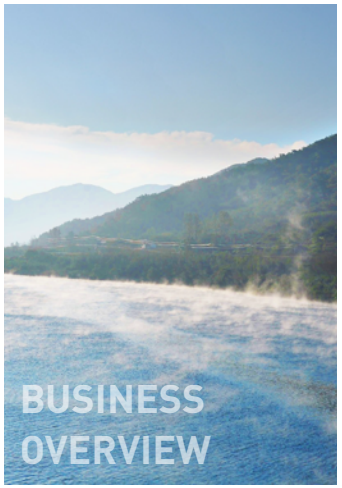
JB Financial Group



SUSTAINABLE GROWTH

with JB Financial Group

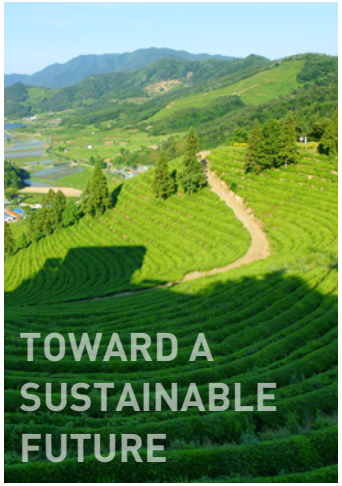
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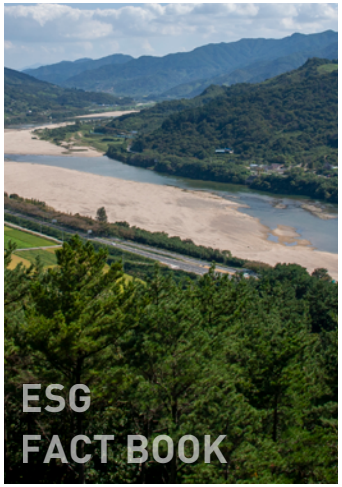
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ABOUT THIS REPORT

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 site is located and generates more than 96% of its profits while periodical boundary is from January 1, 2021 through December 31, 2021. Yet, some of key activities in 2022 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 2021. The report is released at an interval of 1 year, and the previous report was '2020 JB Financial Group Integrated Report' released in July 2020.

Reporting Standards and International Guidelines | We prepared this report in accordance with the Core Option of GRI (Global Reporting Initiative) Standards. 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) disclosure recommendations and SASB(Sustainability Accounting Standards Board).

* Economic performance data is calculated in accordance with K-IFRS while the calculation method of the period is adopted for society and environment performance data in a consistent manner.

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
Jeonbuk Bank www.jbbank.co.kr
Kwangju Bank pib.kjbank.com
JB Woori Capital www.wooricap.com
JB Asset Management www.jbam.co.kr
PPC Bank ppcbank.com.kh
JB Securities Vietnam jbsv.com.vn



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Seomjin River

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CEO'S STRATEGIC REVIEW

I would like to extend my gratitude to all our customers and shareholders for showing their unwavering support for us. And my special thanks also go to all other stakeholders including local communities.



Dear esteemed stakeholders

Last year was marked by the social and economic uncertainty arising from the COVID-19 and other various risk factors. Despite the daunting challenges, we hit a record high, delivering KRW 506.6 billion in net income (attributable to controlling interests). And we have achieved the best-in-class profitability for three consecutive years.

This remarkable achievement is attributed to our proactive risk management based on our management principle we have upheld in consistency for the past three years. That is resource distribution with profitability and asset efficiency taken into account. The same degree of effort is also being made to deliver our distinguished performance in the ESG sector.

To this end, we have established our ambitious targets of reaching net-zero in our direct & indirect GHG (Greenhouse Gas) emissions by 2035, and net-zero financed emissions by 2045. And these targets were verified by SBTi (Science-based target Initiative). In recent years, we declared Ending Coal Financing. Going forward, we will accelerate our journey towards net-zero by building our response system to combat climate change and actively supporting eco-friendly finance.

Responsible management is one of our primary focuses. We promise that we will go hand in hand with local communities to evolve, serving as a reliable partner for them. Based on our transparent and sound governance structure, we put ESG management into action ahead of others, thereby commanding support and empathy from all our stakeholders.

CEO'S STRATEGIC REVIEW

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In order to nimbly respond to the fast-evolving environment, and solidify our stature as 'Young and Strong Hidden Champion Financial Group,' we will carry out the following strategic tasks in 2022.

First, we will constantly deliver 'profitability-oriented quality growth strategy.'

In recent three years, our focus has been on 'business portfolio rebalancing strategy,' which aims to raise the share of core businesses with a higher contribution margin ratio.

This year, we will make all-out efforts to advance our key businesses while keeping one eye on new business, thereby harnessing our sustainable profitability foundation.

Second, we will focus on securing a future growth engine.

We will be positioned as 'Niche Market Player,' through the 'choice and focus' strategy, responding to digital finance in a more active manner.

On the other hand, we will spur business diversification to push back our boundaries into other sectors, which will position us as a comprehensive financial group with a balanced business portfolio.

Third, we will promote and evolve our transparent management and corporate culture of mutual respect.

We will improve the efficiency in operating the systems, such as our governance or internal control system, which, in turn, underpins more robust foundation for transparent management.

Furthermore, the efforts will be made to embed a culture of mutual respect into every corner of the company so that we become a better workplace.

Last but not least, we will take the lead in fulfilling social responsibilities.

As ESG management has come into prominence, it is not an exaggeration to say that socially responsible management decides the survival of financial firms.

We will help small business owners and SMEs in the vicinity make their way through the difficulties caused by the COVID-19 pandemic while expanding our inclusive finance by reaching out to the financially marginalized.

And more efforts will be made to support local communities and the marginalized through a variety of social contribution activities. By doing so, we will fully discharge our social responsibilities.

This report provides an honest account of our financial progress and ESG management. Going forward, we promise that JB Financial Group will make all-out efforts in unity to make our ESG mission, 『JB Finance, your reliable partner for a better future』, real just beyond delivering outstanding financial results.

Once again, I really appreciate your support and encouragement. I look forward to your constant interest and support.

Thank you very much.

Kim, Ki Hong
Chairman & CEO of JB Financial Group

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KEY HIGHLIGHTS

BUSINESS HIGHLIGHTS

NET INCOME IN 2021
(Based On Controlling Interest)

KRW**506.6**billion Hit a record high

NPL COVERAGE RATIO
LOAN LOSS PROVISIONS COMPARED TO NPL

161.0% Preemptive loan loss provision, improved NPL ratio

ROE
ROE(Return On Equity)

12.8% The highest level in the industry

Annual CIR Rate
CIR(Cost Income Ratio)

46.2% The record low

ROA
ROA(Return On Assets)

0.96% The highest level in the industry

GROUP'S NIM
NIM(Net Interest Margin)

2.86%
on the constant rise

BANK'S NIM

2.45%
on the constant rise

DIVIDEND IN 2021
REINFORCED OUR SHAREHOLDER RETURN POLICY BASED ON CET1 (Common Equity Tier 1)

KRW**599**per share Increased dividend by 60% from the previous year

ESG HIGHLIGHTS

SET UP TARGETS OF REACHING NET-ZERO

Direct & Indirect Emissions by **2035**

Financed Emissions by **2045**

ESG EVALUATION BY KCGS (2020 ~ 2021)
KCGS(Korea Corporate Governace Service)

A+ rating for two consecutive years in the ESG integrated evaluation

MSCI ESG RATING (2021~2022)
MSCI(Morgan Stanley Capital International)

A rating

CLIMATE CHANGE OF CDP (CARBON DISCLOSURE PROJECT) (2021)
CDP(The Carbon Disclosure Project)

B rating

SPECIAL WORKING FUNDS
FOR SMES AND SMALL BUSINESS OWNERS

KRW **1** trillion

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KEY HIGHLIGHTS

2021 KEY MILESTONES

2021 01
- Completed the incorporation of JB Phnom Pehn Asset Management plc as our sub-subsidiary (owned 100% shares)

2021 03
- Created 'ESG Committee' under the BOD (Board of Directors) to take charge of supervising non-financial achievements, thereby embedding sustainability into the group in a practical manner

2021 05
- Launched 'Audit Division' in charge of ensuring internal transparency within the group and stepping up the internal control functions of subsidiaries

2021 06
- Declared JB Financial Group's ESG Mission, 'JB Finance, your reliable partner for a better future'

2021 07
- First approved as My Data operators among local banks (Jeonbuk Bank, Kwangju Bank)

2021 08
- Became the first to join NZBA (Net-Zero Banking Alliance) among local financial groups in Korea
- Became the member of WEPs (Women's Empowerment Principles) and TCFD (Task Force Climate-relate Financial Disclosures)

2021 09
- Joined UNEP FI (United Nations Environment Program Finance Initiative) and UN PRB (United Nations Principles for Responsible Banking)

2021 11
- Joined PCAF (Partnership for Carbon Accounting Financials) and SBTi (Science Based Targets Initiative)
- Opened 'Data Hub' the first domestic integrated big data-based platform for financial service, this cloud-based big data platform enables the convergence of our subsidiaries' financial data and public data

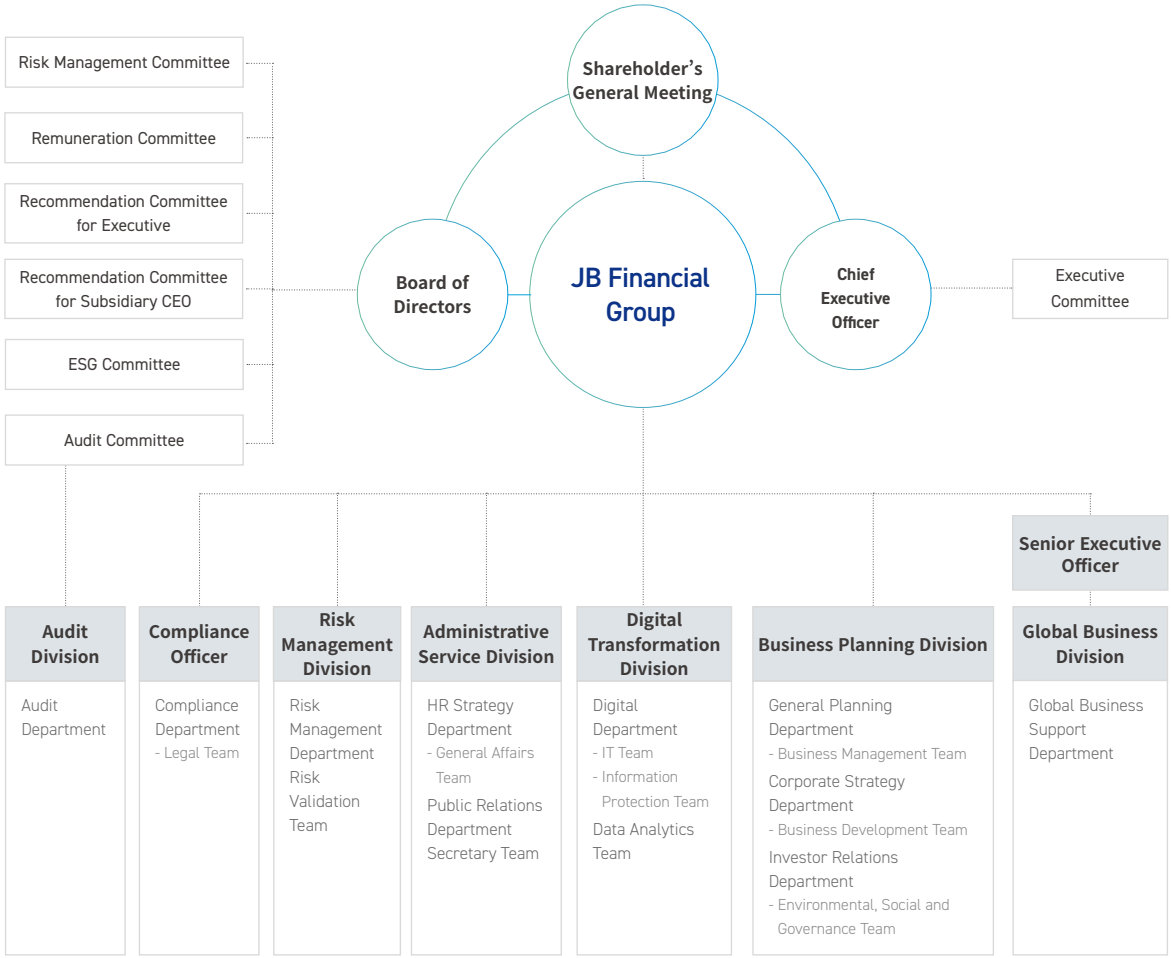
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Profile of JB Financial Group

JB Financial Group | JB Financial Group seeks to become 'Young and Strong Hidden Champion Financial Group' as our vision. To this end, a total of eight companies, including our subsidiaries of 'Jeonbuk Bank,''Kwangju Bank,' 'JB Woori Capital,' and 'JB Asset Management,' and our sub-subsidiaries of PPCBank,' 'JB Capital Myanmar,' 'JB Securities Vietnam,' and 'JB PPAM' join forces with JB Financial Holdings on our journey towards profitability and sustainable growth. JB Financial Group firmly believes that the nature of finance lies in the provision of 'financial services essential to anyone,' and 'more convenient financial products and services tailored to each type of customers.' Keeping this belief at our heart, we will do our best to become a financial group that is open to everyone.

Organizational Structure



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COMPANY OVERVIEW

Our Journey to Date

1969
12 Established Jeonbuk Bank

2013
07 Launched JB Financial Holdings
11 Incorporated JB Woori Capital in JB Financial Holdings

2014
03 Incorporated JB Woori Capital 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 the 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 Caped off the incorporation of JB Capital Myanmar as a sub-subsidiary company(rate of shares: 85%*)

* 92.5% As of July, 2022

2018
10 Completed comprehensive stock exchange in accordance with the resolution of the board of directors on July 13, 2018 → Full parent company: JB Financial Holding Company / Full subsidiary: Kwangju Bank
07 Converted convertible preferred stocks of JB Woori Capital to common stocks(full subsidiary)

2019
09 Acquired ISO 37001, the international standard for the prevention of bribery, from BSI (British Standards Institution), First achievement among domestic financial holding companies
07 JB Promulgated JB Financial Group's new slogan, 'Touching hearts, Leading finance'
03 Convened the 6th regular general meeting of stakeholders, Inauguration of new Chairman Kim Ki Hong

2020
10 Achieved an A+ rating in the overall ESG evaluation by KCGS (Korea Corporate Governance Service), Selected as an exemplary company in ESG management
08 Named Vietnamese securities company 'JB Securities Vietnam'
04 Took over a Vietnamese securities company

2021
10 Achieved 'A+ rating' in for two consecutive years in the overall ESG evaluation by KCGS (Korea Corporate Governance Service) for two consecutive years
08 First joined NZBA (Net-Zero Banking Alliance) among domestic local financial groups
06 Declared JB Financial Group's ESG Mission 'JB Finance, your reliable partner for a better future'
01 Incorporated JB Phnom Pehn Asset Management plc as our sub-subsidiary (rate of shares: 100%)

COMPANY OVERVIEW

Profile of Subsidiaries



Jeonbuk Bank

Since its inception in 1969, Jeonbuk Bank has played a pivot role in driving the local economy, expanding the boundaries of its financial services to reach out to more SMEs, small business owners, and households. In recent years, its focus is on the expansion of our non-face-to-face channels in response to the transition to digital finance and overcoming the regional limit, thereby providing distinguished services.

Net profit in 2021

29.9% increase from the previous year

KRW **161.3** billion

ESG bonds in 2021

KRW **500** billion worth



Kwangju Bank

Kwangju Bank was founded in 1968 under the goal of revitalizing the local economy. Staying true to this founding purpose, the bank has led the way in giving vitality to the local economy through the provision of products that meet the needs of the region. In order to fulfill its social responsibilities, Kwangju Bank has made all-out efforts for the shared growth with the local community.

Net profit in 2021

22.7% increase from the previous year

KRW **196.5** billion

Scale of giving back to the local community

10% or more of net income



JB Woori Capital

Since its entrance into the financial sector in 1995, JB Woori Capital has grown into a top-ranking specialized credit finance corporation of the 21st century. Living up to its reputation, the credit finance company representing Korea, the scope of its business spans a wide range of services including vehicle finance, real estate finance, personal finance, and corporate finance.

Net profit in 2021

93.2% increase from the previous year

KRW **170.4** billion

ESG bonds in 2021

KRW **520** billion worth

* Net income is based on separate financial statements in 2021

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COMPANY OVERVIEW

Profile of Subsidiaries



JB Asset Management

In March 2014, JB Asset Management was incorporated into JB Financial Holdings' subsidiary. On the strengths of its specialized capabilities and know-how on resources and energy, and real estate development finance, it has been firmly positioned as the Korea's No.1 asset management company in the resources & energy fund market.

Net profit in 2021

KRW **6.3** billion

Increased by KRW 6 billion from the previous year



PPC Bank

PPC Bank became a subsidiary of Jeonbuk Bank in August 2016. As one of the banks representing Phnom Penh, the capital of Cambodia, it has strived to become a leading player in Southeast Asia.

Net profit in 2021

KRW **20.3** billion

1.44% increase from the previous year



JB Capital Myanmar

Launched in March 2017, JB Capital Myanmar has provided small amounts of loans for local people in rural areas, small business owners, and the self-employed. Going forward, JB Capital Myanmar continues to invent financial products tailored to local people, thereby establishing itself as a representative micro-lending company.

2022 target

More loan products tailored to local people to be provided

COMPANY OVERVIEW

Profile of Subsidiaries



JB Securities Vietnam

Following the launch, JBSV (JB Securities Vietnam) became a subsidiary of Kwangju Bank. Its primary focus is on identifying investment opportunities in the Vietnamese financial market, such as real estate development, and connecting the opportunities with overseas investors.

Net profit in 2021

KRW **230** million

Turnaround in the second year of acquisition



JB PPAM

JB PPAM was established as an asset manager in Cambodia in September 2020. It plans to expand the breath of its business in the collective investment (public offering / private equity fund) and real estate & investment trust sectors.

2022 target

Collective investment (public offering / private equity fund), real estate investment, and investment trust to be expanded

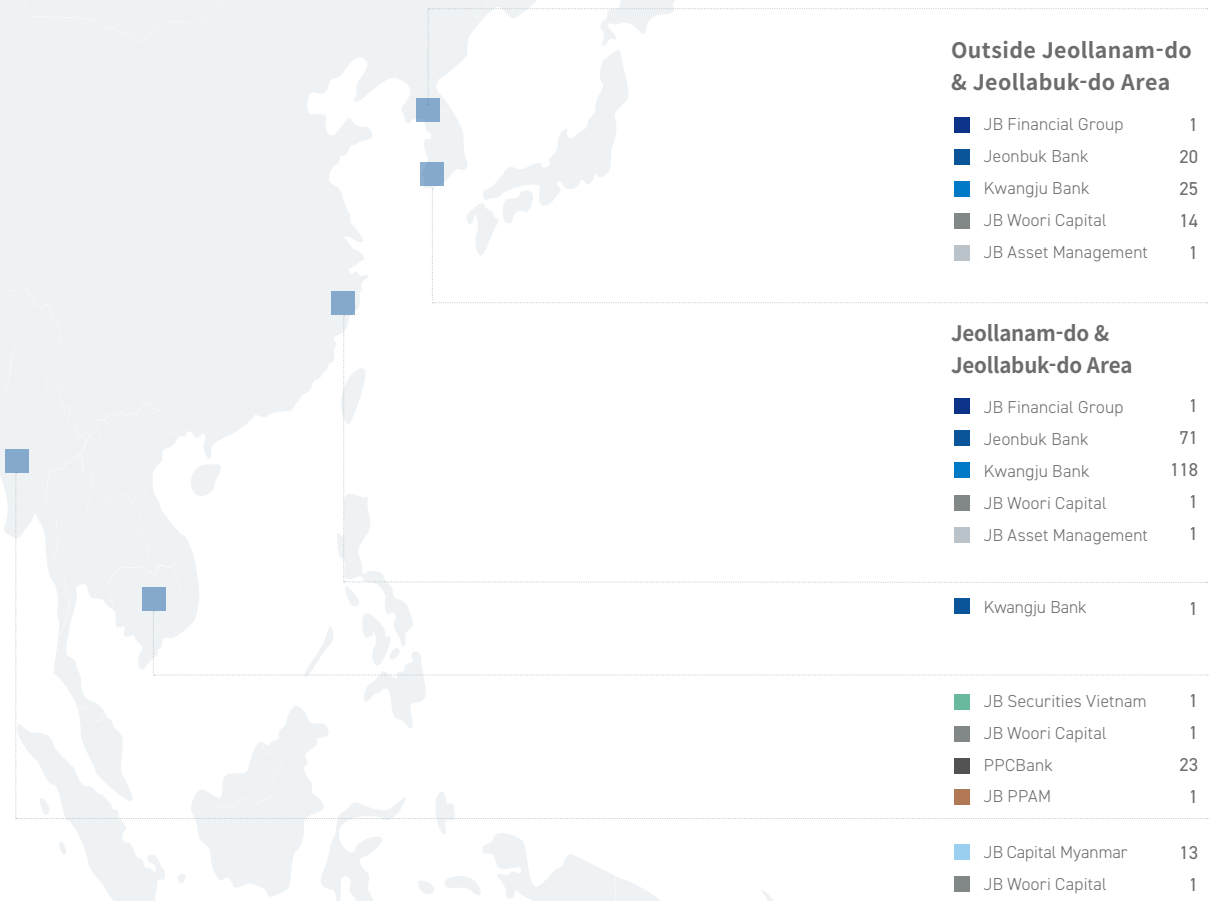
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Our Branches | JB Financial Group is comprised of a holding company, subsidiaries, and sub-subsidiaries. We present a united front through close collaboration so that we can create synergy across all levels of our business operations that encompass planning and strategy establishment, financial product development, marketing activities, and sales. Our robust cooperation will enable us to drive the revitalization of the local economy, and accomplish a sustainable growth of the local communities. In addition, sharpening our global competitiveness is one of our primary focuses through the launch of our sub-subsidiaries in overseas markets.

Category	Company Name	Domestic	Overseas	Total
Holding Company	JB Financial Group	2	-	2
Subsidiary	Jeonbuk Bank	91	-	91
	Kwangju Bank	143	1	144
	JB Woori Capital	15	2	17
	JB Asset Management	2	-	2
Sub-subsidiary	PPC Bank (Phnom Penh Commercial Bank)		23	23
	JB Capital Myanmar		13	13
	JB Securities Vietnam		1	1
	JB PPAM (JB Phnom Pehn Asset Management plc)		1	1

* As of March 31, 2022



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COMPANY OVERVIEW

Our Vision

Our Vision and Strategic Directions | Our vision, 'Young and Strong Hidden Champion Financial Group,' is a clear demonstration of our iron will for growth and innovation based on substantial progress in response to the fast-evolving financial market. To this end, we will be equipped with differentiated core values to generate profit while delivering the shareholder-friendly dividend policy in order to position us as the company with the best-in-class market value. Furthermore, our synergy will be maximized through multifaceted efforts. Those include proactively responding to the transformation in the financial industry, achieving qualitative growth, and securing a future growth engine. In the years to come, keeping communication, empathy, and expertise at the heart of our corporate culture, we will grow into a young and strong financial group.

Our Strategic Tasks | With the aim of making our business operations more efficient, we have formulated five strategic goals based on our vision, management goal and strategic direction, and produced key tasks to be implemented. The goals include profitability-oriented resource management, proactive risk management, channel optimization, group synergy maximization and business diversification, and digital channel competitiveness refinement. The key tasks are action plans to achieve these goals and will be used as key indicators of the group's activities in 2022.

Our Vision and Strategic Directions

Vision

Young and Strong Hidden Champion Financial Group

Management Goal

Taking JB Financial Group's market value to the top level with consistent dividend policies in favor of shareholders and profit generation driven by distinguished core values

Strategic Directions

- **Achieving Robust and Qualitative Growth**
- **Securing a Future Growth Engine**
- **Maximizing Group Synergy**
- **Giving Vitality to Our Corporate Culture**

Our Strategic Tasks

Profitability-oriented resource management

- Focus on profitability-oriented sales advancing key businesses and raising the profitability of our key businesses
- Stepping up our sales tailored to regions and increasing profitability through differentiated strategies for the metropolitan area

Proactive risk management

- Ensuring our asset soundness through risk management based on FLC
- Efficiently responding to policy risks (more tightened restrictions on household debt, normalization of monetary policy)

Channel optimization

- Readjusting face-to-face channels and enhancing cost efficiency and productivity of our branches through redefining the roles of sales branches
- Reassigning employees in line with the changed roles of channels
  - human resources management efficiency

Group's synergy maximization & business diversification

- Putting into action the group's unique and streamlined strategies to create synergy
- Starting new businesses to diversify our revenue streams and business portfolio

Sharpening our digital channel's competitiveness

- Making profits through digital channels
- Closely linking face-to-face and non-face-to-face channels to create customer-centered Digital Mix

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FINANCIAL SUMMARY

Amid the intensifying social and economic uncertainty due to the prolonged COVID-19, JB Financial Group hit the record high for three consecutive years, delivering a net profit of 506.6 billion won based on consolidated financial statements, a 39.4% increase from the previous year in 2021. As for controlling interests, we recorded the highest level in the industry for three consecutive years, achieving ROE[1] of 12.8% and ROA of 0.96%. Profitability-oriented management was the driving force behind the remarkable performance delivered by all our subsidiaries. Our net interest margin[2] stood at 2.86%, the top-notch level in the industry. And we established fine records in terms of soundness indicators such as delinquency rate.

1 Based on controlling interests 2 Based on the group

Financial Performance

Financial Performance

Item	Unit	2019	2020	2021
Total Assets	KRW trillion	47.5	53.4	56.4
Total Liabilities	KRW trillion	43.7	49.3	52.1
Total shareholders' equity	KRW trillion	3.8	4.0	4.3

Profitability Indicators*

Item	Unit	2019	2020	2021
Operating profit	KRW 100 million	4,489	4,695	7,083
Net profit	KRW 100 million	3,621	3,908	5,254
ROE	%	10.18	10.07	12.84
ROA	%	0.77	0.77	0.96

Asset Soundness

Item	Unit	2019	2020	2021
Substandard & below (NPL) ratio	%	0.86	0.67	0.55
Delinquency ratio	%	0.66	0.57	0.48

Capital Adequacy

Item	Unit	2019	2020	2021
BIS ratio	%	13.16	13.22	13.09
Tier1 ratio	%	11.17	11.43	11.55
CET1 ratio	%	9.67	10.05	10.30

Stock Information**

Item	Unit	2019	2020	2021
Year high	KRW	6,310	6,250	9,270
Year low	KRW	5,210	3,260	5,160
Dividend per share	KRW	300	374	599
Dividend payout ratio	%	17.1	20.0	23.0

Credit rating
(NICE Rating, Korea Ratings, Korea Investors Service)

AA+

JB Financial Holdings | Jeonbuk Bank | Kwangju Bank

* Net income and ROA are consolidated financial statements, ROE is based on controlling interest

** Based on data of JB Financial Holdings (175330) as of March 2022

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Financial Outlook

Industry Outlook | The rise in interest rates that entails reduced liquidity along with stricter regulations on household debts have posed risks to the entire financial market in 2021. In addition, the rapid rise of non-face-to-face transactions accelerated financial consumer switch while the growing presence of FinTech and big tech companies has spurred the transition to digital transformation from face-to-face sales. Against this backdrop, proactive response to the changes is key. JB Financial Group will do its best to come up with various scenarios and put into action our response strategies step by step.

JB Financial Holdings Management Status in 2022 | This year, JB Financial Group will keep delivering 'profitability-oriented qualitative growth.' To this end, we will distribute the group's resources with profitability and sustainability taken into account while putting our focus on forecasting what lies ahead in the future to manage risks in a proactive manner. Our emphasis will be also on sharpening our digital competency. As the My Data and comprehensive payment settlement business services are in full swing, more and more clients have switched to digital platforms for transaction. In response, we will build business partnerships with platform operators, thereby establishing our own digital strategy. Until last year, our focus was on securing funds required for M&A through the profitability-oriented robust management, but this year, it gives way to the business diversification to expand our presence into other sectors. In addition, we will promote our systematic synergy strategy based on the Group Synergy Consultative Body, and at the same time, consolidate the foundation for transparent management through the internal control system and reporting system.

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GOVERNANCE

Transparent and stable governance underlies corporate management, having a far-reaching impact on a variety of stakeholders. JB Finance Holdings strives to create a sound governance driven by the BOD (Board of Directors) where decisions are made in a fair and transparent manner, and perpectives from diverse stakeholders are reflected in business operations.

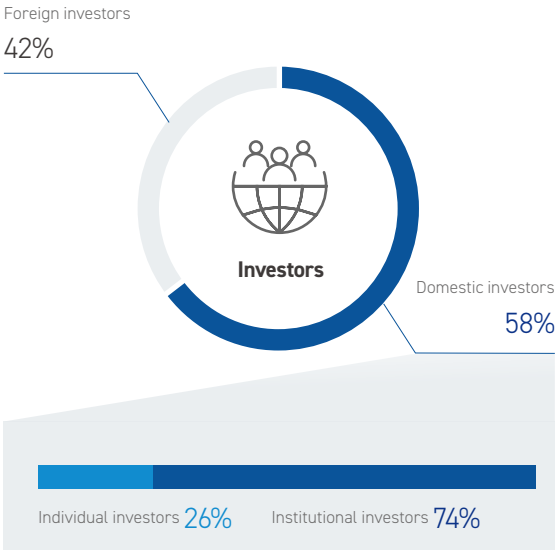
Shareholding Status

As of the end of December 2021, the largest shareholder of JB Financial Group was Samyang Corporation, holding 14.61% of shares.

Ranking	Shareholder Name	No. of Shares (shares)	Share Ownership Ratio (%)
1	Samyang Corporation, etc.	28,773,879	14.61%
2	OK Savings Bank Co., Ltd.	20,208,320	10.26%
3	NPS (National Pension Service)	18,215,221	9.25%
4	JUBILEE ASIA B.V.	13,551,857	6.88%
5	SINGWAND HOLDING PTE. LTD.	10,373,095	5.27%
6	ASIA ALTERNATIVES MALTA INVESTORS Limited	5,459,524	2.77%
7	NORGES BANK	4,153,993	2.11%
8	LEE** (individual)	3,502,881	1.78%
9	BAEK** (individual)	2,986,978	1.52%
10	JB Financial Group Co., Ltd.	2,638,819	1.34%
11	CIM INVESTMENT FUND ICAV	1,975,000	1.00%

Investors Status

The investors are composed of 58% of domestic investors and 42% of foreign investors, and the domestic investors are composed of 26% of individual investors and of 74% institutional investors.



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GOVERNANCE

BOD Composition and Operation

BOD Composition | As the highest decision-making body of JB Financial Group, the Board of Directors (BOD) decides on the company's overall management policies, goals, and strategies. As of March 2022, the BOD is comprised of a total of 9 directors, including 1 executive director, 7 non-executive directors, and 1 non-standing director. The Chairman of the board is selected out of non-executive directors so that the BOD is operated in a more independent and fair manner. We ensure that the majority of the directors in the BOD are non-executive directors, aiming to secure the board's independence. In March 2022, we appointed one female non-executive director. Going forward, we will continue our efforts to raise the diversity of the BOD.

BOD Activity and Operation Status | The Chairman of the BOD convenes the regular and temporary board meetings. Unless otherwise stipulated by law, the resolutions are made with the attendance of a majority of directors and the consent of a majority of elected directors. We share the agenda items for the meeting before holding meetings so that directors can thoroughly review them. If necessary, we provide a preliminary explanation or education session to raise their understanding of the matter. As of 2021, the board meeting was held 9 times in total with an average attendance rate at 100%.

Director Type	Name	Sex	Job Title	Careers	Date of Inauguration	End of Term	Incumbency	Committee in Charge
Executive Director	Kim, Ki Hong	Male	Executive Director /Chairman / CEO / Chairman of Recommendation Committee for Subsidiary CEO	2014) (former) CEO & President, JB Asset Management 2014) (former) CEO, Pan Asia Re Consulting 2006) (former) Deputy CEO, KB Bank 1998) (former) Assistant Governor, Financial Supervisory Service	Mar 29, 2019	Until closing of general meeting of shareholders for 2024	36 months	• Recommendation Committee for Subsidiary CEO • ESG Committee
Independent Director	Yoo, Kwan Woo	Male	Independent Director / Chairman of the BOD / Chairman of Recommendation Committee for Executive / Chairman of ESG Committee	2010) (former) Non-executive Director, NACF (National Agricultural Cooperative Federation) 2008) (current) Adviser, KIM&CHANG Law Firm 2006) (former) Assistant Governor, Financial Supervisory Service	Mar 29, 2019	Until closing of general meeting of shareholders for 2022	36 months	• Recommendation Committee for Executive • Recommendation Committee for Subsidiary CEO • Audit Committee • ESG Committee
	Lee, Sang Bok	Male	Independent Director / Chairman of Audit Committee	2018) (current) Partner CPA, DongA Accounting Corporation 2012) (former) Outside Director, KB Savings Bank 1991) (former) Partner CPA, Samil PwC	Mar 29, 2019	Until closing of general meeting of shareholders for 2022	36 months	• Recommendation Committee for Executive • Audit Committee • Remuneration Committee • ESG Committee
	Chung, Chae Shick	Male	Independent Director / Chairman of Remuneration Committee	2001) (current) Professor of Economics, Sogang Univ. 1998) (former) Research Fellow, Korea Institute for International Economic Policy	Mar 26, 2020	Until closing of general meeting of shareholders for 2023	24 months	• Recommendation Committee for Executive • Risk Management Committee • Remuneration Committee • ESG Committee
	Kim, Woo Jin	Male	Independent Director / Chairman of Risk Management Committee	2014) (former) Outside Director, Hana Financial Investment 2011) (current) Senior Research Fellow, Korea Institute of Finance 2007) (former) Executive Director, Deloitte Consulting	Mar 26, 2020	Until closing of general meeting of shareholders for 2023	24 months	• Recommendation Committee for Executive • Risk Management Committee • Remuneration Committee • ESG Committee
	Park, Jong Il	Male	Independent Director	2020) (current) Senior Partner, JL Law Firm 2017) (current) Senior Partner, Taehwan Law Firm 2016) (former) Chief Prosecutor, Suwon District Public Prosecutor's Office 1986) (former) Accountant, Chungwoon Accounting Firm	Mar 26, 2020	Until closing of general meeting of shareholders for 2023	24 months	• Recommendation Committee for Executive • Audit Committee • Remuneration Committee • ESG Committee
	Sung, Jae Hwan	Male	Independent Director	2019) (current) Endowed-Chair Professor of Korea Vocational College of information and Technology 2003) (former) President of Wonkwang Digital University 1998) (former) Professor of Economics, Wonkwang University	Mar 31, 2021	Until closing of general meeting of shareholders for 2022	12 months	• Recommendation Committee for Executive • Audit Committee • ESG Committee
	Lee, Seung Yeop	Fe-male	Independent Director	2020) (current) Accountant, Woori Accounting Corporation 2013) (former) President, Women Korea Institute of Certified Accountants	Mar 30, 2022	Until closing of general meeting of shareholders for 2023	0 months	• Recommendation Committee for Executive • Risk Management Committee • ESG Committee
Non-executive Director	Kim, Ji Sub	Male	Non-executive Director	2019) (current) Vice-President, Samyang Holdings Corporation 2015) (former) Managing Director, Samyang Holdings Corporation	Mar 31, 2021	Until closing of general meeting of shareholders for 2023	12 months	• Recommendation Committee for Executive • Recommendation Committee for Subsidiary CEO • Remuneration Committee • ESG Committee

* Careers and Incumbency: as of the end of March 2022

GOVERNANCE

Diversity and Expertise of the BOD

Our BOD consists of directors with expertise and career experience in various fields, ensuring that certain backgrounds or occupational groups do not influence the board. As of March 2022, we have appointed directors with knowledge in finance, economy, law, finance/accounting, and consumer protection, aiming to secure a high level of expertise. In addition, we seek diversity in terms of ethnicity, gender, nationality, religion, and cultural background in organizing the BOD with an aim to reflect the various demands of our stakeholders. The BOD considers the characteristics of a financial company yet embraces diverse backgrounds or origins.

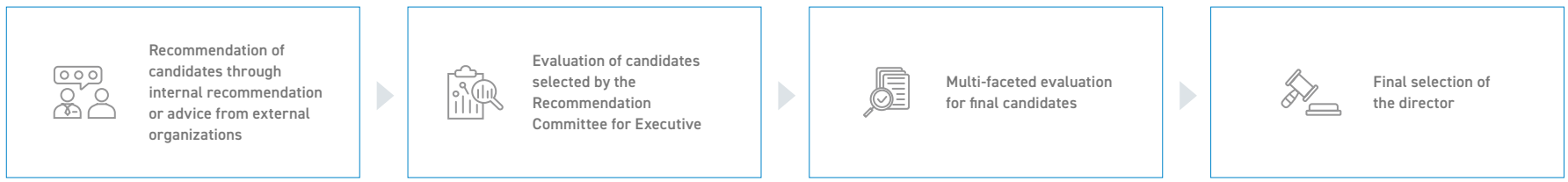
Independence of the BOD

For checks and balances among members, we delegate the company's decision-making and execution authority to the BOD and the management separately and let the management report the business's status and progress to the BOD. In order to ensure the execution power of the BOD's checks and controls function, the board has the authority to appoint and dismiss the CEO. We make sure more than two-thirds of the BOD members are non-executive directors so that the close relationship with the management cannot wither the checks and controls function of the BOD. As of the end of March 2022, 7 out of 9 board members are non-executive directors.

CEO Election Process

JB Financial Group elects the CEO in accordance with the systematic management succession process and principles. Under the Article 3 of the CEO Management Succession Regulations, the Recommendation Committee for Executive conducts in-depth verification of the qualifications of the CEO candidates to select the candidates. For systematic and efficient candidate group management, the committee reports the candidate management details to the BOD more than once a year. For discovering CEO candidates, we receive recommendations from shareholders, non-executive directors, stakeholders, outside consulting agencies, and internal and external support departments for non-executive directors. When the candidates are selected, we conduct a multi-faceted evaluation. Through this process, we evaluate each candidate from various angles, considering the passive and active qualifications, leadership, expertise in the financial industry, and social responsibility. Then, the Recommendation Committee for Executive conducts a multi-faceted evaluation of final candidates. The evaluation results will be the basis for selecting the final candidate for the CEO, who will be recommended to the general shareholders' meeting. In the first board meeting after the general shareholders' meeting, the person will be officially appointed as the CEO and president of the company, which wraps up the management succession process.

CEO Election Process



GOVERNANCE

Committees within the BOD

We have formed and operated a total of 6 committees categorized by the special area under the BOD, reinforcing the expertise and efficiency in decision-making. The committees under the BOD include; Recommendation Committee for Executive, Recommendation Committee for Subsidiary CEO, Audit Committee, Risk Management Committee, Remuneration Committee, and ESG Committee (newly established in March 2021). Details are as follows.

Shareholder-friendly Management

Electronic Voting System | JB Financial Group implements an electronic voting system so that shareholders can actively exercise their shareholder rights with higher convenience. The electronic voting system ensures that stockholders can use their voting rights online without attendance if a company registers the agenda items of the general shareholders' meeting as well as the list of shareholders in the electronic voting system, which enhances the rights and interests of shareholders with greater convenience. The information concerning the electronic voting system is also informed with the notice of the general shareholder meeting convocation. Shareholders can exercise their voting rights on the website of electronic voting online until 5 p.m. on the day before the general meeting.

Voting in Writing | We have introduced a system for voting in writing. This system allows shareholders to exercise their voting rights without attending the general meeting of shareholders when the board resolved to make decisions in writing at the meeting discussing the summon of the shareholders' meeting.

Transparent Disclosure | We disclose major internal regulations, including the articles of incorporation and the Board of Directors regulations, in order to publicly announce our business standards, procedures, and operating results. We also regularly release the business progress, such as the activities of the BOD (including the committees within the BOD). The evaluation results of the BOD and non-executive directors are disclosed as well. This year, we plan to add the independence and diversity standards of the BOD. More information is disclosed on our homepage (www.jbfg.com), the website of Korean Federation of Banks (www.kfb.or.kr) and Data Analysis, Retrieval and Transfer System (dart.fss.or.kr).

Status of Committees within the BOD*

Classification	Main Duties	Composition (No. of independent directors/No. of members)	Chairman	Relevant Regulations
Recommendation Committee for Executive	Selection of executive candidates and implementation	7/8	Yoo, Kwan Woo (independent)	Recommendation Committee for Executive regulations
Recommendation Committee for Subsidiary CEO	Selection of CEO for subsidiaries and implementation	1/3	Kim, Ki Hong (executive)	Recommendation Committee for Subsidiary CEO regulations
Audit Committee	Audit on accounting and business operation	4/4	Lee, Sang Bok (independent)	Audit Committee regulations
Risk Management Committee	Establishment and approval of polices in response to all forms of risks	3/3	Kim, Woo Jin (independent)	Risk Management Committee regulations
Remuneration Committee	Formulation and evaluation of performance targets for the management	4/5	Chung, Chae Shick (independent)	Remuneration Committee regulations
ESG Committee	The highest decision-making body for ESG management, ESG strategy and policy making	7/9	Yoo, Kwan Woo (independent)	ESG Committee regulations

* As of 2021

RISK MANAGEMENT

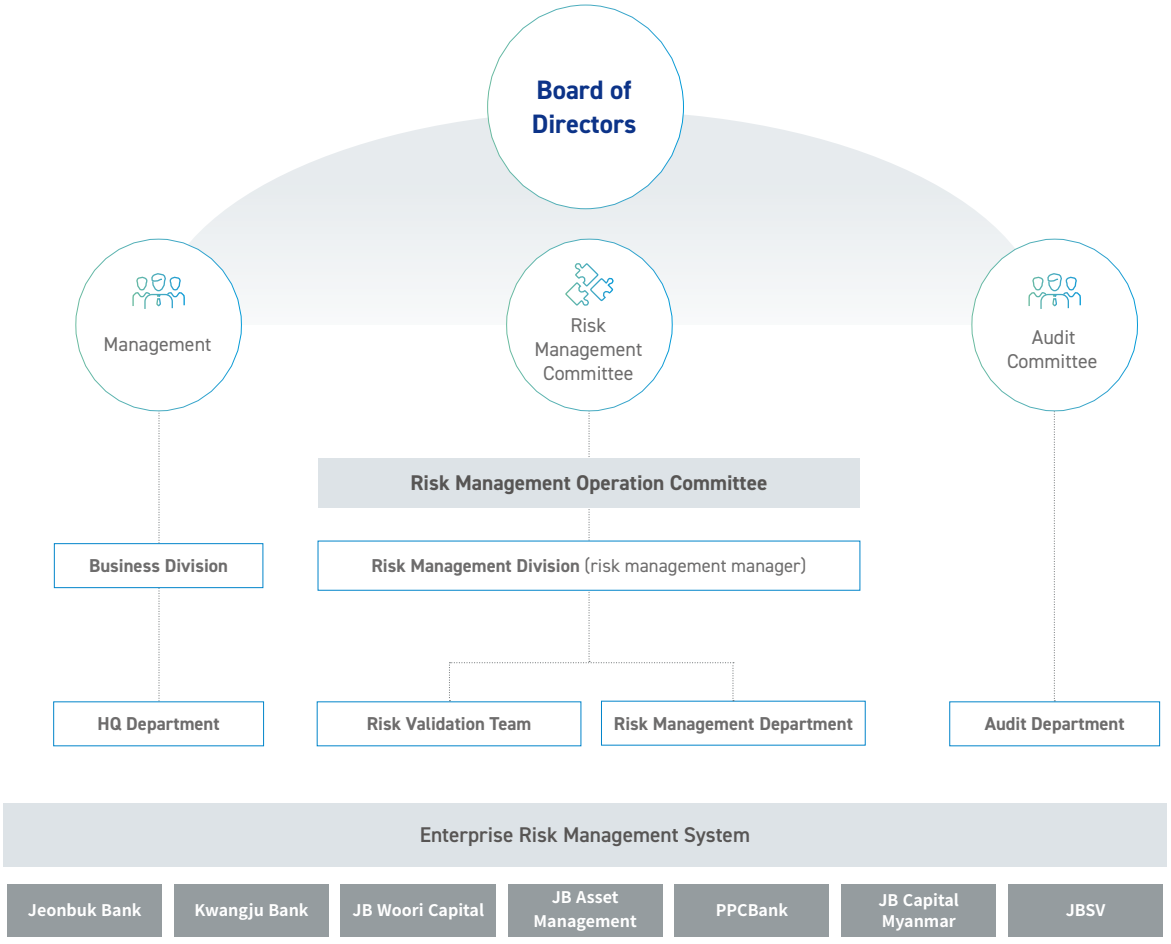
Risk Management Governance

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. It is composed of experts in finance, banking, and economy. We make efforts to facilitate communication among committee members. In 2021, the key tasks of the committee included internal rating law approval of the Group, sound asset management, a more robust holding company risk control structure, and improvement of the Group risk management system.

Risk Management Operation Committee | For efficient risk management, the Group Risk Management Operation Committee is given partial authority to discuss details of the Group's overall risk management by the Risk Management Committee. It resolves the items requiring joint consultation regarding risk management at a Group level. 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



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RISK MANAGEMENT

System and Principle for Risk Management

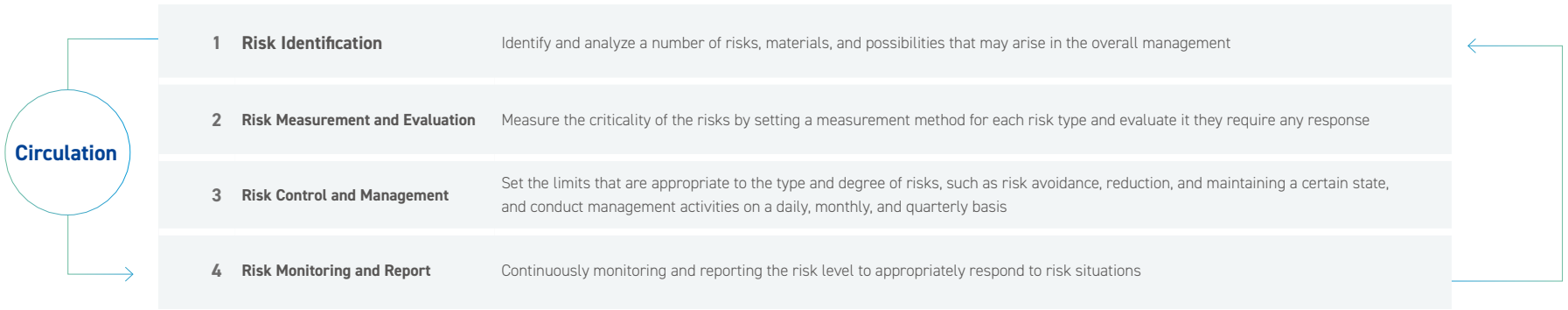
As the uncertainty of the business landscape is growing, the significance of risk management has come to the fore. In particular, the financial industry makes profits with various trades that come along with risks. Therefore, we consider risk management a critical corporate activity equally important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

Aiming for systematic risk management, JB Financial Group classifies and manages risk types in detail; credit risk, market risk, operational risk, interest rate risk, credit concentration risk, liquidity risk, foreign exchange settlement risk, strategic reputation risk, and many more. 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 the non-quantifiable risks, we manage them by setting the capital buffer. 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. Recently, the criticality of the climate change response system has been all the more highlighted. Accordingly, we have integrated climate change risks into the group-wide risk management system to assess and manage them. In particular, we analyze the actual and potential impact of risks and business opportunities arising from climate change on the Group's plan for business, strategy, and finance. We specify them into financial figures and strategies for systematic and integrated 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 crisis.

Risk Management Process



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Emerging Risks

Name of the emerging risk	Description	Impact	Mitigating actions
Climate change-related risk	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	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 the 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.	• '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	Security and management risks stemming from the rise in advanced and intelligent cyber crimes as well as financial data exposure due to the rise of digital products, services, and infra	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.	• 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) • Conducting training such as e-finance infrastructure vulnerability analysis (once a year), open website vulnerability check and penetration test (twice a year), malicious mail simulation training for employees (more than once a year)
Strengthened protection for financial consumers	Risks related to tightening financial consumer protection following the enforcement of the Act on the Protection of Financial Consumers	The Act on the Protection of Financial Consumers was enacted in 2021 to prevent financial companies from selling incomplete products and damaging financial consumers. Accordingly, financial companies must comply with the six sales principles when selling financial products, and internal control standards and employee management responsibilities have also been more stringent. If measures to eradicate financial fraud and unhealthy business practices are not prepared to prevent incomplete sales, the company may face business.	• Checking the status of responding to the Act on the Protection of Financial Consumers by elevating the person assuming the position of financial consumer protection chairman to the CEO • Designating the vice president as the Chief Customer Officer (COO) in the department responsible for financial consumer protection to run the independent organization directly under the top management • Establishing product development process to safeguard financial consumers by subsidiaries • Operating financial education programs to sharpen financial consumer capabilities and to prevent damage



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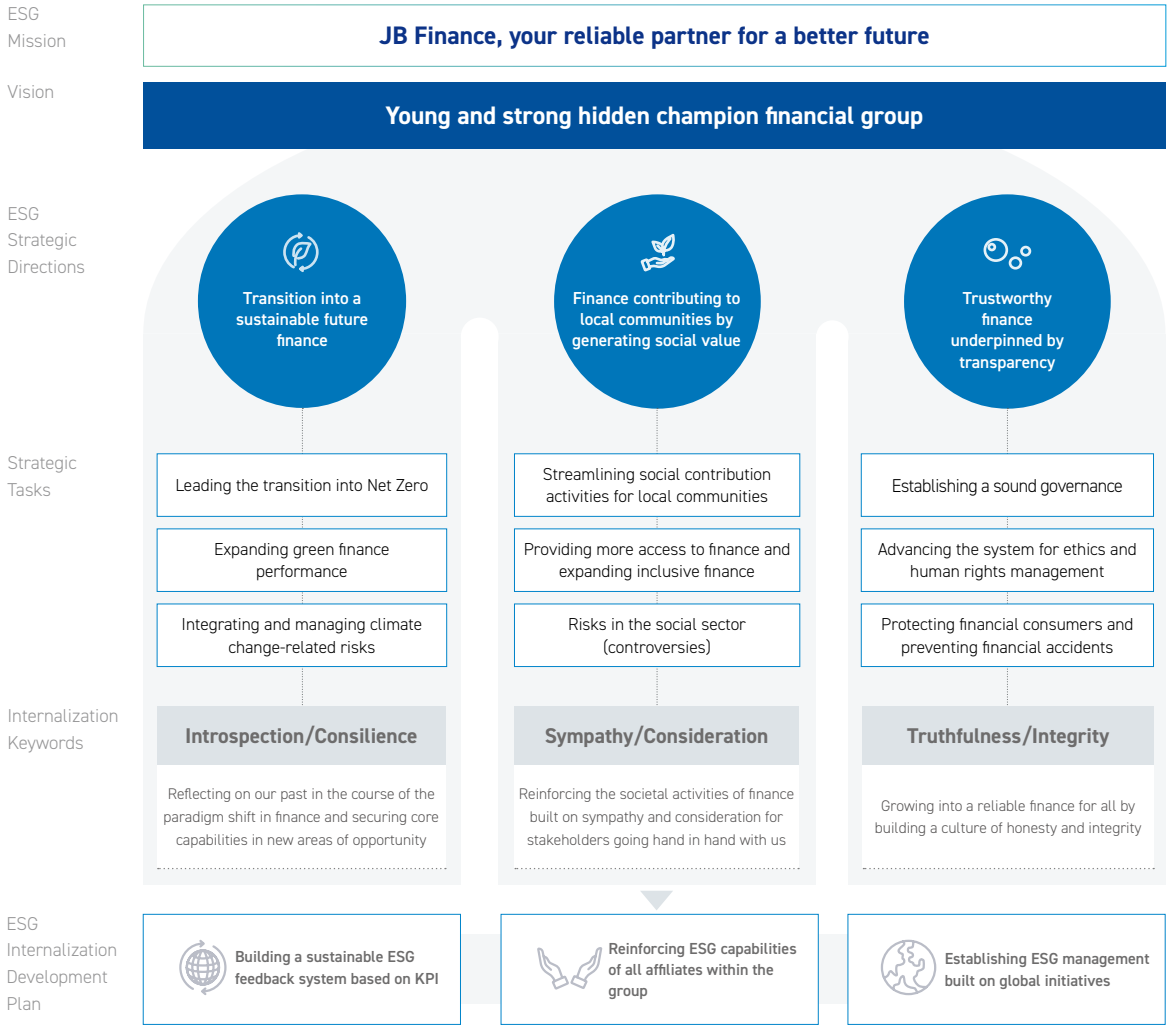
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ESG PROMOTION STRATEGY

JB Financial Group announced our ESG mission, 'JB Finance, your reliable partner for a better future' with our mid- to long-term strategy for ESG management in June 2021. Along with the proclamation of our firm will for ESG management, we set out three key ESG strategic directions and detailed strategic tasks. On the foundation of our ESG mid-to long-term ESG strategy, we will carry out the ESG activities while closely communicating with our stakeholders, including customers, employees, shareholders, partner companies, and communities. On top of that, we continuously seek ways to establish effective and practical ESG operation systems. The critical ESG tasks implemented in the holding company and subsidiaries are quantitatively managed by converting them into performance indicators. The ESG data will serve as the platform for us to expand ESG achievements and internalize ESG management.



ACHIEVEMENTS BY ESG STRATEGIC DIRECTION

Strategic Direction	Achievements	SDGs
Transition into a sustainable future finance	• Targeting the carbon-neutrality for direct & indirect emissions by 2034 and financed emissions by 2045 with the declaration of Net-Zero by 2045 • The declaration of Net-Zero: Targeting the carbon-neutrality for direct & indirect emissions by 2034 and financed emissions by 2045 • Joining PCAF, SBTi, NZBA, UCEP FI, UN PRB, TCFD to respond to climate change risks • Providing environmental education for employees by inviting external instructors • Issuing sustainable bonds: Jeonbuk Bank KRW 500 billion, Kwangju Bank KRW 100 billion, JB Woori Capital KRW 520 billion* * As of 2021	
Finance contributing to local communities by generating social value	• Assisting with KRW 1 trillion of special operating funds for SMEs and small business owners in 2021, and supporting KRW 500 billion in 2022 on Lunar New Year's Day • Providing dedicated stores and channels as well as preferential interest rates for the financially vulnerable • Providing loan counseling for low-credit and the financially underprivileged • Joining the UN Women's Empowerment Principles	
Trustworthy finance underpinned by transparency	• Operating the Compliance Department to supervises at all times for stronger internal control functions and internal transparency • Running AI-based FDS • Disclosing the number of complaints and actual evaluation results to ensure financial consumers' right to know • Newly establishing the ESG Committee within the BOD and appointing a female non-executive director to build an ESG governance system. • Ensuring independence and diversity guideline of the BOD and establishing tax and human rights policies	

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ESG MANAGEMENT SYSTEM

ESG Committee under the BOD

With an aim to expand our sustainable management activities from an ESG perspective, we formed the ESG Committee within the BOD in March 2021. The committee is comprised entirely of BOD members. Its duty is to establish the Group's ESG management strategies and policies and supervise the progress of ESG promotion activities, taking the role of the highest decision-making body for the ESG management of the Group. In terms of the items that considerably impact ESG management, the committee makes a swift decision to react to it promptly.

Recently, the ESG Committee included the ESG items in the performance evaluation of the qualitative management strategy tasks of the CEO, CFO, and CRO. The CEO is in charge of reinforcing social responsibility through the advancement of ESG management, while the CFO is responsible for implementing execution strategies for advancing ESG management. CRO carries out the plans for ESG climate risk measurement and management measures. Through these endeavors, we will strive to enhance our ESG management at the BOD level for a step forward in sustainable future finance.

Organizations Dedicated to ESG

We operate the ESG Council and the ESG Working Council to upgrade the efficiency of ESG promotion. The key executives of the holding company and subsidiaries as well as working-level executives of all ESG affiliates, take part in the ESG Council/Working Council. The organizations are the foundation for constant communication on the progress of major ESG agenda items and related business issues, thereby improving ESG management. As we operate the ESG Council and the ESG Working Council, we will advance the efficiency of our ESG management.



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STAKEHOLDER ENGAGEMENT

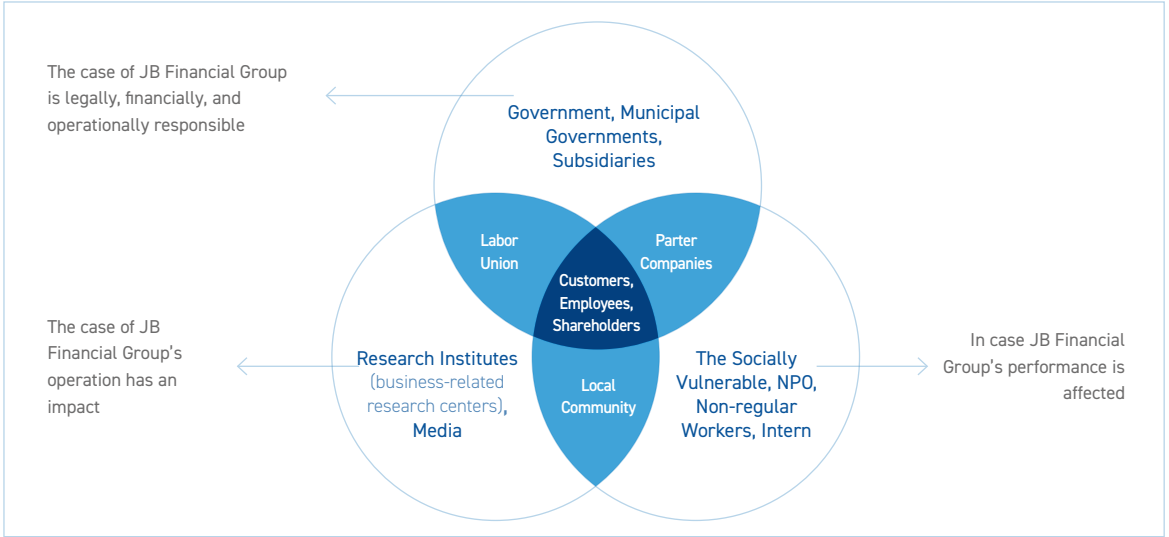
Our Stakeholders

Communication Channels for Stakeholders | 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.

Identification of Stakeholders | In accordance with the 'Stakeholder Identification and Participation' standards of ISO 26000, JB Financial Group induces the scope of stakeholders and communicates with stakeholders by grouping them by the degree of responsibility, influence, proximity, dependence, and representativeness.

Group	Classification	Communication Channel
Key Stakeholder	Customer	Websites, customer support centers, customer satisfaction surveys, customer experience groups, social media, financial protection education, leaders' forum (VIP customers)
	Employee	Intranet notice, bulletin board, corporate culture enhancement program, CEO 'Skinship' program
	Shareholder and investor	Websites, Board of Directors, shareholders' general meeting, international conferences, IR, etc.
Strategic Stakeholder	Labor union	Round-table conference between labor and management and joint labor-management council, collective bargaining, intranet notice, bulletin board
	Partner company	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

Stakeholders Mapping



Value Distribution of Stakeholders

Unit: KRW million

Classification	2018	2019	2020	2021
Stockholders & Investors (dividends)	34,982	58,303	72,685	116,412
Wage of Executives & Staff (wages excluding key business operators and non-executive directors)	289,958	313,585	327,494	357,542
Customers (payment of interest)	445,678	436,960	327,824	234,215
Community (donations)	8,848	10,547	8,344	6,768
Government (Corporate tax paid)	94,608	100,675	111,569	164,822

* All figures are totals including those of affiliates

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DOUBLE MATERIALITY ASSESSMENT

JB Financial Group annually conducts a materiality assessment to grasp external and internal risks and opportunities that have an impact on our management, and reflects the results in our business operations. Double Materiality Assessment, presented by the EU's CSRD (Corporate Sustainability Reporting Directive) and GRI, takes both internal and external perspectives to evaluate the risks and opportunities. It assesses not only the impact that sustainability factors may have on the company, but also the impact that corporate business operations may have on economy, society and the environment. When it comes to the selection of material issues, we took into account financial materiality which refers to material matters that trigger financial effects on our undertakings, and impact materiality which refers to the impacts directly caused by the undertakings.

Impact Materiality

Identifying material matters when the business operations are connected to significant impacts on economy, society and the environment using the method presented by GRI from the inside-out perspective

Financial Materiality

Identifying external sustainability-related material matters that trigger financial effects on corporate value and finance from the outside-in perspective in compliance with the SASB Standards

* On a scale of 5 points

Double Materiality Assessment Process

1 Topic selection

- Domestic and overseas regulations and guidelines
- Checking controversial issues in recent three years in the same industry
- Inspecting the investor groups' perception on risks and opportunities
- Identifying the range and timing of impact

2 Topic impact identification

- Confirming sector standards
- Reviewing material topics in 2021
- Analyzing benchmarking data (key peer groups at home and abroad)
- Studying the topics covered by GRI, SASB, and MSCI

3 Prioritization based on the results of double materiality assessment

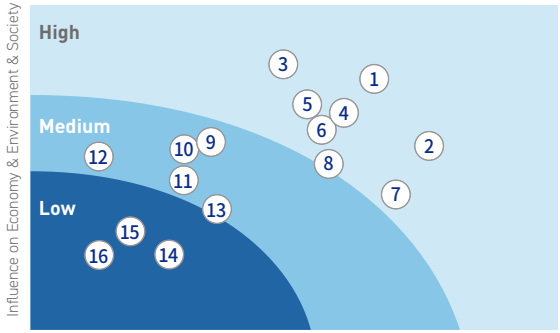
1) Impact Materiality*
   ① Occurrence possibility
   ② Impact severity
   - Scale: Scale of influence (materiality)
   - Range: Range of influence (value chain, the environment, local communities, etc.)
   - Resilience: Resilience from influence (separately calculated for company and the environment & society)

2) Financial Materiality*
   ① Direct and measurable financial impacts and risks
   ② Topic-related legal regulations or government policies
   ③ Influence of expectations and demand for high-level of sustainability management and progress on financial performance
   ④ Influence of stakeholder awareness and social trends on financial performance
   ⑤ Influence of innovation opportunities by providing new competitive advantages on financial performance

4 Prioritization

- Categorizing topics and conducting internal reviews
- Discussing with key stakeholders
- Reporting to the BOD and ESG Committee

Double Materiality Assessment Results



Ranking	Material Issue	Page
1	Digital competency reinforcement	36-39
2	Action on climate change	46-49
3	Risk management	22-23
4	Client-oriented management	53-55
5	ESG management reinforcement	26-28
6	Financial consumer protection	51-53
7	GHG emissions mitigation	65
8	Inclusive finance and social contribution	58-63
9	Talent nurturing and corporate culture	71
10	Governance	18-21
11	Ethics and compliance	84-85
12	Sound economic performance	7
13	Human rights management	76-78
14	Stakeholder engagement	29
15	Shared growth with suppliers	80
16	Occupational safety and health	74-75

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DOUBLE MATERIALITY ASSESSMENT

Management Target Approach

JB Financial Group has selected 16 material issues including digital competency reinforcement, action on climate change, and risk management, and the detailed efforts for each issue are disclosed. According to priority, we have set up the target for each and evaluated the implementation, thereby constantly managing the material issues at the group level.

Category	Reason for the selection of material issues and their impact	Material issue management method	Key Achievements	GOAL
Digital Competency Reinforcement	ICT development, such as IoT, Big Data, or AI, has accelerated the transformation of the digital financial industry. In addition, we are seeing the rapid rise of non-face-to-face work as well as the entry of big techs into the baking business, which has posed a threat to the role of existing financial firms. Against this back drop, digital competence reinforcement comes first to secure future competitiveness.	With the aim of becoming a leading company in digital finance, we have formulated digital strategy and vision, and operated the dedicated organization. Based on this, we have stepped up our digital infrastructure required for digital financial business such as the launch of My Data business and the provision of AI-based banking services.	Jeonbuk Bank, Kwangju Bank: No. of new digital-based accounts (non-face-to-face) opened: **357,689 (up 4.54%)**	No. of new digital-based accounts (non-face-to-face) opened: A **5%** year-over-year increase
Action on Climate Change	Climate change pose a risk to economy and financial systems as it has a potential to have a negative impact on credit, market, operation and liquidity. In order to secure sustainability and prepare against possible declines in corporate reputation or asset value, financial firms are required to join the global efforts to respond to climate change, and create a green financial environment.	JB Financial Group declared the Net-Zero, and set the target of reaching Net-Zero in direct & indirect emissions by 2035, and in financed emissions by 2045 as part of the efforts to respond to climate change. And mitigation target for each type of assets and short- to mid- term implementation paths to achieve the targets have been formulated. In June 2022, we obtained the approval from SBTi for our target, which was followed by the declaration of Ending Coal Financing. And we released a plan to suspend investing in project financings related to coal-fired power plant establishment at home and abroad as well as overwriting related bonds. Through these efforts, we have scaled up our efforts to expand a sustainable and green finance.	• Obtained the approval from SBTi for our carbon mitigation target • Ending Coal Financing Declaration • Measured financed emissions and established reduction target • Expanded the range subject to the calculation of direct & indirect emissions (boundary: the headquarters of the group → **all sales branches included**)	Established Net-Zero target - direct & indirect emissions by **2035** -Financed emissions by **2045**
Risk Management	Risk management is a process to manage, evaluate and control risks that can occur in business operations. For the sake of stable management, financial firms are required to handle external risks, such as the emergence of COVID-19, blockchain, or cryptocurrency, and to respond to internal risks including labor-management disputes, workplace accidents and undermined profitability.	JB Financial Group has put in place a risk management system and dedicated organization to manage a variety of risks. The decisions on risk management procedures are made by the BOD and the management. In addition, we have operated the Risk Management Committee and the Risk Management Council, appointed a compliance officer, and conducted internal audits to manage risks in an organized manner and prevent accidents.	Risk Management Committee convened **114 times**	**Risk management system and response capacity reinforcement**
Client-oriented Management	Management that puts customer satisfaction first based on the profound understanding of clients should be the ultimate goal of financial firms. To this end, financial companies should pay close attention to customers' opinions, provide customized products and services, establish a data security system to prevent cyber security-related accidents, and deliver policies on customer satisfaction and safety.	In an effort to identify the areas of improvement with clients and to listen to clients' opinions, JB Financial Group has operated our SNS, a college student support group and an advisory group. Through various channels, we have received and handled clients' complaints and grievances. Multifaceted efforts are being made to improve our services and handle complaints in a swift manner.	Customer survey score: **98 points**	Current customer satisfaction score **maintaining and upgrading**
ESG Management Reinforcement	Growing demand for corporate social responsibility for sustainability has put ESG in the spotlight as an integral part of business management. Companies are required to pursue innovation, manage risks and embrace stakeholders' interests through their business operations. By doing so, financial groups should make every effort to achieve sustainable growth.	To embark on a strategic ESG management, JB Financial Group established the ESG Committee within the BOD in 2021, and strengthened the ESG governance since then. With the purpose of making ESG permeate every corner of the group, and of improving the efficiency of execution, we have put in place the ESG Council and Working Council, through which we are monitoring the implementation and progress on a constant basis.	Achieved **A+** in the ESG evaluation conducted by KCGS	External ESG evaluation rating **maintaining and upgrading**

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DOUBLE MATERIALITY ASSESSMENT

Category	Reason for the selection of material issues and their impact	Material issue management method	Key Achievements
Financial Consumer Protection	A social consensus on financial consumer protection is forming, which is evidenced by the effectuation of the Act on the Protection of Financial Consumers in 2021 and more stringent principles in terms of financial product sales. Financial firms should come up with measures to prevent the damage done by incomplete product sales and eliminate financial fraud and unsound sales to protect the rights and interests of consumers.	JB Financial Group operates an organization dedicated to financial consumer protection and strives to safeguard our financial consumers by establishing a system to protect consumer information. We comply with the Financial Consumer Protection Act and JB Financial Group's Consumer Protection Charter to prevent incomplete sales and ensure safe financial transactions and services. To strengthen the customers' right to know, we disclose our key information while continuously providing education on the significance of customer data protection for our employees.	• Maintained **0** cases of personal data leakage • Evaluation of the financial consumer protection status (1) Jeonbuk Bank: **appropriate** (2) Kwangju Bank: **appropriate**
GHG Mitigation	To align with the Paris Climate Agreement's target (2) and the government's 2050 GHG reduction roadmap, a company's GHG reduction strategy should be implemented in a concrete and systematic manner. It is a critical juncture requiring various efforts to prevent global warming, such as minimizing GHG emissions from buildings and purchasing renewable energy. In particular, as domestic and foreign investors' demands to mitigate GHG emissions from companies have increased, it has been all the more critical in terms of long-term investment management.	JB Financial Group measures direct & indirect emissions by expanding the GHG reduction inventory system to branches. We implement environmental management principles, such as cutting energy consumption and operating eco-friendly branches to mitigate direct & indirect emissions. In addition, we are continuously expanding green finance to lessen financed emissions.	• Reduced GHG emissions (17,654 → **15,705 tCO_2eq**) • **Conducted third-party verification** of GHG emissions
Inclusive Finance and Social Contribution	Financial groups should consider the socially underprivileged and the marginalized, realizing an inclusive community through financial support. By practicing concrete and practical inclusive finance and returning some of our business performance to the local community, we will meet the demands of society and secure new opportunities for growth in the long term.	JB Financial Group raises financial accessibility by offering financial services for the vulnerable, the elderly, and foreigners. Aiming to help small business owners experiencing economic hardship, we provide financial assistance such as deferment of principal repayment and extension of maturity. We also operate specialized branches tailored to customers. We strive to give practical help to the community through social contribution activities that connect to the local community, such as offering scholarships for children and teenagers and distributing daily necessities for the underprivileged.	• Total amount of sustainable finance **KRW 4,610.2 billion** • No. of employees participating in the voluntary activities: **14,308**
Talent Development and Corporate Culture	Securing and maintaining talents are essential for a company to improve business performance and maintain market status. Training and education have to be provided to support the growth of employees and sharpen their expertise as financial talents. A culture where a company and an individual grow together has to be established based on a good working environment and sound labor-management relationships through human rights management.	JB Financial Group excludes discrimination against race, age, gender, and other factors by implementing a fair recruiting process while ensuring employees' right to form, join, and engage in trade unions. Besides, we provide a financial capacity-building program for our employees' self-development. The program participants learn about digital expertise and obtain certifications, such as CFP and credit review service, to sharpen their capabilities for growing into financial experts.	• All employees of JB Financial Group - Total training cost (KRW million) Male: **1,188** / Women: **1,040** - Total training hours (hours) Male: **94** / Female: **114** • **100%** membership rate among those eligible for membership in the labor union / workers' council / Labor-Management Council of all subsidiaries
Governance	Governance refers to the critical decision-making system by which an organization is controlled and operated. Establishing a transparent governance structure on the basis of leadership serves as the foundation for carrying out business activities and fulfilling responsibilities to stakeholders. For the sustainable development of the financial group, it is highly imperative to establish a sound corporate governance structure that respects diversity.	JB Financial Group operates the BOD to establish a stable, efficient, and transparent governance by drawing up standards for the independence and diversity of the BOD in 2022. We strive to reflect various perspectives in our policies. As part of the efforts, we appointed a new female non-executive director and improved the director appointment process to systematize the management succession process. In addition, we are creating sustainable governance by conducting in-depth verification of candidates for the BOD from various points of view such as qualifications, leadership, professionalism, and social responsibility.	• Operated by appointing a non-executive director as the chair of the BOD • Appointed one female director as a non-executive director • **100% attendance rate for the board meetings**

DOUBLE MATERIALITY ASSESSMENT

Category	Reason for the selection of material issues and their impact	Material issue management method	Key Achievements
Ethical and Compliance Management	Ethics and compliance mindset can enhance a competitive edge and determine the existence of a company. Therefore, it is an essential awareness that all employees of financial firms should have. Through anti-corruption policies, such as providing fair and transparent financial services to all stakeholders and preventing money laundering, financial groups are obliged to create an open and fair society.	JB Financial Group established the Code of Conduct for employees in 2022 to suggest the correct ethical decisions and give behavioral directions for all employees. Through this, we have created an ethical culture so that all employees can internalize ethics and integrity. We also have a compliance officer in charge of compliance to promote sound management of the group.	• **Zero** anti-corruption and legal violations • Internal control system operations: **3,646 times**
Sound Creation of Economic Performance	Advancing the business structure and creating economic performance are the fundamental factor of a group's management strategy. A firm should make profits through differentiated strength and risk management to maximize shareholders' value, pursuing sustainable growth. With an aim to fulfill social responsibility and, at the same time to sharpen the capabilities to secure the dominant position in the market, companies should build infrastructure and perform consistent performance management.	In order to become the most profitable small but strong financial group, we are diversifying our business structure and taking measures to maximize synergy among subsidiaries. We create high economic performance by cutting costs through intensively raising efficiency and concentrating our capabilities on the core businesses. In 2021, the net profit of JB Financial Group was KRW 506.6 billion, a 39.4% increase from the previous year.	• Net profit in 2021: **KRW 506.6 billion** • Return on equity (ROE): **12.84%** • Return on assets (ROA): **0.96%**
Human Rights Management	We must respect and safeguard the dignity and value of humankinds and strive not to infringe on human rights in the course of business. It is necessary to protect the human rights of all stakeholders, including employees, partner companies, and customers, while establishing a concrete action plan and relief process for human rights management. It is getting more underlined for financial firms to take the responsibility of safeguarding and respecting human rights, such as prohibiting discrimination and ensuring labor rights.	JB Financial Group respects and endorses international standards related to human rights and labor. Accordingly, we established our human rights policy in 2022 to safeguard the human rights of all stakeholders, including customers, employees, and shareholders. We conduct human rights impact assessments to identify human rights risks, and based on the results, we discover areas for improvement. We also operate a 'Do Dream' reporting system to prevent and remedy human rights violations for our employees.	• **Zero** incidents of discrimination and harassment reported or received in 2021
Stakeholder Engagement	A company should communicate with the stakeholders and build a trusting relationship based on active participation and interaction. When making definitions of key stakeholders and expanding stakeholder engagement, a financial firm's management activities will meet more social needs and expectations, thereby promoting sustainable growth and development.	In accordance with the 'stakeholder identification and participation' standard stipulated in ISO 26000, the scope of significant stakeholders of JB Financial Group was derived, and we classify and make groups to manage our key stakeholders accordingly. By operating channels to communicate with each stakeholder, we discuss major issues encompassing the economy, environment, and society with them.	• **Reflected stakeholder opinions on the management activities**
Win-Win Cooperation with Partner Companies	Financial groups should pursue win-win management for shared growth together with business partners. They should comply with fair trade laws and make contracts in a transparent and fair manner on an equal footing with other parties of the transaction, whether they are individuals or companies. Fair trade is a crucial factor that can reinforce a company's expertise, safely manage customer assets, and increase the efficiency of business operations.	Based on mutual respect, JB Financial Group maintains collaborative relationships with various companies such as IT security, credit evaluation, and auditing firms under the principle of win-win management. Besides, we comply with the Fair Trade Act and enter into various partnerships for the local economic communities. For example, we preferentially purchase goods from local SMEs and small business owners to support the stable growth of the local economy.	• **Zero** violations of the Fair Trade Act
Occupational Safety and Health	Companies are obliged to promote the safety of the life and health of the employees and to protect them from occupational risks, diseases, and accidents. It is critical to maintain and improve employees' health by creating a pleasant working environment to respect human life and enhance a company's business performance.	Recognizing the significance of occupational safety and health, JB Financial Group strives to prevent industrial accidents by nurturing the capabilities to cope with crises through employee training and education. In addition, we are creating a good working environment through the operation of health programs such as employee health check-ups.	• **Zero** serious accidents in 2021

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Issue Background | In the face of the 4th industrial revolution accelerated by the COVID-19, the financial industry has redoubled its effort towards digital transformation. The rapid rise of platform companies has posed a threat to the survival of the banking business. Against this backdrop, the development of digital finance products and services based on AI or Big Data technologies has come to the fore. In addition, the popularization of non-face-to-face work environment requires financial firms to provide digital-based integrated financial services that meet the needs of users to secure a future growth engine.

Management | JB Financial Group has pushed back the frontiers of our digital influence in the fast-evolving financial market through multifaceted efforts. These include sharpening our digital competence, launching My Data business, and collaboration with various platform operators. Furthermore, we give our customers more convenient access to finance through the provision of AI and Big Data-based financial services. Going forward, all-out efforts, including infrastructure expansion and digital education, will be made to solidify our position as a leading company shaping digital finance.

Key Performance

First local bank to obtain MyData license

Kwangju Bank

7. 13. 2021

Among the local banks the first time

Jeonbuk Bank

7. 21. 2021

No. of employees completing Digital Skills Training Courses

Digital Capacity Building Course	20
Basic Course for Data Analysis	598
Professional Training Course for Data Analyst	10



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Digital Strategy Establishment

Digital Strategy in the Post-pandemic Era | In preparation for the growing non-face-to-face culture caused by the COVID-19, JB Financial Group has established 'Response Strategy for the Post-COVID-19 Era' while formulating the standardized guide to the group's UX / UI with the aim to refine our non-face-to-face services, thereby providing a better digital experience for customers. Based on this, we have rebuilt the mobile application of both banks for smart banking, capital direct and follow-up management. We redesigned it to be equipped with more client-friendly UI and also to provide the integrated service that embraces the services of other finance sectors. In addition, we have expanded our baking coverage to senior citizens, generation MZ and SMEs, thereby setting ourselves apart from other banks.

DT (Digital Transformation) Strategy Formulation | Our digital sector is comprised of DT (Digital Transformation) and DA (Digital Analytics). The DT takes charge of discussing key issues regarding the direction for digital transformation, how to make synergy and how to facilitate collaboration while the DA assumes the roles of sharing the progress of each subsidiary on the creation of the environment for data analysis. Jeonbuk Bank has mapped out its 2025 DT Vision and strategic directions, with the changing external finance environment and its internal progress on digital projects taken into account. Our 2025 DT Vision is 'Data-based Understanding of Clients, Data-driven Banking', and 'Just Do It Digital' and 'Back To the Basic' are the strategic directions we have to follow. 'Just Do It Digital' is about achieving digital transformation on all fronts of our value chain while 'Back To the Basic' aims to change the way of working to grasp the nature of banking business and stay true to the basics.

Kwangju Bank is also putting its efforts into creating new business models taking advantage of digital capabilities as well as innovating and transforming itself to accomplish its ambitions; 'Digital Profit-centered,' 'Client-oriented Digital Mix,' and 'Compassionate Digital.

Digital Manpower Nurturing

Educational Support for Work-ready Digital Manpower Cultivation | The growth of digital financial market has made it difficult to recruit new IT developers. In response, we have shifted our focus to internal digital talent nurturing. To this end, we have provided diverse educational programs. 'JB Financial Group's Integrated Course for Digital Skills' is one of the representative training courses designed to cultivate work-ready digital talents, such as APP / WEB developers or data analysts. We hired renowned external digital-specialized educational institutions, such as the Korea Banking Institute, IBM, and Samsung Multicampus, to provide quality classes. This integrated training consists of three courses for three types of professionals; digital experts, data analysts, and IT developers. Every year, each subsidiary selects the employees subject to the course. As for the course for digital experts, a total of 20 employees completed this course in March 2020 while about 10 employees received the course for data analysis in May 2022. Each subsidiary's IT personnel are entitled to the IT developer course when they want. On top of that, intensive educational programs, such as AI-related one, are in the pipeline aimed at supporting those who completed the courses in further growing into digital masters. Our goal does not lie in education itself. We aim to raise the efficiency of the training through design thinking approach-based courses and practices, thereby securing internal experts at an early stage. JB Financial Group will step up our digital competency through the Integrated Course for Digital Skills down the road.

JB Financial Group Digital Integration Training Course



Various Programs to Promote Digital Culture | Utilizing the global service of Gartner, an American ICT research and advisory company, JB Financial Group makes sure that we keep up with the recent trends of digital transformation and new technologies, and reflect them in our digital strategy and tasks. In October 2021, we held a global symposium with all digital and IT personnel of the subsidiaries attending online. The symposium served as a platform for them to build their digital skills and broaden their digital knowledge. To lay the foundation for a data-based decision making culture, we trained about 598 employees on data visualization analysis while providing educational practices on machine learning theory and data analysis for our subsidiaries' analysis teams to

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sharpen their big data analysis skills. With the aim to strengthen digital capacity as well as to spread a digital culture, Jeonbuk Bank distributed a digital trend report to all its employees. 'Digital 1 Day Workshop' was also part of the effort to train its employees and secure excellent digital talents. In addition, it has frequently offered classes that cover new technologies and business, such as digital strategy / planning or digital marketing system, to equip all our employees with digital competence.

Kwangju Bank conducted its 1st 14-week educational course including an intensive program while hosting 'DT Academy,' aiming to nurture its employees as digital experts and ramp up its digital expertise required in the new financial environment. This course provided a platform for its employees to hone their skills, and at the same time, laid the groundwork for digital finance advancement.

Digital Manpower Development through Collaboration | The active exchange with new platform operators and big tech companies is another good way of nurturing internal digital manpower. Accordingly, Jeonbuk Bank signed an agreement with NAVER FINANCIAL for finance innovation, and has established a partnership with Kakao Enterprise for digital transformation capitalizing on data and AI, based on which it has established its plan to adopt a digital marketing system. 'Kwangju Bank also signed an agreement with Toss in April, and carried out a human exchange program with the aim of sharing the way of work and corporate culture. This exchange program enabled its employees to experience FinTech companies' way of working, such as how to make decisions, and corporate culture, and to reflect the best parts in their works. In addition, the business agreement with GIST allowed it to secure capabilities required in the AI sector and cultivate excellent tech talents. Based on this, Kwangju Bank plans to establish a long-term partnership for AI technology.

Jeonbuk Bank - Kakao Enterprise Strategic Business Partnership Ceremony



Kwangju Bank - GIST Business Agreement



JBFG Digital Community Facilitation | In 2020, JB Financial Group launched a 'Digital Community' comprised of employees at the level of managers and below. The community has carried out a variety of activities associated with digital-related themes ranging from digital culture to digital products and services to TECH technologies (Big Data, AI, blockchain). In recent years, the members of the communities are working on facilitating the community at the company level, taking advantage of diverse platforms. The creation of a digital community channel utilizing Kakao Talk is part of the achievements along with the development of 'J-bot Real News,' a chatbot for automatic news dissemination. And our blog has been upgraded with the addition of automatic posting function following the analysis by machine learning. And we have created a virtuous cycle where the employees trained through this community are assigned to departments in charge of digital-related affairs so that they can enhance their practical digital skills and turn their innovative ideas into action.

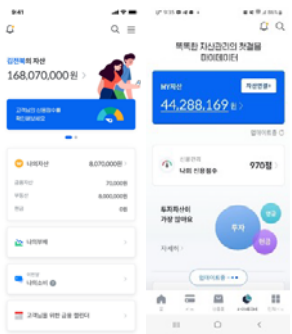
Reinforcing Data-based Digital Competitiveness

Establishment of JB Data-Hub | JB Financial Group was the first financial group to establish an integrated big data platform, JB Data-Hub that allowed its subsidiaries to analyze customer data at once using cloud and AI. Based on this infra, digital marketing direction establishment, integrated data-based reasonable decision making and product planning that suits subdivided customer's need became possible. At the same time, by fostering data analyzing experts, digital competitiveness has been reinforced.

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My Data Business Initiation | Cognizant of the importance of data as the key resource of the 4th industry, and expecting the financial service to be reshuffled into more client-centric, JB Financial Group preemptively has responded and initiated My Data business. Based on advanced customer analysis data, our integrated big data platform, 'Data-Hub' became the stepping stone of forming a hyper-personalized service. As the first local bank to join My Data business, Kwangju Bank designed an asset management service utilizing smart banking application. To provide digital service that empathizes and realizes customer-centric digital mix, Kwangju Bank divided holding assets into six categories, cash & account / investment / loan / consumption / insurance / pension that enables to check Kwangju Bank and other financial firms' assets at a glance and inquire transactions and account details. After receiving final approval in July 2021, Jeonbuk Bank also opened My Data service last January. The service is available at 'JB Bank', the mobile banking platform of Jeonbuk Bank. It provides necessary information curated based on customer's financial situation and consumption pattern analysis. For My Data service to be born as a 'living finance platform', Jeonbuk Bank will phase in diverse customized services and will expand as a new finance service collaborating with other business fields.



My Data Service of Each Subsidiary

Subsidiary	Additional Services Provided	
Jeonbuk Bank	My asset	Viewing all the financial asset of a client such as asset, debt, details of consumption at once
	Finance calendar	Managing important finance schedule
	Credit score inquiry	Informing current credit score and changes made and provide functions such as credit management tips and credit improvement
	Checking real estate price	Possible to manage real estate registration and market price, and real estate of interest can be managed even if it is not owned
	Fast claim of actual medical expense insurance	Simply making claim for insurance money in the app without document or just with a picture taken
	Policy fund recommendation	Making recommendations of matching policy funds based on corporate registration number of a customer
	Price and information inquiry and management of my car	A service that allows you to check the basic information of your car and the trend of market price changes when registering your own vehicle
	Healthcare utilizing data of life insurance company and public data (under development)	Propelling new digital insurance linked new business and vitalize My Data platform through enhancing customer experience using healthcare service, product, channel capacity of Lina
	Using Jeonju Specialized Service	A service that allows customers to readily use the Jeonju Public Delivery App and Jeonju Love Gift Certificate App (Pig Card App)
Kwangju Bank	Check real estate price	Browsing three types of information, real estate price, posted price, and actual transaction price of the registered real estate and the price increase rate to initial purchase price and reading the certified copy of register of the apartment
	Credit management service	Providing services like credit score, current credit inquiry and credit improvement
	Fast claim of actual medical expense insurance	Simply making claim for insurance money submitting documentary evidence pictured with a phone without going through an insurer
	Income-expense report	Providing information such as development of income and expense and portion of saving and consuming
	Consumption of card analysis	Providing information such as total expected payment amount, current card usage development compared to three months average
	Finance calendar	Managing financial schedule such as date of interest payment, mature date of deposits and installment savings, expected date of card payment
	Retirement calculator	Providing simulation service on needed capital when retiring
	Search of lifetime travel destination	Recommending customized destination based on transaction made using pre-paid pay(electronic finance businesses such as Naver Pay, Kakao Pay)
	Life	Providing useful economic tips in life including carbon point application and subsidy search

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Data-based Digital Marketing | JB Financial Group has constructed infrastructure to secure data by categorizing digital marketing strategy into three parts; inbound marketing, contactless customer management, and marketing strategy. We analyze the behavior pattern of clients by obtaining our mobile app log-in data. Utilizing Data Hub loaded with log data, customer activity level monitoring and service analysis by each scenario has become possible. As a result, the quality of key banking services enhanced and marketing transition analysis became simple. In addition, to realize digital marketing to maximize efficiency within limited budget of Kwangju Bank, it has selected target customer and begun advertising. As a result, delinquency rate of advertisement marketing versus partner platform delinquency rate (end of Dec, 2021 basis) have improved and CPA (Cost Per Action) accomplished 18% budget cut effect in maximum. By applying this to all subsidiaries in extension, JB Financial Group will endeavor to make the best effect.

Expansion of Digital Service through Cooperation

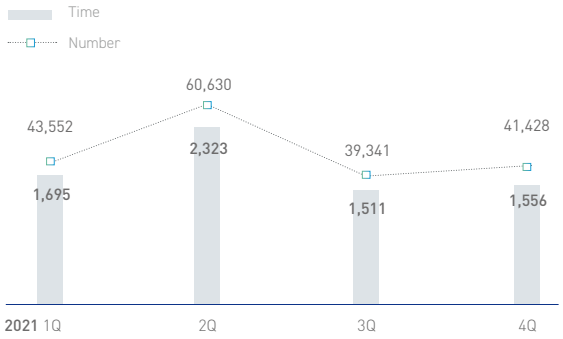
Fostering JB Digital Ecosystem | JB Financial Group is fostering a digital ecosystem of cooperation and coexistence. It is to raise our digital competitiveness and respond to our rivals such as the big commercial banks through partnership. JB Financial Group, in cooperation with platforms such as Toss, Kakao Enterprise, NAVER Financial, and Cashnote, has developed a new business model and products and proceeded with joint digital marketing. Jeonbuk Bank was the first local bank to join the metaverse alliance seeking future channels. Participating in a project supervised by the Ministry of Science Technology and ICT, Jeonbuk Bank designed joint projects and opened a metaverse-based local commerce mall for small business owners. Also, pursuing a joint project with Gopax of real name bank account service in response to the future asset, crypto asset, a service was released in April. It also participated in a cooperation-based digital ecosystem fostering support project of the Center for Creative Economy and Innovation, Jeonbuk with Taejeon Group, an excellent enterprise of Jeollabuk-do Province. We will foster our own unique digital ecosystem through partnerships and collaboration with innovative partners in diverse industries.

Plug-in Strategy | The big tech collaboration provides the local financial companies with the opportunity to expand the channel and deliver financial products and services beyond the local area to the metropolitan areas nationwide. JB Financial Group recognizes platform operators and big techs as partners, continuously seeks for business cooperation and expands digital advertisement within partners. To sell products on the platform in an efficient manner, we have cooperated with big techs and platforms, renovated the organization and created a 'data analysis based digital product and service developing process' (Speed Factory). This has enabled innovative improvements such as API-based connection, In-app, and mobile web development.

Financial Service Enhancement through Digital Technology

Robotic Process Automation (RPA) System | RPA, Robotic Process Automation, is a system that performs repetitive tasks instead of software. Currently, Jeonbuk Bank is utilizing RPA to conduct around 70 kinds of tasks. RPA has been created to innovate the automation format of tasks and minimize errors and efficiently respond to simple and repetitive massive tasks. The productivity is enhanced by forming a structure where workers can focus on the high-value-added tasks as RPA deals with simple repetitive tasks. RPA plays as an assistant role by replacing the human workforce at the level of AI, and is expected to increase task efficiency constantly developing functions.

Robotic Process Automation (RPA) System



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Financial Service Provided through AI and Big Data | JB Financial Group lists digital innovation as one of the eight major tasks that endeavors to enhance customer convenience by providing customer service based on digital innovative technology. To this end, we are reinforcing digital based comprehensive financial service by adopting AI and big data service. Especially to increase customer accessibility, we improved mobile banking and are operating the visible ARS (Automatic Response System). This service is certified with quality of accessibility that enhanced the convenience of the financial vulnerable such as the disabled and elders.

Also, the work system improvement is raising efficiency. Jeonbuk Bank and Kwangju Bank is not issuing paper bankbooks since 2017 and the essential drawing of documents in the front service has been replaced with tablet PC that shortened the necessary time and improve work efficiency. JB Financial Group will further put cohesive effort to create a customer-centric digital finance environment.

>>> OUR NEXT STEP

In order to achieve our goal, 'digital channel optimization', **JB Financial Group** will create a digital-based profit structure, and enlarge the scope of non-face-to-face channels in pursuit of digital mix. Our emphasis will be also on data-based real-time digital marketing with more active response to incoming transformations in the financial market, such as AI, metaverse, or digital assets. In addition, we plan to create our own platform, leveraging our license, and at the same time, advance the current My Data service to make it stand out, thereby enlarging our customer base.

As the keywords, customer experience management or personalization, have grown in importance, **Jeonbuk Bank** has set up its ultimate goal in 2022 as 'DDDM' (Data Driven Decision Making) with aim of enhancing its data competence. 'DDDM is about understanding clients through data and doing business based on data. This is the quantum jump that Jeonbuk Bank has to accomplish. To this end, the bank has mapped out five core directions; 'securing data competency and technology as its assets,' 'establishing digital-based customer experience management and marketing system,' 'sharpening digital channel competitiveness,' 'expanding digital ecosystem-based new businesses,' and 'digitalizing its work environment.' Based on this, the bank has set up the targets for its digital business, which is a clear demonstration of its robust will to step up its digital competence.

In 2022, **Kwangju Bank** also set its key targets for digital transformation, 'AI Convergence in Digital Bank.' It aims to converge AI with all level of banking business to improve work and cost efficiency. Under this goal, the bank has drawn up its directions for the reinforcement of its sales and future competitiveness and the enhancement of the foundation for digital transformation. And it also plans to select and focus on the tasks that are likely to enlarge their scope, thereby implementing the tasks in a more efficient manner. In addition, multifaceted efforts will be made including nurturing AI professionals, building a consensus on the gravity of AI influence among its employees, and creating an AI ecosystem, to set the stage for the AI-based banking business. By doing so, it will accelerate the transition to an AI-combined financial business model and the development of digital financial services.

FOCUS 2. ECO-FRIENDLY FINANCE

> MANAGEMENT APPROACH

Issue Background | Climate change marked by global warming and frequent abnormal weather events is not a looming threat. It has posed a real threat to our ecosystem. Against this backdrop, corporations are embarking on their eco-friendly journey, and the banking industry has also redoubled its efforts to save the planet through green finance and investment in new and renewable energy. Climate change is not only a threat to the current generation, but a threat to the existence of future generations. For this reason, it requires all-out global efforts.

Management | JB Financial Group has declared its coal-free finance, and brought its action toward Net-Zero into full swing. To begin with, we joined global environmental initiatives including PCAF (Partnership for Carbon Accounting Financials), SBTi (Science Based Targets initiative), NZBA (Net-Zero Banking Alliance), UCEP FI (United Nations Environment Programme Finance Initiative), UN PRB (United Nations Principles for Responsible Banking), and TCFD (Task Force on Climate-related Financial Disclosures). In particular, we became the first member of NZBA in 2021 among local financial groups, which was a clear manifestation of our iron will toward decarbonation. In the years to come, we will strive to embed ESG management into every facet of our business operations putting another focus on the expansion of finance into sustainable industries at home and abroad to usher in a green future.

Key Performance

Global Environmental Intiatives

PCAF, SBTi, NZBA, UNEP FI, UN PRB, TCFD, CDP

7 Joining



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Joining Global Environmental Initiatives

Joining SBTi[1] and PCAF[2] | Following the joining of SBTi (Science Based Targets initiative) and PCAF (Partnership for Carbon Accounting Financials, JB Financial Group has set up its science-based carbon emissions targets after calculating its direct & indirect and financed emissions based on the global standard to measure GHG emissions launched by PCAF and the SBTi methods. In June 2022, we obtained the approval for our carbon reduction targets from SBTi. Especially, our plan that covers about 19% of the entire portfolio of the group was approved, which proved our will to play a leading role in reaching Net-Zero.

Joining NZBA[3] | The joining of NZBA (Net-Zero Banking Alliance) for the first time among local financial firms manifested our robust will toward carbon neutrality at an early age. Along with this, we established our mid- to long-term GHG emissions mitigation targets to limit global warming to around 1.5°C. To this end, we plan to select the priority areas subject to GHG emissions management. In addition, efforts will be persistently made on various fronts such as science-based target setting, regulation on data disclosure regarding our carbon reducing efforts and progress, and regular check on our goals.

[1] SBTi(Science Based Targets initiative)
[2] PCAF(Partnership for Carbon Accounting Financials)
[3] NZBA(Net-Zero Banking Alliance)

Scaling Up Finance for Sustainable Businesses

Coal-free Declaration | With the declaration of coal-free finance, we make a commitment not to participate in PF (Project Financing) for coal-fueled power plant construction at home and abroad, not to overwrite bonds issued by SPC (Special Purpose Company) or general bonds issued for the same purpose, and to scale up our investment in new and renewable energy, and expand sustainable finance. Furthermore, the endeavor is also being made to lay the foundation for eco-friendly finance in business partnership with regions. In 2021, Jeonbuk Bank signed a 'Business Agreement for Carbon Neutrality' with Jeonju City, and came up with the 'Climate Action Plan,' based on which, the bank will work with Jeonju City on scaling down coal finance and creating a favorable environment for climate finance, and providing preferential finance service for citizens who practice low-carbon activities. In 2020, Kwangju Bank entered a 'Net-Zero & Green New Deal Agreement' with Gwangju Metropolitan City in order to join the policy to achieve decarbonation and green new deal. Through the agreement, the bank reaffirmed its will to curtail coal finance, the main culprit of climate crisis, and to forge an environment in favor of green finance. As part of the agreement, Kwangju Bank is also joining hand to accelerate the transition to a low-carbon economy, thereby making Gwangju City a carbon neutral, energy independent city.

Business Agreements for Coal-free Finance

Subsidiary	Business Agreement Details
Jeonbuk Bank	**Business Agreement on Carbon Neutrality with Jeonju City** • Establishing and promoting Climate Action Plan • Scaling down coal finance and creating a favorable environment for climate finance • Joining hands to build the infrastructure for energy transition • Introducing energy efficiency system when constructing a new building or building an extension • Developing financial assistance such as preferential financial service for citizens who pursue green lifestyle in their daily life • Identifying businesses for social contribution and carbon neutrality when conducing ESG businesses • Encouraging all our employees to join the campaign for GHG emissions reduction
Kwangju Bank	**Net-Zero & Green New Deal Agreement with Gwangju Metropolitan City** • Making Gwangju Metropolitan City Net-Zero and energy independent by 2045 • Laying the foundation for reduced coal finance and increased climate finance • Putting an end to the acquisition of PFs and bonds issued for the construction of coal-fueled power plants • Joining hands to transition to a low-carbon economy

Green Finance Expansion | Staying true to our coal-free finance, we have broadened the breath of our green finance product line to give vitality to sustainable businesses, such as solar or renewable energy sectors that can replace coal business. The scale of our green finance amounted to KRW 1.87 trillion in 2021. In addition, in line with the government's policy aimed at raising new and renewable energy ratio to 20% for power generation, we have scaled up our eco-friendly funds for local communities. Jeonbuk Bank's loan balance increased from KRW 952.5 billion in 2020 to KRW 1.02 trillion in 2021, a KRW 63.7 billion increase. Kwangju Bank saw its green financial assistance for eco-friendly businesses rise to KRW 831.3 billion by KRW 11.3 billion from the previous year.

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Embedding ESG into Our Management

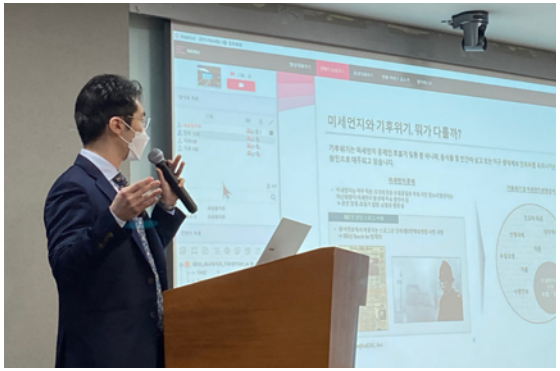
Winning A+ for Two Consecutive Years in ESG Evaluation Conducted by KCGS | JB Financial Group won A+ rating for two consecutive years in the ESG evaluation conducted by KCGS (Korea Corporate Governance Service). In the sector of Governance, we achieved A+ rating following the last year while moving up one spot to A+ rating in the Social sector, and receiving A rating in the Environment sector. As a result, our integrated level was A+ rating. In 2022, we achieved A ESG rating conducted by MSCI (Morgan Stanley Capital International) following the 2021. These accomplishments clearly demonstrate that we are recognized for our sustainable management at home and abroad. Going forward, all-out efforts will be made to turn ESG management into practice.

ESG Committee Operation and Its Roles | As part of the effort to promote ESG management, we put in place the 'ESG Committee' under the BOD (Board of Directors). The committee serves as the top decision making body regarding ESG management, taking on the roles of establishing ESG strategy and policy and receiving reports on progress on key tasks. The committee is also committed to expanding the scope of our sustainable management with subsidiaries from the ESG perspective. And the supervision and management of both financial and non-financial performance associated with sustainable management is one of its main duties. The committee came up with our strategic tasks to be done for full-fledged ESG management; responding to climate change risks, proactively implementing the plans for Net-Zero, improving green finance performance (environmental sector), systemizing social contribution activities, expanding inclusive finance and giving more access to finance, minimizing risks (social sector), advancing ethics / human rights management, establishing a sound governance structure, and protecting financial consumers and preventing financial accidents (governance sector), following the proclamation of our mission, 'JB Finance, your reliable partner for a better future,' in June 2021. Devoting ourselves to delivering these tasks and fulfilling our mission above, JB Financial Group will more closely communicate with stakeholders including customers, employees, shareholders, partner companies, and local communities down the road.

Employees Trained on Climate Change | In an effort to internalize ESG management, JB Financial Group provided an external seminar on climate change for our employees. This education enabled us to raise our employees' awareness of climate change and to build a consensus on ESG tasks within the group. The class helped our employees better understand the climate change terminology, dealing with the causes for global warming, risks confronting humanity, and key domestic and overseas policies for GHG emissions mitigation. And we shared the meaning of our declaration of Net-Zero in our direct & indirect emissions by 2035 and in financed emissions by 2045 on environmental and social note, thereby raising the perception of the gravity of ESG management among our employees.

In-house Green Campaign | We carried out an environmental campaign aiming to encourage our employees to use eco bags instead of single-use plastic bags through the group's webzine. We shared the gravity of multi-use goods usage with employees, and provided eco bags we made. Jeonbuk Bank has also conducted a wide range of activities and campaigns including 'Vegan Friday' promoting vegetarian diet, 'Energy Saving Day,' a movement to turn off lights during one hour of lunch time and the power of multi-taps after work in the third week of every month, and 'Picking-up Day,' a cleanup event engaging our

Climate Change Training Program for Employees



Jeonbuk Bank's In-house Environmental Campaign Poster





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employees in picking up trash and cleaning up the surroundings near their branches, using biodegradable bags. In 2021, Kwangju Bank conducted a campaign to encourage people to use public transportation on the 'World Environment Day.' In this campaign, all the employees joined the efforts to protect the environment in unison by collecting garbage around its head office. In addition, the bank joined K-EV100 (Korean transition project towards zero-emission cars) driven by the Ministry of Environment, installed charging facilities for EVs and converted some of its business cars to EVs. It plans to switch to 100% EVs as part of the endeavor to curtail exhaust fumes emitted from internal combustion engine vehicles.

Kwangju Bank's World Environment Day Campaign



In-house Environmental Campaign

Subsidiary	Details	
Jeonbuk Bank	Vegan Friday	Having a vegetarian meal every Friday
	Energy Saving Day	Turning off lights during one hour of lunchtime and the power of multi taps after work on the 3rd Wednesday of every month
	Picking-up Day	Cleaning up the surroundings around its head office and branches using eco-friendly, biodegradable bags (quarterly)
	Happy Donation	Our resource circulation program aims at reselling items donated by its employees in collaboration with Beautiful Store, all proceeds from sales donated to neighbors in need
	Mission Possible_ Changing Habits	An event encouraging employees to practice four carbon-reducing missions (collecting and printing at once & black-and-white prints / tumbler use / using stairs to climb at least up to three floors / reducing left over) and taking a proof shot
Kwangju Bank	Joining K-EV100	A Korean transition project towards zero-emission vehicles driven by the Ministry of Environment
	Green-Recycle 100% Campaign	A environmental movement to achieve 100% resource circulation for the recyclable items that can be collected separately
	Campaign to promote public transport usage	Encouraging all its employees to use public transportation to commute in commemoration of the World Environment Day
	Clean on	Non-face-to-face social contribution activity to resolve environmental issues
	Clean Day	A cleanup campaign aiming to make the local community cleaner

Eco-friendly Activity in pursuit of Co-existence with Local Communities

Business Agreement Signed on Carbon Point Donation Bank | Kwangju Bank signed an agreement on 'Carbon Point Donation Bank' with Gwangju Metropolitan City in December 2021. Built on the agreement, it will make donations levering the Carbon Point System implemented by Gwangju Metropolitan City, which will be used for 'Carbon Point Forest,' the forest creation project in the city of Gwangju. The Carbon Point System converts the reduced power, water, and gas consumption to points, and provides them in the form of incentive to Gwangju citizens. If a citizen donates the incentive to Community Chest of Korea through Gwangju Metropolitan City, that amount will be donated. Kwangju Bank has been at the forefront of realizing the carbon neutral city by 2045 as well as putting ESG management into action, which is evidenced by this agreement.

Kwangju Bank Gwangju Metropolitan City Carbon Point Donation Bank Business Agreement Ceremony

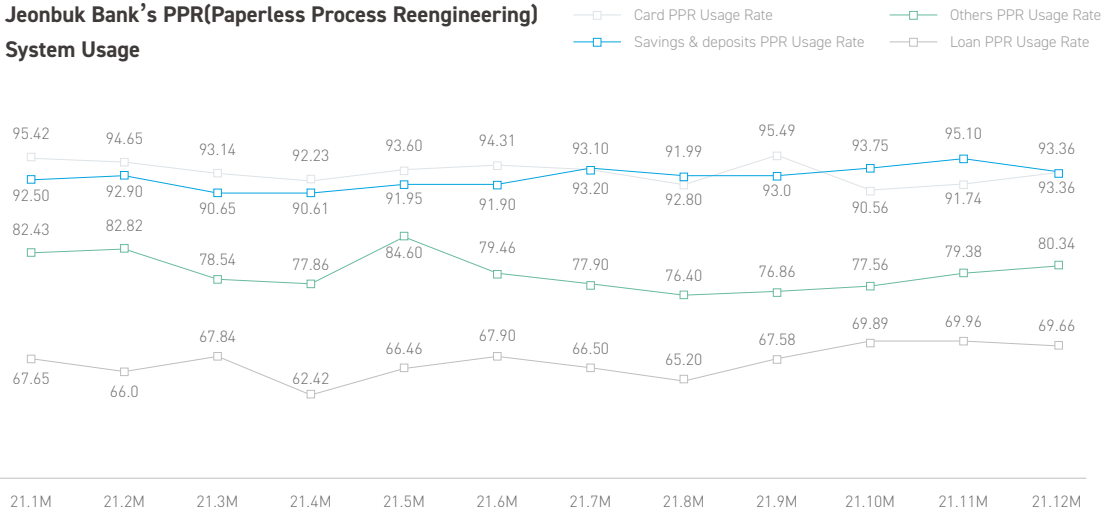


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Counter Work Digitalization

Paperless Office Creation | The introduction of RPA (Robotic Process Automation) system and the constant development of PPR (Paperless Process Reengineering) at Jeonbuk Bank have resulted in the gradual decrease in paper used and the creation of paperless office. Paperless office by digitalization enables us to reduce costs for producing and preserving documents as well as to remove the time to print documents for notification. In particular in the banking industry, more tightened customer data protection requires us to receive many additional application forms from clients to have access to and utilize their personal data, which, in turn, puts strain on our work. The digitalized paperless office allows us to save time and also to raise customer convenience. Furthermore, it makes it possible to control all the forms and items digitally, which prevents incomplete sales and ensures work accuracy and efficiency. And the simplification of items that clients have to fill in along with the reduction of repetitive tasks is also the advantage it has. So, employees in charge can minimize the time spent on documentation, and use this saved time for marketing activities and providing various data for clients.

Jeonbuk Bank's PPR(Paperless Process Reengineering) System Usage



>>> OUR NEXT STEP

JB Financial Group will grow as a sustainable financial firm, putting environmental soundness first when we develop and provide financial products and services. To this end, we will ensure our compliance with our environmental management principles, relevant laws and regulations, and global guidelines, spurring our low-carbon and energy-reducing management. In addition, we will make eco-friendly management permeate all facets of our business operations, thereby taking the lead in reducing waste, recycling products and protecting our nature and ecosystem. We will strain every nerve to develop green products and services as a financial firm.

Jeonbuk Bank and Kwangju Bank aim to achieve counter work digitalization to raise their employees' work efficiency as well as to satisfy their clients. In addition, more financial assistance will be provided for sustainable businesses, such as solar, or new and renewable energy-related ones. Green finance for local communities will also be expanded.

TAKING THE PATH TOWARDS NET-ZERO IN PURSUIT OF A SHARED FUTURE

Climate Crisis Changes Everything

Global warming gives rise to climate crisis and unexpected natural disasters, which puts the world in a precarious situation. Over the past several years, we were seeing natural disaster come in various forms which posed not only a physical threat but also a political and economic threat, and damaged our way of life. According to <The 6th IPCC Report> released in 2021, it is likely that Earth will reach temperature rise of about 1.5℃ while Nature, a British scientific journal, said in 2019 the global warming of 1.5℃ will bring about 3.9 billion people suffering scorching heat and 35 million people suffering from lack of food.

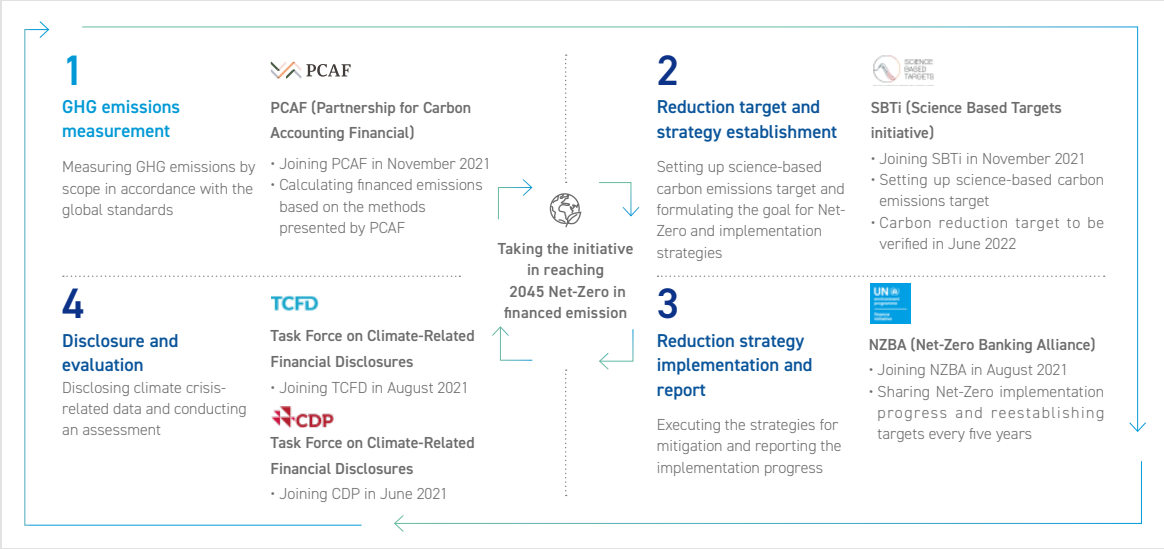
Declaration of Reaching Net-Zero in Our Direct & Indirect Emissions by 2030, and Net-Zero in Financed Emissions by 2045

The banking industry is now being faced with various financial risks posed by climate crisis. The risks come in various forms including direct damage, such as property loss or supply chain issue, and indirect damage including rising production costs, debt's compromised ability to repay, and declining high-carbon assets' market value arising from stricter environmental regulations. The persistence of climate crisis will come with damage in more various forms and a greater scale.

In proactive response to the financial risks stemming from climate change, JB Financial Group proclaimed our 'Goal for Carbon Neutrality' in February 2022. Under the target of reaching Net-Zero in direct & indirect emissions by 2035, and reaching Net-Zero in financed emissions by 2045, we have carried out ESG activities in an orderly manner, thereby fulfilling our responsibilities as a leading financial firm in ESG management. Going forward, we will provide innovative and green financial solutions, and take into account climate risks when designing our loan & investment (stocks bonds, etc,) portfolio to preemptively respond to financial risks, thereby underpinning our stakeholders' sustainable achievement and joining hands in the government's and global community's efforts to mitigate GHG emissions.

Efforts to achieve leading carbon neutrality objectives

To accomplish our targetl, 'Net-Zero in our direct & indirect emissions by 2035 and Net-Zero in financed emissions by 2045,' we have formulated the implementation process for Net-Zero. In an effort to reach the goal through systematic implementation, we joined global environmental initiatives, PCAF (Partnership for Carbon Accounting Financial) and SBTi (Science Based Targets initiative), and applied the standards and methods launched by them to measure our internal and financed emissions. In June 2022, we became the second domestic financial firm and the fourth domestic company to obtain the approval for our carbon reduction target from SBTi, which is a clear manifestation of our global-level Net-Zero implementation process.



Results of Calculation on GHG Emissions and Financed Emissions by Industry

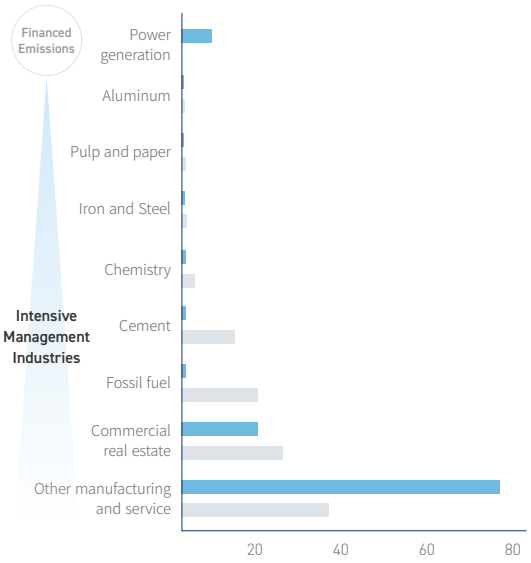
JB Financial Group calculated GHG emissions in 2020 based on the scope and methodology for each scope defined by the Global GHG Accounting and Reporting Standard (GHS Protocol). As a result of calculation, Scope 1 (direct carbon emissions) emissions were found to be 3,171 tCO_2eq, Scope 2 (indirect carbon emission) emissions were 14,343 tCO_2eq, and Scope 3 financed emissions emissions were 980,416 tCO_2eq, which makes 997,930 tCO_2eq in total.

We utilized the method suggested by SBTi to see the ratio of exposure and carbon emissions by industry to classify industries with intensive climate risks in our loan asset portfolio and establish concrete strategies accordingly. We identified industries with high emissions (manufacturing, real estate, fossil fuels, and cement) within our current asset portfolio. Considering this, we will reduce emissions by designating these industries as Intensive management industries. Among JB Financial Group's portfolio, power generation loans were entirely comprised of 100% renewable energy loans, resulting in zero financed emissions.

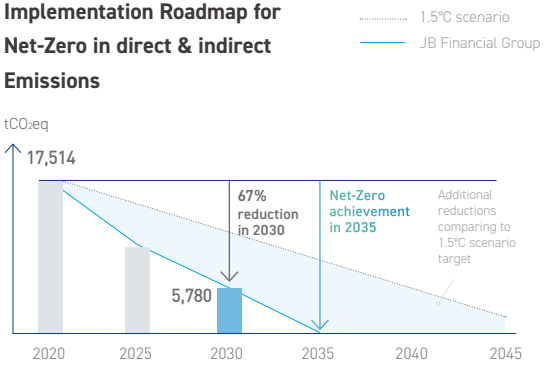
Implementation Roadmap by Reduction Target

Aiming to achieve the 'Net-Zero in direct & indirect emissions by 2035, Net-Zero in financed emissions by 2045' goals based on the GHG emissions calculation results, we established a reduction implementation roadmap for direct & indirect emissions and financed emissions, as well as reduction targets for each industry group.

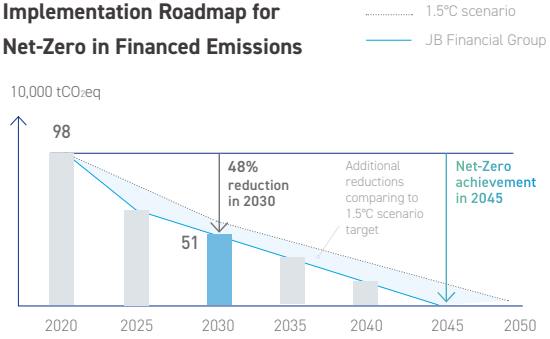
Financed Emissions Calculation Results by Industry



Implementation Roadmap for Net-Zero in direct & indirect Emissions



Implementation Roadmap for Net-Zero in Financed Emissions

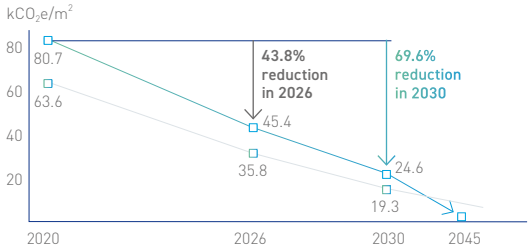


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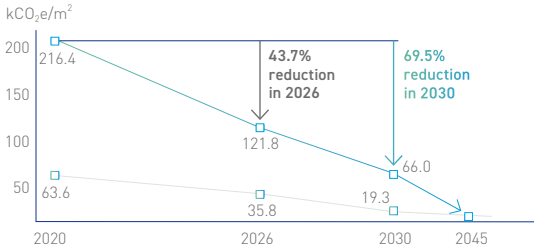
Intensity Reduction Target by Industries

Following the SBT's SDA methodology, reduction plans were set per square meter for commercial real estate loans, real estate investments and REITs, while the plan was per 1 MWh of electricity production for power generation project financing. In the case of general corporate loans, listed company investment, and bond investment, excluding commercial real estate, we decided to measure the current temperature score by industry based on SBT's Temperature Rating methodology when establishing our 2045 reduction implementation roadmap for financed emissions.

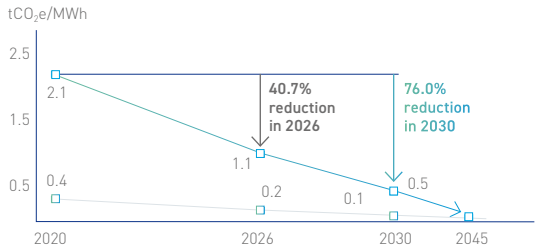
Commercial Real Estate Loans



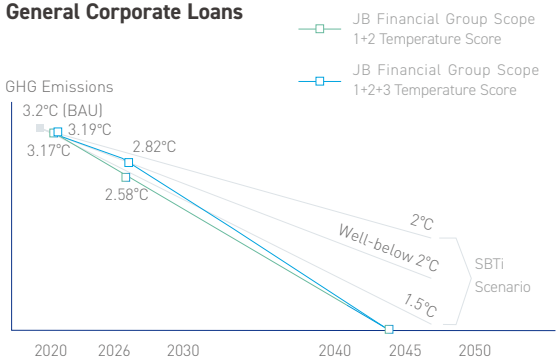
Real Estate Investments and REITs



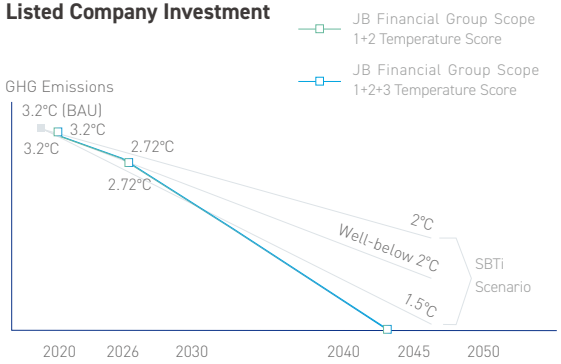
Power Generation Project Financing



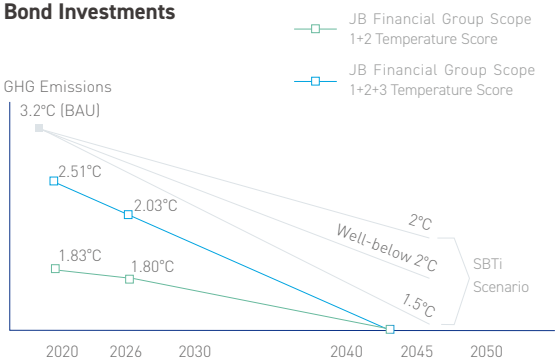
General Corporate Loans



Listed Company Investment



Bond Investments



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Toward the environment Shared with Future Generations.

JB Financial Group will create an eco-friendly finance environment by implementing an advanced Net-Zero process so that we can leave a healthy natural ecosystem for future generations. To this end, we will expand the use of renewable energy as part of emissions reduction strategies. For instance, we will digitalize branches and purchase green premiums and REC with an aim to achieve Net-Zero by 2035. For the achievement of Net-Zero financed emissions by 2045, we will expand the ESG bond issuance and green financial products, thereby reinforcing financial support for eco-friendly value creation businesses. On top of that, we will actively communicate with each borrower in the portfolio and support them by assisting our technology to measure emissions, establish reduction goals, and implement reductions.

By implementing the advanced Net-Zero process, we will continue to build an eco-friendly virtuous cycle by expanding the participation of Korean companies and raising consumers' awareness of climate change.



FOCUS 3 CUSTOMER-FIRST FINANCE

> MANAGEMENT APPROACH

Issue Background | The swift changes in the business environment have led to rapid changes in client needs and more segmented needs. As clients are our significant stakeholders of the company, it is critical to think from the client's point of view and provide products and services accordingly in determining the growth of the company. As the Financial Consumer Protection Act enforces, particularly financial businesses are required to operate systems to protect financial consumers and prepare customer data protection systems. It is a critical juncture to establish a precise system to provide highly reliable services for clients.

Management | JB Financial Group makes efforts in various areas as a leading customer-first financial firm. First, we have operated an organization dedicated to protecting financial consumers and set in place the consumer information safety management system to safeguard our clients' data. In addition, we provide continued education for our employees on the importance of consumer data protection while disclosing primary information to enhance customers' right to know. On top of that, we have a variety of communication channels to gather our clients' opinions so we can reflect them into our products and services as well as our overall management.

Key Performance

Grade S' from data protection evaluation

Jeonbuk Bank, Kwangju Bank

Grade **S**

Customer Satisfaction

Jeonbuk Bank[1)]

92 points

Kwangju Bank[2)]

98 points

1) Nice D&R Consulting Score
2) KSQI Evaluation Score

Prevention of financial fraud by expanding channels of abnormal financial transaction detection system

Jeonbuk Bank

157 cases

(equivalent to KRW 1.35 billion)

Kwangju Bank

133 cases

(equivalent to KRW 3 billion)



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Our Efforts to Safeguard Financial Consumers

Organizations for Financial Consumer Protection | JB Financial Group has systematically operated organizations for financial consumer protection to tighten financial consumer protection. We put in place a chief organization responsible for financial consumer protection under the direct control of the top management and appointed Chief Customer Officer (CCO) to assume the role of financial consumer protection independently. Besides, we operate the Internal Control Committee for Financial Consumer Protection. The committee is comprised of CCO, compliance officer, the head of the division responsible for risk management, and the head of each business division. It discusses management direction on financial consumer protection, significant systematic changes, development of financial products, sales, and information disclosure, and evaluation of the employee reward system from financial consumer protection and corporate-wide perspectives.

Enhanced Transparency within the Company | JB Financial Group operates the Compliance Department. Our Compliance Department reports the operational status of the internal control system to the BOD in accordance with Article 11 of the Act on Corporate Governance of Financial Companies, complying with internal control and laws. The department also takes preventive actions against financial accidents, including product disclosure, review of advertisement and terms and conditions, inspection, branch audit, and regular monitoring. On top of that, it operates the internal control self-diagnosis system to prevent inappropriate (unfair) sales activities or unreasonable discrimination. The department is also responsible for legal advice, litigation tasks, and compliance education. On the foundation of these various activities of the Compliance Department, we have realized more transparent management.

Advanced Management System for Consumer Data Protection | Customer information is an important personal asset, and there is a risk that leaked personal data can be misused for crimes such as spam mail, illegal marketing, and voice phishing. JB Financial Group strives to safeguard information by setting up a top-level customer information protection system in Korea. We strictly comply with related laws and regulations while preemptively detecting potential risk factors so that our clients can safely use our financial services. On top of reinforcing the information protection system, we are operating an integrated security control system 24 hours a day, 365 days a year, to prevent breaches. Our AI-based abnormal financial transaction detection system (FDS) is also operated to protect financial consumers from growing intelligent financial fraud and hacking. Jeonbuk Bank established an information protection management system (ISMS) and has got certified with the internet banking system as well as treasury system for Jeollabuk-do and local cities and towns, which enables, Jeonbuk Bank to be officially recognized for external trust secured in terms of the adequacy and stability of the ISMS. Both Jeonbuk Bank and Kwangju Bank obtained 'Grade S' in the data protection evaluation and expanded the abnormal financial transaction detection system channels. As a result, in 2021, Jeonbuk Bank prevented 157 fraud cases, saving fraud damage worth KRW 1.35 billion, while Kwangju Bank prevented 133 fraud cases, saving damage worth KRW 3 billion.

Product Development Process for Consumer Protection | We have established a specific process to safeguard consumers at the financial product development stage. The product development process was created based on the internal rules for financial consumer protection in product development. We always review the checklist to make sure there are no disadvantages to consumers from the point of view of financial consumers before prior consultation

Development Process for Consumer Protection Products

STEP 1	Data Collection and Research	• Analyzing market variables, including the financial environment and policies • Analyzing customer needs • Analyzing customer suggestion corners
STEP 2	Product Development Plan	• Preventing unreasonable discrimination • Preventing incomplete sales • Evaluating collected information
STEP 3	Product Development	• Reviewing the checklist • Prior consultation for new products • Indicating product information
STEP 4	Marketing and Sales	• Collecting marketing strategies • Providing training for sales personnel • Analyzing customer suggestion corners
STEP 5	Post-management	• Analyzing product performance • Giving feedback on VOC • Evaluating products and rewards

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Financial Consumer Protection Programs Engaged by Employees | JB Financial Group conducts self-diagnosis for financial consumer protection by designating the Financial Consumer Protection Day every month. We also provide quarterly document training for the issue of respecting the consumers' rights and the items to be followed by employees when selling products that are stipulated in the Financial Consumer Protection Act, sanctions in case of violation of the law, prevention of grievances and disputes, prevention of telecommunication financial fraud, and refund of damages. Annual cyber education concerning financial consumer protection is provided for all employees while we raise the capabilities of our employees through frequent training.

Reinforcing Customers' Right to Know

Disclosure of Financial Consumer Protection Results | Ensuring financial consumers' right to know is the first step in customer protection. We disclose the number of complaints and the actual evaluation results in order to protect consumers' rights and interests and utilize them for internal product development. The number of grievances is disclosed by categorizing them into two; the total number of grievances by quarter and the number of grievances by financial product and major product. For the evaluation of the status of financial consumer protection, we divided them into quantitative and non-quantitative areas when disclosing the data. Going forward, we will make our utmost effort to become a growing and developing financial firm hand in hand with our consumers.

No. of Grievances (credit card concurrent banks)

Classification		No. of disclosed grievances in 2021	
		Jeonbuk Bank	Kwangju Bank
Internal Grievance[1]	No. of total cases	0	4
	No. of cases excluding credit card issues[2]	0	1
External Grievance[3]	No. of total cases	8	10
	No. of cases excluding credit card issues	7	10
Total	No. of total cases	8	14
	No. of cases excluding credit card issues	7	11

Financial Consumer Protection Status Evaluation Items and Evaluation Indicators

Classification		Detailed Evaluation Criteria
Quantitative Item	Preemptive prevention on grievances	- Grievances on financial products: No. of conflicts - Grievances on financial products: growth rate of conflicts
	Grievance handling efforts and litigations on financial consumers	- Average grievance handling period - No. of grievances that are settled after self-adjustment process - Rate of losing lawsuits and no. of litigations filed by the financial firm among conflict cases
Non-quantitative Item	Organizations responsible for financial consumer protection	- Formation, authority, and operational status of the Internal Control Committee for Financial Consumer Protection and the supervising institution for financial consumer protection - The appointment, qualification, authority, work, and design and operation of performance reward system for employees working in the supervising body for financial consumer protection - Establishing the work plan for consumer data protection and the design and operation of performance reward system for the efforts to protect consumer information made by departments
	Establishment and operation of consumer protection system for the financial product development process	- Sharing information among departments and procedure, method, criteria, and operational status on the potential risk assessment for financial consumers in the financial product development stage - Procedure, method, criteria, and operational status for reflecting opinions of external experts and financial consumers
	Establishment and operation of consumer protection system for the financial product sales process	- Procedure, method, criteria, and operational status for financial product sales - Operational status of performance reward system related to qualification and education of sales personnel and consumer protection - Operational status of process (mystery shopping, etc.) after financial product sales
	Disclosure of grievance management system and matters related to consumer data	- Operational status of grievance receiving channels, regulations, manuals, and electric systems - Operational status of grievance monitoring, preventive program, and manpower management - Access to the consumer data through Homepage, ARS - Disclosure and notification of financial product explanation
	Other consumer protection-related items	- Operational status of procedures, methods, and standards for improving convenience for the elderly and the disabled and preventing consumer damage - Operational status of training programs for executives and employees - Participation and implementation of consumer protection policies by financial authorities - Other matters related to consumer protection in terms of internal control standards and consumer protection standards within the financial firm

1) Grievances received in a written or electronic form
2) No. of total grievances – No. of grievances related to credit cards
3) The grievances that are transferred to financial companies or requested to check fact in the financial company by the institution, among the grievances received in the Financial Supervisory Service (FSS) or other agencies (excluding the directly handled grievances without inquiry or cases transferred to financial companies from the agency)

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Education on Financial Consumer Protection | JB Financial Group provides educational materials for financial consumers through various channels. In the case of Jeonbuk Bank, it shares financial consumer-related information on the bank's homepage and provides helpful information through the 'best practices for consumer protection' section for consumers. In addition, cyber education programs are currently operated for the sake of financial consumer protection. In 2021, the number of people completing the course was 1,163, recording a 100% completion rate. Kwangju Bank offers job performance training for its entire employees in order to explain the accurate product details when signing a product. In the first half of 2022, 1,706 employees of Kwangju Bank completed the training to comply with the Financial Consumer Protection Act. In the latter half of the year, it will expand the scope of financial education targets to general financial consumers.

Strengthening Financial Consumer Rights | Aiming to step up the rights of financial consumers, JB Financial Group offers loan modification options and implements a debt collection policy. Through the loan modification option system, we allow clients with increased income to request an interest rate cut after taking out a loan. If the interest rate is lowered according to the results of the bank's internal CSS review after applying for a rate cut, the loan interest rate can be lowered through an interest rate change agreement. In addition, we operate a debt collection process for customers with EOD bonds. To those applicable, we send notifications and inform them three business days before the start of the collection process to ensure consumers' right to know.

Financial Education Initiatives and Support for Stakeholders

Expert Nurturing System for Magnifying Financial Expertise | Jeonbuk Bank actively responds to the rapidly changing financial landscape by preparing and operating the Career Development Plan (CDP) system to reinforce the financial expertise of its employees. In 2021, it selected 15 expert areas, followed by newly establishing a roadmap for professional training and developing training programs for each job position to bring customized learning programs for each job area. Accordingly, Jeonbuk Bank's CDP system is operated by dividing into specialized segments; the bank's own business (WM, corporate finance, and foreign exchange), digital (digital planning and DATA), and core BIZ (IB, funds, risk, and global business). Particularly for the digital field, Jeonbuk Bank provides systematic training through collaborating with various IT educational institutions to foster experts in the area. On top of that, it operates a digital community, led by JB Financial Group, sharing information about current digital issues and trends among affiliates and having in-depth discussions about the direction financial companies should take. Going forward, Jeonbuk Bank will continue to secure unparalleled financial competency through its expert nurturing program and continuous monitoring, thereby cultivating next-generation financial leaders.

Fair Advertisement Policy and Procedures

Detailed Standards For Advertisement Production and Internal Review | Jeonbuk Bank has designed detailed standards and processes for advertisement creation and internal review and operated it to make fair advertisements on financial products. For financial customers to not misunderstand the contents of the financial product and be aware of the just rights of a customer, advertisements should be delivered accurately. It does not depict information or put on an advertisement that can hurt the fair trade order. In this way, it can abide by the Financial Customer Protection Act as a compliance officer reviews the advertisement of a financial product when advertising. The financial product advertisement made by an agent or intermediary also goes through a prior confirmation process to see if it violates the Financial Customer Protection Act before the permission to advertise.

Prioritizing Customer Satisfaction

Achievement of Customer-oriented Management | Kwangju Bank was ranked top of the 23rd 'Brand Power of Korea Industry' hosted by Korea Management Association Consulting (KMAC) in the regional banking sector for four consecutive years. The results were derived from its endeavors to develop products and services that embrace customers' hearts and communicate with customers who pursue values beyond profits. On the other hand, Kwangju Bank pledged to fulfill its social responsibility to co-exist with the local community at the certification ceremony by carrying out local-centered and customer-oriented management. Kwangju Bank was also selected as operating an outstanding call center in

>> OUR APPROACH

the '2021 KSQI Korea's Excellent Call Center' announced by the Korea Management Association Consulting (KMAC). It received high scores in various categories such as reception conditions, customer greetings, counseling attitude, business handling, and closing greetings, achieving being selected as an outstanding call center for two consecutive years from 2020 and a total of six times in total.

Kwangju Bank's 2021 KSQI Korea's Best Call Center



Kwangju Bank's "Brand Power of Korean Industry"
Ranked First in Local Banking for 5 consecutive years



Enhancing Customer-centric Management through Communication

Grievance Handling Process | JB Financial Group operates a grievance reception and handling system capitalizing on various channels, establishing a grievance handling process that upgrades the system by analyzing the causes of problems and seeking solutions. Jeonbuk Bank receives and handles customer complaints through various channels such as website, visit, telephone, mail, and fax. The cases received are registered in the grievance system, and the staff in charge seeks solutions, followed by delivering the results of the handling progress and results. Resolving within the specified period is the first priority in the case of grievances from the Financial Supervisory Service. For other grievances, our principle is to handle them within 14 business days. The simple complaints or suggestions are within 10 business days and consultation or simple inquiries are handled within 5 business days. As such, it strives to address grievances in a swift manner. In addition, the causes of complaints received are analyzed to improve the system and raise customer satisfaction, and training on complaint cases is provided to elevate the level of services and reduce complaints.

Grievance Handling Process

1 **Receipt**
- Internet homepage
- Phone call, paper, visit
- External institutions, etc.

2 **Classification/ Registration**
- Grievance management system
- Classification/ registration

3 **Notification/ Fact-checking**
- Fack-checking and identification of causes

4 **Handling**
- Notification of the handling result
- Happy-Call

5 **Completion**
- Preventive activities
- Analysis of causes
- Improvement of the system
- Personnel training

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Channels for Communication with Customers | Jeonbuk Bank operates the customer consultation group, called 'Saeng Saeng Talk,' a customer panel system to actively gather customers' opinions. The Third 'Saeng Saeng Talk' group, recruited in 2022, has actively improved work together with customers and enhanced user convenience, thereby all the more reinforcing the protection of financial consumers. In 2021, it operated the university student supporters. 20 students from universities located in Jeonbuk region gathered to create content by collecting fresh new ideas of Millennials and Generation Z and to carry out various promotional activities using social media. The activities are of great significance in that they can close the gap between the bank and its customers and become a direct channel to listen to their opinions. As part of its customer-oriented management practice, Kwangju Bank operates the 'Talk-Talk Advisory Group,' a communication channel for delivering customer opinions on the bank's products and service processes. The 5th Talk Talk Advisory Group, recruited in 2021, used financial products and services first-hand during the activity period, followed by a presentation and discussion activities by topic. Major issues derived through the Talk Talk Advisory Group were reflected in the improvement of financial product development and sales processes and non-face-to-face channel processes, and a total of 20 significant issues were reflected in actual management policies, contributing greatly to strengthening the rights and interests of financial consumers and enhancing the benefits. Particularly in the circumstances that the financial paradigm shifts to non-face-to-face, it utilized it as a great opportunity to discover the financial needs of Millennials and Generation Z, who are emerging as a major customer base while witnessing the digital divide among the elderly who are not accustomed to the non-face-to-face platform. Kwangju Bank actively reflected lively opinions, making improvements to take the lead in inclusive finance.

Grievance-handling Process | Jeonbuk Bank has in place an organization in charge of consumer protection affairs, Financial Consumer Protection Team, in an effort to handle consumers' complaints in a transparent manner. We have made the team independent from financial product affairs, and put the Financial Consumer Protection Internal Control Committee under this team. The committee is in charge of consumer protection-related works as the highest resolution body, and its chairman is appointed by the President. In addition, we have appointed personnel in charge of consumer protection in the headquarters of Jeonbuk Bank and its sales branches.

1st termination ceremony of Jeonbuk Bank College Supporters in 2021

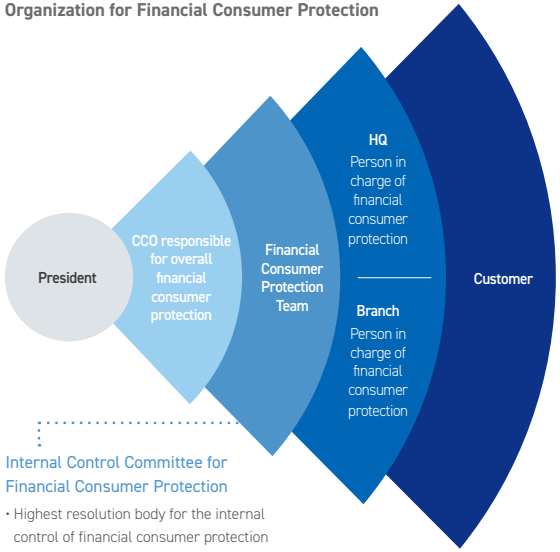


2021 Kwangju Bank Talk Talk Advisory Group Launching Ceremony



Financial Consumer Protection System of Jeonbuk Bank

Organization for Financial Consumer Protection



Internal Control Committee for Financial Consumer Protection

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

>>> OUR NEXT STEP

JB Financial Group will make 2022 a year to take one step forward to fulfill customer-first finance. First, we will advance the current integrated security control system to big data security control system in 2022, thereby upgrading it to AI security control system in 2023. The operation of the security control system capitalizing on digital technology will further tighten our customer protection measures. ON top of that, we will expand the customer participation system to collect more customer needs in diverse ways as the needs are rapidly changing.

When operating 'Saeng Saeng Talk' customer advisory group, Jeonbuk Bank will reflect consumers' opinions in a more active manner. **Jeonbuk Bank** will strive to offer more convenient services by reflecting customers' needs, such as the ability to adjust the font size for chatbot services of other banks and adding the function of providing tailored information based on the user history.

Kwangju Bank is expanding its management led by customer engagement through the operation of the Talk Talk advisory group. By actively applying diverse ideas, including introducing various financial services based on customer needs and installing tailored screen configuration functions in non-face-to-face channels, Kwanju Bank will make every effort to step up the customer rights.

Financial Consumer Protection System of Jeonbuk Bank



FOCUS 4 INCLUSIVE FINANCE

> MANAGEMENT APPROACH

Issue Background | As the COVID-19 outbreak prolonged, non-face-to-face activities have increased accordingly. Under the circumstances, it is all the more significant to care more about financially and systematically vulnerable neighbors. Raising the opportunities for vulnerable households and businesses while expanding financial access for the economically underprivileged are critical social issues as well as the original function and role of financial institutions. As members of society, we are also responsible for preparing an environment where children and youth can grow healthily for a sustainable future.

Management | As the COVID-19 outbreak prolonged, non-face-to-face activities have increased accordingly. Under the circumstances, it is all the more significant to care more about financially and systematically vulnerable neighbors. Raising the opportunities for vulnerable households and businesses while expanding financial access for the economically underprivileged are critical social issues as well as the original function and role of financial institutions. As members of society, we are also responsible for preparing an environment where children and youth can grow healthily for a sustainable future.

Key Performance

Amount of COVID-19 Financial Assistance

Jeonbuk Bank

KRW **1,428.5** billion

Kwangju Bank

KRW **479.61** billion

Total Amount of Local Community Contribution Activities

Jeonbuk Bank

KRW **18,197** million

Kwangju Bank

KRW **21,836** million



>> OUR APPROACH

Strengthening Our Role of Inclusive Finance by Expanding Financial Access

Customized Centers for Inclusive Finance | JB Financial Group is actively pushing forward inclusive finance by operating the only specialized centers in the banking sector. Led by Jeonbuk Bank and Kwangju Bank, we operate specialized branches tailored to customers to expand access to low-credit and financially underprivileged people. For low- and middle-income customers who have difficulty accessing institutional finance, we provide tailored finance consulting and debt management services. We also give customized consulting for raising credit ratings so that customers can alleviate the actual debt burden and increase their assets. The 'Warm Financial Clinic Jeonju Center' operated by Jeonbuk bank has built a separate consulting center for small business owners in the latter half of 2021, aiming to give consulting and business solutions. In addition to the center operation, Kwangju Bank signed an 'ESG Inclusive Finance Support' business agreement with the Gwangju branch of the Federation of Korea Trade Unions, providing financial education and asset assistance targeting workers under the federation in the Gwangju region. Kwangju Bank provided financial education services that give financial solutions such as asset consulting to realize economic stability and independence. It also offered a credit management service (CMS), implementing a program to help raise credit rating by actively paying back the debt.

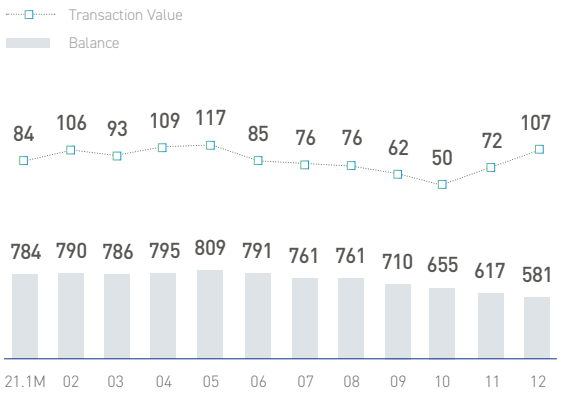
Jeonbuk Bank Warm Financial Clinic Center



Exclusive Branches for the Elderly | Jeonbuk Bank operates at least one dedicated window for seniors at all branches and allocated competent employees there to enhance convenience. In particular, Hyoja-dong and Jangseung-ro branches are designated and operated exclusively for senior citizens. Preferential interest rates are provided for seniors when they sign the deposit and installment savings products. A 50% discount is applied on cash withdrawal fees outside business hours and foreign exchange fees for customers aged 65 or older. Kwangju Bank has been operating 'Exclusive Branches for the Elderly' since 2015. The staff in the branch talks slowly with easy-to-understand terminology so that the elderly can listen and understand well, providing financial services tailored to the needs of customers. This service was well received by the elderly in the region, who had difficulties using smartphones and issuing public certificates.

Expansion of Financial Support for Foreigners | JB Financial Group strives to increase financial support to foreign workers, and as part of these efforts, we operate Finance Center for Foreigners to give convenience to their financial business. In 2020, Jeonbuk Bank introduced its products exclusively to foreigners to assist them with living expenses in Korea or remittance to their country for foreign workers working in Korea. From the first half of 2021, we have expanded its scope to the Philippines in addition to Cambodia, Vietnam, and Nepal, helping them secure stability in their living. In addition, we opened the 'Suwon Finance Center for Foreigners,' an exclusive center for foreign workers, and hired foreign employees from Thailand, Cambodia, and the Philippines to make it easier for foreign workers to handle their financial affairs.

Jeonbuk Bank's Financial Support for Foreigners



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Innovation and Expansion of Face-to-Face Channels | JB Financial Group seeks to expand financial accessibility by innovating face-to-face channels for financial consumers. Jeonbuk Bank has gradually increased the ratio of ATM operations that can also be used by the disabled with voice assistance, braille, earphones, and wheelchair functions. As of March 2022, the operation ratio of ATMs for the disabled in all branches reached as high as 93%. It also signed a business agreement with Korea Post so that the clients living in outskirt areas within the province, Gyeongin and the central part of Korea, which are not the main business areas of Jeonbuk Bank, are able to handle financial affairs through the post office windows and automated machines in person, expanding the non-face-to-face channels. All these efforts are to increase customer convenience and accessibility. Going forward, JB Financial Group will continue to endeavor to serve more customers through face-to-face channels.

Inclusive Finance in the COVID-19 Era

COVID-19 Financial Support | JB Financial Group has provided multifaceted financial support for the individuals and businesses suffering from the aftermath of the COVID-19 pandemic. During the year 2021, Jeonbuk Bank assisted with 138 cases of deferring principal repayment (amount of KRW 3.6 billion) and 13 cases of deferring principal and interest repayment (amount of KRW 0.2 billion), and 33 cases of deferring interest repayment (amount of KRW 0.2 billion). Jeonbuk Bank also implemented 4,919 cases of maturity extension (amount of KRW 991.5 billion), 117 cases of preferential interest rates through interest rate reduction (amount of KRW 200 million), 1,545 cases of new support with Jeonbuk Bank's own products (amount of KRW 162.3 billion), and contract loans with related institutions, helping customers suffering from the COVID-19 pandemic with financial support for through diverse ways. The support was provided to a total of 11,243 cases, which are worth KRW 270.7 billion. Kwangju Bank supported a total of 8,572 new cases worth about KRW 191 billion. The assistance includes 487 cases of maturity extension (amount of KRW 188.2 billion), 22 cases of deferring principal repayment (amount of KRW 400 million), and 2 cases of deferring interest repayment (amount of KRW 10 million). It signed the second and third 'three zero agreement (no interest, no collateral, and no guarantee fee) with Gwangju City to help small businesses and small business owners having difficulties due to the pandemic by giving them 5,576 cases of special guarantee loans worth KRW 100 billion.

Amount of COVID-19 Financial Support in 2021

Subsidiaries	Amount of Financial Support	Cases	Amount
Jeonbuk Bank	New Assistance	1,545 cases	KRW 162.3 billion
	Extension of maturity	4,919 cases	KRW 991.5 billion
	Deferring of principal repayment	138 cases	KRW 3.6 billion
	Deferring of interest repayment	33 cases	KRW 0.2 billion
	Special interest rate	117 cases	KRW 0.2 billion
	Loans through agreements with related institutions	11,243 cases	KRW 270.7 billion
Kwangju Bank	New Assistance	8,572 cases	KRW 191 billion
	Extension of maturity	487 cases	KRW 188.2 billion
	Deferring of principal repayment	22 cases	KRW 0.4 billion
	Deferring of interest repayment	2 cases	KRW 10 million
	Special guarantee loans through the agreement with Gwangju City	5,576 cases	KRW 100 billion

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Support Activities to Help Overcome the COVID-19 Pandemic | In 2021, there was a wide spread of non-face-to-face culture owing to the prolonged COVID-19 pandemic and strengthened social distancing, and we saw an urgent need for interest and support for the socially vulnerable. Against this backdrop, JB Financial Group carried out diverse social contribution activities to assist small business owners and self-employed people, who were particularly hit hard by the pandemic, as well as the marginalized neighbors around us. Our employees promoted blood donation activities under the circumstances that blood supply was insufficient due to the pandemic, while we supported items to help medical staff recover from fatigue in harsh environments. We also fulfilled our social responsibility as a corporate citizen through donations and volunteer activities while practicing win-win management, taking the lead in creating a more compassionate world.

Support Activities to Overcome the COVID-19 Pandemic

Classification	Activity	Details
Common	Blooming Hope in Flower	Delivering flowers to the vulnerable, including the elderly living alone after purchasing flowers from small-sized flower farms
	Sharing Kimchi with Love	Delivering Kimchi to the underprivileged after purchasing it from small-sized eco-friendly farms
	Sharing in Chuseok	Delivering white rice to the underprivileged after purchasing it from a social enterprises
	COOL Kit / Support Package	Delivering living items for summer such as portable necklace fans, healthy food, and snacks to medical staff and volunteers working at the COVID-19 screening clinic
	JB Blood Donation Campaign	46 employees participating in blood donation to alleviate difficulties of blood supply due to the pandemic
	Buying in Traditional Market for Chuseok Event	Promoting the event to revitalize traditional markets and lead in boosting the local economy and delivering the purchased goods to the underprivileged
Jeonbuk Bank	With-Corona Scholarship Support for Low-income Families	Supporting scholarships for youth from low-income families who may experience more economic difficulties due to social distancing
	Quarantine Item Support for Small Business Owners	Supporting quarantine items to relieve anxiety due to the spread of COVID-19 in the local community of small business in shopping districts and multi-purpose businesses in Jeonbuk area
Kwangju Bank	With-Corona Event	Participating in the creation of flower paths along the Gwangju Stream and carrying out relay environmental volunteer activities

Jeonbuk Bank Traditional Market Shopping Event for Korean Thanksgiving Day



Kwangju Bank Medical Staff Support Package



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Holiday Special Fund Support | Marking the Lunar New Year's Day of 2022, Jeonbuk Bank and Kwangju Bank each donated KRW 500 billion for the vitalization of local communities as well as alleviation of SMEs having difficulty in their business derived from the prolonged pandemic and local economic downturn. Jeonbuk Bank newly supported Lunar New Year special business operation fund in the amount of KRW 250 billion for SMEs located in the province and the region of the Jeonbuk branch. Also, it supported KRW 250 billion for the extension of maturity, which makes a total of KRW 500 billion. Jeonbuk Bank minimized interest burden by applying a preferential interest rate according to trade contribution on the commercial bill discounts or business operation loans of less than one year, which is the support for SMEs whose loans reach maturity or taking new business operation loans. Kwangju Bank provided KRW 200 billion for the extension of funds and KRW 300 billion for new funds as a special loan urgently for SMEs. We supported up to KRW 3 billion for each business for the Lunar New Year special loans and preferential interest rates of up to 0.70 percentage points compared to the calculated interest rate. Through this support, Kwangju Bank strived to reduce the financial burden of SMEs and small business owners. Both Jeonbuk Bank and Kwangju Bank assisted a total of KRW 1 trillion, including KRW 550 billion in new funds and KRW 450 billion in maturity extension during Chuseok Holiday in 2021

Social Value Realization through Finance

Our Social Contribution Activities | JB Financial Group conducts diverse social contribution activities to unlock ESG values and create a sustainable future. Jeonbuk Bank carries out special social contribution activities for children. 'JB Yellow Carpet' is an activity to make a space colored yellow so that children can safely wait in the children's protection area (school zone) around the elementary school. By preventing children's traffic accidents, children's safety is protected, and social costs are saved. On top of that, it held a 'Green Environment Picture Contest' to raise the awareness of the environment for children so that they have a high interest in nature. Kwangju Bank operates a financial museum for children and adolescents. Considering the circumstances when children cannot visit the place, it implements a 'Visiting Financial Education' program. Through talent donation, professional finance instructors are dispatched to financially underprivileged children in the Jeonnam outskirt areas to provide financial education services. Kwangju Bank also offers valuable education converged with hands-on experience training, such as an experience session on global money.

Jeonbuk Bank Green Environmental Picture Contest



Jeonbuk Bank JB Yellow Carpet



Sharing with the Local Community | Jeonbuk Bank and Kwangju Bank make efforts to improve the quality of life of the vulnerable in the local community by actively carrying out social contribution activities connected to the local community in order to create a community without any blind spots. Jeonbuk Bank creates social values through 'JB Hope for Children in Class' that improve the learning environment of local children's centers with poor conditions and 'JB Happy House' to improve the residential environment of low-income multicultural families so

Kwangju Bank's Love Briquet Sharing Volunteer Activities



>> OUR APPROACH

that married immigrant women can lead happy lives in Korea. In addition, it implements a scholarship project to deliver household goods for neighbors and to annually provides Hope Scholarship so that children and youth can grow up healthily. Employees of Kwangju Bank conducted a 'briquette sharing' volunteer activity. For people with poor heating systems in winter to keep winter warm, Kwangju Bank donated and delivered 700 briquettes and donated to the Gwangju branch of Child Fund Korea. It also gave a Scholarship for Talent Development worth KRW 10 million to the Bitgoeul Scholarship Foundation for supporting the development of education levels and talents in the Gwangju region.

Jeonbuk Bank JB Dajungam Happy House No. 1



Social Contribution Activities in 2021

Classification	Activity	Details
Common	JB Hope for Children in Class / JB Blooming Hope in Class	Improving the learning environment of local children's centers with poor conditions so that children can study and grow up healthy
	Gift for Daughters	Delivering hygiene products so that young youth can grow up healthy without being hurt due to economic difficulties
Jeonbuk Bank	JB Cultural Shelter for the Elderly	Improving the living environment of senior welfare centers so that the elderly can join various cultural and leisure activities
	JB Happy House	Upgrading the living environment of low-income multicultural families so that married immigrant women can lead happy lives in Korea
	Happy Memory Family Photo	Providing free family photo shoots and photo frames to families with disabled members having geographical and economic difficulties
	Love Neighbor Gift Package for the Lunar New Year	Delivering gifts filled with daily necessities to the underprivileged after wrapping the gifts firsthand, celebrating the Lunar New Year
	Sharing Warm Kits	Delivering winter supplies to the underprivileged so that they can spend winter in a warm and healthy way
	Relief Kit for Disaster Victims	Distributing relief kits to disaster victims who have grave difficulties due to sudden fire or flood
	Hope Scholarship	Annually delivering scholarships to middle and high school students since the Jeonbuk Bank Scholarship and Cultural Foundation was established in 2010 to discover and nurture exemplary local talents
Kwangju Bank	Briquette Sharing	Delivering 700 briquettes and KRW 5 million contributions to the Gwangju branch of Child Fund Korea for the vulnerable in winter
	Blooming Hope in Children	A program that selects middle and high school students with excellent academic performance and good conduct in the region who work hard for their dreams even in difficult family circumstances and supports them before entering university (Sponsoring the 5th Korean dance talent and the 6th academic talent)
	Scholarship for Talent Development	Delivering KRW 10 million to the Bitgoeul Scholarship Foundation for supporting the development of education levels and talents in the Gwangju region

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Our Support for the Marginalized Society

Supporting Local Farmers and Small Business Owners | Aiming to support local farmers who are financially vulnerable, Jeonbuk Bank provides agricultural funds at low-interest rates for them. It currently supports the local farmers by receiving secondary protection from Jeonju-si, Gimje-gun, and Wanju-gun. Going forward, Jeonbuk Bank will make its utmost efforts to expand the support of loans for farmers by actively making agreements with local governments. Kwangju Bank has opened and operated the Inclusive Finance Center in 2019 to practice inclusive finance for small business owners and ordinary people in Gwangju and Jeonnam region. At the center, it provides comprehensive financial support, debt reconciliation counseling, and management consulting for local small business owners and low-income customers. Kwangju Bank continuously expands the scope of inclusive finance by signing business agreements with local governments and organizations in multiple industries. Recognized for these achievements by the Financial Supervisory Service (FSS), it received the Excellent Award in the business consulting support sector for the self-employed at the '2020 FSS Excellence in Inclusive Finance Award' in 2020.

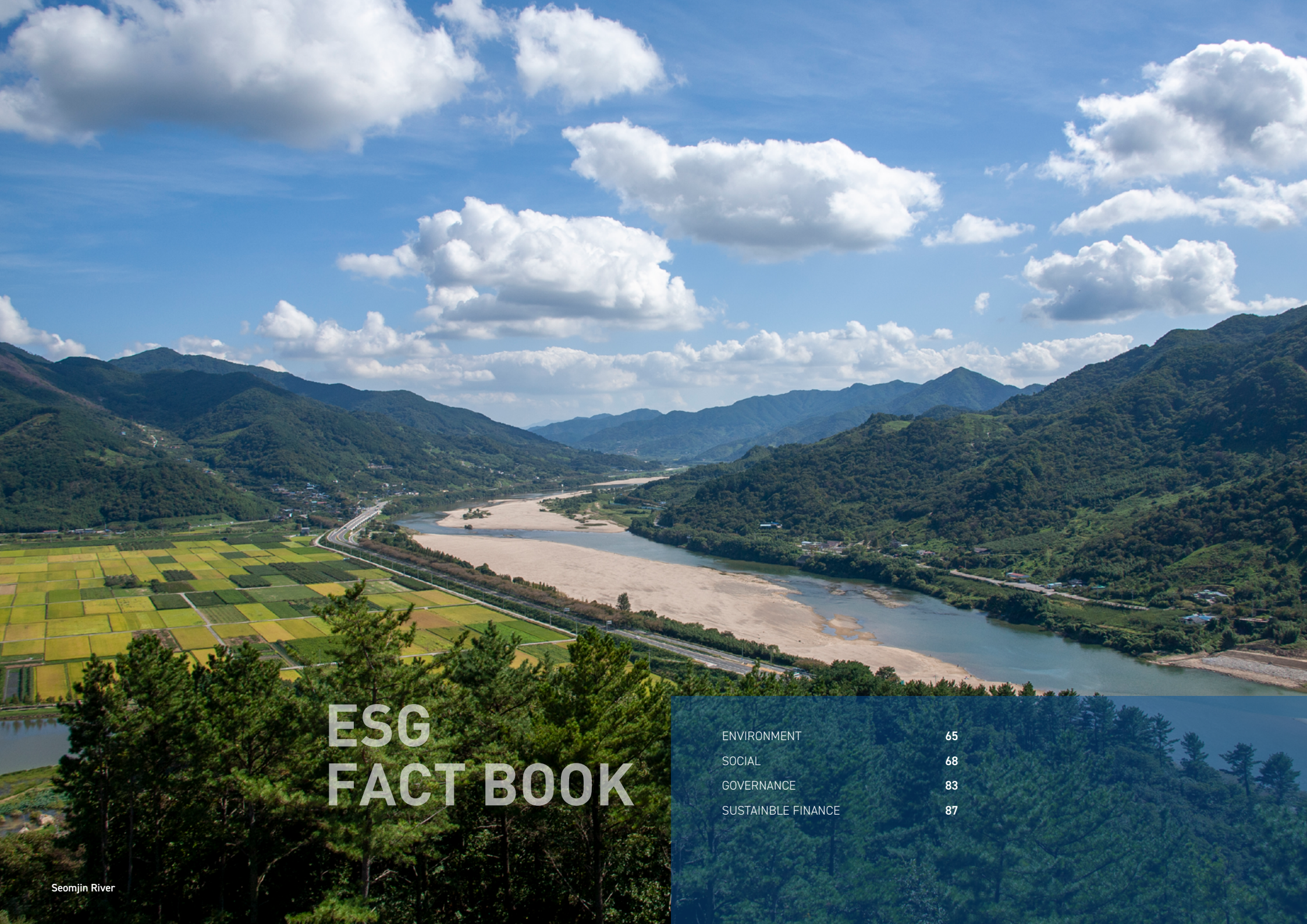
Kwangju Bank won the "2020 Financial Supervisory Service Award for Excellence in Inclusive Finance"



>>> OUR NEXT STEP

Jeonbuk Bank plans to put an annual increase of KRW 300 billion in vitalizing inclusive finance. The bank will also strive to provide loans to financially vulnerable farmers by actively making agreements with local governments.

Kwangju Bank has set the goal of becoming a 'compassionate bank that goes hand in hand with the local community and accompanies the local people,' based on the management philosophy of pursuing values beyond profit. Centering on the environmental protection and social contribution areas, it will focus on 6 projects, including sharing with the underprivileged project, local engagement win-win project, ESG environment project, local volunteering group, talent donations for financial education, thereby putting spurs to the endeavors toward sustainable management.



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ENVIRONMENT

>> Action on Climate Change

Strategy

Following the declaration of the transition to Net Zero, JB Financial Group has drawn up the climate risk response system in accordance with our environmental principles as part of the efforts to combat climate change. Furthermore, the company-wide GHG mitigation strategies have been formulated including sales branch digitalization, Green Premium, and REC procurement while advancing our step-by-step reduction strategies by broadening the scope of green financial products and ESG bonds. Since 2020, we have expanded the measurement coverage of GHGs to include not only the main offices of our domestic subsidiaries but also their sales branches. In 2021, the GHG emissions were 15,705 tCO_2eq, an 11% decrease from the previous year.

Climate risks are managed by the ESG Committee in association with our business strategies. We have identified physical and transition financial risks and responded to them in a preemptive manner, based on which we aim to develop innovative green financial solutions and solidify our stature and leadership as an eco-friendly company.

Target

To achieve the transition to a low-carbon economy, we have set up the target of 「reaching net-zero in our own emissions by 2035 and net-zero in financed emissions by 2045」. To this end, we plan to reduce direct & indirect emissions by 67% by 2030 compared to the level of 2020, and reduce financed emissions by 30% by 2025. Following the joining of PCAF and SBTi, we completed the measurement of our own and financed emissions based on the standard and methods presented by these global initiatives. The implementation path for each reduction target is enough to meet the requirement of the international community, limiting global warming to 1.5°C. We design it to further reduce compared to each target. Going forward, we will follow the implementation process towards net-zero and share our progress in a transparent manner.

Direct & Indirect Emissions

Net-Zero by 2035 | **67% reduction** by 2030

Financed Emissions

Net-Zero by 2045 | **30% reduction** by 2025

Performance

GHG Emissions

Since 2020, JB Financial Group has expanded the coverage of GHG emissions and energy consumption measurement from the main offices of our domestic five subsidiaries to their sales branches. In 2021, we reduced direct & indirect emissions by 1,940 tCO_2eq and energy consumption by 34.25 TJ from the previous year.

Description		Unit	2019	2020	2021
GHG	Total emissions (Scope 1,2,3)	tCO_2eq	12,231	17,645	15,705
	- Direct emissions (Scope 1)[1]	tCO_2eq	3,494	3,171	2,997
	- Indirect emissions (Scope 2)[2]	tCO_2eq	8,151	14,343	12,587
	- Other indirect emissions (Scope 3)	tCO_2eq	586	134	123
	- GHGs emitted during business trips[3]	tCO_2eq	586	134	73
	- GHGs emitted during cash transportation	tCO_2eq	-	-	50
GHG emission intensity (employee)[4]		tCO_2eq/persons	3.97	5.89	5.28

1) FY 2021 Direct emissions (Scope 1) Target: 3,073 tCO_2eq
2) FY 2021 Indirect emissions (Scope 2) Target: 12,741 tCO_2eq
3) FY 2021 GHGs emitted during business trips Target: 10 tCO_2eq
4) GHG emission intensity (employee)*: Emissions per capita (based on regular employee)

Energy Consumption

Description		Unit	2019	2020	2021
Energy consumption	Total consumption[1]	TJ	224.871	347.079	312.829
	- Direct consumption (Scope 1)	TJ	56.872	51.603	49.672
	- Indirect consumption (Scope 2)	TJ	167.998	295.476	263.156
Energy intensity (employee)[2]		TJ/persons	0.077	0.117	0.106
Total energy consumption cost		KRW million	2,294	2,247	2,172

1) FY 2021 Total consumption Target: 337 TJ
2) Consumption per capita (based on regular employee)

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>> Resource Usage and Pollutant Redulction

Strategy

JB Financial Group recognizes the significance of reducing the use of resources and pollutants that can affect the environment. Accordingly, we have established and practiced the 'environmental management principle' with an aim to secure environmental soundness when providing and developing financial products and services, and to become a sustainable financial company.

Target

JB Financial Group sets a target amount every year to manage resource usage and waste data. In 2021, we implemented reduction activities to reduce water usage by 7% compared to the previous year.

Performance

JB Financial Group is practicing green policies by facilitating smart finance. Jeonbuk Bank and Kwangju Bank started not to use the paper bankbook in 2017, and have provided additional benefits such as a fee waiver if customers do not request a paper bankbook when issuing a new bankbook. In addition, we strive to reduce paper usage and raise work efficiency by replacing the document required at window work with tablet PCs and using more credit card e-mail bills. As a result, water and paper consumption decreased in 2021 compared to the previous year, and the e-mail billing rate increased.

Water

Description		Unit	2019	2020	2021
Water	Total usage[1]	m³	57,716	51,751	48,101

1) FY 2021 Total use Target: 48,594 m³

Raw Marterial Usage

Description		Unit	2019	2020	2021
Paper	Total usage	A4 Box/ 2,500 pieces	12,135	12,649	11,824
Use of email billing for credit card	Total billing	Cases	4,497,264	4,334,796	4,371,842
	E-mail billing	Cases	1,783,122	1,845,425	2,136,938
	Ratio of e-mail billing	%	40	43	49
	Number of credit cards issued	Cases	106,712	123,308	104,796

Waste

Description		Unit	2019	2020	2021
Waste management	Total waste disposed (generated)	ton	313	304	384
	Waste recycled	ton	79	78	88
	Treated amount[1]	ton	234	226	296
	- Waste landfilled	ton	0	0	6
	- Waste incinerated[2]	ton	86	76	80
	- Other waste	ton	148	150	210

1) FY 2021 Treated amount Target: 253 ton
2) Waste incinerated: energy recovery technology applied

ENVIRONMENT

>> Environmental Engagement

Environmental Program

To scale up our efforts to mitigate environmental contamination as well as to raise an awareness of eco-friendliness within the group, we have provided education on the environment. We particularly provide education on the causes and problems of climate change, key domestic and international policies to reduce GHG emissions, the physical and transition risks of climate change, and the environmental and social impact of our Net Zero declaration by inviting external lecturers for employees in the holding company. While diversifying the topics of environmental education and raising the number of participants and education hours, we will continuously strive to nurture sustainable talents through internalizing environmental awareness.

Environmental Volunteer Activity

Description	Unit	2019	2020	2021
Volunteering status	Times	349	1,272	892

Violation of Environmental Laws

Over the last three years, JB Financial Group has not received a single case of fines or sanctions (including civil complaints) for violating environmental laws and regulations.

Description	Unit	2019	2020	2021
Violation of laws	Cases	0	0	0
Fines and penalties	KRW million	0	0	0

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>> Labor

Strategy

JB Financial Group implements a systematic recruitment process to nurture talents that will lead future growth. In particular, by predicting the demand for manpower through business environment analysis of the financial industry, we are keen to pursue a strategy for key talent cultivation by creating a talent pool. While identifying the differences in skills among employees and securing suitable talents with PA (People Analytics), JB Financial Group provides training programs for each position and capability, from interns to managers, so that employees can maximize their competency and proactively respond to changes such as digitalization.

Efforts for Securing Excellent Personnel – PA (People Analytics) | JB Financial Group analyzes our employees' job training completion rate among the same position to identify the skill divides between the employees. We also conduct simple tests after the training in order to compare the results and the levels currently required in this industry, taking advantage of PA (People Analytics). PA is also utilized when recruiting new employees. JB Woori Capital has adopted an AI-based cover letter analysis system, thereby securing the right talents for the right positions.

Target

JB Financial Group supports diversity within the organization and ensures a work environment where employees can show one's capability regardless of gender. In 2021, the female employees of JB Financial Group accounted for 44.5%, and we aim to expand to 55 percent by 2025.

Target of Female Employees Ratio

55%
by 2025

Assessment

JB Financial Group realizes a fair and balanced employee performance assessment through a multi-dimensional evaluation system. Upon performance assessment, we link individual performance to Management by Objectives (MBO) and Key Performance Indicator (KPI) that reflect the nature of each department and branch, and we also conduct fair evaluations based on the capability and performance through comparative evaluation of performance between the same positions. By doing so, employees, departments, and branches can receive fair evaluation and rewards according to performance and the company can enhance work performance as a whole. We also provide employee performance improvement programs for those who show relatively low performance, in order to promote both our employees and the organization.

Performance

Employment

JB Financial Group does not discriminate on the grounds of gender or disability in recruitment, treatment, or promotion of employees, and does not impose unreasonable restrictions on gender, physical condition, appearance, etc. when hiring new employees. Our personnel system ensures that no one is discriminated against on the grounds of gender, religion, or disability even after employment.

Employee Composition

Description		Unit	2019	2020	2021
Total		Persons	4,197	4,337	4,303
Contract type	Full-time	Persons	2,933	2,971	2,950
	Contract-based	Persons	499	530	574
Rank group	Regular employee (clerk - asst. chief)	Persons	1,857	1,885	1,867
	Responsible employee (section chief - manager)	Persons	1,568	1,608	1,645
	Executives (non-executive directors)	Persons	72	75	81
Age group	Age below 30	Persons	523	511	451
	Age 30 or above - age 50 or below	Persons	2,475	2,485	2,549
	Age above 50	Persons	499	572	593

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Ratio of Female Employees

Description		Unit	2019	2020	2021
Total	Men(ratio)	Persons	1,900(55.4)	1,947(55.6)	1,955(55.5)
	Female (ratio)	Persons	1,532(44.6)	1,554(44.4)	1,569(44.5)
Total employees in management positions (head of department - manager)	Male (ratio)	Persons (%)	1,162(73.7)	1,188(73.5)	1,182(71.8)
	Female (ratio)	Persons (%)	415(26.3)	428(26.5)	464(28.2)
Total employees in junior management positions	Male (ratio)	Persons (%)	370(60.8)	374(62.6)	395(64.2)
	Female (ratio)	Persons (%)	239(39.2)	223(37.4)	220(35.8)
Total employees in senior management positions (up to the level of CEO - head of division, head of center)	Male (ratio)	Persons (%)	68(98.6)	71(98.6)	77(97.5)
	Female (ratio)	Persons (%)	1(1.4)	1(1.4)	2(2.5)
In sales-generating departments (junior manager- manager)	Male (ratio)	Persons (%)	648(67.4)	665(67.3)	612(63.3)
	Female (ratio)	Persons (%)	313(35.6)	323(32.7)	355(36.7)
STEM*-related departments* *Science, Technology, Engineering, Mathematics	Male (ratio)	Persons (%)	182(77.8)	217(79.2)	249(75.2)
	Female (ratio)	Persons (%)	52(22.2)	57(20.8)	82(24.8)

Hiring the Socially Vulnerable

Description		Unit	2019	2020	2021
Hiring the disabled	Total	Persons	41	32	32
	Disabled employment rate	%	1.19	0.91	0.91
Hiring veterans	Total	Persons	154	151	144
	Veterans employment rate	%	4.49	4.31	4.09

Total Recruitment

JB Financial Holdings operates a Youth Internship Program to attract new talents and also provides opportunities for young people who are interested in the financial industry to gain work experience. Jeonbuk Bank participated in an internship fair for college students hosted by Jeollabuk-do and the Jeonbuk Center for Creative Economy & Innovation (Jeonbuk Youth Hub Center), and a total of 29 interns joined the program in the year 2021. Kwangju Bank operates an internship program for graduates (graduates-to-be) in collaboration with a local university, and a total of 179 people completed the youth internship program in 2021.

Description		Unit	2019	2020	2021
No. of new employees (gender)	Male (ratio)	Persons (%)	290(69.4)	225(65.0)	272(72.5)
	Female (ratio)	Persons (%)	128(30.6)	121(35.0)	103(27.5)
	Total	Persons	418	346	375
No. of new employees (age)	Below 30	Persons (%)	164(39.1)	137(39.6)	85(22.7)
	30 - 50	Persons (%)	182(43.5)	158(45.7)	192(51.2)
	Above 50	Persons (%)	73(17.4)	51(14.7)	98(26.1)
	Total	Persons	418	346	375
In-house staff recruitment rate		%	0.72	0.58	1.07
Average cost of hiring a new employee	Total cost of hiring a new employee	KRW million	1,367	1,405	1,729
	Total no. of new employee	Persons	418	346	375
	Cost of hiring new employees per person	KRW million	3	4	5
Hiring youth intern		Persons	168	183	208

Employee Diversity

Description	Unit	2019	2020	2021
Executives from local regions	%	26.9	26.5	24.2
Foreigner	Persons	14	19	21

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Retirees

Description		Unit	2019	2020	2021
Total retirees - gender	Male	Persons	248	213	276
	Female	Persons	98	100	99
	Total	Persons	346	313	375
Total retirees - age	Below 30	Persons	45	52	56
	30 - 50	Persons	180	143	163
	Above 50	Persons	121	118	156
	Total	Persons	346	313	375
Total retirement rate - gender	Male	%	13	11	14
	Female	%	6	6	6
	Total	%	10	9	11
Total retirement rate - age	Below 30	%	9	10	12
	30 - 50	%	7	6	6
	Above 50	%	24	21	26
	Total	%	10	9	11

Voluntary Turnover

Description		Unit	2019	2020	2021
Voluntary turnover rate -gender	Male	%	3.89	4.16	5.47
	Female	%	5.09	5.41	5.29
	Total	%	4.35	4.62	5.29
Voluntary turnover rate -age	Below 30	%	6.31	8.81	13.08
	30 - 50	%	4.40	4.35	4.71
	Above 50	%	2.00	2.27	1.85
	Total	%	4.35	4.62	5.29

Employees by Nationality

Description		Unit	2019	2020	2021
Republic of Korea	Ratio of employees to total workforce	Persons (%)	3,463(99.60)	3,527(99.46)	3,551(99.38)
	Ratio of managerial positions to management positions	Persons (%)	1,576(99.94)	1,615(99.94)	1,656(99.76)
Canada	Ratio of employees to total workforce	Persons (%)	1(0.03)	1(0.03)	3(0.08)
	Ratio of managerial positions to management positions	Persons (%)	1(0.06)	1(0.06)	2(0.12)
Nepal	Ratio of employees to total workforce	Persons (%)	2(0.06)	2(0.06)	4(0.11)
	Ratio of managerial positions to management positions	Persons (%)	0(-)	0(-)	1(0.06)
Myanmar	Ratio of employees to total workforce	Persons (%)	2(0.06)	1(0.03)	1(0.03)
	Ratio of managerial positions to management positions	Persons (%)	0(-)	0(-)	0(-)
Mongolia	Ratio of employees to total workforce	Persons (%)	0(-)	1(0.03)	1(0.03)
	Ratio of managerial positions to management positions	Persons (%)	0(-)	0(-)	0(-)
Vietnam	Ratio of employees to total workforce	Persons (%)	1(0.03)	1(0.03)	1(0.03)
	Ratio of managerial positions to management positions	Persons (%)	0(-)	0(-)	0(-)
Uzbekistan	Ratio of employees to total workforce	Persons (%)	1(0.03)	3(0.08)	1(0.03)
	Ratio of managerial positions to management positions	Persons (%)	0(-)	0(-)	0(-)
Indonesia	Ratio of employees to total workforce	Persons (%)	0(-)	2(0.06)	1(0.03)
	Ratio of managerial positions to management positions	Persons (%)	0(-)	0(-)	0(-)
China	Ratio of employees to total workforce	Persons (%)	3(0.09)	1(0.03)	1(0.03)
	Ratio of managerial positions to management positions	Persons (%)	0(-)	0(-)	0(-)
Cambodia	Ratio of employees to total workforce	Persons (%)	2(0.06)	3(0.08)	1(0.03)
	Ratio of managerial positions to management positions	Persons (%)	0(-)	0(-)	0(-)
Philippines	Ratio of employees to total workforce	Persons (%)	2(0.06)	1(0.03)	3(0.08)
	Ratio of managerial positions to management positions	Persons (%)	0(-)	0(-)	0(-)
Bangladesh	Ratio of employees to total workforce	Persons (%)	0(-)	2(0.06)	2(0.06)
	Ratio of managerial positions to management positions	Persons (%)	0(-)	0(-)	0(-)
Sri Lanka	Ratio of employees to total workforce	Persons (%)	0(-)	1(0.03)	2(0.06)
	Ratio of managerial positions to management positions	Persons (%)	0(-)	0(-)	0(-)
New Zealand	Ratio of employees to total workforce	Persons (%)	0(-)	0(-)	1(0.03)
	Ratio of managerial positions to management positions	Persons (%)	0(-)	0(-)	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 communication skills, talents who enjoy collaboration, honest talents with ethics, and talents fit for future digital finance. In order to foster the best talents in finance with basic financial and future digital financial capabilities, we provide systematic training courses such as leadership and competency building programs, assistance for financial certification acquisition and graduate school of business degree, and the Digital Academy.

Employees' Education Performance

Description		Unit	2019	2020	2021
Education time - gender	Male	Hours	185,380	187,160	185,111
	Female	Hours	163,280	167,781	179,814
Education time - age	Below 30	Hours	73,803	59,886	47,983
	30 - 50	Hours	240,417	251,841	270,486
	Above 50	Hours	35,976	43,114	46,455
Education cost - gender	Male	KRW million	1,317	1,123	1,188
	Female	KRW million	1,061	826	1,040
Education cost - age	Below 30	KRW million	424	320	329
	30 - 50	KRW million	1,639	1,308	1,529
	Above 50	KRW million	305	313	370

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 trend and technology analysis, digital marketing, etc.
- Business profit	Expansion of influence in the digital financial market, Improvement of expected return by generating non-interest income
- Ratio of employees participating in the program	22.2%
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 expert groups (credit review course, CPB expert course, etc.)
- Business profit	Raised interest and non-interest income based on employee empowerment
- Ratio of employees participating in the program	83.5%
Management and Leadership Development Training	Competency-building training for new branch heads
- About the program	Nurturing the 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%)	

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Relations Between Labor and Management

JB Financial Group guarantees the freedom of our employees to form or join the labor union and conduct relevant activities, and prohibits any actions that impose sanctions or disadvantages in this regard. We comply with the International Labor Standards established by the International Labor Organization (ILO) and the Trade Union and Labor Relations Adjustment Act. Any worker who is eligible to join a labor union may freely form a labor union or join an existing labor union. As of 2021, the unionization rate of JB Financial Group stood at 100%, and all eligible workers were members of the labor union.

Wage

Description		Unit	2019	2020	2021
Equal pay[1]	Equal pay ratio for executives	Times	-	-	-
	Equal pay ratio for managerial positions	Times	0.96	0.95	0.99
	Equal pay ratio for non-managerial positions	Times	1.03	1.01	1.02
No. of executive	Male	Persons	51	52	58
	Female	Persons	-	-	-
Executives (base pay)	Male - average	KRW million	176	193	171
	Male - total	KRW million	8,970	10,037	9,892
	Female - average	KRW million	-	-	-
	Female - total	KRW million	-	-	-
Executives (base pay + other cash incentives)	Male - average	KRW million	238	290	248
	Male - total	KRW million	12,154	15,061	14,393
	Female - average	KRW million	-	-	-
	Female - total	KRW million	-	-	-

Description		Unit	2019	2020	2021
No. of employees in managerial positions	Male	Persons	1,162	1,188	1,194
	Female	Persons	415	428	464
Managerial positions (base pay)	Male - average	KRW million	109	114	114
	Male - total	KRW million	127,201	135,139	135,573
	Female - average	KRW million	105	108	113
	Female - total	KRW million	43,714	46,299	52,285
Managerial positions	Male - average	KRW million	123	127	131
	Male - total	KRW million	143,098	151,271	156,272
	Female - average	KRW million	112	115	125
	Female - total	KRW million	46,530	49,214	57,768
No. of non-managerial positions	Male	Persons	738	759	761
	Female	Persons	1,117	1,126	1,105
Non-managerial positions (base pay)	Male - average	KRW million	51	54	57
	Male - total	KRW million	37,935	40,709	43,239
	Female - average	KRW million	53	55	58
	Female - total	KRW million	58,662	61,712	64,111

1) Ratio: average base pay for female employee/ average base pay for male employee

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Welfare Benefits

JB Financial Group implements various employee welfare benefits systems to fulfill the philosophy of happy management. We provide welfare benefits to all employees, and by carrying out participatory programs such as health campaigns and cultural events that all members can participate in, we are improving the quality of life in the workplace.

Description		Unit	2019	2020	2021
Childcare benefit	No. of children supported	Persons	583	621	580
	Amount supported	KRW million	405	423	390
Retirement pension	Subscription rate	%	98	98	97
	Defined-Benefit plan (DB)	Persons	2,878	2,945	2,893
	Defined-Contribution plan (DC)	Persons	359	378	480

Main Programs

Description	
Leisure	Supporting corporate membership of condominium as an employee welfare, various club activities, and sports and cultural activities
Housing and living stability	Supporting accommodation, deposit, and rent and providing special vacation for 5 days
Medical and health	Assisting medical expenses for employees and their children and providing group insurance and health checkup
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 fund 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	Introducing psychological counseling program and retirement planning program in 2022 and introducing COVID-19 vaccination leave

Work-life Balance

JB Financial Group utilizes diverse systems such as flexible working, working from home, part-time working, and also provides family care support to allow our employees work and life balance. As well as operating daycare centers inside the office building, Kwangju Bank offers maternity leave for longer than the legally guaranteed period with also additional paid parental leave. Some primary caregivers can take additional 3 months of paid parental leave, and for those other than the primary caregivers, a 6 month paid parental leave is provided, exceeding the legal requirement.

Work-life balance

Description	Unit	2019	2020	2021
Flexible working	Persons	59	133	595
Telecommunting	Persons	0	273	859
Part-time working	Persons	186	139	137
Family care leave	Y/N	Y	Y	Y

Childcare Leave

Description	Unit	2019	2020	2021
No. of employees on childcare leave	Persons	101	73	74
No. of employees returing from childcare leave	Persons	87	82	75
Ratio of employees returing from childcare leave	%	99.0	49.3	92.9
No. of employees retiring after childcare leave	Persons	3	3	5

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Performance Evaluation

After the employees of JB Financial Group set their own goals, they conduct self-evaluation considering the environmental level of difficulty and the goal's degree of challenge. The evaluator will grade the self-evaluation results by verifying the performance against the goal, judging the environmental level of difficulty and the goal's degree of challenge, and the determiner (head of division) will confirm the employee's grade. In this way, our company enhances its competitiveness through performance evaluation that allows employees to become motivated by themselves.

Regular Performance Evaluation

Description	Unit	2019	2020	2021
Ratio of employees who received regular performance evaluation	%	97.0	97.6	98.8
No. of employees subject to regular performance evaluation	Persons	2,038	2,136	2,152
No. of employees who received regular performance evaluation	Persons	1,968	2,080	2,114

Employee Engagement

Description	Unit	Executives	Deputy head of department / head of department	manager / senior manager	Assistant chief	Clerk
position	score	78.0	70.6	64.0	60.5	66.0

Description	Unit	Male	Female
gender	score	66.5	62.4

1) FY 2021 Engagement Target: 70

>> Health & Safety

Strategy

JB Financial Group complies with Article 14 of the Occupational Safety and Health Act, and establishes plans for safety and health and implements them after receiving approval by the Board of Directors every year. The safety and health management plan aims to promote the safety and health of all employees and protect the lives and safety of workers and clients of related projects and facilities, and was established to implement and examine the specific operation plans according to the key tasks.

Jeonbuk Bank and Kwangju Bank appoints the Head of the Administrative Service Division as the safety and health management manager to carry out overall safety and health affairs, and the HR manager, as the safety and health general manager, builds a cooperation system with other departments such as the Safety Management Office, IT Planning Development Department, Customer Affairs Department, Risk Management Department, IT Planning Division, Customer Service Division and discusses health-related issues and risks for each project. The safety and health committee, a labor-management consultative body, is an independent organization which functions as a center point where both parties, the labor and the management, pursue common interest and operate cooperatively in the decision-making regarding safety and health affairs. Based on our safety and health management plan, our company makes constant efforts to eliminate impeding factors related to industrial accidents and to establish a safety and health management system.

Target

JB Financial Group aims to achieve zero accidents and disasters by promoting safety and health policies and complying with various regulations and principles. And thus, we faithfully fulfill our social responsibilities regarding facility safety as well as the safety of employees and visiting customers through thorough safety management.

FY2021 Target

0 cases	**0** cases
No. of Industrial Accidents	No. of Safety Accidents

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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. We have established business plans and goals to alleviate safety and health risks, and based on key tasks regarding safety and health, facility and hazard control, disaster and risk response, we conduct risk assessment every year to derive implementation assignments, and also evaluate and manage the progress of follow-up measures.

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

Description	Unit	2019	2020	2021
Date of absence	Days	849	484	712
Total working days (in business days)	Days	857,248	874,148	911,437
Absence rate	%	0.099	0.055	0.078

1) FY 2021 Target: 0.08%

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. Not only theoretical education, such as employee e-learning and fire safety manager education, but also emergency response training, including civil defense drills and fire drills are carried out and managed according to the annual plan.

Description		Unit	2019	2020	2021
Educational programs	No. of participants	Persons	341	200	226
	Education time per person	Hours	4	4	4
Safety management	Risk assessment	Times a year	3	2	2

Health and Safety Violations

Description		Unit	2019	2020	2021
Occupational accidents	No. of serious accidents	Cases	0	0	0
Law violations	No. of violations	Cases	0	0	0
	Administrative fines	KRW thousand	0	0	0
	Fines	KRW thousand	0	0	0

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>> 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." This human rights policy applies to partner companies of JB Financial Group as well as the whole business value chain, and we also implement a system for the prevention and remedy of human rights violations. Specifically, we have established a separate set of preventive guidelines for bullying and sexual harassment in the workplace.

Management of Bullying and Sexual Harassment in the Workplace | In order to protect the human rights of our employees and achieve a sound organizational culture, JB Financial Group has established regulations on bullying and sexual harassment in the workplace. We carry out strict investigations based on zero tolerance for such events, provide treatment in accordance with accident prevention and response procedures, and protect victims by changing their place of work or having them take paid leave. Education sessions are carried out once a year for all employees, and as a result, we saw zero bullying or sexual harassment cases in 2021.

Identify Human Rights Risks and Conduct Due Diligence | JB Financial Group sets importance on and protects the dignity and value of employees in accordance with human rights policies. Actual and potential human rights risks are identified across business activities and measures regarding due diligence and mitigation are implemented. Human rights assessment is conducted across all relevant business operations including subsidiaries, joint ventures, and partner companies. In addition, we also endeavor to prevent human rights violations by identifying human rights issues regarding all stakeholders that may arise from new partnerships, such as by mergers and acquisitions, in doing our due diligence.

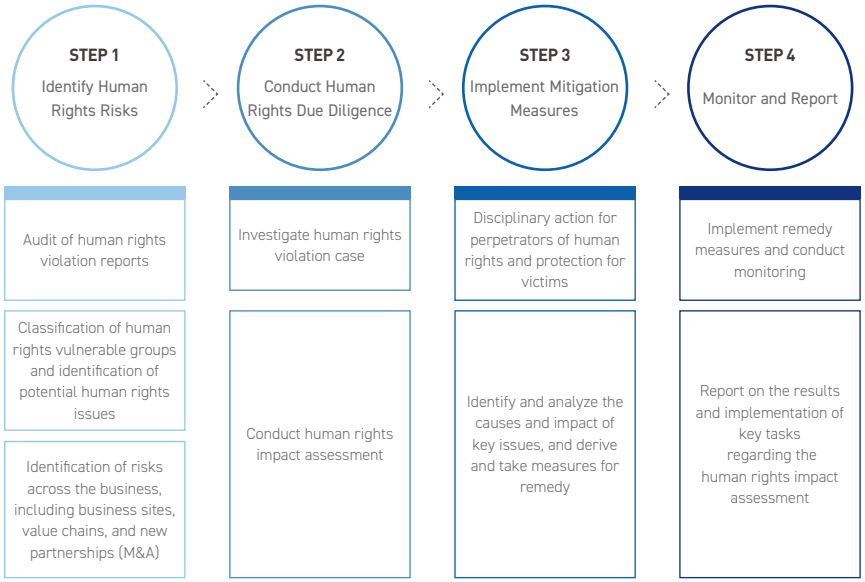
Human Rights Risk Mitigation Process | JB Financial Group operates a systematized process to prevent and remedy human rights violations. We analyze the impact of core human rights issues that can occur in key stakeholder groups, and carry out practical remedies such as operating system management, program and education, and also conduct regular monitoring to review the implementation of tasks. 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.

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 human rights education completion rate of our employees and promotes human rights management to prevent violations of human rights.

Assessment

JB Financial Group identifies risks on human rights and conducts human rights impact assessment to implement mitigation measures. Also, we regularly monitor and evaluate the human rights complaint handling process to reinforce its effectiveness.



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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	Increase representation of women	• Set target ratio of female employees by position - Target by 2025, total female employees: 55% / total female employees in managerial positions: 40%
		Establish system to promote women's rights	• Join the UN Principles for Empowerment of Women (WEPs) (August 2021) • Carry out training for female employees to improve practical skills regarding loans • Expand training in the WM (personal finance) field
		Prevent career interruption due to childbirth and childcare	• Childbirth and maternity protection systems - Childcare leave (maximum 2 years), leave before and after childbirth, leave for fertility treatment, and spouse maternity leave • Support competency development for female employees with career-interruptions - Conduct training for employees scheduled to return to work from leave, provide support for business skills evaluation
	Prohibition of forced labor	Comply with statutory working hours and prevent working overtime	• Family Day (designate one day a week for employees to leave work on time) • PC-OFF system (comply with working 8 hours a day, 52 hours a week) • Operate flexible working and apply employment rules
	Guarantee industrial safety	Improve work environment risks and strengthen quarantine management	• Establish a safety and health plan and management system for public facilities (for HQ and branches) • Strengthen quarantine and disinfection measures in response to COVID-19 - Carry out measures for quarantine and disinfection regularly for HQ and branches more than once a week, and operate alternative offices for emergencies
		Manage physical and mental health of employees	• Conduct full physical examination once a year for employee welfare and health promotion • Counseling program 『Hug Mom·Hug In』 scheduled to be implemented in the second half of 2022
		Strengthen ability to respond in emergencies	• Organize response training for disasters, cyber terrorism attacks, and fire drills • Carry out group education on safety and health, radio education for security education materials once a month, produce and publish video contents
Partner Companies	Manage supply chain with responsibility	Protect the human rights and ensure safety of customer service staff	• Manage system to protect customer service staff - 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	• Establish path toward achieving carbon neutrality goals 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
	Guarantee the right to education	Provide education opportunities for the vulnerable	• JB Study Room of Hope (134 rooms nationwide, accumulated no. of children 3,087, accumulated amount of money KRW 411 million) • JB Happy House (1 house in 2021, 4 children, total KRW 5 million) • Kwangju Bank Blooming Hope in Classs (selected no.6 student and will provide KRW 3 million worth of learning support each year until high school graduation) • One company to one school for financial education
Customers	Information human rights	Reinforce customer personal data protection	• Establish organization for financial consumer protection • 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	Improve access to finance for the vulnerable	• Increase rate of automatic devices for the disabled at all branches (as of March 2022, 93%) • Operate exclusive branches and counters for the elderly, and finance center for foreigners

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2021 Performance

Process for Report and Redress Human Rights Issues

Stage	Report	Reception · record · consultation	Investigation · fact check	Handling · reoccurrence prevention
Department in charge	Main: Compliance Department Support: HR Department, Auditing Department	Main: Compliance Department Support: HR Department, Auditing Department	Main: Compliance Department Support: HR Department, Auditing Department	Main: Compliance Department Support: HR Department, Auditing Department
Consultation and report	E-mail, anonymous bulletin board within our intranet and website, phone call and face-to-face report	① Consulting, receiving and recording reports 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)

>> Shared Growth in Local Communities

Strategy

JB Financial Group carries out social contribution activities to contribute to the achievement of the UN SDGs and to faithfully fulfill our role as a partner in community development by actively embracing the social responsibility of business.

We try to actualize a 'warm finance' for everyone by implementing strategies and specified tasks to achieve shared growth, build trust and happiness in local communities.

CSR 2.0 Vision	JB Finance going hand in hand with local communities			
Goal	Shared growth with local communities	Trust building in local communities	Happiness in Local Community	
	Filling Strategy	Emptying Strategy	Powerful Strategy	Sharing Strategy
	Supporting the underprivileged and relieving inequality	Mitigating our impact on the environmet	Supporting the socio-economic sector (creating a leverage effect)	Spreading a sharing culture
	- Supporting the marginalized and relieving inequality - Realizing inclusive finance to lend support to the marginalized - Supporting unpopular sports	- Local ecosystem restoration project - Making RE100 happen, joining efforts to create a carbon-neutral and energy-independent city (local government's cooperative system)	- Nurturing youth startups - Discovering and investing in local social ventures - Supporting the finance of local farmers/fishers	- Local job platform project - Employees' talent and salary donation - Operating financial education and scholarship program
Business KPI	Sales of inclusive financial products and services	Raised eco-friendly reputation	Our brand preference of young venture companies and small business owners who received financial support	Awareness of our company by youth involved in education
Soceity · Environ -ment KPI	Credit scores of the marginalized and low-credit borrowers	Improvement in capabilities to restore the local ecosystem	Rate of building youth venture start-ups	Financial Literacy Index of adolescents in the vulnerable group

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Assessment

JB Financial Group provided financial support to help financially vulnerable people and neighbors in welfare blind spots, and to help small business owners suffering from economic difficulties. We strengthen the role of inclusive finance to realize social values and measure KPIs accordingly to manage performance steadily.

Description	Soceity ☐ Environment KPI	Business KPI
Total amount spent on inclusive finance	New Hope Loan, Saitdol Mid-range Interest Rate Loan, Safety Net Loan, Sunshine Loan, etc., etc. worth KRW 1,183 billion	2.86% in Group's NIM in 2021 (up 20bp from the previous year)
Support for SMEs and small business owners	New support 10,117 cases (KRW 353.3 billion), maturity extension 5,406 cases (KRW 1179.7 billion), deferring principal repayment 160 cases (KRW 4 billion), interest repayment deferral 35 cases (KRW 0.21 million), Special loans through related agency agreements 5,693 cases (KRW 370.7 million)	KRW 506.6 billion in net income in 2021 (up 39.4% from the previous year)

1) Jeonbuk Bank Sums Up Support Status for Kwangju Bank

Performance

Social Contribution

JB Financial Group carries out various social contribution activities for the socially vulnerable and the underprivileged to become a reliable neighbor of the local community.

Jeonbuk Bank, in connection with municipal governments, carries out genuine sharing activities throughout the year for the socially vulnerable in the local community such as children, female adolescents, elderly, and multi-cultural families. In efforts to spread the sharing culture, all employees are participating by sharing 1% of their salary and doing volunteer work every quarter. Also, our company takes the lead in fostering local talents through the Jeonbuk Bank scholarship foundation, and we do our best to contribute to the society via culture and arts by operating the JB Art Center.

Kwangju Bank manages the performance of social contribution activities by selecting annual key businesses such as donating talent by providing financial education, conducting campaigns tailored to local volunteer groups and local community-based support projects. Kwangju Bank has offered regular financial education to elementary, middle, and high schools by setting up sisterhood ties, and carries out cleanup volunteer work with all employees on cleanup day. In addition, by founding a college student social media ambassador group, we are making every effort to support the local community and to contribute to win-win development.

Engagement with Local Communities and Development

Description		Unit	2019	2020	2021
Ratio of contribution to net income		%	10	11	11
No. of volunteer work participants		Persons	16,719	13,477	14,308
Middle school	No. of beneficiaries	Persons	100	100	109
	Amount of scholarship	KRW million	30	30	33
High school	No. of beneficiaries	Persons	150	152	173
	Amount of scholarship	KRW million	95	96	111
University	No. of beneficiaries	Persons	66	68	145
	Amount of scholarship	KRW million	111	115	119

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Donations

Description	Unit	2020	2021
Total amount of money donated	KRW million	8,177	6,931
Total hours of employees' volunteer works	Hours	15,452	15,861
Total amount of in-kind donations[1)]	KRW million	324	798

1) Products and services, projects/partnerships, etc

Social Contribution Activities by Sector

Description		Unit	2019	2020	2021
Local social welfare and public interests	No. of volunteers	Persons	7,124	4,390	3,577
	Amount of money provided	KRW million	11,321	14,367	18,418
Culture, arts, and sports	No. of volunteers	Persons	1,476	282	302
	Amount of money provided	KRW million	6,937	3,019	3,857
Education and scholarship	No. of volunteers	Persons	2,538	342	3,510
	Amount of money provided	KRW million	6,816	5,642	11,652
Miso-credit financing to youth startup foundation credit recovery council	Amount of money provided	KRW million	5,387	8,454	6,919
	No. of volunteers	Persons	166	217	284
Environment and global sector	Amount of money provided	KRW million	4,224	6,026	5,822

Membership in Major Associations and Payment of Membership Dues

Description	Unit	2019	2020	2021
Korea Federation of Banks	KRW million	718	722	738
Korea Financial Telecommunications & Clearings Institute	KRW million	510	650	596
Financial Security Institute	KRW million	501	439	475
Korea Institute of Finance	KRW million	440	451	472
Korea Center for International Finance	KRW million	72	79	87
Membership dues for Chamber of Commerce and Industry	KRW million	90	72	64
Korea Listed Companies Association	KRW million	14	17	17
United Nations Global Compact	KRW million	3	3	3
Others	KRW million	21	18	18
Political contributions[1)]	KRW million	0	0	0
Total	KRW million	2,368	2,450	2,469

1) In accorance with the Group's management principles and relevant laws, donations and support for political campaigns, campaign funds, and political lobbying organizations are prohibited.

Shared Growth

JB Financial Holdings abides by relevant laws on fair competition and fair trade, and maintains cooperative ties with local small businesses and SMEs. Based on the firm belief that the destiny of our company is bound to local economies, we purchase items from SMEs and local small businesses, we support social enterprises related to local culture and arts, and we make efforts to revitalize local traditional markets. In addition, we maintain cooperative partnerships with a variety of corporations, such as IT security companies, credit ratings agencies, audit firms or computation equipment providers. By doing so, we safely protect customer assets and practice professional and transparent business operation.

Description	Unit	2019	2020	2021
Loans for low-incomes(microcredit)	KRW 100 million	6,304	10,349	11,830
Financing for technology	KRW 100 million	7,657	11,318	11,821
Financing for local companies	KRW 100 million	8,121	9,392	9,342
Eco-friendly financing	KRW 100 million	11,180	16,028	17,339

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>> Information Security

Strategy

JB Financial Group is a financial institution that handles customers' personal and credit information, and it is our top priority to safely manage all information acquired during business activities. We designate the Chief Information Security Officer (CISO) who supervises the security of the IT sector, and establishes and operates an information protection team in charge of information security. Policies and company regulations on information protection are shared through the internal groupware and are to be complied with when performing work. Information security training is carried out to employees at least once a year to raise information security awareness.

Moreover, vulnerability checks are conducted regularly and frequently through penetration tests on our websites, mobile applications, and main work systems. In particular, we conduct training such as e-finance infrastructure vulnerability analysis (once a year), open website vulnerability check and penetration test (twice a year), malicious mail simulation training for employees (more than once a year) to be prepared for external intrusion. And upon discovery of vulnerabilities, we establish an action plan and conduct follow-ups on whether or not the action has been taken. In order to minimize customer's damage in the event of a personal data leakage accident, a systematic accident response process has been established and is being constantly updated. We also regularly conduct audits in regard to compliance with the personal information protection policy, checking whether employees abide by relevant laws and regulations and taking disciplinary action in case of any violation.

Data Protection System for Safe Financial Transaction

Description	Contents
Advancement of IT information protection	• Standardization of IT data protection • Establishment of advanced data protection management system • Advancement of data protection system
Settlement of IT internal control system	• Prevention of IT accident and reinforcement of control for data protection activities • Systemization of IT internal control inspection items • Advancement of IT internal control method
Prevention of personal (credit) data protection and electronic finance accident	• 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

Being reviewed by the Financial Security Institute, JB Financial Group receives certification for the information security system, and by conducting independent self-inspection every year, we check the implementation and improvement of information protection activities.

Jeonbuk Bank established an information protection management system (ISMS) and has completed certification for the internet banking system as well as the treasury system for Jeollabuk-do and local cities and towns. Kwangju Bank also undergoes evaluation for the information protection and personal information protection management system (ISMS-P) through independent external audit every year. Our company makes effort to protect the group's major information assets and to raise the level of information protection management by carrying out an objective third-party evaluation conducted by a certification authority.

Performance

Information Security Education

Description	Unit	2019	2020	2021
No. of employees who completed information security education	Persons	3,093	3,106	3,120

Information Security Accidents

Description		Unit	2019	2020	2021
IT-related accidents and disorders	No. of accidents or disorders	Cases	0	0	0
	Amount of loss	KRW	0	0	0

SOCIAL

>> Creating Customer Value

Performance

JB Financial Group improves systems and services by analyzing the causes of complaints, and conducts employee training on related matters and reflects the complaints in products and services to prevent repetition of complaints. As a result, the number of Voice of Customer (VOC) complaints has decreased continuously for three consecutive years.

Description	Unit	2019	2020	2021
VOC complaints handled	Cases	30	27	24
Customer satisfaction score	Point	96	97	98

Detailed result of assessment of financial consumer protection in 2021

Comprehensive grade

Appropriate	Appropriate
Jeonbuk Bank	Kwangju Bank

Description	Grade by Sector				
Quantitative assessment	No. of complaints	Handling of complaints	Litigation	Financial indicator	Financial accident
Jeonbuk Bank	Appropriate	Appropriate	Appropriate	Appropriate	Appropriate
Kwangju Bank	Appropriate	Appropriate	Appropriate	Appropriate	Appropriate
Non-quantitative assessment	Governance	Product development	Sales	Engagement with policies	Information disclosure
Jeonbuk Bank	Appropriate	Appropriate	Appropriate	Appropriate	Appropriate
Kwangju Bank	Appropriate	Appropriate	Appropriate	Appropriate	Appropriate

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GOVERNANCE

>> Board of Directors

Strategy

With the aim of making our governance more stable, efficient, and transparent, JB Financial Group operates the Board of Directors (BOD). We are committed to promoting a stable governance structure through checks and balances, pursuing expertise and diverse perspectives, and disclosing our work standards, procedures and results to ensure transparency. We consolidated these principles through the establishment of a set of criteria for the board's independence and diversity in 2022. And we make sure that non-executive directors whose independence is confirmed account for more than two thirds of the members while newly appointing a female director so that we can enhance the board's independence and diversity. For the sake of checks and balances, decision-making authority is separated from task execution authority to be assigned to the BOD and the management respectively.

Assessment

Each year, JB Financial Group evaluates the BOD between January and February to inspect its composition and operation. In the evaluation, we look into 20 items including the board's composition and operation, authority and responsibilities, and the way of wielding the right to vote. The results are disclosed in accordance with the Article 22 of the Regulations on Governance. The evaluation consists of qualitative ones for all directors and the secretary-general, and quantitative ones, such as directors' attendance rate. In the last assessment, our BOD was rated 'S'.

Performance

BOD Composition

JB Financial Group's BOD comprises directors with diverse expertise in finance, economy, management, law, accounting, finance, and consumer protection. The non-executive director Yoo, Kwan Woo was appointed as the Chair of the BOD with the consent of all other directors. We limit the number of concurrent duties for non-executive directors in accordance with the Act on Corporate Governance of Financial Companies and the Enforcement Decree of it. We prohibit concurrent positions of outside directors, non-executive directors, or non-executive auditors of other companies while not allowing them to concurrently serve as directors, executive officers, or auditors in two or more companies other than JB Financial Group, thereby increasing the immersion of work. In addition, we request at least 85% of the attendance rate for all directors, aiming to improve the performance and efficiency of the BOD. As a result, we achieved a 100% of attendance rate at the board meetings in 2021.

Description		Unit	2019	2020	2021
Independence	Total no. of directors	Persons	9	9	8
	Ratio of independent directors	Persons (%)	6(66.7)	6(66.7)	6(75.0)
	Non-executive director chairman	Y/N	Y	Y	Y
Expertise	No. of non-executive directors with industrial experience	Persons (%)	6(66.7)	6(66.7)	6(75.0)
Efficiency	Re-appointment cycle of directors	Years	2	2	2
	Directors' attendance rate	%	94	99	100

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BOD Operation

Description		Unit	2019	2020	2021
Convocation	No. of meetings convened	Times	11	9	9

Remuneration Structure

JB Financial Group's key performance indicators for company performance assessment include 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 Ration (CIR), Common Equity Tier 1 (CET1) and None 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 the payment of 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 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	2019	2020	2021
Registered directors	KRW million	1,021	1,124	1,281
Non-executive director	KRW million	133	106	129
Members of the Audit Committee	KRW million	168	240	259
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)	50(3)

>> Ethical Management

Strategy

With the objective of guiding a direction of the proper ethical decision-making and behaviors for all employees of the holding group and subsidiaries of JB Financial Group, we established the 'Code of Conduct for Employees.' All employees should comply with laws and avoid conflict of interests while respecting fair and free competition. In particular, giving or receiving money or service, involving in the unfair solicitation, and participating in unfair political activities are prohibited. The Code of Conduct applies to all employees, including non-regular and dispatched employees. It stipulated that the violation of it may result in an internal investigation and disadvantageous measures. In addition, we operate the integrity contract system that fundamentally forbids bribery and anti-corruption issues and prohibits receiving money, valuables, services, and others.

Assessment

JB Financial Group is the first domestic financial firm to obtain ISO 37001 certification from the BSI(British Standards Institution) based on which our ethical management system is verified by a third-party organization. The verification enables us to prevent all forms of corruption and legal violation, deserve more trust from our stakeholders, and reduce risks posed by the breaches of laws. The areas subject to the ISO 37001 management covers JB Financial Holdings' business activities, approval for business plans of our domestic subsidiaries, management performance evaluation, decisions on governance structure, and internal control and risk management

Performance

Ethical Efforts

Description	Unit	2019	2020	2021
Anti-corruption/compliance/ethics education per employee	Times	14	12	11
Ratio of employees taking ethics education	%	100	100	100
Human rights education	Y/N	Y	Y	Y

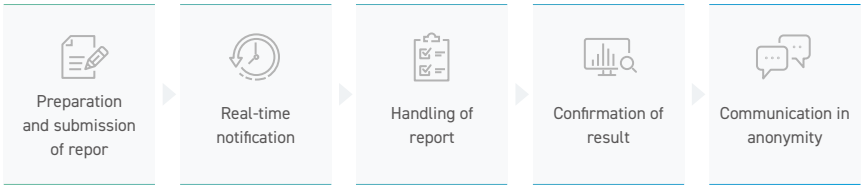
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Report and violation

Operation of JB Do Dream JB Financial Group operates 'JB Do Dream' system, an internal reporting system. This external consignment system was introduced to protect whistleblowers and enhance the Group's ethical management and transparency. In particular, it is divided into a helpline system (anonymous reporting) and a supplementary system for compliance inquiry (grievance counseling) in order to fundamentally block concerns about identity exposure and disadvantages. Employees are able to consult on all matters concerning workplace harassment, human rights management, violations of laws, as well as internal regulations. We also operate a reward system for informants, contributing to creating a fair and clean company.

JB Do Dream Handling Process



Description		Unit	2019	2020	2021
Violation of the Code of Conduct	No. of reports	Cases	0	4	7
	No. of violations	Cases	0	1	4
Measures on violations against the Code of Conduct	Dismissal from office	Cases	0	0	0
	Suspension of work	Cases	0	0	0
	Pay cut	Cases	0	0	1
	Reprimand	Cases	0	0	2
	Others	Cases	0	1	1
	Total	Cases	0	0	4

>> Compliance

Strategy

In our Code of Ethics, JB Financial Group stipulated that we aim for a win-win relationship through fair trade and prohibit unfair practices using our superior position. In addition, we established an anti-money laundering policy and declared to implement screening risky customers, preventing terrorist financing, and monitoring key political figures, while operating procedures and control processes to achieve the purpose of anti-money laundering. For the process review, we annually evaluate the adequacy and effectiveness of anti-money laundering through self-evaluation, and conduct self-evaluation of the implementation of the AML system conducted by KoFIU.

Assessment

JB Financial Group faithfully complies with laws and regulations regarding fair competition and fair trade. We have also established and operated our own regulations on the purchase and contract. Our in-house Compliance Department and Legal Team are constantly monitoring whether the procedures related to purchases and contracts comply with laws.

Performance

Operation of Internal Control System

Description	Unit	2019	2020	2021
Operation of internal control system	Times	3,928	4,033	3,646

Report and Violation

Description	Unit	2019	2020	2021
Anti-corruption and violation of laws	Cases	0	0	0

GOVERNANCE

>> Tax and Accounting

Strategy

Aiming to faithfully fulfill tax obligations in accordance with laws and regulations, we have established the 'JB Financial Group Tax Policy' and systematically evaluated and managed tax risks. Our aim and principle is to faithfully and accurately fulfill our reporting and payment obligations by complying with each country's tax laws and regulations. With that in mind, we are committed to preventing unfair income transfers and tax evasion transactions between countries using tax havens and differences in tax laws between countries. To maintain a constructive and cooperative relationship with tax authorities, we disclose tax-related information in a transparent manner for all stakeholders.

Assessment

The tax-related decisions are made on the ground of advice from external experts and the authoritative interpretation of the tax authorities, and we conduct preemptive management and monitoring to reduce tax risks. Besides, we hold regular meetings with employees in charge of tax in the Group in order to comply with tax laws and regulations, and discuss countermeasures by sharing tax-related issues.

Performance

Tax Report

Unit: KRW 100 million

	Subsidiary	No. of employees	Operating income	Pre-tax income	Income tax payable	Income tax expenses
Korea[1]	JB Financial Holdings Jeonbuk Bank Kwangju Bank JB Woori Capital JB Asset Management	3,620	26,369	8,296	1,125	1,164
Cambodia[2]	PPC Bank JB PPAM	452	535	261	29	25
Myanmar[3]	JB Capital Myanmar	200	14	98	0	5
Vietnam[4]	JB Securities Vietnam	31	25	3	0	0

1) Banking, credit-specialized finance business, collective investment business
2) Banking, collective investment business
3) Credit-specialized finance business
4) Securities business

Tax Risk Management

Description	Unit	2019	2020	2021
Costs for conducting external audits	KRW 100 million	2.97	3.13	2.83

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SUSTAINABLE FINANCE

>> Responsible Finance

Strategy

In May 2022, JB Financial Group declared Ending Coal Financing as part of the transition into a sustainable future finance. Following this declaration, which involves all of our subsidiaries, our company has been taking the lead in environmental finance and responsible finance as well as actively participating in the international climate change initiatives such as NZBA (Net-Zero Banking Alliance), TCFD (Task Force on Climate-related Financial Disclosures), PCAF (Partnership for Carbon Accounting Financials), and SBTi (Science Based Targets initiative) since last year. JB Financial Group does not take part in project financing (PF) for the construction of coal-fired power plants at home and abroad, but increases financial support for projects creating eco-friendly value by expanding the issuance of ESG bonds and green financial products, and with consideration of climate crisis to the investment portfolio of loans, stocks, and bonds, our company realizes activities of responsible finance.

Ending Coal Financing Declaration

JB Financial Group fully understands the necessity of reducing greenhouse gas emissions to respond to the climate change crisis. We are thus committed to leading the transition to a low-carbon economy through sustainable, eco-friendly financing as follows:

First, we will not provide project finance (PF) for ventures such as building new coal-fired power plants, both at home and abroad.

Second, we will not take over any bonds issued by special purpose companies (SPCs) established to build coal-fired power plants, both at home and abroad.

Third, we will not take over general bonds issued for the purposes of building coal-fired power plants, both at home and abroad.

Fourth, we will strive to expand sustainable finance such as by granting loans and investing in new and renewable energies.

Responsible finance activities carried out by JB Financial Group are in connection with the executive's performance assessment. To strengthen responsible management considering ESG and climate crisis, we reflect implementation of ESG tasks, climate risk measurement and establishment of management plans in the evaluation indicators for the CEO, CFO and CRO.

Target

JB Financial Group joined and applied the required methodology of PCAF and SBTi, and completed measurements of direct & indirect and financed emissions. In the case of financed emissions, we set the target to achieve Net-Zero by 2045, based on scientific scenarios. To this end, we analyzed the reduction paths for each climate scenario and set the target of implementing Net-Zero financed emission that would result in an additional reduction compared to the target of 1.5°C. Setting 2020 as the base year, our company has set intermediate targets to reduce 30% by 2025 and 48% by 2030, and reinforced the effectiveness in achieving the goal through establishing the goal to reduce the intensity of industry groups.

Financed Emissions

Net-Zero
by 2045

FY 2020 emissions:
About 980 thousand ton

Financed Emissions Mid-term Target

30% reduction
by 2045

Target emissions:
About 690 thousand ton

48% reduction
by 2045

Target emissions:
About 510 thousand ton

Assessment

According to PCAF's methodology for measuring GHGs, JB Financial Group calculated the financed emissions on project finance, loans (commercial real estate, power generation, large corporations and SMEs), and stocks and bonds of listed companies.
When measuring financed emissions, we transparently included the requirements of the SBTi (Science Based Targets initiative) such as corporate loan, stocks and bonds of listed companies, power generation project financing, and commercial real estate.
Our target for carbon reduction was approved by the SBTi in June 2022.

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Performance

Financed Emissions

As a result of 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 were in the order of manufacturing and service, commercial real estate, fossil fuel, and cement. And due to the fact that only new and renewable energy loans are being currently handled for power generation loans, the financed emissions generated was zero.

Description		Unit	2020
Scope 3 Financed Absolute Emissions		tCO_2eq	980,416
Portfolio coverage		%	About 19
Scope 3 Financed Emission Intensity		tCO_2eq/KRW billion	385.8
Emissions by Sector or Industry[1]	Other manufacturing[2]	tCO_2eq	198,403
	Commercial real estate	tCO_2eq	192,116
	Gas	tCO_2eq	147,130
	Cement	tCO_2eq	108,735
	Service	tCO_2eq	55,946
	Chemistry	tCO_2eq	29,371
	Real estate	tCO_2eq	12,589
	Shipping	tCO_2eq	11,107
	Iron/steel	tCO_2eq	8,030
	Pulp and paper	tCO_2eq	3,117
	Aluminum	tCO_2eq	1,987
	Power generation	tCO_2eq	0
	Fossil fuel	tCO_2eq	1,431
Emission intensity by Sector or Industry	Commercial real estate loan	tCO_2eq/m^2	80.7
	Real estate investment and REITs	tCO_2eq/m^2	216.4
	Power generation project financing	tCO_2eq/MWh	2.1

1) Classification of industries subject to SBTi financial institution guidance recommendation management
2) Excluding cement, chemical, pulp and paper, iron/steel, aluminum, and fossil fuels in manufacturing

ESG Training

JB Financial Group provides training on ESG risks and management procedures for risk managers and bank clerks. In 2021, a total of 23 employees completed the training, and we will strengthen our employee's capability in responsible finance by gradually expanding the eligibility of the training.

Description		Unit	2021
ESG Training	No. of participants	Persons	23
	Education time	Hours	46

ESG Responsibility Assessment

JB Financial Group considers 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. Especially, we set up the 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 transaction 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.

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Responsible Finance Activities (ESG Products and Services)

Description			Unit	2019	2020	2021
Green and Margin Loan	Jeonbuk Bank	JB Green biz Loan	KRW million	578,718	952,503	1,016,234
		Loans to low-incomes	KRW million	449,063	823,318	924,208
		Technology financing	KRW million	66,275	144,785	84,014
		Financing for local companies	KRW million	36,032	38,091	22,053
		Credit card sales related to Green CO_2 mitigation	KRW million	831	619	609
	Kwangju Bank	Loans to the renewable energy sector	KRW million	546,690	661,618	670,616
		Loans to the pollution prevention and management sector	KRW million	1,145	880	724
		Loans to water management sector	KRW million	69,725	70,814	67,441
		Credit card sales related to Eco-mondy accumulation	KRW million	84,189	86,701	92,589
	JB Woori Capital	Finance to Eco-friendly vehicle	KRW million	29,488	50,922	16,695
		Finance to waste collection vehicle	KRW million	7,092	4,550	2,343
		Loans to medium-rate credit	KRW million	36,415	277,605	229,395
		Loans related to energy efficiency improvement	KRW million	20,000	0	0
		Pre-workout for vulnerable borrowers	KRW million	57,010	372,485	87,249
ESG Corporate Finance		Green credit, ESG loans	KRW 100 million	12,986	18,687	18,611
		Total amount of corporate loan products	KRW 100 million	168,458	191,551	202,752
		Ratio of ESG loans	%	7.7	9.8	9.2
ESG Retail Banking Finance		Green credit, ESG loans	KRW 100 million	6,841	16,162	13,531
		Total amount of corporate loan products	KRW 100 million	141,208	147,704	155,365
		Ratio of ESG loans	%	4.8	10.9	8.7

Description			Unit	2019	2020	2021
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 investment bonds	KRW 100 million	9	9	7
	JB Asset Management	JB Clean Energy Specialized Investment Private Equity Special Assest Trust No.1	KRW 100 million	235	220	204
		JB Clean Energy Specialized Investment Private Equity Special Assest Trust No.3	KRW 100 million	449	229	189
		JB Clean Energy Specialized Investment Private Equity Special Assest Trust No. 4	KRW 100 million	373	517	477
		JB Clean Energy Specialized Investment Private Equity Special Assest Trust No. 5	KRW 100 million	714	826	734

ESG Bonds

Description		Unit	2021
ESG Bonds	Total amount of ESG bonds	KRW 100 million	11,200
	- Jeonbuk Bank	KRW 100 million	5,000
	- Kwangju Bank	KRW 100 million	1,000
	- JB Woori Capital	KRW 100 million	5,200
	Total amount of bonds issued	KRW 100 million	40,400
	Ratio of ESG bonds	%	28



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Lake Okcheong

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I. Summary of Performance Results

In 2021, the prolonged COVID-19 intensified social and economic uncertainty. Despite the various risk factors, we hit the record high, delivering KRW 506.6 billion in net income (attributable to controlling interests). In terms of ROE and ROA, we also recorded the highest level in the industry, achieving ROE of 12.84% and ROA of 0.96%. Taking profitability and capital efficiency into account for resource distribution and proactively responding to risks were the driving force behind the remarkable results. We saw the stable figure in CET1 (10.30%).

This year is projected to be tough for the financial industry with the rise in interest rates that entails reduced liquidity along with stricter regulations on household debts, which will not allow us to lower our guard. In addition, the rapid switch of financial consumers to non-face-to-face transactions and the growing presence of Fintech and big tech companies require us to accelerate our digital transformation from the conventional way of face-to-face sales. Against this backdrop, JB Financial Group will do its best to come up with various scenarios, break down them to grasp what impact they will have on our business operations, and take proper action in a timely manner.

This year, JB Financial Group will pursue 'profitability-oriented qualitative growth.' To this end, we will distribute the group's resources with profitability and future sustainability taken into account while putting our focus on forecasting what lies ahead in the future to manage risks in a proactive manner. Our emphasis will be also on sharpening our digital competency. As the My Data and comprehensive payment settlement businesses are in full swing this year, more and more clients are projected to switch to digital platforms for transaction. In response, we will build business partnerships with platform operators, thereby establishing our own digital strategy. On the other hand, we will put our best efforts into securing future growth engine through business diversification and maximized group synergy. Until last year, our focus was on securing funds required for M&A through the profitability-oriented robust management, but this year, it gives way to the business diversification to expand our presence into other sectors. In addition, we will facilitate our systematic synergy strategy through multiple synergy councils within the group. We will never relent in our efforts to become a better workplace underpinned by a culture of mutual trust, and at the same time, consolidate the foundation for transparent management through the internal control and reporting systems.

Going forward, we will always go the extra mile in order to live up to the expectations of clients and shareholders, thereby accomplishing our ambition, 'Young and Strong Hidden Champion Financial Group.' I look forward to your unwavering trust and support on our journey.

Key Financial Data (Consolidated Basis)

Unit: KRW 100 million

Description	2021	2020	YoY(Amt.)
Financial Position			
Total Assets	563,956	533,755	30,201
Loans	438,482	414,376	24,106
Total Liabilities	520,690	493,466	27,224
Deposits	400,499	381,223	19,276
Total shareholders' equity	43,267	40,289	2,978
Profitability			
Total operating income	15,701	13,538	2,163
Operating income	7,083	4,695	2,388
Net income	5,254	3,908	1,346
Net income of controlling interest	5,066	3,635	1,431
Net interest margin (group)	2.91%	2.66%	0.25%
Net interest margin (banks)	2.45%	2.30%	0.15%
ROA	0.96%	0.77%	0.19%
ROE	12.84%	10.07%	2.77%
Asset Soundness			
Substandard & below (NPL) ratio	0.55%	0.67%	-0.12%
Delinquency ratio	0.48%	0.57%	-0.09%
NPL coverage ratio	160.98%	134.06%	26.92%
Capital Adequacy			
BIS ratio	13.09%	13.22%	-0.13%
Tier1 ratio	11.55%	11.43%	0.12%
CET1 ratio	10.30%	10.05%	0.25%

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II. Income Statement Review

1. Income Statement Overview

Summary of Consolidated Income Statement

Unit: KRW 100 million

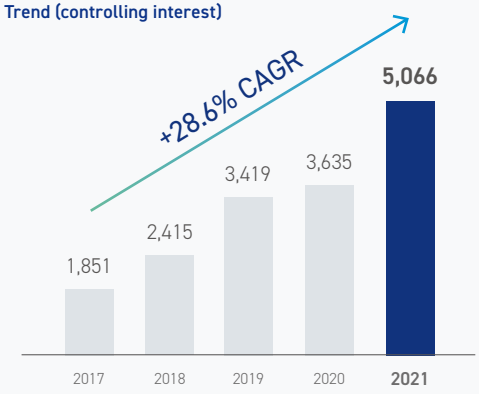
Description	2021	2020	YoY(Amt.)	YoY(%)
Total operating income	15,701	13,538	2,163	16.0
Interest income	14,525	12,600	1,925	15.3
Fees and commissions income	614	653	-39	-6.0
Lease income	679	584	95	16.3
Income on financial instruments	651	517	134	25.9
Other operating income	-769	-816	47	-5.8
SG&A Expenses	7,250	6,895	355	5.1
Net Provision	1,368	1,949	-581	-29.8
Operating Income	7,083	4,695	2,388	50.9
Non-operating Income	-119	-55	-64	116.4
Pre-tax Income	6,964	4,640	2,324	50.1
Income tax expense	1,710	731	979	133.9
Net income	5,254	3,908	1,346	34.4
Attributable to controlling interest	5,066	3,635	1,431	39.4
Attributable to non-controlling interests	188	273	-85	-31.0

In 2021, JB Financial Holdings recorded KRW 506.6 billion in net income (attributable to controlling interests), up 39.4% from the previous year, KRW 363.5 billion, which led to a CAGR of 28.6% 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.

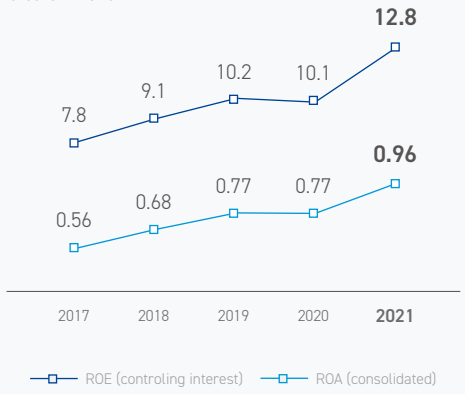
Group's Net Income Trend (controlling interest)

Unit: KRW 100 million



Group's Profitability Indicator Trend

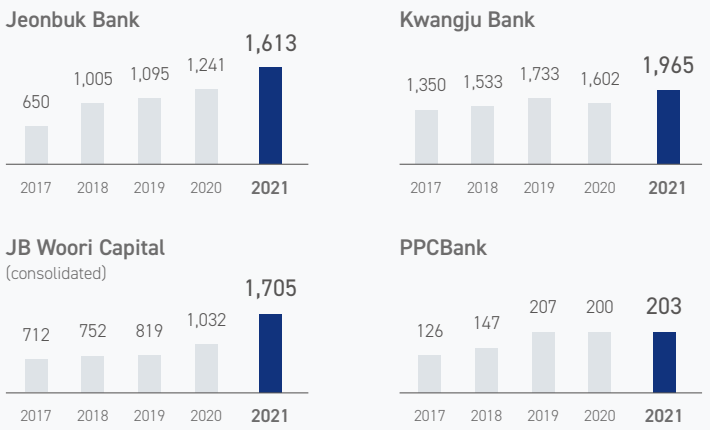
Unit: %



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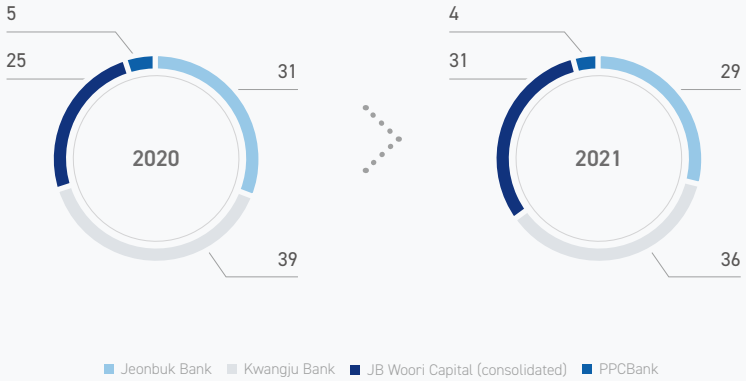
Yearly Net Income by Major Subsidiary (separate)

Unit: KRW 100 million



Net Income Contribution by Major Subsidiaries

Unit: %



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, the decrease in bed debts, and favorable SG&A expenses were the driving force behind these outstanding results.

Jeonbuk Bank (on a separate basis) delivered KRW 161.3 billion in net income, up 29.9% from the previous year while Kwangju Bank (on a separate basis) registered KRW 196.5 billion, up 22.6% from the last year. JB Woori Capita, credit finance firm, posted KRW 170.5 billion in annual net income, a 65.3% 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, maintained the level of the previous year in annual income in the aftermath of the COVID-19, but contributed to expanding our profitability base on the global stage.

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2. Interest Income

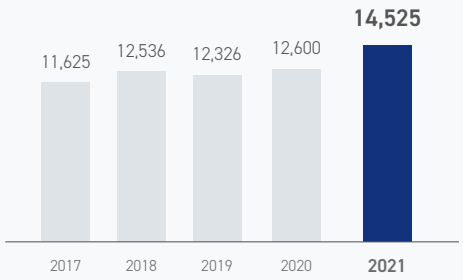
Group Net Interest Income

Unit: KRW 100 million

Description	2021	2020	YoY(Amt.)	YoY(%)
Interest Income	18,996	18,135	861	4.7
Loans	17,915	17,068	847	5.0
Securities	928	943	-15	-1.6
Other IEA	152	124	28	22.6
Interest Expense	4,471	5,535	-1,064	-19.2
Deposits	2,589	3,537	-948	-26.8
Debentures	1,640	1,714	-74	-4.3
Borrowings	223	266	-43	-16.2
Other IBL	18	17	1	5.9
Net Interest Income	14,525	12,600	1,925	15.3

Group Net Interest Income

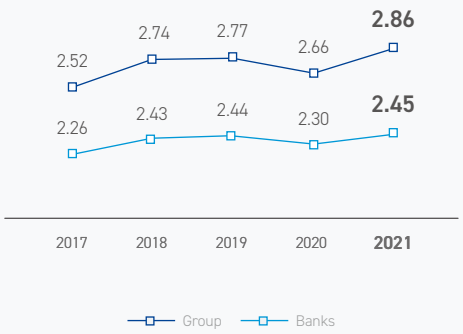
Unit: KRW 100 million



In 2021, JB Financial Group's net interest income increased by 15.3% year-on-year, recording KRW 1.4525 trillion, thanks to a 25bp Y-Y rise in Group NIM and 6.4% Y-Y in Group's loan growth due to the base rate hike and adjustment to a profitability-centered portfolio. In 2021, JB Financial Group's annual net interest margin on a combined bank basis recorded 2.45%, up 15bp from the previous year, and the cumulative net interest margin on a Group basis showed 2.86%, a 20bp increase from the previous year. The reason for a larger increase in Group NIM than combined bank NIM is derived from the profitability-centered portfolio adjustment of a subsidiary, JB Woori Capital, and the further improved Group NIM increase due to lower internal interest rates.

NIM

Unit: %



FINANCIAL MANAGEMENT PERFORMANCE

3. Non-Interest Income

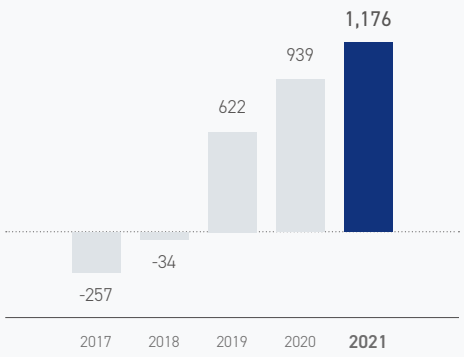
Group Non-Interest Income

Unit: KRW 100 million

Description	2021	2020	YoY(Amt.)
Non-Interest Income	1,176	939	237
Fees & Commissions	614	653	-39
Lease	679	584	95
Securities	614	452	162
FX & Derivatives	37	65	-28
Guarantee Fund & Insurance Fees	-1,028	-949	-79
Others	259	133	126

Group Non-Interest Income

Unit: KRW 100 million



The Group's non-interest income recorded KRW 117.6 billion based on the growth in lease income and securities income. The securities income rose by KRW 16.2 billion to KRW 61.4 billion from the previous year due to the gains from the evaluation of overseas investment funds and the disposal of JB Woori Capital's securities. JB Woori Capital's growth is also attributed to the increase in the Group's non-interest income. The KRW 12.6 billion increase in others sector year-on-year came from the collection of KRW 10 billion in accrued interest on special receivables related to the DICC of Jeonbuk Bank.

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4. Sales, General & Administrative Expenses

Group SG&A Expenses

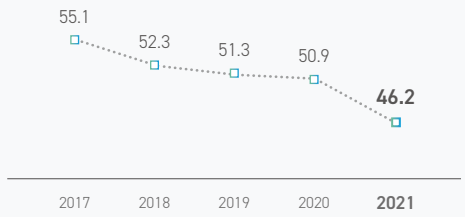
Unit: KRW 100 million

Description	2021	2020	YoY(Amt.)	YoY(%)
SG&A Expenses	7,250	6,895	355	5.1
Salaries & Benefits	4,603	4,296	307	7.1
General & Admin	1,190	1,194	-4	-0.3
Early retirement expenses	359	272	87	32.0
Depreciation & Others	1,098	1,133	-35	-3.1

In 2021, SG&A expenses rose by 5.2% year-on-year to KRW 725 billion. Excluding the voluntary retirement costs, SG&A expenses increased by 4.0% compared to the previous year and stably remained. 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 46.2%, a drop of 4.7%p from the previous year. Going forward, JB Financial Group plans to manage the cost-income ratio at a stable level through efficient budget execution.

Group Cost-Income Ratio

Unit: %



5. Credit Costs

Group Credit Costs

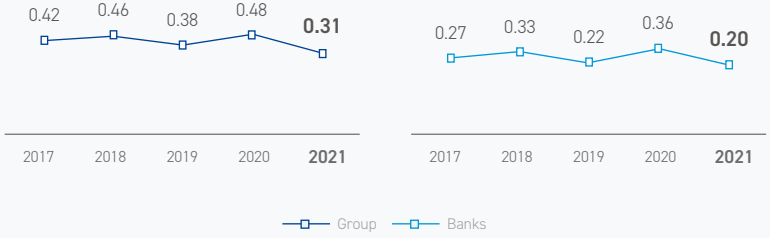
Unit: KRW 100 million

Description	2021	2020	YoY(Amt.)	YoY(%)
Provision for Credit Losses	1,368	1,949	-581	-29.8
Corporate (Banks)	-62	395	-457	-115.7
Household (Banks)	728	755	-27	-3.6
Credit Card (Banks)	61	84	-23	-27.4
JB Woori Capital	584	650	-66	-10.2
Others	57	64	-7	-10.9

In 2021, the Group's annual provision for credit losses decreased by KRW 58.1 billion from the previous year to KRW 136.8 billion. JB Financial Group built a stable asset portfolio based on solid growth without compromising profitability and asset quality, managing asset quality indicators well through preemptive risk management while the Group's provisions improved significantly compared to the previous year. Particularly in the case of corporate loans, KRW 28.4 billion provisions were reversed as Jeonbuk Bank's DICC loans were recovered, resulting in the return of KRW 6.2 billion, a decrease of KRW 45.7 billion year-on-year. In addition, additional provisions of KRW 51.6 billion related to COVID-19 in 2020 were a contributing factor to a decrease compared to the previous year. On the other hand, conservative provisions of KRW 24.7 billion due to changes in accounting policies of JB Woori Capital and its sub-subsidiary, Capital Myanmar, in 2021 came into play for an increase compared to the previous year. The credit cost ratio recorded 0.31% for the Group and 0.20% for the combined banks, which significantly improved compared to the previous year. The Group's credit costs are stably maintained with 1bp improvement, excluding the factors of additional costs for COVID-19 in 2020 and special provisions cases in 2021.

Credit Cost Ratio

Unit: %



FINANCIAL MANAGEMENT PERFORMANCE

IIII. Balance Sheet Review

1. Balance Sheet Overview

Condensed Consolidated Balance Sheets

Unit: KRW 100 million

Description	2021	2020	YoY(Amt.)	YoY(%)
Total Assets	563,956	533,755	30,201	5.7
Cash and due from banks	29,163	27,811	1,352	4.9
Investment financial assets	67,809	62,261	5,548	8.9
Loans	438,482	414,376	24,106	5.8
Lease assets	15,466	17,022	-1,556	-9.1
Tangible assets	4,278	4,120	158	3.8
Intangible assets	1,452	1,486	-34	-2.3
Other assets	7,305	6,679	626	9.4
Total Liabilities	520,690	493,466	27,224	5.5
Deposits	400,499	381,223	19,276	5.1
Borrowings	21,446	18,923	2,523	13.3
Debt securities issued	82,169	78,366	3,803	4.9
Other liabilities	16,576	14,954	1,622	10.8
Total Equity	43,267	40,289	2,978	7.4
Capital stock	9,849	9,849	0	0.0
Hybrid debts	4,030	4,030	0	0.0
Capital surplus	7,049	7,049	0	0.0
Retained earnings	21,408	17,319	4,089	23.6
Other equity	-761	-684	-77	11.3
Non-controlling interests	1,693	2,725	-1,032	-37.9
Total Liabilities and Equity	563,956	533,755	30,201	5.7

As of the end of 2021, JB Financial Holdings recorded KRW 56.39 trillion in total assets on a consolidated basis, a 5.7% increase 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 5.8% rise in loan receivable from the previous year, which, in turn, increased deposits due to customers by 5.1% year-over-year. And we saw a 23.6% increase in retained earnings on the strength of the robust increased gains.

Assets and Liabilities by Subsidiaries

Unit: KRW 100 million

Category	Company Name	2021			2020		
		Total Assets	Total Liabilities	Total Equity	Total Assets	Total Liabilities	Total Equity
Holding Company	JB Financial Holdings	28,005	7,167	20,838	28,200	7,742	20,458
Subsidiary	Jeonbuk Bank	195,752	179,999	15,753	186,193	171,522	14,671
	Kwangju Bank	281,635	261,059	20,576	267,508	248,234	19,274
	JB Woori Capital	73,775	63,494	10,281	67,906	59,117	8,789
	JB Asset Management	859	528	331	577	410	167
Sub-subsidiary	PPCBank	11,787	9,738	2,049	11,343	9,656	1,687
	JB Capital Myanmar	81	60	21	230	95	135
	JB Securities Vietnam	541	38	503	457	5	452
	JB PPAM	36	-	36	33	-	33

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2. Deposits

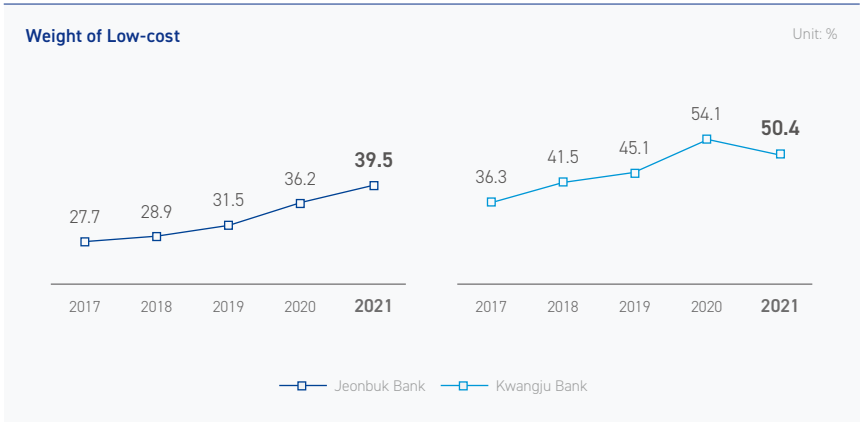
Deposits by Banks

Unit: KRW 100 million

Description		2021	2020	YoY(Amt.)	YoY(%)
Jeonbuk Bank	Total Deposits	158,613	151,735	6,878	4.5
	Deposits in KRW	156,912	150,128	6,784	4.5
	Low-cost deposit	62,123	54,589	7,534	13.8
	Demand	31,123	24,267	6,856	28.3
	Savings	18,945	18,247	698	3.8
	Corporate savings	12,055	12,075	-20	-0.2
	Time deposit	91,395	91,726	-331	-0.4
	Installment deposit	3,393	3,812	-419	-11.0
Kwangju Bank	Total Deposits	232,479	221,793	10,686	4.8
	Deposits in KRW	222,911	215,422	7,489	3.5
	Low-cost deposit	112,863	117,366	-4,503	-3.8
	Demand	58,611	64,996	-6,385	-9.8
	Savings	35,707	33,468	2,239	6.7
	Corporate savings	18,544	18,902	-358	-1.9
	Time deposit	106,289	93,657	12,632	13.5
	Installment deposit	3,123	3,709	-586	-15.8

Jeonbuk Bank's and Kwangju Bank's deposits in KRW rose by 7.8% and 14.3% respectively from the previous year, which was attributed to the growth in loans. Jeonbuk Bank saw its share of low cost deposit on the constant rise, which resulted in decreasing financing costs. Kwangju Bank maintained the ratio of low cost deposit at over 50%, contributing to the enhanced margin rate of the group.

FINANCIAL MANAGEMENT PERFORMANCE



3. Loans

Loans by Banks

Unit: KRW 100 million

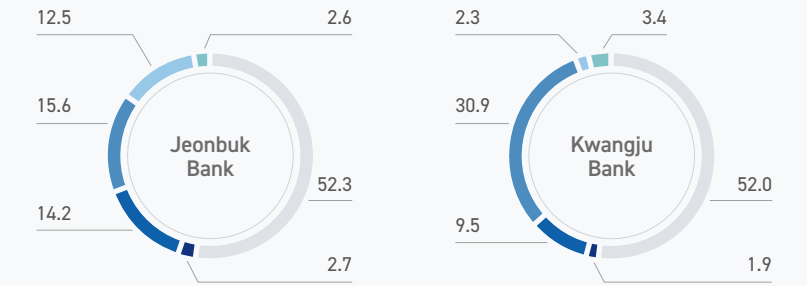
Description		2021	2020	YoY(Amt.)	YoY(%)
Jeonbuk Bank	Loans in KRW	151,911	145,545	6,366	4.4
	Corporate	83,626	80,638	2,988	3.7
	SME	79,503	76,707	2,796	3.6
	Large Corp	4,123	3,931	192	4.9
	Household	64,305	61,257	3,048	5.0
	(Mortgage)	23,758	29,754	-5,996	-20.2
	Public & Others	3,980	3,650	330	9.0
Kwangju Bank	Loans in KRW	213,293	198,830	14,463	7.3
	Corporate	114,960	107,488	7,472	7.0
	SME	110,874	102,142	8,732	8.5
	Large Corp	4,086	5,346	-1,260	-23.6
	Household	91,042	86,418	4,624	5.4
	(Mortgage)	65,968	65,147	821	1.3
	Public & Others	7,291	4,924	2,367	48.1

Jeonbuk Bank's loans in KRW amounted to KRW 15.2 trillion, a 4.4% increase year-over-year. As mortgage loans reached the maturity date, there was a 20.2% decrease in the loans, however, its business and personal credit loans increased 3.7% and 41.7% respectively. Kwangju Bank recorded KRW 21.3 trillion in loans in KRW, a 7.3% increase year-over-year. Especially, a 7% increase in the loans for SMEs drove the remarkable growth in the loan sector.

FINANCIAL MANAGEMENT PERFORMANCE

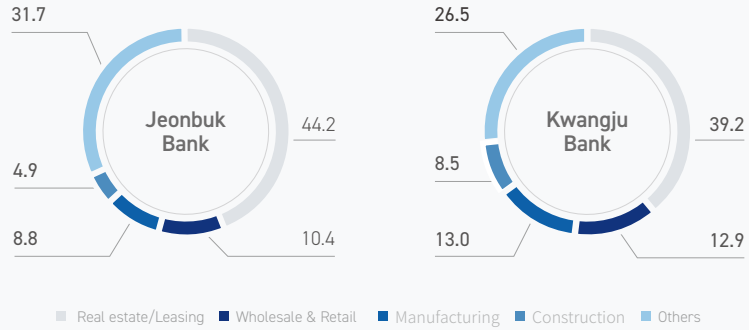
Portfolio of Loan in KRW

Unit: %



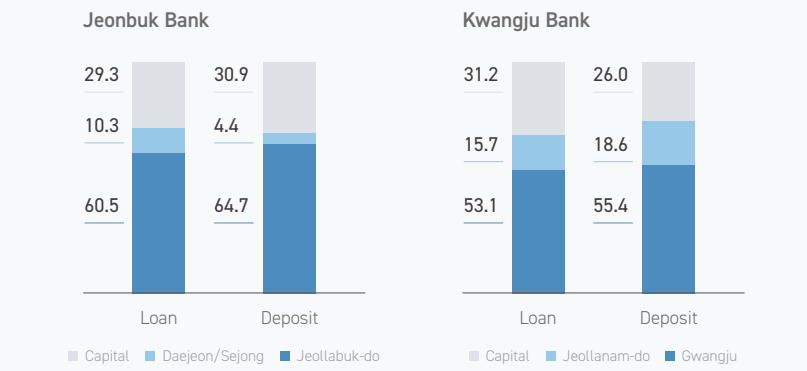
Corporate Loan Portfolio by Industry

Unit: %



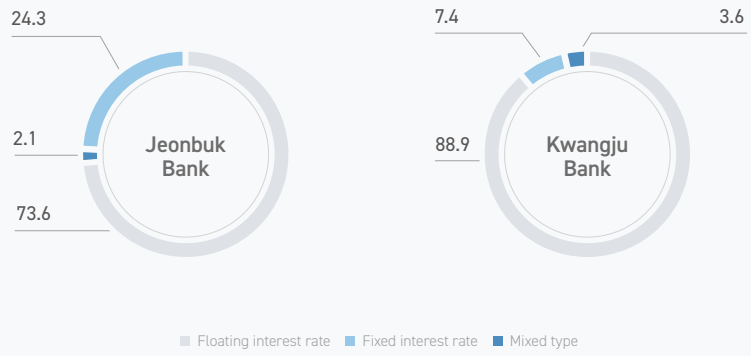
Loan/Deposit Ratio by Region

Unit: %



Types of KRW Loan Interest Rate

Unit: %

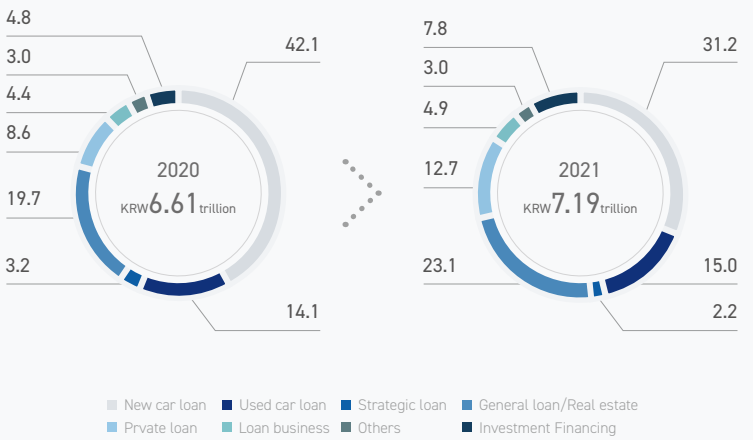


FINANCIAL MANAGEMENT PERFORMANCE

4. JB Woori Capital

Financial Assets Portfolio

Unit: %



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.

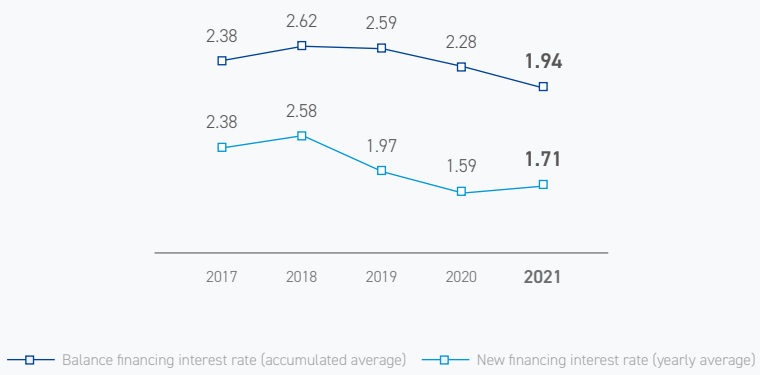
Funding Structure

Unit: KRW 100 million

Description	2021	2020	YoY(Amt.)	YoY(%)
Total	60,000	55,030	4,970	9.0
Corporate bonds	55,100	51,500	3,600	7.0
CP	4,900	1,600	3,300	206.3
ABS	-	1,930	-1,930	-100.0
Borrowings	-	-	-	N.A.

Funding Rate Trend

Unit: %



JB Woori Capital maintained a stable funding structure centered around corporate bonds in preparation for an uncertain interest rate environment in 2021. Aiming to raise liquidity, the proportion of CPs is also maintained at an appropriate level.

FINANCIAL MANAGEMENT PERFORMANCE

IV. Asset Quality Review

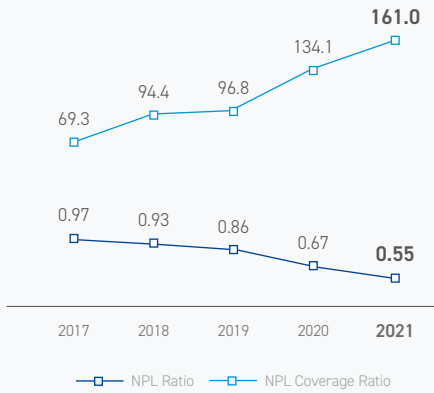
Group Asset Quality

Unit: KRW 100 million

Description	2021	2020	YoY(Amt.)	YoY(%)
Total Credits	438,627	410,628	27,999	6.8
Normal	432,310	403,559	28,751	7.1
Precautionary	3,927	4,316	-389	-9.0
Substandard	1,508	1,574	-66	-4.2
Doubtful	579	595	-16	-2.7
Estimated loss	303	583	-280	-48.0
Precautionary & Below Ratio	1.44	1.72	-	-0.28
Precautionary & below	6,317	7,068	-751	-10.6
Substandard & Below Ratio	0.55	0.67	-	-0.12
Substandard & below	2,391	2,752	-361	-13.1
NPL Coverage Ratio	161.0	134.1	-	26.9
Loan loss allowance	3,848	3,690	158	4.3
Delinquency Rate	0.48	0.57	-	-0.09
Delinquent loans	2,130	2,372	-242	-10.2

NPL Ratio and NPL Coverage Ratio

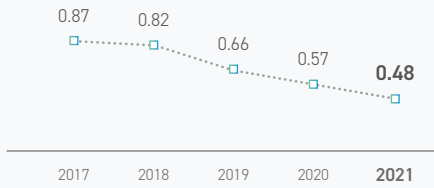
Unit: %



The Group's asset soundness in 2021 showed a fairly stable trend owing to active risk management policies in preparation for economic uncertainty. The Group's NPL ratio was 0.55%, up 12bp compared to the previous year, and the NPL coverage ratio was also maintained at a favorable level at 161.0%. The delinquency ratio was 0.48%, down 9bp from the previous year.

Delinquency Ratio

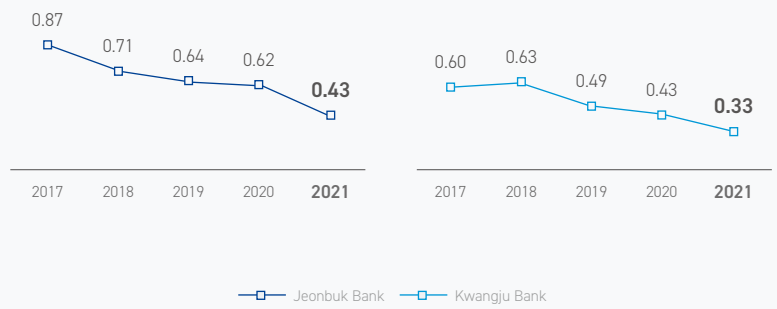
Unit: %



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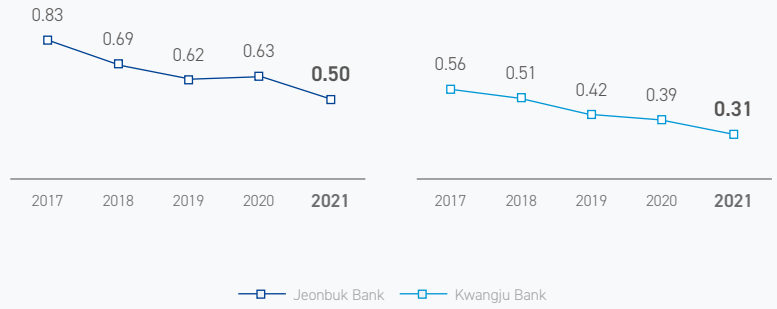
NPL Ratio by Bank

Unit: %



Delinquency Ratio by Banks

Unit: %



V. Capital Adequacy Review

Group Capital Adequacy

Description	Unit	2021	2020	YoY(Amt.)	YoY(%)
BIS Capital	KRW 100 million	44,202	41,341	2,861	6.9
Tier1 Capital	KRW 100 million	38,993	35,739	3,254	9.1
CET1 Capital	KRW 100 million	34,759	31,419	3,340	10.6
Risk Weighted Assets	KRW 100 million	337,554	312,659	24,895	8.0
BIS Ratio	%	13.09	13.22	-	-0.13
Tier1 Ratio	%	11.55	11.43	-	0.12
CET1 Ratio	%	10.30	10.05	-	0.25

BIS Leverage Ratio Status

Description	Unit	2021	2020
(Basel III) Tier 1 Capital	KRW 100 million	38,993	35,739
(Basel III) Total Exposure	KRW 100 million	609,631	577,772
(Basel III) Leverage Ratio	%	6.40	6.19

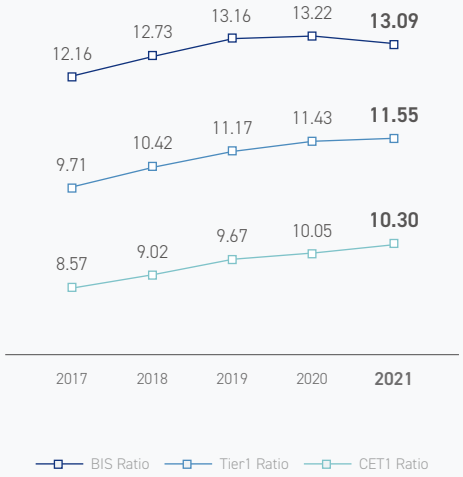
In terms of the Group's capital adequacy in 2021, the BIS ratio fell by 13bp annually to 13.09% on account of a decrease in the amount of tier2 capital recognized in capital securities. However, as a result of the Group's endeavors to improve RoRWA, the Tier1 ratio was improved by 12bp annually to 11.55%, and the CET1 capital ratio rose by 25bp annually to 10.30%, exceeding the 9.5%, the highest limit set by the financial authorities. RoRWA increased by 8.0% annually due to the adjustment of the asset portfolio focusing more on profitability, while CET1 capital grew by 10.6% year-on-year owing to a sharp increase in the Group's net income of controlling interest. Despite the rise in the capital, ROE remained near 10% range during the same period, and the dividend payout ratio was also considerably increased to 23.0% in 2021. JB Financial Group will continue reinforcing the shareholder return policy by gradually raising the dividend payout ratio.

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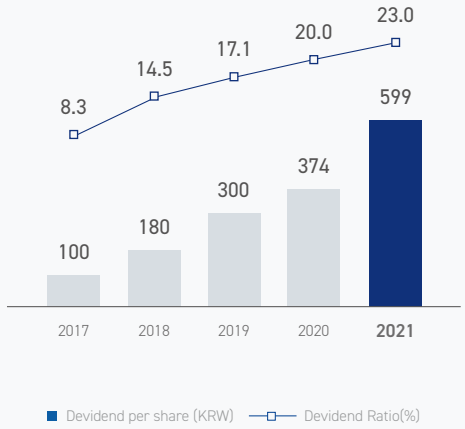
Group's BIS Capital Ratio

Unit: %



Dividend

Unit: KRW, %



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of JB Financial Group Co., Ltd. And its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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.

The Group measures expected credit losses on loans measured at amortized cost, on an individual and collective basis. The identification of loans that are deteriorating and the assessment of the present value of expected future cash flows in determining expected credit losses are inherently uncertain, which requires a relatively high extent of management's estimates and judgments. In measuring expected losses on a collective basis, a wide range of complex inputs and assumptions are used. Given the extent of management's estimates and judgments involved, we considered expected credit losses to be a key audit matter. Especially during the year ended December 31, 2021, the Group evaluated the possibility of defaults at a high level since it was determined that credit risk of loans applying deferral of repayments or deferral of interest payments among government support policies because of the damage from Coronavirus disease 2019(COVID-19) had significantly increased. A relatively high level of judgment is involved in estimating expected credit losses of management.

The balances of loans measured at amortized cost subject to individual or collective assessment and its loss allowance are ₩ 44,246,633 million and ₩ 398,399 million, respectively (Note 15).

How our audit addressed the Key Audit Matter

(1) Assessment of expected credit losses on an individual basis

We obtained an understanding and evaluated procedures and controls relating to the assessment of expected credit losses on an individual basis. In particular, we draw attention to the assumptions used in estimating future cash flows. We evaluated whether management reasonably estimated and sufficiently reviewed key assumptions; such as growth rate of entities subject to individual assessment, and valuation of collaterals in forecasting future expected cash flow. As part of these procedures, we assessed whether sales growth rate, operating income ratio and assumptions on investment activities used in forecasting future expected cash flow were consistent with historical performance and current market conditions. Furthermore, we assessed the appropriateness of collateral valuation by conducting our own research on most recent property prices and assessing appraisal reports, models and methodologies used by management.

(2) Assessment of expected credit losses on a collective basis

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.

We assessed the reasonableness of key assumptions used in classification of stage and application of probability of defaults resulting from significant increase in credit risk of loans subject to deferral of repayments and interest payment due to the damage from COVID-19, and confirmed whether the relevant information is appropriately disclosed.

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Emphasis of Matter

Without modifying our opinion, we draw attention to Note 4 to the consolidated financial statements of the Group. Note 4 to the consolidated financial statements describes uncertainty relating to the impact of Coronavirus disease 2019 (COVID-19) on the financial position and financial performance of the Group.

Other Matter

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

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 consolidate 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 Yeob Yu, Certified Public Accountant.

Seoul, Korea
March 21, 2022

Samil PricewaterhouseCoopers

This report is effective as of March 21, 2022, 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.

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GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	65
	305-2	Energy indirect (Scope 2) GHG emissions	65
GRI 307: Environmental Compliance	307-1	Non-compliance with environment laws and regulations	65
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GRI 402: Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	72
GRI 403: Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	73, 75
GRI 404: Training and Education	404-1	Average hours of training per year per employee	71
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GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	68-70
	405-2	Ratio of basic salary and remuneration of women to men	72
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	85
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	76-77, 85

GRI STANDARDS INDEX

Universal Standards		Description	Reporting Page
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GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and developing programs	57-63, 78-80
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GRI 415: Public Policy	415-1	Political contributions	80
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	51-56
	417-2	Incidents of non-compliance concerning product and service information and labeling	51-56
	417-3	Incidents of non-compliance concerning breaches of customer privacy and losses of customer data	51-56
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	81-82
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	85
Financial Service Sector Supplement			
Product Portfolio	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	80
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	88
Local Communities	FS13	Access points in low-populated or economically disadvantaged areas by type	57-63
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SUSTAINABLE MANAGEMENT INITIATIVE

UN Global Compact

In 2018, JB Financial Group joined UNGC (UnGlobal Compact), a voluntary initiative that urges corporate social responsibility, and expressed its willingness to comply with 10 principles in four major areas: human rights, labor, environment, and anti-corruption. We will strive to become a financial group that implements universal sustainability principles and creates social values by supporting UN goals.

Categories	Ten Principles	Activities and Performance	Reporting Page
Human Rights	Principle 1. Business should support and respect the protection of international proclaimed human rights;	Establishment of human rights policies	76
	Principle 2. Make sure that they are not complicit in human rights abuses.	Establishment of human rights policies and development of activities	76
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 due diligence	76-77
	Principle 4. the elimination of all forms of forced and compulsory labour;	Establishing human rights policies and conducting human rights due diligence	76-77
	Principle 5. the effective abolition of child labour; and	Establishing human rights policies and conducting human rights due diligence	76-77
	Principle 6. the elimination of discrimination in respect of employment and occupation.	Establishing human rights policies and conducting human rights due diligence	76-77
Environment	Principle 7. Businesses should support a precautionary approach to environmental challenges;	Decarbonization Financial Declaration and Carbon Neutrality Declaration	41-49
	Principle 8. undertake initiatives to promote greater environmental responsibility;	Establishing the principles of environmental management and conducting activities	41-49
	Principle 9. encourage the development and diffusion of environmentally friendly technologies.	Expanding the scale of eco-friendly financing	88
Anti-corruption	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	Establishing the code of ethics and the code of conduct Establish anti-money laundering policies	84-85

UN SDGs

The Sustainable Development Goals (SDGs) are the goals that the United Nations and the international community must achieve from 2016 to 2030 to address global poverty and realize sustainable development. JB Financial Group is committed to achieving sustainable development goals based on three areas: social inclusion, economic growth, and sustainable environment.

SDGs		Sustainable Development Goal	Activities and Performance	Reporting Page
Emphasized	Goal 1	No Poverty	Putting inclusive finance into action and safeguarding financial consumers	57-63
	Goal 3	Good Health and Well-being	Carrying out social contribution activities for the vulnerable and marginalized, employees' volunteer works	58-62,67
	Goal 4	Quality Education	Providing a safe, inclusive and effective educational environment, Providing Financial education and constantly awarding scholarships	58-63,78-79
	Goal 8	Decent Work and Economic Growth	Spreading local unique cultures and creating sustainable jobs	69
Related	Goal 5	Gender Equality	Making sure gender equality in recruitment and personnel system, supporting childcare	69,73
	Goal 7	Affordable and Clean Energy	Lending support to eco-friendly energy, Local ecosystem restoration project for reducing environmental impact	41-45,78
	Goal 13	Climate Action		
	Goal 9	Industry, Innovation and Infrastructure	Giving back to local communities, Employees' social contribution activities, Working with social welfare centers in partnership	57-63,78-80
	Goal 11	Sustainable Cities and Communities		
	Goal 17	Partnerships for the Goals		
	Goal 12	Responsible Consumption and Production	Data Protection System for Safe Financial Transaction, Putting in place financial consumer and personal data protection policy	51-53,81-82
	Goal 16	Peace, Justice and Strong Institutions		

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TCFD

Task Force on Climate-related Financial Disclosures

Task Force on Climate-related Financial Disclosures (TCFD) is a global initiative, created by the Financial Stability Board in 2015 with an aim of encouraging companies to voluntarily climate-change-related opportunities and risks and disclose their financial impact. JB Financial Group will join the global efforts to combat climate change, establish a management system that lives up to the TCFD recommendations, and disclose the relevant information step by step. In June 2022, a private consultative group aimed at responding to the disclosure, 'Korea TCFD Alliance,' was launched, and we also joined this initiative so as to advance our climate finance system and sharpen the relevant capabilities.

Recommendations and Supporting Recommended Disclosures		JB Financial Group Response
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	JB Financial Group established the ESG Committee within the Board of Directors (BOD) in March 2021 with the purpose of making integrated decisions on climate change issues. The committee, as the top decision making body, assumes the roles of formulating and putting into action ESG management strategies, including climate change-related ones, at the company level, and supervising the implementation. It is regularly convened once a quarter, but if needed, on an ad hoc basis to make decisions. In 2021, the committee was held three times to make decisions on the group ESG management strategies and relevant tasks, and the Net-Zero strategies to respond to climate risks. And the development of the tasks and the results of evaluations by external ESG rating agencies (MSCI, KCGS, DJSI, CDP) were reported.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	JB Financial Group has scaled up our roles to respond to the opportunities and risks posed by climate change in an organized manner. To this end, we put in place the ESG Council and the ESG Working Council under the ESG Committee within the BOD while operating ESG promotion organization by subsidiary so that all levels of employees from working-level employees to executives are engaged in implementing climate change-related tasks and managing the performance. The group's CEO serves as a member of the ESG Committee to manage and monitor the ESG-related task implementation in addition to the role of reporting the regarding matters to the BOD. By doing so, we strive to make it possible to balance the supervising function of the committee with the execution function of the management. In addition, the climate change-related issue management is included in the KPIs for the management with the aim of motivating the management to take full responsibility for ESG as well as boosting their performance. CEO is evaluated in terms of 'ESG management advancement to take more social responsibility,' CFO is assessed for 'strategy execution for ESG management advancement,' and CRO is evaluated for 'ESG climate risk measurement and management policy establishment.'
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	JB Financial Group defines climate change-related risks and opportunities, measures and manages their financial impact. The followings are the risks posed by climate change we identified. **Transition Risks** **1) Policy and Legal Risks:** Carbon credit price is projected to increase and environmental data disclosure obligation is likely to become more stringent to achieve 'Carbon Neutrality by 2050' driven by the government, which can lead to an increment in the number of litigations regarding environmental issues. In response, JB Financial Group assesses the financial impact that the current climate regulations have on our business operations, and associates them with our business strategies. **2) New Policy and Legal Risks:** In recent years, we are seeing more stringent regulations concerning climate change and the environment across the globe, such as the adoption of carbon tax or stricter mandatory use of renewable energy. And the Korean government is likely to impose new regulations to accomplish Net-Zero by 2050. Against this backdrop, we have kept up with global regulations and evaluated what impact they will have on our management and the companies we invest. Actually, Europe has already started tightening environmental regulations, releasing a plan to phase out the free carbon quota allocation by 2035, which, in turn, increases carbon prices. JB Financial Group is drawing up our strategies in preparation for the adoption of this regulation. **3) Technology Risks:** There is a growing need to research and develop the new technologies capable of mitigating GHGs and energy consumption. In the face of the transition to a green society, JB Financial Group will carry out a variety of activities to support the transition, taking advantage of our capabilities as a financial firm. As part of the effort, we are launching diverse products associated with solar power generation, eco-friendly vehicles, energy efficiency improvement, new and renewable energy, and water resource management. Going forward, our focus will also be on environment-friendly technology businesses such as new and renewable energy-related technology or low-carbon energy source development. **4) Market Risks:** The financial business is liable to the changes in the market, and therefore we manage changing consumer behaviors and market uncertainty as climate change-related market risks. In addition, the scale of green industry-related products is projected to grow. Accordingly, we are developing distinguished products to occupy more market share in the green financial market that is coming to the fore. JB Financial Group's loans associated with the new and renewable energy sector amounted to KRW 670.6 billion and sustainable green investment products stood at KRW 160.4 billion. **5) Reputation Risks:** In recent years, financial firms' response to the risks posed by climate change in the ESG sector increasingly affects their reputation. And global investors and pension fund of each country request financial companies to actively take action to combat climate change. Against this backdrop, we regard climate change response as a key risk management area not just a reputation issue, and conduct related risk management activities.

TCFD

Recommendations and Supporting Recommended Disclosures		JB Financial Group Response
		Physical Risks 1) Acute Risk: short-term abnormal weather events are on the rise. 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. 2) Chronic Risks: 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. JB Financial Group recognizes climate change as a **business opportunity**, and accordingly manages the issues as follows. 1) Products and Services (mid-term): With the aim of grasping the risks posed by climate change within our portfolio, we measure our financed emissions. We will take into consideration the financed emissions when we map out business strategies and portfolio to provide financial products or make an investment. In addition, we expand green products to give greater financial support for eco-friendly value creation projects to carry out responsible finance activities in consideration of climate risks in our investment portfolios such as loans, stocks, and bonds. 2) R&D Investment: JB Financial Group has made and sold funds related to ESG, including climate change. We project that the number of ESG funds is increased, and the expected return of investment from target companies will rise. In this regard, we plan to provide specialized products, such as low-carbon funds and ETFs. We also plan to expand online-exclusive products centered on public offering funds in response to the needs of investment groups sensitive to environmental issues.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including 2°C or lower scenario.	In order to find out the business impact of climate change, we analyze scenarios when GHG reduction policies are well-realized (RCP 4.5) and when GHG are emitted at the same level as the current trend (RCP8.5) for physical risks. Based on the analysis of 2DS, B2DS, NZE scenario analysis, and PCAF methodology of the Energy Technology Perspective announced by the International Energy Agency (IEA), we calculate the financed emissions of our asset portfolio and respond accordingly. Through this, we carry out voluntary and various reduction activities and concert GHG reduction effects into economic values, striving to achieve our GHG mitigation goals.
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	We recognize the crises derived from climate change, identifying and evaluating the related risks. The evaluation results are handled and managed to be reflected in the establishment of company-wide business strategies after having in-depth discussion and consultation in the ESG Committee under the BOD and the ESG Council comprised of executives.
	b) Describe the organization's processes for managing climate-related risks.	JB Financial Group operates the Risk Management Committee within the BOD to set up a company-wide integrated risk management process, including climate change risks. As the significance of the climate change response system has been at the center of attention recently, we analyze the actual and potential impacts of risks and opportunities concerning climate change on our business, strategy, and financial plans and turn them into financial figures and strategies to systematically manage them in an integrated manner. The risk management procedure consists of four stages;
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	1) 'Risk Awareness' to identify and analyze the source and possibility of climate risks that may occur in the overall management, 2) 'Risk Measurement and Evaluation,' to measure the risks and see whether we should respond to risks 3) 'Risk Control and Management' to set the limits appropriate to the type and degree of risks, such as avoidance or maintenance, and to carry out daily, monthly, and quarterly management activities 4) 'Surveillance and Report' to continuously monitor risk levels and report the status. All monitoring and management status is reported to the Risk Management Committee, ESG Committee, and the management, and it is reflected in identifying risks and establishing response strategies. It is concretely embodied and implemented through the ESG Council, the ESG Working Council, and the departments responsible for ESG in the holding company and subsidiaries.

TCFD

Recommendations and Supporting Recommended Disclosures		JB Financial Group Response
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	For the management of opportunity and risk factors related to climate change, we selected environmental indicators, including emissions, energy consumption, water consumption, and waste disposal, to measure and monitor them while securing management transparency through regular disclosure of the information. In particular, we manage reductions by calculating Scope 1 & 2 figures based on SBTi guidance to achieve the Net-Zero declaration in line with the carbon-neutral goal. Furthermore, we established a mitigation plan based on the calculation results, including Scope 3 emissions generated from the entire value chain encompassing upstream and downstream.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas(GHG) emissions, and the related risks.	* Key indicators of climate change and emissions in 2020 / 2021 Scope 1 (direct carbon emissions) emissions: 3,171 tCO_2eq / 2,997 tCO_2eq Scope 2 (indirect carbon emissions) emissions: 14,343 tCO_2eq / 12,587 tCO_2eq Scope 3 (financed emissions) emissions: 980,416 tCO_2eq
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	JB Financial Group declared a 'carbon neutral goal' in February 2022 and established our own Net-Zero implementation process to achieve the Net-Zero goal. For the systematic implementation of the goal, we joined global environmental initiatives, such as the Partnership for Carbon Accounting Financials (PCAF) and the Science Based Targets initiative (SBTi), and completed measuring the group's direct & indirect emissions as well as financed emissions by applying the methodologies. In June 2022, as the second financial firm and the fourth one in Korea, we attained approval from SBTi for our carbon reduction goal. As such, we have implemented the Net-Zero implementation process at a global level. With an aim to achieve the 'Net-Zero of direct & indirect emissions by 2035, Net-Zero financed emissions by 2045' goal, which was set based on the results of the GHG calculation, we established a reduction roadmap for direct & indirect emissions and financed emissions as well as intensity reduction targets for each industry group. According to our roadmap to reach Net-Zero in 2045, we will achieve 2035 Net-Zero by reducing 67% of Scope 1 and 2 emissions and mitigating 48% of Scope 3 emissions by 2030. 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 measure the current temperature score for each asset based on the starting temperature of 3.2°C, thereby setting up the road map for Net-Zero financed emissions. From 2020, we expanded the calculation scope of GHG emissions and energy usage to not only the main offices of five subsidiaries in Korea but also sales branches. In 2021, the GHG emissions were measured as 15,705tCO2eq, down 11% from the previous year. We measure the emissions by business site considering the characteristics of a financial group comprised of a head office and subsidiaries while comparing and analyzing GHG emission trends, securing credibility through third-party assurance.

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SASB

Sustainability Accounting Standards Board

SASB Standard is a sustainability accounting criteria by industry developed by the Sustainability Accounting Standards Board. This index classifies financially significant sustainable information. Each information is sorted into a total of 11 areas and 77 industries in accordance with the Sustainable Industry Classification System (SICS). For the objective of disclosing more various information to our stakeholders and investors in a more transparent manner, JB Financial Group publicly announced information falling under the sector of commercial banks in our integrated annual report.

Table 1. Sustainability Disclosure Topics & Accounting Metrics

Code	Accounting Metric	JB Financial Group Response(Reporting Page)
Data Security		
FN-CB-230a.1	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of account holders affected	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 82.
FN-CB-230a.2	Description of approach to identifying and addressing data security risks	JB Financial Group conducts self-inspection and response training at least once a year to upgrade the information protection system. It also goes through the certification inspection (ISMS, ISMS-P) by third-party organizations. For the identified vulnerabilities, we take improvement and safety measures, complete monitoring, and conduct post-inspection. The systematic accident response processes are also supplemented and maintained.
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 80.
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 the group website.
FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	The group provides finance-related education programs on voice phishing and loans for multicultural families and foreign workers. Regarding information is reported on page 58.
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis		
FN-CB-410a.1	Commercial and industrial credit exposure, by industry	The group publicly announces the concentration rate by industry of financial products with credit risks on its business report.
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 developed ESG-related non-financial evaluation items for a corporate model. It classifies 1) Environmental pollution prevention and product liability (PL), 2) labor-management cooperative culture, employee welfare, working environment, 3) business strategy, governance, crisis management, internal control, investment relationship, fund transaction relationship, into E, S, and G parts for the non-financial evaluation.
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	The group operates JB Doodrim, which is an internal whistleblowing system. Regarding information is released on page 85.
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, long-term corporate strategy, and other business activities	Not applicable.

Table 2. Activity Metrics

Code	Accounting Metric	JB Financial Group Response(Reporting Page)
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 the group website.
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 the group website.

PRB INDEX

Principle	Reporting and Self-Assessment Requirements	JB Financial Group Response(Reporting Page)
Principle 1: Alignment	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.	
	1.1 Describe (high-level) 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.	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 four domestic subsidiaries of Jeonbuk Bank, Kwangju Bank, JB Woori Capital, and JB Asset Management, and four overseas sub-subsidiaries. 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. * tatus of JB Financial Holdings in 2021 p.6 * Homepage
	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.	We have set up a mid- to long-term ESG strategy system along with related tasks encompassing the holding company and subsidiaries in June 2021. In addition, we publicly declared our ESG mission, 'JB Finance, your reliable partner for a better future' to promote ESG management while implementing systematic activities to fulfill our role as a sustainable future finance * Homepage
Principle 2: Impact and Target Setting	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.	
	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.	We are analyzing the risks and opportunities that climate change can bring to us. We recognize the damage and impact expected based on scenarios about physical and transition risks, and prepare countermeasures to respond to them. * p.111-113
	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.	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 'Ending Coal Financing' * Homepage * p.46-49
	2.3 Plans for Target Implementation and Monitoring: Show that your bank has defined actions and milestones to meet the set targets.	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, ESG Council and ESG Working Council. The newly formulated ESG Committee will assume 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 will also make swift decisions on ESG issues required to be implemented in a prompt manner. * Homepage
	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.	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 three ESG committees were held in 2021. Our ESG management strategy and implementation task, and Net-Zero strategy for climate risk response were discussed, and status of ESG implementation tasks and the results of ESG external evaluations of MSCI, KCGS, DJSI, CDP were included in the agenda items. * Page186-188, 2021 JB Financial Group Annual Report on the Governance Structure and Remuneration System

PRB INDEX

Principle	Reporting and Self-Assessment Requirements	JB Financial Group Response(Reporting Page)
Principle 3: Clients and Customers	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.	
	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.	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.50-56
	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.	We offer ESG products and services to customers and continue our sustainable financial activities. 1) Jeonbuk Bank has JB Green biz Loan, CO2 Mitigation Green Credit Card, etc. 2) Kwangju Bank has loan products to the renewable energy sector, and water resource management sector, etc. 3) JB Woori Capital offers loan products for eco-friendly vehicles, and waste collection vehicles, etc. 4) JB Asset Management has JB Clean Energy Specialized Investment Private Equity Special Asset Trust, etc. * p.88
Principle 4: Stakeholders	We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.	
	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.	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.30-33
Principle 5: Governance & Culture	We will implement our commitment to these Principles through effective governance and a culture of responsible banking.	
	5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.	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. * Homepage
	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.	Climate issues are included in the management's KPIs for internalization and efficiency in implementation of ESG across the corporate. ESG is a part of performance evaluation items under the management strategy task, and the CEO, CFO, and CRO are evaluated on the performance of financial activities for ESG management advancement. Through the reflection of ESG on the KPI, we are strengthening the ESG management responsibility and making efforts to maximize the performance of ESG's major initiatives. * p.111-113
	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.	We have established a department dedicated to ESG to promote strategic ESG management from a mid- to long-term perspective. • ESG Committee: Top decision-making organization under the BOD, establishing ESG management strategies and policies at the group level and managing and supervising the status of implementation • ESG Council: Discussing major ESG initiatives, and managing ESG performances participated by major executives of holding company / subsidiaries and people in the organizations promoting ESG, • ESG Working Council: Communicating on major ESG issues, and discussing practical ESG affairs participated by working-level personnel in charge of ESG promotion * Homepage
Principle 6: Transparency & Accountability	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.	
	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)	The JB Financial Group's 2021 Integrated Report contains efforts and achievements for implementing the six principles of responsible banks and the status of implementation based on GRI Standards and PRB Index. We disclose ESG performance through our website and carry out systematic implementation activities to fulfill our role as sustainable future finance by participating in global initiatives. * Homepage

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ISO 37001 CERTIFICATE



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

ISO 37001 KAB-AC-03

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'S ASSURANCE STATEMENT

To readers of JB Financial Group 2021 Integrated Report

Introduction

Korea Management Registrar (KMR) was commissioned by JB Financial Group to conduct an independent assurance of its 2021 Integrated 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 the Core Options of the GRI standards 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
- Universal standards
- Topic specific standards

- Management approach of Topic Specific Standards
- GRI 201: Economic Performance
- GRI 204: Procurement Practices
- GRI 302: Energy
- GRI 305: Emissions
- GRI 401: Employment
- GRI 402: Labor/Management Relations
- GRI 403: Occupational Health and Safety
- GRI 404: Training and Education
- GRI 405: Diversity and Equal Opportunity
- GRI 406: Non-Discrimination
- GRI 412: Human Rights Assessment
- GRI 413: Local Communities
- GRI 417: Marketing and Labeling
- GRI 418: Customer Privacy
- GRI 419: Socioeconomic Compliance

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.

THIRD PARTY'S ASSURANCE STATEMENT

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.

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 Core Option of 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 2022 Seoul, Korea

Korea Management Registrar President **Hwang Eun Ju** E. J Hwang

KMR SRV1000 Sustainability Committee Assurance AA1000 Licensed Report 000-129/V3-L5BTX

INDEPENDENT ASSURANCE REPORT ON GHG EMISSIONS

Introduction

Korea Management Registrar has been requested by JB Financial Group to verify greenhouse gas emissions for 2020, 2021 for the headquarters of five domestic subsidiaries – JB Financial Group, Jeonbuk Bank, Kwangju Bank, JB Woori Capital and JB Asset Management. The verification was conducted on the organization and operation boundary, and the results are as specified as below. This verification statement is valid from the day of publication.

Scope

- Organization and operation boundary:
  - Limited to the headquarters of JB Financial Group, Jeonbuk Bank, Kwangju Bank, JB Woori Capital and JB Asset Management, according to the WRI / WBCSD GHG protocol Chapter 3 operating and controlling approach.
- Verification period: 01/01/2020 ~ 12/31/2020
  01/01/2021 ~ 12/31/2021
- Types of Greenhouse Gases: CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 Verification Scope
  - Scope 1 (direct emissions), Scope 2 (indirect emissions) , Scope 3 (other indirect emissions)
  - Scope 3 is only limited to emission from business trips, transportation and distribution(downstream)
- Performed verification work:
  - Visiting JB Financial Group and interviewing with the manager responsible for overall emissions data collection of the organization
  - Reviewing the emissions data monitoring standard and process
  - Examination on raw data including information system, bills and payment statements related to verification scope
  - Comparative examination through on-desk review, risk analysis, observation and inspection, etc.
- Level of assurance: Level of Limited assurance

Standard & Guidance

- ISO 14064-1 Greenhouse gases -- Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals (2006),
- IISO 14064-3 Greenhouse gases -- Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions (2006),
- IIPCC Guidelines for National Greenhouse Gas Inventories (2006),
- IWRI/WBCSD GHG Protocol,
- IVerification guidelines for operation of greenhouse gas and energy target management scheme (Criterion of materiality/ IPCC emission factors and calorific values / Country specific calorific values and emission factors)

Unit: $tCO_2eq./yr$

Year	Subsidiaries	Scope 1	Scope 2	Scope 3	Total
2020	JB Financial Group	95	0	13	111
	JB Asset Management	49	146	46	240
	JB Woori Capital	410	1,135	34	1,579
	Jeonbuk Bank	1,447	5,066	16	6,529
	Kwangju Bank	1,170	7,995	22	9,186
	Total	3,171	14,343	134	17,645

INDEPENDENT ASSURANCE REPORT ON GHG EMISSIONS

KMR 한국경영인증원 Korea Management Registrar

Standard & Guidance

Unit: $tCO_2eq./yr$

Year	Subsidiaries	Scope 1	Scope 2	Scope 3	Total
2020	JB Financial Group	115	136-	12	263
	JB Asset Management	43	144	17	203
	JB Woori Capital	176	808	8	991
	Jeonbuk Bank	1,186	4,674	49	5,909
	Kwangju Bank	1,476	6,826	37	8,339
	Total	2,997	12,587	123	15,705

Conclusions

As a result of the verification according to the verification scope and standard presented above, the assurance opinion of Korea Management Registrar is as follows.

- KMR verified the greenhouse gas emissions for 2020, 2021 of JB Financial Group as described above. Based on the procedures performed, no evidence was identified that the emissions information is not prepared in accordance with the monitoring requirements to meet the verification scope and standards.
- This opinion may be influenced by the limitations of provided data, sampling methods, etc., and because of these limitations of verification, there could be unavoidable possibility of existence of undiscovered misstatements.

June 24, 2022

Korea Management Registrar President **Hwang Eun Ju** E. J Hwang

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MAJOR AWARDS

Company	Date	Host	Contents
Jeonbuk Bank	2021.05.25	Jeonbuk Community Chest of Korea	Certification plaque of a well-known company of sharing (a group of companies that have donated a high amount representative of Korea)
	2021.09.06	Financial Services Commission, Financial Supervisory Service	2021 Regional Reinvestment Evaluation Best Rating
Kwangju Bank	2021.01.04	Ministry of Public Administration and Security	2020 Presidential Award for Emergency Preparedness
	2021.01.07	Financial Supervisory Service	Award for Excellence in Management Consulting Support for Inclusive Finance
	2021.04.01	Korea Efficiency Association Consulting	Certification of Korea's Brand Power Local Banking Sector for the 4th consecutive year
	2021.05.24	Korea Efficiency Association Consulting	Korea's Service Quality Index (KSQI) Best Call Center for the Second Year in a row
	2021.07.13	Financial Supervisory Service	First local bank to obtain MyData license
	2021.08.19	Financial Services Commission,Financial Supervisory Service	2021 Regional Reinvestment Evaluation Best Rating
	2021.09.15	Gwangju Metropolitan City	2021 Gwangju Metropolitan City Award for Best Company in Life Balance

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