

JB Financial Group :

Strategy & Shareholder Return Policy



RESPONSIBLE GROWTH
WITH JB FINANCIAL GROUP

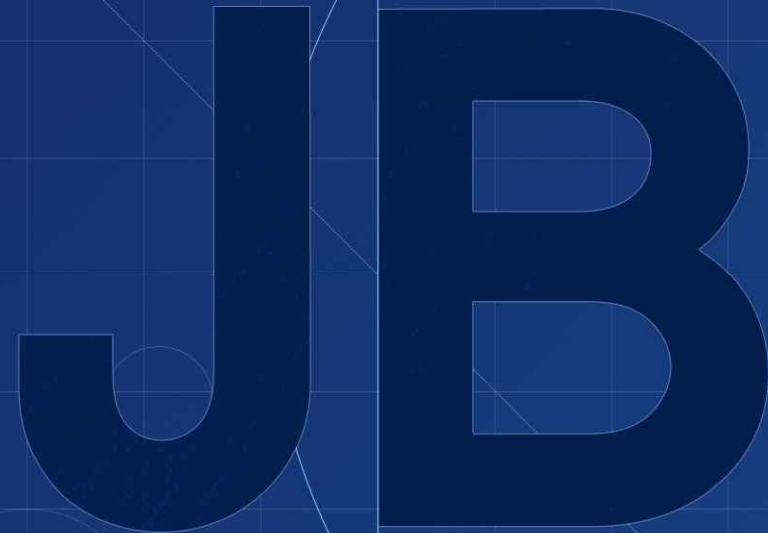
2024.06.

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RESPONSIBLE GROWTH
WITH JB FINANCIAL GROUP

- I Introduction of JB Financial Group
- II JBFG Strategy Season I
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[Appendix] Data Material on Asset Quality



Disclaimer



Business results and financial performance in this data material have been drawn up on the basis of K-IFRS.

Some of the totals and ratios/percentage changes may not be accurate due to rounding of numbers.

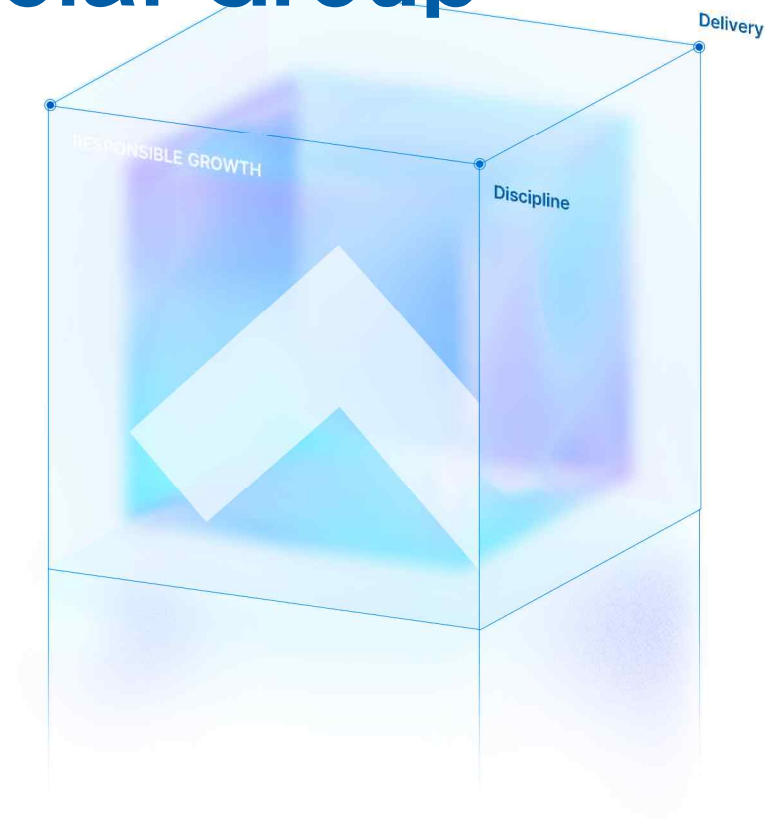
Figures of the other banks have been compiled based on the IR data posted by the other financial groups.

This data material has been formulated for the sake of providing information and thus cannot be used as evidential data for any legal action.



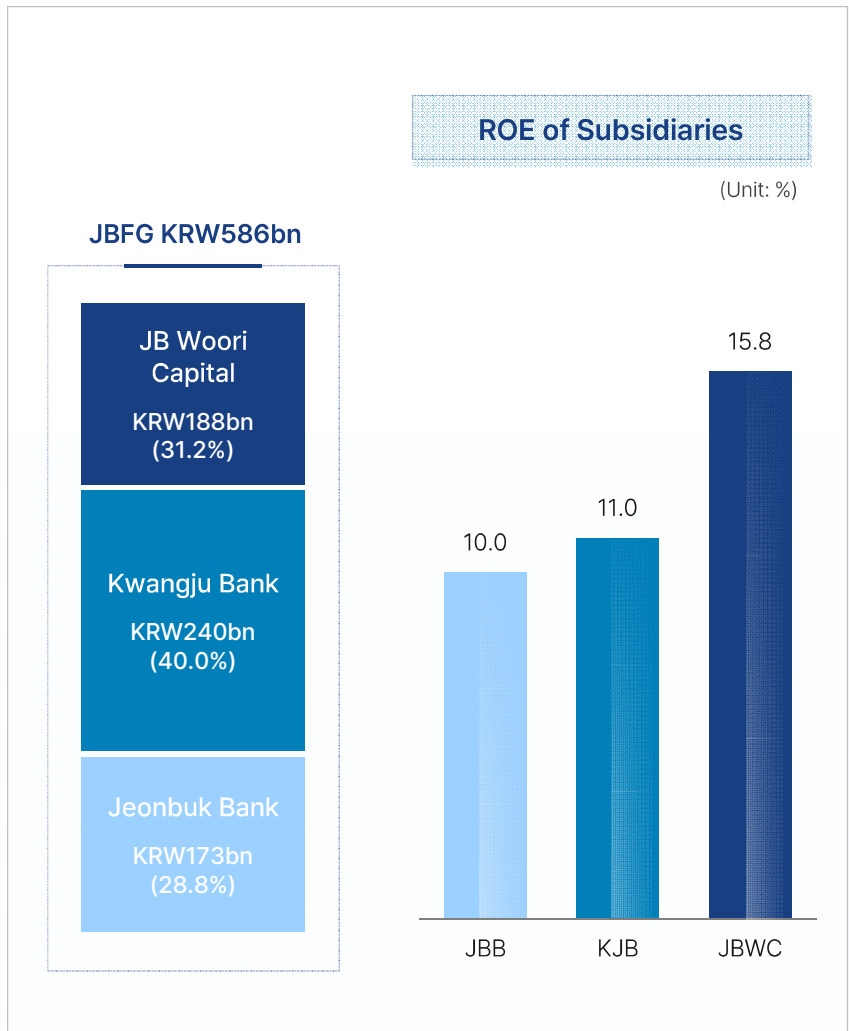
Introduction of JB Financial Group

- 01 / Introduction of JB Financial Group
- 02 / Growth Story_Status of Assets and M&A
- 03 / Growth Story_Financial Indicators



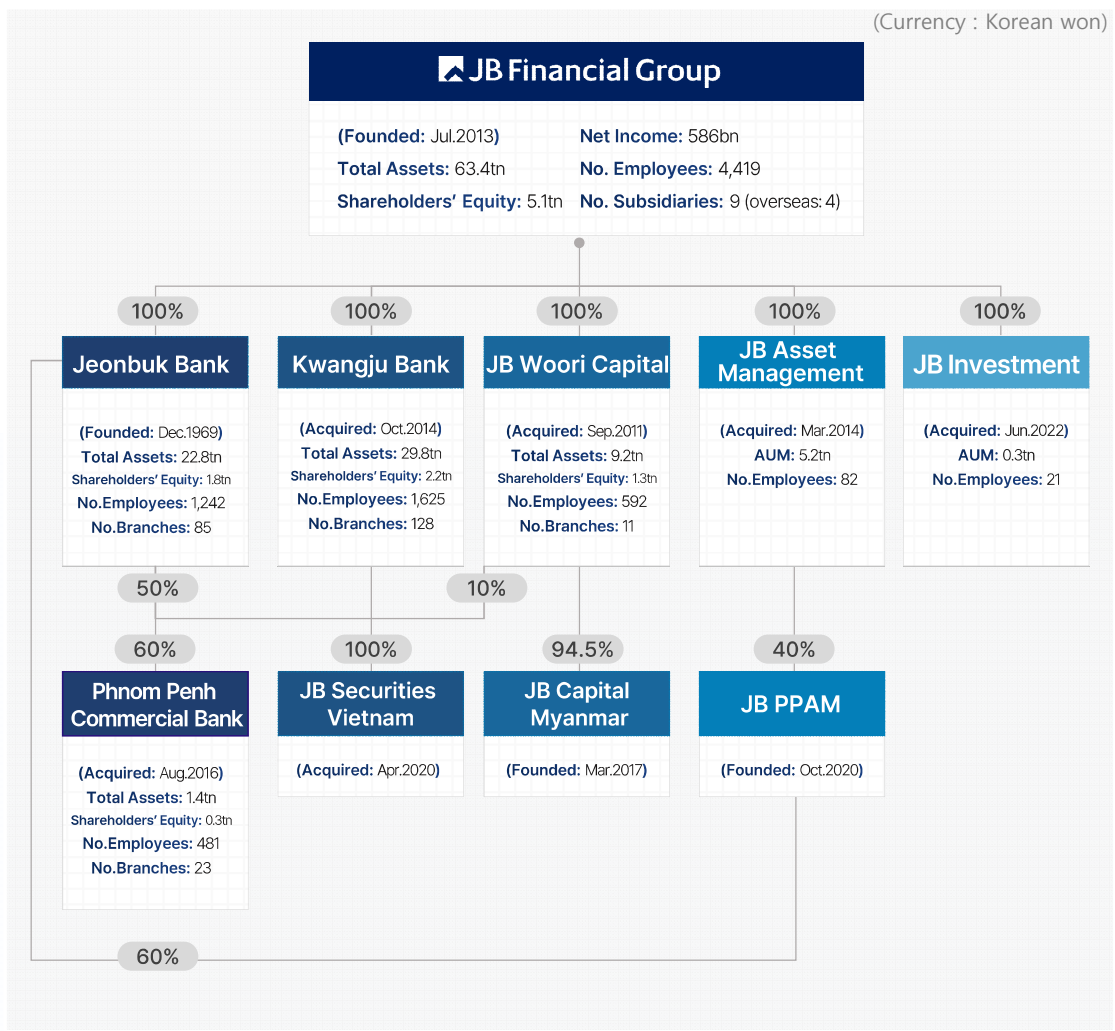
01. Introduction of JB Financial Group

Profitability of JBFG's Core Subsidiaries



Note) P/L & ROE : (Banks) Saperated, (JBWC) Consolidated / as of FY2023

Group Structure

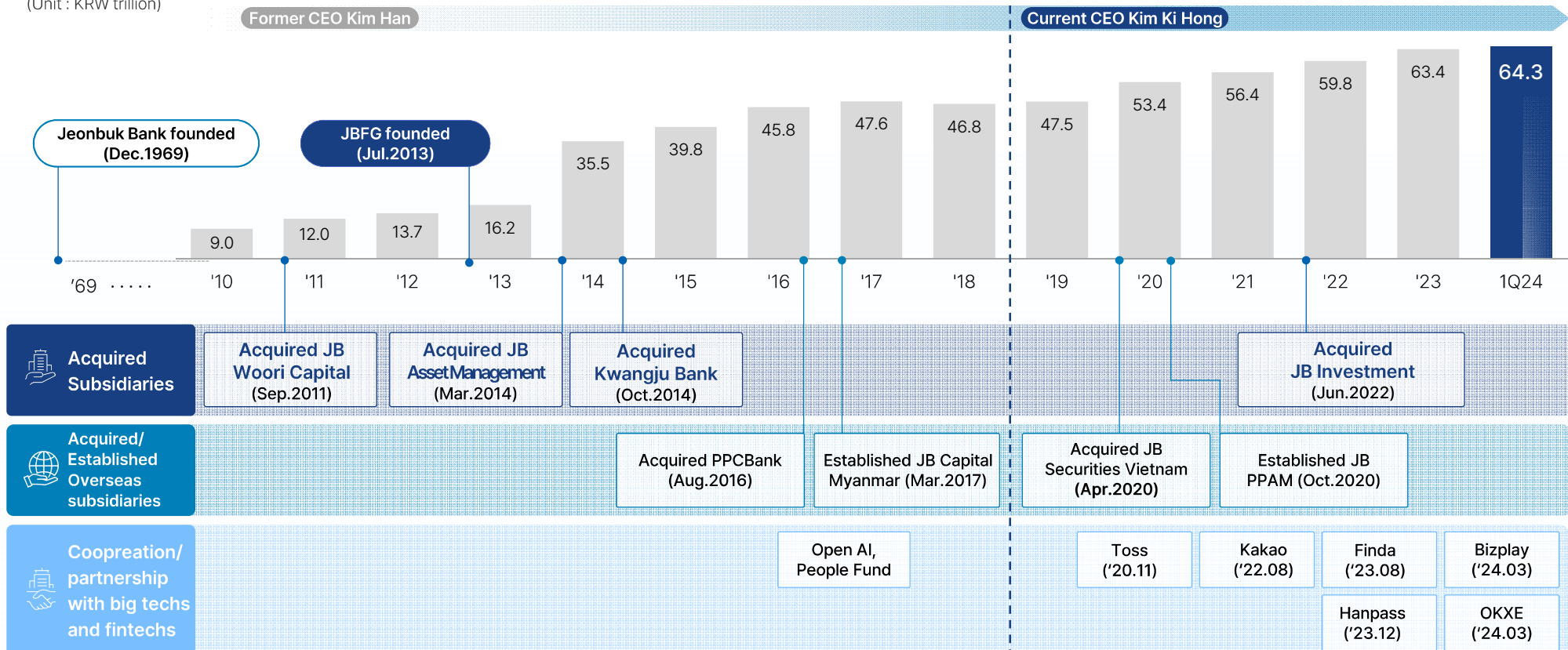


02. Growth Story_Status of Assets and M&A

- ✓ Since its foundation, JBFG has pursued group's asset growth through acquisitions of JBFG Woori Capital, JBFG Asset Management, Kwangju Bank, etc.
- ✓ ROE of acquirees rebounded exceeding that of Jeonbuk Bank, an acquirer → Achieved a successful M&A Track Record
- ✓ Pursue cooperation and strategic partnership with big techs/fintechs to secure new growth engine and diversification

Group Total Assets and M&A Track Records

(Unit : KRW trillion)



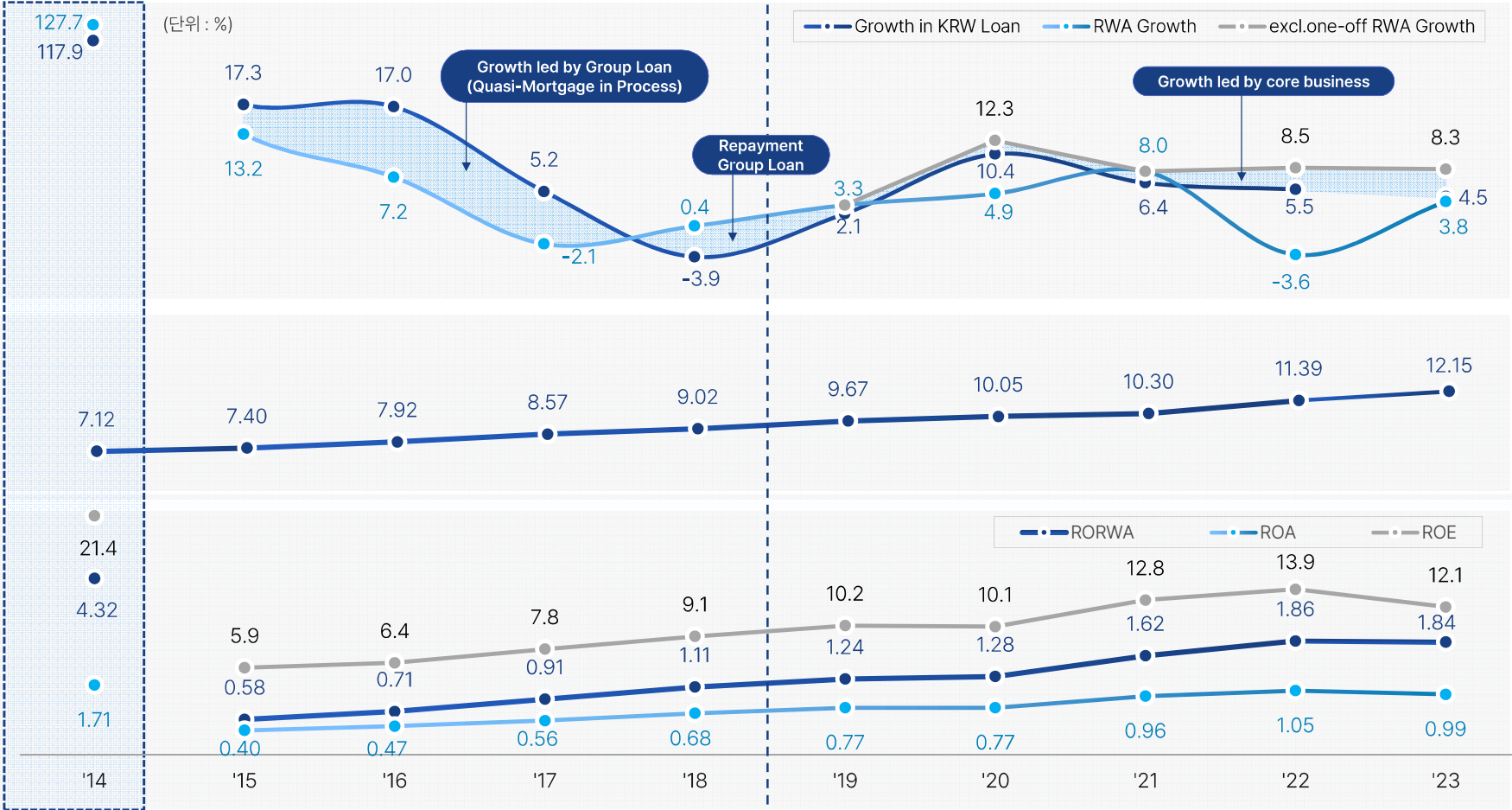
03. Growth Story_Financial Indicators

Trends in Group's Financial Indicators

Growth

CET1 Ratio

Profitability



Acquired KJB (Included negative goodwill)

Low Return, Lower RW Loan (Group Loan)
 Low Return > Lower RW Loan → Increase RORWA → Low ROA, ROE

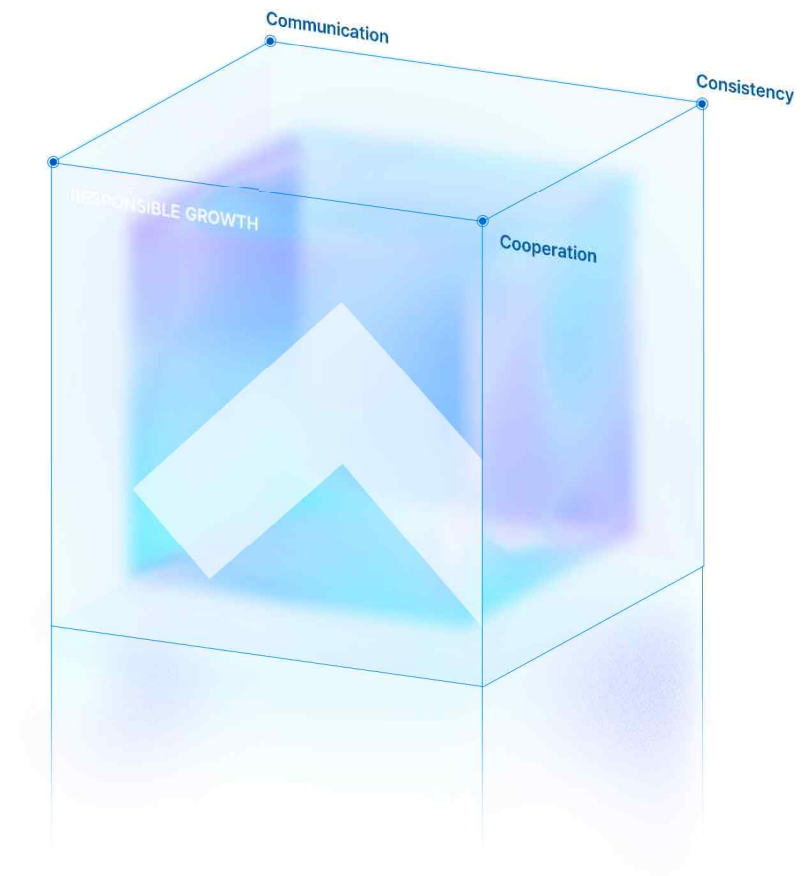
High RW, Higher Return Loan (Core Business)
 Higher Return > High RWA → Increase RORWA → High ROA, ROE

※ One-off RWA growth factor : '20 Finalized BaselIII (Credit Risk), '22 IRB approach, '23 Finalized BaselIII (Operation, Market Risk)



JBFG Strategy Season I

- 01 / Background
- 02 / Niche Market Strategy based on Risk-adjusted Return
- 03 / Expansion of Core Businesses



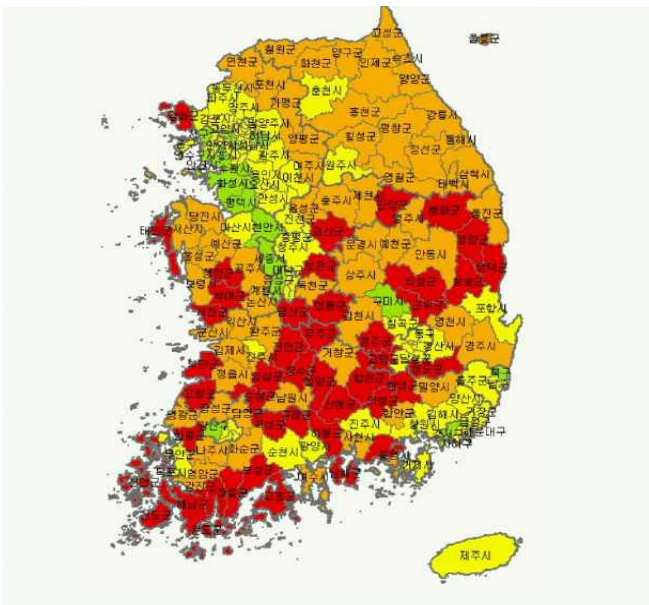
01. Background

☑ Threat factors for regional banks → a greater need for expanding customer base

1. Deepening crisis of extinction of the region due to aging population
2. Technological development (toward mobile banking) : increasing use of mobile banking among the younger generation
3. Regulation : intensifying competition due to disclosure of interest rate spreads and the emergence of refinance platforms, weakening customer loyalty, which is a strong suit of regional banks, due to declines in data asymmetry

☑ Current CEO's Inaugural Address(Mar.2019) → Pursuing qualitative growth focused on internal strengths for sector-leading profitability & shareholder return policy

Extinction Risk Index :
Higher risk of extinction for the regional area

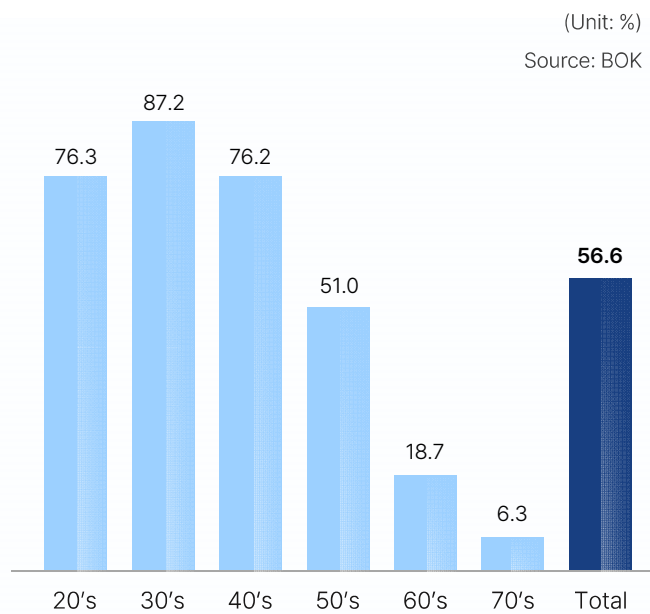


Note) Regional Extinction Risk Index
= 'females aged 20~39 / elders aged 65 or above'
The closer to red the color gets, the higher the risk of extinction gets.

Source) Regional Industries & Employment from
Korea Employment Information Service

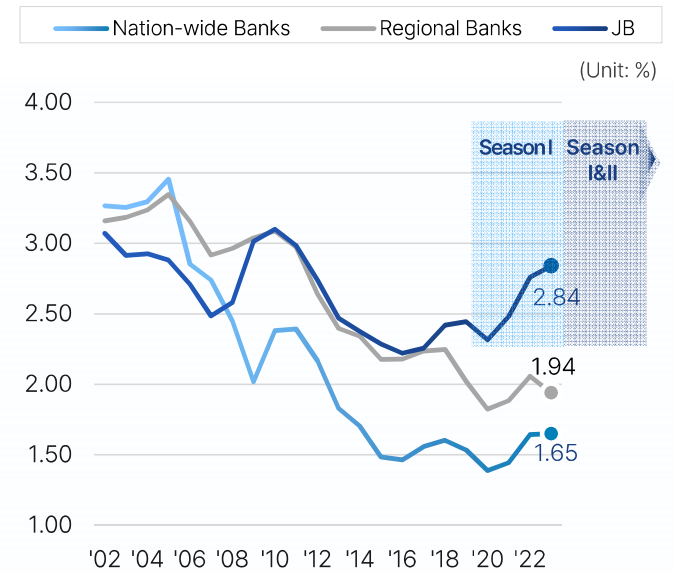
Technological Development : Toward Mobile Banking

Use of Mobile Banking by Age Bracket



Source) News Report

Deepening regulation & competition :
NIM declining across the banking sector



주) NIM : simple average NIM of the banks
Nation-wide Banks: KB, SH, Woori, Hana
Regional Banks: Busan, Kyongnam, Daegu
JB: Jeonbuk, Kwangju

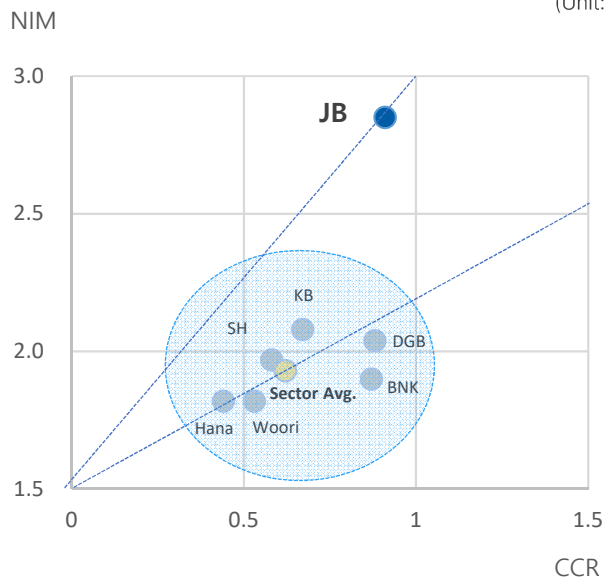
Source) Financial Statistics Information System of the FSS

02. Niche Market Strategy based on Risk-adjusted Return

- ✓ Niche Market Player with a focus on core businesses : Developed loan products that empower JBFG to gain a comparative advantage
 - ➔ With its risk-adjusted return(\approx NIM-CCR) reaching the sector-highest level, JBFG has established its unique niche market(Medium Risk & High Return)
- ✓ Accordingly, JBFG has the sector-highest RORWA with the top end of average risk weight / total assets
- ✓ Pursue a flexible growth strategy considering the regulatory landscape and economic conditions

Ex-post Risk-adjusted Profitability_NIM(Banks)-CCR

Strategy: niche market player focusing on core businesses with Medium Risk-High Return

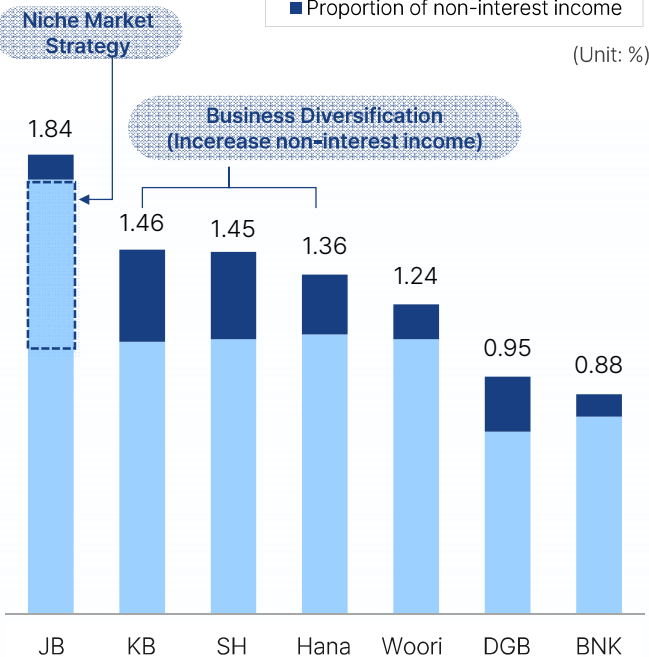


No niche market exists due to intense competition (New Players: online banks, etc.)
 Everyone competes with standardized products
 mortgage loans, corporates, SOHO, etc.)

Note) as of FY2023 (annual)
 Source) Factbook of each financial group

Ex-ante Risk-adjusted Profitability_RORWA

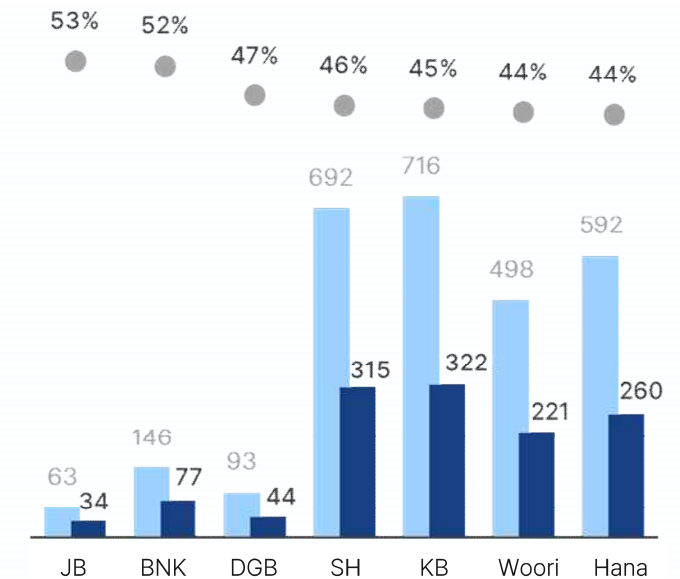
(Unit: %)



Note1) as of FY2023 (annual)
 Note2) Proportion of Non-interest income :
 $RORWA \times (\text{Non-interest income} / \text{Total operating income})$
 Source) Factbook of each financial group

Comparison of Average Risk Weight of Total Assets In sector at the End of 2023

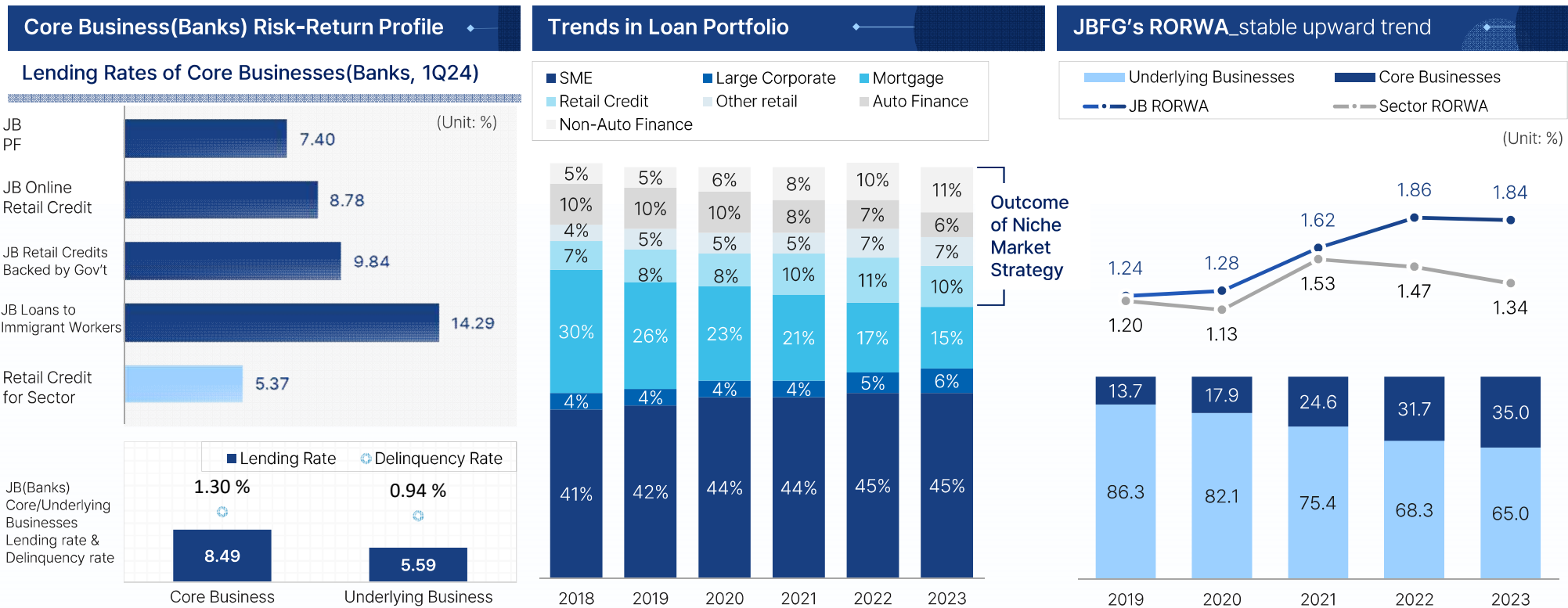
(Unit: KRW trillion, %)



Note2) average RW = Total Assets / RWA
 Source) Factbook of each financial group

03. Expansion of Core Businesses

- ✓ Improve structural profitability through efficient capital allocation driven by risk-adjusted return
- ✓ Continue to rebalance loan portfolios centered around core businesses
- ➔ JBFG expands core businesses at 35%, and its RORWA 1.84% as of 2023



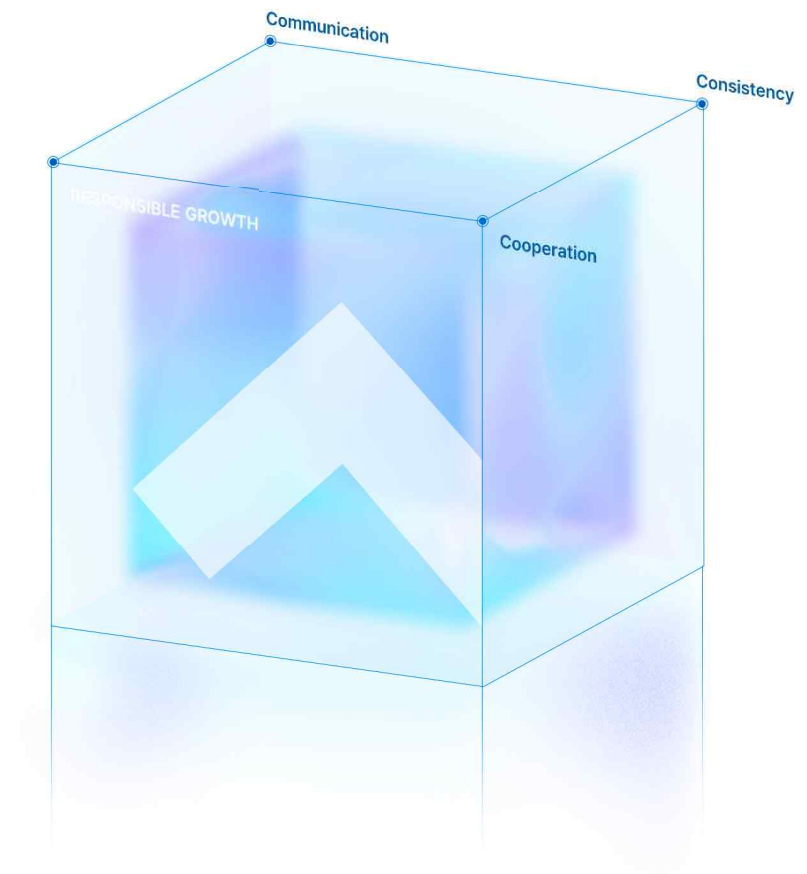
Note1) JB lending rate: weighted average interest rate on new loans originated by Jeonbuk Bank & Kwangju Bank in 1Q24 loans
 Note2) JB Delinquency Rate : the ending balance as of 1Q24
 Note3) Retail Credit for Sector: Simple average lending rate on new loans originated in 1Q24 (KB, SH, Hana, Woori)
 (Source-Comparison of interest rates published by the Korea Federation of Banks)

* RORWA = Return on Risk Weighted Asset
 Note) Sector : KB, SH, Hana, Woori, BNK, DGB



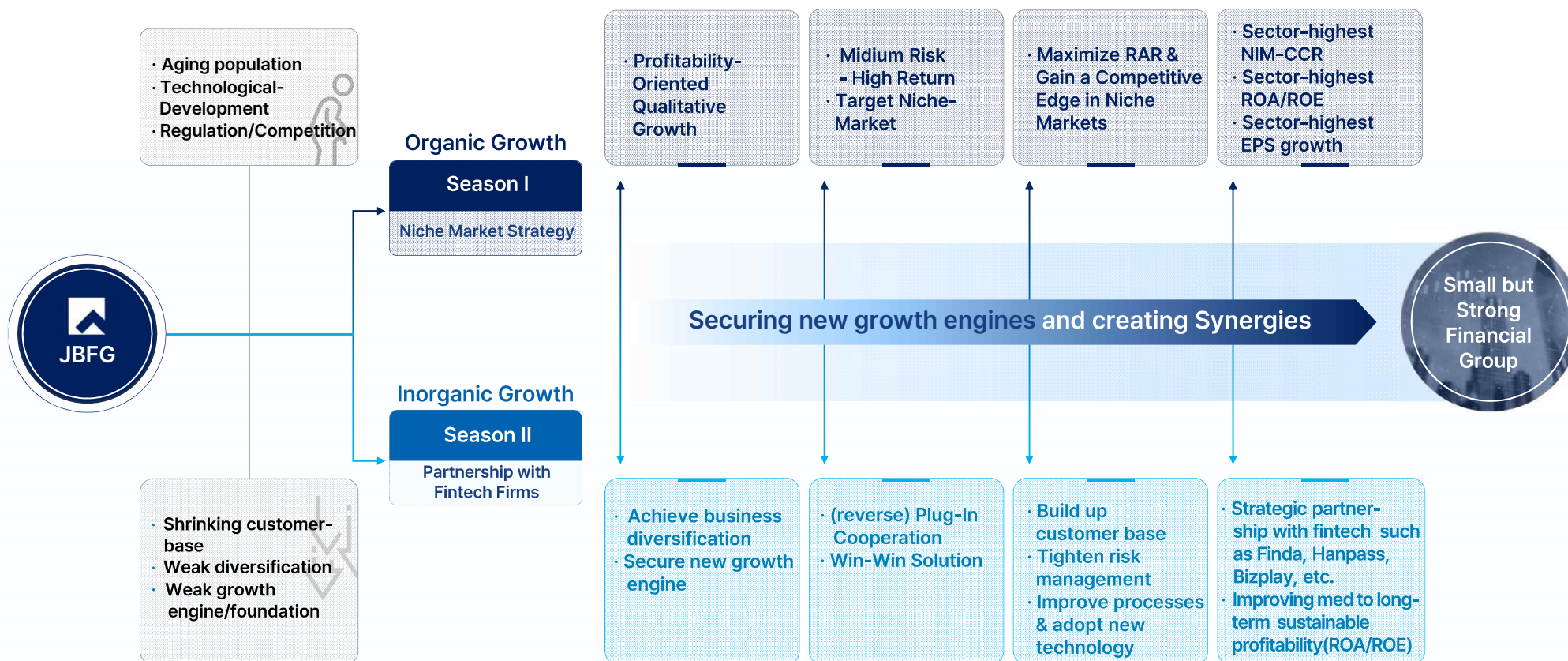
JBFG Strategy Season II

- 01 / JBFG Growth Strategy Season I/II
- 02 / Status of Strategic Partnership & Expected Benefits
- 03 / Strategic Partnership_Finda (Case)
- 04 / Strategic Partnership_Hanpass (Case)



01. JBFG Growth Strategy Season I / II

- ✓ JBFG pursues its own distinctive strategy to overcome its shortcomings of weak diversification and small share of non-interest income.
- ✓ JBFG implement the growth strategy(Season I) of focusing on core businesses as Niche Market Player and strategic partnership (Season II) with fintech firms.

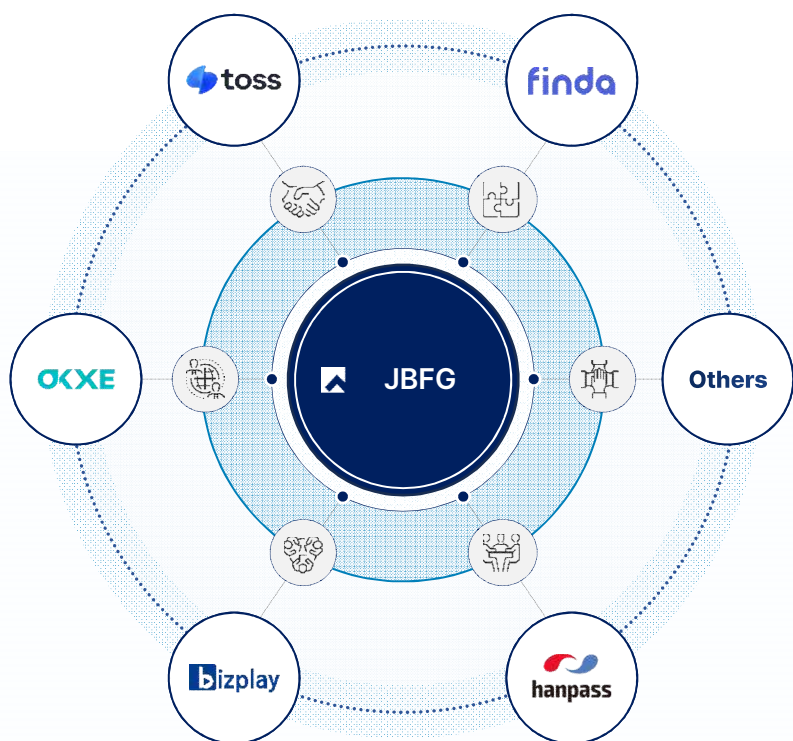


02. Strategic Partnership & Expected Benefits

- ✓ JBFG tries to increase revenue by expanding the customer base through the pursuit of its own distinctive digital strategy, tighten risk management, improve its processes, and adopt new technologies.

→ Securing new growth divers and aiming to improve long-term sustainable ROA and ROE

Major Strategic Partners & Expected Benefits



I Expand Customer Base

Increase revenue by strengthening existing loan products, launching new loan products, accelerating process changes

- ✓ Execute co-marketing to expand the offerings of loan and deposit products
- ✓ Leap into the top as a 'leading bank dedicated to foreigners' by securing the loan & cross-border money transfer market for foreign nationals

II Tighten Risk Management

Address bad debt ratio and tighten risk management by capitalizing on strategic data and know-how.

- ✓ Utilize Finda Score to enhance the accuracy of CSS and as a supplementary indicator to assist with delinquency management
- ✓ Develop a loan strategy model exclusively for foreigners by combining Hanpass and data on foreigners

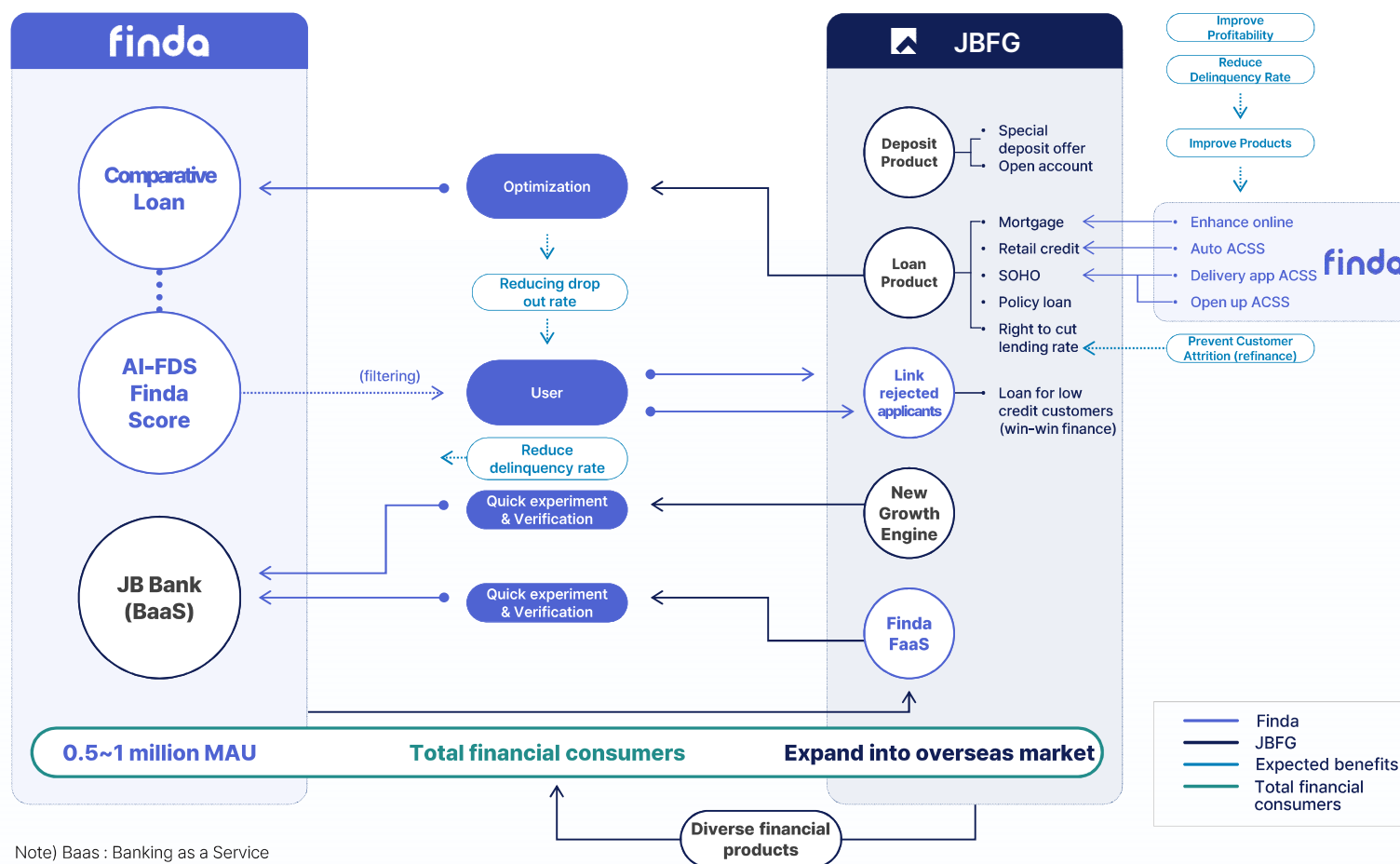
III Improve Processes and Adopt New Technologies

Apply data analytics to improve existing products and enhance loan execution rate

- ✓ Enhance loan acquisition and execution rate by using Finda data
- ✓ Improve productivity by adopting new technologies such as AI/ChatGPT, etc.

03. Strategic Partnership _ Finda (Case)

- ✓ JBFG has signed a strategic partnership agreement with Finda that engages in loan brokerage and management through 68 financial partners with the cumulative number of users being 2.7 million.
- ✓ Make joint efforts to develop co-products to generate synergy and expand into new business segments by fortifying online businesses through strategic partnership in developing alternative credit rating models



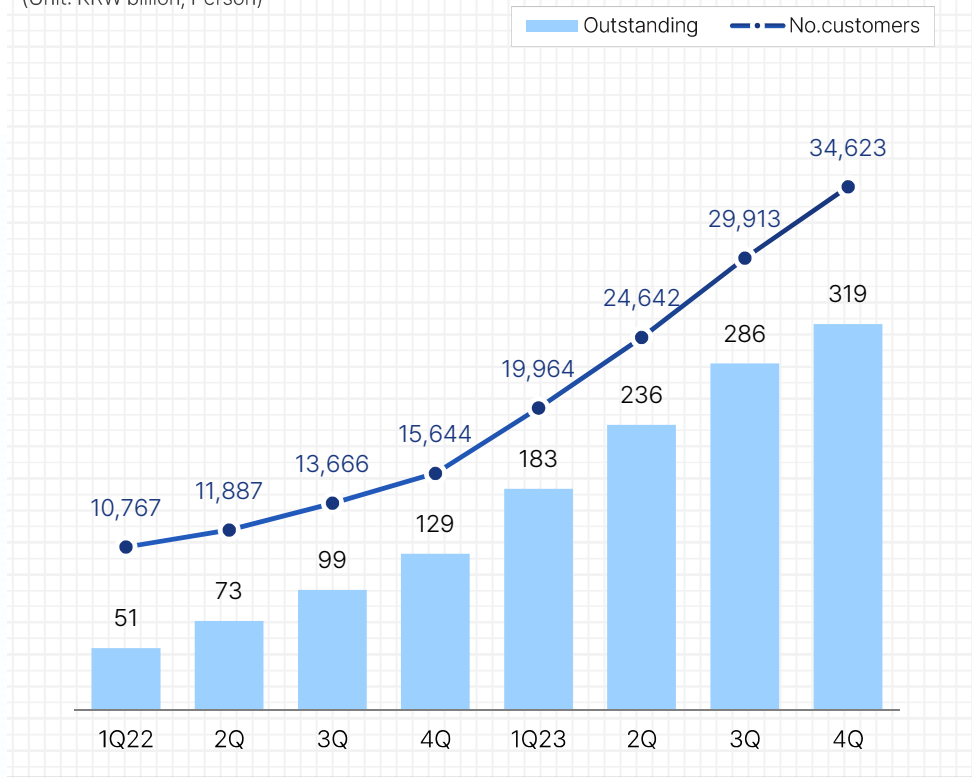
Note) Baas : Banking as a Service

04. Strategic Partnership _ Hanpass (Case)

- ✓ JBFG has executed a strategic partnership agreement with Hanpass, a major cross-border remittance platform for foreign nationals that provides services to approximately 570 thousand foreigner customers with the MAU being roughly 140 thousand.
- ✓ JBFG is expanding financial services for foreign nationals with Jeonbuk Bank being the key player. Through partnership with Hanpass, it is laying the foundation for becoming a 'full-service financial firm for foreign nationals' by securing competitiveness in lending market for foreigners and launching financial products exclusively for foreign customers.

Unsecured Loans for Immigrant Workers by Jeonbuk Bank

(Unit: KRW billion, Person)



Cooperative Agenda

JB Financial Group

- ✓ M/S in unsecured loans for foreigners
- ✓ No. customers 84%
- ✓ Loan balance 53%

Synergy

hanpass

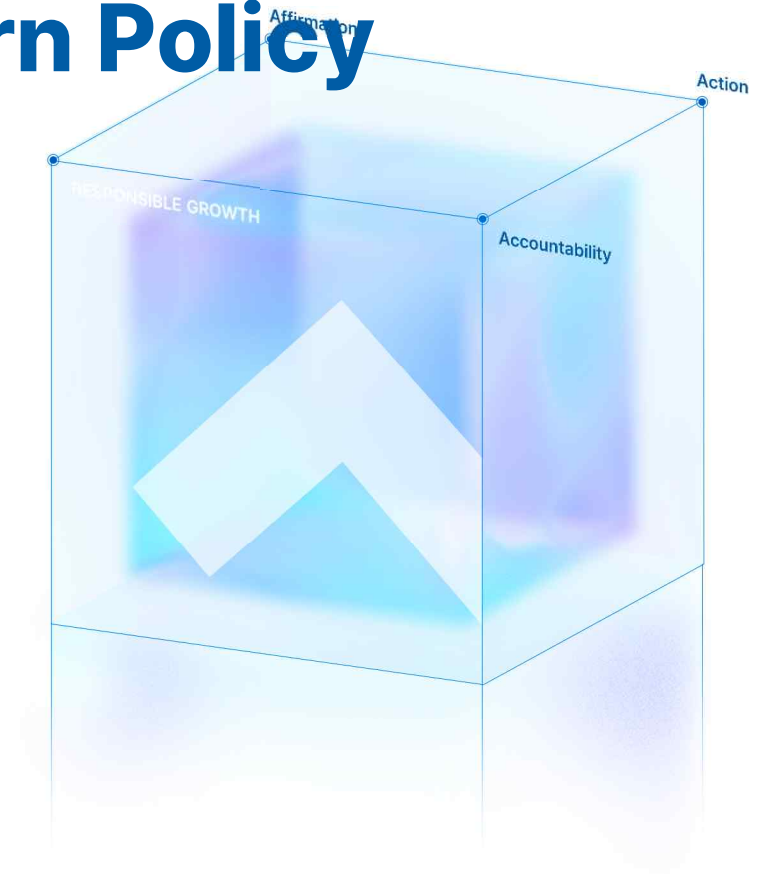
- ✓ One of Top3 cross-border remittance platform for foreigners
- ✓ Foreign customers: app. 570K
- ✓ MAU: app. 140K

- I Cooperation in services
- II Expand customer base
- III Adopt more advanced product/service development
- IV Cooperation in overseas businesses
- V Risk management (use of data on foreign nationals)

IV

JBFG's Shareholder Return Policy

- 01 / Shareholder Return Policy
- 02 / Continued Enhancement of Shareholder Return Policy

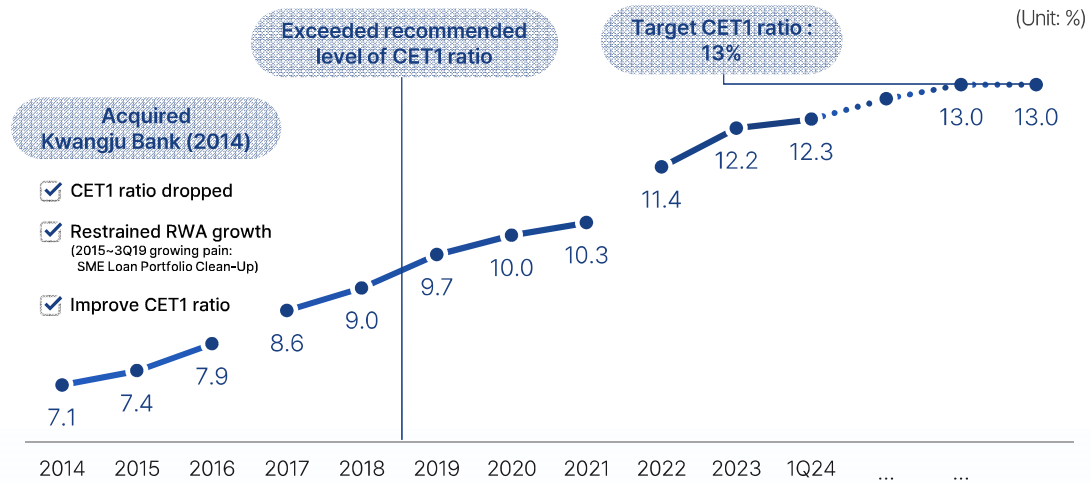


01. Shareholder Return Policy

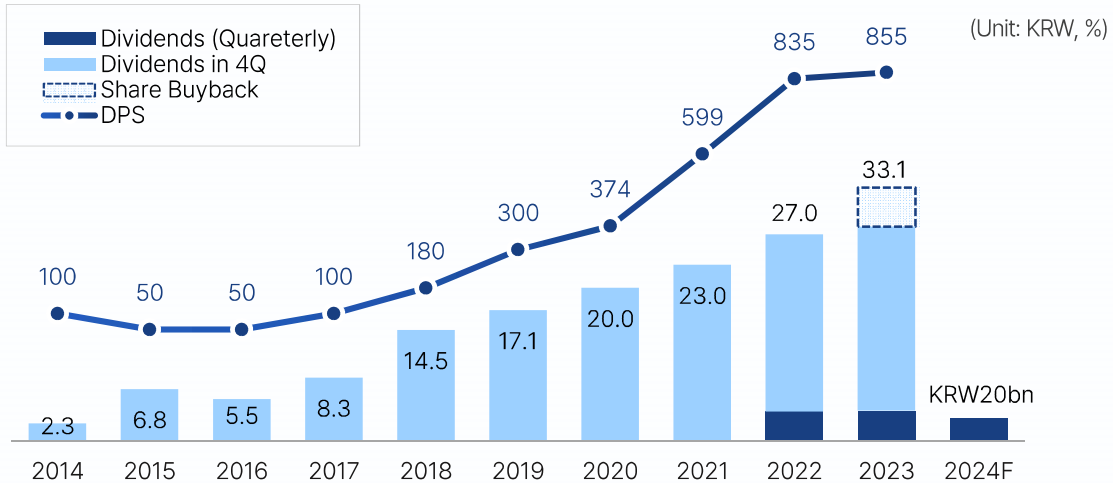
Key Content of Shareholder Return Policy

- I
 - ☑ Target CET1 ratio: 13%
Active use of excess capital for shareholder returns
 - ☑ The group will actively maintain its CET1 ratio within the range of 12~13%, should the ratio surpass 12%, serious consideration will be given to share buyback/retirement, alongside a focus on DPS growth.
- II
 - ☑ JBFG is strategically focused on RWA growth within the forward range of 7~8% (3year CAGR). However, the Group will pursue a flexible growth strategy, taking into consideration various factors - management strategy, regulatory environment, economic conditions, etc.
- III
 - ☑ JBFG, as a financial company representing the regional community, strives to strike a harmonious balance between its public role within the community and delivering value to shareholders
- IV
 - ☑ The policy may change if an event such as a regulatory change or uncertainty in financial markets requires an adjustment of policy as deemed necessary by the Board of Directors

CET1 Ratio_Continued improvement enables us to lay the foundation for strengthening shareholder return policy



Total Shareholder Return_Stable DPS Growth & Share buyback & Quarterly Dividends



02. Continuous Enhancement of Shareholders Return

- Shareholders return as a % of earnings for 2023 came in at 33%, up 6%p Y-Y
- Continued to strengthen shareholders return over the past five years based on the sector-highest profitability
- DPS grew at a much higher pace than sector for the past four years
- Diversification of Shareholders Return : ① Share buyback/retirement(2023), ② Semi-annual Dividend(2022~23) → Quarterly Dividend(2024)



Note) Including dividends attributable to 2023 earnings and share buyback in 2023 (excluding share buyback in 2024)

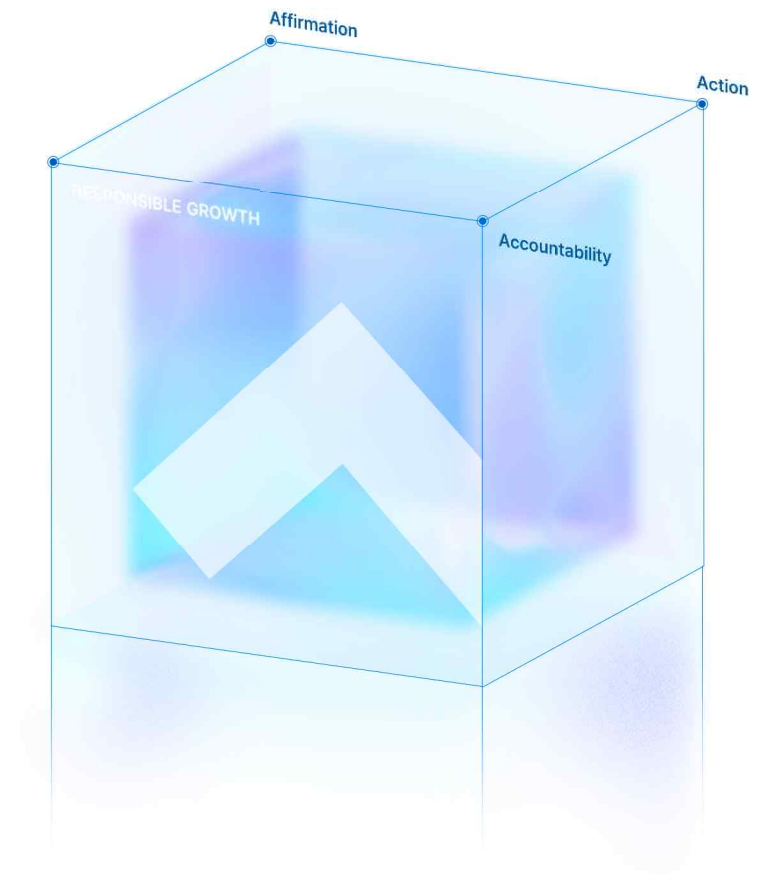
Note) Banking sector : KB, SH, Hana, Woori, BNK, DGB

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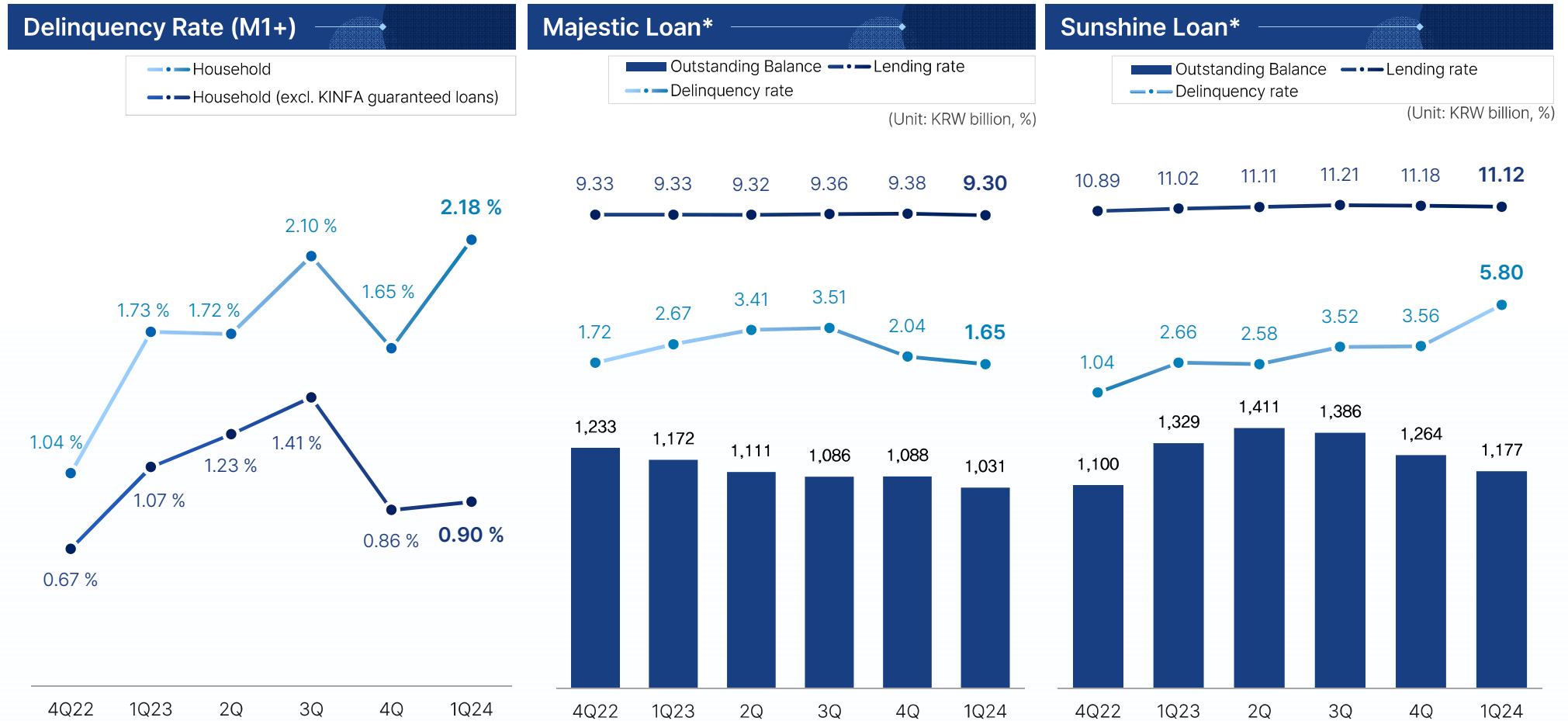
Appendix

- 01 / Asset Quality & Profitability of Household Loans in Jeonbuk Bank
- 02 / Asset Quality & Profitability of Household Loan Products in Jeonbuk Bank
- 03 / Asset Quality of Group's Real Estate PF & SME Loans



01. Asset Quality & Profitability of Household Loans in Jeonbuk Bank

Outstanding Balance / Average Lending Rates / Delinquency Rates of Household Loans in Jeonbuk Bank



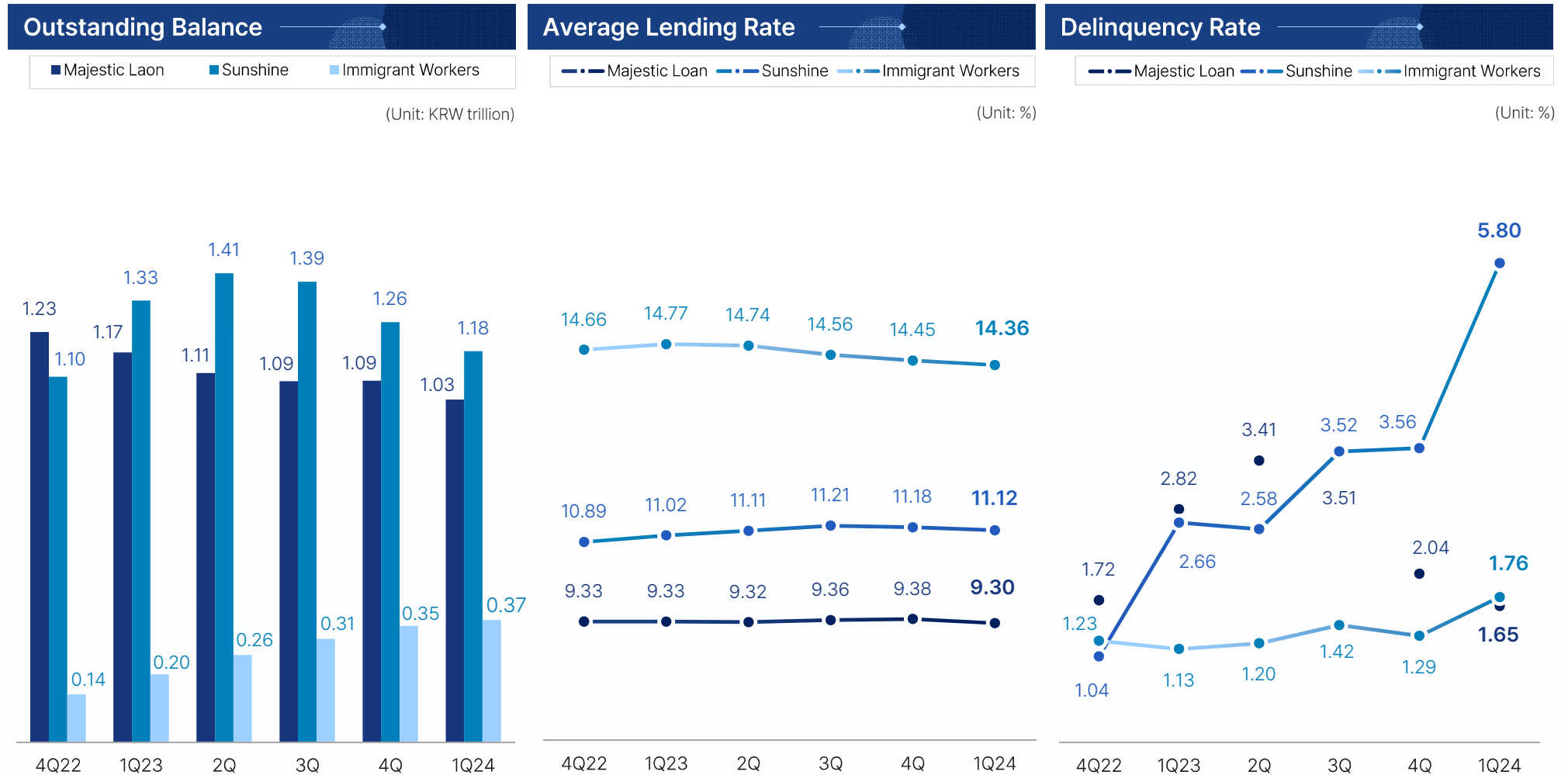
Note) KINFA: Korea Inclusive Finance Agency

Note1) Majestic loans are granted mostly through the online channel and part of them are handled at branches.
 Note2) Lending rate : weighted average rate based on outstanding balance

Note) Sunshine loans are prominent loan products guaranteed by the KINFA

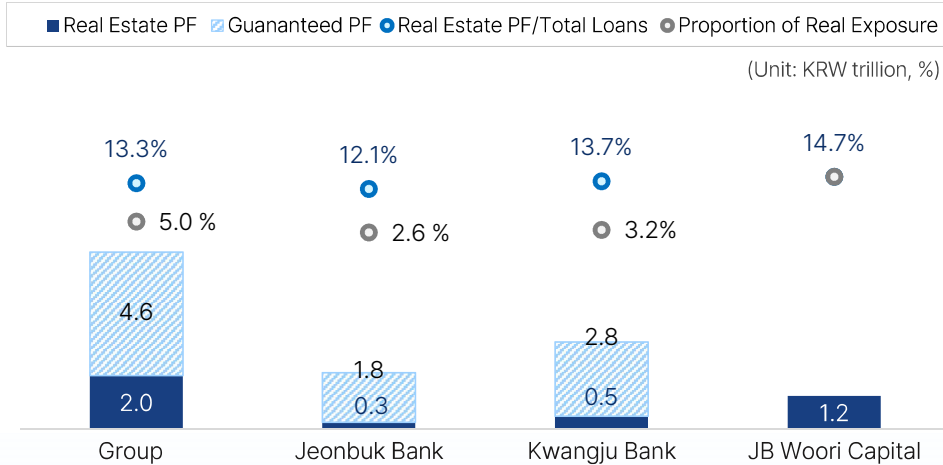
02. Asset Quality & Profitability of Household Loan Products in JBB

Outstanding Balance / Average Lending Rates / Delinquency Rates of Major Loan Products in Jeonbuk Bank



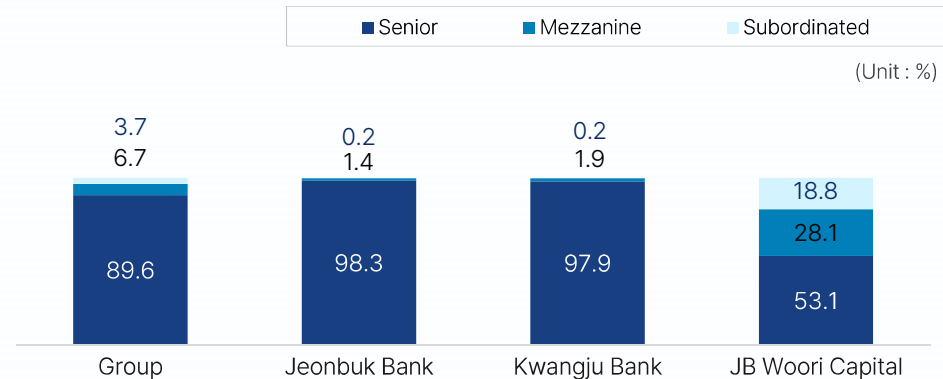
03. Asset Quality of Group's Real Estate PF & SME Loans(including SOHO) JB Financial Group

Group's Real Estate PF

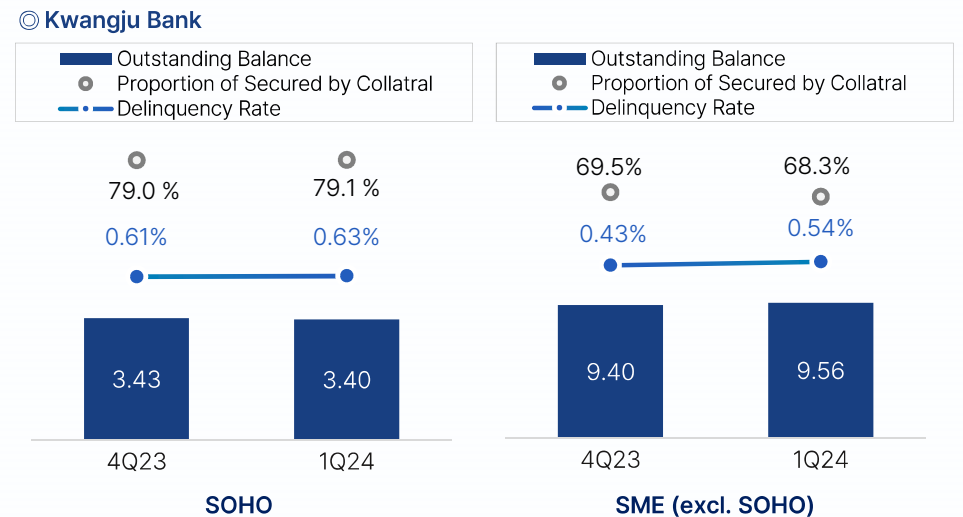
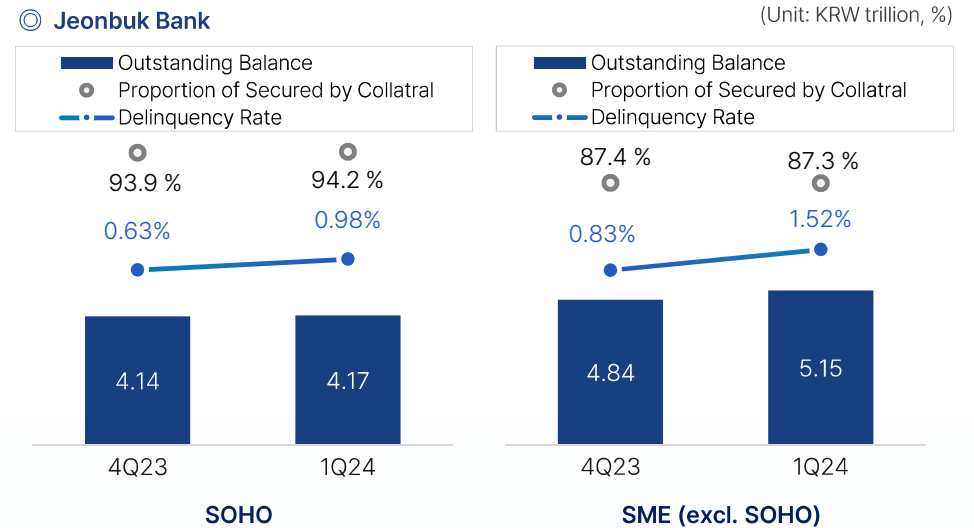


* The outstanding balance of PF includes bridge loans of KJB(KRW0.07tn) and JBWC(KRW0.20 tn)
 (Note) share of real exposure (reflective of guaranteed loans) : Guarantee rate of guaranteed PF is 90%.

Share of Each Real Estate PF Tranche



SME Loans(including SOHO Loans)



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