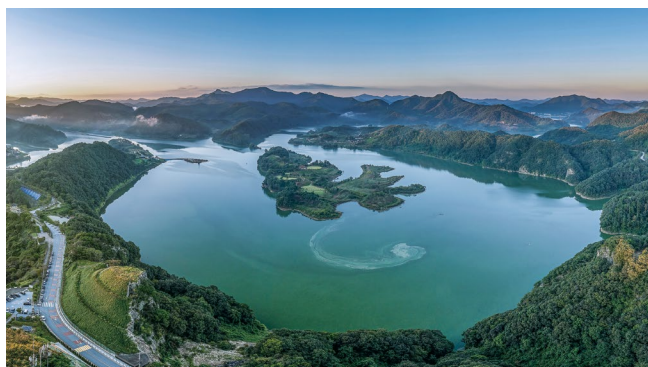
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Scenery of the Jeokseong-myeon

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CEO Message



I would like to extend my gratitude to all our shareholders for showing their unwavering support for us, and we will continue to walk the path of a 'young and strong hidden champion financial group' with all stakeholders in the future.

Dear esteemed stakeholders,

I would like to express my deepest appreciation to our customers, shareholders, and all other stakeholders for your unwavering support and interest.

In 2022, we wrestled with high interest rates and low growth rates, which increased uncertainty in both local and international financial markets. Despite the unfavorable circumstances, JB Financial Group delivered KRW 601 billion in net income (attributable to controlling interests). This marks a record high for the fourth consecutive year and solidifies our position as a 'Young and Strong Hidden Champion Financial Group' with the highest profitability among financial firms.

In 2022, we made significant progress in ESG management, which made the year even more meaningful. We set ambitious targets to mitigate our direct & indirect emissions by 2035 and financed emissions by 2045 to reach net-zero. These targets were verified by the SBTi (Science Based Target Initiative), making us the second financial firm in Korea to do so.

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In addition to our business activities, we have established a social contribution system to ensure responsible management. Our focus is on assisting vulnerable and marginalized children and teenagers. As a result of these efforts, we were recognized as an exemplary company in ESG management by the KCGS (Korea Corporate Governance Service) in 2022.

Our efforts will continue in 2023. We will be more agile in responding to the fast-evolving market environment. With a focus on the following strategic tasks, JB Financial Group will go the extra mile to solidify our stature as 'Young and Strong Hidden Champion Financial Group.'

First, we will sustainably pursue profitability-oriented quality growth with a focus on proactive risk management.

Our 'business portfolio rebalancing strategy' was a core driver of the achievements of the highest profitability over the past years. In the coming years, we will propel profitability-oriented qualitative growth strategy while remaining alert to changes in the market and managing risks preemptively at the group level.

Second, we will maximize group synergy, and diversify our businesses to secure future growth engines.

2023 marks the 10th anniversary of our foundation. Our goal is to maximize synergy among our subsidiaries and create a balanced growth across all our businesses. This will take the value of the group to the next level. We also plan to diversify our business through mergers and acquisitions, and increase the share of non-banking business. This will help us evolve into a comprehensive financial firm.

Third, we will sharpen our digital competitiveness.

Digital-based financial market has been growing to prominence and pushing back its boundaries. In response to the transformation in the digital financial market, our newly created organization, Future Strategy Division, will play a key role in implementing advanced digital strategies. With the Plug-in strategy and partnership expansion, we will establish our own digital universal banking system that broadens our touchpoint with customers.

Last but not least, we will ensure transparent management and a culture of respect for each other, thereby strictly fulfilling our social responsibilities. Corporate culture directly determines its competitiveness. Accordingly, we will embed a decent and sound corporate culture into every corner underpinned by transparent management and respect for each other. In 2023, more social contribution activities will carry on especially targeting children and teenagers from the vulnerable groups. And we will encourage our employees to engage in volunteer works. In this way, our social contribution activities will be performed in a well-organized manner.

This report provides you with a transparent account of our financial performance and ESG management activities. In the years ahead, all our employees will work at full capacity in unison to accomplish our ESG mission, 'JB Finance, your reliable partner for a better future.'

Once again, I convey my thanks to all of you, and I look forward to your unwavering encouragement on our journey.

Thank you very much.

Kim Ki Hong

Chairman & CEO, JB Financial Group

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BUSINESS HIGHLIGHTS

Net Income in 2022

(based on controlling interest)



Hit a record high
KRW 601 billion

ROE

ROE (Return on Equity)



Best-in-class level
13.9%

ROA

ROA (Return on Assets)



Best-in-class level
1.05%

Dividends in 2022

Reinforced shareholder return policy based on common stock capital ratio



39% increase compared
to the previous year
KRW 835 per share

NPL Coverage Ratio

Ratio of loan loss provisions to NPL



Preemptive loan loss provision
168%

Annual CIR Rate

CIR (Cost Income Ratio)



Record-low level
39.7%

Group's NIM

NIM (Net Interest Margin)



On the constant rise
3.13%

Bank's NIM

NIM (Net Interest Margin)



On the constant rise
2.74%

ESG HIGHLIGHTS

Net-Zero Targets Established

Direct & Indirect
Emissions
by **2035**

Financed
Emissions
by **2045**

KCGS ESG Evaluation

KCGS: Korea Corporate Governance Service

Selected as an exemplary company
in ESG management

A rating

MSCI ESG Rating

MSCI: Morgan Stanley Capital International

AA rating¹⁾

CDP (Climate Change)

CDP: Carbon Disclosure Project

A- rating

1) As of the end of June 2023

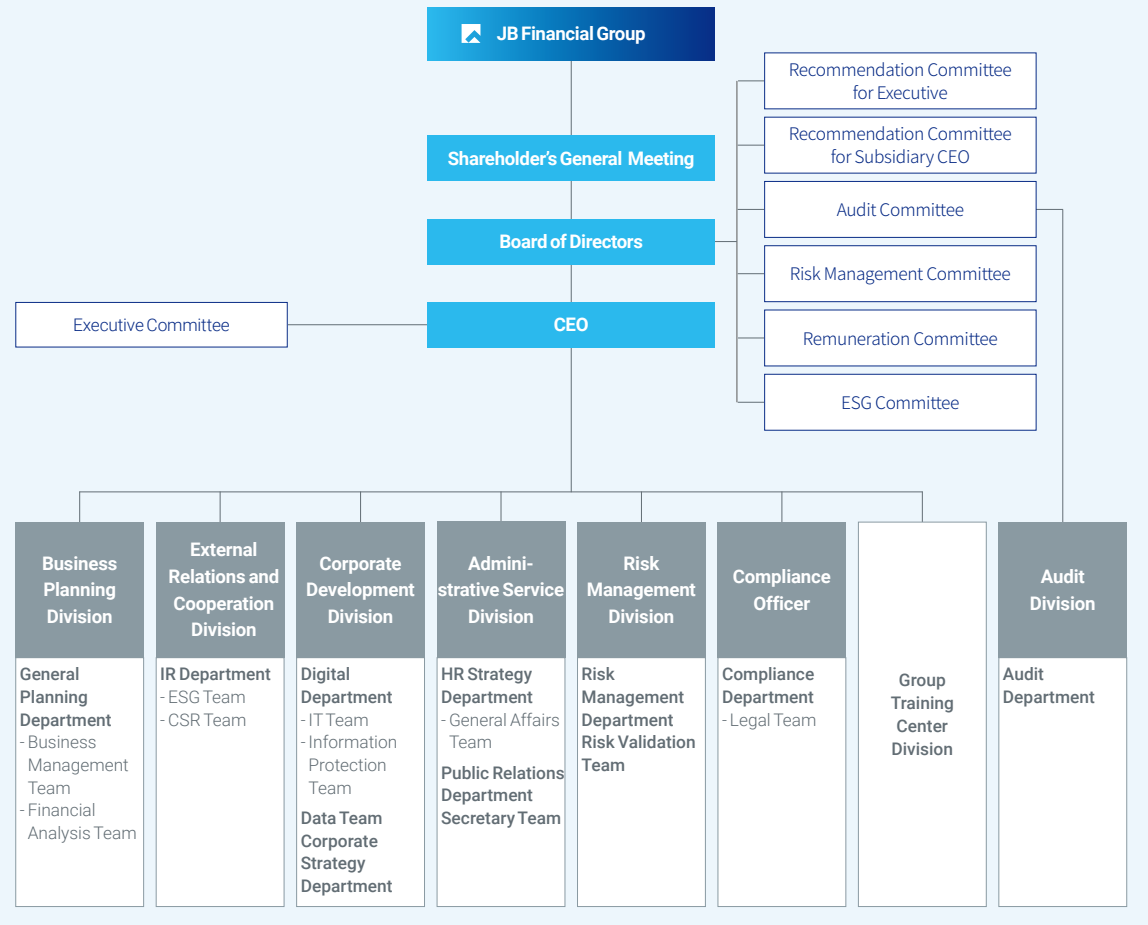
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JB Financial Group Profile

About JB Financial Group

Our vision for the future is to become a 'Young and Strong Hidden Champion Financial Group.' To achieve this goal, JB Financial Holdings is leading a group of nine companies, including our subsidiaries 'Jeonbuk Bank,' 'Kwangju Bank,' 'JB Woori Capital,' 'JB Asset Management,' and 'JB Investment,' as well as our sub-subsidiaries 'PPC Bank,' 'JB Capital Myanmar,' 'JB Securities Vietnam,' and 'JB PPAM.' JB Financial Group provides financial services indispensable to people as well as financial products tailored to the needs of customers, thereby providing customers with better experiences. Going forward, we will go the extra mile to achieve constant growth and development.

Organizational Chart



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Our Journey to Date

1960s → 2010s → 2020s → 2023

1969

- 12. Established Jeonbuk Bank

2013

- 07. Launched JB Financial Holdings
- 11. Incorporated JB Woori Capital in JB Financial Holdings

2014

- 03. Incorporated JB Asset Management in JB Financial Holdings
- 10. Incorporated Kwangju Bank as our subsidiary

2015

- 02. Selected as an excellent company in public disclosure / Korea Exchange
- 04. Hosted the declaration ceremony for new CI for the group

2016

- 07. Won bronze prize for 2015 Annual Report LACP, USA
- 08. Completed the incorporation of PPC Bank as our sub-subsidiaries (Jeonbuk Bank: 50%, JB Woori Capital: 10%)
- 10. Held 2nd Quantum Leap Global Hackaton

2017

- 03. Completed the incorporation of JB Capital Myanmar as a sub-subsidiary company (shareholding ratio: 85%*)

2018

- 07. Converted convertible preferred stocks of JB Woori Capital to common stocks (full subsidiary)
- 10. Completed comprehensive stock exchange in accordance with the resolution of the board of directors on July 13 → Full parent company: JB Financial Holdings / Full subsidiary: Kwangju Bank

2019

- 03. Convened the 6th regular general meeting of stakeholders, inauguration of new Chairman Kim Ki Hong
- 07. JB promulgated JB Financial Group's new slogan, 'Touching hearts, Leading finance'
- 09. Acquired ISO 37001, the international standard for the prevention of bribery, from BSI (British Standards Institution), first achievement among domestic financial holding companies

2020

- 04. Took over a Vietnamese securities company
- 08. Named Vietnamese securities company 'JB Securities Vietnam'
- 10. Rated A+ in the overall ESG evaluation by the KCGS (Korea Corporate Governance Service) → selected as an exemplary company in ESG management

2021

- 01. Incorporated JB PPAM as our sub-subsidiary (shareholding ratio: 100%)
- 06. Declared JB Financial Group's ESG Mission 'JB Finance, your reliable partner for a better future'
- 08. First joined the NZBA (Net-Zero Banking Alliance) among domestic local financial groups
- 10. Rated A+ in the overall ESG evaluation by the KCGS (Korea Corporate Governance Service) for two consecutive years

2022

- 02. Announced the group's Net-Zero Goal
- 05. Declared Ending Coal Financing
- 06. Received SBTi approval for carbon reduction targets → making us the 2nd local financial firm to achieve it
- 06. Incorporated JB Investment (former Mega Investment) as our subsidiary
- 11. Rated A in the overall ESG evaluation by the KCGS (Korea Corporate Governance Service) → selected as an exemplary company in ESG management

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Subsidiary Profile



Jeonbuk Bank

Since its founding in 1969, Jeonbuk Bank has been committed to supporting the growth of SMEs and local economies. The bank has expanded its customer base both within and outside its region by adopting tailored strategies and enhancing its non-face-to-face channels. These efforts aim to provide customers with better experiences and drive innovation in the financial industry, positioning Jeonbuk Bank as a 'strong and competitive bank.'

Net income in 2022

12.1% increase
from the previous year

KRW **205.1** billion

ESG bonds issued in 2022

KRW **300** billion



Kwangju Bank

Kwangju Bank was founded in 1968 with the goal of revitalizing local economies. By developing specialized products tailored to the needs of the region, the bank has injected new life into the local economy. Additionally, Kwangju Bank has taken a leading role in giving back to the community and fulfilling its social responsibilities, straining every nerve to achieve shared growth with the local community.

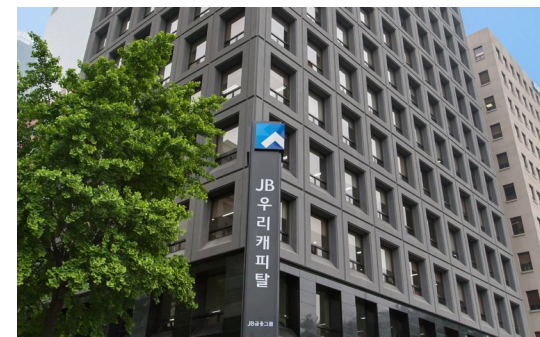
Net income in 2022

33% increase
from the previous year

KRW **258.2** billion

Ratio of contributions to the local community

11% or more of net income



JB Woori Capital

Since entering the financial industry in 1995, JB Woori Capital has evolved into a leading specialized credit finance corporation in the 21st century. As a top credit finance company in Korea, it offers a full suite of services that encompass vehicle finance, real estate finance, personal finance, and corporate finance.

Net income in 2022

4.7% increase
from the previous year

KRW **178.5** billion

ESG bonds issued in 2022

KRW **570** billion

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JB Asset Management

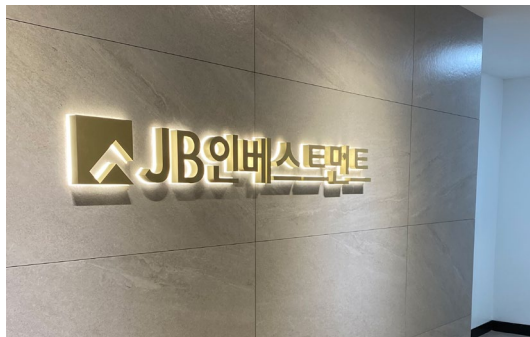
In March 2014, JB Asset Management became a subsidiary of JB Financial Holdings. With its expertise in financing for resources, energy, and real estate development, it has become the leading asset manager in the domestic resources and energy fund market.

Net income in 2022

KRW **4.4** billion

In the domestic resources and energy fund market

The leading asset manager



JB Investment

In June 2022, JB Investment, a venture investment firm, became our subsidiary. Since then, they have been working closely with policy finance, such as fund of funds. As the economy and technology continue to evolve rapidly, JB Investment has been focusing on driving innovation in new technology and business areas to keep up with the digital transformation.

Net income in 2022

KRW **3.3** billion

June 2022

Incorporated as a subsidiary of
JB Financial Group



PPCBank

PPCBank became a subsidiary of Jeonbuk Bank in August 2016. As a representative bank in Phnom Penh, the capital of Cambodia, PPCBank has made all-out efforts to grow into a leading player in Southeast Asia.

Net income in 2022

46.3% increase
from the previous year

KRW **29.7** billion

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JB Capital Myanmar

Launched in March 2017, JB Capital Myanmar has provided micro-lending for local residents in rural areas as well as for small business owners and the self-employed. It has constantly developed and launched loan products palatable to local people, thereby growing into a reputable micro-lending company in the region.

2023 target

**Advance its management
system advancement,
and launch more new products**



JB Securities Vietnam

JBSV (JB Securities Vietnam) became a subsidiary of Kwangju Bank in April 2020. Since the acquisition, it has focused on its business that encompasses the issuance of blue-chip companies' bonds, direct investment, identification of local and overseas investors, and sales of corporate bonds. Starting in the second half of 2023, JBSV plans to expand its services to include stock brokerage and margin loans. This will put the company on track to become an integrated securities firm that provides both IB and brokerage services.

Net income in 2022

466% increase
from the previous year

KRW **1.44** billion



JB PPAM

With the purpose of asset management in Cambodia, JB PPAM was founded in September 2020. It provides advanced asset management services specializing in collective investment (public offering, private equity fund), and real estate and investment trust. Built on its outstanding services, JB PPAM will establish itself as the top overseas asset manager within the group.

2023 target

**Have collective investment (public
offering, private equity fund),
and real estate and investment trust
on track earlier**

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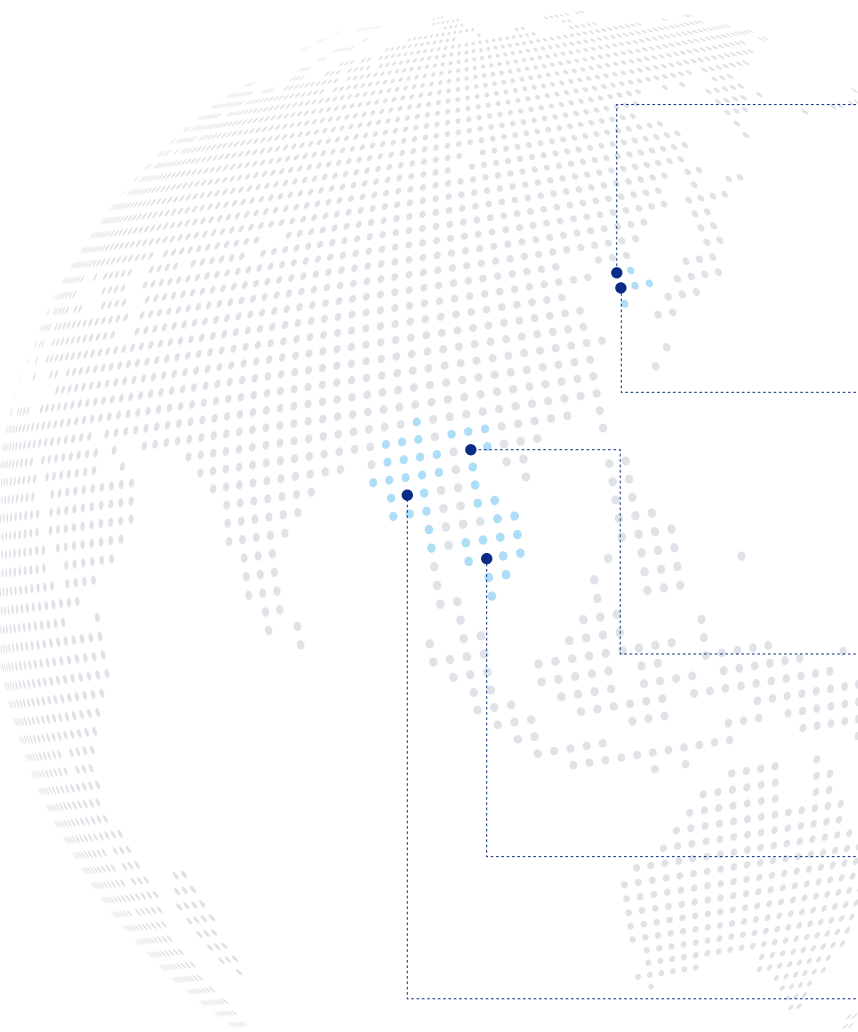
Branch Network

JB Financial Group, comprised of a holding company, subsidiaries, and sub-subsidiaries, has a broad network of 281 branches* (238 in Korea, 43 in overseas countries). Our local branches have expanded its scope of sales to include the capital area outside Jeonnam and Jeonbuk regions, making our sales network span across the nation. In abroad, Southeast Asia (Vietnam, Cambodia, Myanmar, etc.) is our stronghold where we have pushed back the frontiers of our financial service scope. Going forward, JB Financial Group will polish up its competitiveness at home and abroad, and go hand in hand with local communities to achieve further growth, thereby reinventing itself as a comprehensive financial firm.

* As of December 31, 2022: Branches, subbranches, and offices included

Category	Company Name	Domestic	Overseas	Total
Holding Company	JB Financial Holdings	2	-	2
	Jeonbuk Bank	86	1	87
	Kwangju Bank	132	1	133
Subsidiary	JB Woori Capital	15	2	17
	JB Asset Management	2	-	2
	JB Investment	1	-	1
	PPCBank	-	23	23
Sub-subsidiary	JB Capital Myanmar	-	14	14
	JB Securities Vietnam	-	1	1
	JB PPAM	-	1	1

* As of December 31, 2022



Outside Jeonnam and Jeonbuk Regions

JB Financial Group	1
Jeonbuk Bank	17
Kwangju Bank	20
JB Woori Capital	14
JB Asset Management	1
JB Investment	1

Jeonnam and Jeonbuk Regions

JB Financial Group	1
Jeonbuk Bank	69
Kwangju Bank	112
JB Woori Capital	1
JB Asset Management	1

Vietnam

Jeonbuk Bank	1
Kwangju Bank	1
JB Securities Vietnam	1
JB Woori Capital	1

Cambodia

PPCBank	23
JB PPAM	1

Myanmar

JB Capital Myanmar	14
JB Woori Capital	1

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Our Vision

JB Vision and Strategic Directions

Our vision, 'Young and Strong Hidden Champion Financial Group,' is a clear demonstration of our iron will towards qualitative growth and innovation in the rapidly changing financial market. To unleash our vision, we will be more agile in responding to changing surroundings, and build a system for efficient resource allocation and management, thereby seizing future growth engines. With the spirit of One Team in mind, all our subsidiaries will work in unison to maximize synergies, and embed a culture putting communication and discussion, and professionalism first into every corner, thereby vaulting into a young and strong comprehensive financial group.

JB Strategic Tasks

To realize our vision, management goal, and strategic directions, we have established six strategic goals along with core tasks. The six strategic goals include profitability-oriented qualitative growth, proactive risk management, cost efficiency enhancement, group synergy maximization and business diversification, digital channel competitiveness reinforcement, and strengthened social responsibility fulfilment. The core tasks are detailed action plans required to accomplish the strategic goals, which are used as indicators for our 2023 main activities.

JB Vision and Strategic Directions

Vision

Young and Strong Hidden Champion Financial Group

Management Goal

We generate profits based on distinguished core values, and deliver a consistent shareholder-friendly dividend policy, thereby **taking the group to the best-in-class market value**

Strategic Directions



Achieving Robust and
Qualitative Growth



Securing Future
Growth Engines



Maximizing
Group Synergy



Giving Vitality to
Our Corporate Culture

JB Strategic Tasks



Profitability-
oriented
qualitative growth



Proactive risk
management



Cost efficiency
enhancement



Group synergy
maximization
and business
diversification



Digital channel
competitiveness
reinforcement



Strengthened
social responsibility
fulfilment

- Sharpen group competitiveness through differentiated profitability management
- Respond to changing external environments, advance key businesses, and boost business profitability

- Respond to combined economic crises, and manage risks based on FLC
- Safeguard financial consumers, and step up our internal control

- Solidify our profit structure through strategic CIR management
- Make it more efficient to operate channels and manage human resources in a swift manner

- Create a corporate culture that brings together our subsidiaries, and create synergies among them
- Strengthen the competitiveness of bank non-interest & bank's subsidiaries & overseas subsidiaries

- Bring digital channel operation into full swing to make a profit
- Build our own digital universal bank (platform)

- Establish an ESG management-based social contribution system at the group level

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Financial Performance

In 2022, despite the turbulent market changes, JB Financial Group achieved an all-time high for the fourth consecutive year, with a net income of KRW 601 billion on a consolidated basis, an increase of 18.6% from the previous year. As for controlling interests, we recorded the highest level in the industry for four consecutive years, achieving an ROE of 13.9% and an ROA of 1.05%. All our subsidiaries also delivered strong results, thanks to their focus on profitability-oriented management. Our net interest margin was 3.13%, the highest in the industry. In terms of soundness indicators such as delinquency rate, we maintained a stable level.

Credit Rating

AA+

JB Financial Holdings / Jeonbuk Bank / Kwangju Bank
(NICE Rating, Korea Ratings, Korea Investors Service)

Consolidated financial statements

Item	Unit	2020	2021	2022
Total assets		53.4	56.4	59.8
Total liabilities	KRW trillion	49.3	52.1	55.1
Total equity		4.0	4.3	4.8

Profitability¹⁾

Item	Unit	2020	2021	2022
Operating income		4,695	7,083	8,258
Net income attributable to controlling interests	KRW 100 million	3,635	5,066	6,010
ROE	%	10.07	12.84	13.88
ROA		0.77	0.96	1.05

Asset soundness

Item	Unit	2020	2021	2022
Substandard & below (NPL) ratio	%	0.67	0.55	0.62
Delinquency rate		0.57	0.48	0.58

Capital Adequacy

Item	Unit	2020	2021	2022
BIS ratio		13.22	13.09	13.51
Tier1 ratio	%	11.43	11.55	12.66
CET1 ratio		10.05	10.30	11.39

Stock information

Item	Unit	2020	2021	2022
Year high		6,250	9,270	9,010
Year low	KRW	3,260	5,160	6,880
Dividend per share		374	599	835
Dividend payout ratio	%	20.0	23.0	27.0

¹⁾ Net income and ROA are based on consolidated financial statements, and ROE based on controlling interests

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Finance Outlook

Industry Outlook

We expect a grim picture in the financial market in 2023, with daunting challenges expected to come, such as rising interest rates and sluggish economy, which could, in turn, undermine profitability across all sectors of the market. The Covid-19 pandemic has led to an increase in household debt and the growth of marginal firms, while a slow real estate market has made the economy more vulnerable to changes in the macro environment. These circumstances present another risk of financial stability. Additionally, the growing presence of big tech companies in the sale of financial products is intensifying platform competition. However, innovation in financial regulations may also provide new business opportunities.

JB Financial Holdings Management Status in 2023

With a focus on proactive company-wide risk management, JB Financial Group will continuously pursue profitability-oriented qualitative growth. Guided by our business portfolio rebalancing strategy, we will hit the top-notch profitability that cannot be achieved by others while managing growing risks associated with our core businesses, and redoubling our efforts to protect financial consumers and internal control. Efforts will also be made to secure future growth engines through the maximization of synergies and business diversification. In particular, we will boost our Management Council, Synergy Consultative Bodies by division, and consultive bodies in the WM and DT sectors while developing online and offline sales in a balanced manner, expanding the non-banking business, and sharpening the competitiveness of our overseas subsidiaries. With all these combined efforts, we will

grow into a comprehensive financial group. As we are faced with intensifying competition with fintechs in the digital area, we will accelerate our Plug-In initiative and form partnerships to broaden our customer base, thereby elevating our competitiveness in the financial market.

Shareholder Status

Total Number of Shares Issued | JB Financial Holdings will issue a total of 300,000,000 shares. Out of these, 196,982,894 shares have already been issued, leaving 103,017,106 shares unissued

Investor Status | Of all investors, 72% are domestic and 28% are overseas. Among the domestic investors, 19% are individuals and 81% are institutions.

Ownership Status | As of the end of December 2022, Samyang Corporation was the largest shareholder, with an ownership ratio of 14.61%.

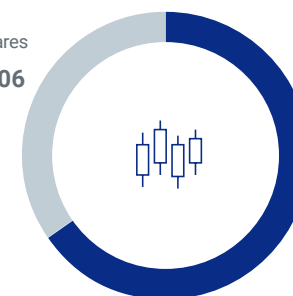
(As of December 31, 2022)

Ranking	Shareholder	No. of shares owned	Ratio
1	Samyang Corporation, etc.	28,773,879	14.61
2	Align Partners Capital Management inc.	27,653,206	14.04
3	OK Savings Bank, etc.	21,645,021	10.99
4	National Pension Service(NPC)	16,651,010	8.45
5	NORGES BANK	4,256,509	2.16
6	JB Financial Group Co., Ltd	2,638,819	1.34
7	CIM INVESTMENT FUND ICAV	2,610,000	1.32
8	SMALLCAP WORLD FUND, INC.	2,424,400	1.23

Issued Shares

Total No. of unissued shares

103,017,106

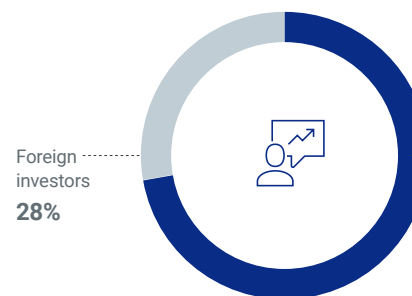


Total No. of issued shares
196,982,894

Total No. of shares to be issued

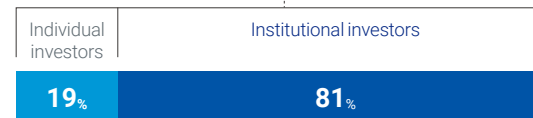
300,000,000

Investor Status



Foreign investors
28%

Domestic investors
72%



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Our Journey to ESG

ESG Strategy System

In 2021, JB Financial Group announced its ESG mission, 'JB Finance, your reliable partner for a better future.' This mission reflects our commitment to ESG management across our operations. Our three ESG strategic directions are; transition into a sustainable future finance, finance contributing to local communities by generating social value and trustworthy finance underpinned by transparency. To put these directions into practice, we have identified strategic tasks based on the principles of introspection and consilience, sympathy and consideration, and truthfulness and integrity. Furthermore, we engage proactively with the group's key stakeholders, such as customers, employees, shareholders, suppliers, and the local community, and we constantly explore opportunities to enhance our ESG operating system and framework. The essential ESG tasks carried out by the holding company and subsidiaries are quantitatively monitored by using performance indicators. The ESG data will provide us with the basis for expanding our ESG achievements and integrating ESG management into our culture.

ESG Mission

Vision

ESG Strategic Directions

Strategic Tasks





















Internalization Keywords

ESG Internalization Development Plan



Our Journey to ESG

ESG Achievements

ESG Strategic Direction	Strategic Tasks	Achievements	SDGs
Transition into a sustainable future finance	Leading the transition into Net Zero	<ul style="list-style-type: none"> Declared the Group's net-zero goal (Feb. 2022) (direct & indirect emissions by 2035 / financed emissions by 2045) Declared coal phase-out (May 2022) Acquired SBTi approval on our carbon reduction goal (Jun. 2022) Invited external lecturers to provide education on climate change (Feb. 2022) 	 
	Expanding green finance performance	<ul style="list-style-type: none"> Issued sustainable bonds: Jeonbuk Bank KRW 500 billion, Kwangju Bank KRW 50 billion, JB Woori Capital 1,000 billion* 	 
	Integrating and managing climate change-related risks	<ul style="list-style-type: none"> Evaluated and managed climate change risks by integrating them into the company-wide risk management system 	 
Finance contributing to local communities by generating social value	Streamlining social contribution activities for local communities	<ul style="list-style-type: none"> Planned the Group's key social contribution activities Established group social contribution system Executed key group social contribution projects 	  
	Providing more access to finance and expanding inclusive finance	<ul style="list-style-type: none"> Allocated dedicated branches and counters and provided preferential interest rate services for the financially underprivileged Amount of support in inclusive finance: about KRW 2 trillion 	
	Risks in the social sector (controversies)	<ul style="list-style-type: none"> Joined the UN Women's Empowerment Principles (WEPs) 	  
Trustworthy finance underpinned by transparency	Establishing a sound governance	<ul style="list-style-type: none"> Provided education for the members of the ESG Committee (theme: ESG Trends & Board Responsibility) Recertified with Anti-corruption management system (ISO37001) (Jul. 2022) Established director independence and board diversity guidelines and tax policy (Apr. 2022) 	 
	Advancing the system for ethics and human rights management	<ul style="list-style-type: none"> Established our human rights policy (Apr. 2022) 	  
	Protecting financial consumers and preventing financial accidents	<ul style="list-style-type: none"> Established our personal information protection policy Disclosed the number of civil complaints and the results of the status evaluation results to ensure financial consumers' right to know 	 

* Based on the balance as of the end of December 2022

Our Journey to ESG

MANAGEMENT REPORT

SUSTAINABILITY REPORT

Our Journey to ESG

ESG Governance

Stakeholder Communication









Double Materiality Assessment

SUSTAINABILITY VALUE STORY

ESG REPORT

APPENDIX

Global Initiatives Membership

Initiative	Description	Joined in
 Science Based Targets Initiatives (SBTi)	An international initiative to establish and scientifically verify targets (short-term, long-term, net-zero) aiming to reduce corporate GHG emissions	Nov. 2021
 Partnership for Carbon Accounting Financials (PCAF)	Accounting standards for financial institutions to measure and disclose financial activities that indirectly generate GHG emissions through investments and loans	Nov. 2021
 UN Principles for Responsible Banking (UN PRB)	Six core principles for fulfilling social and environmental responsibility in the global banking industry	Sep. 2021
 UNEP Financial Initiative (UNEP FI)	A global partnership that promotes sustainable finance and economic development, assisting financial institutions and businesses to fulfill their social and environmental responsibilities	Sep. 2021
 Women's Empowerment Principles (WEPs)	A strategic framework to promote women's human rights and economic participation, presenting seven principles and supporting companies to put them into practice	Aug. 2021
 UNEP Net-Zero Banking Alliance (NZBA)	A cooperative system established with a need of banks to achieve net-zero carbon emissions in their portfolios by 2050	Aug. 2021
 Task Force on Climate-related Financial Disclosure (TCFD)	A task force for disclosing corporate risks related to climate change by incorporating them into financial information	Aug. 2021
 Carbon Disclosure Project (CDP)	An environmental assessment organization with a global scope that gathers, examines, and disseminates information on environmental issues such as carbon emissions for corporate and investor stakeholders	Jun. 2021
 UN Global Compact (UNGC)	An initiative to encourage the role of corporate social responsibility and the implementation of the 10 principles for sustainable management	May. 2018

ESG Governance

ESG Committee under the BOD

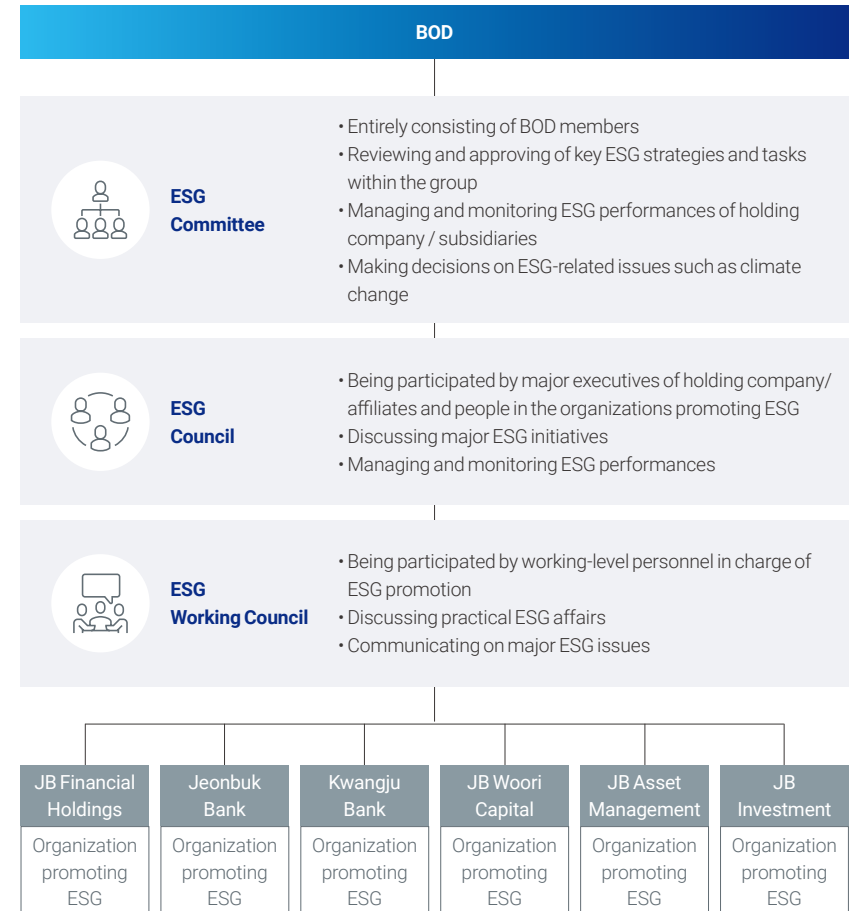
JB Financial Group created the ESG Committee under the Board of Directors (BOD) in March 2021. The ESG Committee, which includes all board members, develops the Group's ESG management strategies and policies, covering climate change, and acts as the supreme decision-making body to oversee the progress.

The ESG Committee aims to make timely decisions based on regular committees (semi-annually) and ad-hoc committees (as needed). For the significant sustainable management items, such as materiality issues, the executive and the department head directly report them to the committee. In 2022, the ESG Committee convened a total of 4 times and resolved 8 agenda items. The major decisions concerned the development of ESG-related policies and standards and the advancement of key social contribution activities. In addition, major items, including ESG implementation status, materiality assessment results, and ESG evaluation results, were presented at the committee meetings.

Recently, the Remuneration Committee incorporated ESG items in the performance evaluation within the management strategy tasks of the CEO, CFO, and CRO. The performance evaluation reflects the CEO's enhancement of social responsibility by advancing ESG management, the CFO's implementation strategies for advancing ESG management, and the CRO's implementation of climate risk measurement and management measures. Built on these endeavors, we will further strengthen our ESG management and move towards a sustainable future finance.

Organizations Dedicated to ESG

We have established the ESG Council and the ESG Working Council to enhance the effectiveness of ESG promotion. The ESG Council consists of the key executives of the holding company and its subsidiaries as well as the managers in charge of ESG promotion. The council is responsible for making decisions on developing strategies and policies and implementing activities for sustainable management. The ESG Working Council comprises the working-level members who promote ESG in all affiliates. The council strives to manage ESG risks and identify opportunities while communicating major ESG issues.



Stakeholder Communication

Our Stakeholders

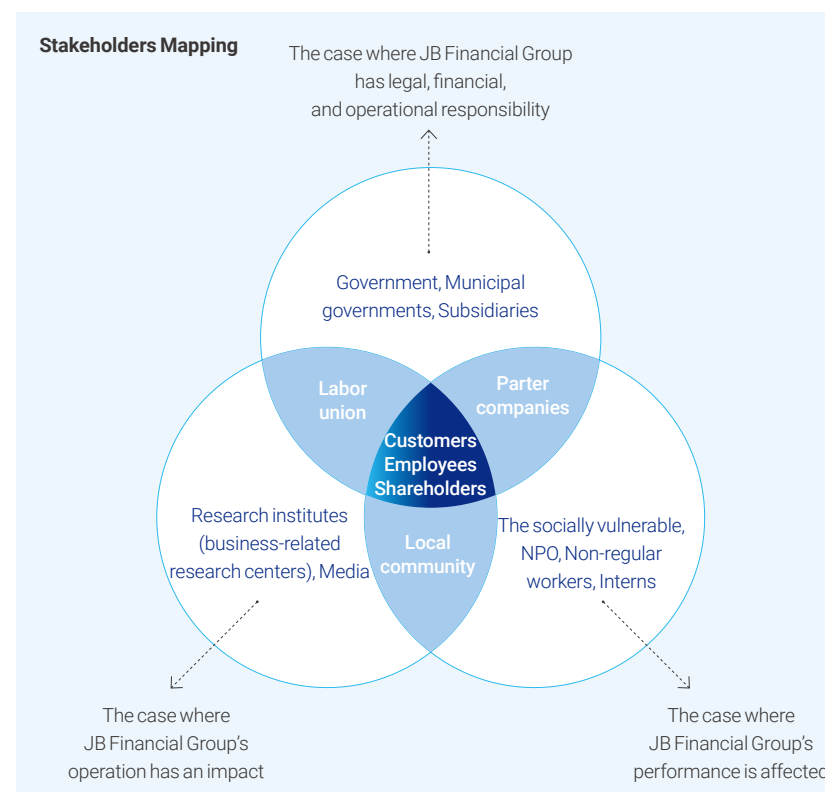
Stakeholder Communication Channel

We strive to enhance the communication with our key stakeholders, discussing issues encompassing economy, environment, and society. Going forward, we will continue to expand our online and offline communication channels, aiming to effectively collect the opinions of our various stakeholders.

Group	Category	Communication channel
Key stakeholders	Customers	Websites, customer support centers, customer satisfaction surveys, customer experience groups, social media, financial protection education, leaders' forum (VIP customers)
	Employees	Intranet notice, bulletin board, corporate culture enhancement program, CEO 'Skinship' program
	Shareholders and investors	Websites, Board of Directors, shareholders' general meeting, international conferences, IR, etc.
Strategic stakeholders	Labor union	Round-table conference between labor and management and joint labor-management council, collective bargaining, intranet notice, bulletin board
	Partner companies	Websites (channel for customer service), regular meetings with partner companies
	Local community	Websites, local volunteer groups of executives and employees, social contribution activity reports, university student ambassadors, social media

Identification of Stakeholders

Following the 'Stakeholder Identification and Participation' standards of ISO 26000, JB Financial Group determines the scope of stakeholders and engages with stakeholders by categorizing them by the degree of responsibility, influence, proximity, dependence, and representativeness.



Interview with JB Stakeholders

Closely Listening to Their Voices Beyond Surface

MANAGEMENT REPORT

SUSTAINABILITY REPORT

Our Journey to ESG

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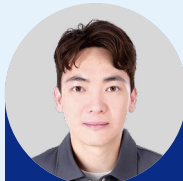
Stakeholder Communication

Double Materiality Assessment

SUSTAINABILITY VALUE STORY

ESG REPORT

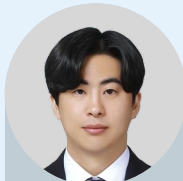
APPENDIX



So, Eung Doo

CEO of Hanbek
Construction

Customer | During challenging times, such as the Asian financial crisis in 1997 and the 2008 financial crisis, JB Financial Group's banks provided much-needed financial support to local companies to help them overcome difficulties. Even during the COVID-19 pandemic, the group has continued to actively support local businesses and the community. Looking ahead, I believe it would be beneficial for JB Financial Group to focus on cultural events and financial education for people of all ages, including minors and the elderly. It would also be great to see the development of practical financial products that can assist vulnerable groups, such as low-income individuals and small business owners in the region.



Lee, Chang Dae

New employee at
Kwangju Bank

Employee | I think a financial company that excels in ESG management is one that prioritizes sustainable finance while also seeking financial gains. As a financial intermediary for different parties, it's crucial to consider public and ESG factors beyond just profitability in creating sustainable finance. JB Financial Group is already taking steps towards this by engaging in various social contribution initiatives. Moving forward, I wish for JB Financial Group to become a company that seamlessly integrates into the lives of its customers while fulfilling its social responsibilities through a wider range of social contribution efforts and increased visibility.



Kim, Hyeon Seung

Officer in Climate
Environment Policy
Department of
Gwangju City

Local Government | Gwangju City and Kwangju Bank entered into a 'business agreement for joint promotion of carbon point donation banks' in December 2021, and a 'joint cooperation business agreement for the achievement of Gwangju 2045 carbon neutrality' in March 2023, respectively, collaborating to create eco-friendly finance and carbon-neutral communities. In the future, it is anticipated that the decline and deterioration of the city due to climate change will gradually increase the damage. Therefore, we hope to cooperate with JB Financial Group in projects to improve adaptability to abnormal climates, such as our support project for providing vulnerable households with energy efficiency improvement products such as induction stoves.



Kim, Ye Ri

Head of Department
at Midas International
Asset Management

Investor | JB Financial Group was the first financial company to establish its own greenhouse gas emissions and financed emissions carbon neutral targets, and is actively addressing climate change risks as an eco-friendly financial institution by joining global initiatives. Moreover, based on the Honam region, it is contributing significantly to the mutual growth of the local community and revitalization of the local economy, and we are also endeavoring to increase financial accessibility for the financially underprivileged. Now that ESG management is becoming a 'new normal' rather than a 'trend,' I hope that JB Financial Group will also continue its sincere ESG management through the development and execution of practical goals.



Yoo, Byeong Seol

Secretary General at
Jeonbuk Community
Chest of Korea

Local Community Organization | Since 2003, Jeonbuk Bank has been involved in community-oriented volunteer activities through its local volunteering group, demonstrating its commitment to being a responsible corporate citizen. In 2010, the bank established a department dedicated to social contribution and the Jeonbuk Bank Scholarship Foundation. Every year, it carries out various social contribution projects, playing a significant role in promoting a culture of sharing in the region. I wish for Jeonbuk Bank to continue its efforts to support neighbors who are affected by COVID-19 by expanding financial welfare projects that benefit local residents.



Bae, Ik Hyeon

CEO of
QuantifiedESG

Partner Company | JB Financial Group is achieving tangible results in the field of eco-friendly and green finance, such as announcing its 2045 net-zero strategy and becoming the second domestic financial institution to obtain international approval for science-based reduction targets. QuantifiedESG (QESG), an organization specializing in ESG including climate strategy and GHG, collaborated with JB Financial Group by providing advisory services for calculating financed emissions and obtaining approval for setting science-based reduction targets. I hope that JB Financial Group will continue to establish itself as a leading company in the climate finance sector.

Double Materiality Assessment

JB Financial Group conducted a double materiality assessment to select key issues that affect the Group's sustainability. Double materiality is a concept that considers both the external (environmental and social) impact of a company's business activities and the impact of external factors on the company's financial condition. We incorporate material issues derived through the double materiality assessment in connection with ESG strategies in management activities and disclose related performance in a transparent manner.

Impact Materiality

Materiality considering the impact of corporate management activities on the environment and society with an inside-out perspective

Financial Materiality

Materiality considering the impact of environmental and social factors on the corporate activities with an outside-in perspective

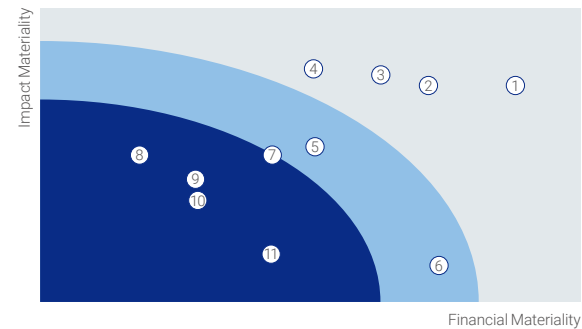
Double Materiality Assessment Process

The materiality assessment was conducted by dividing into impact materiality (inside-out) and financial impact materiality (outside-in). We assessed the impact by each issue. As part of it, we involved not only internal employees but also external stakeholders in the survey to evaluate the impact. The prioritized comprehensive evaluation results are reported to senior management and the BOD and integrated into the company-wide risk management process.

Step 1. Topic selection	<ul style="list-style-type: none"> Review of GRI, SASB, and MSCI topics Benchmarking analysis (domestic and foreign peer groups) Analysis of internal and external management data Review of material topics of the previous year
Step 2. Impact identification by topic	<ul style="list-style-type: none"> Domestic and overseas regulations and guidelines Controversial issues for the last 3 years within the same industry Review of the risk and opportunity awareness level of the investment group Identification of the scope and timing of impact
Step 3. Impact assessment	<div> <div> 1) Impact materiality (inside-out perspective) <ul style="list-style-type: none"> ① Possibility of occurrence ② Severity of impact - Scale: Scale of influence (materiality) - Range: Range of influence (value chain, the environment, local communities, etc.) - Resilience: Resilience from influence (separately calculated for company and the environment & society) </div> <div> 2) Financial materiality (outside-in perspective) <ul style="list-style-type: none"> ① Direct financial impact ② Legal, regulatory and policy drivers ③ Industry norms and competitive drivers ④ Stakeholder concerns and social trends ⑤ Innovation opportunity </div> </div>
Step 4. Prioritization	<ul style="list-style-type: none"> Comprehensive analysis of impact assessment results
Step 5. Reporting and review	<ul style="list-style-type: none"> Conducting the third-party assurance Reporting to high-level management and the BOD Operating an enterprise-wide risk management process to ensure that material topics are considered in the company's management decision-making process

Double Materiality Assessment Results

As a result of the double materiality assessment, a total of 11 issues were selected as material issues for JB Financial Group. Compared to the previous year's evaluation results, 'digital transformation' was selected as the most important issue for two consecutive years, and 'business diversification and creation of economic performance' and 'stakeholder engagement' respectively rose by 6 steps to rank at 6th and 8th. This reflects the perception that JB Financial Group needs to enhance its competitiveness in the digital sector, secure future growth engines based on business diversification, and widely collect stakeholders' opinions in the decision-making process in order to increase its value.



Material Issue	Impact Materiality	Financial Materiality	Page
① Digital transformation	●	●	28-34
② Risk management	●	●	99-100
③ Action on Climate Change	●	●	35-40
④ Customer-oriented management	●	●	42-43
⑤ Financial customer protection	●	●	44-45
⑥ Business diversification and creation of economic performance	●	●	7
⑦ Inclusive finance and social contribution	●	●	46-52
⑧ Stakeholder engagement	●	●	22
⑨ Establishment of a sound governance	●	●	73-76
⑩ Ethical and compliance management	●	●	77-78
⑪ Corporate culture and human resource management	●	●	57-63

● High Impact ● Midium Impact ● Low Impact

Double Materiality Assessment

Analysis of Double Materiality Assessment Results

Material Issue	Digital transformation	Customer-oriented management	Action on Climate Change
Risk and opportunity	The digital financial market is growing and becoming more diverse. Super-apps that offer financial services across industries like banking, securities, and insurance are now allowed. This is expected to encourage information sharing and marketing partnerships between financial companies. While this can threaten some businesses, it also presents an opportunity to explore new possibilities and enhance competitiveness in the digital sector.	Customer-oriented management is essential for the survival of the financial company. We must always think from the customer's perspective to create customer satisfaction, do our utmost to provide the value our customers desire, and strive to create long-term value with our customers.	As the risk of climate change escalates, the areas in which the financial industry must act are gradually widening. By swiftly establishing a response system in readiness for climate risks and pursuing tangible changes, the financial group can take climate change as a catalyst for new growth and move toward a sustainable future.
Business case	Advances in information technology, such as the Internet of Things (IoT), big data, and artificial intelligence (AI), are leading to radical changes in the digital financial industry. As threats to the role of existing financial companies increase, such as the expansion of non-face-to-face work and the entry of big tech companies into the financial industry, securing future competitiveness through strengthening digital capabilities has become a critical priority for financial groups.	Management that pursues customer satisfaction based on an understanding of customers should be the ultimate goal of a financial group. We can secure a competitive edge and achieve continuous development through efforts to build trust and create customer value by prioritizing the interests and growth of customers.	The economy and financial system are now at risk due to climate change. This risk can lead to financial risks such as credit, market, operation, and liquidity. It is critical to take action to ensure the sustainability of the financial group and be prepared for unexpected damages such as a decline in reputation and asset value. One way to do this is to actively participate in the international climate change response system and contribute to creating a green financial environment.
Business strategies	JB Financial Group establishes a digital strategy and vision and operates a dedicated organization to become a leading digital finance company. Based on this, we are enhancing our competitiveness by strengthening the digital infrastructure necessary for the financial industry, such as launching the My Data business and providing AI-based financial services.	We use social media, university student supporters, and advisory groups to discover financial improvements together with customers and actively listen to customer opinions. In addition, we operate a complaint reception and handling system through various channels, striving to improve customer service and promptly handle complaints.	JB Financial Group declared net-zero to respond to climate change and established a reduction plan with a target of 2035 for its direct and indirect emissions and 2045 for financed emissions. We have set reduction targets for each asset class and short-, mid-, to long-term implementation paths to achieve net-zero. In June 2022, we received approval for the carbon reduction target from SBTi and are implementing eco-friendly finance.
Target and progress	Target: Raising the number of new non-face-to-face accounts opened based on digital technology by 10% every year Current status: 635,415 accounts opened in 2022 (77% increase from the previous year)	Target: Maintaining and raising customer satisfaction score every year Current status: 2022 customer satisfaction score of Kwangju Bank, 99 points (up by 1 point from the previous year)	Target: Achieving net-zero in direct & indirect emissions by 2035 and financed emissions by 2045 Current status: Emitted 16,307 tCO2eq GHG emissions in 2022 (7.58% decrease from 2020 level)
Connection to the compensation of the management	KPI of the management in Future Growth Division - Focusing on digital profit, expanding non-face-to-face channels, strengthening digital capabilities, managing and the Group's digital / IT businesses and enhancing synergy in the related businesses	KPI of the compliance officer - Reinforcing communication and internal control inspection activities to strengthen the Group's role in safeguarding financial consumers	KPI of the management in Risk Management Division - Establishing climate risk measurement and management plans, making and executing the roadmap in order to incorporate climate risks

Double Materiality Assessment

Identification and Measurement of External Impact

We grasped external influences by selecting two material issues out of 11 issues derived through a double materiality assessment.

Digital Transformation



External Impact | As part of our digital transformation initiative, we have implemented a window digital system that allows us to conduct banking business transactions electronically, without the need for paper documents. By utilizing digital devices such as tablet monitors, electronic pens, and scanners, we have adopted the Paperless Process Re-engineering (PPR) system to reduce unnecessary paper consumption and to protect the environment.

Measurement of External Impact | The PPR system allows us to conduct banking transactions electronically, without the need for paper documents, thereby decreasing the annual paper consumption every year. In 2022, our annual paper consumption amounted to approximately 26,680,000 sheets, which represents a 9.7% reduction from the previous year.

Customer-oriented Management



External Impact | JB Financial Group is continuously implementing policies for customer satisfaction and safety, such as establishing an information security system to prevent leakage of customers' personal information. In addition, through communication with customers, we understand customer preferences and complaints and build trusting relationships with them.

Measurement of External Impact | JB Financial Group has had zero personal information leakage cases for three consecutive years, resulting in no social costs incurred. In addition, we conduct an annual survey on customer satisfaction. The customer satisfaction score for Jeonbuk Bank was 4.79 out of 5, and Kwangju Bank received a customer satisfaction score of 99 out of 100.

SUSTAINABLE VALUE STORY

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Digital Finance

COVID-19 has significantly transformed the landscape of the contactless market, which has had a profound impact on the financial industry. The rapid transition and investment into digital finance have now become crucial factors in determining the success or failure of companies. JB Financial Group has consistently introduced advanced digital financial services, positioning itself as the first financial group to establish a big data platform and undertake the MyData project among local financial groups. We will continue our multifaceted efforts to maintain our position as a leading company in digital finance.



1st

Becoming the 1st financial group to establish a big data platform



56

56 times faster data analysis through the big data platform 'Data Hub'



15,703

Average RPA utilization of Jeonbuk Bank and Kwangju Bank

Digital Finance #01

Driving Digital Finance Market with Agile Technological Innovation

First-Ever Big Data Platform Driven by Financial Group

JB Financial Group recognized the importance of data in the digital finance era at an early stage and took steps to construct a system. As a result, as a financial group, we successfully established the first-ever group-integrated big data platform called 'Data Hub.' Data Hub utilizes isolated cloud technology to analyze data from an integrated perspective, allowing for centralized management of financial and public data across all of our group's affiliates. By leveraging the cloud and AI-based technology of Data Hub, we conduct comprehensive analysis of customer data that was previously dispersed across branches, customer centers, internet, and mobile channels. This enables us to provide high-quality services to our customers. Currently, we combined Data Hub with AI technology to offer various customized financial services. Going forward, we will continue to enhance our competitiveness in the digital finance market through ongoing innovation.



AI based Predictive Analytics
Targeted marketing to reduce customer fatigue

RPA Utilization

In addition to data management and utilization, we have been proactive and swift in introducing emerging digital technologies to enhance our financial services. One notable example is the implementation of Robotic Process Automation (RPA). Jeonbuk Bank was the first among banks to adopt RPA, reducing repetitive tasks for employees and improving customer service. Following Jeonbuk Bank, Kwangju Bank quickly followed suit. Currently, Jeonbuk Bank utilizes RPA for approximately 70 tasks, while Kwangju Bank employs it for around 100 tasks. The RPA system is now integrated with AI, providing assistance in tasks to the extent of replacing manpower. Going forward, we aim to continuously enhance task efficiency through ceaseless updates and improvements.

RPA Utilization Time and Jeonbuk Bank and Kwangju Bank Cases in 2022

RPA	Jeonbuk Bank	Kwangju Bank
Utilization time	12,860	18,545
No. of cases	54	160

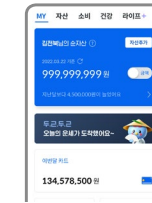
Leading the Way with MyData Services

In order to enhance customer satisfaction and strengthen our digital finance capabilities, it is crucial to provide personalized services based on information analysis through big data. Recognizing this, JB Financial Group has been at the forefront of offering MyData services to secure a competitive edge in the digital platform competition. MyData services gather and display individuals' credit information from various financial institutions while also recommending financial products based on an analysis of their financial status and spending patterns. Kwangju Bank, as the first among local banks, obtained a MyData license, and both Jeonbuk Bank and Kwangju Bank officially launched their MyData services in January 2022. Jeonbuk Bank's MyData service is accessible through the mobile banking app 'JB Bank,' which provides customized information by analyzing users' financial status and spending patterns. Meanwhile, Kwangju Bank's MyData service prioritizes 'My Asset Inquiry,' enabling users to conveniently review their held assets. These assets are categorized into eight sections, encompassing cash and accounts, investments, loans, spending, insurance, pensions, real estate, and vehicles. The MyData platform conveniently includes asset information from other financial institutions in addition to JB Financial Group. Our MyData service remains dedicated to its core function of providing financial information while also offering additional services such as healthcare, real estate information, and travel spot recommendations.

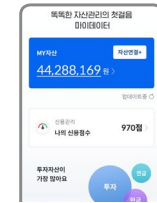
MyData Service of Each Subsidiary

Jeonbuk Bank and Kwangju Bank provides a variety of functions for customers through MyData

Subsidiary	Additional services	
Jeonbuk Bank	My asset	Enabling a comprehensive view of a client's financial assets, including assets, debts, and detailed consumption information, all in one place
	Finance calendar	Enabling efficient management of critical financial schedules
	Credit score inquiry	Providing up-to-date credit scores and highlighting changes, along with features such as credit management tips and credit improvement suggestions
	Consumption analysis	Management of consumption/expenditure details and provision of regular reports by period (household account book service)
	Checking real estate price	Managing real estate registration and market prices, tracking real estate of interest, regardless of ownership
	Virtual asset price inquiry	Checking the prices of owned and interested virtual assets and manage their profitability
	Fast claim of actual medical expense insurance	Submitting medical expenses insurance claims on the app with ease, using a photo instead of physical documents
	Car price and information inquiry and managing vehicle details	Enabling users to view basic information about their vehicles and track market price trends upon vehicle registration
	Health care	<ul style="list-style-type: none"> • Health score: Assessing and managing health based on health surveys • Health signals: Evaluating and managing health based on facial recognition measurements (Heart rate, stress level, breaths per minute) • Health consultation: One-on-one consultations by specialized pharmacists • Health information: Providing health-related information
	Policy fund recommendation	Providing policy fund recommendations tailored to small business owners based on their corporate registration number
	Today's fortune	Offering horoscope information, monthly horoscope, Korean traditional fortune telling and What to Eat Today
	Using specialized service in Jeonju	Allowing customers to readily use the Jeonju Public Delivery App and Jeonju Love Gift Certificate App (Pig Card App)



The main page of MyData service of Jeonbuk Bank on the screen



The main page of MyData service of Kwangju Bank on the screen

Subsidiary	Additional services	
Kwangju Bank	My asset inquiry	Enabling users to review their held assets which are categorized into eight sections: cash and accounts, investments, loans, spending, insurance, pensions, real estate, and vehicles as well as transaction history and detailed account information
	Credit management service	Providing up-to-date credit scores and current status, along with features such as credit improvement suggestions
	Income and expenses analysis	Providing analysis of income and expenses trends and the ratio of savings to spending
	Card spending analysis	Providing the total expected payment amount and tracking the current card usage compared to the average of the past three months
	Fast claim of actual medical expense insurance	Submitting medical expenses insurance claims on the app, without involving insurance company, using a photo instead of physical documents
	Checking real estate price	Browsing three types of information: real estate price, listed price, and actual transaction price of registered properties as well as the price increase rate compared to the initial purchase price while accessing certified copies of apartment registration documents
	Real estate auction information	Providing nationwide real estate auction information
	Checking the prices of my car	Checking the current market value of vehicles, accessing detailed vehicle information upon registration, reviewing used car prices, and verifying vehicle inspection records
	Health care	Providing a Health Index that includes self-assessment of health signals using the device camera, a health score based on health surveys and management information, along with a pedometer feature for tracking step count. Users can also set target step counts and receive notifications
	Delivering food service	Offering food ordering and delivery services through the Kwangju public delivery app using local-specific currency (Sangsaeng Card)
	Retirement calculator	Providing a retirement capital simulation service to estimate the required capital for retirement
	Search of favorite travel destination	Providing personalized destination recommendations based on transactions made using pre-paid payment methods, such as Naver Pay and Kakao Pay
	Life	Providing practical economic tips for everyday life, including information on carbon point applications and eligibility for subsidies

Digital Finance #02

Younger and Stronger Digital Bank Unique to JB

Digital Transformation through Strategic Planning and Organizational Restructuring

JB Financial Group is driving digitalization in all areas of its operations, fueled by unwavering investment and research in digital finance. Particularly in 2023, establishing the Future Growth Division, overseeing digital and global businesses has been a key milestone. Through the Future Growth Division, we will advance the integrated promotion of digital and global businesses.

* For more detailed information regarding the Future Growth Division, please refer to page 34 of 'JB Focus.'

For Jeonbuk Bank, we have established the 2025 Digital Transformation (DT) strategy, setting the strategic directions of 'Just Do It Digital' and 'Back to the Basic' under the vision of 'Data-based Understanding of Clients, Data-driven Baking.' This entails achieving DT in all aspects of Jeonbuk Bank's value chain and remaining committed to its core principles by returning to the basics. In particular, Jeonbuk Bank has identified 'Enhancing

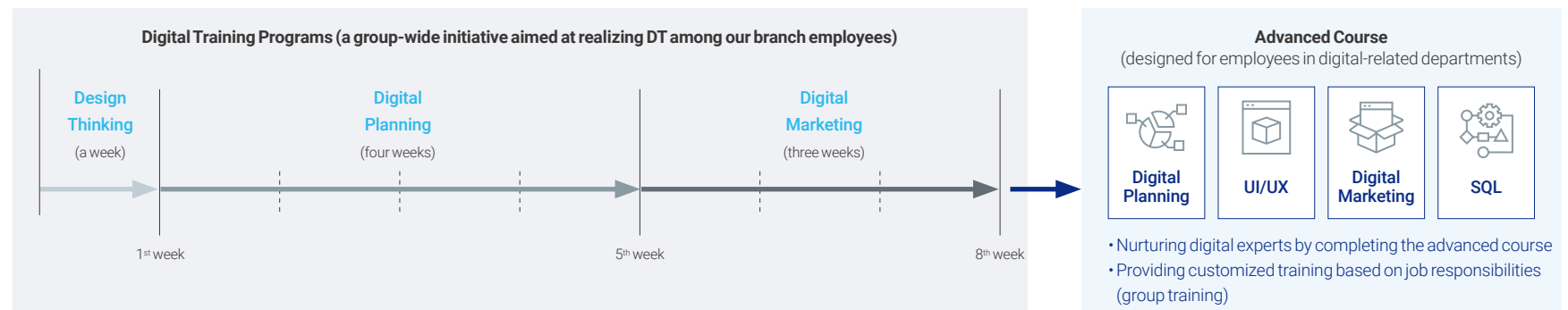
Digital Competitiveness' as one of the eight key tasks in 2023. To address this, we have prioritized digital revenue generation and the expansion of new digital businesses as our main agenda. We are actively implementing action plans for each agenda, including generating digital revenue through non-face-to-face customer management and building JB's unique platform.

In the case of Kwangju Bank, we have focused on two key pillars: establishing a digital performance management system to enhance our digital business competitiveness and responding to the demands of digital universal banking. With these pillars as our foundation, we have exerted efforts to improve our digital profitability and strengthen our digital channel competitiveness. In particular, we have developed an inverse plug-in strategy to create our own digital ecosystem, leveraging the information secured through the existing plug-in strategy. Through these various efforts, our ultimate goal is to build a distinctive digital universal bank that sets JB Financial Group apart.

Cultivating Work-Ready Digital Talents

JB Financial Group offers a range of digital training programs aimed at enhancing the digital capabilities of our employees and fostering expertise in the field. One of these programs is the 'JB Financial Group Integrated Course for Digital Skills,' which is conducted annually to train individuals with practical digital ability. Participants selected from affiliated companies receive training in areas such as application and web development, as well as data analysis. This program is further divided into specialized courses, including the course for digital experts, the course for data analysis, and the course for IT experts. In the latter half of 2023, we plan to introduce a customized advanced course specifically designed for employees in digital-related departments. This course was designed based on the feedback from participants who have completed the program and will focus on four key areas: digital planning and UI/UX, digital marketing, and SQL. This advanced course aims to cultivate digital talents who are well-prepared to handle practical tasks in their respective fields.

Our Roadmap For Digital Training



Diversifying Digital Capabilities:

A Path to Enhanced Competitiveness

Strategic Partnership with Big Tech and Fintech Companies | We have been collaborating with various big tech and fintech companies such as Toss, KakaoPay, Naver Financial, Finda, Finng, and Finmart to enhance our digital competitiveness. Through a strategic business partnership with Naver Financial since July 2021, Jeonbuk Bank has continued to work together in the design and sale of financial products. The launch of the 'Naver Pay × JB Savings' in April 2022 received a positive response, and in June, we jointly released the 'Smartplace Business Owner Loan' in collaboration with Naver Financial and Woori Bank. These proactive digital initiatives have led to various achievements. For instance, as of the end of August 2022, it was revealed that 96.8% of users of Jeonbuk Bank's Smartplace Business Owner Loans were from outside Jeonbuk province, indicating progress in expanding our digital sales. Meanwhile, Kwangju Bank became the first domestic bank to initiate personnel exchanges with Toss, a fintech company. Currently, we offer services through Toss, such as account creation and subscription of receiving products. Additionally,

we provide a loan interest rate comparison service in partnership with companies like Toss, KakaoPay, Finda, and Finng. JB Financial Holdings aims to further strengthen its differentiation as the 'Representative Bank of Inclusive Finance' by leveraging and integrating the customer base and digital capabilities of big tech and fintech companies.

U2L Major Computing System Replacement Project

| Since 2021, we have been operating the TFT team to transition the entire group's major computing system from Unix to Linux. The completion of the Unix to Linux (U2L) project will enable us to build a more flexible computing system with higher compatibility, allowing for seamless integration of new digital technologies compared to the previous Unix environment. This transition will also result in significant cost savings in software operations. In line with this initiative, Jeonbuk Bank took the lead in the mainframe system replacement project in 2022 and has already started implementing it in its operations. Similarly, Kwangju Bank is currently making progress with the mainframe system replacement project, scheduled to begin in 2023.

Dissemination of Digital Culture | Utilizing the global services of Gartner, an American ICT research and advisory company, JB Financial Group ensures that we stay updated with the latest trends in digital transformation and new technologies. We establish digital strategies and implement tasks accordingly. Our affiliates are also committed to leading the digital finance trends. Jeonbuk Bank publishes and distributes digital trend reports to enhance the digital capabilities of all employees. Additionally, lectures on new technologies and business opportunities essential for advancing digital finance are regularly conducted. Since hosting the '1st Seminar on Financial AI Trends' in 2022, Kwangju Bank has been actively driving financial environment innovation through digitalization and AI. They consistently organize related lectures to stay at the forefront of these developments. Through these efforts, we are consolidating our position as a leading company in digital finance.

Meanwhile, the 'Digital Council' has been operational since 2019 to promote synergy and strengthen our digital culture and capabilities. It serves as a platform for sharing group strategies and driving specific implementation plans. Recently, we have been exploring business partnerships and investment opportunities by sharing the performance of JB Investment. To enhance efficiency and collaboration among our digital personnel, we have established a Digital Cross-Unit, aimed at optimizing our work processes and fostering synergy. Additionally, since 2020, we have maintained a 'Digital Community' comprising employees below the managerial level. We have established a community channel using KakaoTalk and regularly share J-bot Real News with our employees on a daily basis.



Signing of Business Cooperation Agreement between Jeonbuk Bank and Naver Financial



Signing of Business Cooperation Agreement between Kwangju Bank and Toss Bank

Expansion Of Digital-based Business Area

JB Financial Group has established a digital marketing strategy in three areas: inbound marketing, non-face-to-face customer management, and marketing strategy. To support this strategy, we have developed the necessary infrastructure to secure data. Moreover, we collect and analyze mobile app log data to understand the patterns of digital customer behavior. The Data Hub, where the log data is stored, enables us to monitor customer activity levels and conduct various service scenario analyses. As a result, the quality of our major banking services has improved, and we have gained better accessibility to marketing conversion analysis. This advanced digital marketing approach is further enhanced through collaborations with big tech companies.

To ensure effective sales of products on a platform, we have cooperated with various partners, leading to the creation of Speed Factory, a data analysis-based digital product and service development process. These developments have resulted in improvements in in-app and mobile web development and API-based integration. Meanwhile, financial services have consistently improved through the implementation of digital innovative technologies. Representative examples of this progress include JB Financial Group's mobile banking services, Jeonbuk Bank's visual ARS service, and the introduction of tablet PC counters at both Jeonbuk Bank and Kwangju Bank. These customer-centric services not only enhance accessibility and quality but also contribute to enhancing operational efficiency.

Next Steps

JB Financial Group remains committed to keeping up with evolving financial trends through the discovery of JB's unique digital mix beyond the establishment of a Data Hub. Going forward, our intention is to systematize and advance integrated training programs for digital capability to nurture digital talents, who are key drivers of future growth.

Jeonbuk Bank will continuously enhance its digital competitiveness by focusing on generating digital revenue and expanding digital new businesses, thereby securing a competitive edge in digital channels.

Kwangju Bank aims to foster a digital innovation environment by reinforcing non-face-to-face channels and advancing the MyData system, as well as improving digital products and services.



Jeonbuk Bank's visual ARS service



Tablet PC counters at Kwangju Bank



Establishment of Corporate Development Division

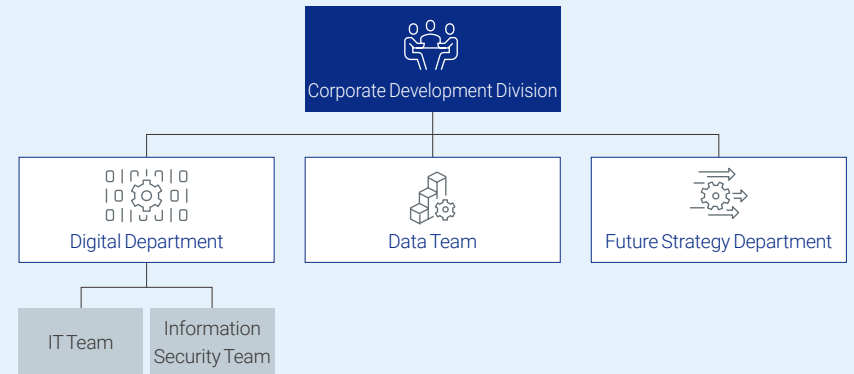
JB Financial Group has recently established the Corporate Development Division to facilitate an integrated approach to the digital and global sectors. We will make persistent efforts to enhance its capabilities and lead the future of finance.

Background of Establishment

In 2023, JB Financial Group replaced the previous Digital Transformation Headquarters with the Corporate Development Division to integrate the strategic planning system of the digital and global sectors. The Corporate Development Division conducts a comprehensive analysis of domestic and international digital finance and overseas business areas, enabling more effective formulation and implementation of our future strategies. Through this initiative, we are now more capable of enhancing our digital competitiveness and expediting the global expansion of new businesses. With entities like PPCBank, JB PPAM, JB Securities Vietnam, and JB Capital Myanmar under JB Financial Group, systematic strategies for new global businesses have gained significance. Particularly, we are witnessing a significant increase in demand for digital finance within the Southeast Asian market. Now, the Corporate Development Division allows us to optimize our response to the demands of global customers within the Southeast Asian market through close cooperation between the Digital and Future Strategy Divisions. Establishing the Corporate Development Division reflects our determination to pursue global market entry and advance digital finance actively.



Operational Framework



The Corporate Development Division comprises the Digital Department, Data Team, and Future Strategy Department. The Digital Department is responsible for formulating and supporting the DT strategy, conducting regular monitoring and analysis of digital initiatives within subsidiary companies, and researching the digital finance market to disseminate relevant information. The IT Team explores methods to enhance the development environment, ensuring a competitive edge in IT, and devises medium to long-term staffing plans. The Information Security Team conducts ongoing information security assessments and implements internal regulations and guidelines in response to regulatory changes. With autonomy, the Data Team focuses on big data strategies and strengthening data analysis capabilities, which are pivotal areas for JB Financial Group. On the other hand, the Future Strategy Department, previously part of the Business Planning Division, now assumes responsibility for business diversification, M&A, financial market research, and global business within the Corporate Development Division. In essence, the Corporate Development Division enables comprehensive analysis and strategic planning by encompassing digital, global, and M&A aspects.

Sustainable Finance

Climate change is rapidly deteriorating and requires more global action than ever before. The financial industry is joining the fight through various initiatives such as achieving net-zero financed emissions, promoting green finance, and phasing out coal financing. JB Financial Group has become the first regional financial group to join the Net Zero Banking Alliance, which was a testament to our commitment to achieving carbon neutrality earlier. In the coming year, we will support sustainable businesses through financial lending and enhance our ESG management to help restore our planet.



0

Net-Zero Direct & Indirect Emissions by 2035
Net-Zero Financed Emissions by 2045



17,059

Financing for eco-friendly businesses in 2022
Jeonbuk Bank KRW 993.8 billion
Kwangju Bank KRW 712.1 billion



9

Joined nine ESG global initiatives

Sustainable Finance #01

Preemptive Declaration of Net Zero for Transition to Low Carbon Economy

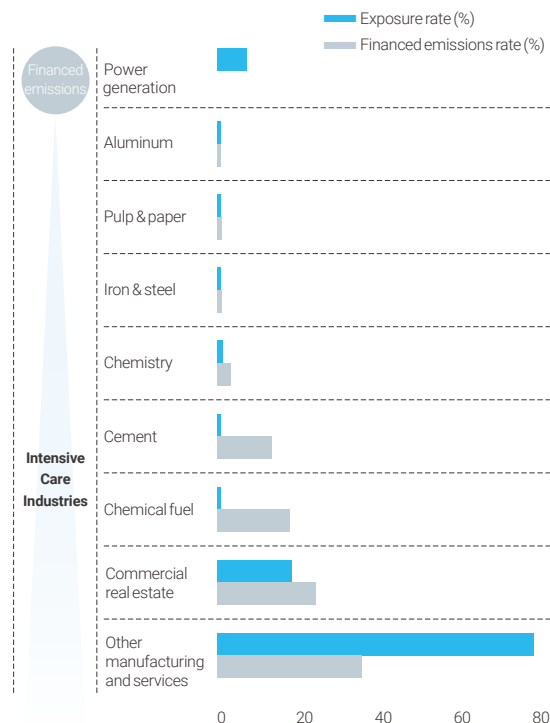
Our Efforts to Reach Net-Zero

2035 Net-Zero Direct & Indirect Emissions & 2045 Financed Emissions | In February 2022, JB Financial Group announced its net-zero goals in proactive response to the financial risks posed by climate change. These goals include achieving net-zero direct and indirect emissions by 2035 and net-zero financed emissions by 2045. To systematically work towards these goals, we have joined

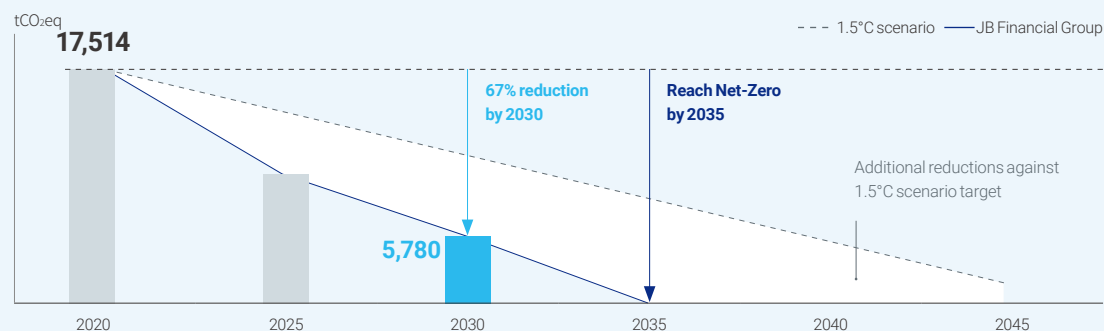
global initiatives and adopted their methodologies for measuring our direct, indirect, and financed emissions. We used the GHG Protocol to measure our direct and indirect emissions and the PCAF methodology to calculate our financed emissions. Our measurements showed that our scope 1 (direct) emissions were 3,171 tCO₂eq, our scope 2 emissions were 14,343 tCO₂eq, and our scope 3 (financed) emissions were 980,416 tCO₂eq, for a total of 997,930

tCO₂eq. Based on these results, we have set more specific targets for reducing our direct, indirect, and financed emissions and developed an implementation roadmap for reducing financed emissions and an intensity reduction target by Industry. Our investment in the power generation business is already using 100% renewable energy sources, meaning we have already achieved net-zero in that area.

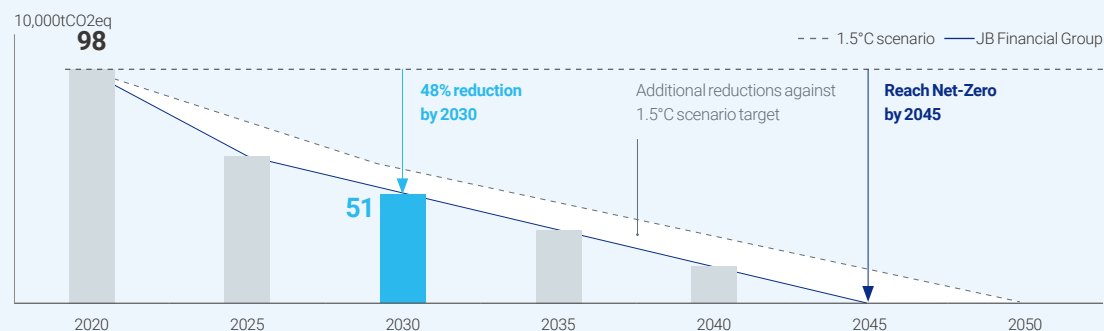
Financed Emissions by Industry



Implementation Roadmap for Net-Zero Direct & Indirect Emissions

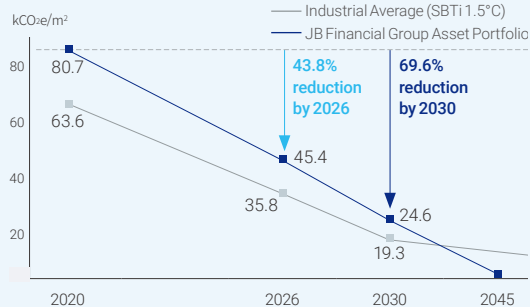


Implementation Roadmap for Net-Zero Financed Emissions

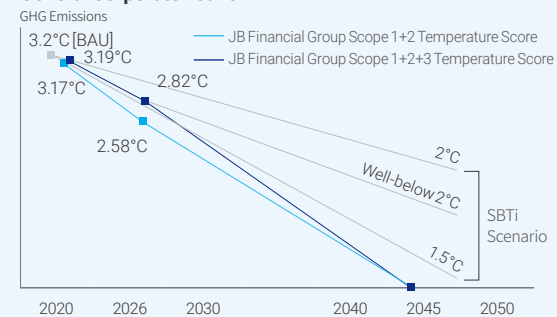


Intensity Reduction Target by Industries | JWe have established mitigation plans for commercial real estate loans, real estate investments, and REITs using the SBT's SDA methodology, with measures taken per square meter. For power generation financing, we have a reduction plan for every 1MWh of electricity generated. For general corporate loans, investments in listed companies, and bond investments, we used the SBT's Temperature Rating methodology to determine the current temperature score based on a 3.2°C scenario. We have also created implementation roadmaps for mitigation by asset.

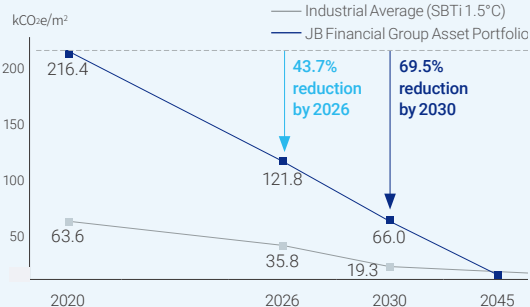
Commercial Real Estate Loans



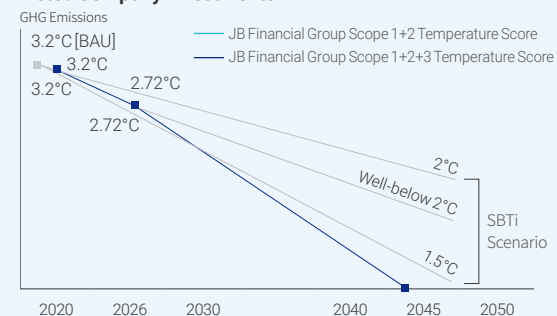
General Corporate Loans



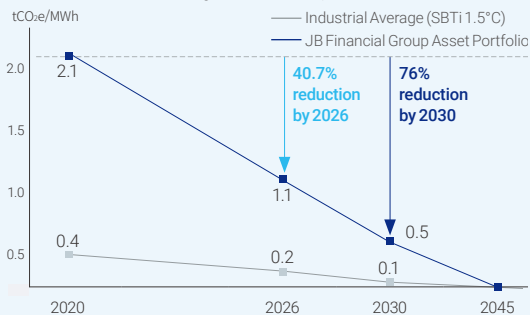
Real Estate Investments and REITs



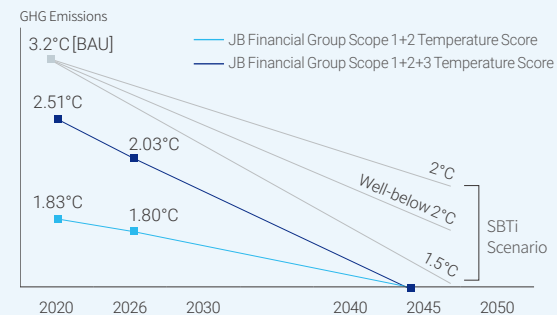
Listed Company Investments



Power Generation Project Financing



Bond Investments



Ending Coal Financing

In response to the global challenge of climate crisis, JB Financial Group has taken accelerated action to mitigate GHGs. In May 2022, we declared our goal of ‘Ending Coal Financing,’ which is a clear demonstration of our commitment to attaining sustainable green finance to transition to a low-carbon economy. As part of this initiative, the company has stopped participating in project financing for the construction of coal-fired power plants both domestically and internationally, and has also suspended the underwriting of bonds issued by SPCs and general bonds related to this area.

Our efforts to promote Ending coal financing extend beyond our group and involve collaboration with local governments. In 2021, Jeonbuk Bank signed a business agreement with the City of Jeonju to achieve net-zero emissions. It established a plan for climate action and are working with the city to phase out coal finance. Kwangju Bank has also been working with Gwangju Metropolitan City for a long time and in March 2023, it signed a business agreement to become a net-zero city by 2045. This agreement aims to combat climate crisis and implement ESG management. As the primary treasury of Gwangju Metropolitan City, Kwangju Bank plans to support citizen-led projects to reduce GHG emissions. We are not satisfied with our internal efforts and are expanding our support and investment in green practices.

Green Financial Products

JB Financial Group has broadened the scope of green financial products to support sustainable energy businesses, such as renewable energy sources and solar power, as alternatives to coal. As of 2022, the scale of eco-friendly financing was KRW 1.85 trillion and is expected to continue to grow. Jeonbuk Bank, the first local bank to adopt an ESG rating system and receive the highest rating of ‘STB1’ for social bonds from Korea Investors Service, issued ESG bonds worth KRW 500 billion as of 2022. In the same year, the loan balance for solar power equipment installation was KRW 993.8 billion. Kwangju Bank also provided KRW 712.1 billion in loans for the solar sector. JB Financial Group is committed to supporting the widespread use of sustainable energy in the business sector through the expansion of its green finance business.



Eco-friendly Global Initiative Activities

Currently, JB Financial Group is a member of nine global ESG initiatives. Of these, we have concentrated on seven initiatives focused on promoting green practices, such as the UNEP Finance Initiative and the Carbon Disclosure Project, with the objective to meet the global standards for green finance.

In August 2021, we became the first regional bank to join the Net-Zero Banking Alliance (NZBA). The NZBA brings together a global group of banks to reach net-zero by 2050. As of now, 90 financial organizations, including Goldman Sachs, Morgan Stanley, and HSBC, have joined the initiative. Members are required to reach net-zero emissions within their portfolio of assets by 2050. JB Financial Group has established its goals and plans to monitor its progress against these targets every five years starting in 2030. After joining the Partnership for Carbon Accounting Financials (PCAF) and the Science Based Targets initiative (SBTi), we received approval for our carbon reduction targets from SBTi in June 2022. This made us the second local bank and fourth company in Korea to achieve this. Additionally, we voluntarily measured a wider range of assets than required by SBTi for financed emission calculations, demonstrating our active commitment to fighting the climate crisis.

Sustainable Finance #02

Step Towards Advanced ESG Management beyond Internalization

ESG Committee Operation and Its Functions

In 2021, JB Financial Group launched an ESG Committee under its board to implement strategic ESG management from a mid- to long-term perspective. The committee, made up of all board directors, is responsible for setting ESG strategies, monitoring their progress, and making decisions on ESG matters at the group level. The committee has also integrated financial and non-financial performance for comprehensive management and supervision, thereby making ESG management permeate every corner of the group. To facilitate efficient ESG management, the ESG Council and ESG Working Council have been operated, attended by executives and working-level personnel from the holding company and its subsidiaries.

Green Campaigns and Programs in the Workplace

In 2022, as part of its environmental campaign, JB Financial Group created eco bags and offered them to employees through the group's webzine. The goal of this campaign was to encourage employees to use reusable items, such as eco bags, instead of single-use items like vinyl or paper bags. This helped promote green practices in their daily lives. Additionally, the group organized various social contribution events, including 'making toy soaps' and 'donating second-hand books', through their webzine. In November 2022, Jeonbuk Bank held a 'Picking-up Day' event that was attended by 400 employees, including the bank's president. This event was not just a one-time occurrence. Employees from all branches voluntarily participated and walked along streams and parks in Gunsan, Iksan, and Jeonju over the course of four to five days, making the event even more meaningful. Additionally, the bank carried out several campaigns aimed at environmental protection, such as 'Vegan Friday,' 'Energy Saving Day,' and 'Mission Possible,' to raise awareness

among its employees about eco-friendliness.

Kwangju Bank has implemented several green initiatives to promote sustainability. Every last Friday of the month is designated as 'ESG Vegan Day,' where employees can try various vegan diets. The bank has also joined the

K-EV100 project, led by the Ministry of Environment, and is committed to transitioning to all electric vehicles by 2030. Additionally, Kwangju Bank carried out other green activities such as 'Clean Day,' 'One to One Cleanup Activity,' and 'Kwangju River Cooperation and Labor Exchange.'

In-house Campaigns in 2022

Subsidiary Campaigns

Jeonbuk Bank	① Vegan Friday: Having a vegetarian meal every Friday
	② Energy Saving Day: Turning off lights and personal electric heaters outside working ours such as lunch breaks and after work
	③ Picking-up Day: Cleaning up the surroundings around its head office and branches using eco-friendly, biodegradable bags (quarterly)
	④ Happy Donation: Our resource circulation program aims at reselling items donated by its employees in collaboration with Beautiful Store, with all proceeds from sales donated to neighbors in need (half-yearly)
	⑤ Mission Possible_ Changing Habits: Four carbon-reducing missions (collecting and printing at once & black-and-white prints / tumbler use / using stairs at least up to three floors / reducing leftover) and taking a proof shot after the practices
	⑥ Commuter bus operation: Commuter buses to be operated on every Wednesday and Family Day on Friday (to be scheduled)
Kwangju Bank	① Joining K-EV100: A Korean transition project towards zero-emission vehicles driven by the Ministry of Environment
	② Clean Day: A cleanup campaign aiming to make the local community cleaner with all branches joining the campaign, a total of 720 campaigns conducted, equivalent to 5,600 hours
	③ Kwangju River Cooperation and Labor Exchange: Employees take the initiative in collecting waste within their designated areas, pulling weeds, and planting flowers on trails for citizens in partnership with the Gwangju Metropolitan City
	④ One to One Cleanup Activity: A range of cleaning activities based on the public-private cooperation, including creating gardens in clean sectors in front of branches, joining the campaign not to use single-use items, separating recyclables for disposal in accordance with the agreement with the Gwangju City Dong-Gu
	⑤ ESG Vegan Day: The day that serves vegetarian meals consisting of low-carbon and plant-based foods with the aim of raising environmental awareness and encouraging them to practice efforts to mitigate carbon footprint in their daily lives



Jeonbuk Bank's Picking-up Day for environmental cleanup



Kwangju Bank's ESG Vegan Day

Outstanding Performance in the ESG Evaluations

In December 2022, JB Financial Group was recognized by the Korea Corporate Governance Service (KCGS) for its outstanding performance in ESG management. The KCGS evaluated a total of 1,033 companies on non-financial aspects, including environmental management (E), socially responsible management (S), and governance (G). JB Financial Group received an A rating in the environmental sector, an A+ rating in the societal sector, and an A rating in governance. Additionally, in the same year, we received an A- rating in the Climate Change category of the CDP (Carbon Disclosure Project) evaluation, and in June 2023, we obtained an AA rating in the MSCI (Morgan Stanley Capital International) ESG evaluation, achieving excellent results in domestic and international ESG evaluations. JB Financial Group will continue to strive for excellence in ESG management from a long-term perspective.



Awarded a prize for excellent ESG management
at the award ceremony held by the KCGS

Next Steps

JB Financial Group is focusing on mid- to long-term ESG strategic tasks, led by the ESG Committee. Our main goal is to reduce energy consumption through systematic procedures that address climate risks and achieve net-zero emissions. We are committed to complying with environmental laws and global guidelines, and to developing and offering eco-friendly financial products and services.

Jeonbuk Bank and Kwangju Bank are redoubling their efforts towards green finance and coal-free financing, by expanding funding for sustainable finance.

ESG Performance



KCGS ESG Evaluation

A rating (selected as an exemplary company
in ESG management)



MSCI ESG Rating

AA rating¹⁾



CDP (Climate Change)

A- rating

¹⁾ As of the end of June 2023



Customer-first Finance

The Increased pace and magnitude of societal changes have led to the diversified needs of consumers, who are the most important stakeholders of businesses. Also, intensified information security issues are posing a threat to the consumer safety. In response, companies must be equipped with optimal solutions to address these fast-evolving circumstances. JB Financial Group remains dedicated to satisfying financial consumers while ensuring their utmost protection through the implementation of adequate systems and various programs.



118/191

Prevention of financial fraud through FDS
Jeonbuk Bank: 118 cases
Kwangju Bank: 191 cases



4.79/99

Customer satisfaction
Jeonbuk Bank: 4.79 out of 5
Kwangju Bank: 99 out of 100



S

Grade S in information security evaluation

Customer-first Finance #01

Customer-Oriented Finance: Prioritizing Consumer Protection

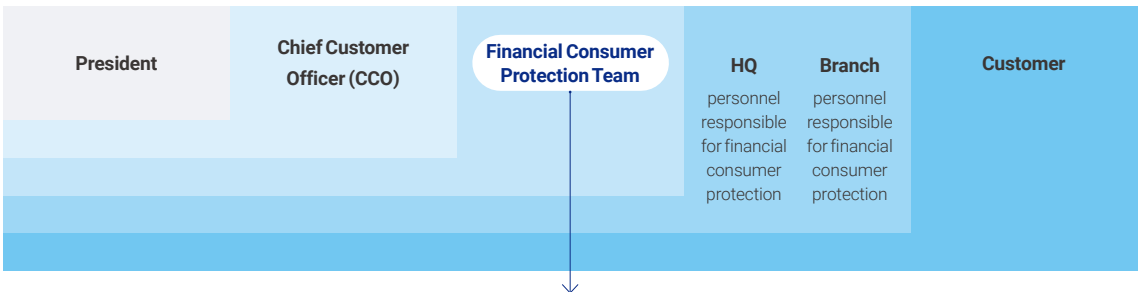
Organizations for Financial Consumer Protection

JB Financial Group has implemented systematic measures to prioritize financial consumer protection. The BOD of our subsidiaries reports on risks related to potential violations of consumer rights for review. We have established a dedicated organization responsible for financial consumer protection, which operates under the direct control of top management. Additionally, we have appointed Chief Customer Officers (CCO) in each subsidiary to oversee financial consumer protection. To further ensure consumer protection, we operate the Internal Control Committee for Financial Consumer Protection, consisting of the President, CCO, compliance officer, head of the risk management division, and the heads of each business division. This committee addresses significant issues related to financial consumer protection, devises relevant strategies, and monitors the

development of financial products, sales practices, and information disclosure to safeguard consumer interests. Jeonbuk Bank has established a transparent complaint handling system through the Financial Consumer Protection Team, an organization dedicated to consumer protection affairs. At both the headquarters and branch levels, we have appointed personnel responsible for financial consumer protection to strengthen consumer safeguards. We have developed manuals for internal control inspections, which systematize inspections for financial consumer protection. Through regular inspections, we identify and mitigate significant risks associated with consumer rights and implement appropriate measures. Once the organization for financial consumer protection is established, it is essential to continuously refine the management system. The leakage of customer

information can easily be exploited for various crimes, resulting in negative consequences for both companies and individuals. To mitigate this risk, we have implemented a high-level financial consumer information protection system and robust security systems. Our focus extends beyond technological advancements in the systems, and we employ a 24/7 integrated security monitoring system to proactively prevent security incidents. Furthermore, both Jeonbuk Bank and Kwangju Bank currently operate an AI-based Fraud Detection System (FDS) to proactively prevent crimes such as financial fraud, hacking, and voice phishing. The introduction of the FDS system at Kwangju Bank has significantly increased the amount of prevented losses from voice phishing, reaching KRW 3 billion in the first half of 2022 alone. As a result, both Jeonbuk Bank and Kwangju Bank have achieved an 'S grade' in the information security assessment system.

Financial Consumer Protection System in Jeonbuk Bank



Internal Control Committee for Financial Consumer Protection

- Highest resolution body for the internal control of financial consumer protection
- Chairman: President



30

Amount of prevented losses from voice phishing through the FDS system (unit: KRW 100 million)

Our Efforts to Safeguard Financial Consumers

We prioritize consumer protection not only against external threats but also during the product development stage within our affiliates. To this end, we have established a product development process that ensures consumer protection in financial products. This process is built upon internal regulations and rules for financial consumer protection in product development. Prior to any consultations, we diligently review a checklist to ensure that there are no disadvantages for consumers from the perspective of financial consumers.

Additionally, Jeonbuk Bank and Kwangju Bank conduct regular training programs and campaigns to raise awareness among financial consumers about voice phishing and illegal private loans. In June and July 2022, Jeonbuk Bank and Kwangju Bank collaborated with the Financial Supervisory Service to organize street campaigns dedicated to voice phishing prevention. In the future, we plan to extend these campaigns beyond bank branches,

directly reaching out to consumers in order to enhance awareness and vigilance among financial consumers.

Ensuring Fair Advertisements for Financial Products

Jeonbuk Bank has developed comprehensive standards and procedures for creating and internally reviewing advertisements, with the aim of ensuring the creation of fair advertisements for financial products. It is crucial for financial customers not only to be informed about their consumer rights but also to understand the content of financial products. Advertisements should be delivered in accordance with fair trade regulations to maintain transparency and fairness. To comply with the Financial Customer Protection Act, a compliance officer reviews all advertisements for financial products prior to their release. Furthermore, financial product advertisements created by agents or intermediaries undergo a pre-confirmation process before they are granted permission for distribution.

Achievements Built on Consumer-first Financial Practices

We are dedicated to implementing consumer-oriented financial practices, striving to provide the best services and products to our customers. As a result, Kwangju Bank has achieved the top ranking among regional banks in the 2023 'Brand Power of Korea Industry,' conducted by Korea Management Association Consulting (KMAC). This evaluation system is a representative measure of product, service, and brand competitiveness across various industries in the country. This achievement holds even greater significance as Kwangju Bank has maintained its position as the top-ranked regional bank for six consecutive years. Additionally, Kwangju Bank has been recognized as an outstanding company in the 'Korea Consumer Protection Index (KCPI)' for the regional bank sector for two consecutive years. These accomplishments serve as a testament to the commitment and excellence in customer-first management demonstrated by Kwangju Bank and JB Financial Group. Looking ahead, JB Financial Group will continue its efforts to achieve higher customer satisfaction by realizing consumer-centric finance.

Product Development Process for Consumer Protection



Kwangju Bank: No.1 for 6 years in Customer Satisfaction at 2023 Brand Power of Korea Industry

Customer-first Finance #02

Enhancing Financial Consumer Rights to Elevate Customer Value

Respecting Rights of Financial Consumers

While protecting customers, financial institutions also have a role in assisting financial consumers in protecting themselves to a certain extent. To fulfill this role, financial institutions should ensure that financial consumers have the right to be informed. In this regard, we disclose the number of both internal and external customer complaints, as well as the evaluation results of financial consumer protection. Regarding customer complaints, we publicly announce the quarterly number of complaints, the number of complaints categorized by financial product types and major products. The evaluation results of financial consumer protection are disclosed, covering both quantitative and qualitative aspects. In addition, we have implemented policies that respect the rights of financial consumers by providing options for loan modifications and implementing debt collection policies. Specifically, through the loan modification option

system, we enable clients with increased income to request an interest rate reduction after taking out a loan. Moreover, for customers with delinquent debts, we send

notifications and inform them three business days before the start of the collection process to ensure consumers' right to know.

Items and Indicators of Financial Consumer Protection Evaluation

Category	Items	Indicators
Quantitative aspects	Complaints handling efforts and litigations involving financial consumers	<ul style="list-style-type: none"> • No. of customer complaints • Complaint increase rate • Complaint resolution timeframe • Lawsuits involving financial consumers
	Financial accidents and helping to find dormant financial assets	<ul style="list-style-type: none"> • Financial accidents • Helping to find dormant financial assets
Qualitative aspects	Establishment of internal control system for financial consumer protection and implementing dedicated organizations and personnel for its operation	<ul style="list-style-type: none"> • Establishment and operation of internal control and financial consumer protection standards • Roles of the BOD and CEO in building and operating the internal control system • Installation and operation of the Internal Control Committee • Appointment and responsibilities of the CCO • Establishment and operation of the overarching organization for financial consumer protection
	Standards and compliance procedures in the financial product development stage	<ul style="list-style-type: none"> • Roles of the BOD and CEO in building and operating the internal control system
	Standards and compliance procedures in the financial product sales stage	<ul style="list-style-type: none"> • Installation and operation of the Internal Control Committee
	Standards and compliance procedures in the financial product post-management stage in addition to compliant handling	<ul style="list-style-type: none"> • Appointment and responsibilities of the CCO
	Education on financial consumer protection for employees and operation of compensation system	<ul style="list-style-type: none"> • Establishment and operation of the overarching organization for financial consumer protection
	Providing information to financial consumer and preventing harm for vulnerable groups	<ul style="list-style-type: none"> • Providing information and guidance on financial consumer rights • Improving transaction convenience and preventing harm for vulnerable groups • Other efforts to prevent financial consumer harm

Customer Complaints (credit card issuing banks)

Category		Jeonbuk Bank	Kwangju Bank
Internal complaints	Total No. of cases	0	1
	No. of cases excluding credit card-related issues	0	1
External complaints	Total No. of cases	6	11
	No. of cases excluding credit card-related issues	5	11
Total	Total No. of cases	6	12
	No. of cases excluding credit card-related issues	5	12

Advancing Communication Channels and Complaint Handling Procedures

Jeonbuk Bank operates a customer panel system called 'Saeng Saeng Talk.' The 3rd session took place in 2022, actively seeking feedback from customers on improvements in financial products and services. In particular, in 2022, the customer consultation group was divided into two groups to answer open-ended survey questions on customer satisfaction. This initiative reflects our commitment to listening to the opinions of various financial consumers. Furthermore, Jeonbuk Bank selects 20 university students in Jeonbuk as college student supporters, who contribute their ideas and help promote various products and policies of Jeonbuk Bank on social media platforms. Additionally, Jeonbuk Bank continues its efforts to prevent financial fraud by sending quarterly text messages to alert customers and updating the website with the latest information on preventing telecommunications-based financial fraud. In parallel, Kwangju Bank operates the 'Talk-Talk Advisory Group.' Currently in its 7th session, the advisory group consists of members from various age groups, ranging from their 20s to 40s. They propose diverse ideas for improving financial products and processes and represent the voice

of customers. The Talk-Talk Advisory Group directly experiences Kwangju Bank's financial products and services, identifying areas for improvement. Notably, more than 20 significant issues raised by the group have been incorporated into actual management policies. On another front, we are continuously enhancing the channels and processes for consumer complaint handling. Complaints can be submitted through various channels such as the website, phone, fax, and mail, and they are processed according to our established complaint handling procedures. Complaints received from the Financial Supervisory Service are resolved within the specified processing period as a principle, while other complaints are generally addressed within 14 business days. Simple complaints and suggestions are handled within 10 business days, and inquiries and general questions are responded to within 5 business days. We provide complainants with detailed information about the outcome of their complaints and conduct root cause analysis and preventive activities to minimize the likelihood of recurrence. Furthermore, we conduct education programs on complaint cases to improve our services and reduce the number of complaints.

Next Steps

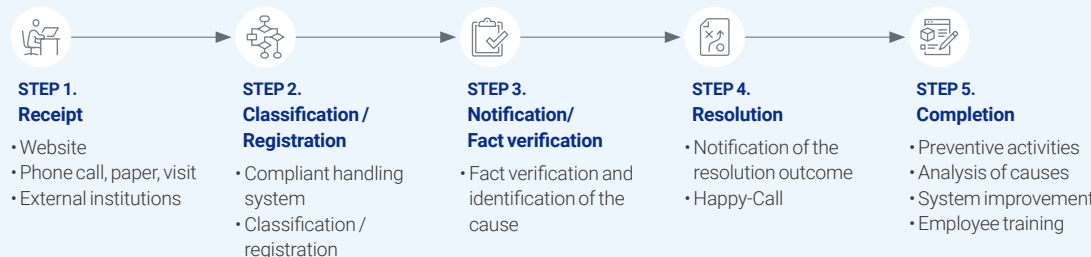
JB Financial Group is committed to further developing its current integrated security monitoring system by harnessing the power of big data and AI systems. This advancement will enable us to enhance the protection of customer information and deliver improved customer services.

Jeonbuk Bank is dedicated to strengthening the role of the 'Saeng Saeng Talk' customer consultation group and actively integrating the feedback and opinions of financial consumers into our business operations. We will also upgrade our mobile services to provide more personalized experiences, ensuring that customers can easily access financial services.

Kwangju Bank aims to increase customer engagement in the 'Talk-Talk Advisory Group' and continue our journey towards excellent customer-oriented management. Moreover, we will focus on refining every aspect, including the personalized layout of non-face-to-face channels, to ensure customer satisfaction and meet their rights and expectations.



Customer Compliant Handling Process



Inclusive Finance

With the aftermath of COVID-19 and the global economic downturn, more people are facing financial difficulties. Inclusive finance has become increasingly significant in helping those who are overlooked by conventional finance. Our business focuses on promoting shared growth by collaborating with local small business owners, SMEs, and those who are economically disadvantaged. We also strive to be a company that demonstrates love for our neighbors through various social contribution activities that benefit local communities.



1/1

1 Warm Financial Clinic Center of Jeonbuk Bank
1 Inclusive Finance Center of Kwangju Bank



4.79/99

Total amount of local social contribution in 2022
Jeonbuk Bank: KRW 19.23 billion
Kwangju Bank: KRW 33.55 billion

Inclusive Finance #01

'Compassionate and Inclusive Finance' Lowering the Threshold and Increasing Accessibility

Financial Support for the Economically Underprivileged

Financial Assistance to Small Business Owners | JB Financial Group continues to offer financial assistance for the economically disadvantaged who are facing hardships or have limited access to the financial sector. A notable example is the special holiday fund support for small business owners and local SMEs. In commemoration of the Lunar New Year 2023, Jeonbuk Bank provided a total of KRW 500 billion (KRW 250 billion new, KRW 250 billion extended) in special working funds for the Lunar New Year holidays. The beneficiaries of the Lunar New Year special working fund, which applies a preferential interest rate depending on the level of transaction contribution, are SMEs that are likely to have temporary difficulties in securing funds due to economic slowdown and sales decline. In the case of Kwangju Bank, a total of KRW 600 billion (KRW 300 billion for new, KRW 300 billion for maturity extension, up to KRW 5 billion per company) was provided as a special fund for SMEs and small business owners located in the region during the Lunar New Year holidays. Jeonbuk Bank and Kwangju

Bank assisted small business owners and SMEs with special funds not only directly but also through business agreements with local governments and institutions. In February 2023, Jeonbuk Bank signed a business agreement with the Jeonbuk Credit Guarantee Foundation for financial support for small business owners in the region. In February 2023, Jeonbuk Bank entered into a business agreement with the Jeonbuk Credit Guarantee Foundation for financial assistance for small business owners in the region. This project is implemented in the form of Jeonbuk Credit Guarantee Foundation issuing a KRW 7.5 billion guarantee based on Jeonbuk Bank's special financing of KRW 250 million to the foundation. In 2023, Kwangju Bank signed a special guarantee business agreement with the Jeonnam Provincial Government (Jeonnam SME Job Promotion Agency) in February and Gwangju Buk-gu Office (Gwangju Credit Guarantee Foundation) in March. The purpose of it is to assist small business owners who are struggling from the economic downturn, and offers benefits such as maintaining the maximum interest margin when borrowing. Both Jeonbuk Bank and Kwangju Bank are striving to alleviate

the financial burden of SMEs and microbusiness owners through various direct and indirect forms of financial assistance.

Financial Support for Youth and Foreigners | We have been improving our financial support programs for young people and foreigners in areas where they may face financial difficulties. Jeonbuk Bank has been offering specialized financial products for foreigners that may not be available in other banks since 2017, including a livelihood stabilization loan project to help them settle down. In addition, we employed staff from 12 countries, including China and the Philippines, and operated a dedicated branch for foreigners who faced difficulties in banking due to language barriers. As a result, we supported more than KRW 200 billion based on the transaction amount in 2022, and in November 2022, we entered into a joint business agreement with Hanil University for the financial assistance specialized for foreign students. With this agreement, Jeonbuk Bank offered foreign students at Hanil University with preferential exchange rates, preferential remittance fees, and financial assistance when converting their visa



Kwangju Bank's special support for small business owners



Jeonbuk Bank's specialized financial support for international students



5,000

Jeonbuk Bank's New Year's special fund support for small business owners and SMEs(unit: KRW 100 million)



6,000

Kwangju Bank's New Year's special fund support for small business owners and SMEs(unit: KRW 100 million)

to a loanable one. On top of that, we are continuously launching specialized products for young people, such as ‘Double Installment Savings with Jeonbuk Youth.’

Kwangju Bank also launched a special offer of monthly rent deposit loans customized for youth in February 2023. This is to assist monthly rental fees for young people who lack financial resources in the era of high interest rates and high prices. The special offer of monthly rent deposit loans customized for youth with a limit of KRW 20 billion provides youth with preferential interest rates of up to 0.4%. In addition, we also issue a guarantee from Korea Housing Finance Corporation (HF) for them. Going forward, we will continue to identify the people who need financial support, such as youth and foreigners, and implement customized support policies, thereby becoming a financial group that fosters shared growth with customers.

Warm Financial Clinic and Inclusive Finance Center

JJB Financial Group is the only one operating the specialized branch in the banking sector. Through the operation of it, we are continuously committed to inclusive finance. The specialized branches of our subsidiaries, Jeonbuk Bank and Kwangju Bank, are operated for the

financially disadvantaged and the people with low credit. They provide financial products and counseling, and consulting customized to the situations of those who have limited access to the primary financial sector. They do not just pursue the profit of the bank but recommend loan products suitable for them so that they can help reduce their debt burden and ultimately increase their assets. Jeonbuk Bank’s Warm Financial Clinic Center and Kwangju Bank’s Inclusive Finance Center have been steadily playing this role for several years.

Jeonbuk Bank’s Warm Financial Clinic Center offers services such as customized financial consulting for middle-class people and small business financing business support consulting. The main service is debt management that helps individuals and companies analyze their financial status and manage their debts. In July 2022, it also expanded the debt management service that lowers interest rates. This is to enable the interest rate to decrease when the credit rating improves after receiving high-interest loan replacement consulting without any additional application. Kwangju Bank operates the Inclusive Finance Center, a financial one-stop comprehensive counseling center for the local low-income people. At the center, we provide financial

assistance, education, and consulting, and as of April 2023, the number of users surpassed 2,500. Kwangju Bank also reported that 48% of customers who use the center achieved a credit rating rise. JB Financial Group’s pursuit of community-based inclusive finance aiming for win-win growth will persist in the future.

Increase of Financial Accessibility for Senior Citizens

The term ‘Senior’ is gaining significance in various industries, especially finance. This group of customers is crucial, but they may face challenges with the increasing digitalization of everyday life. JB Financial Group is working consistently to enhance financial services for seniors, namely elderly people. In the case of Jeonbuk Bank, all branches have at least one window dedicated to the elderly, and a dedicated staff member supports senior customers with financial services such as depositing and withdrawing cash and checks, reissuing bankbooks, and receiving pensions. It also offers training on how to prevent voice phishing, issuing bankbooks, and using automated devices. Moreover, direct services such as preferential application of interest rates for senior deposits and installment savings products, and 50% reduction in cash withdrawal fees and other bank transfer fees for customers aged 65 or older are provided. Since 2015, Kwangju Bank has been operating a branch exclusively for senior customers. As of 2023, a total of three Exclusive Branches for the Elderly are in operation, and customized benefits and services are offered only for senior customers. Customers aged 65 or older who visit the branch are exempted from paying fees and can receive health counseling once a month. The Exclusive Branches for the Elderly are continuously receiving positive feedback from senior customers who have challenges in using mobile applications and issuing certificates.



Jeonbuk Bank’s Warm Financial Clinic Center



Kwangju Bank’s Inclusive Finance Center

Inclusive Finance #02

Sharing to Make a Society Better

Financial Education, the Foundation of Financial Group's Social Contribution Activity

We make continuous efforts in financial education for the general public, which is a social contribution field that can showcase our expertise as a financial group. Each of our subsidiaries actively provides financial education programs. For instance, Jeonbuk Bank opened JB Platform, the first 'financial edutainment center' in Korea, aiming to offer digital financial education utilizing JB Platform. In March 2023, it developed its own curriculum under the slogan of 'SMART digital financial education' and operated a 'financial education week' for individuals or groups from 3rd grade of elementary school to 3rd grade of middle school. Kwangju Bank operates the one and only financial museum in Gwangju City and Jeollanam-do at its head office. It also offers an educational program called, 'visiting financial museum' with an aim to teach about the history of finance and currency with a curator's explanation of the exhibition. Kwangju Bank has provided financial education for 4,147 teenagers on a total of 221 sessions. On top of that, both Jeonbuk Bank and Kwangju Bank operates 'One Company to One School' financial class on a regular basis. The program refers to a 1:1 sisterhood relationship between a bank and a local school, and through it, the bank provides financial education for school students on a regular basis. In 2022, Jeonbuk Bank held a financial class at Jinpo Middle School in Gunsan, while Gwangju Bank conducted a reading quiz show called, 'Let's Read, Reading King!' with the students in Shinan Imja High School.

Financial Education Activities in 2022

Category	Activity	Details
Jeonbuk Bank	JB Platform Financial Experience	Financial education program using JB Platform, a financial edutainment center
	'One Company to One School' financial class	Visiting financial classes for elementary and high schools located in Jeonbuk area that are affiliated with 'one company to one school' program
	Financial Education for the Underprivileged	Financial education programs for the financially underprivileged such as seniors and the disabled
Kwangju Bank	Financial Education for Youth	Customized financial classes that are provided by different levels targeting youth in schools, study rooms, and disabled facilities and youths outside of school boundaries who wish to receive financial education
	'One Company to One School' financial class	Visiting financial classes for 69 elementary and high schools in Gwangju and Jeonnam areas that are affiliated with 'one company to one school' program
	'MZ Personal Branding' for high school graduates	Financial common sense and self-development lectures that newcomers to society should know targeting high school seniors who have completed the college entrance examination
	'Bankance' during vacation	A vacation program for Gwangju / Jeonnam elementary school students providing financial education and cultural experiences through visiting the main branch
	'Let's Read, Reading King!'	A participatory program with a quiz show format that throw questions about financial common sense that can be studied with 'must-read books' selected by Kwangju Bank with an aim to foster reading habits and financial common sense among teenagers



Kwangju Bank's 'Let's Read, Reading King!'



Jeonbuk Bank's 'JB Platform Financial experience'

Sharing with Local Communities

JB Financial Group is actively engaging in social contribution activities to promote a sustainable social environment and foster win-win growth with the local community. In response to the economic downturn caused by COVID-19, we identify areas in need and provide essential supplies and donations. We also work alongside local governments to support vulnerable individuals. As part of our efforts to assist children in transportation, Jeonbuk Bank has established 'JB Yellow Carpet' in school zones where kids can safely wait within a designated area featuring a yellow background. To date, seven JB Yellow Carpets have been installed, and we plan to continue this initiative in the future. Kwangju Bank has been persistently operating the 'Blooming Hope in Children,' a program that selects some of the middle and high school students in the region who are striving to achieve their dreams despite difficult family circumstances and sponsor them to go to university. By December 2022, the 7th and 8th youths were selected, and it has continued to select and support excellent talents by field such as Korean dance art and learning. Jeonbuk Bank and Kwangju Bank are committed to being socially responsible companies that care for their communities. They demonstrate this through programs like 'JB Hope for Children in Class' and 'Gift for Daughters' that contribute to the well-being of neighbors around them.



2.55

Total amount of scholarships given by the Jeonbuk Bank and Kwangju Bank scholarship foundation. (unit: KRW 100 million)

Social Contribution Activities for Local Communities in 2022

Category	Activity	Details
Jeonbuk Bank	JB Cultural Shelter for the Elderly	Enhancing the living environment of an elderly welfare center to facilitate the participation of the senior citizens in various cultural and leisure activities
	JB Happy House	Enhancing the residential environment of low-income multicultural families to promote the well-being of married immigrant women in Korea
	JB Yellow Carpet	Creating a space with a yellow background where children can wait safely in the school zone of the local elementary school
	Hope Sharing Award	Conducting interviews with individual donors who have exemplary stories and featuring them through TV, radio and YouTube to foster a culture of sharing
	Senior Financial Welfare Consultant	Providing credit and financial education or mobile counseling services to the financially vulnerable, such as young people striving for self-reliance, by retired employees of Jeonbuk Bank
	Green Drawing Contest	Organizing a contest for elementary school students to raise awareness of environmental preservation in the local community and to encourage the practice of ESG management
	Happy Memory Family Photo	Offering free family photo sessions and delivering framed photos to disabled families with geographical and economic challenges
	Love Neighbor Gift Package for the Lunar New Year	Delivering boxes of daily necessities to the underprivileged at the beginning of the year after employees packing them
	Sharing Cool & Warm Kits	Delivering boxes of summer and winter items to the vulnerable during hot and cold seasons after employees packing them
	Relief Kit for Disaster Victims	Delivering relief kits to disaster-affected people who are facing severe difficulties due to sudden fire and flood damage
	Sharing in Chuseok	Delivering rice that is purchased from social enterprises to the underprivileged through employees' volunteer activities
	Buying in Traditional Market Event	Promoting the culture of sharing by donating items purchased at traditional markets to the underprivileged to revitalize the local economy
	Briquette, Blanket, Kimchi Sharing	Sharing kimchi made by employees with neighbors and delivering briquettes and blankets participated by new employees



Gift for Daughters



JB Hope for Children in Class



JB Yellow Carpet

Category	Activity	Details
Kwangju Bank	Free Sharing of Food for Seniors	Visit social welfare centers in Gwangju and Mokpo and providing complimentary meals to the senior citizens by collaborating with employees and college promotion ambassadors
	Blooming Hope in Children	Identifying middle and high school students in the region who are pursuing their dreams despite challenging family situations, who demonstrate outstanding academic performance and exemplary conduct, and supporting them until they enroll in college
	Scholarship for Talent Development	Contributing talent development scholarship funds to Bitgoeul Scholarship Foundation for the educational advancement and local talent cultivation in Gwangju
	Buying in Traditional Market for Holiday	Assisting the revitalization of the local economy by engaging children in shopping experiences in traditional markets and donating Onnuri gift certificates to the underprivileged
	Sponsoring Local Youth with Hope Package for School	Providing school supplies and gift packs essential for learning for the new academic year to young people from disadvantaged family backgrounds in the region
	Full Moon Wish Gift for Children in the Marginalized Class	Offering donations and gifts that children usually desire to two broken families on Chuseok
	Employee Blood Donation Campaign	Organizing a blood donation campaign to address the shortage of blood supply with the voluntary participation of employees of the head office
	Briquette and Kimchi Sharing	Engaging in volunteer activities to deliver briquettes, energy support expenses, daily necessities to families of the underprivileged in energy poverty, and delivering kimchi to social welfare centers in the region
Common	JB Hope for Children in Class / JB Blooming Hope	Enhancing the learning environment of poor local children's centers so that children can study to their full potential and grow up healthy
	Gift for Daughters / Pink Box	Distributing sanitary products so that female teenagers can grow up healthy without suffering due to economic difficulties
	Giving scholarships through establishing a scholarship foundation	Establishing Jeonbuk Bank Scholarship and Culture Foundation in 2010 to discover and nurture excellent local talent, and providing scholarships worth a total of KRW 1.27 billion to 2,700 local scholarship students Providing KRW 125 million of scholarships to 250 middle, high, and college students from underprivileged families in the province every year Establishing Kwangju Bank Scholarship Foundation, granting a total of KRW 3.7 billion in scholarships to 4,492 local students, awarding a total of KRW 130 million in scholarships to 104 students from the Gwangju and Jeonnam regions who demonstrated outstanding academic performance and exemplary conduct, inspiring others



JB Hope for Children in Class / JB Blooming Hope



Gift for Daughters / Pink Box



Giving scholarships through establishing a scholarship foundation

Next Steps

JB Financial Group established a social contribution system in 2022 with an aim to better organize their efforts towards making a positive impact on society. Moving forward, we plan to join hands with our employees to invest resources towards addressing the struggles of socially underprivileged individuals in the community. This aligns with their ESG mission, 'JB Finance, your reliable partner for a better future,' while also enhancing social value.

Jeonbuk Bank intends to progressively increase the amount on an annual basis by enhancing and advancing inclusive finance. Furthermore, it will persist in supporting local small businesses through proactive collaboration with local governments.

Kwangju Bank will persist in maintaining and developing key projects such as sharing projects for the underprivileged, community-based win-win projects, financial education talent donation, and community love volunteer groups for coexistence with the local community. Through this effort, it aims to pursue value beyond profits.



Our Efforts for Shared Growth with Local Communities

JB Financial Group, which has regional bases in Jeonbuk and Gwangju, has been persistently striving to find a way to coexist and collaborate with the local community. Both Jeonbuk Bank and Kwangju Bank are focused on giving back to the region by returning resources, such as residents' deposits, while not neglecting sharing, education, and service that is closely related to local residents.

Special Recruitment of Local Talent

The rate of local talent departing the metropolitan area is increasing every year. As people in their 20s and 30s leave in pursuit of jobs, the vacancy is filled by the economic downturn caused by the aging of the city. To prevent this vicious cycle from repeating, JB Financial Group, a regionally-based financial company, and its subsidiaries implement a 'special recruitment of local talent' system when openly hiring new employees. This turns it into a virtuous cycle of coexistence with the region as a result of offering quality jobs to the region and embracing outstanding talent in the region.

In the open recruitment of new employees of Jeonbuk Bank and Kwangju Bank, which took place concurrently in September 2022, Jeonbuk Bank recruited employees in three fields; general finance, statistics, IT, and digital. They allocated more than 80% of human resources. Kwangju Bank recruited middle-level bankers (4-year college graduates and prospective graduates in February 2023) and junior bankers (high school graduates and prospective graduates in February 2023). It is divided into local talent, general talent, and talent in specialized field (digital and IT, statistics and mathematics). Among them, only graduates (or prospective graduates) from high schools or colleges located in Gwangju or Jeollanam-do regions can apply for middle-level local talent and digital and IT categories. For the junior level, only graduates (or prospective graduates) of high schools located in Jeollanam-do are qualified to apply. Going forward, JB Financial Group will actively recruit talented people in the region and make endeavors to create a prosperous community together with regional talent and companies.

Top Ratings in Regional Reinvestment Evaluation

Since August 2020, the Financial Services Commission and the Financial Supervisory Service have been implementing a regional reinvestment evaluation system. The evaluation is also an indicator that can verify how much a financial company that mainly handles local deposits has contributed to the growth of the local economy. Key evaluation items include outflow of local funds, support for small and medium-sized enterprises, loans for the common people, infrastructure investment, and regional finance support strategies. In 2022, Jeonbuk Bank and Kwangju Bank, both subsidiaries of JB Financial Group, received 'Excellent' ratings for their regional reinvestment efforts. Jeonbuk Bank was praised for its exceptional performance in supplying funds to its head office and neighboring areas, as well as for its contribution to the development of financial infrastructure. Meanwhile, Kwangju Bank was the only commercial and regional bank in Jeonnam region to receive the highest rating, thanks to its active operation of the Inclusive Finance Center and financial support for small- and medium-sized enterprises affected by the COVID-19 pandemic. JB Financial Group aims to continue its community-friendly actions and to be recognized as a bank that consistently works with local residents.



Delivering Jeonbuk Bank's scholarship fund to 'Jeonbuk Hometown Scholarship Foundation'



Delivering Kwangju Bank's 'Gwangju Jeonnam Love' card donations to Gwangju City

ESG REPORT

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Yongdam Lake

ENVIRONMENT

Action on Climate Change

Strategy

JB Financial Group has announced its commitment to combat climate change and transition to a low-carbon economy by achieving net-zero direct and indirect emissions by 2035, and financed emissions by 2045. To systematically implement these goals, we joined the PCAF and SBTi, and our carbon mitigation targets were approved by the SBTi in June 2022, making us the second local financial firm to do so. As a result, we plan to reduce our emissions by 67% by 2030 compared to the base year of 2020, and reduce our financed emissions by 48% by 2030. Our roadmaps for achieving these targets meet the requirements for limiting global warming to an average of 1.5°C and are designed to allow for additional reductions beyond our targets.

Our Board of Directors' ESG Committee has the authority to supervise and approve climate-related issues. Every year, the committee makes decisions on these issues, including the resolution to phase out coal financing in 2022 and setting our policy direction to respond to the climate crisis. Our CEO, CFO, and CRO have increased their roles in systematically responding to the risks posed by global warming.

Climate-related risks are integrated into our company-wide governance and risk management system, with final decisions made by the Risk Management Committee and the ESG Committee. JB Financial Group will go the extra mile to mitigate GHG emissions as well as to accomplish sustainable growth that benefits all stakeholders by preventing financial risks posed by climate change and proactively responding to climate change.

Target

Target for mitigating direct and indirect emissions		Target for mitigating financed emissions	
by 2035	by 2030	by 2045	by 2030
Net-Zero	67% reduction	Net-Zero	48% reduction

Performance

To reduce our negative impact on the environment, we have set targets for curtailing GHG emissions and energy consumption and are monitoring our progress. Our ESG Team, which is fully responsible for environmental management within our holding company, has established a GHG inventory system for the group. We have also expanded the scope of our GHG emissions and energy use calculations to include our five domestic subsidiaries, as well as our main offices and branches.

GHG Emissions

Category		Unit	2020	2021	2022
GHGs	Total emissions (Scope 1,2,3)	tCO ₂ eq	17,645	15,705	16,307
	Direct emissions (Scope 1) ¹⁾	tCO ₂ eq	3,171	2,997	2,983
	Indirect emissions (Scope 2) ²⁾	tCO ₂ eq	14,343	12,587	12,956
	Other emissions (Scope 3) ³⁾	tCO ₂ eq	134	123	371
	- Business trip	tCO ₂ eq	134	73	124
	- Cash delivery	tCO ₂ eq	-	50	76
	- Waste	tCO ₂ eq	-	-	171
GHG emission intensity ⁴⁾		tCO ₂ eq/ persons	5.00	4.42	4.55

1) FY 2022 target: 2,997 tCO₂eq2) FY 2022 target: 12,587 tCO₂eq3) FY 2022 target: 382 tCO₂eq

4) Emissions per employee

Energy Consumption

Category		Unit	2020	2021	2022
Energy consumption	Total consumption ¹⁾	TJ	347	313	319
	- Direct consumption (Scope 1)	TJ	52	50	50
	- Indirect consumption (Scope 2)	TJ	295	263	271
Energy intensity ²⁾		TJ / persons	0.099	0.089	0.091
Energy consumption cost		KRW million	2,247	2,172	2,523

1) FY 2022 target: 313 TJ

2) Energy consumption per employee

ENVIRONMENT

Resource Use and Pollution Mitigation

Strategy

At JB Financial Group, we are committed to providing environmentally sound financial services that prevent resource depletion, in line with our principles for environmental management. By implementing a paperless system through digitalization, we have reduced our paper usage and managed our waste recycling data to address environmental issues in a sustainable way.

Target

JB Financial Group has set its targets for water usage, raw material consumption, and waste disposal, and monitored their progress towards these goals. In 2022, our target waste disposal was set at 278 ton.

Performance

Our smart finance approach allows us to engage in eco-friendly activities. Starting in 2017, Jeonbuk and Kwangju Banks stopped issuing paper bankbooks. In line with this policy, we offer extra benefits, such as fee waivers, to clients who choose not to receive a paper bankbook. Additionally, our branches use tablet PCs to reduce paper waste during consultations and we are increasing the use of electronic bills instead of mailed bills to reduce resource consumption and improve efficiency. As a result, our paper consumption decreased by 9.7% in 2022 compared to the previous year, and the use of electronic bills increased by 6.1%.

Water Consumption

Category		Unit	2020	2021	2022
Water	Total consumption ¹⁾	m³	51,751	48,101	55,048

1) FY 2022 target: 56,032 m³

Raw Material Use

Category		Unit	2020	2021	2022
Paper	Total consumption	A4 Box / 2,500 sheets	12,649	11,824	10,672
Credit card electronic billing	No. of bills issued	Cases	4,334,796	4,371,842	4,472,850
	Electronic billing	Cases	1,845,425	2,136,938	2,368,120
	Rate of electronic billing	%	43	49	52
	No. of credit cards issued ¹⁾	Cases	246,616	209,591	215,633

1) Criteria for data calculation are different from the previous report (average → total)

Waste Disposal

Category		Unit	2020	2021	2022
Waste management	Total generation (total amount of waste generated)	ton	304	384	303
	Recycling	ton	78	88	70
	Disposal ¹⁾	ton	226	296	233
	- Landfill	ton	125	182	156
	- Incineration (energy collection technology applied)	ton	76	80	50
	- Incineration (energy collection technology not applied)	ton	-	-	27
	- Other waste disposed through unidentified methods	ton	25	34	0

1) FY 2022 target: 278 tons

ENVIRONMENT

Environmental Engagement

Environmental Education

With a view to raising eco-friendly awareness within the group, we have educated our employees by subsidiary. The educational content includes the causes for climate change and problems, local and overseas policies for GHG emission mitigation, physical and transition risks posed by climate change, and the environmental and societal meaning of our Net-Zero Declaration. We will diversify educational content and expand the number of employees and hours so that environmental awareness permeates them.

Category		Unit	2021	2022
Environmental education	No. of employees who received environmental education	Persons	22	122
	Educational hours	Hours	45	663
	Educational expenses	KRW million	3	3

Environmental Volunteering

Category	Unit	2020	2021	2022
Volunteer works conducted	Times	1,272	892	1,044

Environmental Law Violation

Being cognizant of our responsibilities and roles for environmental protection, JB Financial Group strives to carry out diverse activities to do so. Our employees work hard to comply with all environmental laws and regulations, resulting in no fines, sanctions, or complaints for any violations.

Category	Unit	2020	2021	2022
Law violation	Cases	-	-	-
Fines and penalties	KRW million	-	-	-

SOCIAL

Labor

Strategy

JB Financial Group operates a process to attract and nurture talents with excellent capabilities in order to adapt to the evolving financial environment. Based on the talent development strategy, we conduct data analysis and utilize People Analytics (PA) to identify skill gaps among our workforce. This enables us to provide training programs tailored to employees from interns to managers. In recruiting, job postings are actively utilized to form a pool of specialized talents and secure reserve manpower for each field. This helps improve the efficiency of manpower management. In addition, AI analysis on cover letters and job competency tests are conducted to secure talents that are suitable for the job.

Target

JB Financial Group values and respects diversity within the organization, striving for an equal and inclusive culture that does not discriminate on the ground of gender, race, nationality, or other factors. In 2022, female members accounted for 46% of JB Financial Group, and the goal is to expand that percentage to 50% by 2025.

Target Female Employee Ratio

by 2025

50%



Assessment

JB Financial Group implements a multi-dimensional evaluation system to ensure fair and balanced employee performance assessment. JB Financial Group conducts performance evaluations by utilizing Management By Objectives (MBO) and Key Performance Indicators (KPIs) that reflect the characteristics of each department and branch. The evaluations are linked to individual performance and reflect the opinions of evaluation targets through agile conversations. Additionally, the performance of employees in the same position is compared on a quarterly basis to ensure a fair evaluation based on capabilities and achievements. Based on the performance evaluation results, employees with low performance are offered a separate job skill enhancement program to enhance their skills and contribute to the growth of both the individual and the organization.

Performance

Executives and Employees

JB Financial Group operates a personnel policy that respects all executives and employees equally and does not discriminate on any grounds such as gender, religion, race, or nationality. In our hiring process, we do not impose unjustifiable restrictions based on gender, physical condition, or appearance. Furthermore, after hiring, we strictly prohibit discrimination in all aspects of personnel management including welfare and allowances, education, and promotion.

Employee Composition

Description		Unit	2020	2021	2022
Total ¹⁾		Persons	4,337	4,317	4,342
Contract type ²⁾	Full-time	Persons	2,971	2,950	2,878
	Contract-based	Persons	530	574	624
Rank group ³⁾	Regular Employee (clerk - asst. chief)	Persons	1,885	1,867	1,840
	Responsible employee (section chief - manager)	Persons	1,608	1,645	1,660
	Executives (including independent directors)	Persons	75	81	96
Age group	Aged below 30	Persons	511	451	428
	30 - 50	Persons	2,485	2,549	2,550
	Aged over 50	Persons	572	593	618

1) Including overseas sub-subsidiaries

2) Excluding overseas sub-subsidiaries and executives

3) Excluding overseas sub-subsidiaries, including executives, and excluding advisors

4) Excluding overseas sub-subsidiaries, including executives, and excluding advisors

SOCIAL

Ratio of Female Employees

Description		Unit	2020	2021	2022
Total ¹⁾	Male	Persons (%)	1,947(55.6)	1,955(55.5)	1,892(54.0)
	Female	Persons (%)	1,554(44.4)	1,569(44.5)	1,610(46.0)
Total employees in management positions (head of department- manager)	Male	Persons (%)	1,188(73.5)	1,182(71.8)	1,148(69.2)
	Female	Persons (%)	428(26.5)	464(28.2)	512(30.8)
Total employees in junior management positions	Male	Persons (%)	374(62.6)	395(64.2)	385(63.2)
	Female	Persons (%)	223(37.4)	220(35.8)	224(36.8)
Total employees in senior management positions (senior manager- manager) ²⁾	Male	Persons (%)	102(96.2)	110(95.7)	134(84.3)
	Female	Persons (%)	4(3.8)	5(4.3)	25(15.7)
In-sales-generating department (junior manager-manager)	Male	Persons (%)	665(67.3)	612(63.3)	598(60.5)
	Female	Persons (%)	323(32.7)	355(36.7)	390(39.5)
STEM*-related Department	Male	Persons (%)	217(79.2)	249(75.2)	259(73.8)
	Female	Persons (%)	57(20.8)	82(24.8)	92(26.2)

1) Excluding overseas sub-subsidiaries, including executives

2) Changes in the previous year's report and data calculation standards

Hiring the Socially Vulnerable

Description		Unit	2020	2021	2022
The disabled	Total	Persons	32	32	33
	Disabled employment rate	%	0.91	0.91	0.94
Employment of Veterans	Total	Persons	151	144	149
	Veteran employment rate	%	4.31	4.09	4.25

Employment

JB Financial Group discovers potential talents through an internship program and provides work experience opportunities to young job seekers. Jeonbuk Bank has established partnerships with local universities and related organizations such as Jeollabuk-do and the Ministry of Employment and Labor. In 2022, it operated an internship program targeting a total of 108 young individuals. Kwangju Bank is operating an internship program for graduates-to-be by strengthening collaboration with local universities. In 2022, a total of 156 young individuals successfully completed the program.

Description		Unit	2020	2021	2022
No. of new employees		Persons	346	375	378
Gender	Male	Persons (%)	225(65.0)	272(72.5)	240(63.5)
	Female	Persons (%)	121(35.0)	103(27.5)	138(36.5)
Age	Below 30	Persons (%)	137(39.6)	85(22.7)	101(26.7)
	30 - 50	Persons (%)	158(45.7)	192(51.2)	203(53.7)
	Above 50	Persons (%)	51(14.7)	98(26.1)	74(19.6)
In-house staff recruitment rate		%	0.58	1.07	1.06
Average costAverage cost of hiring a new employee ¹⁾	Total cost of hiring a new employee	KRW million	681	849	926
	Total No. of new employees	Persons	346	375	429
	Cost of hiring new employees per person	KRW million	2	2	2
Youth interns		Persons	183	208	266

1) Changes in the previous year's report and data calculation standards

Employee Diversity

Description		Unit	2020	2021	2022
Executives from local regions		%	26.5	24.2	35.9
Foreigners		Persons	19	21	22

SOCIAL

Retirees

Description		Unit	2020	2021	2022
Total retirees		Persons	313	375	339
Gender	Male	Persons	213	276	227
	Female	Persons	100	99	112
Age	Below 30	Persons	52	56	43
	30 – 50	Persons	143	163	171
	Above 50	Persons	118	156	125
Total retirement rate		%	9	11	10
Gender	Male	%	11	14	12
	Female	%	6	6	7
Age	Below 30	%	10	12	10
	30 – 50	%	6	6	7
	Above 50	%	21	26	20

Voluntary Turnover

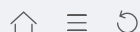
Description		Unit	2020	2021	2022
Voluntary turnover rate ¹⁾		%	4.62	5.29	5.20
Gender	Male	%	4.16	5.47	4.55
	Female	%	5.41	5.29	5.96
	Total	%	4.62	5.29	5.20
Age	Below 30	%	8.81	13.08	8.41
	30 – 50	%	4.35	4.71	4.82
	Above 50	%	2.27	1.85	3.72

1) Including job transfer and resignation and excluding dismissal at one's own request, appointment of executives, and retirement at the retirement age.

Employees by Nationality

Description		Unit	2020	2021	2022
Republic of Korea	Ratio of employees to total workforce	Persons (%)	3,527(99.46)	3,551(99.38)	3,546(99.41)
	Ratio of managerial positions	Persons (%)	1,615(99.94)	1,656(99.76)	1,658(99.88)

Canada	Ratio of employees to total workforce	Persons (%)	1(0.03)	3(0.08)	2(0.06)
	Ratio of managerial positions	Persons (%)	1(0.06)	2(0.12)	2(0.12)
Nepal	Ratio of employees to total workforce	Persons (%)	2(0.06)	4(0.11)	2(0.06)
	Ratio of managerial positions	Persons (%)	-	1(0.06)	-
Myanmar	Ratio of employees to total workforce	Persons (%)	1(0.03)	1(0.03)	2(0.06)
	Ratio of managerial positions	Persons (%)	-	-	-
Mongolia	Ratio of employees to total workforce	Persons (%)	1(0.03)	1(0.03)	1(0.03)
	Ratio of managerial positions	Persons (%)	-	-	-
Vietnam	Ratio of employees to total workforce	Persons (%)	1(0.03)	1(0.03)	1(0.03)
	Ratio of managerial positions	Persons (%)	-	-	-
Uzbekistan	Ratio of employees to total workforce	Persons (%)	3(0.08)	1(0.03)	0(-)
	Ratio of managerial positions	Persons (%)	-	-	-
Indonesia	Ratio of employees to total workforce	Persons (%)	2(0.06)	1(0.03)	2(0.06)
	Ratio of managerial positions	Persons (%)	-	-	-
China	Ratio of employees to total workforce	Persons (%)	1(0.03)	1(0.03)	2(0.06)
	Ratio of managerial positions	Persons (%)	-	-	-
Cambodia	Ratio of employees to total workforce	Persons (%)	3(0.08)	1(0.03)	1(0.03)
	Ratio of managerial positions	Persons (%)	-	-	-
Philippines	Ratio of employees to total workforce	Persons (%)	1(0.03)	3(0.08)	2(0.06)
	Ratio of managerial positions	Persons (%)	-	-	-
Bangladesh	Ratio of employees to total workforce	Persons (%)	2(0.06)	2(0.06)	2(0.06)
	Ratio of managerial positions	Persons (%)	-	-	-
Sri Lanka	Ratio of employees to total workforce	Persons (%)	1(0.03)	2(0.06)	3(0.08)
	Ratio of managerial positions	Persons (%)	-	-	-
New Zealand	Ratio of employees to total workforce	Persons (%)	-	1(0.03)	1(0.03)
	Ratio of managerial positions	Persons (%)	-	1(0.06)	-



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Talent Cultivation

JB Financial Group seeks creative talents with a vision and sense of vocation for the financial industry, talents with strong communication skills, talents who enjoy collaboration, honest talents with ethics, and talents fit for future digital finance. In order to establish a self-directed learning culture where executives and employees learn and grow autonomously, we operate a range of educational programs in various fields, including leadership and competency enhancement programs, support for obtaining financial certifications, and the Digital Academy. We also support executives and employees in enhancing their expertise and management capabilities, such as providing assistance for obtaining degrees at the Graduate School of Business. In addition, the HCROI (Human Capital Return on Investment) index is being managed to measure the effectiveness of the employee support program. In 2022, the HCROI index was 3.24, indicating high efficiency compared to the investment in JB Financial Group's employees.

Educational Hours

Description		Unit	2020	2021	2022
Gender	Male	Hours	187,160	185,111	172,598
	Female	Hours	167,781	179,814	175,378
Age	Below 30	Hours	59,886	47,983	49,024
	30 - 50	Hours	251,841	270,486	259,890
	Above 50	Hours	43,114	46,455	39,072

Educational Expenses

Description		Unit	2020	2021	2022
Gender	Male	KRW million	1,123	1,188	1,680
	Female	KRW million	826	1,040	1,511
Age	Below 30	KRW million	320	329	678
	30 - 50	KRW million	1,308	1,529	2,124
	Above 50	KRW million	313	370	389

HCROI

Description	Unit	2020	2021	2022
HCROI ¹⁾	-	2.45	2.70	3.24

1) HCROI (Human Capital Return on Investment) =
Total sales - (operating expenses - employee related expenses) / employee related expenses

Employee Competency Building Program

Description	
Digital Human Resources Training	Digital expert course, data expert course, IT competency building course
- About the program	Course for strengthening digital capabilities and securing professional manpower necessary for the new financial environment - Financial ICT trends and technology analysis, digital marketing, etc.
- Business profit	Expansion of influence in the digital financial market, Improvement in expected return by generating non-interest income
- Ratio of employees participating in the program	15.23%
Assistance program for financial capability enhancement	Tailored financial expert nurturing, financial consumer protection education, classes for obtaining certifications
- About the program	Customized job training to secure an expert group (credit review course, CPB course, etc.)
- Business profit	Raised interest and non-interest income based on employee empowerment, Improve employee satisfaction
- Ratio of employees participating in the program	33.62%
Management and leadership development training	Competency-building training for new branch heads
- About the program	Nurturing performance management and employee management skills necessary for management as a manager through the education by external professional instructors
- Business profit	Efficient work and improved organizational culture by sharpening leadership capabilities
- All subjects completed	100%

Relations Between Labor and Management

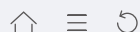
JB Financial Group complies with the 'International Labor Standards' set by the International Labor Organization (ILO) and the 'Trade Union and Labor Relations Adjustment Act' of South Korea, and ensures that its employees have the freedom to form a labor union or join an existing labor union. In 2022, the labor union membership rate within JB Financial Group was 100%, with all eligible members joining the labor unions and actively participating in the group.

Wage

Description		Unit	2020	2021	2022
Equal pay ¹⁾	Equal pay ratio for executives	Times	-	-	0.84
	Equal pay ratio for managerial positions	Times	0.95	0.99	0.97
	Equal pay ratio for non-manual positions	Times	1.01	1.02	1.05
No. of executive	Male	Persons	52	58	66
	Female	Persons	-	-	2
Executives (base pay)	Male-average	KRW million	193	171	182
	Male-total	KRW million	10,037	9,892	11,987
	Female-average	KRW million	-	-	153
	Female-total	KRW million	-	-	305
Executives (base pay + other cash incentives such as bonuses)	Male-average	KRW million	290	248	285
	Male-total	KRW million	15,061	14,393	18,780
	Female-average	KRW million	-	-	154
	Female-total	KRW million	-	-	308

1) Ratio: Average base pay for women / average base pay for men

Description		Unit	2020	2021	2022
No. of employees in managerial positions	Male	Persons	1,188	1,194	1,148
	Female	Persons	428	464	512
Managerial positions (base pay)	Male-average	KRW million	114	114	117
	Male-total	KRW million	135,139	135,573	133,907
	Female-average	KRW million	108	113	114
	Female-total	KRW million	46,299	52,285	58,126
Managerial positions (base pay + other cash incentives such as bonuses)	Male-average	KRW million	127	131	131
	Male-total	KRW million	151,271	156,272	150,233
	Female-average	KRW million	115	125	125
	Female-total	KRW million	49,214	57,768	63,949
No. of non-managerial positions	Male	Persons	759	761	744
	Female	Persons	1,126	1,105	1,098
Non-managerial positions (base pay)	Male-average	KRW million	54	57	55
	Male-total	KRW million	40,709	43,239	14,051
	Female-average	KRW million	55	58	58
	Female-total	KRW million	61,712	64,111	63,790



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Welfare Benefits

JB Financial Group regards the health and quality of life of its executives and employees as important and is implementing various welfare systems based on the philosophy of happy business management. We provide beneficial experiences and enjoyment through participatory programs such as health campaigns and cultural events that all employees can participate in, and we operate welfare systems such as vacations and day offs, welfare facilities and services, and education and training to ensure a stable and happy work life for employees.

Description	Unit	2020	2021	2022
Childcare benefit	No. of children supported	Persons	621	580
	Amount supported	KRW million	423	390
Retirement pension	Subscription rate	%	98	97
	Defined Benefit plan (DB)	Persons	2,945	2,893
	Defined Contribution plan (DC)	Persons	378	480
			551	

Main Programs

Description	
Leisure	Supporting corporate membership of condominiums as an employee welfare, various club activities, and sports and cultural activities
Housing / Living Stability	Supporting accommodation, deposit, and rent and providing special vacation for 5 days
Medical / Health	Assisting medical expenses for employees and their children and providing group insurance and health checkup, operation of in-house fitness room, operation of in-house sports club
Childbirth and maternal protection	Supporting maternity products, parental leave, leave for up to 2 years, and group accident insurance (for employee and their spouse and children)
Children education	Operating daycare center at work and supporting congratulatory funds for middle and high school entrance and children's school expenses, and adjusting work hours for the parents of children entering elementary school during March and April
Others	Operation of psychological counseling program for workplace stress management, introduction of retirement planning program

Work-life Balance

JB Financial Group supports the balance between work and family for its employees and operates various welfare systems such as flexible working, telecommuting, part-time working, and home care support. Jeonbuk Bank and Kwangju Bank operate in-house daycare centers, provide dedicated breastfeeding spaces for female employees, and have established systems for maternity protection and childrearing support, including paid parental leave beyond the statutory guarantee period.*

* Statutory guarantee period: up to 52 weeks

Work-life Balance

Description	Unit	2020	2021	2022
Flexible working	Persons	133	595	617
Telecommuting	Persons	273	859	1,036
Part-time working	Persons	139	137	126
Family care Leave	Y/N	Y	Y	Y
Dedicated breastfeeding facility	Y/N	Y	Y	Y
Child care facility	Y/N	Y	Y	Y

Childcare Leave

Description	Unit	2020	2021	2022
No. of employees on childcare leave	Persons	73	74	73
No. of employees returning from childcare leave	Persons	82	75	63
Ratio of employees returning from childcare leave ¹⁾	%	98.6	92.9	94.2
No. of employees retiring after childcare leave	Persons	3	5	1

1) Changes in the previous year's report and data calculation standards

SOCIAL

Performance Evaluation

JB Financial Group employees set their own goals and conduct self-evaluation, considering the environmental level of difficulty and the goal's degree of challenge. The 2nd evaluator verifies the results of employee self-evaluation, performance compared to goals, the environmental level of difficulty and the goal's degree of challenge, and others. The 3rd evaluator, the final decision-maker (head of division), ultimately determines the rating of the individual being evaluated. JB Financial Group operates a performance evaluation method in which the evaluated individuals can set goals and motivate themselves, thereby enhancing the competitiveness of the entire organization.

Regular Performance Evaluation

Description	Unit	2020	2021	2022
Ratio of employees who received regular performance evaluation ¹⁾	%	96.5	96.5	96.7
No. of employees subject to regular performance evaluation	Persons	3,104	3,105	3,063
No. of employees who received regular performance evaluation	Persons	2,994	2,997	2,962

1) Changes in the previous year's report and data calculation standards

Survey on Employee Satisfaction

We conduct surveys on employee satisfaction and incorporates the survey results into the improvement of systems such as education and welfare benefits. Overall satisfaction is measured by integrating factors such as sense of purpose, job satisfaction, happiness, and job stress, and areas for improvement are identified through results classified by position and gender.

Employee Satisfaction

Category	Unit	2021	2022
Overall ¹⁾	Points	58.3	60.2
Position	Executive	72.7	76.1
	Branch manager / team leader	63.4	68.4
	Deputy head department / Deputy branch manager	63.4	61.3
	Senior manager / section chief	57.7	58.7
	Assistant manager	54.6	56.6
	Clerk	59.2	58.8
Gender	Male	59.8	62.1
	Female	56.3	57.5

1) FY 2022 target: 59 Points

SOCIAL

Health & Safety

Strategy

JB Financial Group complies with Article 14 of the Occupational Safety and Health Act and establishes plans for safety and health, which are approved by the board of directors every year. The safety and health management plans were established to implement and monitor detailed action plans according to key tasks, with the aim of promoting the safety and health of all employees, ensuring systematic safety management, and protecting the lives and safety of workers and customers in target businesses and facilities. Jeonbuk Bank and Kwangju Bank have designated the Head of the Administrative Service Division as the safety and health management manager to oversee comprehensive safety and health responsibilities. HR Managers have established a collaborative system with departments such as Safety Management Office, IT Planning Development Department, and Customer Affairs Department, and engage in discussions regarding health-related issues and risks specific to each business. The Safety and Health Committee, as an independent labor-management consultative body, serves as a focal point for labor and management to pursue common interests and cooperatively operate in safety and health decision-making. JB Woori Capital appoints the head of the Administrative Service Division Headquarters as the person in charge of safety and health management to oversee comprehensive safety and health responsibilities. The company divides the supervising department into the personnel support team and the management support team, establishing a collaborative system with relevant departments for the overall management, facility management, and improvement. This ensures the ability to respond promptly in case of emergencies. In addition, JB Woori Capital has established a system by appointing a labor law firm and a law firm as external advisory bodies to support related legal advice and handling of industrial accidents. JB Financial Group is continuously making efforts to eliminate risk factors related to industrial accidents and improve the safety and health management system based on the safety and health management plan.

Target

We are committed to fulfilling our social responsibility regarding the safety of employees and customers by meticulously managing facility safety. We set the goal of achieving zero industrial accidents and safety incidents annually, promoting safety and health policies, and adhering to relevant laws and principles.

2022 Target

No. of Industrial Accidents

0 cases



No. of Safety Accidents

0 cases



SOCIAL

Assessment

JB Financial Group integrates the OHS (occupational health and safety) management system to respond to emergencies such as disasters by forming a dedicated team for safety and health management. Based on business plans and goals to mitigate safety and health risks, JB Financial Group has established key tasks such as safety and health management, facility and disaster prevention management, and disaster safety response. Every year, risk assessments are conducted to identify implementation tasks, and the progress of follow-up measures is evaluated and managed. In particular, by using a safety and health checklist, we assess and improve dangerous factors in the workplace, such as fall accidents, electric shocks, or harmful equipment storage. And when a work-related injury, health deterioration, or illness occurs, we will investigate the causes and carry out worker protection measures as well as environmental improvement. The headquarter of Jeonbuk Bank is classified as a type 1 building under Article 7 No. 2 of the Special Act on Facility Safety and Maintenance and regularly undergoes third-party safety inspections by the KCDR(Korea Construction Disaster Prevention Research). KCDR regularly evaluates the level of structural stability and physical and functional risk factors.

Performance

Rate of Absenteeism

Category	Unit	2020	2021	2022
Date of absence	Days	484	712	944
Total working days (in business days)	Days	874,148	911,437	878,326
Absence rate ¹⁾	%	0.055	0.078	0.107

1) FY 2022 Target: 0.113%

Health and Safety Activities

JB Financial Group conducts regular training sessions for our employees and facility workers to raise safety and health awareness and enhance their ability to deal with emergency situations. Disaster response drills such as civil defense drills and firefighting drills are conducted according to the annual plan, along with employee e-learning training, CPR experience programs in which employees and visiting customers participate, and fire safety manager education.

Description	Unit	2020	2021	2022
Safety management Risk assessment	Times a year	2	2	5
Education and training Program operation	Y/N	Y	Y	Y

Health and Safety Violations

Description	Unit	2020	2021	2022
Occupational accidents	No. of serious accidents	Cases	0	0
	No. of violations	Cases	0	0
Law violations	Administrative fines	KRW	0	0
	Fines	KRW	0	0

SOCIAL

Human Rights

Strategy

Policy for Human Rights Protection | JB Financial Group endorses the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights, and formulated the ‘JB Financial Group Human Rights Policy.’

The human rights policy is applied to all stakeholders, including customers, employees, shareholders and investors, and business partners, and throughout the business value chain, and aims to eliminate human rights violations in all sales activities, including the sale of financial products and the provision of financial services. JB Financial Group practices human rights-friendly management based on human rights policies and strives to prevent and remedy human rights violations.

Declaration on Prohibition of Sexual Harassment and Bullying in the Workplace | JB Financial Group seeks to protect the human rights of all employees and create a sound work environment based on the ‘Declaration on Prohibition of Sexual Harassment and Bullying in the Workplace’. In the event of discrimination or bullying, a strict investigation is conducted based on the principle of zero tolerance, treatment is provided according to accident prevention and response procedures, and victims are protected by measures such as a change of workplace and paid leave. We make efforts to prevent accidents by conducting mandatory education for all employees at least once a year. As a result, in 2022, there were no cases of bullying and sexual harassment within our organization.

Target

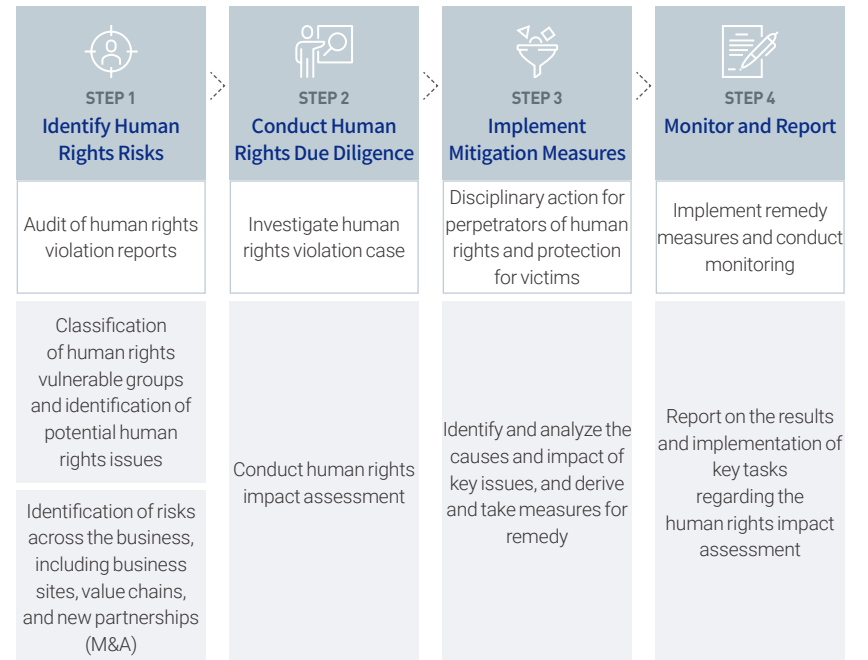
To minimize the negative impact of human rights related issues, thorough precaution and early and accurate remedy measures should be implemented. JB Financial Group manages a target indicator for our employees’ human rights education completion rate and promotes human rights management to prevent violations of human rights.

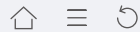
Assessment

Identification of Human Rights Risks and Conduct Due Diligence | JB Financial Group is identifying actual and potential human rights risks that may arise across its management activities. We conduct human rights assessments and examine human rights violation issues for all business sites in the value chain related to business activities, including not only subsidiaries within the group but also joint ventures and suppliers. In addition, we prevent negative risks related to human rights by identifying human rights issues of all stakeholders that may arise from new business relationships such as M&A and joint ventures.

Human Rights Risk Mitigation Process | We operate a systematic process to analyze the impact that core human rights issues, selected through identification and due diligence, can have on JB Financial Group and mitigate human rights risks. In addition, after identifying the cause of the core issue and analyzing the impact, tasks for remedy are derived and implemented. In case of a human rights violation incident, we take disciplinary actions and measures for preventing reoccurrence in accordance with the prescribed procedures, and we endeavor to mitigate human rights risk through protecting and supporting the victim throughout the entire investigation process.

Conducting Human Rights Impact Assessment





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Prevention of Human Rights Violations

Key Stakeholder Groups	Human Rights Issue	Mitigation Plan	Remedy Measures Put in Place
Employees	Non-discrimination in employment	Establishment of women's human rights promotion system	<ul style="list-style-type: none"> • Appointment of female independent directors (2022) • Joined UN Women's Empowerment Principles (WEPs) (August 2021)
		Prevention of career interruption due to childbirth and childcare	<ul style="list-style-type: none"> • Operation of childbirth and maternity protection systems - Childcare leave (up to 2 years), leave before / after childbirth, Infertility treatment leave system, spouse childbirth leave system • Support for competency development of female employees with a career break - Implementation of training programs for employees scheduled to return from leave, and support for practical competency evaluation
	Prohibition of forced labor	Comply with statutory working hours and prevent working overtime	<ul style="list-style-type: none"> • Implement PC-OFF system (comply with working 8 hours a day, 52 hours a week) • Operate Family Day (leave work on time on designated days of the week) • Strictly apply employment rules and encourage flexible working hours
	Guarantee industrial safety	Improve work environment risks and strengthen quarantine management	<ul style="list-style-type: none"> • Establish a safety and health plan and management system for public facilities (for HQ and branches) • Strengthen quarantine and disinfection measures - Carry out measures for quarantine and disinfection regularly for HQ and branches more than once a week
		Manage physical and mental health of employees	<ul style="list-style-type: none"> • Conduct full physical examination once a year for employee welfare and health promotion
		Strengthen ability to respond in emergencies	<ul style="list-style-type: none"> • Carry out response training for disasters, cyber terrorism attacks, and fire drills • Conduct group education on safety and health, radio education for security education materials once a month and implement content and video education programs
Partner Companies	Manage supply chain with responsibility	Protect the human rights and ensure safety of customer service staff	<ul style="list-style-type: none"> • Operate system to protect customer service staff and establish guidelines for the system - Implement psychological counseling program and operate communication channels based on listening to opinions • Strengthen procedures against consumers with problematic behavior
Local Communities	Guarantee environmental rights	Reduce environmental risk in the local community	<ul style="list-style-type: none"> • Minimize negative environmental impact through declaration of net-zero and coal-free finance • Realize RE100 and collaborate for the creation of carbon neutral and energy self-sufficient city (local government's cooperative system) • Conduct local ecosystem restoration project

Key Stakeholder Groups	Human Rights Issue	Mitigation Plan	Remedy Measures Put in Place
Local Communities	Guarantee the right to education	Provide education opportunities for the vulnerable	<ul style="list-style-type: none"> • Operate JB Study Room of Hope(150 rooms nationwide, accumulated No. of children 3,507, accumulated amount of money KRW 471 million) • JB Happy House (4 houses, 8 children, KRW 2 million for support) • Kwangju Bank Blooming Hope in Class (cumulative 71 cases selected, KRW 26 million for support) • Kwangju Bank selects and supports youth with hopes blooming(selected No.7 and No.8 students and will provide KRW 3 million worth of learning, arts and sports support each year until high school graduation) • Provide support of KRW 10 million for school supplies in the new semester for children from dysfunctional families
Customers	Information human rights	Reinforce customer personal data protection	<ul style="list-style-type: none"> • Establish a structured information protection organization - Carry out independent work of the CISO (Chief information security officer) • Strengthen IT security system and inspection of information protection system - ISMS, ISMS-P certification and operate integrated security control system 24/7
		Guarantee access to finance	<ul style="list-style-type: none"> • Increase rate of automatic devices for the disabled at all branches (93%) • Operate exclusive branches and counters for the elderly, and finance center for foreigners

Performance

Process for Report and Redress Human Rights Issues

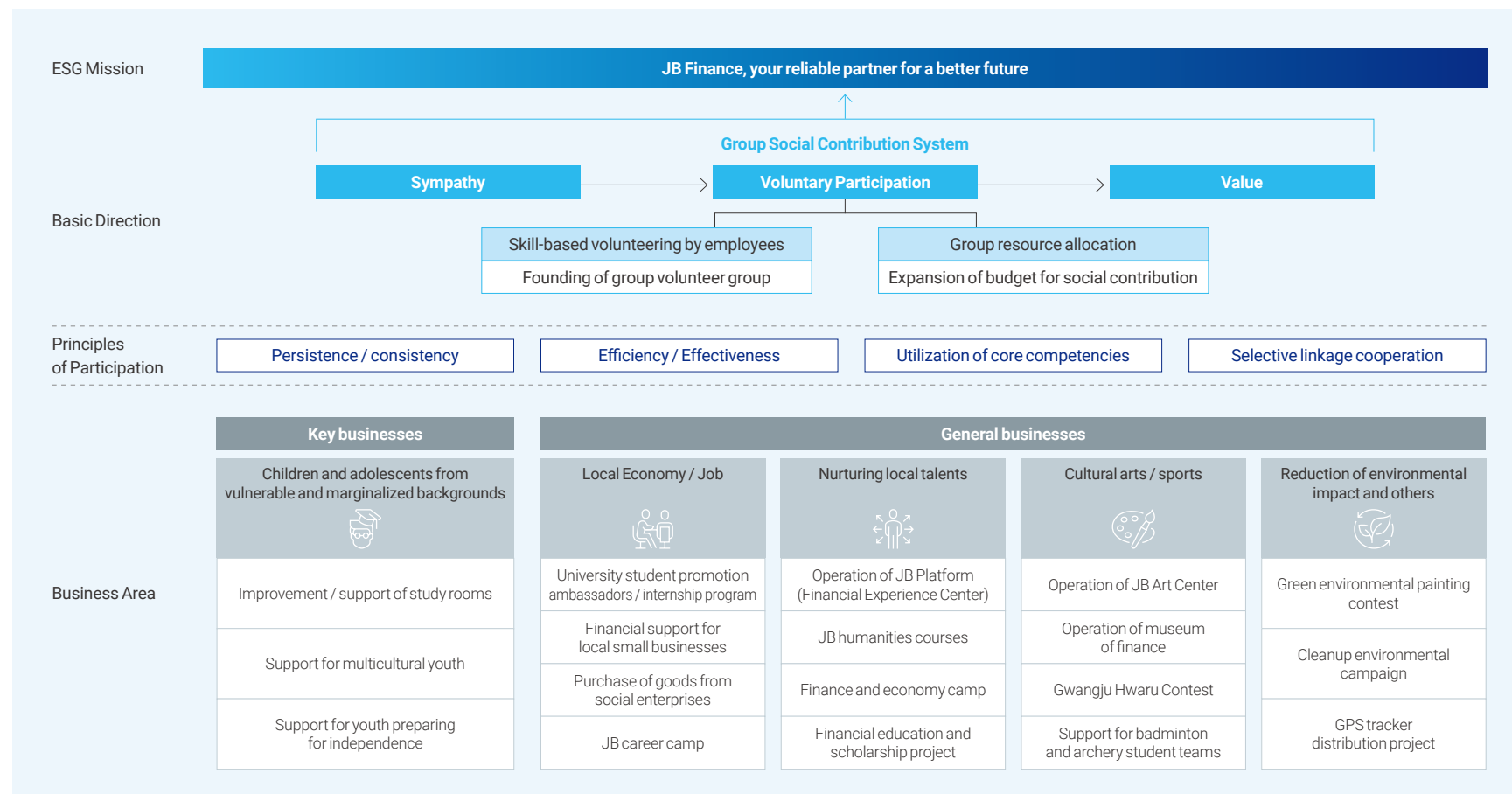
Report	Reception· record· consultation	Investigation· fact check	Handling· reoccurrence prevention
E-mail, anonymous bulletin board within our intranet and website, phone call and face-to-face report	① Consulting, receiving and report ② Consulting about the case ③ Discussing how to handle and redress	① Conducting private investigations ② Checking facts ③ Engaging external experts if needed ④ Maintaining the confidentiality of whistleblowers and counselees and safeguarding them	① Taking measures according to the result of the investigation (compliance with laws and regulations) ② Sharing cases for the prevention of reoccurrence and providing education ③ Supporting in the maintenance of confidentiality of whistleblowers and counselees, protecting them, and problem-solving (publicly, privately)
Responsible Department Main: Compliance Department / Support: Human Resources Department, Audit Department			

SOCIAL

Shared Growth with Local Communities

Strategy

Based on sympathy and consideration for the socially vulnerable, JB Financial Group seeks to fulfill its social responsibilities for shared growth with local communities through active participation such as establishing a volunteer group and expanding social contribution budgets. While carrying out the core business areas of the group, which include enhancing and supporting study spaces for children and adolescents from vulnerable and marginalized backgrounds, as well as providing assistance for multicultural youth and youth preparing for independence, we will also expand our business areas to promote local economic growth and job creation, foster local talents, support cultural arts and sporting events, and reduce environmental impact.



SOCIAL

Performance

Social Contribution

JB Financial Group is involved in a wide range of social contribution activities. Jeonbuk Bank actively engages in meaningful sharing projects in collaboration with local communities, focusing on vulnerable groups such as children, young women, seniors, and multicultural individuals. Employees contribute to fostering a culture of sharing through initiatives like donating 1% of their salaries and participating in quarterly volunteer activities. Furthermore, we operate the Jeonbuk Scholarship Foundation to proactively foster local talents and make dedicated efforts in social contribution activities through culture and arts. Kwangju Bank also carries out various activities based on the principle of returning more than 10% of its net profit during the term to the local community. For children from the underprivileged during the national holidays, we sponsor traditional market shopping, provide Chuseok full moon wishes gifts every year, contribute to cultivating local talents by selecting Study Room of Hope and Blooming Hope in Class, and have a college student social media ambassador group. We have been carrying out social contribution activities such as operating the Kwangju Bank sports team and athletes' skill-based volunteering activities. In addition, on a cleanup day, all employees are committed to the development of local communities by practicing environmental cleaning volunteer activities near branches.

Engagement with Local Communities and Development

Description	Unit	2020	2021	2022
Ratio of contributions to net income	%	11	11	11
No. of volunteer work participants	Persons	13,477	14,308	15,550
Total hours of employees' volunteer works	Hours	15,452	15,861	17,374

Donations

Description	Unit	2020	2021	2022
Total amount of money donated	KRW million	8,177	6,931	2,850

Social Contribution Activities by Sector¹⁾

Description	Unit	2020	2021	2022
Microfinance for low-income individuals (microcredit)	Amount of money provided KRW million	6,026	5,823	8,340
Local community / public interest	Amount of money provided KRW million	14,367	18,418	33,948
Academic and educational support	Amount of money provided KRW million	5,642	11,653	7,061
	No. of recipients Persons	13,718	12,160	16,969
Mecenat activities (culture/art/sports fields)	Amount of money provided KRW million	3,019	3,857	3,356
Environment	Amount of money provided KRW million	181	258	60
Global sector	Amount of money provided KRW million	36	26	26

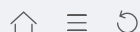
1) Based on bank's report on social contribution activities

Membership in Major Associations and Payment of Membership Dues

Description	Unit	2020	2021	2022
Financial Security Institute ¹⁾	KRW million	850	983	974
Korea Federation of Banks	KRW million	722	738	507
Korea Institute of Finance	KRW million	451	472	470
Korea Financial Telecommunications & Clearings Institute	KRW million	650	596	296
Korea Center for International Finance ²⁾	KRW million	75	83	90
Membership dues for Chamber of Commerce and Industry	KRW million	72	64	58
Korea Listed Companies Association	KRW million	-	6	45
UNEP FI	KRW million	17	17	17
United Nations Global Compact	KRW million	3	3	8
Others	KRW million	18	18	18
Political(Lobbying) contributions ³⁾	KRW million	-	-	-
Total	KRW million	2,858	2,980	2,484

1, 2) Changes in the previous year's report and data calculation standards

3) In accordance with the principles of group's business management and related laws, donations and support for political campaigns, campaign funds, and lobbying organizations are prohibited.



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Inclusive Finance

JB Financial Group is implementing comprehensive inclusive finance to support the financially underprivileged. In particular, we offer tailored financial and non-financial services to the financially marginalized population to prevent excessive debts and gather feedback for continuous improvement of inclusive finance, and based on this, innovate and expand the scope of financial services. To protect beneficiaries, we regularly provide training for our staff and establish business agreements with external organizations to promote inclusive finance and practice collaborative finance.

Financial Support (Products and Services)

Description		No. of subscribers in 2022	No. of new accounts in 2022
Demand deposit	Microbusiness	17,579	29,145
	Poor and low-income group (individuals)	653	1,064
	Individuals living in rural or hard-to-reach areas	136,567	162,724
	Female	183,406	219,814
	Elderly	12,571	17,836
	Total	350,776	430,583
Savings accounts (deposit / installment savings)	Microbusiness	15,038	41,724
	Poor and low-income group (individuals)	1,212	1,774
	Individuals living in rural or hard-to-reach areas	42,654	112,582
	Female	119,062	269,407
	Elderly	29,280	78,715
	Total	207,246	504,202
Loans	Microbusiness	82,303	146,052
	Poor and low-income group (individuals)	134,977	161,352
	Individuals living in rural or hard-to-reach areas	61,454	77,051
	Female	188,522	240,837
	Elderly	19,751	26,025
	Total	487,007	651,317

Non-financial support

Description	Unit		2022
JB platform education	No. of participants	Persons	1,561
	No. of education provided	Times	271
KGB Finance museum education	No. of participants	Persons	468
	No. of education provided	Times	18
Savings account for the poor and low-income group	No. of registered customers	Persons	1,212
	No. of new accounts	Accounts	1,774

Shared Growth

JB Financial Group has strengthened local face-to-face sales in Jeonbuk, Gwangju, and Jeonnam regions without reducing the number of branches, in order to faithfully fulfill its social role as a local financial institution. We are actively promoting finance aimed at shared growth to revitalize local economies by increasing the share of investments in regions and providing support for vulnerable groups, including small business owners. Furthermore, we are driving co-prosperity with local economies by adhering to regulations related to fair trade, purchasing goods from local SMEs, supporting the growth of social enterprises in the field of culture and arts, and revitalizing local traditional markets.

SOCIAL

Information Security

Strategy

JB Financial Group adheres strictly to regulations related to information protection, such as the Personal Information Protection Act and the Credit Information Use and Protection Act, and ensures the secure and thorough management of all information obtained during its business activities. By operating an Information Protection Team under the Chief Information Security Officer (CISO), JB Financial Group allocates and manages a budget of 7% or more of the total IT budget for investments in the information protection field in 2022. We also implement various security measures, including encryption of unstructured data and blocking of malicious software in automated devices. In addition, JB Financial Group conducts IT security tests, including vulnerability checks on public websites and mock hacking, at least twice a year to respond to external security incidents. Regarding identified vulnerabilities, remediation and safety measures are taken, and regular monitoring is conducted to maintain a systematic incident response process. Additionally, regular audits are conducted to ensure our compliance with the personal information protection policy, verifying the adherence of executives and employees to relevant laws and regulations, and disciplinary measures are implemented in case of any violations. The group's personal information protection policy applies to both internal employees and external stakeholders, and we will continue to make continuous efforts to comply with it and enhance accident prevention throughout our business activities.

Data Protection System for Safe Financial Transaction

Description	Content
Advancement of IT information protection	<ul style="list-style-type: none"> • Standardization of IT data protection • Establishment of advanced data protection management system • Advancement of data protection system
Settlement of IT internal control system	<ul style="list-style-type: none"> • Prevention of IT accident and reinforcement of data control protection activities • Systemization of IT internal control inspection items • Advancement of IT internal control method
Personal (credit) data protection and electronic finance accident protection	<ul style="list-style-type: none"> • Consolidation of personal (credit) data protection at every stage of data processing • Provision of reinforced education on personal (credit) data protection • Advancement of abnormal financial transaction detection

Assessment

JB Financial Group has obtained certification for its information security system through the evaluation by the Financial Security Institute, and conducts annual independent internal

audits to assess the implementation and improvement of information protection activities. Jeonbuk Bank has established an Information Security Management System (ISMS) and obtained certification for the ISMS for services such as internet banking, local government safe systems, and computer center operations. Similarly, Kwangju Bank undergoes an annual examination for certification of the Personal Information & Information Security Management System (ISMS-P), ensuring independence. The independent evaluation process conducted by the certification body enables continuous improvement in the group's information security management level and provides a foundation for securely protecting key information assets.

Performance

JB Financial Group has systematized its information protection organization and strengthened the inspection of the IT security system and information protection system. We strive to enhance data security by operating a 24/7 integrated security monitoring system, separating business networks from internet networks, and furnishing annual information security training for employees. In particular, we are conducting more intensive training for positions with a high risk of personal data breaches or positions related to data protection.¹⁾ In addition, we maintain continuous monitoring of the percentage of customer data used for secondary purposes, and in 2022, the rate of customer data being provided for secondary purposes as required by law was 0.48%.²⁾ Information security incidents, including IT accidents and failures, have remained at zero for three consecutive years, and we are committed to preventing the leakage of customer information and ensuring the secure protection of customer data in compliance with applicable laws and regulations.

1) Criteria for JB Financial Holdings: Executives (minimum 3 hours), Chief Information Security Officer (minimum 6 hours), staff in charge of information protection (minimum 12 hours), staff in charge of information technology (minimum 9 hours), and general employees (minimum 6 hours).

2) Customers may request JB Financial Group to stop providing your credit information to third parties or stop calling them for marketing purposes.

Information Security Education

Description	Unit	2020	2021	2022
No. of employees who completed information security education	Persons	3,106	3,120	3,210

Information Security Accidents

Description	Unit	2020	2021	2022
IT-related accidents and disorders	No. of accidents or disorders	0	0	0
	Amount of loss	KRW 0	KRW 0	KRW 0

SOCIAL

Creating Customer Value

JB Financial Group prioritizes customer satisfaction as its core value and strives to promptly resolve any complaints that may arise. We enhance systems and services through a comprehensive process and ensure that our employees receive training programs to prevent the recurrence of customer complaints. As a result, the number of VOC (Voice of Customer) complaints has consistently decreased over the past three years.

Description	Unit	2020	2021	2022
VOC complaints handled	Cases	27	24	20
Customer satisfaction score	Points	97	98	99

1) FY 2022 target: 98 Points

GOVERNANCE

Board of Directors

Strategy

JB Financial Group is striving to establish a stable and efficient governance structure. The board of directors (BOD) are formed in consideration of their expertise and diversity, and transparency is maintained by disclosing the board's work process standards and procedures. In particular, we establish standards for the independence and diversity of the BOD to solidify a sound governance system and strive to reflect the needs of various stakeholders in the board's decisions. We have continued our efforts to increase gender diversity, which is evidenced by the appointment of one female director for the first time in the group in 2022.

Assessment

JB Financial Group conducts regular evaluations on the composition and operation of the BOD every year. To ensure that the board adequately fulfills its roles and responsibilities as required by laws and internal regulations, evaluations are conducted on approximately 20 items, including the composition and operation of the board, the authority and responsibilities of the directors, and the voting rights exercise method. The results of the evaluation are disclosed in accordance with the Article 22 of the internal governance norms. The evaluation comprises both qualitative and quantitative assessments. The qualitative evaluation involves assessments of all directors and the secretary general of the board of directors, while the quantitative evaluation takes into account the board attendance rate. Based on the results of the 2022 evaluation, the JB Financial Group's board received an S grade rating.

Performance

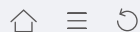
Board Composition

JB Financial Group's board is chaired by independent director Yoo, Kwan Woo with the consent of all other directors. More than two-thirds of the directors are independent directors with expertise and practical experience in diverse fields such as finance, economy, management, law, consumer protection, and information technology. In accordance with the laws and enforcement decrees related to the governance of financial companies, independent directors are prohibited from concurrently serving as independent directors, non-executive directors, or non-executive auditors of other companies. They are also prohibited from holding concurrent positions as directors, executive officers, or auditors of two or more companies other than JB Financial Group.

Description		Unit	2020	2021	2022
Independence	Total No. of directors	Persons	9	8	9
	Independent directors ¹⁾	Persons (%)	6(66.6)	6(75.0)	7(77.8)
	Presence of Independent chairman	Y/N	Y	Y	Y
Diversity	Male	Persons	9	8	8
	Female	Persons (%)	0(-)	0(-)	1(11.1)
Expertise	No. of Independent directors with industrial experience	Persons (%)	6(100)	6(100)	7(100)
Efficiency	Re-appointment cycle of directors	Years	2	2	2
	Board attendance rate	%	99	100	99

1) In accordance with the Act on Corporate Governance of Financial Companies, the number of independent directors constitutes a majority of the total number of directors.

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Director Type	Name	Gender	Job Title	Career	Date of Inauguration	End of Term	Tenure ¹⁾	Committee in charge ²⁾
Executive Director	Kim, Ki Hong	Male	Executive Director / Chairman / CEO Chairman of Recommendation Committee for subsidiary CEO	2019) JB Financial Group CEO and Chairman (Current) 2014) CEO of JB Asset Management 2006) Senior Vice President of KB Kookmin Bank 1998) Deputy Director of Financial Supervisory Service	2019.03.29	Until the end of the shareholders' meeting for the business year 2024	48 months	Subsidiary CEO Rec. Committee, ESG Committee
Independent Director	Yoo, Kwan Woo	Male	Independent Director / Chairman of the Board / Chairman of Recommendation Committee for Executive / Chairman of ESG Committee	2008) Kim & Chang Law Firm Advisor (Current) 2010) Independent Director of National Agricultural Cooperative Federation 2006) Deputy Director of Financial Supervisory Service	2019. 03. 29.	Until the end of the shareholders' meeting for the business year 2023	48 months	Exec. Rec. Committee, Subsidiary CEO Rec. Committee, Audit Committee, ESG Committee
Independent Director	Lee, Sang Bok	Male	Independent Director / Chairman of Audit Committee	2018) Partner Accountant of Dong-A & Song-Kang ("DS") Accounting Corporation (Current) 2012) Independent Director of KB Savings Bank 1991) Partner Accountant of Samil PricewaterhouseCoopers	2019. 03. 29.	Until the end of the shareholders' meeting for the business year 2023	48 months	Exec. Rec. Committee, Audit Committee, Remun. Committee, ESG Committee
Independent Director	Chung, Chae Shick	Male	Independent Director / Chairman of Remuneration Committee	2001) Professor, Department of Economics, Sogang University (Current) 2006) Independent Director of Yuanta Savings Bank 1998) Research Fellow of Korea Institute for International Economic Policy	2020. 03. 26.	Until the end of the shareholders' meeting for the business year 2023	36 months	Exec. Rec. Committee, Risk Mgmt. Committee, Remun. Committee, ESG Committee
Independent Director	Kim, Woo Jin	Male	Independent Director / Chairman of Risk Management Committee	2011) Senior Research Fellow, Korea Institute of Finance (Current) 2014) Independent Director of Hana Financial Investment 2007) Executive Director of Deloitte Consulting	2020. 03. 26.	Until the end of the shareholders' meeting for the business year 2023	36 months	Exec. Rec. Committee, Risk Mgmt. Committee, Remun. Committee, ESG Committee
Independent Director	Park, Jong Il	Male	Independent Director	2020) Representative Attorney at JL Law Firm (Current) 2016) Chief Prosecutor, Suwon District Prosecutor's Office 1986) Accountant of Chungwoon Accounting Firm	2020. 03. 26.	Until the end of the shareholders' meeting for the business year 2023	36 months	Exec. Rec. Committee, Audit Committee, Remun. Committee, ESG Committee
Independent Director	Sung, Jae Hwan	Male	Independent Director	2022) Chairman of Iksan City Promotion Committee (Current) 2003) President of Wonkwang Digital University 2000) Director of Korea Game Industry Development Institute	2021. 03. 31.	Until the end of the shareholders' meeting for the business year 2024	24 months	Exec. Rec. Committee, Audit Committee, ESG Committee
Independent Director	Lee, Seung Yeop	Female	Independent Director	2020) Accountant of Woori Accounting Corporation (Current) 2013) President of Korea Institute of Women Certified Public Accountants 2000) Partner Accountant of EY Han Young	2022. 03. 30.	Until the end of the shareholders' meeting for the business year 2023	12 months	Exec. Rec. Committee, Risk Mgmt. Committee, ESG Committee
Non-executive Director	Kim, Ji Sub	Male	Non-executive Director	2019) Head of Finance Office (Vice President), Samyang Holdings (Current) 2008) Accounting Team Leader of Samyang Corporation	2021. 03. 31.	Until the end of the shareholders' meeting for the business year 2023	24 months	Exec. Rec. Committee, Subsidiary CEO Rec. Committee, Remun. Committee, ESG Committee

* Career and length of tenure: as of the regular shareholders' meeting in March 2023

* Names of committees within the BOD: Exec. Rec. Committee (Recommendation Committee for Executive), Subsidiary CEO Rec. Committee (Recommendation Committee for subsidiary CEO), Audit Committee (Audit Committee), Risk Mgmt. Committee (Risk Management Committee), Remun. Committee (Remuneration Committee), ESG Committee Marked as (ESG Committee)

Board Skill Matrix

	Kim, Ki Hong	Yoo, Kwan Woo	Lee, Sang Bok	Chung, Chae Shick	Kim, Woo Jin	Park, Jong Il	Sung, Jae Hwan	Lee, Seung Yeop	Kim, Ji Seop
Finance	●	●	●	●	●				
Economy				●			●		
Business	●						●		●
Law / Regulation		●			●	●			
Accounting / Finance / Risk Management	●	●	●		●	●		●	●
Consumer Protection	●	●							
Information Technology / IT							●		

Activities and Operational Status of the Board

In 2022, a total of 11 board meetings were convened, including quarterly regular board meetings, and 7 additional ad-hoc board meetings were held for important decision-making, deliberation, and resolution. The major matters for deliberation and resolution included financial statements and dividend allocation, approval of director remuneration limits, amendments to the Articles of Incorporation, comprehensive business plan, and budget allocation. These resolutions were passed with the attendance of a majority of directors and the support of a majority of present directors. In order to enhance the performance and efficiency of the board, a minimum attendance rate of 85% is required for all board members. In 2022, the board achieved an attendance rate of 99%.

Description	Unit	2020	2021	2022
Board meeting	No. of board meetings Times	9	9	11

Committees within the Board

JB Financial Group currently establishes and operates a total of 6 committees for each specialized field under the BOD, aiming to enhance expertise and efficiency in decision-making. The committees within the BOD of JB Financial Group are Recommendation Committee for Executive, Recommendation Committee for Subsidiary CEO, Audit Committee, Risk Management Committee, Remuneration Committee, and ESG Committee. Details are as follows.

Current Status of Committees within the BOD ¹⁾

Description	Major role	Composition No. of non-executive directors / No. of members	Chairman	Related regulations
Recommendation Committee for Executive	Selection and recommendation of executive candidates	7/8	Yoo Kwan Woo (Independent Director)	Regulations of Recommendation Committee for Executive
Recommendation Committee for subsidiary CEO	Subsidiary CEO Candidate Verification and Recommendation	1/3	Kim Ki Hong (Internal Director)	Regulations of Recommendation Committee for subsidiary CEO
Audit Committee	Supervision of directors and management	4/4	Lee Sang Bok (Independent Director)	Regulations of Audit Committee
Risk Management Committee	Enterprise risk measurement and management	3/3	Kim Woo Jin (Independent Director)	Regulations of Risk Management Committee
Remuneration Committee	Management performance goal setting and evaluation	4/5	Jeong Jae Sik (Independent Director)	Regulations of Remuneration Committee
ESG Committee	ESG management strategy and policy establishment	7/9	Yoo Kwan Woo (Independent Director)	Regulations of ESG Committee

1) As of March 2023

Director Election Process

JB Financial Group operates the Recommendation Committee for Executive to pre-deliberate candidates' expertise, fairness, ethics, and diversity, and finally appoint directors through approval at the general shareholders' meeting. The Recommendation Committee for Executive manages a candidate pool of top executives whose qualifications have been validated, conducts a comprehensive assessment, and selects one final candidate through deliberation among committee members. The selected final candidate is appointed as a director through a resolution at the general shareholders' meeting.



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Remuneration Structure

JB Financial Group's key performance indicators for company performance assessment include the profitability index (return on assets, return on equity, cost income ratio, etc.), soundness index (return on risk-weighted assets, common equity ratio, non-performing loan ratio, debt ratio, double leverage ratio, etc.) and other indexes (total assets, risk-weighted assets, etc.). Especially, Return on Equity (ROE), Return on Risk Weighted Assets (RORWA), Cost Income Ratio (CIR), Common Equity Tier 1 (CET1), and Non Performing Loan Ratio (NPL) are utilized as quantitative performance indicators for the assessment of our executive members' short-term performance. In addition, qualitative evaluation is also reflected in short-term performance to measure the implementation of strategic tasks, the performance of their duties and inside control. For long-term incentives, we calculate the payment rate based on TSR (Total Shareholder Return) and ROE achievement rate over the past three years. We put in the special clause stipulating that the company can claw back the whole amount of the performance bonus paid following the Remuneration Committee's deliberation and the BOD's decision-making in a confirmed case where there is a distortion or fraudulent accounting in financial performance or evaluation indicators after performance bonus are paid to the management.

Description	Unit	2020	2021	2022
Registered directors ¹⁾	KRW million	1,124	1,281	1,477
Independent director ²⁾	KRW million	106	129	177
Members of the Audit Committee	KRW million	240	259	262
Whether to put in place the guidelines on variable remuneration of CEO	Y / N	Y	Y	Y
CEO's long-term incentive rate and deferral period	% (Years)	50(3)	50(3)	60(3)

1) Excluding non-executive director and members of Audit Committee

2) Excluding members of Audit Committee

Shareholder-friendly Management

Electronic Voting System | JB Financial Group is implementing an electronic voting system to protect the rights and interests of shareholders and enable active exercise of their shareholder rights. It ensures that shareholders can exercise their voting rights online without the need to visit in person. If electronic voting is notified in the notice and announcement of the general meeting of shareholders, shareholders can exercise their voting rights electronically on the electronic voting website until 17:00 on the day before the general meeting of shareholders.

Written Voting System | JB Financial Group has implemented a written voting system. If the board of directors resolves to convene a general meeting of shareholders through a written resolution, shareholders can exercise their voting rights in writing without attending the general meeting of shareholders.

Transparent Disclosure of Information | JB Financial Group discloses key internal regulations, such as the articles of incorporation and board of directors' regulations, through the company website to provide information on business processing standards, procedures, and results. In addition, major business processes, including the activities of the board of directors (including committees within the board of directors), are disclosed on a regular basis. Details can be found on the JB Financial Group website (www.jbfg.com), the Korea Federation of Banks (www.kfb.or.kr), or the Financial Supervisory Service's electronic disclosure system (dart.fss.or.kr).

GOVERNANCE

Ethical Management

Strategy

JB Financial Group has established the 'Code of Conduct for Employees' to ensure that all employees (including contract workers and dispatched workers) of JB Financial Holdings and its subsidiaries adhere to it. The 'Code of Conduct for Employees' stipulates specific details necessary for compliance with the Code of Ethics and provides the appropriate criteria for ethical decision-making and behavioral guidance for executives and employees. Accordingly, executives and employees of JB Financial Group are required to comply with relevant laws and regulations, avoid conflicts of interest, and respect fair and free competition in the performance of their duties. In the workplace, based on a sense of mutual respect, discrimination and harassment are strictly prohibited, and to prevent bribery and corruption, acceptance of gifts and entertainment, improper solicitation, and involvement in unfair political activities must be prohibited. Employees are aware that violations of these standards of conduct may lead to disadvantageous measures, such as disciplinary action along with an internal investigation, and strive to provide fair and transparent financial services to all stakeholders, including shareholders and customers.

Assessment

JB Financial Group has been striving to strengthen ethical management every year since acquiring the anti-bribery management system (ISO 37001) certification for the first time among Korean financial holding companies in 2019. In accordance with the standards presented by ISO (International Organization for Standardization), we proactively identify and control potential corruption, and conduct regular employee training and monitoring to create fosters a culture of integrity and transparency. The certification scope of ISO 37001 encompasses all business activities of JB Financial Group, including the approval of business plans for subsidiaries in Korea, management performance evaluation, management governance decisions, internal controls, and risk management.

Performance

Ethical Efforts

Description	Unit	2020	2021	2022
Anti-corruption / compliance / ethics education per employee	Times	12	11	12
Ratio of employees taking ethics education	%	100	100	100
Education on sexual harassment prevention and workplace harassment prevention	Y / N	Y	Y	Y

Report and Violation

Operation of JB Do Dream | JB Financial Group operates the 'JB Do Dream' system, an internal reporting system, to foster a fair and transparent corporate culture. If employees discover any illegal or unfair actions, or if they become aware of workplace harassment or human rights violations, they can report through the 'JB Do Dream' system. The company ensures strict confidentiality of the reporter's identity and takes measures to protect them from any negative consequences resulting from the report. In particular, JB Financial Group has made efforts to activate the reporting channel and establish a healthy organizational culture by dualizing the helpline (anonymous reporting) and law-abiding inquiry (difficulty counseling) systems. The company also operates a reward system for reporters. If an investigation determines that a violation of the Code of Conduct for Employees has occurred, disciplinary actions including dismissal, suspension, salary reduction, and reprimand are taken against the employee. Additionally, the employee's adherence to the Code of Conduct is taken into account during future performance evaluations.

JB Do Dream Handling Process



Description	Unit	2020	2021	2022
Corruption or bribery		-	-	-
Discrimination or harassment		2	1	1
Customer Privacy Data		2	1	-
Conflict of interest	Cases	-	-	-
Money laundering or insider trading		-	-	-
Total		4	2	1

GOVERNANCE

Compliance

Strategy

JB Financial Group has established an anti-money laundering policy based on compliance management. We have declared contents such as a face-to-face and non-face-to-face due diligence system to select risky customers, due diligence to prevent terrorist financing, monitoring of major political figures, and approval of senior management for risky products and countries, etc., through our policy. We have also established a company-wide process to effectively implement these measures. In accordance with Article 5-4 of the Specified Financial Transaction Information Act, customer verification records, internal and external reports, including large cash transaction reports and related documents, are retained for a period of 5 years after the completion of financial transactions. When necessary, these records and reports are submitted in accordance with the relevant legal procedures.

Assessment

JB Financial Group undergoes an annual self-evaluation of implementing the Anti-Money Laundering (AML) system conducted by the Korea Financial Intelligence Unit (KOFIU). The evaluation of implementing the AML system is a procedure to assess the AML risks and management levels of financial companies and others. JB Financial Group strives to prevent illegal activities such as money laundering and terrorist financing and mitigate risk factors based on the evaluation results. Also, JB Financial Group conducts external audits of the anti-corruption management system through annual ISO 37001 certification audits. This helps reduce the risk of legal violations and enhances trust with customers.

Performance

Compliance is reflected in employee performance evaluations. The outcome of compliance with internal controls, such as incomplete sales at branch offices, also impacts the performance and compensation of managers, in addition to the evaluation of branch offices. The performance of internal control is also reflected in the Key Performance Indicators (KPIs) of departmental internal accounting personnel, contributing to the identification of compliance risks within the organization. Moreover, activities are carried out to improve regulatory compliance and operational efficiency, including awarding commendations to outstanding employees in compliance management.

Operation of Internal Control System

Description	Unit	2020	2021	2022
Operation of internal control system	Times	4,033	3,646	4,667

Report and Violation

Description	Unit	2020	2021	2022
Anti-corruption and violation of laws	Cases	0	0	0

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Tax and Accounting

Strategy

JB Financial Group recognizes tax law compliance and tax risk management as important factors for sustainable management and has established the 'JB Financial Group Tax Policy'. Based on this, we comply with each country's tax laws and regulations, faithfully fulfill our reporting and payment obligations, and prohibit unfair income transfer and tax avoidance transactions by taking advantage of differences in tax laws between countries and tax havens. Based on this, we comply with the tax laws and regulations of each country, fulfill our reporting and payment obligations diligently, and prohibit unfair income transfers and tax avoidance transactions using differences in tax laws between countries and tax havens. In addition, JB Financial Group transparently discloses its tax payment information to all stakeholders through the annual audit report. This includes corporate tax accounting standards, deferred corporate tax assets, and liabilities, composition details of temporary differences, composition details of corporate tax expenses, and tax rate information.

Assessment

JB Financial Group operates an audit committee within the board of directors to perform internal audits on financial statements. Additionally, the group undergoes an independent auditor evaluation annually based on the selection of external auditors. We strive to comply with legal requirements and provide transparent financial information to external stakeholders by conducting an evaluation process that has been verified for reliability and accuracy.

Performance

Tax Report

Unit: KRW 100 million

	Subsidiary	Main activities	No. of subsidiary employees	Operating income	Pre-tax income	Income tax payable	Income tax paid
Republic of Korea	JB Financial Holdings	Banking, specialized credit finance, collective investment business.	3,600	34,933	8,322	1,250	1,574
	Jeonbuk Bank						
	Kwangju Bank						
	JB Woori Capital						
	JB Asset Management						
	JB Investment						
Cambodia	PPC Bank JB PPAM	Banking, collective investment business	492	1,011	376	20	23
Myanmar	JB Capital Myanmar	Credit finance business	206	7	(6)	0	0
Vietnam	JB Securities Vietnam	Securities business	44	44	19	0	4

Tax Risk Management

Description	Unit	2020	2021	2022
Costs for conducting external audits	KRW 100 million	3.13	2.83	2.91

SUSTAINABLE FINANCE

Responsible Finance

Strategy

JB Financial Group has recognized its role in climate change and environmental issues and declared its commitment to coal-free finance by 2022 in order to provide responsible financial services. As a result of the coal phase-out declaration, all affiliates of JB Financial Group have ceased their participation in project financing (PF) for the construction of coal-fired power plants domestically and internationally. They have also completely halted the acquisition of bonds, including those issued by special purpose companies (SPCs), for the same purpose. In addition, we plan to expand financial support for eco-friendly value-creation projects such as ESG bond issuance and green financial products, and lead the transition to a low-carbon economy. Our responsible finance activities are promoted based on the executive ability of the ESG Committee within the board of directors, and ESG indicators are reflected in the performance evaluation of the management to promote long-term sustainability and social responsibility. The CEO should strengthen social responsibility by advancing ESG management, the CFO should implement strategies for running ESG management, and the CRO should carry out ideas for measuring and managing ESG climate risks. JB Financial Group will continue to strive to strengthen ESG management and move toward sustainable future finance based on responsible finance activities at the board of directors and management level.

Target

JB Financial Group joined global environmental initiatives such as the Partnership for Carbon Accounting Financials (PCAF) and Science Based Targets initiative (SBTi), and applied the methodology required by SBTi to establish a goal of achieving net-zero of financed emissions by 2045. For financed emissions, based on SBT's SDA (Sectoral Decarbonization Approach) and Temperature Rating, a reduction target establishment methodology, reduction targets and implementation paths for each asset class were established, and reduction mid-term target of financed emissions was set as 30% by 2025 and 48 by 2030 compared to the base year of 2020.

Financed Emissions Target

by 2045

Net-Zero

2020 Emissions:
About 980 thousand ton

Financed Emissions Mid-term Target

by 2025

30% reduction

Target emissions:
About 690 thousand ton

by 2030

48% reduction

Target emissions:
About 510 thousand ton

Assessment

JB Financial Group measures financed emissions in a broader scope than the mandatory scope required by the Science Based Targets initiative (SBTi). We have set a carbon reduction target that encompasses approximately 19% of their total portfolio. In June 2022, we became the 2nd financial company and the 4th company in South Korea to obtain approval for their reduction targets from SBTi.

SUSTAINABLE FINANCE

Performance

Financed Emissions

As a result of selecting climate risk-intensive management industries within its loan asset portfolio and calculating the exposure and carbon emission rate by each industry of the loan portfolios based on the PCAF's methodology for measuring GHGs and Science Based Targets initiative (SBTi), JB Financial Group discovered that the industry with the highest financed emissions level among the asset portfolios was in the order of manufacturing and service, commercial real estate, fossil fuel, and cement. In the case of power generation loans, it currently consists of 100% renewable energy loans, recording zero financed emissions.

Description	Unit	2020
Scope 3 Financed Absolute Emissions	tCO ₂ eq	980,416
Portfolio coverage	%	About 19
Scope 3 Financed Emission Intensity	tCO ₂ eq/KRW billion	385.8
Emissions by Sector or Industry	Other manufacturing	tCO ₂ eq 198,403
	Commercial real estate	tCO ₂ eq 192,116
	Gas	tCO ₂ eq 147,130
	Cement	tCO ₂ eq 108,735
	Service	tCO ₂ eq 55,946
	Chemistry	tCO ₂ eq 29,371
	Real estate	tCO ₂ eq 12,589
	Shipping	tCO ₂ eq 11,107
	Iron / steel	tCO ₂ eq 8,030
	Pulp and paper	tCO ₂ eq 3,117
	Aluminum	tCO ₂ eq 1,987
	Power generation	tCO ₂ eq 0
	Fossil fuel	tCO ₂ eq 1,431
	Commercial real estate loan	tCO ₂ eq/m ² 80.7
	Real estate investment and REITs	tCO ₂ eq/m ² 216.4
	Power generation project financing	tCO ₂ eq/MWh 2.1

ESG Responsibility Assessment

We consider ESG aspects when operating margin trading and loan businesses. It reflects ESG-related matters through the process of evaluation and due diligence of non-financial factors such as ethical management at the time of credit evaluation of companies and sole proprietors, labor relations and working conditions, and management safety. We especially set up guidelines for credit management, prohibiting the handling of loans for unhealthy businesses such as gambling, bars, and massages. Face-to-face and non-face-to-face due diligence systems and measures to prevent terrorist financing are implemented to select customers with potential risks, and a separate approval process is in place for business relationships with risky countries. We use the confirmation for the purpose of financial transactions and the checklist for the prevention of financial fraud when having a transaction with clients, aiming to prevent financial damage, such as voice phishing. As a result, if it is determined that there is a high level of risk in terms of ESG, we are implementing a system to protect financial consumers by implementing an engagement policy.

SUSTAINABLE FINANCE

Sustainable Corporate Finance

Description		Unit	2020	2021	2022	
Green loan, social loan, sustainable loan	Jeonbuk Bank	JB Green Biz Loan	KRW 100 million	9,525	10,162	9,938
		Technology and local business development finance	KRW 100 million	1,829	1,061	1,555
	Kwangju Bank	Solar loan	KRW 100 million	6,504	6,727	7,121
		Policy fund loan	KRW 100 million	9,125	9,122	7,760
Sustainability linked loan	Kwangju Bank	ESG SUPPORT LOAN	KRW 100 million	-	31	29
Total amount of sustainable business loans		KRW 100 million	26,983	27,103	26,403	
Total amount of corporate loans		KRW 100 million	211,098	216,893	262,898	
Sustainable corporate loan ratio		%	12.78	12.50	10.04	

Sustainable Consumer Finance

Description			Unit	2020	2021	2022
Sustainable consumer / mortgage loan	Jeonbuk Bank	Low-income financial support loan	KRW 100 million	8,233	9,242	17,937
	Kwangju Bank	Low-income financial support loan	KRW 100 million	2,126	2,588	2,138
		Clean vehicle loans	KRW 100 million	509	222	506
	JB Woori Capital	Environmental pollution prevention loan	KRW 100 million	46	17	0
		Basic services (mid-rate credit loans, etc.)	KRW 100 million	2,776	5,524	3,903
Total amount of sustainable consumer / mortgage loans			KRW 100 million	13,690	17,593	24,484
Total amount of personal and mortgage loans			KRW 100 million	162,084	176,350	184,558
Sustainable consumer / mortgage lending ratio			%	8.45	9.98	13.27

Sustainable / Green Investment

Description		Unit	2020	2021	2022	
Sustainable/ Green Investment	Kwangju Bank	Status of relevant holdings (related to Gwangju type job project funds)	KRW 100 million	260	260	260
		Status of relevant investmentbonds	KRW 100 million	9	7	4
	JB Asset Management	JB Clean Energy Specialized Investment Private Equity Special Asset Trust No.1	KRW 100 million	220	204	177
		JB Clean Energy Specialized Investment Private Equity Special Asset Trust No.3	KRW 100 million	229	189	176
		JB Clean Energy Specialized Investment Private Equity Special Asset Trust No.4	KRW 100 million	517	477	450
		JB Clean Energy Specialized Investment Private Equity Special Asset Trust No.5	KRW 100 million	826	734	673

ESG Bonds

Description	Unit	2020	2021	2022
Total amount of ESG bonds		KRW 100 million	11,200	15,500
- Sustainability Bond		KRW 100 million	11,200	15,100
- Social Bond		KRW 100 million	-	400
Total amount of bonds issued		KRW 100 million	78,530	87,730
Ratio of ESG bonds		%	14	18

APPENDIX

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Financial Performance

I. Summary of Performance Results

Despite the uncertainty in the market in 2022, JB Financial Group hit a record high net income of KRW 601 billion for the fourth consecutive year. This success is attributed to the hard work and dedication of our employees.

We were able to reach a stable level of capital ratio (CET1 11.39%), which was previously our weak point, due to growing interest and the Internal Ratings Based Approach. This put us on par with other local financial groups. We also achieved a 13.88% ROE (based on controlling interests) and a 1.05% ROA, which are top-level profitability indicators within our industry. Our outstanding progress was driven by our profitability-oriented approach, resource allocation that considers capital efficiency, and proactive risk management.

After enduring the long and challenging period of COVID-19, we have entered an endemic era with hope and expectations. However, this era has brought with it a series of crises that have deteriorated uncertainty in our society and economy. In particular, three major risks - high prices, high exchange rates, and high interest rates - are projected to amplify fluctuations in our economy and financial markets throughout the year. The current trend of high interest rates is expected to continue for a long time, intensifying overall market risks. As a result, we must remain vigilant throughout the year.

In light of the current situation, we have decided that proactive and agile response strategies are our top priority. We will analyze various scenarios to understand their impact on us and take appropriate and timely countermeasures at each stage.

Growing uncertainty will bring more unpredictable crises to the financial market than ever.

However, we will continue to create our own corporate value through qualitative growth by implementing our ‘business portfolio rebalancing strategy’ in 2023. Our focus will be on reducing our dependence on conventional interest-based profits by establishing systems and human resource infrastructure to generate more non-interest profits. We will do this through the Synergy Councils by sector, where the group’s executives will share each subsidiary’s strengths and advantages to overcome our weakness in the non-interest sector. Additionally, we will diversify our business by expanding our presence in the non-banking sector through M&A. We will also help our overseas sub-subsidiaries become more competitive by implementing relevant strategic tasks to increase their net profit ratio.

In addition, we are committed to enhancing our digital capabilities. To achieve this, we will use strategies such as Plug-in and Reverse Plug-in with big tech platform providers and other financial institutions. By reinforcing our partnerships with them, we will increase our touchpoints with customers and establish a unique digital universal banking system. As part of our transparent ESG management, we will increase our social contribution activities for vulnerable groups such as children and teenagers. We will also embed mutual respect and consideration, which are integral parts of a healthy company culture, into every aspect of our organization.

Our strong DNA enables us to overcome challenges with an unyielding spirit that thrives even in difficult times. Building on this foundation, JB Financial Group aims to become a reputable and dynamic comprehensive financial group representing Korea, transcending our current status as a small but strong financial group.

Financial Performance

Key Financial Data (Consolidated Basis)

(Unit: KRW 100 million)

	2022	2021	YoY(Amt.)
Financial Position			
Total assets	598,282	563,956	34,325
Loans	471,451	438,482	32,969
Total liabilities	550,652	520,690	29,962
Deposits	418,578	400,499	18,079
Total shareholders' equity	47,630	43,267	4,363
Profitability			
Total operating income	18,135	15,701	2,434
Operating income	8,258	7,083	1,175
Net income	6,183	5,254	929
Net income of controlling interest	6,010	5,066	945
Net interest margin (group)	3.13%	2.86%	0.27%p
Net interest margin (banks)	2.74%	2.45%	0.29%p
ROA	1.05%	0.96%	0.09%p
ROE	13.88%	12.84%	1.04%p

	2022	2021	YoY(Amt.)
Asset Soundness			
Substandard & below (NPL) ratio	0.62%	0.55%	0.07%p
Delinquency ratio	0.58%	0.48%	0.10%p
NPL coverage ratio	168.00%	160.98%	7.02%p
Capital Adequacy			
BIS ratio	13.51%	13.09%	0.42%p
Tier1 ratio	12.66%	11.55%	1.11%p
CET1 ratio	11.39%	10.30%	1.09%p

APPENDIX

Financial Performance

Independent Auditor Report

Risk Management

Sustainability Management Initiative

GRI Content Index

TCFD

SASB

PRB Index

GHG Verification Statement

ISO 37001 Certification

Third-Party Assurance Statement

Financial Performance

II. Income Statement Review

1. Income Statement

Summary of Consolidated Income Statement

Unit: KRW 100 million

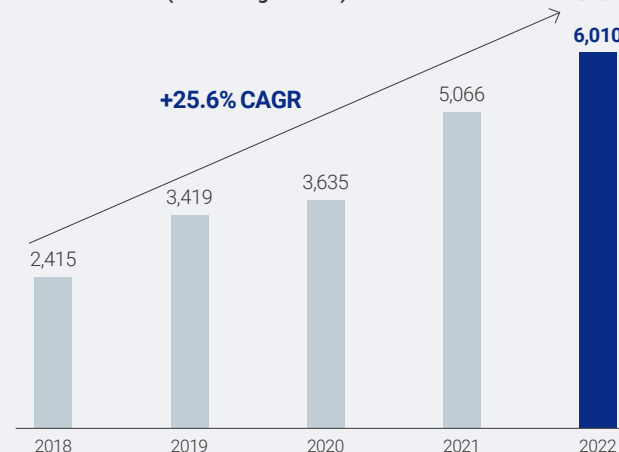
	2022	2021	YoY(Amt.)	YoY(%)
Total operating income	18,135	15,701	2,434	15.5
Interest income	17,401	14,525	2,877	19.8
Fees and commissions income	645	614	31	5.0
Lease income	667	679	-13	-1.9
Income on financial instruments	405	651	-245	-37.7
Other operating income	-983	-768	-215	-
SG&A expenses	7,203	7,250	-47	-0.7
Net provision	2,674	1,368	1,306	95.5
Operating income	8,258	7,083	1,175	16.6
Non-operating income	64	-119	183	-
Pre-tax income	8,322	6,964	1,358	19.5
Income tax expense	2,139	1,710	429	25.1
Net income	6,183	5,254	929	17.7
Attributable to controlling interest	6,010	5,066	945	18.7
Attributable to non-controlling interests	172	188	-16	-8.6

In 2022, JB Financial Holdings recorded KRW 601 billion in net income (attributable to controlling interests), up 18.7% from the previous year, KRW 506.6 billion, which led to a CAGR of 25.6% over the past five years.

The increment in net income was attributed to several reasons; a robust rise in interest income arising from increased NIM, improvement in cost efficiency stemming from meticulous cost management, and decrease in bad debt ratio due to enhanced soundness.

Group's Net Income Trend (controlling interest)

Unit: KRW 100 million



Group's Profitability Indicator Trend

Unit: %

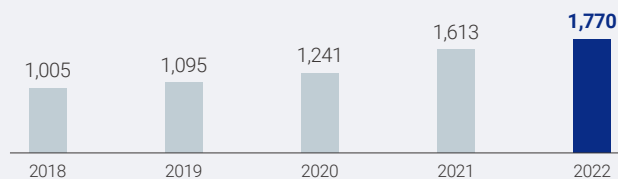


Financial Performance

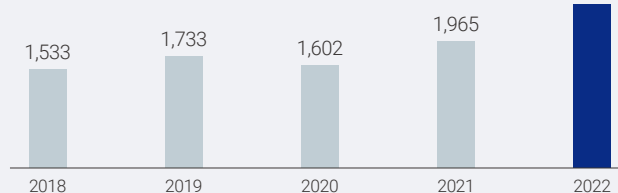
Yearly Net Income by Major Subsidiary (separate)

Unit: KRW 100 million

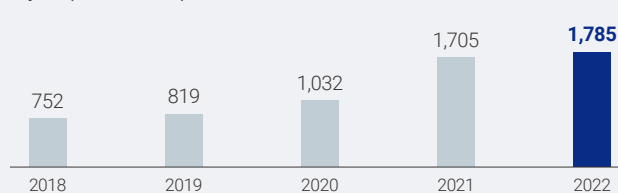
Jeonbuk Bank



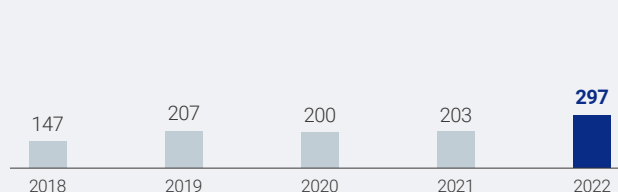
Kwangju Bank



JB Woori Capital (consolidated)



PPCBank



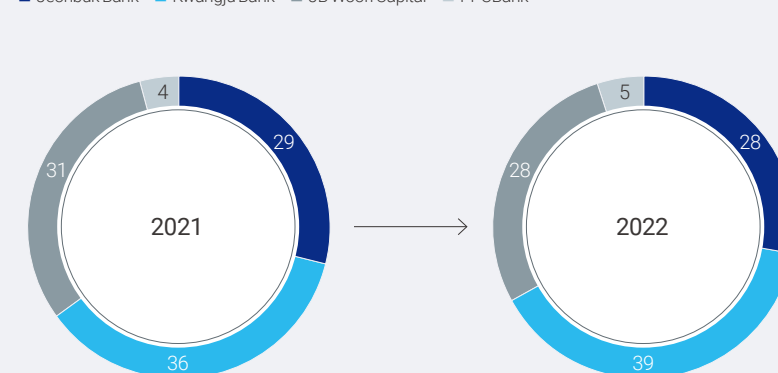
The group's subsidiaries, Jeonbuk Bank and Kwangju Bank, saw substantial growth in their net income. The increase in interest income owing to the solid stable management and favorable SG&A expenses were the driving force behind these outstanding results.

Jeonbuk Bank (on a separate basis) delivered KRW 177 billion in net income, up 9.7% from the previous year while Kwangju Bank (on a separate basis) registered KRW 254.7 billion, up 29.6% from the last year. JB Woori Capital, credit finance firm, posted KRW 178.5 billion in annual net income, a 4.7% increase from the previous year on the strengths of its asset portfolio restructured into the profitability-oriented one. JB PPAM in Cambodia, one of our sub-subsidiaries, achieved KRW 29.7 billion, up 46.3% from the previous year, contributing to expanding our profitability base on the global stage.

Net Income Contribution by Subsidiaries

Unit: %

■ Jeonbuk Bank ■ Kwangju Bank ■ JB Woori Capital ■ PPCBank



Financial Performance

2. Interest Income

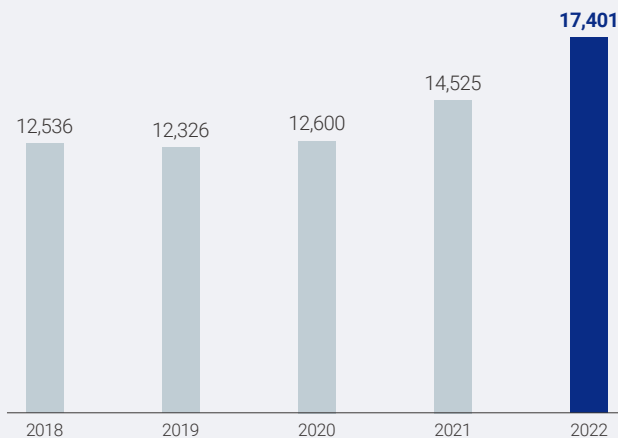
Group Net Interest Income

Unit: KRW 100 million

	2022	2021	YoY(Amt.)	YoY(%)
Interest income	25,262	18,996	6,267	33.0
Loans	23,823	17,915	5,907	33.0
Securities	1,175	928	247	26.6
Other IEA	264	152	112	74.1
Interest expense	7,861	4,471	3,390	75.8
Deposits	5,187	2,589	2,598	100.3
Debentures	2,187	1,640	547	33.3
Borrowings	450	223	226	101.5
Other IBL	38	18	19	107.4
Net interest income	17,401	14,525	2,877	19.8

Group Net Interest Income

Unit: KRW 100 million

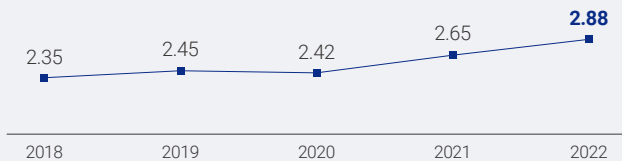


In 2022, JB Financial Group's interest income increased by 19.8% from the previous year based on the group's NIM rising by 28bp year-on-year due to the base rate hike and profitability-oriented portfolio adjustments, and group loans growing by 7.5% year-on-year. JB Financial Group's annual net interest margin on a combined bank basis recorded 2.74%, up 29bp from the previous year, serving as a core driver of the robust growth in interest income.

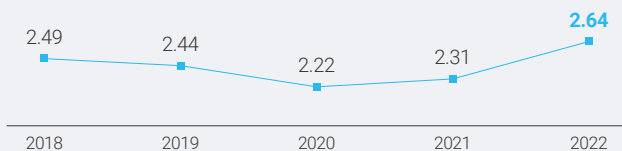
NIM

Unit: %

Jeonbuk Bank



Kwangju Bank



Financial Performance

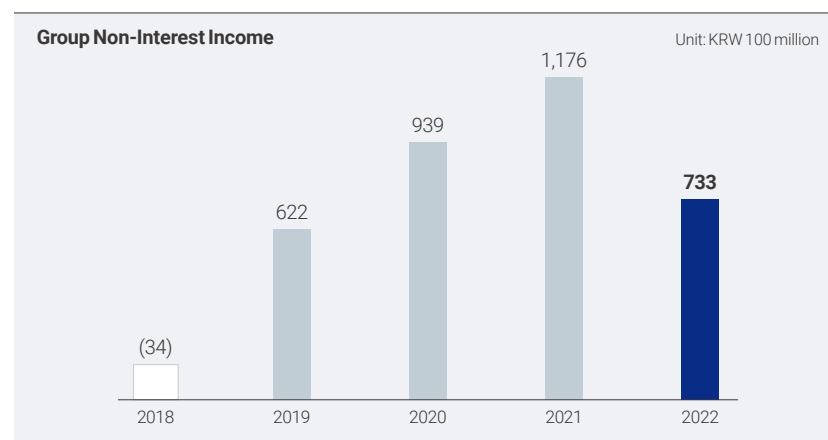
3. Non-Interest Income

Group Non-Interest Income

Unit: KRW 100 million

	2022	2021	YoY(Amt.)
Non-Interest Income	733	1,176	-443
Fees & Commissions	645	614	31
Lease	667	679	-13
Securities	344	614	-270
FX & Derivatives	61	37	24
Guarantee Fund & Insurance Fees	-1,151	-1,028	-123
Others	168	259	-92

Group's non-interest income decreased from the previous year due to the base effect of securities income and increase in capital costs compared to the previous year. However, owing to the increase in fee income, our non-interest income recorded KRW 73.3 billion. We plan to improve the non-interest income through business diversification in the future.



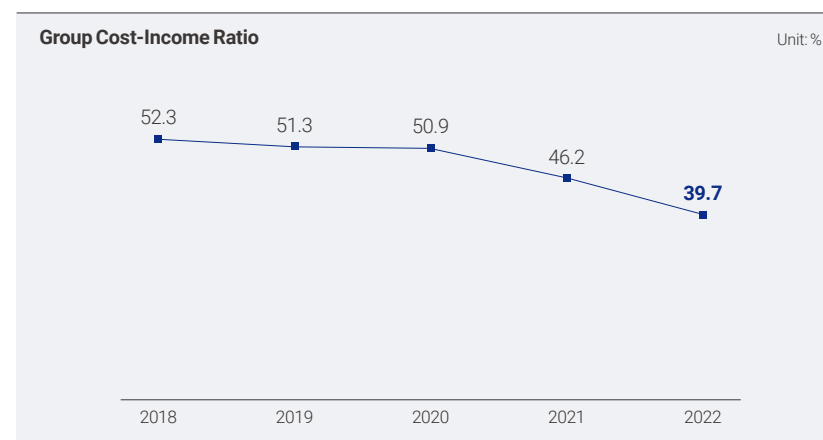
4. Sales, General & Administrative Expenses

Group SG&A Expenses

Unit: KRW 100 million

	2022	2021	YoY(Amt.)	YoY(%)
SG&A Expenses	7,203	7,250	-47	-0.7
Salaries & Benefits	4,802	4,603	199	4.3
General & Admin	1,246	1,190	56	4.7
Early retirement expenses	69	359	-290	-80.9
Depreciation & Others	1,086	1,098	-12	-1.1

Our SG&A expenses in 2022 were KRW 720.3 billion, down 0.7% from the previous year. The group-wide efforts to reduce fixed costs were reflected by establishing a cost-efficiency improvement strategy from the perspective of the Group's labor cost reduction effects, such as voluntary retirement, digital transformation, channel optimization considering customer convenience, and retraining and reallocation of the idle workforce that have been implemented for the past several years. The Group's cost-income ratio was 39.7%, a decrease of 6.5%p from the previous year. Going forward, we will manage the cost-income ratio at a stable level through efficient budget execution.



Financial Performance

5. Credit Costs

Group Credit Costs

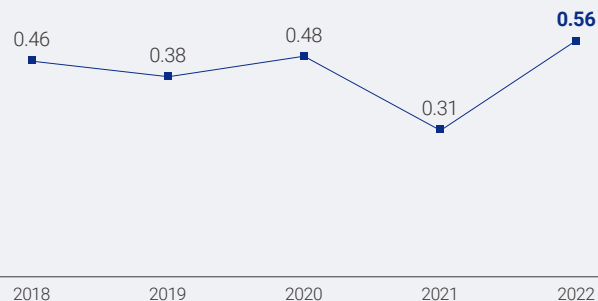
Unit: KRW 100 million

	2022	2021	YoY(Amt.)	YoY(%)
Provision for Credit Losses	2,674	1,368	1,306	95.5
Corporate (Banks)	370	-62	432	-
Household (Banks)	1,410	729	681	93.4
Credit Card (Banks)	69	60	9	15.0
JB Woori Capital	785	584	201	34.4
Others	40	57	-17	-

In 2022, the group's annual provision for credit losses amounted to KRW 267.4 billion, which is KRW 130.6 billion more than the previous year. Despite significant growth in the asset portfolio, profitability and asset quality were not affected. However, due to economic uncertainty and the COVID-19 aftermath recession, the annual provision for credit losses increased compared to the previous year. The increase was mainly caused by the conservative provisioning of KRW 22 billion based on future economic prospects and the base effect of DICC of KRW 28.4 billion from the previous year. We aim to manage asset soundness indicators well through continuous and preemptive risk management. Credit cost ratio recorded 0.56% for the group and 0.48% for all banks combined.

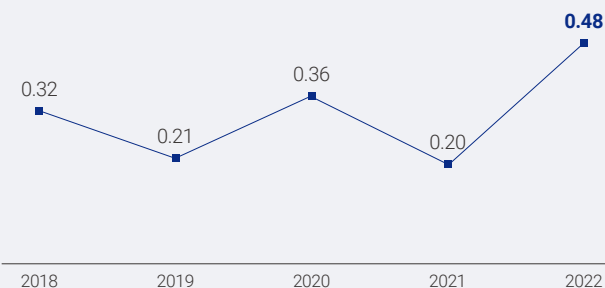
Credit Cost Ratio of the Group

Unit: %



Total Credit Cost Ratio of All Banks Combined

Unit: %



Financial Performance

III. Balance Sheet Review

1. Balance Sheet Overview

Condensed Consolidated Balance Sheets

Unit: KRW 100 million

	2022	2021	YoY(Amt.)	YoY(%)
Total Assets	598,282	563,956	34,325	6.1
Cash and due from banks	20,800	29,163	-8,363	-28.7
Investment financial assets	75,050	67,495	7,555	11.2
Loans	471,451	438,482	32,969	7.5
Lease assets	12,967	15,466	-2,499	-16.2
Tangible assets	4,494	4,278	216	5.1
Intangible assets	1,676	1,452	224	15.4
Other assets	11,843	7,619	4,223	55.4
Total Liabilities	550,652	520,690	29,962	5.8
Deposits	418,578	400,499	18,079	4.5
Borrowings	23,383	21,446	1,937	9.0
Debt securities issued	92,313	82,169	10,144	12.4
Other liabilities	16,377	16,575	-198	-1.2
Total Equity	47,630	43,267	4,363	10.1
Capital stock	9,849	9,849	0	0.00
Hybrid debts	4,030	4,030	0	0.00
Capital surplus	7,049	7,049	0	0.00
Retained earnings	25,833	21,408	4,426	20.7
Other equity	-990	-761	-229	-
Non-controlling interests	1,859	1,693	167	9.9
Total Liabilities and Equity	598,282	563,956	34,325	6.1

At the end of 2022, JB Financial Group recorded KRW 59,828.2 billion in total assets on a consolidated basis, up 6.1% from the previous year. The growing demand for corporate capital, such as in the IB sector of the both banks and capital firm, led to a 7.5% rise in loan receivable from the previous year, which, in turn, increased deposits due to customers by 4.5% year-over-year. And we witnessed a 20.7% increase in retained earnings on the strength of the robust increased gains.

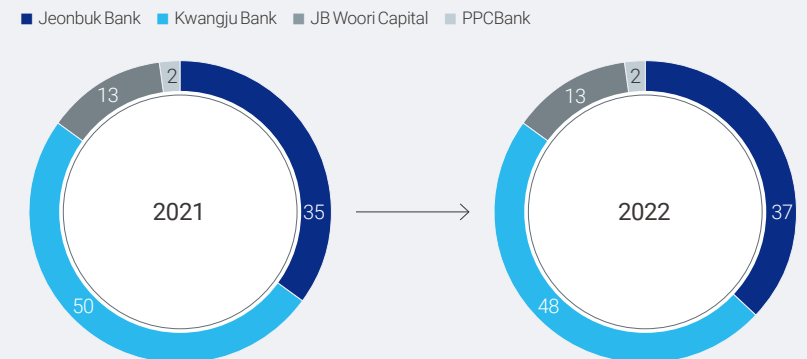
Assets and Liabilities by Subsidiaries

Unit: KRW 100 million

Category	Company Name	2022			2021		
		Total Assets	Total Liabilities	Total Equity	Total Assets	Total Liabilities	Total Equity
Holding Company	JB Financial Holdings	30,904	8,245	22,659	28,005	7,167	20,838
	Jeonbuk Bank	219,248	202,998	16,250	195,752	179,999	15,753
	Kwangju Bank	285,638	264,528	21,110	281,635	261,059	20,576
Subsidiary	JB Woori Capital	79,310	68,199	11,111	73,775	63,494	10,281
	JB Asset Management	1026	650	376	859	528	331
	JB Investment	470	31	439	442	31	411
	PPCBank	12,447	9,967	2,479	11,787	9,738	2,049
Sub-subsidiary	JB Capital Myanmar	77	63	14	81	60	21
	JB Securities Vietnam	536	3	533	541	38	503
	JB Phnom Pehn Asset Management	34	-	34	36	-	36

Assets Contribution by Subsidiaries

Unit: %



Financial Performance

2. Deposits

Deposits by Banks

Unit: KRW 100 million

Jeonbuk Bank	2022	2021	YoY(Amt.)	YoY(%)
Total Deposits	179,091	158,613	20,478	12.9
Deposits in KRW	177,821	156,912	20,910	13.3
Low-cost deposit	55,940	62,123	-6,183	-10.0
Demand	29,129	31,123	-1,994	-6.4
Savings	15,852	18,945	-3,093	-16.3
Corporate savings	10,959	12,055	-1,096	-9.1
Time deposit	118,884	91,395	27,489	30.1
Installment deposit	2,997	3,393	-397	-11.7

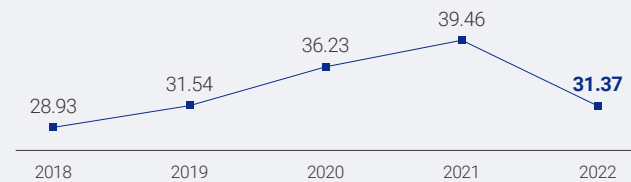
Kwangju Bank	2022	2021	YoY(Amt.)	YoY(%)
Total Deposits	231,977	232,479	-502	-0.2
Deposits in KRW	229,435	222,911	6,525	2.9
Low-cost deposit	97,835	112,863	-15,028	-13.3
Demand	57,520	58,611	-1,091	-1.9
Savings	29,784	35,707	-5,924	-16.6
Corporate savings	10,531	18,544	-8,013	-43.2
Time deposit	127,794	106,289	21,505	20.2
Installment deposit	3,385	3,123	262	8.4

Deposits in KRW at Jeonbuk Bank increased by 12.9% year-on-year along with the growth in loans, while deposits in KRW at Kwangju Bank remained at the same level as the previous year. Meanwhile, the proportion of low-cost deposits decreased in both Jeonbuk Bank and Kwangju Bank due to an increase in time deposits following the rise in the base interest rate in the recent year.

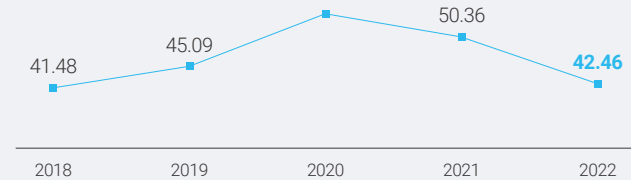
Weight of Low-cost

Unit: %

Jeonbuk Bank



Kwangju Bank



Financial Performance

3. Loans

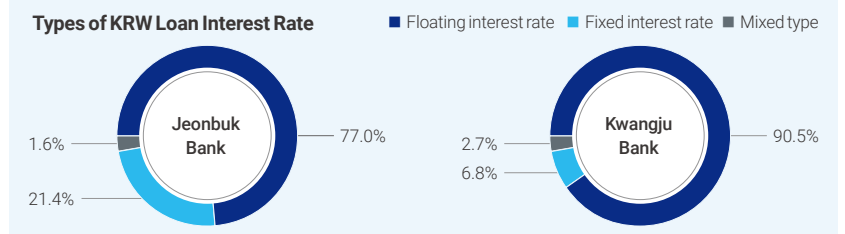
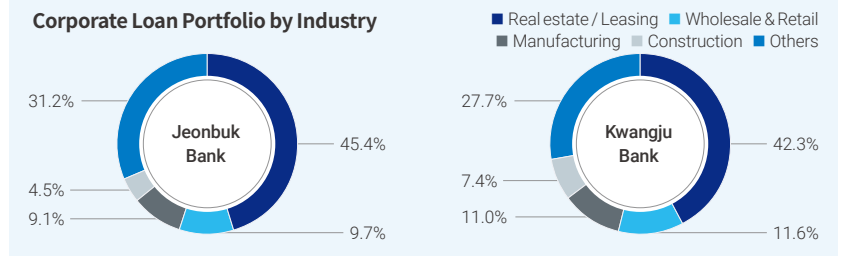
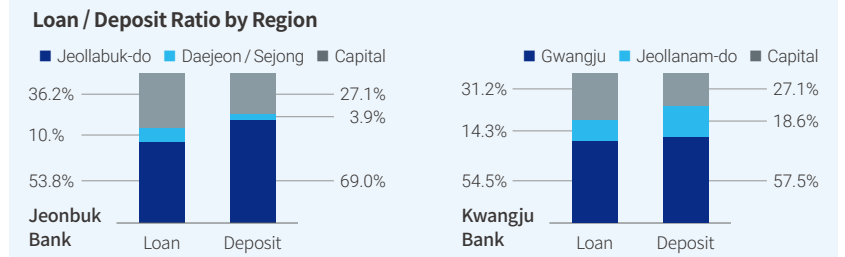
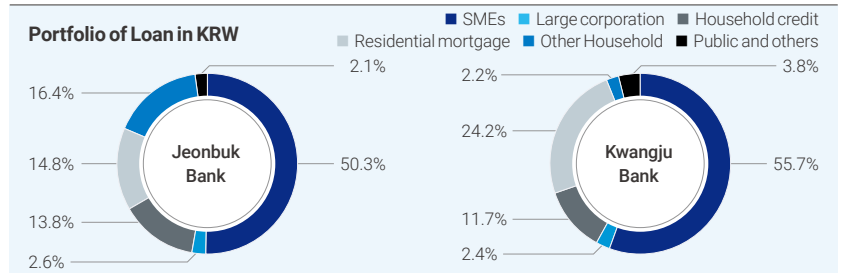
Loans by Banks

Unit: KRW 100 million

Jeonbuk Bank	2022	2021	YoY(Amt.)	YoY(%)
Loans in KRW	169,230	151,911	17,320	11.4
Corporate	89,537	83,626	5,910	7.1
SME	85,131	79,503	5,628	7.1
Large Corp	4,406	4,123	283	6.9
Household	76,124	64,305	11,819	18.4
Mortgage	25,020	23,758	1,262	5.3
Public & Others	3,570	3,980	-409	-10.3

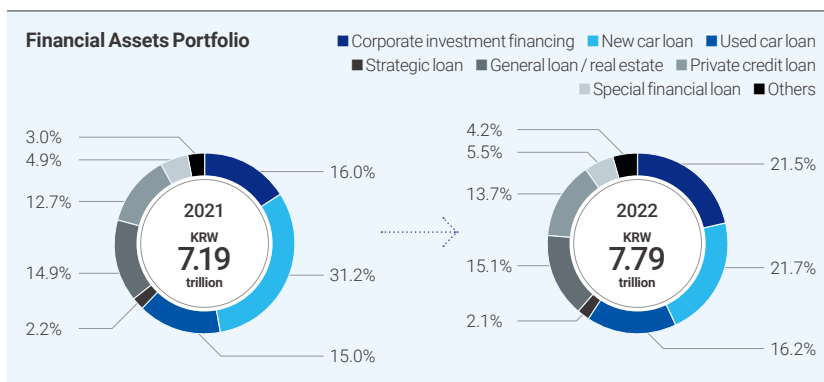
Kwangju Bank	2022	2021	YoY(Amt.)	YoY(%)
Loans in KRW	214,912	213,293	1,618	0.8
Corporate	124,915	114,960	9,955	8.7
SME	119,707	110,874	8,833	8.0
Large Corp	5,208	4,086	1,122	27.5
Household	81,840	91,042	-9,202	-10.1
Mortgage	51,918	65,968	-14,050	-21.3
Public & Others	8,157	7,291	866	11.9

Jeonbuk Bank's loans in KRW in 2022 amounted to KRW 16.9 trillion, a 11.4% increase year-over-year. Overall, all loans grew, but credit growth continued, with household personal credit loans growing significantly, with household loans growing 18.38% year-on-year. Kwangju Bank recorded KRW 21.5 trillion in loans in KRW, a 0.7% increase year-over-year.



Financial Performance

4. JB Woori Capital



JB Woori Capital has reduced the proportion of new car finance in the portfolio from 2018 in response to the intensifying competition in the new car finance market as banks and credit card companies enter the auto finance industry. Instead, JB Woori Capital focused on the non-car finance areas, including used car loans, corporate loans, and private loans. As the corporate finance sector was strengthened, the proportion of general loans and investment finance was expanded in the portfolio.

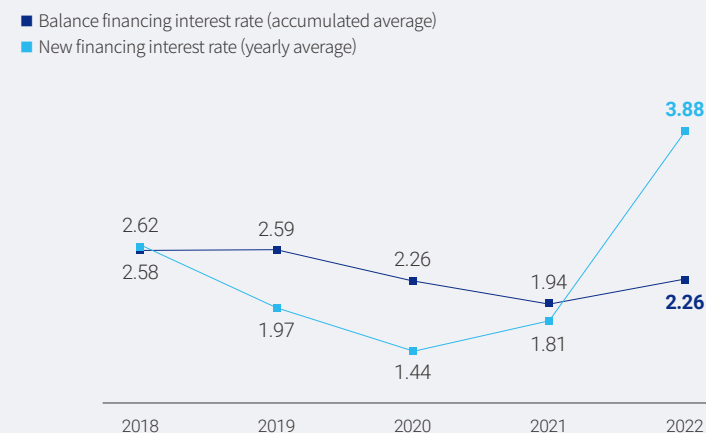
Funding Structure

Unit: KRW 100 million

	2022	2021	YoY(Amt.)	YoY(%)
Total	65,400	60,000	5,400	9.0
Corporate bonds	57,400	55,100	2,300	4.2
CP	7,900	4,900	3,000	61.2
ABS	-	-	-	-
Borrowings	100	-	-	-

Funding Rate Trend

Unit: %



At the end of 2022, JB Woori Capital's new funding rate increased due to a sudden bond market crunch.

Financial Performance

IV. Asset Quality Review

Group Asset Quality

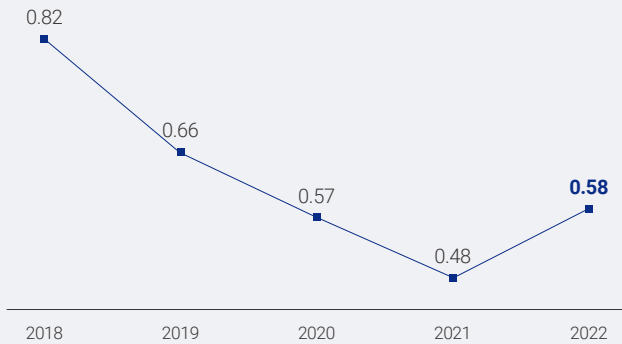
Unit: KRW 100 million

	2022	2021	YoY(Amt.)	YoY(%)
Total Credits	463,333	438,627	24,706	5.6
Normal	456,765	432,310	24,455	5.7
Precautionary	3,682	3,927	-245	-6.2
Substandard	1,655	1,508	147	9.7
Doubtful	654	579	75	13.0
Estimated loss	576	303	273	90.1
Precautionary & Below Ratio	1.42%	1.44%	-	-1.6
Precautionary & below	6,568	6,317	251	4.0
Substandard & Below Ratio	0.62%	0.55%	-	14.3
Substandard & below	2,886	2,391	495	20.7
NPL Coverage Ratio	168.00%	160.98%	-	4.4
Loan loss allowance	4,848	3,848	1,000	26.0
Delinquency Rate	0.58%	0.48%	-	20.7
Delinquent loans	2,708	2,130	578	27.1

JB Financial Group is taking proactive steps to manage risk and ensure asset quality amid economic uncertainty in 2022. The group's NPL ratio rose slightly to 0.62%, up 7bp year-on-year, but the NPL coverage ratio remained at a proper level at 168.0%. The delinquency rate also increased marginally to 0.58%, up 10bp year-on-year.

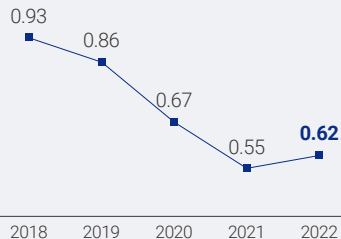
Delinquency Ratio

Unit: %



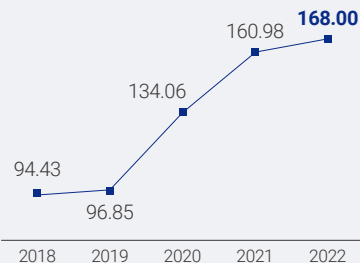
NPL Ratio

Unit: %



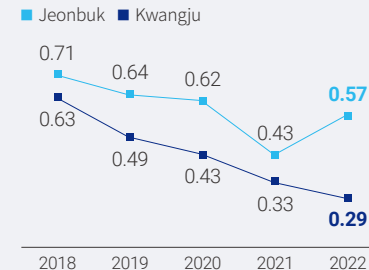
NPL Coverage Ratio

Unit: %



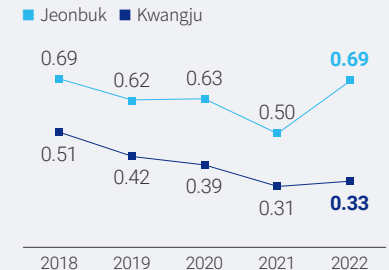
NPL Ratio by Bank

Unit: %



Delinquency Ratio by Bank

Unit: %



Financial Performance

V. Capital Adequacy Review

Group Capital Adequacy

Unit: KRW 100 million

	2022	2021	YoY(Amt.)	YoY(%)
BIS Capital	43,969	44,202	-233	-0.53
Tier1 Capital	41,198	38,993	2,204	5.65
CET1 Capital	37,057	34,759	2,298	6.61
Risk Weighted Assets	325,441	337,554	-12,113	-3.59
BIS Ratio	13.51	13.09	-	0.42%p
Tier1 Ratio	12.66	11.55	-	1.11%p
CET1 Ratio	11.39	10.30	-	1.09%p

JB Financial Group's capital adequacy in 2022 was enhanced by the growth of retained earnings and the adoption of the internal rating method. The BIS ratio rose by 42bp year-on-year to 13.51%, Tier 1 ratio increased by 111bp year-on-year to 12.66%, and CET1 ratio improved by 109bp year-on-year to 11.39%, surpassing the 9.5% threshold set by the financial authorities. Risk-weighted assets declined by 3.6% due to the adoption of the internal rating method, and CET1 capital grew by 6.6% year-on-year due to a substantial increase in net profit attributable to controlling interests in the group. Despite the capital growth, ROE for the same period rose by 1.1%p year-on-year to 13.9%, and the dividend payout ratio also increased markedly to 27.0% in 2022.

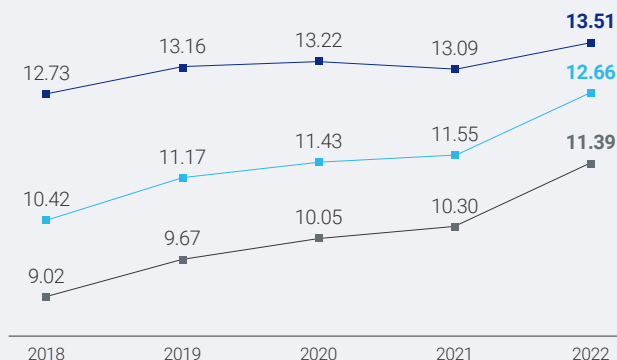
BIS Leverage Ratio Status

	Unit	2022	2021
(Basel III) Tier 1 Capital	KRW 100 million	41,198	38,993
(Basel III) Total Exposure	KRW 100 million	641,268	609,631
(Basel III) Leverage Ratio	%	6.42	6.40

Group's BIS Capital Ratio

Unit: %

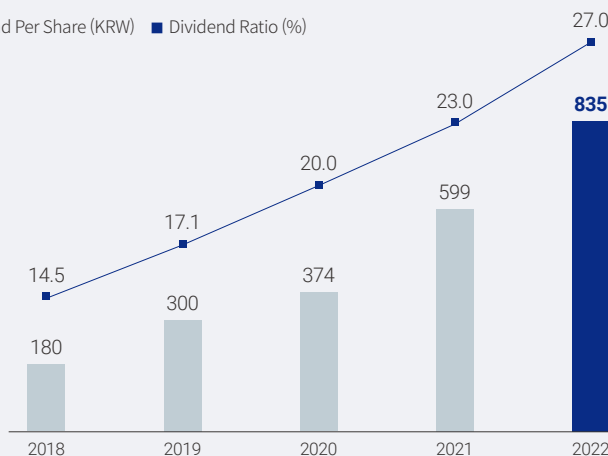
■ BIS Ratio ■ Tier1 Ratio ■ CET1 Ratio



Dividend

Unit: %, KRW

■ Dividend Per Share (KRW) ■ Dividend Ratio (%)



Independent Auditor Report

To the Board of Directors and Shareholders of JB Financial Group Co., Ltd

Opinion

We have audited the consolidated financial statements of JB Financial Group Co., Ltd. And its subsidiaries (collectively referred to as the “Group”), which consist of the consolidated statements of financial position as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

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

- Expected Credit Losses on Loans Measured at Amortized Cost

Why it is determined to be a Key Audit Matter

Korean IFRS 1109 Financial Instruments requires determination of significant increases in credit risk and measurement of expected credit losses using forward-looking information. This standard requires considerably high degree of management’s interpretation and judgment because the Group uses various types of information including probability of defaults, loss given default and forward-looking information to measure expected credit losses.

JB Financial Group recognizes expected credit losses for loans measured at amortized cost,

and expected credit losses for double set valuation expected credit losses are determined as a key audit matter considering the fact that management’s estimation and judgment are included in various and complex input variables and assumptions.

Of the total loans measured at amortized cost amounting to KRW 47,639,830 million (with an allowance for bad debts of KRW 494,687 million, please refer to Note 15), the loans measured at amortized cost that are subject to collective evaluation amounted to KRW 47,547,488 million, with a related allowance for bad debts of KRW 483,563 million.

How Our Audit Addressed the Key Audit Matter

We obtained an understanding and evaluated the processes and controls relating to the assessment of expected credit losses on a collective basis in accordance with impairment requirements under Korean IFRS 1109 Financial Instruments. Management assessed credit rating to recognize lifetime expected credit losses on loans with significant increase in credit risk and impaired loans. Other than these cases, management recognized 12 month expected credit losses. To calculate expected credit losses, management has applied forward-looking information, probability of default, and loss given default estimated through predetermined internal procedures and controls implemented for various assumptions.

We assessed the design and operating effectiveness of controls relating to credit ratings that appropriately reflect both qualitative and quantitative information. Our substantive test over accuracy and reliability of information includes agreeing qualitative and quantitative information with relevant evidence.

We assessed the appropriateness of management policies and procedures to determine significant increases in credit risk, and tested reasonableness of expected credit loss model applied by each of the three stages (Stage 1, 2 and 3) depending on how significantly credit risk was increased.

We involved our own risk specialist to statistically analyze correlation between forward-looking information, probability of defaults and loss given default. We assessed appropriateness of methodologies for adjusting probability of defaults and loss given default to reflect forward-looking information on estimation of expected credit losses. We further tested reasonableness and mathematical accuracy of information through recalculation and inspection of supporting data. We assessed on methodologies used by management to verify that probability of default and loss given default were estimated by using sufficient and reasonable historical data. We determined that the default and loss data used were appropriately collected and used in accordance with internal control procedures. In addition, we assessed reasonableness and accuracy of probability of defaults and loss given default through procedures including recalculation, and evaluated management’s default and loss data and mathematical accuracy through agreeing them with relevant evidences.

Independent Auditor Report

MANAGEMENT REPORT

SUSTAINABILITY REPORT

SUSTAINABILITY VALUE STORY

ESG REPORT

APPENDIX

Financial Performance

Independent Auditor Report

Risk Management

Sustainability Management Initiative

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TCFD

SASB

PRB Index

GHG Verification Statement

ISO 37001 Certification

Third-Party Assurance Statement

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Seung Ho, Certified Public Accountant.

Seoul, Korea
March 15, 2023

E. J. Hwang

This report is effective as of March 15, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Risk Management

Risk Management Governance

The Group Risk Management Committee within the Board of Directors establishes the basic risk management policies and strategies. The GCRO assists the Group Risk Management Committee, discussing risk policies and plans of the Group and subsidiaries through the Group Risk Management Operation Committee of each subsidiary. Each subsidiary carries out the Group's risk policies and strategies, capitalizing on each company's risk-related committees, operation committees, and risk management organizations while establishing and implementing concrete risk policies and strategies for subsidiaries. The Risk Management Department of the holding company assists the GCRO in managing and supervising risk management.

Group Risk Management Committee | The Group Risk Management Committee is a committee under the umbrella of the BOD, assuming the role of the highest decision-making body for JB Financial Group's risk management. We are committed to ensuring smooth communication among members and playing a role in comprehensive risk management and control at the group level. This allows us to recognize, measure, monitor, and control various risks that may arise in our management practices in a timely manner.

Risk Management Operation Committee | The Group Risk Management Operation Committee is a decision-making body established by the Risk Management Committee, and plays a crucial role in discussing and coordinating the details related to risk management across the group to ensure the consistent maintenance of group-wide risk management policies and strategies. The committee is comprised of GCRO, risk management officers of subsidiaries, and the heads of the risk management department of the holding company and banks.

Risk Management Governance



System and Principle for Risk Management

As the uncertainty of the business landscape is growing, the significance of risk management has come to the fore. In particular, the financial industry makes profits with various trades that come along with risks. Therefore, we consider risk management a critical corporate activity equally important as profit-making.

JB Financial Group takes into consideration the characteristics, scale, and complexity of each subsidiary's business to recognize and assess all significant risks faced in their operations. This includes credit risk, market risk, operational risk, interest rate risk, credit concentration risk, liquidity risk, foreign exchange settlement risk, and strategic reputation risk that can cause potential losses. In particular, after self-identification and evaluation through possible risks for each major business process of the group and internal control activities for those risks, Top Risks are selected, and for the risks selected as Top Risks, countermeasures such as work process improvement or internal control strengthening are implemented to effectively mitigate or manage the risks. For the quantifiable risks, such as credit, market, operation, liquidity, interest rate, credit concentration, and foreign exchange settlement risks, we measure with the Value at Risk (VaR) type considering those risk characteristics. For operational risks such as external defrauding or incomplete sales, the impact on the group's capital ratio in the event of a loss event of KRW 10 billion or more is analyzed. In addition, we conduct an integrated crisis analysis more than twice a year, checking if adequate capital is prepared for emergencies, which raises the efficiency of risk management. The JB Financial Group has institutionalized independent third-party audits (led by the Audit Department) of the risk management process in its group regulations, so audits are conducted on a regular basis. Additionally, External audits by the Financial Supervisory Service are conducted on a regular basis, and the adequacy of risk management policies and procedures is evaluated.

Risk Management Process






Risk Management

Stress Test

In order to assess the Group's potential vulnerability to exceptional but possible incidents, we conduct an integrated crisis analysis at a group level more than twice a year, analyzing the capital adequacy, impacts by risk type, profit and loss fluctuations, and many more for each

emergency scenario. Through the stress test on various factors, including capital adequacy, we have been equipped with the process to establish a response plan against vulnerability by finding out our weak spots to cope with any crisis.

Emerging Risks

Name of the emerging risk	Description	Impact	Mitigating actions
Climate change-related risk	 <p>Long-term environmental risks posed by global warming stemming from increasing GHG emissions. Risks in various forms entailed, such as implementation- and regulation-related risks other than physical risks.</p>	Physical risks include reduced customer access to branches and the suspension of service provision due to the increasing severity and frequency of natural disaster occurrence arising from global warming. Transition risks are growing with the intensifying government's requirements for low-carbon products and technologies as well as growing demand for the use of renewable energy from clients. If we do not establish the infrastructure for renewable energy or lag behind in terms of green product development, which leads to Green Swan, it may have a far-reaching negative impact on our business operations. Accordingly, investments taking only the financial perspective not in consideration of the environment will lead to difficulty in obtaining permits or regulation-related issues, and it will also incur rising costs or the possibility of cancellation. In addition, as the domestic and overseas financial authorities are expected to monitor the effectiveness of investment, the regulation-related risks are also projected to increase.	<ul style="list-style-type: none"> • Ending Coal Financing' declaration as part of the proactive response to climate change • Net-Zero goal proclamation (reaching net-zero in internal emissions by 2035 and financed emissions by 2045) • Joining global environmental initiatives NZBA, SBTi, PCAF, TCFD, CDP, UNEP FI, etc. • Operating the ESG Committee and ESG-dedicated organization under the BOD • Aiming to lay the foundation for non-financial performance management and practical sustainability internalization
Cyber security-related risk posed by changing digital technologies	 <p>Security and management risks stemming from the rise in advanced and intelligent cybercrimes as well as financial data exposure due to the rise of digital products, services, and infra.</p>	Cyber security system is growing in importance to protect customer data privacy with the banks' digital transformation and soaring data usage. Cyber-attack techniques of illegal intruders are getting more sophisticated and intelligent, and the growing digital innovation based on AI and IoT raises the cybersecurity risks of banks. The expansion of digital banking increases customers' access to financial services, yet it becomes a risk of being easily exposed to hackers. As cybersecurity threats rise, unless we are required to reinforce our response capabilities, we may face growing cyber security risks that can cause us considerable financial and reputational damage.	<ul style="list-style-type: none"> • Building a company-wide cybersecurity risk management system • Introducing digital core IT infrastructure system (performance diagnosis, vulnerability improvement, disaster recovery, etc.) • Continuously enhancing self-diagnosis of the system and improvement activities (conversion to large table partitions, establishing a face-to-face / non-face-to-face monitoring system)
Demographic change risk	 <p>Deteriorating profitability of financial institutions due to demographic changes caused by low birth rate and population aging.</p>	In 2022, the elderly population aged 65 or older in Korea is 9,018,000, accounting for 17.5% of the total population, and is expected to increase to 20.6% in 2025, entering a super-aged society. Population aging leads to a decline in savings rates and poses a risk of weakening the deposit base of financial institutions. If there is a decrease in population and in income levels, resulting in less available surplus money for savings, financial institutions may face difficulties in raising funds. Consequently, the support for the real economy and the function of financial intermediation may shrink. In addition, if the elderly population extensively utilizes loans or experiences a decline in their ability to repay debts, financial institutions are exposed to the risk of non-performing loans or defaults. This situation poses a risk of deteriorating asset quality due to an increase in financial liabilities. When the number of economically active population decreases and a low-interest rate environment emerges, there is a possibility that demand for long-term assets, particularly among the elderly population, increases. This can lead to a narrowing of the spread between long-term and short-term interest rates. As a result, there may be a risk of decreased profitability for the group.	<ul style="list-style-type: none"> • Trust-managing post-retirement funds, developing and managing retirement pensions, pension trusts and other products for the aging society • Promoting overseas investment and diversifying business to improve profitability of asset management

Sustainable Management Initiative

UN Global Compact

The UN Global Compact is a voluntary initiative that promotes the integration of sustainability and corporate citizenship into management strategies and corporate activities. JB Financial Group joined and expressed its support in 2018 while applying universal sustainability principles in line with 10 principles in four areas; human rights, labour, environment, and anti-corruption. Going forward, we will continue to endeavor to become a financial group that supports UN goals and creates social values.

Category	Ten Principles	Activities and Achievements	Page
Human Rights	Principle 1. Business should support and respect the protection of international proclaimed human rights;	Establishing human rights policies	66
	Principle 2. Make sure that they are not complicit in human rights abuses.	Establishing human rights policies and carrying out activities	66
Labour	Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Establishing human rights policies and conducting human rights assessment	66-67
	Principle 4. the elimination of all forms of forced and compulsory labour;	Establishing human rights policies and conducting human rights assessment	66-67
	Principle 5. the effective abolition of child labour; and	Establishing human rights policies and conducting human rights assessment	66-67
	Principle 6. the elimination of discrimination in respect of employment and occupation.	Establishing human rights policies and conducting human rights assessment	66-67
	Principle 7. Businesses should support a precautionary approach to environmental challenges;	Declaring coal phase-out finance and net-zero	36-40
Environment	Principle 8. undertake initiatives to promote greater environmental responsibility;	Establishing environmental management principles and carrying out related activities	36-40
	Principle 9. encourage the development and diffusion of environmentally friendly technologies.	Expanding green finance support	82
Anti-corruption	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	Establishing Code of Conduct for employees, anti-money laundering policies, and anti-corruption system, followed by carrying out related activities	78

UN SDGs

The Sustainable Development Goals (SDGs) are 17 goals that the international community must pursue to address global challenges of humanity, climate change, and economic and social issues. JB Financial Group is working to achieve the Sustainable Development Goals based on the three pillars of social inclusion, economic growth, and sustainable environment.

Category	UN SDGs	Activities and Achievements	Page
Emphasized	SDGs 1 No Poverty	Putting inclusive finance into action and safeguarding financial consumers	46-52
	SDGs 3 Good Health and Well-being	Carrying out social contribution activities for the vulnerable and marginalized, employees' volunteer works	46-52
	SDGs 4 Quality Education	Providing a safe, inclusive and effective educational environment, Providing Financial education and constantly awarding scholarships	46-52, 68-69
	SDGs 8 Decent Work and Economic Growth	Spreading local unique cultures and creating sustainable jobs	58
Related	SDGs 5 Gender Equality	Making sure gender equality in recruitment and personnel system, supporting childcare	58, 62
	SDGs 7 Affordable and Clean Energy	Supporting green energy projects	36-40, 68
	SDGs 13 Climate Action		
	SDGs 9 Industry, Innovation and Infrastructure	Lending support to eco-friendly energy, Local ecosystem restoration project for reducing environmental impact	46-52, 68
	SDGs 11 Sustainable Cities and Communities		
	SDGs 17 Partnerships for the Goals		
	SDGs 12 Responsible Consumption and Production	Establishing the paperless system	55
	SDGs 16 Peace, Justice and Strong Institutions	Establishing the financial consumer protection and personal information protection systems	41-45

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GRI 1 used	GRI 1: Foundation 2021
GRI Sector Standards	In July 2023, JB Financial Group published a report, which did not have any applicable GRI Sector Standards.

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	2-3	Reporting period, frequency and contact point	2	
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Material topics				
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Risk Management	3-3	Management of material topics		-
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Action on Climate Change	3-3	Management of material topics		-
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	303-2	Management of water discharge-related impacts	55	
	303-3	Water withdrawal	-	N / A
	303-4	Water discharge	-	N / A
	303-5	Water consumption	55	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	54	
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	305-6	Emissions of ozone-depleting substances (ODS)	-	N / A
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	-	N / A
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	55	
	306-2	Management of significant waste-related impacts	55	
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	201-2	Financial implications and other risks and opportunities due to climate change	105, 106	
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Topic	No.	Disclosure	Page	Remarks
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Health Governance Structure	3-3	Management of material topics		-
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Task Force on Climate-related Financial Disclosures

Governance

- ① Describe the board's oversight of climate-related risks and opportunities.
- ② Describe management's role in assessing and managing climate-related risks and opportunities.

JB Financial Group has taken steps to systematically address the opportunities and risks associated with climate change. We have established an ESG Council, ESG Working Council, and subsidiary organizations for ESG matters, all under the supervision of the ESG Committee. This ensures that all employees, from entry-level staff to executives, are involved in the response system. The CEO reports on climate issues to the board and serves as a member of the ESG Committee to monitor progress on climate-related tasks. The CEO also works to balance the supervisory function of the committee with the executive function of management. To reinforce the management's ESG responsibilities and improve performance, climate issues have been incorporated into their KPIs. The CEO has been given strategic tasks such as 'Enhancing social responsibility for ESG management advancement' and 'Executing strategic tasks for ESG management advancement', while the CRO has been tasked with 'Measuring climate-related risks and establishing countermeasures.' This ensures that we are making every effort to improve our performance on climate-related issues. The ESG Team of Holdings, which oversees the ESG Working Council, is responsible for establishing climate change response strategies and policies, managing subsidiaries' green finance performance, and carrying out practical activities to respond to climate change by including climate-related factors in performance evaluation indicators.

Governance for Climate Response

Organizations for ESG management implementation	ESG Working Council	ESG Council	Board of Directors (ESG Committee)
 <p>Subsidiaries' organizations responsible for implementing ESG-related tasks</p>	 <ul style="list-style-type: none"> • Working-level personnel in charge of ESG tasks • Discussions on the execution of ESG tasks • Communication regarding key ESG issues 	 <ul style="list-style-type: none"> • Executive members of the holdings and subsidiaries and ESG task managers • Discussions on main ESG matters • Monitor and manage ESG performance 	 <ul style="list-style-type: none"> • Review and examine key ESG strategies and tasks • Monitor ESG performance management (JB Financial Holdings / subsidiaries) • Decisions made on ESG-related issues such as climate change

Strategy

- ① Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term
- ② Describe the impact of climaterelated risks and opportunities on the organization's businesses, strategy, and financial planning
- ③ Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including 2°C or lower scenario

JB Financial Group identifies potential risks and opportunities associated with climate change and assesses their financial impact for effective management. And the defined risks and opportunities are as follows.

Risks

Category	Risk impact and our responses		Period
Transition risks	Policy and Legal Risks	As part of the efforts to achieve Nationally Determined Contributions (NDCs), carbon credit prices are expected to rise and environmental data disclosure requirements are likely to become stricter. This could result in an increase in environmental litigation, presenting a legal risk. In response, JB Financial Group has strengthened our global disclosure criteria within our climate response system and implemented policies to prohibit investments in high-carbon industries, such as declaring a phase-out of coal	Short-, mid- and long-term
	Market Risks	Due to climate change, there is a growing risk for our group as market uncertainty and changes in consumer behavior arise. To address this, we are focusing on establishing an eco-friendly asset portfolio and developing green products and services. This has allowed us to increase our market share in green finance through the creation of unique products. In 2022, we provided KRW 1.70 trillion in loans to the renewable energy sector and invested KRW 147.6 billion in the green sector.	Mid- to long-term
	Technology Risks	As we transition into a green society, there is an increasing need for research and development of new technologies that can reduce GHG emissions and energy consumption. JB Financial Group is committed to supporting this transition through our strong financial capabilities. We offer a range of products related to solar power generation, green vehicles, energy efficiency improvement, and renewable energy. Another focus is on the development of green technologies, such as low-carbon green energy sources.	Mid- to long-term
	Reputation Risks	Financial institutions' ability to respond to climate risks is closely tied to their reputation. Global investors and national pension funds are increasingly demanding that financial companies take active steps to address climate change. In light of this, we view responding to climate change as a critical aspect of risk management. By doing so, we aim to protect our brand value, avoid negative perceptions of our reputation, and minimize reputational risks.	Mid- to long-term
Physical risks	Acute	Short-term climate phenomena, such as typhoons or floods, are increasing in frequency and severity, which poses greater risks. In response, we take into account the possible risks caused by short-term abnormal weather events, such as power outage, financial trading suspension, or system disorder, come up with countermeasures, and carry out response drills	Short- to mid-term
	Chronic	Long-term changes in climate pattern can lead to sea level rise or continued abnormally high temperatures. JB Financial Group analyzes the scenarios concerning possible chronic physical risks in order to formulate strategies and countermeasures against abnormal weather conditions from the long-term perspective.	Mid- to long-term

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Opportunities

Category	Opportunities and our response	Period
Products and services	JB Financial Group is assessing financial emissions in order to detect risks associated with climate change within its portfolio. Based on that, we will create a business strategy and portfolio that takes into account financed emissions for future financial product supply and direct investment activities. Furthermore, we aim to increase the range of green financial products we offer, providing financial assistance for the creation of eco-friendly value. Our investment portfolios, which include stocks, bonds, and loans, will be subject to responsible financing activities as we consider climate risks.	Short-term / Mid-term
Market	We anticipate the emergence of new markets for environmentally friendly products and services, which will lead to a rise in ESG funds and improved investment returns for target companies. In response, we intend to provide specialized products such as low-carbon funds and ETFs.	Short-term / Mid-term

Climate Change Scenario

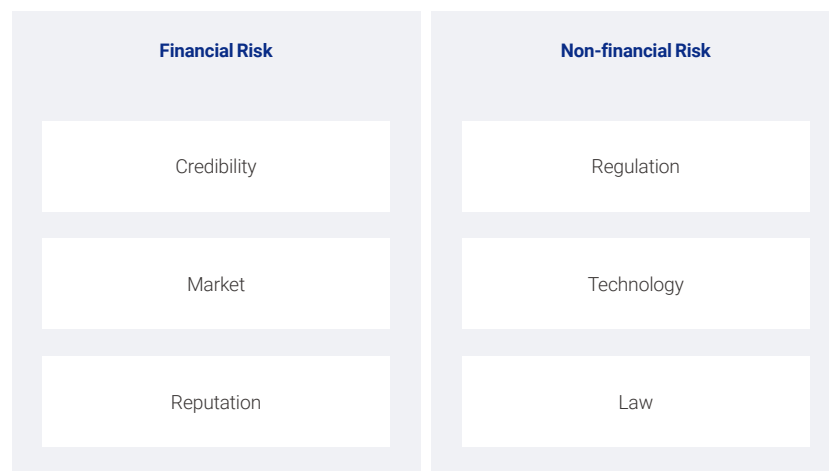
JB Financial Group estimates the financial emissions of its asset portfolio based on the 2DS, B2DS, NZE scenario analysis and PCAF methodology of the Energy Technology Perspective published by the International Energy Agency (IEA), and develops responses accordingly. In addition, we plan to further analyze physical risk scenarios under the GHG reduction policy scenario (RCP 4.5) and the business-as-usual scenario (RCP 8.5). We endeavor to achieve the net-zero goal by translating the GHG reduction effect into economic value and conducting voluntary and diverse reduction activities

Risk Management

- ① Describe the organization's processes for identifying and assessing climate-related risks.
- ② Describe the organization's processes for managing climate-related risks.
- ③ Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

JB Financial Group runs the Risk Management Committee within the Board of Directors and sets up a company-wide risk integration process that includes climate change risks. In particular, as the significance of the climate change response system has recently risen, we plan to analyze the actual and potential impacts of climate change-related risks and opportunities on the group's business, strategy, and financial plans and integrate and manage them systematically. Based on this, we report all monitoring and management statuses to the Risk Management Committee, ESG Committee, and the management. Then, we implement practical actions for climate change response through dedicated departments, such as the ESG Council and ESG Working Council.

Risk Type



Risk Management Process



Metrics and Targets

- ① Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
- ② Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- ③ Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

To manage risk and opportunity factors related to climate change, JB Financial Group chooses environmental indicators such as GHG emissions, energy consumption, water consumption, and waste emissions and tracks and monitors them, followed by disclosing these data transparently to the public. In particular, in order to achieve the net-zero goal in accordance with the carbon neutrality declaration, we measure and reduce Scope 1 & 2 based on the SBTi guidelines, and manage the reductions. Furthermore, we calculate GHG emissions (Scope 3) generated throughout the value chain, including upstream and downstream, and establish reduction plans based on the measured results.

GHG Emissions

Category		Unit	2020	2021	2022
GHG	Total emissions (Scope 1, 2, 3)	tCO ₂ eq	17,645	15,705	16,307
	- Direct emissions (Scope 1)	tCO ₂ eq	3,171	2,997	2,983
	- Indirect emissions (Scope 2)	tCO ₂ eq	14,343	12,587	12,956
	- Other emissions (Scope 3)	tCO ₂ eq	134	123	371
GHG emission intensity (employee)		tCO ₂ eq/person	5.00	4.42	4.55

Energy Consumption

Category		Unit	2020	2021	2022
Energy consumption	Total consumption	TJ	347	313	319
	- Direct consumption (Scope 1)	TJ	52	50	50
	- Indirect consumption (Scope 2)	TJ	295	263	271
Energy intensity (employee)		TJ/Person	0.099	0.089	0.091

We announced our goal to pursue carbon neutrality in February 2022 and established our own net-zero implementation process to achieve the net-zero goal. With an objective to pursue the target systematically, we joined global environmental initiatives. such as the Partnership for Carbon Accounting Financials (PCAF) and the Science Based Targets initiative (SBTi). We applied their methodology to complete the measurement of the Group's own emissions as well as financed emissions. In June 2022, we became the second among domestic financial companies and the fourth among domestic companies to obtain approval for carbon reduction targets from SBTi, implementing a net-zero process at a global level.

In order to achieve the goal of 'net-zero direct & indirect emissions by 2035, net-zero financed emissions by 2045' established based on the results of GHG emission calculations, we also established reduction implementation routes for each and intensity reduction targets for each industry. We aim to mitigate direct and indirect emissions (Scope 1, 2) by 67% by 2030 to achieve net-zero by 2035, and to cut down financed emissions (Scope 3) by 48% by 2030 to achieve net-zero by 2045. Under the SBT's SDA methodology, financed emission reduction plans were established per square meter for 1) commercial real estate loans and 2) real estate investment and REITs. In the case of 3) power generation project financing, we established plans per 1MWh. In the case of general corporate credit, listed company investment, and bond investment other than commercial real estate, we used the Temperature Rating methodology from SBT to establish the mitigation roadmap. From 2020, we extended the calculation scope of GHG emissions and energy consumption to include not only the main offices of five subsidiaries in Korea but also sales branches. We measure the emissions by business site considering the characteristics of a financial group composed of a head office and subsidiaries while monitoring the yearly GHG emission trends and the progress rate. Based on that, we pursue our efforts to achieve the net-zero goal.

SASB

Sustainability Accounting Standards Board

Table 1. Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting Metric	Our Response
Data Security	FN-CB-230a.1	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of account holders Affected	JB Financial Group has established an information protection system to safeguard and manage our customers' personal information and credit data. Relevant information is reported on page 71.
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	We prioritize consumer information protection in our management while complying with the laws related to information protection. We also identify potential risk factors in advance by detecting them so that our customers can use our financial services in a secure way.
Financial Inclusion & Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	As a regional bank, the group carries out various sustainable programs to vitalize local firms and communities. Sustainable finance for the last 3 years is available on page 82.
	FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	It is disclosed through the performance announcement on JB Financial Group homepage.
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	We provide finance-related education programs on voice phishing and loans for multicultural families and foreign workers. Regarding information is reported on page 48.
	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	We publicly announces the concentration rate by industry of our financial products with credit risks on our business report.
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	JB Financial Group operates ESG bonds and various ESG products to integrate ESG factors into credit (financial) analysis. Jeonbuk Bank, a subsidiary of JB Financial Group, issued ESG bonds in KRW for the first time as a regional bank. The bonds also adopted ESG certification rating system, which received 'STB1' grade, the highest grade for social bonds from the Korea Investors Service.

Topic	Code	Accounting Metric	Our Response
Business Ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Not applicable.
	FN-CB-510a.2	Description of whistleblower policies and procedures	We operate JB Doodrim, which is an internal whistleblowing system. Regarding information is released on page 77.
Systemic Risk Management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Not applicable.
	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, longterm corporate strategy, and other business activities	Not applicable.

Table 2. Activity Metrics

Code	Accounting Metric	Our Response
FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	It is disclosed through the performance announcement on JB Financial Group homepage.
FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	It is disclosed through the performance announcement on JB Financial Group homepage.



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Principle	Reporting and self-assessment requirements	Our responses(Page)
Principle 1 Alignment	<p>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p> <p>1.1 Describe your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p> <p>1.2 Describe how your bank has aligned and / or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>Launched as Jeonbuk Bank in 1969, JB Financial Group introduced a holding company system in 2013 and has grown into a comprehensive financial group with five domestic subsidiaries of Jeonbuk Bank, Kwangju Bank, JB Woori Capital, and JB Asset Management, JB Investment and four overseas sub-subsidiaries including PPCBank, JB Capital Myanmar, JB Securities Vietnam, and JB PPAM. We are actively communicating with external stakeholders including customers and shareholders, and making efforts to contribute to regional development by conducting businesses such as banking, credit finance, collective investment, and securities.</p> <p>* Status of JB Financial Holdings in 2022 p.6 * Website</p> <p>JB Financial Group has established three ESG strategic directions and nine strategic tasks under the ESG mission of 'JB Finance, your reliable partner for a better future.' Each strategic direction is connected to the following UN SDGs: Transition to Sustainable Future Finance → SDGs 7, 13 Financial Value Creation Contributing to the Local Community → SDGs 1, 4, 5, 10, 12 Trustworthy Finance Based on Transparency → SDGs 3, 5, 8, 10, 12, 16, 17 * p.18</p>
Principle 2 Impact and Target Setting	<p>We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p> <p>2.1 Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements: a) Scope: The bank's core business areas, products/ services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis. b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business / its major activities lie in terms of industries, technologies and geographies. c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries / regions in which it operates. d) Scale and intensity / salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity / salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.</p> <p>2.2 Target Setting: Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.</p> <p>2.3 Plans for Target Implementation and Monitoring: Show that your bank has defined actions and milestones to meet the set targets.</p> <p>2.4 Progress on Implementing Targets: Show that your bank has implemented the actions it had previously defined to meet the set target. Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in.</p>	<p>We are analyzing the risks and opportunities that climate change can bring to us. We acknowledge the potential damages and impacts associated with both physical and transitional risks, and we are actively preparing countermeasures to effectively respond to them. * p. 104-108</p> <p>We have declared net-zero transition to respond to climate change and established the targets of reaching net-zero in direct & indirect emissions by 2035 and net-zero in financed emission by 2045. Our carbon neutrality targets were approved by SBTi in June 2022. In May 2022, we declared 'coal phase-out finance.' * Website * p.36-38</p> <p>We have built ESG governance by establishing the ESG Committee within the BOD in March 2021. On the foundation of sturdy ESG governance, we strive to effectively realize ESG management throughout the group, mainly by the ESG Committee, ESG Council and ESG Working Council. The ESG Committee assumes a role of reviewing and approving the group's key ESG strategies and tasks for the future while managing non-financial performance based on the quantitative KPI. It also makes swift decisions on ESG issues that require prompt implementation by convening ad hoc meetings. * Website</p> <p>The ESG Committee consists of all board members and serves as the top decision-making body to formulate and supervise ESG management strategies and policies at the group level, including climate change. The regular committee is held once a half year, and if necessary, temporary committee meetings are convened and operated from time to time. A total of four ESG committees were held in 2022. The agenda items included the deliberation of our ESG management strategy and standards, as well as the promotion of key social contribution activities. The status of ESG implementation tasks and the results of external evaluations by MSCI, KCGS, DJSI, and CDP were also reported. * p.110-111, 2022 JB Financial Group Annual Report on the Governance Structure and Remuneration System</p>

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Principle	Reporting and self-assessment requirements	Our responses(Page)
Principle 3 Clients and Customers	<p>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p> <p>3.1 Provide an overview of the policies and practices your bank has in place and / or is planning to put in place to promote responsible relationships with its customers.</p> <p>3.2 Describe how your bank has worked with and / or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities.</p>	<p>We operate a team dedicated to financial consumer protection and have established a consumer information protection management system to prevent incomplete sales and provide safe financial transactions and services. In addition, in order to reinforce the customer's right to know, we disclose important information and continuously educate employees on the importance of protecting consumer information. * p.41-45</p> <p>We offer ESG products and services to our customers and sustain our financial activities in the following ways: 1) Jeonbuk Bank provides the JB Green Biz Loan, financing for nurturing local companies or companies with outstanding technology. 2) Kwangju Bank offers the ESG Support Loan, supporting loans for individuals in the low-income bracket. 3) JB Woori Capital provides loan products for eco-friendly vehicles and environmental pollution prevention. 4) JB Asset Management offers the JB Clean Energy Specialized Investment Private Equity Special Asset Trust, all of which support the ESG activities of our customers. * p.82</p>
Principle 4 Stakeholders	<p>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p> <p>4.1 Describe which stakeholders (or groups / types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts.</p>	<p>We have determined the scope of our major stakeholders in accordance with the 'identification of stakeholders and participation' standard stipulated in ISO 26000, and divided them by groups and identified key stakeholders. We run channels to communicate with each stakeholder to discuss key issues across the economy, environment and society. * p.22, 24-26</p>
Principle 5 Governance & Culture	<p>We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p> <p>5.1 Describe the relevant governance structures, policies and procedures your bank has in place or planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p> <p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees.</p> <p>5.3 We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>	<p>We have built ESG governance by establishing the ESG Committee within the BOD in March 2021. On the foundation of sturdy ESG governance, we strive to effectively internalize ESG throughout the group, mainly by the ESG Committee, the ESG Council, and the ESG Working Council. * Website</p> <p>Climate issues are incorporated into the management's KPIs to internalize and enhance the efficiency of ESG implementation throughout the organization. ESG forms a part of the performance evaluation criteria within the management strategy task, and the CEO, CFO, and CRO are evaluated based on their performance of responsible financial activities through ESG management enhancement. By integrating ESG into the KPIs, we are reinforcing responsible finance and striving to maximize the impact of ESG's significant initiatives. * p.104</p> <p>We have implemented a system to facilitate strategic ESG management with a mid- to long-term perspective. • ESG Committee: Serving as the top decision-making organization under the BOD responsible for establishing ESG management strategies and policies at the group level, and overseeing the implementation status. • ESG Council: Engaging in discussions regarding major ESG initiatives and overseeing ESG performance. It includes the participation of major executives from the holding company, subsidiaries, and personnel involved in promoting ESG within the organizations. • ESG Working Council: Facilitating communication on major ESG issues and discussing practical ESG affairs. It involves the participation of working-level personnel responsible for ESG promotion. * Website</p>
Principle 6: Transparency & Accountability	<p>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p> <p>6.1 Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory)</p>	<p>JB Financial Group became a member of the UN PRB in September 2021 and has been annually reporting its compliance with the PRB principles through the PRB Index in its integrated annual report since 2022. Moreover, we have also joined global initiatives and are actively involved in systematic implementation activities to fulfill our role as a sustainable future financial institution. This includes disclosing our ESG performance on our website. * Website</p>

GHG Verification Statement

JB Financial Group Ltd.

The Korea Management Registrar Inc. (hereinafter “KMR”) has conducted the verification on the greenhouse gas (hereinafter “GHG”) emission (Scope 1,2&3) of JB Financial Group & 5 other affiliates (hereinafter “the Companies”) in 2022.



SCOPE

Verification of places of business and emission facilities under the control of the Companies.

STANDARDS & GUIDANCE

- ISO 14064-1:2006, ISO 14064-3:2006
- WBCSD GHG Protocol
- IPCC Guidelines for National Greenhouse Gas Inventories (2006)
- Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme

LIMITATIONS

The verification has inherent limitations that may arise in the process of applying standards and methods.

OPINION

- GHG verification has been performed to meet the limited assurance level according to the verification standards.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an “qualified” opinion.

Annual GHG Emissions (tCO₂-eq)

Subsidiaries	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)	Corporate Value Chain (Scope 3)	Total
JB Financial Holdings	115.704	139.480	39.196	294
JB Asset Management	31.003	141.924	24.399	197
JB Woori Capital	175.847	1,000.820	29.902	1,206
Jeonbuk Bank	1,225.252	4,928.941	99.532	6,253
Kwangju Bank	1,431.046	6,738.314	177.309	8,346
JB Investment	4.620	6.086	0.360	11
Total	2,983.472	12,955.565	370.698	16,307

※ Total emissions are summed by company after cutting the decimal point at the workplace.

※ SCOPE3 Category : CAT 4 / 5 / 6

Energy Consumption (TJ)

Subsidiaries	Fuel	Electricity	Steam	Total
JB Financial Holdings	1.724	2.809	0.136	4
JB Asset Management	0.467	2.889	0.098	3
JB Woori Capital	2.615	20.709	0.263	23
Jeonbuk Bank	22.026	102.893	0.134	125
Kwangju Bank	23.282	140.759	0.061	164
JB Investment	0.122	0.149	0	0
Total	50.236	270.208	0.692	319

June 20th, 2023

Authorized By

E. J. Hwang
CEO Eun Ju Hwang

ISO 37001 Certification



Certificate No : RAB0027

Certificate of Registration ANTI-BRIBERY MANAGEMENT SYSTEM

This is to certify that
the anti-bribery management system of

JB Financial Group Co., Ltd.

at

#566, Baekje-daero, Deokjin-gu, Jeonju-si, Jeollabuk-do, Korea

Has been found to conform to the Anti-bribery Management System Standards:

KS A ISO 37001:2016 / ISO 37001:2016

This Certificate is valid for the following product or service ranges:

*All Business Activities as a JB Financial Holding Company
Including The Approval of Business Plan, Evaluation of
Management Performance, Determination of Management Governance,
Internal Control and Risk Management for Subsidiaries within Korea.*

Issue Date : Jul. 16. 2022

Certification Date : Jul. 16. 2022

Valid Date : Jul. 15. 2025



Authorized By

E J Hwang
Eun-Ju Hwang, President

Korea Management Registrar
1dong, 12F, Ace High Tech City #775, Gyeongin-ro
Yeongdeungpo-gu, Seoul, 07299, Korea
T: 82-2-6309-9001 / F: 82-2-6309-9004

- KMR is accredited by the KAB (No. KAB-AC-03)
- KSIC CODE:32/ Initial certification date: Jul. 16, 2019

Third Party Assurance Statement

To readers of 2022 JB Financial Group Integrated Annual Report

Introduction

Korea Management Registrar (KMR) was commissioned by JB Financial Group to conduct an independent assurance of its 2022 Integrated Annual Report (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of JB Financial Group. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with JB Financial Group and issue an assurance statement.

Scope and Standards

JB Financial Group described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- GRI Sustainability Reporting Standards 2021
- Universal standards
- Topic specific standards
 - GRI 201: Economic Performance
 - GRI 205: Anti-Corruption
 - GRI 206: Anti-competitive Behavior
 - GRI 302: Energy
 - GRI 303: Water and Effluents
 - GRI 305: Emissions
 - GRI 306: Waste
 - GRI 403: Occupational Health and Safety
 - GRI 405: Diversity and Equal Opportunity
 - GRI 418: Customer Privacy

As for the reporting boundary, the engagement excludes the data and information of JB Financial Group’s partners, suppliers and any third parties.

KMR’s Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report’s performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service’s DART and public databases.

Limitations and Recommendations

KMR’s assurance engagement is based on the assumption that the data and information provided by JB Financial Group to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Third Party Assurance Statement

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with JB Financial Group on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

JB Financial Group has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

JB Financial Group has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

JB Financial Group prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of JB Financial Group's actions.

Impact

JB Financial Group identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with JB Financial Group and did not provide any services to JB Financial Group that could compromise the independence of our work.

July 2023 Seoul, Korea
Korea Management Registrar President **Hwang Eun Ju**

E. J. Hwang

APPENDIX

Financial Performance
Independent Auditor Report
Risk Management
Sustainability Management Initiative
GRI Content Index
TCFD
SASB
PRB Index
GHG Verification Statement
ISO 37001 Certification
Third-Party Assurance Statement



SRV1000
Sustainability Committee Assurance



