Industrial Bank of Korea

(incorporated with limited liability under the laws of the Republic of Korea)

Issue of U.S.$600,000,000 5.375 per cent. Gender Equality Themed Social Bonds due 2028
under the U.S.$8,000,000,000
Global Medium Term Note Programme

THE GENDER EQUALITY THEMED SOCIAL BONDS TO WHICH THIS PRICING SUPPLEMENT RELATES (THE **NOTES**) HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE NOTES WILL BE OFFERED AND SOLD ONLY (I) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT AND (II) WITHIN THE UNITED STATES IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT (**RULE 144A**) TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED UNDER RULE 144A).

IN CONNECTION WITH THIS OFFERING, TO THE EXTENT PERMITTED BY, AND IN ACCORDANCE WITH, APPLICABLE LAWS AND REGULATIONS, ANY OF CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, MERRILL LYNCH INTERNATIONAL, MIZUHO SECURITIES USA LLC, NATIXIS AND UBS AG HONG KONG BRANCH (APPOINTED AND ACTING IN THEIR CAPACITY AS STABILISING MANAGERS) (THE **STABILISING MANAGERS**) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGERS) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGERS (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGERS) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

Joint Bookrunners and Lead Managers

BofA Securities	**Crédit Agricole CIB**
HSBC	**Mizuho**
Natixis	**UBS**

The date of this Pricing Supplement is 21 September 2023.

Industrial Bank of Korea

Issue of U.S.$600,000,000 5.375 per cent. Notes due 2028
under the U.S.$8,000,000,000
Global Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 11 April 2023 (the **Offering Circular**). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular.

The Pricing Supplement is based on information provided by the Issuer and by other sources the Issuer believes are reasonable. Accordingly, no representation, warranty or undertaking, express or implied, is made and, to the fullest extent permitted by law, no responsibility or liability is accepted by the Managers, the Agents or the Trustee or any director, officer, agent or affiliate of any such person or any of them as to the accuracy or completeness of the information contained or incorporated in this Pricing Supplement, any other information provided by the Issuer in connection with the Programme or for any other statement made or purported to be made by any Manager, the Agents or the Trustee or any director, officer, agent or affiliate of any such person or any of them or on its behalf in connection with the Issuer, the Programme or the issue and offering of the Notes. The Managers, the Agents and the Trustee accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Pricing Supplement or any such statement.

Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the SFA) – the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

A REGISTRATION STATEMENT FOR THE OFFERING AND SALE OF THE NOTES HAS NOT BEEN FILED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED UNDER THE FOREIGN EXCHANGE TRANSACTION ACT OF KOREA AND ITS ENFORCEMENT DECREE AND REGULATIONS THEREUNDER), EXCEPT AS OTHERWISE PERMITTED BY APPLICABLE KOREAN LAWS AND REGULATIONS. FURTHERMORE, A HOLDER OF THE NOTES SHALL BE PROHIBITED FROM OFFERING, DELIVERING OR SELLING ANY NOTES, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA, EXCEPT AS OTHERWISE PERMITTED BY APPLICABLE KOREAN LAWS AND REGULATIONS.

1.	Issuer:		Industrial Bank of Korea
2.	(i)	Series Number:	220
	(ii)	Tranche Number:	1

3.	Specified Currency or Currencies:		United States Dollars **(U.S.$)**
4.	Aggregate Nominal Amount:		
	(i)	Series:	U.S.$600,000,000
	(ii)	Tranche:	U.S.$600,000,000
5.	(i)	Issue Price:	99.645 per cent. of the Aggregate Nominal Amount
	(ii)	Net Proceeds (after deducting underwriting discounts but not estimated expenses):	U.S.$596,070,000
6.	(i)	Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
	(ii)	Calculation Amount:	U.S.$1,000
7.	(i)	Issue Date:	4 October 2023
	(ii)	Interest Commencement Date:	4 October 2023
8.	Maturity Date:		4 October 2028
9.	Interest Basis:		5.375 per cent. Fixed Rate (further particulars specified below)
10.	Redemption/Payment Basis:		Redemption at par
11.	Change of Interest Basis or Redemption/ Payment Basis:		Not Applicable
12.	Put/Call Options:		Not Applicable
13.	(i)	Status of the Notes:	Senior
	(ii)	Date of Board approval for issuance of Notes obtained:	29 December 2022
14.	Listing:		Singapore Exchange Securities Trading Limited
15.	Method of distribution:		Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions:	Applicable
	(i) Rate(s) of Interest:	5.375 per cent. per annum payable semi-annually in arrears
	(ii) Interest Payment Date(s):	4 April and 4 October in each year up to and including the Maturity Date, commencing on 4 April 2024
	(iii) Fixed Coupon Amount(s):	U.S.$26.875 per U.S.$1,000 in nominal amount
	(iv) Broken Amount(s):	Not Applicable
	(v) Day Count Fraction:	30/360
	(vi) Determination Date(s):	Not Applicable
	(vii) Business Day Convention:	Following Business Day Convention
	(viii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17.	Floating Rate Note Provisions:	Not Applicable
18.	Zero Coupon Note Provisions:	Not Applicable
19.	Index Linked Interest Note Provisions:	Not Applicable
20.	Dual Currency Interest Note Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21.	Issuer Call:	Not Applicable
22.	Investor Put:	Not Applicable
23.	Final Redemption Amount:	Par
24.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)):	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	Registered Notes
26.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	New York City, London, Seoul
27.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	No
28.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
29.	Details relating to Instalment Notes:	
	(i) Instalment Amount(s):	Not Applicable
	(ii) Instalment Date(s):	Not Applicable
30.	Redenomination applicable:	Redenomination not applicable
31.	Other terms or special conditions:	Not Applicable

DISTRIBUTION

32.	(i) If syndicated, names of Managers:	Joint Bookrunners and Lead Managers: Crédit Agricole Corporate and Investment Bank The Hongkong and Shanghai Banking Corporation Limited Merrill Lynch International Mizuho Securities USA LLC Natixis UBS AG Hong Kong Branch
	(ii) Stabilising Manager(s) (if any):	Any of the Joint Bookrunners and Lead Managers (appointed and acting in its capacity as stabilising manager)
33.	If non-syndicated, name of relevant Dealer:	Not Applicable
34.	U.S. Selling Restrictions:	Rule 144A / Reg. S (Category 2) / TEFRA not applicable

35.	Prohibition of Sales to EEA Retail Investors:	Not Applicable
36.	Prohibition of Sales to UK Retail Investors:	Not Applicable
37.	Additional selling restrictions:	Not Applicable
38.	RMB Currency Event:	Not Applicable
39.	Alternate Settlement Rate (if different from that set out in Condition 6(f)):	Not Applicable
40.	Party responsible for calculating the Alternate Settlement Rate:	Not Applicable
41.	Relevant Currency (if different from that set out in Condition 6(f)):	Not Applicable

HONG KONG SFC CODE OF CONDUCT

42.	Rebates:	Not Applicable
43.	Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent:	bofa_dcm_syndicate_pb_orders@bofa.com; HKG-Syndicate@ca-cib.com; hk_syndicate_omnibus@hsbc.com.hk; AS_DBSYN@hk.mizuho-sc.com; Bond_Syn_APAC@natixis.com; ol-ubs-dcm-hk-syndicate@ubs.com
44.	Other marketing and investor target strategies:	Not Applicable

OPERATIONAL INFORMATION

45.	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	DTC
46.	Delivery:	Delivery against payment
47.	Additional Paying Agent(s) (if any):	Not Applicable

48.	Use of Proceeds:	An amount equivalent to the net proceeds from the issuance of the Notes will be allocated to finance and/or refinance new and/or existing loans extended to entities or projects that fall within the Employment Generation Social Eligible Category, in particular, Small- and Medium-Sized Enterprises and start-up companies that have been established for a period of less than seven years at the time of such financing and/or refinancing in accordance with the Bank's Sustainability Financing Framework. See "Use of Proceeds."
	ISIN:	Rule 144A Global Note: US45604GAN97 Regulation S Global Note: US45604HAN70
	CUSIP:	Rule 144A Global Note: 45604GAN9 Regulation S Global Note: 45604HAN7
	Common Code:	Rule 144A Global Note: 267453047 Regulation S Global Note: 267453136
	LEI:	988400RBIWE3YA18PK12

RECENT DEVELOPMENTS

The following sections provide information that supplements or replaces certain information about the Bank and the Republic under the headings corresponding to the headings below in the Offering Circular. Capitalised terms used in these sections or elsewhere in this Pricing Supplement have the meanings given to them in the Offering Circular. If the information in these sections differs from the information in the Offering Circular, you should rely on the information in these sections.

INVESTMENT CONSIDERATIONS

The fourth paragraph of the information set forth in "*Investment Considerations – Other risks relating to the Bank's business — The Bank must comply with various sanctions regimes, which may limit its ability to maintain commercial relationships with certain counterparties; the Bank has been subject to enforcement actions in connection with anti-money laundering and sanctions-related laws and regulations of the United States, and additional enforcement actions or a finding by regulatory authorities that the Bank's compliance efforts are deficient, among others, could adversely affect the Bank's business, reputation, financial condition and prospects, and in turn, investors in the Notes.*" in the Offering Circular is amended and replaced as follows:

The Bank operated certain restricted accounts (the **Accounts**) for CBI, which were opened at the Bank by CBI pursuant to a service agreement entered into by the Bank and CBI in September 2010 to facilitate trade between Korea and Iran. Commencing on 2 May 2019, the Bank suspended all financial activities under the Accounts and the provision of trade financing in connection with Korean exports to and imports from Iran, except for certain limited activities relating to humanitarian trades with Iran from July 2019 to September 2019, in light of the termination of applicable exemptions from U.S. secondary sanctions as a result of the Trump administration's withdrawal from the Iran nuclear accords. As of the date of this Offering Circular, other than activity specifically authorised by the Government, activity in the Accounts continues to remain suspended, but a balance remains in the Accounts. The Accounts may be used in the future in connection with additional humanitarian trades with Iran, subject to prior consultation with appropriate Korean authorities.

The third paragraph of the information set forth in "*Investment Considerations — Other risks relating to the Bank's business — The Bank's business may be materially and adversely affected by legal claims and regulatory actions against the Bank.*" in the Offering Circular is amended and replaced as follows:

In June 2020, the Financial Supervisory Service commenced an investigation into past sales by the Bank and other banks in Korea of two fund products designed by Discovery Asset Management, which may have resulted in significant losses to certain customers who purchased such products. Such products of Discovery Asset Management were managed by a U.S.-based asset management company, Direct Lending Investments, which had its assets frozen amid a lawsuit filed by the Securities and Exchange Commission of the United States in March 2020 for allegedly inflating its assets and returns, trigger suspension of the redemption of such fund products. In June 2020, the Bank voluntarily decided to reimburse up to 50% of the related losses to most of its customers who purchased such fund products from the Bank. In April 2021, certain customers filed for class dispute mediation with the Financial Supervisory Service claiming a full refund of their investments. In May 2021, the dispute settlement committee of the Financial Supervisory Service recommended the reimbursement of 40% to 80% of the losses relating to fund products managed by Discovery Asset Management to the customers who purchased such products from the Bank. Accordingly, as of 31 December 2022, the Bank reimbursed an aggregate amount of ₩41.8 billion to customers with such claims. In February 2022, the Financial Services Commission announced its decision to impose on the Bank a fine of approximately ₩4.7 billion and a one-month ban on private fund sales activities. In addition, sanctions have also been imposed against certain of the Bank's executive officers and employees. On 18 September 2023, the Financial Supervisory Service began additional investigations into various banks in Korea, including the Bank, regarding such fund products managed by Discovery Asset Management. As of the date of this Offering Circular, the Bank has set aside provisions of approximately 30% to 50% of the expected losses relating to such fund products. While the Bank intends to fully cooperate with any relevant investigations by government authorities, it is not possible to predict the final outcome of such investigations at this time. There can be no assurance that such investigations (as well as any similar investigations by other government authorities, and private claims by customers, to which we may become subject) will not adversely affect our results of operations, cash flows and reputation. See "Business of the Bank — Legal Proceedings".

The section titled "*Investment Considerations – Risks relating to the Notes*" in the Offering Circular is supplemented by the addition of the following paragraphs:

The Notes may not be a suitable investment for all investors seeking exposure to social assets.

The Bank will allocate an amount equivalent to the net proceeds from the issuance of the Notes to finance and/or refinance new and/or existing loans extended to entities or projects that fall within the Employment Generation Social Eligible Category, in particular, Small- and Medium-Sized Enterprises and start-up companies that have been established for a period of less than seven years at the time of such financing and/or refinancing in accordance with its Sustainability Financing Framework, which is in alignment with the Sustainability Bond Guidelines 2021, the Green Bond Principles 2021 and the Social Bond Principles 2021 published by the International Capital Markets Association as well as the Green Loan Principles 2023 and the Social Loan Principles 2023 jointly published by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association. See "Use of Proceeds." The examples of Social Eligible Categories provided in "Use of Proceeds" are for illustrative purposes only and no assurance can be provided that loans to entities or projects with these specific characteristics will be made by the Bank during the term of the Notes. The Bank's Sustainability Financing Framework and the Second Party Opinion (as defined in "Use of Proceeds") are not incorporated into, and do not form a part of, this Pricing Supplement or the Offering Circular.

There is currently no market consensus on what precise attributes are required for a particular loan or series of notes to be defined as "social," and therefore no assurance can be provided to investors that selected Social Eligible Categories will meet all investor expectations regarding social impact. Although the Social Eligible Category will be selected in accordance with the categories recognised under the Bank's Sustainability Financing Framework, and will be developed in accordance with relevant legislation and standards, there can be no guarantee that the loans will deliver the social benefits as anticipated, or that adverse social impact will not occur during the term of the Notes. In addition, where any negative impact is insufficiently mitigated, any loans extended may become controversial and may be criticised by activist groups or other stakeholders.

The Second Party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risks discussed above and other factors that may affect the value of the Notes. The Second Party Opinion is not a recommendation to buy, sell or hold securities and is only current as of the date that the Second Party Opinion was initially issued. In addition, although the Bank has agreed to certain reporting and use of proceeds obligations in connection with certain social criteria, its failure to comply with such obligations will not constitute a breach or an event of default under the Notes. A withdrawal of the Second Party Opinion or any failure by the Bank to use an amount equivalent to the net proceeds from the issuance of the Notes on Social Eligible Categories or to meet or continue to meet the investment requirements of certain socially-focused investors with respect to the Notes may affect the value of the Notes and may have consequences for certain investors with portfolio mandates to invest in social assets.

No assurance can be provided with respect to the suitability of the Second Party Opinion or that the Notes will fulfil the criteria required to qualify as social bonds. The Managers make no assurances as to (i) whether the notes will meet investor criteria and expectations with regard to social impact and social performance for any investors, (ii) whether the net proceeds will be used for Social Eligible Categories or (iii) the characteristics of the Social Eligible Categories, including their social criteria. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Pricing Supplement and the Offering Circular regarding the use of the net proceeds from the issuance of the Notes and its purchase of Notes should be based upon such investigation as it deems necessary.

USE OF PROCEEDS

The net proceeds from the issuance of the Notes are expected to be U.S.$596,070,000, after deducting a combined management and underwriting commission but not estimated expenses of the offering. The Bank will allocate an amount equivalent to the net proceeds from the issuance of the Notes (the **Gender Equality Themed Social Bond Proceeds**) to finance and/or refinance new and/or existing loans extended to entities or projects that fall within the Employment Generation Social Eligible Category, in particular, Small- and Medium-Sized Enterprises (**SMEs**) and start-up companies that have been established for a period of less than seven years at the time of such financing and/or refinancing (the **Social Eligible Category**) in accordance with its Sustainability Financing Framework, which is in alignment with the Sustainability Bond Guidelines 2021, the Green Bond Principles 2021 and the Social Bond Principles 2021 published by the International Capital Markets Association as well as the Green Loan Principles 2023 and the Social Loan Principles 2023 jointly published by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association. Furthermore, as part of its efforts to address gender disparities in business ownership and leadership as well as promote women's economic participation and increase their access to finance and markets, the Bank commits to only target eligible SMEs and start-up companies that meet the definition of Woman-Owned Enterprise[1] set forth by the International Finance Corporation or the definition of Female-Owned Business[2] set forth under the Act on Support for Female-Owned Businesses and its Enforcement Decree, in furtherance of the United Nations Sustainable Development Goal No. 5, "Achieve gender equality and empower all women and girls."

Examples of Social Eligible Categories under the Bank's Sustainability Financing Framework include the following:

- Employment generation: loans to (i) companies categorised as Small and Medium Enterprises under the Enforcement Decree of the Framework Act on Small and Medium Enterprises and with less than 10 employees; (ii) job creating companies with more than 50 employees that have (a) hiring programmes committed to increasing the number of employees by at least 5% compared to the previous financial year end, (b) been awarded outperforming job creation certificates from the Ministry of Employment and Labour or other local government agencies, (c) been selected for relevant awards related to job creation by government and local government agencies or (d) been certified as social enterprises by the Korean Ministry of Employment and Labour and (iii) start-up companies that have been established for a period of less than seven years in industries excluding those involving luxury sectors, child labour, adult entertainment, weapons, alcohol, tobacco, fossil fuel, nuclear power or large-scale hydro power projects with a generating capacity of more than 25 megawatts.
- Socioeconomic advancement and empowerment: loans to (i) low-income individuals; (ii) single parents with dependent children below 18 years of age or (iii) families/individuals with financially-dependent family members over 60 years of age.
- Affordable housing: (i) loans to public agencies for the development and construction of public housing; (ii) loans used for the development and construction of housing mandated for low-income

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1 An enterprise qualifies as a woman-owned enterprise if it meets the following criteria: (A) at least 51% owned by a woman/women or (B) at least 20% owned by a woman/women and (i) has at least one woman as CEO, COO, President or Vice President and (ii) has at least 30% of the board of directors composed of women, where a board exists.

2 A Female-Owned Business means any of the following businesses, which is primarily managed by a woman: (1) a company defined in the Commercial Act of Korea whose largest investor (meaning a person who holds the largest equity stake (in the case of a stock company, excluding non-voting stocks defined in Article 344-3 of the Commercial Act of Korea) in the company in his or her own name) is a woman registered as an executive officer with the authority to represent the company (hereinafter referred to as "chief executive officer") (including companies in which at least two women registered as chief executive officers hold the largest aggregate equity stake), (2) a sole proprietor who has registered her business pursuant to Article 168 of the Income Tax Act of Korea or Article 8 of the Value-Added Tax Act of Korea or (3) a cooperative (as defined under the Framework Act on Cooperatives or the Consumer Cooperatives Act) that meets all of the following requirements: (a) a majority of the total number of members are women; (b) a majority of the total number of equity shares are funded by female members; (c) the president is a female member and (d) a majority of all directors, including the president, are women.

individuals or households; (iii) low-income individuals; (iv) single-parents with dependent children below 18 years of age or (v) families/individuals with financially-dependent family members over 60 years of age.

Project Evaluation and Selection Process

Under the Bank's project evaluation and selection process, the social eligible projects will be initially identified and proposed by the Bank's business units if they have met all lending criteria established by the Bank for lending in the ordinary course of its business. The Bank's Sustainability Financing Working Group (the **SFWG**), which is composed of representatives from the Treasury Department, Strategy Planning Department, ESG Management Team, Corporate Customer Department, Innovative Investment Department, IBK Consulting Service Department, Investment Banking Department, Project Financing Department, Infrastructure Financing Team, Corporate Social Responsibility Department, Credit Strategy Department, General Affairs Department and Risk Management Department, will review the proposed social eligible projects to determine their compliance with the Bank's Sustainability Financing Framework. The SFWG will review the allocation of proceeds on an annual basis to determine whether any changes or updates to the existing allocations would be necessary.

Management of Proceeds

The Gender Equality Themed Social Bond Proceeds will be deposited in the Bank's general funding accounts and earmarked for allocation to the Social Eligible Category. The allocation of the Gender Equality Themed Social Bond Proceeds will be recorded in a register, which will contain the details of the social bonds and their use of proceeds. For the avoidance of doubt, for multi-tranche financing, the Bank will only consider tranches which are aligned with this Sustainability Financing Framework. The Gender Equality Themed Social Bond Proceeds will be managed by the SFWG, and any balance of such proceeds not yet allocated to the Social Eligible Category will be managed in accordance with the Bank's general and prudent liquidity management policies and may be invested domestically or internationally in money market instruments with good credit ratings and market liquidity until they are allocated to such Social Eligible Category. The Bank intends to fully allocate the Gender Equality Themed Social Bond Proceeds within 36 months after the issuance or closing of such social bonds.

Reporting

Within one year of the social bond issuance, and until full allocation of the proceeds, the Bank will publish on its website the information of allocation reporting and impact reporting on an annual basis in a Social Financing Progress Report. The allocation reporting will comprise the (i) confirmation that the use of proceeds of the social bond issuance complies with the Bank's Sustainability Financing Framework, (ii) details of the allocation of Gender Equality Themed Social Bond Proceeds, including the net amount, (iii) list and breakdown of the Social Eligible Category by geography and sector and (iv) balance of unallocated proceeds. The impact reporting will be disclosed where feasible and will comprise qualitative social impact analysis, as well as quantitative social performance indicators (if reasonably practicable), on loans extended to entities or projects that fall within the Social Eligible Category. Sustainalytics, an external consultant, issued an opinion dated 8 May 2023 regarding the suitability of the Notes as an investment in connection with certain criteria (the **Second Party Opinion**). The Second Party Opinion and the Bank's Sustainability Financing Framework are publicly available on the following website: https://global.ibk.co.kr/en/investor/Commitment.

CAPITALISATION OF THE BANK

Separate Capitalisation of the Bank

The following table sets forth the Bank's separate capitalisation as of 30 June 2023. This information has been extracted from the Bank's unaudited interim separate financial statements as of 30 June 2023 included elsewhere in this Pricing Supplement.

	As of 30 June 2023
	(in billions of Won)
Borrowings and debentures	
Borrowings	₩ 40,595
Debentures	166,247
Total borrowings and debentures	₩206,842
Equity	
Issued capital[1]	₩ 4,211
Hybrid capital instruments	3,934
Capital surplus	1,162
Capital adjustment	(0)
Accumulated other comprehensive income	344
Retained earnings[2]	18,283
Total equity	₩ 27,934
Total capitalisation[3]	₩234,776

Notes:

(1) Authorised share capital: 2 billion shares (par value: ₩5,000); issued and outstanding ordinary shares: 797,425,869 ordinary shares.

(2) Includes regulatory reserve for credit losses of ₩3,098 billion. Pursuant to the guidelines of the FSS, if the Bank's provisions for credit losses are deemed insufficient for regulatory purposes, the Bank compensates for the difference by recording a regulatory reserve for credit losses and segregating such reserve within retained earnings. See Note 25 of the notes to the Bank's unaudited interim separate financial statements appearing elsewhere in this Pricing Supplement.

(3) Represents the sum of borrowings and debentures and equity.

There has been no material change in the Bank's separate capitalisation since 30 June 2023.

Consolidated Capitalisation of the Bank

The following table sets forth the Bank's consolidated capitalisation as of 30 June 2023. This information has been extracted from the Bank's unaudited interim consolidated financial statements as of 30 June 2023 included elsewhere in this Pricing Supplement.

	As of 30 June 2023 (in billions of Won)
Borrowings and debentures	
Borrowings	₩ 45,929
Debentures	174,861
Total borrowings and debentures	₩220,790
Equity	
Issued capital(1)	₩ 4,211
Hybrid capital instruments	3,934
Capital surplus	1,175
Capital adjustment	(0)
Accumulated other comprehensive income	233
Retained earnings(2)	20,708
Non-controlling interest	169
Total equity	₩ 30,430
Total capitalisation(3)	₩251,220

Notes:

(1) Authorised share capital: 2 billion shares (par value: ₩5,000); issued and outstanding ordinary shares: 797,425,869 ordinary shares.

(2) Includes regulatory reserve for credit losses of ₩3,270 billion. Pursuant to the guidelines of the FSS, if the Bank's provisions for credit losses are deemed insufficient for regulatory purposes, the Bank compensates for the difference by recording a regulatory reserve for credit losses and segregating such reserve within retained earnings. See Note 25 of the notes to the Bank's unaudited interim consolidated financial statements appearing elsewhere in this Pricing Supplement.

(3) Represents the sum of borrowings and debentures and equity.

There has been no material change in the Bank's consolidated capitalisation since 30 June 2023.

SELECTED FINANCIAL INFORMATION

Separate Financial Information of the Bank

The following tables set forth selected separate financial information of the Bank as of 31 December 2022 and 30 June 2023 and for the six-month periods ended 30 June 2022 and 2023. The selected separate financial information below has been derived from, and should be read in conjunction with, the Bank's unaudited interim separate financial statements included elsewhere in this Pricing Supplement, which have been prepared in accordance with K-IFRS 1034 *Interim Financial Reporting*. References in this section or elsewhere in this Pricing Supplement to "separate" financial statements and information are to financial statements and information prepared on a non-consolidated basis. The Bank's results of operations for the six-month period ended 30 June 2023 are not necessarily indicative of its results of operations for the full year 2023.

	For the six-month period ended 30 June	
	2022	2023
	(in billions of Won, except per share data)	
Separate Statements of Comprehensive Income		
Net interest income		
Interest income	₩ 4,811	₩ 8,130
Interest expense	(1,604)	(4,396)
	3,207	3,734
Net fee and commission income		
Fee and commission income	329	323
Fee and commission expense	(151)	(165)
	178	157
Net gains on financial instruments at fair value through profit or loss	240	146
Net gains (losses) on derivative financial instruments for hedge accounting	(13)	7
Gains on disposal of financial assets at amortised cost	120	71
Net gains on financial assets at fair value through other comprehensive income	61	96
Net gains (losses) on foreign currency transactions	(76)	100
Gross operating profit	3,717	4,312
Impairment losses on financial assets(1)	(736)	(1,053)
Net operating profit	2,981	3,259
Employee-related expenses	(754)	(720)
Other general and administrative expenses	(540)	(586)
Net other operating expenses	(376)	(399)
Operating profit	1,310	1,554
Non-operating income	60	42
Profit before income tax	1,370	1,596
Income tax expense	(334)	(395)
Profit for the period(2)	1,036	1,200
Other comprehensive income (losses) for the period, net of tax	(347)	27
Total comprehensive income for the period	689	1,228
Earnings per share (Korean won)		
Basic and diluted earnings per share(3)	₩ 1,222	₩ 1,416

Notes:

(1) Includes provisions for impairment loss for loan receivables at amortised cost of ₩732 billion and ₩1,048 billion for the six-month periods ended 30 June 2022 and 2023, respectively. See Note 7 of the notes to the Bank's unaudited interim separate financial statements appearing elsewhere in this Pricing Supplement. Pursuant to the guidelines of the FSS, if the Bank's provisions for credit losses are deemed insufficient for regulatory purposes, the Bank compensates for the difference by recording a regulatory reserve for credit losses and segregating such reserve within retained earnings. For the six-month periods ended 30 June 2022 and 2023, the Bank's provision of reserve for credit losses was ₩96 billion and ₩60 billion, respectively. See Note 25 of the notes to the Bank's unaudited interim separate financial statements appearing elsewhere in this Pricing Supplement.

(2) The Bank's adjusted profit for the six-month periods ended 30 June 2022 and 2023, after deducting provisions of regulatory reserve for credit losses, was ₩940 billion and ₩1,141 billion, respectively. See Note 25 of the notes to the Bank's unaudited interim separate financial statements appearing elsewhere in this Pricing Supplement.

(3) The Bank's adjusted earnings per share for the six-month periods ended 30 June 2022 and 2023, after deducting provisions of regulatory reserve for credit losses, were ₩1,102 and ₩1,341, respectively. See Note 25 of the notes to the Bank's unaudited interim separate financial statements appearing elsewhere in this Pricing Supplement.

	As of 31 December 2022	As of 30 June 2023
	(in billions of Won)	
Separate Statements of Financial Position		
Assets:		
Cash and due from banks	₩ 23,866	₩ 14,505
Financial assets at fair value through profit or loss	11,637	11,068
Financial assets at fair value through other comprehensive income	21,398	23,540
Securities at amortised cost, net	38,432	36,546
Loan receivables at amortised cost, net(1)	290,730	307,217
Derivative financial assets for hedge accounting	41	60
Investments in subsidiaries and associates	2,898	2,955
Investment properties, net	70	69
Property and equipment, net	2,104	2,129
Intangible assets, net	148	169
Net defined benefit assets	330	298
Deferred tax assets	2	2
Other assets	6,243	8,507
Total assets	₩397,898	₩407,066
Liabilities:		
Financial liabilities at fair value through profit or loss	₩ 3,604	₩ 2,361
Deposit liabilities	148,919	151,060
Borrowings	45,442	40,595
Debentures	158,367	166,247
Derivative financial liabilities for hedge accounting	287	281
Provisions	692	718
Deferred tax liabilities	201	254
Other liabilities	13,162	17,615
Total liabilities	₩370,674	₩379,132
Equity:		
Issued capital	₩ 4,211	₩ 4,211
Hybrid capital instruments	3,615	3,934
Capital surplus	1,162	1,162
Capital adjustment	(41)	(0)
Accumulated other comprehensive income	317	344
Retained earnings(2)	17,960	18,283
Total equity	₩ 27,224	₩ 27,934
Total liabilities and equity	₩397,898	₩407,066

Notes:

(1) After adding deferred loan origination fees and costs of ₩557 billion and ₩586 billion, and deducting provisions for impairment of loan receivables at amortised cost of ₩3,612 billion and ₩4,255 billion, as of 31 December 2022 and 30 June 2023, respectively. See Note 7 of the notes to the Bank's unaudited interim separate financial statements appearing elsewhere in this Pricing Supplement.

(2) Includes regulatory reserve for credit losses of ₩2,848 billion and ₩3,098 billion as of 31 December 2022 and 30 June 2023, respectively. Pursuant to the guidelines of the FSS, if the Bank's provisions for credit losses are deemed insufficient for regulatory purposes, the Bank compensates for the difference by recording a regulatory reserve for credit losses and segregating such reserve within retained earnings. See Note 25 of the notes to the Bank's unaudited interim separate financial statements appearing elsewhere in this Pricing Supplement.

Consolidated Financial Information of the Bank

The following tables set forth selected consolidated financial information of the Bank as of 31 December 2022 and 30 June 2023 and for the six-month periods ended 30 June 2022 and 2023. The selected consolidated financial information below has been derived from, and should be read in conjunction with, the Bank's unaudited interim consolidated financial statements included elsewhere in this Pricing Supplement, which have been prepared in accordance with K-IFRS 1034 *Interim Financial Reporting*. The Bank's results of operations for the six-month period ended 30 June 2023 are not necessarily indicative of its results of operations for the full year 2023.

The Bank's unaudited interim consolidated financial statements as of and for the six-month period ended 30 June 2023 and 2022, including the Bank's unaudited interim consolidated statement of comprehensive income, unaudited interim consolidated statement of changes in equity and unaudited interim consolidated statement of cash flows for the six-month period ended 30 June 2022 and the Bank's consolidated statement of financial position as of 31 December 2022 (included for comparative purposes in the interim consolidated financial statements) have been restated to reflect the application of K-IFRS 1117 *Insurance Contracts* (including adjustments to deposits with restriction on use, such as reserve deposits), as further described in Note 2 to the Bank's unaudited interim consolidated financial statements appearing elsewhere in this Pricing Supplement. For the tables appearing in this section, while the Bank's consolidated statement of comprehensive income for the six-month period ended 30 June 2022 reflects the restated figures, the Bank's consolidated statement of financial position as of 31 December 2022 (included for comparative purposes) does not reflect such restatement and instead reflects the figures prior to such restatement.

	For the six-month period ended 30 June	
	2022	2023
	(in billions of Won, except per share data)	
Consolidated Statements of Comprehensive Income		
Net interest income		
Interest income	₩ 5,313	₩ 8,871
Interest expense	(1,927)	(4,958)
	3,386	3,913
Net fee and commission income		
Fee and commission income	466	424
Fee and commission expense	(168)	(183)
	298	241
Net gains on financial instruments at fair value through profit or loss	277	416
Net gains (losses) on financial instruments designated at fair value through profit and loss	25	(37)
Net losses on derivative financial instruments for hedge accounting	(100)	(35)
Gains on disposal of financial assets at amortised cost	119	70
Net gains from financial assets at fair value through other comprehensive income	52	103
Insurance gains	11	13
Net gains on foreign currency transactions	54	162
Gross operating profit	4,122	4,846
Impairment losses on financial assets[1]	(741)	(1,122)
Net operating profit	3,381	3,725
Employee-related expenses	(841)	(821)
Other general and administrative expenses	(523)	(576)
Net other operating expenses	(500)	(563)

	For the six-month period ended 30 June	
	2022	2023
	(in billions of Won, except per share data)	
Operating profit	1,517	1,764
Non-operating income	21	73
Profit before income tax	1,538	1,837
Income tax expense	(374)	(447)
Profit for the period[2]	1,164	1,390
Other comprehensive income (losses) for the period, net of tax	(410)	299
Total comprehensive income for the period	754	1,689
Earnings per share (Korean won)		
Basic and diluted earnings per share[3]	₩1,379	₩1,646

Notes:

(1) Includes provisions for impairment loss for loan receivables at amortised cost of ₩736 billion and ₩1,113 billion for the six-month periods ended 30 June 2022 and 2023, respectively. See Note 7 of the notes to the Bank's unaudited interim consolidated financial statements appearing elsewhere in this Pricing Supplement. Pursuant to the guidelines of the FSS, if the Bank's provisions for credit losses are deemed insufficient for regulatory purposes, the Bank compensates for the difference by recording a regulatory reserve for credit losses and segregating such reserve within retained earnings. For the six-month periods ended 30 June 2022 and 2023, the Bank's provision of reserve for credit losses was ₩138 billion and ₩75 billion, respectively. See Note 25 of the notes to the Bank's unaudited interim consolidated financial statements appearing elsewhere in this Pricing Supplement.

(2) The Bank's adjusted profit for the six-month periods ended 30 June 2022 and 2023, after deducting provisions of regulatory reserve for credit losses, was ₩1,026 billion and ₩1,316 billion, respectively. See Note 25 of the notes to the Bank's unaudited interim consolidated financial statements appearing elsewhere in this Pricing Supplement.

(3) The Bank's adjusted earnings per share for the six-month periods ended 30 June 2022 and 2023, after deducting provisions of regulatory reserve for credit losses, were ₩1,292 and ₩1,552, respectively. See Note 25 of the notes to the Bank's unaudited interim consolidated financial statements appearing elsewhere in this Pricing Supplement.

	As of 31 December 2022	As of 30 June 2023
	(in billions of Won)	
Consolidated Statements of Financial Position		
Assets:		
Cash and due from banks	₩ 26,058	₩ 16,375
Financial assets at fair value through profit or loss	19,472	20,146
Financial assets at fair value through other comprehensive income	24,158	28,939
Securities at amortised cost, net	40,130	38,375
Loan receivables at amortised cost, net(1)	307,296	324,457
Derivative financial assets for hedge accounting	48	66
Investments in associates	1,519	1,658
Investment properties, net	89	89
Property and equipment, net	2,157	2,176
Intangible assets, net	264	287
Net defined benefit assets	348	313
Deferred tax assets	149	31
Other assets	10,292	9,239
Total assets	₩431,980	₩442,150
Liabilities:		
Financial liabilities at fair value through profit or loss	₩ 4,861	₩ 3,380
Financial liabilities designated at fair value through profit or loss	781	701
Deposit liabilities	155,055	160,120
Borrowings	49,423	45,929
Debentures	166,477	174,861
Derivative financial liabilities for hedge accounting	333	332
Insurance contract liabilities	—	6,787
Provisions	717	743
Deferred tax liabilities	259	323
Other liabilities	24,965	18,545
Total liabilities	₩402,869	₩411,720
Equity:		
Issued capital	₩ 4,211	₩ 4,211
Hybrid capital instruments	3,615	3,934
Capital surplus	1,175	1,175
Capital adjustment	(41)	(0)
Accumulated other comprehensive income (loss)	(117)	233
Retained earnings(2)	20,105	20,708
Non-controlling interest	162	169
Total equity	₩ 29,111	₩ 30,430
Total liabilities and equity	₩431,980	₩442,150

Notes:

(1) After adding deferred loan origination fees and costs of ₩525 billion and ₩559 billion, and deducting provisions for impairment of loan receivables at amortised cost of ₩3,755 billion and ₩4,430 billion, as of 31 December 2022 and 30 June 2023, respectively. See Note 7 of the notes to the Bank's unaudited interim consolidated financial statements appearing elsewhere in this Pricing Supplement.

(2) Includes regulatory reserve for credit losses of ₩2,956 billion and ₩3,270 billion as of 31 December 2022 and 30 June 2023, respectively. Pursuant to the guidelines of the FSS, if the Bank's provisions for credit losses are deemed insufficient for regulatory

purposes, the Bank compensates for the difference by recording a regulatory reserve for credit losses and segregating such reserve within retained earnings. See Note 25 of the notes to the Bank's unaudited interim consolidated financial statements appearing elsewhere in this Pricing Supplement.

Selected Financial Ratios

Except as otherwise indicated, the following ratios are calculated based on the Bank's separate financial statements as of the dates or for the periods indicated.

	As of 31 December or 30 June, or for the six-month period ended 30 June	
	2022	2023
Average return on assets[(1)]	0.6%	0.6%
Average return on equity[(2)]	8.3	9.3
Cost-to-income ratio[(3)]	34.8	30.3
Cost-to-average-assets ratio[(4)]	0.7	0.7
Net interest margin[(5)]	1.9	2.0
Equity/total assets[(6)]	6.8	6.9
Provision for impairment/total loans[(7)]	1.2	1.4

Notes:

(1) Defined as annualised profit divided by the daily average balance of total assets (calculated in accordance with FSS reporting guidelines) for the six-month periods ended 30 June 2022 and 2023.

(2) Defined as annualised profit divided by the daily average balance of total equity (calculated in accordance with FSS reporting guidelines) for the six-month periods ended 30 June 2022 and 2023.

(3) Defined as the sum of employee-related expenses (₩754 billion and ₩720 billion, for the six-month periods ended 30 June 2022 and 2023, respectively) and other general and administrative expenses (₩540 billion and ₩586 billion for the six-month periods ended 30 June 2022 and 2023, respectively) divided by gross operating profit (₩3,717 billion and ₩4,312 billion for the six-month periods ended 30 June 2022 and 2023, respectively).

(4) Defined as the annualised sum of employee-related expenses and other general and administrative expenses divided by the daily average balance of total assets (calculated in accordance with FSS reporting guidelines) for the six-month periods ended 30 June 2022 and 2023.

(5) Defined as annualised net interest income divided by the daily average balance of interest-earning assets for the six-month periods ended 30 June 2022 and 2023.

(6) Represents the ratio of total equity (₩27,224 billion and ₩27,934 billion as of 31 December 2022 and 30 June 2023, respectively) to total assets (₩397,898 billion and ₩407,066 billion as of 31 December 2022 and 30 June 2023).

(7) Represents the ratio of provision for impairment to total loans (calculated in accordance with FSS reporting guidelines) as of 31 December 2022 and 30 June 2023.

Capital Adequacy Ratios

The following table sets forth the capital adequacy ratios of the Bank on a consolidated basis as of 30 June 2023.

	As of 30 June 2023
Common equity Tier I capital adequacy ratio[(1)]	11.46%
Tier I capital adequacy ratio[(2)]	13.13
Tier II capital adequacy ratio[(3)]	1.92
Total risk-based capital adequacy ratio[(4)]	15.05

Notes:

(1) Represents the ratio of common equity Tier I capital to risk-weighted assets on a consolidated basis (calculated in accordance with FSS reporting guidelines).

(2) Represents the ratio of Tier I capital to risk-weighted assets on a consolidated basis (calculated in accordance with FSS reporting guidelines).

(3) Represents the ratio of Tier II capital to risk-weighted assets on a consolidated basis (calculated in accordance with FSS reporting guidelines).

(4) Represents the ratio of the sum of Tier I and Tier II capital to risk-weighted assets on a consolidated basis (calculated in accordance with FSS reporting guidelines).

SELECTED STATISTICAL DATA

Average Balances, Interest and Rates

The following table sets forth, on a separate basis, the Bank's average balances of assets and liabilities for the six-month periods ended 30 June 2022 and 2023 and, for interest-earning assets and interest-bearing liabilities, provides the amount of interest earned or paid and the average yield or cost, in each case on a separate basis under K-IFRS. For the purposes of this table, average balances have been determined based upon daily average balances. The average yield on interest-earning assets is the ratio of annualised interest income to average interest-earning assets and the average cost on interest-bearing liabilities is the ratio of annualised interest expense to average interest-bearing liabilities.

	For the six-month period ended 30 June					
	2022			2023		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
	(in billions of Won, except percentages)					
Assets:						
Cash and due from banks	₩ 7,107	₩ 22	0.62%	₩ 6,527	₩ 86	2.66%
Securities						
Financial assets at fair value through profit or loss[(1)]	3,537	28	1.60	2,100	41	3.94
Financial assets at fair value through other comprehensive income	19,819	148	1.51	21,730	262	2.43
Securities at amortised cost	35,725	288	1.63	37,811	474	2.53
Total securities	59,081	464	1.58	61,641	777	2.54
Loan receivables						
Won	256,835	3,940	3.09	275,231	6,522	4.78
Foreign currency	4,141	49	2.39	4,552	131	5.80
Inter-bank loans	2,298	10	0.88	5,328	131	4.96
Credit card accounts	3,157	233	14.88	3,305	242	14.77
Other	8,645	50	1.17	8,802	128	2.93
Total loan receivables[(2)]	275,076	4,282	3.14	297,218	7,154	4.85
Other assets	2,674	42	3.17	1,843	112	12.25
Total average interest-earning assets	343,938	4,811	2.82	367,229	8,130	4.46
Total average non-interest-earning assets	29,978	—	—	30,893	—	—
Total average assets	₩ 373,916	₩ 4,811	2.59%	₩ 398,122	₩ 8,130	4.12%

	For the six-month period ended 30 June					
	2022			2023		
	Average balance	Interest expense	Average cost	Average balance	Interest expense	Average cost
	(in billions of Won, except percentages)					
Liabilities and Equity:						
Deposit liabilities						
Won	₩ 135,177	₩ 311	0.46%	₩ 129,246	₩ 829	1.29%
Foreign currency	14,065	10	0.14	16,399	153	1.88
Total deposit liabilities	149,242	320	0.43	145,645	982	1.36
Borrowings and debentures						
Borrowings						
Borrowings from Korean government and the BOK	37,980	177	0.94	36,890	385	2.10
Foreign currency	3,362	10	0.60	5,492	85	3.12
Other	1,884	9	0.96	2,502	52	4.19
Debentures						
SMIF Bonds in Won	133,819	1,039	1.57	155,294	2,711	3.52
Foreign currency	4,360	23	1.06	4,863	105	4.35
Total borrowings and debentures	181,405	1,258	1.40	205,041	3,338	3.28
Other liabilities	3,406	25	1.48	3,504	76	4.37
Total average interest-bearing liabilities	334,053	1,604	0.97	354,190	4,396	2.50
Total average non-interest-bearing liabilities	14,970	—	—	18,113	—	—
Total average liabilities	349,023	1,604	0.93	372,303	4,396	2.38
Total equity	24,893	—	—	25,819	—	—
Total average liabilities and equity	₩ 373,916	₩ 1,604	0.87%	₩ 398,122	₩ 4,396	2.23%

Notes:

(1) Includes loan receivables at fair value through profit or loss.

(2) Includes provision for impairment and loan origination fees and costs.

Analysis of Changes in Interest Income and Interest Expense – Volume and Rate Analysis

The following table provides, on a separate basis, an analysis of changes in interest income, interest expense and net interest income under K-IFRS based on changes in volume and changes in rates for the six-month period ended 30 June 2023 compared to the six-month period ended 30 June 2022. Volume and rate variances have been calculated on the movement in average balances and the change in the interest rates on average interest-earning assets and average interest-bearing liabilities in proportion to absolute volume and rate change. The variance caused by the change in both volume and rate has been allocated in proportion to absolute volume and rate change.

	Six-month period ended 30 June 2023 vs. Six-month period ended 30 June 2022 Increase/(Decrease) Due to		
	Change in Average Volume	Change in Average Rate	Net Change
Interest income from:			
Cash and due from banks	₩ (5)	₩ 69	₩ 64
Securities			
Financial assets at fair value through profit or loss[1]	(33)	46	13
Financial assets at fair value through other comprehensive income	16	98	114
Securities at amortised cost	18	168	186
Total securities	1	312	313
Loan receivables			
Won	299	2,283	2,582
Foreign currency	5	77	82
Inter-bank loans	27	94	121
Credit card accounts	14	(5)	9
Other	1	77	78
Total loan receivables[2]	346	2,526	2,872
Other assets	(41)	111	70
Total interest income	301	3,018	3,319
Interest expense on:			
Deposit liabilities			
Won	(41)	559	518
Foreign currency	2	141	143
Total deposit liabilities	(39)	700	661
Borrowings and debentures			
Borrowings			
Borrowings from Government and the BOK	(15)	223	208
Foreign currency	10	65	75
Other	4	39	43
Debentures			
SMIF Bonds in Won	191	1,481	1,672
Foreign currency	3	79	82
Total borrowings and debentures	193	1,887	2,080
Other liabilities	1	50	51
Total interest expense	155	2,637	2,792
Net interest income	₩146	₩ 381	₩ 527

Notes:

(1) Includes loan receivables at fair value through profit or loss.

(2) Includes provision for impairment and loan origination fees and costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based on the Bank's unaudited interim separate financial statements as of 30 June 2023 and for the six-month periods ended 30 June 2022 and 2023. This discussion and analysis of the Bank's financial condition and results of operations should be read in conjunction with the Bank's unaudited interim separate financial statements and accompanying notes that appear elsewhere in this Pricing Supplement. This discussion contains forward-looking statements that involve risks and uncertainties and reflects the Bank's current plans, estimates and beliefs with respect to future events and financial performance. Actual results may differ materially from those discussed in these forward-looking statements due to a number of factors, including those discussed in "Investment Considerations" and elsewhere in this Pricing Supplement and the Offering Circular.

The Bank's separate financial statements and accompanying notes have been prepared in accordance with K-IFRS 1034 Interim Financial Reporting. The Bank's results of operations for the six-month period ended 30 June 2023 are not necessarily indicative of its results of operations for the full year 2023.

All financial information set forth herein, unless stated otherwise, is presented on a separate basis.

Factors Affecting the Bank's Financial Condition and Results of Operations

Changes in Securities Values, Exchange Rates and Interest Rates

Fluctuations of exchange rates, interest rates and stock prices affect, among other things, the demand for the Bank's products and services, the value of and rate of return on the Bank's assets, the availability and cost of funding and the financial condition of the Bank's customers. The following table shows, for the date indicated, the stock price index of all equities listed on the KRX KOSPI Market (formerly known as the Stock Market Division of the Korea Exchange) as published in KOSPI, the Won to U.S. dollar exchange rates and benchmark Won borrowing interest rates.

	30 June 2023
KOSPI	2,564.3
₩/U.S.$ exchange rate(1)	₩1,312.8
Corporate bond rate(2)	5.1%
Treasury bond rate(3)	3.7%

Notes:

(1) Represents the Market Average Exchange Rate in effect on such date.

(2) Measured by the yield on three-year Korean corporate bonds rated as A+ by the Korean credit rating agencies.

(3) Measured by the yield on three-year treasury bonds issued by the Ministry of Economy and Finance.

Results of Operations

Net Interest Income

The following table sets forth the principal components of the Bank's interest income and expense for the six-month periods ended 30 June 2022 and 2023, as well as changes in these components between such periods in percentage terms.

	Six-month period ended 30 June		Percentage Change
	2022	2023	2022 1H/2023 1H
	(in billions of Won)		(per cent.)
Interest income			
Cash and due from banks	₩ 22	₩ 86	290.9%
Financial assets at fair value through profit or loss	28	41	46.4
Financial assets at fair value through other comprehensive income	148	262	77.0
Securities at amortised cost	288	474	64.6
Securities	464	777	67.5
Loan receivables at amortised cost	4,282	7,154	67.1
Others	42	112	166.7
Total interest income	4,811	8,130	69.0
Interest expense			
Deposit liabilities	320	982	206.9
Borrowings	196	522	166.3
Debentures	1,062	2,815	165.1
Others	25	76	204.0
Total interest expense	1,604	4,396	174.1
Net interest income	₩3,207	₩3,734	16.4

Comparison of the Six-Month Period Ended 30 June 2023 to the Six-Month Period Ended 30 June 2022

Interest Income

Interest income increased 69.0 per cent. from ₩4,811 billion in the six-month period ended 30 June 2022 to ₩8,130 billion in the six-month period ended 30 June 2023, primarily due to a 67.1 per cent. increase in interest on loan receivables at amortised cost and, to a smaller extent, a 67.5 per cent. increase in interest on securities, which include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and securities at amortised cost. The annualised average yield on the Bank's interest-earning assets increased by 164 basis points from 2.82 per cent. in the six-month period ended 30 June 2022 to 4.46 per cent. in the six-month period ended 30 June 2023, which was driven mainly by increases in annualised average yields on loan receivables at amortised cost as well as securities. The effect of this increase was further enhanced by a 6.8 per cent. increase in the average balance of interest-earning assets from ₩343,938 billion in the six-month period ended 30 June 2022 to ₩367,229 billion in the six-month period ended 30 June 2023, principally due to growth in the Bank's loan portfolio.

The 67.1 per cent. increase in interest on loan receivables at amortised cost from ₩4,282 billion in the six-month period ended 30 June 2022 to ₩7,154 billion in the six-month period ended 30 June 2023 was primarily due to a 169 basis point increase in the annualised average yield on loans in Won, which by far comprised the largest portion of the Bank's loan receivables at amortised cost, from 3.09 per cent. in the six-month period ended 30 June 2022 to 4.78 per cent. in the six-month period ended 30 June 2023. The effect of this increase was further enhanced by a 7.2 per cent. increase in the average balance of such loans from ₩256,835 billion in the six-month period ended 30 June 2022 to ₩275,231 billion in the six-month period ended 30 June 2023. The increase in the annualised average yield on loans in Won mainly reflected the increase in the general level of interest rates in Korea in the first six months of 2023 compared to the first six months of 2022. The increase in the average balance of loans in Won mainly reflected continued efforts by the Bank to increase loans to small- and medium-sized enterprises pursuant to the Government's policy of supporting such enterprises.

The 67.5 per cent. increase in interest on securities from ₩464 billion in the six-month period ended 30 June 2022 to ₩777 billion in the six-month period ended 30 June 2023 was primarily due to a 96 basis point increase in the annualised average yield on securities from 1.58 per cent. in the six-month period ended 30 June 2022 to 2.54 per cent. in the six-month period ended 30 June 2023. The effect of this increase was slightly enhanced by a 4.3 per cent. increase in the average balance of securities from ₩59,081 billion in the six-month period ended 30 June 2022 to ₩61,641 billion in the six-month period ended 30 June 2023. The increase in the annualised average yield on securities was primarily due to an increase in the general level of interest rates in Korea in the first six months of 2023 compared to the first six months of 2022 as discussed above. The increase in the average balance of securities mainly reflected increases in securities at amortised cost and financial assets at fair value through other comprehensive income, which were mostly offset by a decrease in financial assets at fair value through profit or loss.

Interest Expense

Interest expense increased 174.1 per cent. from ₩1,604 billion in the six-month period ended 30 June 2022 to ₩4,396 billion in the six-month period ended 30 June 2023, primarily due to a 165.1 per cent. increase in interest expense on debentures, a 206.9 per cent. increase in interest expense on deposit liabilities and a 166.3 per cent. increase in interest expense on borrowings. The annualised average cost of interest-bearing liabilities increased by 153 basis points from 0.97 per cent. in the six-month period ended 30 June 2022 to 2.50 per cent. in the six-month period ended 30 June 2023, which was driven mainly by increases in the annualised average costs of debentures, deposit liabilities and borrowings. The effect of this increase was further enhanced by a 6.0 per cent. increase in the average balance of interest-bearing liabilities from ₩334,053 billion in the six-month period ended 30 June 2022 to ₩354,190 billion in the six-month period ended 30 June 2023, due to increases in the average balances of debentures, which was offset in part by decreases in the average balances of deposit liabilities and borrowings.

The 165.1 per cent. increase in interest expense on debentures from ₩1,062 billion in the six-month period ended 30 June 2022 to ₩2,815 billion in the six-month period ended 30 June 2023 resulted primarily from a 160.9 per cent. increase in interest expense on SMIF Bonds in Won from ₩1,039 billion in the six-month period ended 30 June 2022 to ₩2,711 billion in the six-month period ended 30 June 2023. The increase in interest expense on SMIF Bonds in Won was principally due to a 195 basis point increase in the annualised average cost of such bonds from 1.57 per cent. in the six-month period ended 30 June 2022 to 3.52 per cent. in the six-month period ended 30 June 2023, which was further amplified by a 16.0 per cent. increase in the average balance of such bonds from ₩133,819 billion in the six-month period ended 30 June 2022 to ₩155,294 billion in the six-month period ended 30 June 2023. The increase in the annualised average cost of SMIF Bonds in Won mainly reflected an increase in the general level of interest rates in Korea in the first six months of 2023 compared to the first six months of 2022 as discussed above, while the increase in the average balance of such bonds mainly reflected an increase in the Bank's funding needs, which arose from the Bank's efforts to increase loans to small- and medium-sized enterprises pursuant to the Government's policy of supporting such enterprises.

The 206.9 per cent. increase in interest expense on deposit liabilities from ₩320 billion in the six-month period ended 30 June 2022 to ₩982 billion in the six-month period ended 30 June 2023 resulted primarily from a 166.6 per cent. increase in interest expense on deposit liabilities in Won from ₩311 billion in the six-month period ended 30 June 2022 to ₩829 billion in the six-month period ended 30 June 2023. Such increase in interest expense on deposit liabilities in Won resulted from an 83 basis point increase in the annualised average cost of such deposit liabilities from 0.46 per cent. in the six-month period ended 30 June 2022 to 1.29 per cent. in the six-month period ended 30 June 2023, which was offset in part by a 4.4 per cent. decrease in the average balance of such deposit liabilities from ₩135,177 billion in the six-month period ended 30 June 2022 to ₩129,246 billion in the six-month period ended 30 June 2023. The increase in the annualised average cost of deposit liabilities in Won was mainly due to an increase in the general level of interest rates in Korea in the first six months of 2023 compared to the first six months of 2022, while the decrease in the average balance of such deposit liabilities mainly reflected a decrease in the Bank's demand deposits, which in turn was due to customers' increasing preference for products that offered higher interest rates than demand deposits.

The 166.3 per cent. increase in interest expense on borrowings from ₩196 billion in the six-month period ended 30 June 2022 to ₩522 billion in the six-month period ended 30 June 2023 resulted primarily from a 117.5 per cent. increase in interest expense on borrowings from the Government and the BOK from ₩177 billion in the six-month period ended 30 June 2022 to ₩385 billion in the six-month period ended 30 June 2023. The increase in interest expense on borrowings from the Government and the BOK was due to a 116 basis point increase in the annualised average cost of such borrowings from 0.94 per cent. in the six-month period ended 30 June 2022 to 2.10 per cent. in the six-month period ended 30 June 2023, which was slightly offset by a 2.9 per cent. decrease in the average balance of such borrowings from ₩37,980 billion in the six-month period ended 30 June 2022 to ₩36,890 billion in the six-month period ended 30 June 2023. The increase in the annualised average cost of borrowings from the Government and the BOK mainly reflected an increase in the general level of interest rates in Korea in the first six months of 2023 compared to the first six months of 2022, while the decrease in the average balance of such borrowings mainly reflected the decrease in the Bank's need for such borrowings as the government ended its financing support programmes for businesses affected by COVID-19.

Net Interest Margin

Net interest margin represents the ratio of net interest income (annualised, for interim periods) to average interest-earning assets. The Bank's overall net interest margin increased from 1.88 per cent. in the six-month period ended 30 June 2022 to 2.05 per cent. in the six-month period ended 30 June 2023 due to the combined effect of a 16.4 per cent. increase in the Bank's net interest income from ₩3,207 billion in the six-month period ended 30 June 2022 to ₩3,734 billion in the six-month period ended 30 June 2023, which was offset in part by a 6.8 per cent. increase in the average balance of its interest-earning assets from ₩343,938 billion in the six-month period ended 30 June 2022 to ₩367,229 billion in the six-month period ended 30 June 2023. The growth in average interest-earning assets was accompanied by a 6.0 per cent. increase in average interest-bearing liabilities from ₩334,053 billion in the six-month period ended 30 June 2022 to ₩354,190 billion in the six-month period ended 30 June 2023, while the amount of increase in interest income outpaced the amount of increase in interest expense, resulting in the increase in net interest income. Moreover, the Bank's net interest spread, which represents the difference between the annualised average yield on the Bank's interest-earning assets and the annualised average cost of its interest-bearing liabilities, increased from 1.85 per cent. in the six-month period ended 30 June 2022 to 1.96 per cent. in the six-month period ended 30 June 2023. The increase in net interest spread resulted from a larger increase in the average yield on interest-earning assets compared to the increase in the average cost of interest-bearing liabilities between the two periods.

Impairment Losses on Financial Assets

Impairment losses on financial assets include impairment losses on loan receivables at amortised cost, impairment losses on financial assets at fair value through other comprehensive income, impairment losses on securities at amortised cost and impairment losses on other financial assets.

If the Bank's provisions for credit losses are deemed insufficient for regulatory purposes, the Bank is required to compensate for the difference by recording a regulatory reserve for credit losses, which is segregated within the Bank's retained earnings.

Comparison of the Six-Month Period Ended 30 June 2023 to the Six-Month Period Ended 30 June 2022

Impairment losses on financial assets increased by 43.1 per cent. from ₩736 billion in the six-month period ended 30 June 2022 to ₩1,053 billion in the six-month period ended 30 June 2023, primarily due to an increase in impairment losses on loan receivables at amortised cost from ₩732 billion in the six-month period ended 30 June 2022 to ₩1,048 billion in the six-month period ended 30 June 2023. See Note 7 of the notes to the Bank's unaudited interim separate financial statements appearing elsewhere in this Pricing Supplement.

The Bank's loan write-offs, net of recoveries, increased by 54.6 per cent. from ₩218 billion in the six-month period ended 30 June 2022 to ₩337 billion in the six-month period ended 30 June 2023, primarily due to an increase in the amount of loans to small- and medium-sized enterprises that were written-off. See Note 7 of the notes to the Bank's unaudited interim separate financial statements appearing elsewhere in this Pricing Supplement.

The Bank's provision of reserve for credit losses decreased 37.5 per cent. from ₩96 billion in the six-month period ended 30 June 2022 to ₩60 billion in the six-month period ended 30 June 2023. See Note 25 of the notes to the Bank's unaudited interim separate financial statements appearing elsewhere in this Pricing Supplement.

Net Non-Interest Expense

The following table sets forth the components of the Bank's net non-interest expense for the six-month periods ended 30 June 2022 and 2023, as well as changes in these components between such periods in percentage terms.

	Six-month period ended 30 June		Percentage Change
	2022	2023	2022 1H/2023 1H
	(in billions of Won)		(per cent.)
Net fee and commission income	₩ 178	₩ 157	(11.8)%
Net gains on financial instruments at fair value through profit or loss	240	146	(39.2)
Net gain (loss) on derivative financial instruments for hedge accounting	(13)	7	N/A[1]
Gains on disposal of financial assets at amortised cost	120	71	(40.8)
Net gains on financial assets at fair value through other comprehensive income	61	96	57.4
Net gain (loss) on foreign currency transactions	(76)	100	N/A[1]
Employee-related expenses	(754)	(720)	(4.5)
Other general and administrative expenses	(540)	(586)	8.5
Net other operating expenses	(376)	(399)	6.1
Net other non-operating income	60	42	(30.0)
Total net non-interest expenses[2]	₩(1,100)	₩(1,086)	(1.3)

Notes:

(1) N/A means not applicable.

(2) Excludes impairment losses on financial assets.

Comparison of the Six-Month Period Ended 30 June 2023 to the Six-Month Period Ended 30 June 2022

Net non-interest expense decreased 1.3 per cent. from ₩1,100 billion in the six-month period ended 30 June 2022 to ₩1,086 billion in the six-month period ended 30 June 2023. This decrease was mainly attributable to a change in net gain (loss) on foreign currency transactions from net loss of Won 76 billion in the six-month period ended 30 June 2022 to net gain of Won 100 billion in the six-month period ended 30 June 2023, as well as a change from a ₩13 billion net loss to a ₩7 billion net gain on derivative financial instruments for hedge accounting during the same period. The Bank uses derivative instruments to hedge its foreign currency exposure. Such impacts were mostly offset by a 39.2 per cent. decrease in net gain on financial instruments at fair value through profit or loss from ₩240 billion in the six-month period ended 30 June 2022 to ₩146 billion in the six-month period ended 30 June 2023, a 40.8 per cent. decrease in gains on disposal of financial assets at amortised cost from ₩120 billion in the six-month period ended 30 June 2022 to ₩71 billion in the six-month period ended 30 June 2023 and an 8.5 per cent. increase in other general and administrative expenses from ₩540 billion in the six-month period ended 30 June 2022 to ₩586 billion in the six-month period ended 30 June 2023.

The change in net gain (loss) on foreign currency transactions from net loss of Won 76 billion in the six-month period ended 30 June 2022 to net gain of Won 100 billion in the six-month period ended 30 June 2023 was primarily due to foreign exchange volatility. The impact of such change was further amplified by the change from a ₩13 billion net loss to a ₩7 billion net gain on derivative financial instruments for hedge accounting during the same period. The Bank uses derivative instruments to hedge its foreign currency exposure.

The decrease in net gain on financial instruments at fair value through profit or loss from ₩240 billion in the six-month period ended 30 June 2022 to ₩146 billion in the six-month period ended 30 June 2023 was primarily due to net gain realised on derivative instruments held by the Bank in the six-month period ended 30 June 2022 compared to net loss realised on derivative instruments held by the Bank in the six-month period ended 30 June 2023.

The decrease in gains on disposal of financial assets at amortised cost from ₩120 billion in the six-month period ended 30 June 2022 to ₩71 billion in the six-month period ended 30 June 2023 mainly reflected a decrease in gains from disposal of certain financial assets at amortised cost that are sensitive to real estate prices in light of the fluctuating market conditions.

The increase in other general and administrative expenses from ₩540 billion in the six-month period ended 30 June 2022 to ₩586 billion in the six-month period ended 30 June 2023 was primarily due to an increase in taxes and dues relating to employees' welfare benefits.

Income Tax Expense

The Bank's income tax expense is calculated by adding or subtracting changes in deferred income tax liabilities and assets to tax amounts actually paid or accrued for the relevant period. The Bank recognises deferred income tax assets for all deductible temporary differences as of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, to the extent that taxable income is expected to be available against which the deductible temporary differences can be utilised.

Comparison of the Six-Month Period Ended 30 June 2023 to the Six-Month Period Ended 30 June 2022

Income tax expense increased by 18.3 per cent. from ₩334 billion in the six-month period ended 30 June 2022 to ₩395 billion in the six-month period ended 30 June 2023. The increase in income tax expense resulted primarily from a 16.5 per cent. increase in the Bank's profit before income tax expense from ₩1,370 billion in the six-month period ended 30 June 2022 to ₩1,596 billion in the six-month period ended 30 June 2023. The Bank's effective tax rate was 24.4 per cent. in the six-month period ended 30 June 2022 and 24.8 per cent. in the six-month period ended 30 June 2023. See Note 13 of the notes to the Bank's unaudited interim separate financial statements appearing elsewhere in this Pricing Supplement.

Profit for the period

Comparison of the Six-Month Period Ended 30 June 2023 to the Six-Month Period Ended 30 June 2022

Due to the factors described above, the Bank's profit for the period increased 15.8 per cent. from ₩1,036 billion in the six-month period ended 30 June 2022 to ₩1,200 billion in the six-month period ended 30 June 2023.

Financial Condition

Assets

The following table sets forth the principal components of the Bank's assets as of 31 December 2022 and 30 June 2023, as well as changes in these components between such dates in percentage terms.

	As of 31 December 2022	As of 30 June 2023	Percentage Change 31 December 2022/ 30 June 2023
	(in billions of Won)		(per cent.)
Cash and due from banks	₩ 23,866	₩ 14,505	(39.2)%
Financial assets at fair value through profit or loss	11,637	11,068	(4.9)
Financial assets at fair value through other comprehensive income	21,398	23,540	10.0
Securities at amortised cost, net	38,432	36,546	(4.9)
Loan receivables at amortised cost, net:			
Loans in Won	270,548	280,403	3.6
Loans in foreign currencies	4,472	4,659	4.2
Bills bought in Won	133	6	(95.5)
Bills bought in foreign currencies	835	1,083	29.7
Bonds purchased under repurchase agreements	6,898	11,587	68.0
Interbank loans	2,899	5,499	89.7
Domestic import usance bills	2,974	3,138	5.5
Payment on guarantees	18	26	44.4
Credit card receivables	3,077	3,039	(1.2)
Call loans	1,181	773	(34.5)
Privately placed bonds	758	679	(10.4)
	293,793	310,893	5.8
Plus (less):			
Deferred loan origination fees and costs	557	586	5.2
Present value discount	(8)	(7)	(12.5)
Provision for impairment	(3,612)	(4,255)	17.8
Total loans, net	290,730	307,217	5.7
Investments in subsidiaries and associates	2,898	2,955	2.0
Property and equipment, net	2,104	2,129	1.2
Others	6,834	9,105	33.2
Total assets	₩397,898	₩407,066	2.3

Comparison of 30 June 2023 to 31 December 2022

The Bank's assets increased by 2.3 per cent. from ₩397,898 billion as of 31 December 2022 to ₩407,066 billion as of 30 June 2023, principally due to a 3.6 per cent. increase in loans in Won from ₩270,548 billion as of 31 December 2022 to ₩280,403 billion as of 30 June 2023, which in turn was primarily attributable to an increase in loans to small- and medium-sized enterprises. Such increase was further enhanced by a 68.0 per cent. increase in bonds purchased under repurchase agreements from ₩6,898 billion as of 31 December 2022 to ₩11,587 billion as of 30 June 2023, which in turn primarily reflected an increase at the end of 30 June 2023 in the balance of such loans, which offered a relatively higher margin than other types of loans at such time, an 89.7 per cent. increase in interbank loans from ₩2,899 billion as of 31 December 2022 to

₩5,499 billion as of 30 June 2023, which in turn primarily reflected an increase in interbank loans in foreign currency, a 33.2 per cent. increase in others from ₩6,834 billion as of 31 December 2022 to ₩9,105 billion as of 30 June 2023, which in turn mainly reflected an increase in unsettled spot exchange receivables, and a 10.0 per cent. increase in financial assets at fair value through other comprehensive income from ₩21,398 billion as of 31 December 2022 to ₩23,540 billion as of 30 June 2023, which in turn mainly reflected increases in government and public bonds as well as corporate bonds in Korean won. The effect of such increases were offset in part by a 39.2 per cent. decrease in cash and due from banks from ₩23,866 billion as of 31 December 2022 to ₩14,505 billion as of 30 June 2023, which in turn mainly reflected a decrease in reserve deposits, as well as a 4.9 per cent. decrease in securities at amortised cost from ₩38,432 billion as of 31 December 2022 to ₩36,546 billion as of 30 June 2023, which in turn mainly reflected a decrease in government and public bonds held by the Bank.

Liabilities and Equity

The following table sets forth the principal components of the Bank's liabilities as well as the Bank's equity as of 31 December 2022 and 30 June 2023, as well as changes in these components between such dates in percentage terms.

	As of 31 December 2022	As of 30 June 2023	Percentage Change 31 December 2022/ 30 June 2023
	(in billions of Won)		(per cent.)
Liabilities:			
Deposit liabilities	₩148,919	₩151,060	1.4%
Borrowings	45,442	40,595	(10.7)
Debentures	158,367	166,247	5.0
Others	17,946	21,229	18.3
Total liabilities	370,674	379,132	2.3
Equity:			
Issued capital	4,211	4,211	0.0
Hybrid capital instruments	3,615	3,934	8.8
Capital surplus	1,162	1,162	0.0
Capital adjustment	(41)	(0)	(100.0)
Accumulated other comprehensive income	317	344	8.5
Retained earnings	17,960	18,283	1.8
Total equity	27,224	27,934	2.6
Total liabilities and equity	₩397,898	₩407,066	2.3

Comparison of 30 June 2023 to 31 December 2022

The Bank's total liabilities increased by 2.3 per cent. from ₩370,674 billion as of 31 December 2022 to ₩379,132 billion as of 30 June 2023, primarily as a result of a 5.0 per cent. increase in debentures from ₩158,367 billion as of 31 December 2022 to ₩166,247 billion as of 30 June 2023, which in turn mainly reflected an increase in SMIF bonds in Won based on the Bank's funding needs, which arose from the Bank's efforts to increase loans to small- and medium-sized enterprises pursuant to the Government's policy of supporting such enterprises. This increase was further amplified by an 18.3 per cent. increase in others from ₩17,946 billion as of 31 December 2022 to ₩21,229 billion as of 30 June 2023 and a 1.4 per cent. increase in deposit liabilities from ₩148,919 billion as of 31 December 2022 to ₩151,060 billion as of 30 June 2023. The effect of such increases were offset in part by a 10.7 per cent. decrease in borrowings from ₩45,442 billion as of

31 December 2022 to ₩40,595 billion as of 30 June 2023. The increase in others was primarily due to an increase in unsettled accounts payable, while the increase in deposit liabilities mainly reflected increases in savings deposits in foreign currencies and savings deposits in Korean won, which mainly reflected customers' preference for such products which offer higher interest rates than demand deposits. The decrease in borrowings was primarily attributable to a decrease in borrowings in Won from the BOK, mainly reflecting the decrease in the Bank's need for such borrowings as the government ended its financing support programmes for businesses affected by COVID-19, as discussed above.

The Bank's total equity increased by 2.6 per cent. from ₩27,224 billion as of 31 December 2022 to ₩27,934 billion as of 30 June 2023. This increase resulted primarily from a 1.8 per cent. increase in retained earnings from ₩17,960 billion as of 31 December 2022 to ₩18,283 billion as of 30 June 2023, which was attributable mainly to an increase in voluntary reserve other than recapitalization, as well as an 8.8 per cent. increase in hybrid capital instruments from ₩3,615 billion as of 31 December 2022 to ₩3,934 billion as of 30 June 2023, which was attributable mainly to the issuance of hybrid capital instruments in Won in the aggregate amount of ₩600 billion in March 2023.

Cash Flows

The following table sets forth the Bank's cash flows for the six-month periods ended 30 June 2022 and 2023:

	Six-month period ended 30 June	
	2022(1)	**2023**
	(in billions of Won)	
Net cash provided by (used in) operating activities	₩ 337	₩ (8,282)
Net cash used in investing activities	(2,487)	(1,633)
Net cash provided by financing activities	7,020	1,814
Effects of exchange rate changes on cash and cash equivalents	206	165
Net increase (decrease) in cash and cash equivalents	5,076	(7,936)
Cash and cash equivalents at the beginning of the period	14,301	21,387
Cash and cash equivalents at the end of the period	19,376	13,451

Note:

(1) Certain figures in the Bank's unaudited interim separate statement of cash flows for the six-month period ended 30 June 2022 have been restated to reflect the application of K-IFRS 1117 *Insurance Contracts* (including adjustments to deposits with restriction on use, such as reserve deposits), as further described in Note 2 to the Bank's unaudited interim separate financial statements appearing elsewhere in this Pricing Supplement.

Net Cash Flows from Operating Activities

The Bank recorded net cash used in operating activities of ₩8,282 billion for the six-month period ended 30 June 2023. The Bank's net cash used in operating activities during the period primarily reflects ₩11,348 billion due to changes in operating assets and liabilities, ₩3,521 billion due to interests paid and ₩2,102 billion due to adjustments to reconcile profit to net cash flows used in operating activities. These impacts were offset in significant part by cash provided from interests received, which amounted to ₩8,046 billion, and profit for the period, which amounted to ₩1,200 billion.

The Bank recorded net cash provided by operating activities of ₩337 billion for the six-month period ended 30 June 2022. The Bank's net cash provided by operating activities during the period primarily reflects ₩4,774 billion due to interests received and ₩1,036 billion due to profit for the period. These impacts were in large part offset by cash used in changes in operating assets and liabilities, which amounted to ₩1,827 billion, adjustments to reconcile profit to net cash flows used in operating activities, which amounted to ₩1,824 billion, and interests paid, which amounted to ₩1,520 billion.

Net Cash Flows from Investing Activities

The Bank recorded net cash used in investing activities of ₩1,633 billion for the six-month period ended 30 June 2023. The Bank's net cash used in investing activities during the period primarily reflects ₩2,138 billion from net increase in financial assets at fair value through other comprehensive income and ₩1,219 billion from net increase in financial assets at fair value through profit or loss. Such impacts were partially offset by ₩1,885 billion from net decrease in securities at amortised cost.

The Bank recorded net cash used in investing activities of ₩2,487 billion for the six-month period ended 30 June 2022. The Bank's net cash used in investing activities during the period primarily reflects ₩3,363 billion from net increase in financial assets at fair value through other comprehensive income. Such impact was partially offset by ₩997 billion from net decrease in securities at amortised cost.

Net Cash Flows from Financing Activities

The Bank recorded net cash provided by financing activities of ₩1,814 billion for the six-month period ended 30 June 2023. The Bank's net cash provided by financing activities during the period primarily reflects ₩7,453 billion due to a net increase in debentures and ₩319 billion due to proceeds of hybrid capital instruments, net of repayments. These impacts were significantly offset by ₩5,103 billion due to net decrease in borrowings and ₩766 billion due to dividends paid.

The Bank recorded net cash provided by financing activities of ₩7,020 billion for the six-month period ended 30 June 2022. The Bank's net cash provided by financing activities during the period primarily reflects ₩4,713 billion due to a net increase in borrowings and ₩3,171 billion due to a net increase in debentures. These impacts were slightly offset by ₩622 billion due to dividends paid and ₩150 billion due to repayment of hybrid capital instruments.

Liquidity

The Bank's primary sources of funding have historically been and continue to be deposits and issuances of debentures, particularly SMIF Bonds. Deposits amounted to ₩148,919 billion as of 31 December 2022 and ₩151,060 billion as of 30 June 2023, which represented 42.2 per cent. and 42.2 per cent. of the Bank's total funding (which is the sum of deposits, borrowings and debentures), respectively. Although the majority of deposits are short-term, it has been the Bank's experience that the majority of its depositors generally roll over their deposits at maturity, thus providing the Bank with a stable source of funding. Debentures in Won and foreign currencies amounted to ₩158,367 billion as of 31 December 2022 and ₩166,247 billion as of 30 June 2023, which represented 44.9 per cent. and 46.5 per cent. of the Bank's total funding, respectively.

The Bank also obtains funding through borrowings, particularly borrowings in Won and foreign currencies, to meet a portion of its liquidity needs. Borrowings amounted to ₩45,442 billion as of 31 December 2022 and ₩40,595 billion as of 30 June 2023, which represented 12.9 per cent. and 11.3 per cent. of the Bank's total funding, respectively.

The Bank's liquidity risks arise from maturities of its debentures and borrowings and withdrawals of deposits, as well as the Bank's need to fund its lending, trading and investment activities and to manage its trading positions. The Bank's goal in managing its liquidity is to be able, even under adverse conditions, to meet all of its liability repayments on time and to fund all investment opportunities. For a discussion of how the Bank manages its liquidity risk, see "*Description of Assets and Liabilities of the Bank — Asset and Liability Management — Liquidity Management*" and Note 43 of the notes to the Bank's audited separate financial statements as of and for the years ended 31 December 2022 and 2021 in the Offering Circular.

The FSC requires each Korean bank to maintain specific Won and foreign currency liquidity ratios. These ratios require the Bank to keep its ratio of liquid assets to liquid liabilities above certain minimum levels. For a description of these requirements, see "*Description of Assets and Liabilities of the Bank — Asset and Liability Management — Liquidity Management*" in the Offering Circular.

Credit-related Commitments and Other Off-Balance Sheet Arrangements

The Bank has various credit-related commitments that are not reflected on its balance sheet, which primarily consist of confirmed and unconfirmed payment guarantees, secured endorsed bills and commitments. Payment guarantees include financial guarantee contracts, letters of guarantees for importers and customer's liability on letters of credit. Commitments include those for loans, purchases of securities and credit lines.

The following table sets forth the Bank's credit-related commitments as of 30 June 2023.

	As of 30 June 2023
	(in billions of Won)
Confirmed payment guarantees	
Won	
Financial guarantee contracts	₩ 1,926
Others	543
	₩ 2,469
Foreign currencies	
Financial guarantee contracts	818
Letters of guarantees for importers	108
Others	3,262
	₩ 4,189
Unconfirmed payment guarantees	
Customer's liability on letters of credit	1,686
	₩ 1,686
Commitments	
Commitments on loans in Won	₩52,328
Commitments on loans in foreign currencies	12,067
Others	11,341
	₩75,735

The Bank analyses its off-balance sheet legally binding credit-related commitments for possible losses associated with such commitments, and establishes provisions in a manner similar to provisions that the Bank would establish with respect to a loan granted under the terms of the applicable commitment. See Note 22 of the notes to the Bank's unaudited interim separate financial statements appearing elsewhere in this Pricing Supplement. These provisions include provisions for payment guarantees and unused loan commitments, which are reflected as part of "provisions" in the Bank's balance sheet. As of 30 June 2023, the Bank had established provisions of ₩278 billion with respect to its credit-related commitments. See Note 19 of the notes to the Bank's unaudited interim separate financial statements appearing elsewhere in this Pricing Supplement.

Capital Adequacy

The Bank's capital management policies are to diversify its sources of capital, to allocate capital efficiently and to maintain a prudent relationship between its capital and the risks of its underlying business. In determining its capital requirements, the Bank projects business growth, capital investment plans, earnings and reserve requirements.

The FSC's capital adequacy guidelines derive from standards established by the Bank for International Settlements (the **BIS**). In May 2013, the FSC announced that major Asian countries have already implemented Basel III in the first quarter of 2013 and that the proposed Basel III measures relating to stricter minimum capital ratio requirements would be implemented in Korea starting from 1 December 2013. See *"Investment Considerations – Other risks relating to the Bank's business – The Bank may be required to raise additional capital if its capital adequacy ratio deteriorates or the applicable capital requirements change in the future, but it may not be able to do so on favourable terms or at all"* in the Offering Circular.

Commencing in July 2013, the FSC promulgated a series of amended regulations implementing Basel III, which went into effect from 1 December 2013, pursuant to which Korean banks were required to maintain a minimum ratio of common equity Tier I capital (which principally includes (i) capital from the issuance of common stock (and similar equity securities), (ii) capital surplus from the issuance of common stock, (iii) other capital surplus (excluding capital surplus from the issuance of equity securities other than common stock), (iv) earned surplus and (v) other accumulated comprehensive income) to risk-weighted assets of 3.5 per cent. and Tier I capital to risk-weighted assets of 4.5 per cent. from 1 December 2013, which minimum ratios were increased to 4.0 per cent. and 5.5 per cent., respectively, from 1 January 2014 and increased further to 4.5 per cent. and 6.0 per cent., respectively, from 1 January 2015. Such requirements are in addition to the pre-existing requirement for a minimum ratio of Tier I and Tier II capital (less any capital deductions) to risk-weighted assets of 8.0 per cent., which remains unchanged. The amended regulations have also required an additional capital conservation buffer of 2.5 per cent. in 2020 and 2021, as well as a potential counter-cyclical capital buffer of up to 2.5 per cent., which is determined on a quarterly basis by the FSC. The counter-cyclical capital buffer is set at 0 per cent. as of the date of this Pricing Supplement, but in May 2023, the FSC announced its decision to increase the counter-cyclical capital buffer to 1 per cent. beginning on 1 May 2024 in order to improve the prudential regulations in the banking sector. The implementation of Basel III in Korea may have a significant effect on the capital requirements of Korean financial institutions, including the Bank. Furthermore, since 2016, certain Korean banks have been designated on an annual basis as domestic systemically important banks for the subsequent year by the FSC, which subjects those banks to an additional capital requirement of 1.0% from 1 January 2019. However, the Bank has not been designated as a domestic systemically important bank mainly because the Government is legally obligated to provide funds to cover any deficit of the Bank that may not be covered by the Bank's reserves under Article 43 of the IBK Act. Accordingly, pursuant to Article 43 of the IBK Act and Paragraph 1, Article 93 of the Regulation on Supervision of Banking Business, the Bank will not be subject to such additional capital requirements. See *"Investment Considerations – Risks relating to Government regulations – The Bank cannot assure investors that the Government will not cease to support any losses the Bank may incur by enacting changes to Article 43 of the IBK Act or adopt other amendments to the IBK Act that may adversely affect the Bank's financial condition"* in the Offering Circular. As of 30 June 2023, the Bank's common equity Tier I capital and Tier I capital adequacy ratios, on a consolidated basis, were 11.46 per cent. and 13.13 per cent., respectively, and its combined Tier I and Tier II capital adequacy ratio was 15.05 per cent.

Under the FSC's guidelines, the capital adequacy ratio of a bank is the ratio, in percentage, of its equity capital constituted by its total Tier I and Tier II capital (less any capital deductions), calculated on a consolidated basis, to its risk weighted assets. Tier I capital includes common equity Tier I capital and other Tier I capital (which principally includes (i) capital and capital surplus from the issuance of other Tier I capital and (ii) hybrid bonds and other capital securities which meet standards prescribed by the Governor of the FSS under Article 26(2) of the FSC's guidelines). Tier II capital includes, among other items, (i) capital and capital surplus from issuance of Tier II capital, (ii) provisions for credit losses on credits classified as "normal" or "precautionary" and (iii) subordinated debt and other capital securities which meet standards prescribed by the Governor of the FSS under Article 26(2) of the FSC's guidelines.

The following table sets out a summary of the Bank's consolidated capital base and its capital adequacy ratios as of 30 June 2023.

	As of 30 June 2023
	(in billions of Won, except percentages)
Tier I capital	
Common equity Tier I capital	
Issued capital	₩ 3,987
Reserves	1,175
Capital adjustment of common equity	224
Retained earnings	20,708
Other comprehensive income	233
Non-controlling interest	8
Deductions	(582)
Total common equity Tier I capital	25,753
Additional Tier I capital	
Hybrid capital instruments	3,734
Non-controlling interest	16
Total additional Tier I capital	3,750
Total Tier I capital	29,503
Tier II capital	
Subordinated bond with maturity	3,170
Provision for impairment	213
Excess provision for expected loss	921
Non-controlling interest	6
Total Tier II capital	4,310
Total equity capital	₩ 33,813
Credit risk-weighted assets	₩207,323
Market risk-weighted assets	4,125
Operational risk-weighted assets	13,216
Total risk-weighted assets	₩224,664
Capital adequacy ratios	
Common equity Tier I capital	11.46%
Tier I capital	13.13%
Tier II capital	1.92%
Tier I and Tier II capital	15.05%

BUSINESS OF THE BANK

The sixth paragraph of the information set forth in "*Business of the Bank — Legal Proceedings*" in the Offering Circular is amended and replaced as follows:

In June 2020, the Financial Supervisory Service commenced an investigation into past sales by the Bank and other banks in Korea of two fund products designed by Discovery Asset Management, which may have resulted in significant losses to certain customers who purchased such products. Such products of Discovery Asset Management were managed by a U.S.-based asset management company, Direct Lending Investments, which had its assets frozen amid a lawsuit filed by the Securities and Exchange Commission of the United States in March 2020 for allegedly inflating its assets and returns, trigger suspension of the redemption of such fund products. In June 2020, the Bank voluntarily decided to reimburse up to 50% of the related losses to most of its customers who purchased such fund products from the Bank. In April 2021, certain customers filed for class dispute mediation with the Financial Supervisory Service claiming a full refund of their investments. In May 2021, the dispute settlement committee of the Financial Supervisory Service recommended the reimbursement of 40% to 80% of the losses relating to fund products managed by Discovery Asset Management to the customers who purchased such products from the Bank. Accordingly, as of 31 December 2022, the Bank reimbursed an aggregate amount of ₩41.8 billion to customers with such claims. In February 2022, the Financial Services Commission announced its decision to impose on the Bank a fine of approximately ₩4.7 billion and a one-month ban on private fund sales activities. In addition, sanctions have also been imposed against certain of the Bank's executive officers and employees. On 18 September 2023, the Financial Supervisory Service began additional investigations into various banks in Korea, including the Bank, regarding such fund products managed by Discovery Asset Management. As of the date of this Offering Circular, the Bank has set aside provisions of approximately 30% to 50% of the expected losses relating to such fund products. While the Bank intends to fully cooperate with any relevant investigations by government authorities, it is not possible to predict the final outcome of such investigations at this time. There can be no assurance that such investigations (as well as any similar investigations by other government authorities, and private claims by customers, to which we may become subject) will not adversely affect our results of operations, cash flows and reputation.

THE REPUBLIC OF KOREA

This section provides information that updates or supplements the information about the Republic included under the headings corresponding to the headings below in the Offering Circular dated 11 April 2023. Defined terms used in this section have the meanings given to them in the Offering Circular. If the information in this section differs from the information in the Offering Circular, you should rely on the information in this section.

The Economy

The following table sets forth information regarding certain of the Republic's key economic indicators for the periods indicated.

	As of or for the year ended 31 December				
	2018	2019	2020	2021	2022
	(billions of dollars and trillions of Won, except percentages)				
GDP Growth (at current prices)	3.4%	1.4%	0.8%	7.2%	3.9%[7]
GDP Growth (at chained 2015 year prices)	2.9%	2.2%	(0.7)%	4.3%	2.6%[7]
Inflation[1]	1.5%	0.4%	0.5%	2.5%	5.1%[7]
Unemployment[2]	3.8%	3.8%	4.0%	3.7%	2.9%[7]
Trade Surplus (Deficit)[3]	$ 69.7	$ 38.9	$ 44.9	$ 29.4	$ (47.8)[7]
Foreign Currency Reserves	$ 403.7	$ 408.8	$ 443.1	$ 463.1	$ 423.2
External Liabilities[4]	$ 441.2	$ 470.7	$ 550.6	$ 632.4	$ 664.5[7]
Fiscal Balance	₩ 31.2	₩ (12.0)	₩ (71.2)	₩ (30.5)	₩ (64.6)[7]
Direct Internal Debt of the Government[5] (as % of GDP[6])	35.6%	37.3%	44.0%	48.4%	51.9%
Direct External Debt of the Government[5] (as % of GDP[6])	0.4%	0.4%	0.5%	0.6%	0.6%

(1) Measured by the year-on-year change in the consumer price index with base year 2020, as announced by The Bank of Korea.

(2) Average for year.

(3) Derived from customs clearance statistics on a C.I.F. basis, meaning that the price of goods includes insurance and freight cost.

(4) Calculated under the criteria based on the sixth edition of the Balance of Payment Manual published by the International Monetary Fund in December 2010.

(5) Does not include guarantees by the Government. See "—Debt—External and Internal Debt of the Government—Guarantees by the Government" for information on outstanding guarantees by the Government.

(6) At chained 2015 year prices.

(7) Preliminary.

Source: The Bank of Korea

Gross Domestic Product

The following table sets out the composition of the Republic's GDP at current market and chained 2015 year prices and the annual average increase in the Republic's GDP.

Gross Domestic Product

	2018	2019	2020	2021	2022[(1)]	As % of GDP 2022[(1)]
			(billions of Won)			
Gross Domestic Product at Current Market Prices:						
Private	911,576.1	935,933.8	900,320.9	956,017.6	1,039,397.8	48.1
Government	304,692.7	328,663.2	350,094.3	377,759.9	405,704.6	18.8
Gross Capital Formation	597,687.4	606,119.4	618,792.5	672,469.8	717,305.9	33.2
Exports of Goods and Services	791,798.6	755,863.2	705,640.1	871,129.5	1,043,526.4	48.3
Less Imports of Goods and Services	(707,562.2)	(702,081.5)	(634,121.7)	(797,178.4)	(1,043,372.5)	(48.3)
Statistical Discrepancy	0.0	0.0	0.0	0.0	(788.3)	0.0
Expenditures on Gross Domestic Product	1,898,192.6	1,924,498.1	1,940,726.2	2,080,198.5	2,161,773.9	100.0
Net Factor Income from the Rest of the World	7,644.9	16,609.8	16,943.8	23,413.6	31,753.7	1.5
Gross National Income[(2)]	1,905,837.5	1,941,107.9	1,957,669.9	2,103,612.0	2,193,527.5	101.5
Gross Domestic Product at Chained 2015 Year Prices:						
Private	875,577.9	894,074.8	850,956.9	881,396.3	917,796.5	46.6
Government	285,892.6	304,189.9	319,677.8	337,191.8	350,749.1	17.8
Gross Capital Formation	569,403.6	558,468.9	563,419.4	579,842.4	578,412.3	29.4
Exports of Goods and Services	777,514.9	779,368	766,065.7	851,058.7	880,237.5	44.7
Less Imports of Goods and Services	(697,841.1)	(684,516.8)	(663,103.3)	(730,044.1)	(755,884.8)	(38.4)
Statistical Discrepancy	(1,324.7)	(1,432.8)	(1,118.9)	(1,312.6)	(1,635.8)	(0.1)
Expenditures on Gross Domestic Product[(3)]	1,812,005.4	1,852,666.4	1,839,523.3	1,918,709.9	1,968,839.5	100.0
Net Factor Income from the Rest of the World in the Terms of Trade	7,105.6	15,242.3	15,648.6	20,902.8	26,802.1	1.4
Trading Gains and Losses from Changes in the Terms of Trade	3,009.2	(39,420.2)	(25,611.8)	(46,225.4)	(115,340.2)	(5.9)
Gross National Income[(4)]	1,822,153.4	1,828,546.7	1,829,580.0	1,893,465.7	1,880,416	95.5
Percentage Increase (Decrease) of GDP over Previous Year:						
At Current Prices	3.4	1.4	0.8	7.2	3.9	
At Chained 2015 Year Prices	2.9	2.2	(0.7)	4.3	2.6	

(1) Preliminary.

(2) GDP plus net factor income from the rest of the world is equal to the Republic's gross national income.

(3) Under the "chain-linked" measure of GDP, the components of GDP will not necessarily add up to the total GDP.

(4) Under the "chain-linked" measure of Gross National Income, the components of Gross National Income will not necessarily add up to the total Gross National Income.

Source: The Bank of Korea

The following table sets out the Republic's GDP by economic sector at current market prices:

Gross Domestic Product by Economic Sector
(at current market prices)

	2018	2019	2020	2021	2022(1)	As % of GDP 2022(1)
	(billions of Won)					
Industrial Sectors:	679,405.1	661,008.8	665,744.4	713,251.7	721,339.7	33.4
Agriculture, Forestry and Fishing	33,150.1	32,099.3	34,267.8	38,601.5	35,488.7	1.6
Manufacturing, Mining and Quarrying	507,778.5	487,410.0	482,774.6	532,037.8	555,941.9	25.7
Mining and Quarrying	2,128.2	2,008.9	1,857.2	1,868.3	1,836.7	0.1
Manufacturing	505,650.2	485,401.2	480,917.4	530,169.6	554,105.1	25.6
Electricity, Gas and Water Supply	35,153.4	36,644.3	43,069.7	35,676.5	17,847.1	0.8
Construction	103,323.1	104,855.2	105,632.3	106,935.9	112,062.0	5.2
Services:	1,057,135.6	1,101,624.1	1,106,359.9	1,182,008.3	1,254,564.2	58.0
Wholesale and Retail Trade, Accommodation and Food Services	180,424.1	184,603.8	172,154.9	177,391.9	191,220.7	8.8
Transportation and Storage	57,925.7	60,688.7	54,956.0	66,627.9	74,832.6	3.5
Finance and Insurance	104,189.5	104,251.7	110,874.1	124,455.5	136,754.8	6.3
Real Estate	138,192.6	141,409.0	146,391.0	148,151.5	146,793.7	6.8
Information and Communication	79,536.2	83,040.6	88,417.0	97,188.8	99,179.1	4.6
Business Activities	165,545.5	175,384.5	180,600.8	192,737.3	205,351.5	9.5
Public Administration, Defense and Social Security	114,862.8	121,818.0	128,020.2	136,112.7	145,242.8	6.7
Education	90,676.5	94,401.2	93,046.1	98,794.6	102,188.8	4.7
Human Health and Social Work	81,128.2	89,510.8	92,680.3	99,169.0	105,301.4	4.9
Cultural and Other Services	44,654.5	46,515.8	39,219.5	41,379.1	47,699.0	2.2
Taxes Less Subsidies on Products	161,651.9	161,865.1	168,621.8	184,938.4	185,870.0	8.6
Gross Domestic Product at Current Market Prices	1,898,192.6	1,924,498.1	1,940,726.2	2,080,198.5	2,161,773.9	100.0
Net Factor Income from the Rest of the World	7,644.9	16,609.8	16,943.8	23,413.6	31,753.7	1.5
Gross National Income at Current Market Price	1,905,837.5	1,941,107.9	1,957,669.9	2,103,612.0	2,193,527.5	101.5

(1) Preliminary.
Source: The Bank of Korea

The following table sets out the Republic's GDP per capita:

Gross Domestic Product per capita
(at current market prices)

	2018	2019	2020	2021	2022(1)
GDP per capita (thousands of Won)	36,782	37,218	37,440	40,201	41,872
GDP per capita (U.S. dollar)	33,429	31,929	31,727	35,128	32,410
Average Exchange Rate (in Won per U.S. dollar)	1,100.3	1,165.7	1,180.1	1,144.4	1,292.1

(1) Preliminary.
Source: The Bank of Korea

The following table sets out the Republic's Gross National Income, or GNI, per capita:

Gross National Income per capita
(at current market prices)

	2018	2019	2020	2021	2022[1]
GNI per capita (thousands of Won)	36,930	37,539	37,766	40,654	42,487
GNI per capita (U.S. dollar)	33,564	32,204	32,004	35,523	32,886
Average Exchange Rate (in Won per U.S. dollar)	1,100.3	1,165.7	1,180.1	1,144.4	1,292.1

(1) Preliminary.
Source: The Bank of Korea

The following table sets out the Republic's GDP by economic sector:

Gross Domestic Product by Economic Sector
(at chained 2015 year prices)

	2018	2019	2020	2021	2022[1]	As % of GDP 2022[1]
			(billions of Won)			
Industrial Sectors:	652,499.9	658,512.3	651,934.8	687,397.3	696,064.9	35.4
Agriculture, Forestry and Fishing	32,109.2	33,373.0	31,441.7	33,070.8	32,736.0	1.7
Manufacturing, Mining and Quarrying	485,567.2	490,846.2	485,538.2	519,805.5	527,287.6	26.8
Mining and Quarrying	2,041.6	1,915.7	1,853.4	1,939.9	1,834.5	0.1
Manufacturing	483,530.2	488,934.6	483,691.2	517,872.8	525,452.5	26.7
Electricity, Gas and Water Supply	43,082.6	44,927.6	46,762.2	48,045.1	48,938.2	2.5
Construction	91,740.9	89,365.5	88,192.7	86,475.9	87,103.1	4.4
Services:	1,010,422.7	1,044,553.5	1,036,168.9	1,075,565.9	1,120,754.2	56.9
Wholesale and Retail Trade, Accommodation and Food Services	172,543.2	178,609.6	168,669.4	171,001.2	182,997.1	9.3
Transportation and Storage	62,521.7	63,574.1	52,547.3	56,043.7	61,129.6	3.1
Finance and Insurance	98,999.6	102,359.9	112,144.8	119,973.2	123,605.1	6.3
Real Estate	133,422.5	135,309.3	138,375.2	140,325.4	140,309.9	7.1
Information and Communication	79,245.6	82,893.8	86,521.7	90,951.0	94,166.2	4.8
Business Activities	153,604.6	157,571.7	157,729.0	162,750.8	167,563.5	8.5
Public Administration, Defense and Social Security	104,100.5	108,116.5	111,463.5	115,519.0	118,963.4	6.0
Education	86,222.9	87,582.3	85,878.5	90,074.4	92,872.0	4.7
Human Health and Social Work	78,267.5	85,931.7	86,884.5	91,800.1	97,622.7	5.0
Cultural and Other Services	41,604.3	42,682.6	35,388.4	36,744.3	41,065.6	2.1
Taxes Less Subsidies on Products	149,011.6	150,146.3	152,185.4	158,055.5	154,621.9	7.9
Gross Domestic Product[2]	1,812,005.4	1,852,666.4	1,839,523.3	1,918,709.9	1,968,839.5	100.0

(1) Preliminary.
(2) Under the "chain-linked" measure of GDP, the components of GDP will not necessarily add up to the total GDP.
Source: The Bank of Korea

GDP growth in 2018 was 2.9% at chained 2015 year prices, as aggregate private and general government consumption expenditures increased by 3.7% and exports of goods and services increased by 4.0%, which more than offset a decrease in gross domestic fixed capital formation by 2.2% and an increase in imports of goods and services by 1.7%, each compared with 2017.

GDP growth in 2019 was 2.2% at chained 2015 year prices, as aggregate private and general government consumption expenditures increased by 3.2%, imports of goods and services decreased by 1.9% and exports of goods and services increased by 0.2%, which more than offset a decrease in gross domestic fixed capital formation by 2.1%, each compared with 2018.

GDP in 2020 contracted by 0.7% at chained 2015 year prices, primarily due to a 4.8% decrease in private consumption expenditures and a 1.7% decrease in exports of goods and services, which were offset in part by a 5.1% increase in general government consumption expenditures, a 3.5% increase in gross domestic fixed capital formation and a 3.1% decrease in imports of goods and services, each compared with 2019. The contraction of the Republic's GDP in 2020 was primarily due to the COVID-19 pandemic.

GDP growth in 2021 was 4.3% at chained 2015 year prices, as exports of goods and services increased by 11.1%, aggregate private and general government consumption expenditures increased by 4.1% and gross domestic fixed capital formation increased by 3.2%, which more than offset an increase in imports of goods and services by 10.1%, each compared with 2020.

Based on preliminary data, GDP growth in 2022 was 2.6% at chained 2015 year prices, as aggregate private and general government consumption expenditures increased by 4.1% and exports of goods and services increased by 3.4%, which more than offset an increase in imports of goods and services by 3.5% and a decrease in gross fixed capital formation by 0.5%, each compared with 2021.

Based on preliminary data, GDP growth in the first half of 2023 was 0.9% at chained 2015 year prices, primarily due to an increase in aggregate private and general government consumption expenditures by 2.9% and an increase in gross fixed capital formation by 3.1%, the effects of which were offset in large part by an increase in imports of goods and services by 4.1% and a decrease in exports of goods and services by 1.3%, each compared with the corresponding period of 2022.

Principal Sectors of the Economy

Prices, Wages and Employment

Based on preliminary data, the inflation rate was 4.0% and the unemployment rate was 3.0% in the first half of 2023.

The Financial System

Securities Markets

The Korea Composite Stock Price Index was 2,564.3 on 30 June 2023, 2,632.6 on 31 July 2023, 2,556.3 on 31 August 2023 and 2,559.7 on 20 September 2023.

Monetary Policy

Foreign Exchange

The market average exchange rate between the Won and the U.S. Dollar (in Won per one U.S. Dollar) as announced by the Seoul Money Brokerage Service Ltd. was Won 1,312.8 to US$1.00 on 30 June 2023, Won

1,280.0 to US$1.00 on 31 July 2023, Won 1,321.4 to US$1.00 on 31 August 2023 and Won 1,323.7 to US$1.00 on 20 September 2023.

Balance of Payments and Foreign Trade

Balance of Payments

Based on preliminary data, the Republic recorded a current account surplus of US$2.4 billion in the first half of 2023. The current account surplus in the first half of 2023 decreased from the current account surplus of US$24.9 billion in the corresponding period of 2022, primarily due to a change from a surplus to a deficit from the goods account and an increase in deficit from the services account, the effects of which were offset in part by an increase in surplus from the income account.

Trade Balance

The following table summarises the Republic's trade balance for the periods indicated:

Trade Balance

	Exports(1)	As % of GDP(2)	Imports(1)	As % of GDP(2)	Balance of Trade	Exports as % of Imports
	(billions of dollars, except percentages)					
2018	604.9	35.1%	535.2	31.0%	69.7	113.0
2019	542.2	32.8%	503.3	30.5%	38.9	107.7
2020	512.5	31.2%	467.6	28.4%	44.9	109.6
2021	644.4	35.5%	615.1	33.8%	29.3	104.8
2022(3)	683.6	40.9%	731.4	43.7%	(47.8)	93.5

(1) These entries are derived from customs clearance statistics on a C.I.F. basis, meaning that the price of goods includes insurance and freight cost.

(2) At current market prices.

(3) Preliminary.

Source: The Bank of Korea; Korea Customs Service

Based on preliminary data, the Republic recorded a trade deficit of US$26.5 billion in the first half of 2023. Exports decreased by 12.4% to US$307.2 billion in the first half of 2023 from US$350.5 billion in the corresponding period of 2022, primarily due to a deterioration in the domestic economic conditions of the Republic's major trading partners and a downturn in the semiconductor industry. Imports decreased by 7.7% to US$333.6 billion in the first half of 2023 from US$361.4 billion in the corresponding period of 2022, primarily due to a decrease in energy and commodity prices, which also led to decreased unit prices of other major raw materials.

Foreign Currency Reserves

The amount of the Government's foreign currency reserves was US$418.3 billion as of 31 August 2023.

Government Finance

2023 budgeted revenues increased by 13.7% to ₩588.6 trillion from ₩517.7 trillion in 2022, led by an increase in budgeted tax revenues (including taxes on income, profits and capital gains). 2023 budgeted expenditures and net lending increased by 5.2% to ₩601.6 trillion from ₩571.8 trillion in 2022, led by increases in budgeted expenditures on revitalization of the economy. The 2023 budget anticipated a ₩13.1 trillion budget deficit.

The following table shows consolidated Government revenues and expenditures:

Consolidated Central Government Revenues and Expenditures

	Actual					Budget		
	2018	2019	2020	2021	2022[1]	2021	2022	2023[1]
	(billions of Won)							
Total Revenues	438,262	443,853	446,628	537,619	588,332	450,905	517,701	588,577
Current Revenues	435,558	441,148	443,694	534,999	585,325	447,865	514,696	584,672
Total Tax Revenues	358,424	363,005	360,129	422,182	479,384	359,775	424,050	486,573
Taxes on income, profits and capital gains	155,399	155,736	148,622	184,509	232,319	143,121	180,740	236,860
Social security contributions	64,854	69,550	74,583	78,104	83,444	77,032	80,666	86,116
Tax on property	15,473	15,474	22,735	31,392	27,696	19,300	28,047	27,815
Taxes on goods and services	99,056	98,614	91,047	99,840	105,828	95,658	106,738	107,760
Taxes on international trade and transaction	8,815	7,882	7,059	8,227	10,324	8,347	8,735	10,724
Other tax	14,828	15,748	16,084	20,110	19,773	16,316	19,124	17,299
Non-Tax Revenues	77,134	78,143	83,565	112,818	105,941	88,091	90,646	98,099
Operating surpluses of departmental enterprise sales and property income	28,616	29,345	33,571	56,664	47,459	32,791	34,628	36,492
Administration fees & charges and non-industrial sales	9,004	10,181	9,929	10,865	11,434	10,724	11,402	12,470
Fines and forfeits	24,455	22,554	23,583	26,993	28,276	26,950	25,501	27,816
Contributions to government employee pension fund	13,206	13,523	13,876	14,918	16,348	15,385	16,633	18,480
Current revenue of non-financial public enterprises	1,853	2,540	2,606	3,378	2,425	2,241	2,483	2,842
Capital Revenues	2,703	2,705	2,934	2,620	3,007	3,040	3,006	3,905
Total Expenditures and Net Lending	407,099	455,850	517,781	568,113	652,902	526,292	571,814	601,629
Total Expenditures	389,610	436,698	489,966	538,034	622,997	496,661	546,446	584,587
Current Expenditures	360,176	387,100	455,098	502,191	585,593	459,333	506,262	545,493
Expenditure on goods and service	71,459	60,196	79,460	88,144	89,759	94,636	94,814	94,966
Interest payment	14,287	13,837	14,452	15,431	18,481	17,254	17,928	21,726
Subsidies and other current transfers	272,080	309,575	357,295	395,826	473,661	343,636	389,599	424,353
Current expenditure of non-financial public enterprises	2,350	3,492	3,891	2,790	3,692	3,807	3,922	4,449
Capital Expenditures	29,434	49,598	34,868	35,842	37,404	37,328	40,184	39,094
Net Lending	17,489	19,152	27,815	30,079	29,905	29,631	25,369	17,042

(1) Preliminary.

Source: Ministry of Economy and Finance; The Bank of Korea; Korea National Statistical Office

For 2021, the Republic recorded total revenues of ₩537.6 trillion and total expenditures and net lending of ₩568.1 trillion. The Republic had a fiscal deficit of ₩30.5 trillion in 2021.

Based on preliminary data, the Republic recorded total revenues of ₩588.3 trillion and total expenditures and net lending of ₩652.9 trillion in 2022. The Republic had a fiscal deficit of ₩64.6 trillion in 2022.

Debt

The Government estimates that the total outstanding debt of the Government (including guarantees by the Government) as of 31 December 2021 amounted to approximately ₩950.0 trillion, an increase of 14.2% over the previous year. The Government estimates that the total outstanding debt of the Government (including guarantees by the Government) as of 31 December 2022 amounted to approximately ₩1,044.0 trillion, an increase of 9.9% over the previous year.

External and Internal Debt of the Government

The following table sets out, by currency and the equivalent amount in U.S. dollars, the estimated outstanding direct external debt of the Government as of 31 December 2022:

Direct External Debt of the Government

	Amount in Original Currency	Equivalent Amount in U.S. Dollars(1)
	(millions)	
US$	US$7,025.0	US$7,025.0
Euro (EUR)	EUR2,150.0	2,290.0
Total		US$9,315.0

(1) Amounts expressed in currencies other than US$ are converted to US$ at the arbitrage rate announced by the Seoul Money Brokerage Services, Ltd. in effect on 30 December 2022.

The following table summarizes, as of December 31 of the years indicated, the outstanding direct internal debt of the Republic:

Direct Internal Debt of the Government

	(billions of Won)
2018	643,550.9
2019	690,524.1
2020	808,941.0
2021	927,865.2
2022	1,021,574.4

The following table sets out all guarantees by the Government of indebtedness of others:

Guarantees by the Government

	31 December				
	2018	2019	2020	2021	2022
	(billions of Won)				
Domestic	17,016.3	14,760.0	12,490.0	10,930.0	10,620.0
External(1)	—	—	—	—	—
Total	17,016.3	14,760.0	12,490.0	10,930.0	10,620.0

(1) Converted to Won at foreign exchange banks' telegraphed transfer selling rates to customers or the market average exchange rates in effect on December 31 of each year.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including Private Banks): Prospective investors should be aware that certain intermediaries in the context of this offering, including certain Managers, are "capital market intermediaries" (CMIs) subject to Paragraph 21 of the Hong Kong SFC Code of Conduct. This notice to CMIs (including Private Banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including Private Banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company (as the case may be). CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, Private Banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Managers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the offering includes institutional investors, long-only investors, sovereign wealth funds, pension funds, hedge funds, corporates, private banks/broking companies, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). CMIs should inquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including Private Banks as the case may be) in the order book and book messages. CMIs (including Private Banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including Private Banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, Private Banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private Banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Private Banks who disclose that they are placing their order other than on a "principal" basis (i.e. they are acting as an agent) should note that such order may be considered to be an omnibus order pursuant to the SFC Code. Private Banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Managers (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including Private Banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- the name of each underlying investor;

- a unique identification number for each investor;

- whether an underlying investor has any "Associations" (as used in the SFC Code);

- whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code); and

- whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus orders should be sent to the Managers named in the final terms.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including Private Banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including Private Banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the bookbuilding process for the offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the offering. The Managers may be asked to demonstrate compliance with their obligations under the Code, and may request other CMIs (including Private Banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including Private Banks) are required to provide the relevant Manager with such evidence within the timeline requested.

LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.$8,000,000,000 Global Medium Term Note Programme of Industrial Bank of Korea. The Singapore Exchange Securities Trading Limited (the **Singapore Stock Exchange**) assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Notes on, the Singapore Stock Exchange are not to be taken as an indication of the merits of the Issuer, the Programme or the Notes.

Approval-in principle has been received for the Notes to be recognised under the SGX Sustainable Fixed Income initiative on the Singapore Stock Exchange. Recognition under the SGX Sustainable Fixed Income initiative does not guarantee that the Notes will satisfy any investor's expectations or requirements on its sustainability-related performance or impact. The Singapore Stock Exchange may remove the recognition from the Notes at its discretion. The latest list of fixed income securities that have been granted recognition under the SGX Sustainable Fixed Income initiative is available at the Singapore Stock Exchange's website.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: ....

Duly authorised

Gyu-sup, Kim

Vice President &

Managing Director

[Signature Page to the Pricing Supplement]