



A Study on the Economic Impact of Startup Support Programs of the Banks Foundation for Entrepreneurs(D-CAMP)

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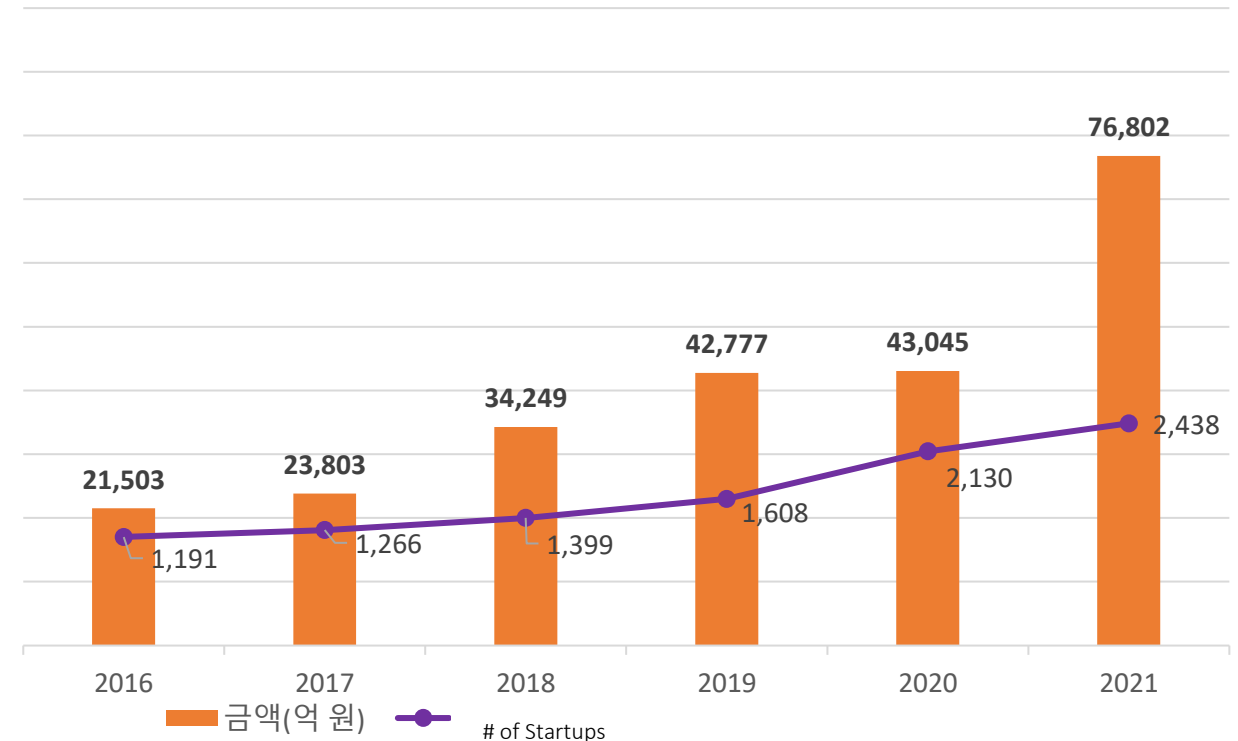
Background and Necessity

In the face of the 4th industrial revolution, providing programs and services to nurture a healthy and sustainable startup ecosystem is a significant policy task for creating jobs and securing future growth engines for the Korean economy.

Over time, the total amount of venture capital (VC) investment has been rising with policies for more government support and the establishment of various institutional VCs. However, there is an escalating social need for a comprehensive support system, including recruitment, public relations, and management support, to help startups secure global competitiveness.

- The annual VC/startup investment in Korea has been growing by an average of 14% since exceeding the KRW 2 trillion thresholds in 2015.
 - Korea's VC investments as a percentage of GDP were 0.22% as of 2019 performances, ranking 4th in the world, followed by the USA (0.40%), Israel (0.38), and China (0.27).
 - In 2021, Korea's VC investments as the share of GDP climbed to 0.58% as for investment performance.

Investments and # of Korean Startups by Year



* Source: Korean Venture Capital Association, March, 2022

Background and Necessity

The Banks Foundation for Young Entrepreneurs is a non-profit foundation established to advance services in supporting startups, creating jobs by helping the younger generation start a business, and **building a comprehensive startup ecosystem by organically combining the three elements of investment, network, and infrastructure.**

The Banks Foundation for Young Entrepreneurs was founded in 2012 as a social contribution by the banking industry. Twenty financial institutions, all members of the Korea Federation of Banks, have funded the establishment with a contribution of KRW 500 billion.

As of 2021, the accumulated contributions from the banking industry amounts to KRW 845 billion.

In March 2013, the Banks Foundation for Young Entrepreneurs launched D·CAMP, the first startup hub in Korea. Since then, D·CAMP has developed into Korea's prime center for startups through direct/indirect investments, selecting residence startups, and various programs to support startups.

Since its establishment, the Foundation has been carrying out various activities for supporting startups for the past decade.

There is a need to assess its outcomes and economic impact and re-examine the option of introducing a new future strategy to foster a startup ecosystem with an advanced system.

There are needs for...

- a **quantitative assessment and examination** of not only the direct economic impact shown in investment performances but also the **overall economic impact** at a national level, such as greater production, more added value, and jobs creation in relevant industries;
- an **analysis of the social contribution and impact** of individual programs run by the Foundation;
- a **conclusion of objectified assessment indicators and suggestions for future improvement to enhance the Foundation's efficiency and productivity.**

Objectives and Scope

This study aims to provide an objective assessment of the outcomes of the support programs and direct/indirect investment businesses carried out by the Banks Foundation for Entrepreneurs, based on quantitative indicators in terms of economic impact.

1) Analysis on the economic impact of and jobs created by direct and indirect investments

Individual economic assessments on direct/indirect investments and analysis and estimations on production, added-value, employment inducement effects.

2) Analysis on the economic effect of providing guarantee services for startups

Analysis and estimations on the economic impact of efficient financial and investment support through the provision of guarantee services to startups and small-and-medium-sized businesses.

3) Analysis on the economic values created by each program supporting and nurturing startups

Analysis and estimations on the impact of the Foundation's programs: D·DAY, IF Festival, growth support programs, community residency programs, and global networking programs.

4) Analysis of the economic effect of various infrastructures provided to startups

Analysis and estimations on the cost-effectiveness per unit area and the economic impact on family startups in residency.

5) Analysis of the economic benefits for contributed financial institutions

Analysis of survey results on reduced corporate taxes for contributions and changes in the perception of social contribution activities.

Economic Value and Impact of the Programs Operated by The Banks Foundation for Young Entrepreneurs (D·CAMP) (Accumulated since establishment-2021, 10 years)

Incubation

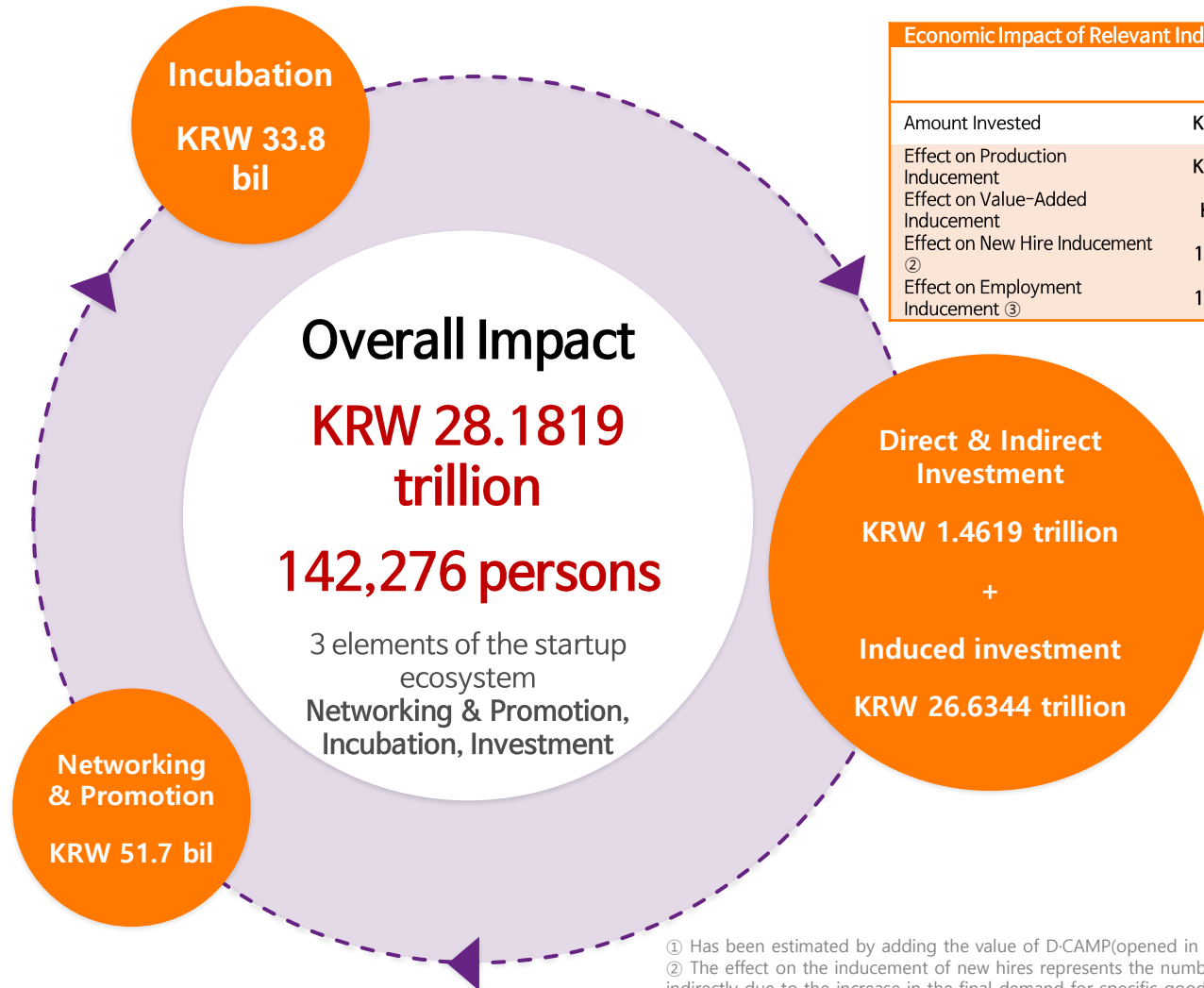
| Economic Value of Startup Incubation | |
|--------------------------------------|---------------------|
| Provision of Space, Programs | KRW 33.8 bil |

| Economic Value of Startup Incubation | |
|---------------------------------------|--------------------|
| Provision of Space ① | KRW 23.9 bil |
| Residents | 435 Startups |
| Growth Support and Community Programs | |
| Office Hours | 2,312 Participants |
| Training Programs | 1,668 Participants |
| Seminars | 8,807 Participants |
| Community for Residents | 7,328 Participants |

Networking & Promotion

| Economic Value of Startup Networking & Promotion | |
|---|---------------------|
| D-DAY, IF Festival, Global Exchange & Cooperation | KRW 51.7 bil |

| D-DAY | |
|-------------------------------|----------------------|
| # of Events | 92 D-DAYS |
| Applications | 6,000 Startups |
| Audience | 16,169 Participants |
| IF Festival | |
| # of Events | 5 Festivals |
| Participants | 447 Startups |
| Audience ③ | 198,319 Participants |
| Global Exchange & Cooperation | |
| Networks | 45 Countries |
| Partners | 314 Institutions |
| # of Visits | 141 Visits |
| # of Visitors | 911+ Visitors |



Investment

| Economic Impact of Relevant Industries of D-CAMP | | | | |
|--|-------------------|----------------------|----------------------------------|--------------------------------|
| | Direct Investment | Follow-Up Investment | Indirect Investment (Foundation) | Indirect Investment (Partners) |
| Amount Invested | KRW 11.9 bil | KRW 486.2 bil | KRW 556 bil | KRW 9951.2 bil |
| Effect on Production Inducement | KRW 21.1 bil | KRW 847 bil | KRW 971.9 bil | KRW 17281.5 bil |
| Effect on Value-Added Inducement | KRW 10 bil | KRW 420.3 bil | KRW 459 bil | KRW 8085.6 bil |
| Effect on New Hire Inducement ② | 116 Persons | 4,992 Persons | 5,551 Persons | 98,309 Persons |
| Effect on Employment Inducement ③ | 158 Persons | 6,761 Persons | 7,141 Persons | 128,215 Persons |

| Direct investment ④ | |
|---------------------------|----------------------|
| # of Investments | 144 Startups |
| Direct Investment | KRW 18.6 bil |
| Follow-Up Investment | KRW 486.2 bil |
| Indirect investment ④ | |
| # of Funds | 26 Funds |
| Contributed Capital | KRW 751.3 bil |
| Accumulated Contributions | KRW 556 bil |
| Fund of Funds | KRW 12.8997 trillion |
| Surety (Subrogation) ④ | |
| Surety Executed to | 2,195 Startups |
| Surety | KRW 85 bil |
| Subrogation | KRW 21.3 bil |
| Estimated Interest Income | KRW 17.2 bil |

① Has been estimated by adding the value of D-CAMP(opened in March 2013) and Front1(opened in July 2020)
 ② The effect on the inducement of new hires represents the number of wage workers created in relevant industries directly and indirectly due to the increase in the final demand for specific goods or services.
 ③ Effect on employment inducement includes both self-employed and non-paid family volunteers.
 ④ As of the end of Dec. 2021
 ⑤ Does not include the # of online audiences
 ⑥ Induced Investment = follow-up investment of direct investments + estimated investments from other partners of indirect investment

Methods Used

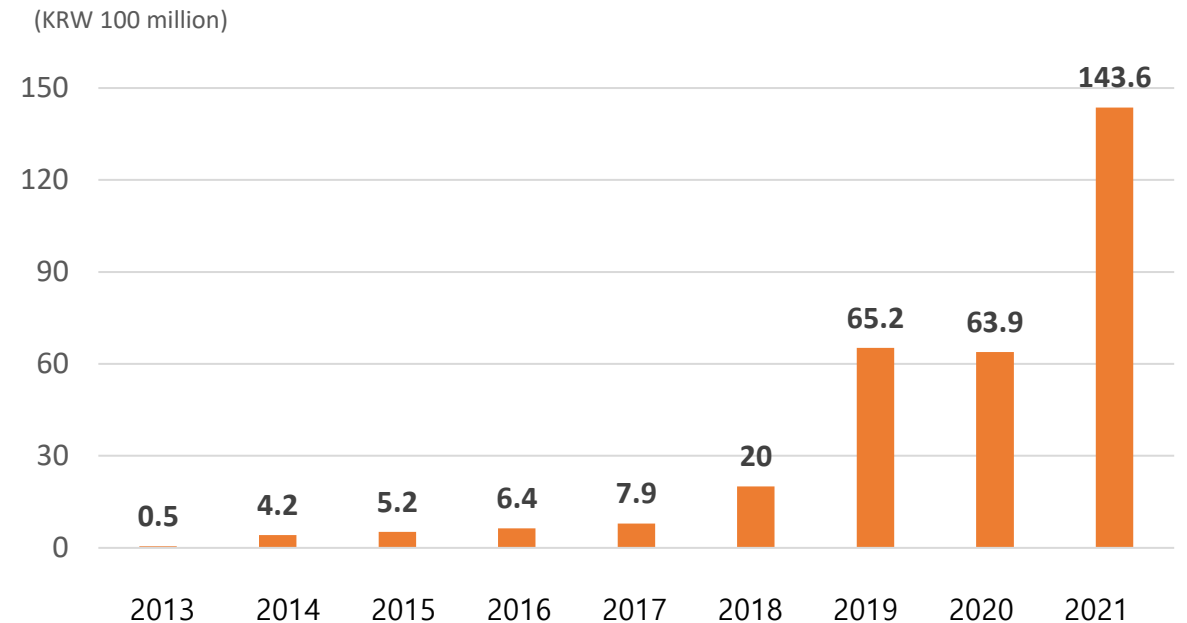
This study incorporated quantitative and qualitative assessments to determine the economic value and impact created by the different programs carried out by D-CAMP based on objective indicators. The following aspects have been considered for substantive assessment and value elicitation.

- 1) The minimum value has been calculated by the most conservative method, which then serves as the basis for estimating the maximum value. The **median value** of the minimum and maximum values has been set as the **estimation default**.
- 2) **For a conservative calculation of the minimum value**, the study applied the actual budget used for particular programs as evidential figures or utilized the lower 30% of the market price for the specific programs as the estimated value. **To calculate a fair market value, the study applied multiple values of more than three values to the assessment.**
- 3) The maximum value has been calculated by **calculating and estimating** the most **conservative multiplier** attributed to the minimum value. As for the multiplier, the **indirect values generated in qualitative terms have been applied based on survey results** targeting the participating parties in the programs, persons concerned from within D-CAMP and other relevant institutions, and the general public.
- 4) As for the amount of investment, the study applied actual investments or **actual payments that have been completed** (in the case of indirect investments) **regarding investment activities in startups.**
- 5) **The various programs, except investment activities, seemed to have relevance to and impact** other industries. However, to calculate conservative values, only the direct effects created through the programs have been considered **for the assessment.**
- 6) **As for the relevance and impact of direct and indirect investments in other industries**, the **economic value assessment is based on the basic data published by the Bank of Korea and is limited to the relevant year in which the investment was** made.

Monthly Startup Demo Day

- Having started in June 2013, D·DAY is the longest-standing demo day that has matured along with the startup ecosystem.
- 489 startups out of the more than 6,000 applicants have participated in D·DAY, a common platform for deal sourcing joined by significant players in the VC industry.
- There have been multiple cases where becoming a winner of D·DAY significantly impacts the evaluations related to programs and investments by other institutions and/or companies. However, as the cases were not quantifiable, the economic value has been estimated based on the promotion effects of D·DAY.

| Economic Value of D·DAY (2013-2021) | |
|--|----------------------|
| Economic Value per Event | KRW 340 mil |
| Average Economic Value per Year (11 events) | KRW 3.79 bil |
| Economic Value of D·DAY from 2013-2021 | KRW 31.68 bil |



D·DAY Overview (June 2013 – 2021)

Economic Value Since Establishment
(Accumulated, 2013-2021)

KRW 31.68 bil

of D·DAYs

92 times

of Participating Teams

489 Startups

of D·DAY Applicants

6,000
Startups

of D·DAY Audience

16,169
Persons

Factors Considered in Estimating the Economic Value of D·DAY

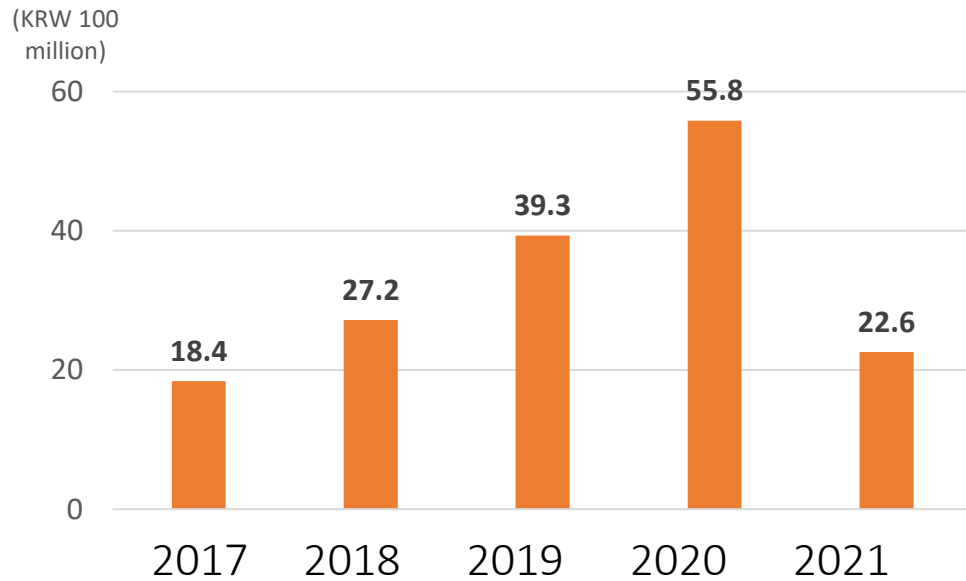
| | |
|--|--|
| Promotion effect to participating startups | Promotion effect to the participating audience |
| D-CAMP budget | Budget for external cooperation |
| Promotion effect regarding articles on D·DAY and D-CAMP ^① | Promotion effect regarding social media, such as YouTube and blogs |
| Promotion effect from the participating startups | |

① Reflects promotion effects of all articles except the articles on IF Festival



IF (Imagine Future) Festival

| Economic Value of IF Festival | |
|--|---------------|
| Economic Value per Event | KRW 3.27 bil |
| Economic Value of IF Festival from 2017-2021 | KRW 16.34 bil |



Startup Street Festival

- IF Festival aims to create real business opportunities for Korean early-stage startups by directly communicating with the public. (5 times from 2017 to 2021)
- Except for 2020 and 2021, when the event was scaled down due to COVID-19, an average of roughly 63,282 consumers and investors participated in the IF Festivals.
- Startups participating in the IF Festival get the opportunity to promote their company and businesses through Naver keyword advertisements and outdoor billboards.

Startup Street Festival IF (Imagine Future) Festival

IF Festival Overview (2017–2021)

Economic Value Since Establishment
(Accumulated from 2017-2021)

KRW16.34 bil

of IF Festivals

5 Times

of Participants*

198,319 Persons

*Does not include online participants

of Participating Startups

447 Startups

of Online Exposures

24,309,377 Times

Factors Considered in Estimating the Economic Value of IF Festival

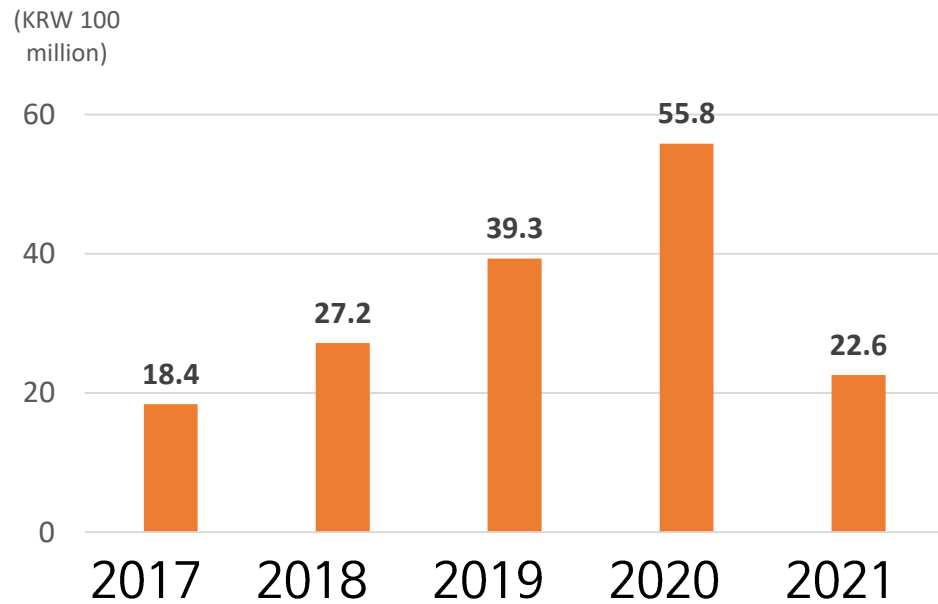
| | |
|--|--|
| Promotion effect regarding participating companies | Promotion effect to the participating audience |
| D-CAMP budget | Budget for External Cooperation |
| Promotion effect through online exposure | Promotion effect from Black Friday |
| Online channel advertisement costs | Promotion effect from articles |
| Promotion effect regarding social media, such as YouTube and blogs | Offline promotion effect (out-of-home advertising) |
| Promotion effect from the participating startups | |



Global Exchange · Cooperation

Economic Value of Global Exchange & Cooperation

Economic Value of Global Exchange & Cooperation (2014-2021) KRW 3.74 bil



* Estimated figures based on global network's participation in activities

Global Partnership Program

- Various partnership programs enable overseas partners to meet Korean startups and help them expand their businesses.
- The economic value of global exchange and cooperation has been estimated based on the influence that can be made on decision-making, such as the position or region of the international figures.



NOV 11, 2019 World Bank IFC



SEP 18, 2020 Invest-HK, Hong Kong Economic and Trade Office

Economic Value since Establishment (Accumulated from 2014-2021)
KRW 3.74 bil

of Visits from Overseas Institutions

141 Visits

Network Countries

45 Countries

of Visitors from Overseas Institutions

911+ Persons

of Global Partners

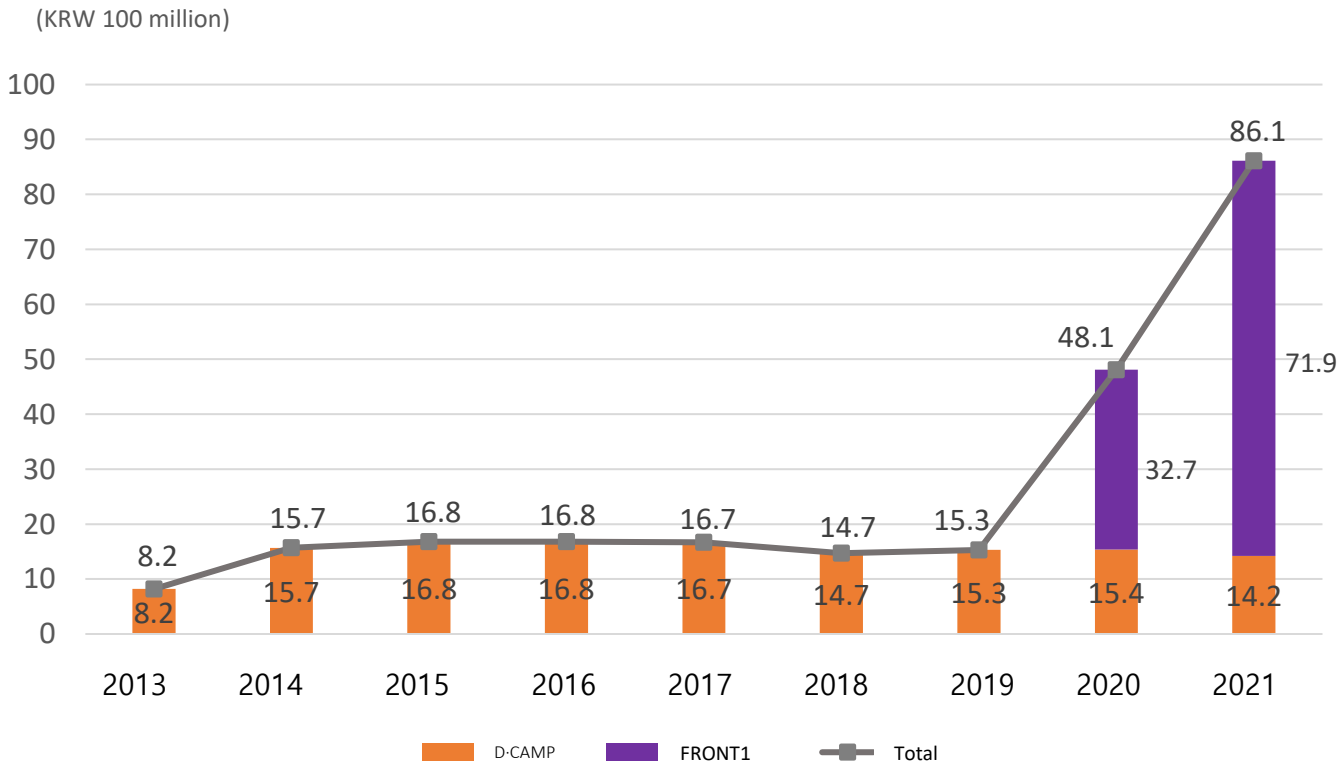
314 Institutions

Space Provision - D-CAMP · FRONT1

| Economic Value of Space Provision | |
|-----------------------------------|----------------------|
| D-CAMP (2013-2021) | KRW 13.39 bil |
| FRONT1(2020-2021) | KRW 10.46 bil |
| TOTAL | KRW 23.85 bil |

Economic Value Since Establishment
(Accumulated from 2013-2021)

KRW 23.85 bil



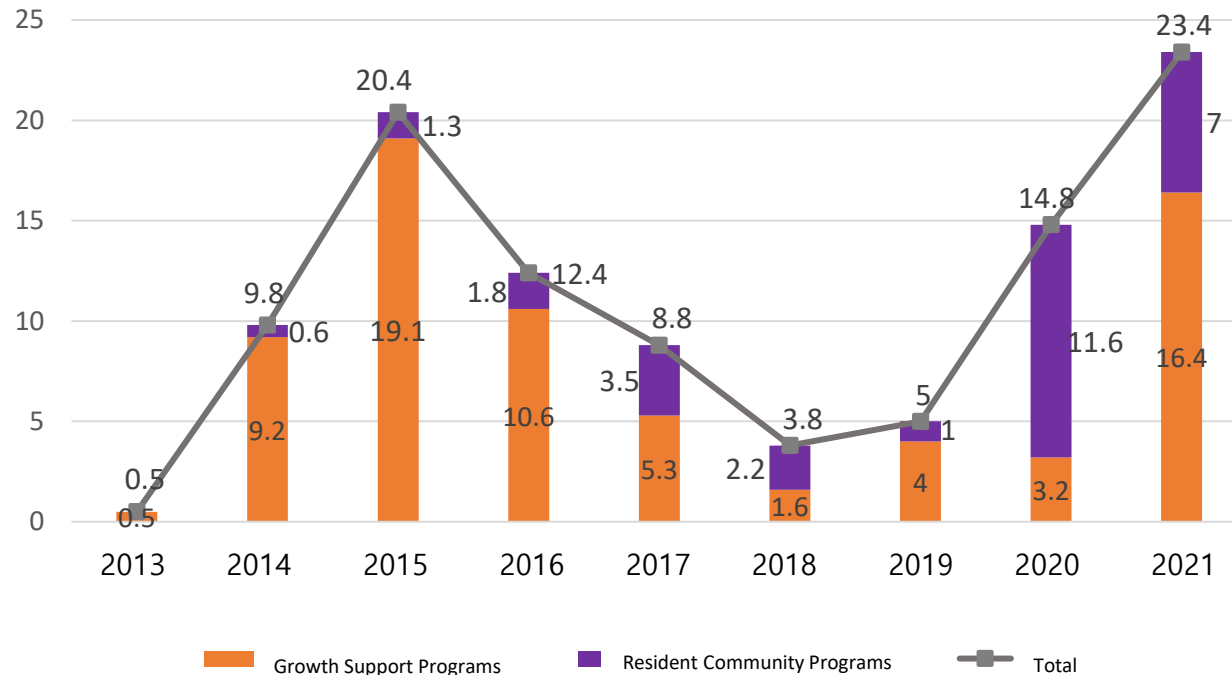
- Open on March 2-13, D-CAMP has developed into Korea's first startup complex with 224 startups in residency as of December 2021.
- FRONT1, open in July 2020, is the world's largest startup incubator with 211 startups in residency as of 2021.
- **The minimum value** has been calculated based on the comparable office space costs and actual lease income in the neighborhood. **The multiplier has considered the benefits created through the support programs offered by D-CAMP/FRONT1.**

Growth Support and Resident Community Programs

Economic Value of Growth Support and Resident Community Programs

| | |
|---|---------------------|
| Growth Support (Office Hours, trainings, seminars, expert consulting, employment support) | KRW 6.99 bil |
| Resident Community (resident community programs, FRONT1 promotion effect) | KRW 2.92 bil |
| Total | KRW 9.91 bil |

(KRW 100 million)



* Includes promotion effect of FRONT1

- D-CAMP/FRONT1 offers a comprehensive service for resident startups to grow efficiently, including consulting on and services for investment attraction, promotion, business management, recruitment support, legal matters, and global entry strategies.
- With the opening of FRONT1 in 2020, a synergy effect has been created by the residency and various support programs.

Economic Value Since Establishment
(Accumulated from 2017-2021)
KRW 9.91 bil

Participants in Office Hours

2,312 Persons

Participants in Training Programs

1,668 Persons

Participants in Resident Community Programs

7,328 Persons

Participants in Seminars

8,807 Persons

Direct Investment

Playing the role of a companion and long-term partner that provides enough time for startups to grow

Investment Overview (2012-2021) ^①

(Unit: startups or KRW 100 million)

| Category ^② | 2012-2014 | 2015-2017 | 2018-2020 | 2021 | Total |
|--|-----------|-----------|-----------|---------|----------|
| Invested Startups | 58 | 40 | 28 | 18 | 144 |
| Amount of Investment | 62.6 | 32.1 | 51.3 | 39.8 | 185.9 |
| Total Amount of Payback | 34.2 | 4.8 | 1.5 | - | 40.4 |
| Insolvencies | 19.3 | 6.5 | 2.8 | - | 28.7 |
| Remaining Investments | 27.5 | 23.3 | 47.5 | 39.8 | 138.1 |
| Follow-Up Investments | 321.0 | 3,420.4 | 1,382.0 | 111.6 | 5,235.0 |
| Enterprise Value of Invested Startups^③ | 1,774.6 | 16,578.5 | 6,371.3 | 1,972.5 | 26,697.0 |

① Prior to 2015, investment was made through consigned investment or matching investment. Since 2015, investment methods have shifted to direct investment by D-CAMP. Therefore, the investments made after 2015 are mainly done through direct investment by D-CAMP.

② Enterprise value as of the end of December 2021. Enterprise value of insolvent companies are calculated as 0. As for sold enterprises, the enterprise value at the time of selling has been applied.

③ Amount of follow-up investment is based on the amount at the time of initial investment.

Economic Value of D-CAMP's Direct Investments (2015-2021)

Value Creation^①

| Category | Estimated |
|--------------------------------|---|
| Amount of Investment | KRW 11.92 bil |
| Amount of Follow-Up Investment | KRW 486.21 bil |
| Changes in Enterprise Value | KRW 2113.17 bil |
| Changes in Revenue | KRW 224.4 bil |
| Changes in # of Employees | 2,058 Employees |
| Survival rate | 90% (73 out of 81 startups have survived) |

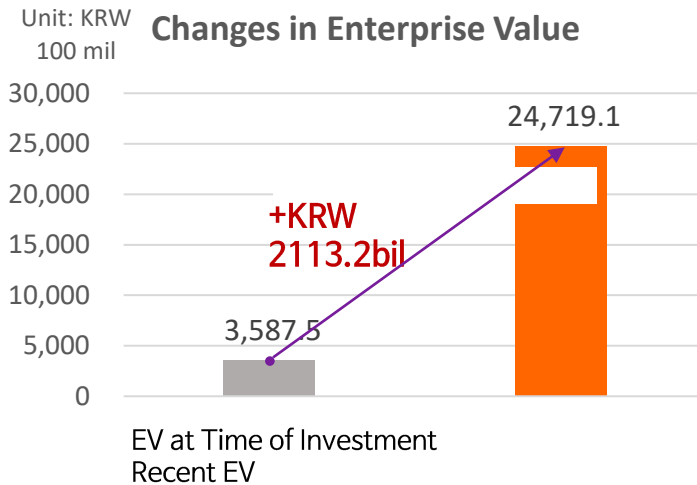
Economic Impact on Relevant Industries

| Category | Direct Investment | Follow-Up Investment |
|--|----------------------|-----------------------|
| Amount Invested (KRW 100 mil) | KRW 11.92 bil | KRW 490.26 bil |
| Effect on Production Inducement (KRW 100 mil) | KRW 21.07 bil | KRW 8,47.04 bil |
| Effect on Value-Added Inducement (KRW 100 mil) | KRW 9.96 bil | KRW 420.29 bil |
| Effect on New Hire Inducement (persons) | 116 | 4,992 |
| Effect on Employment Inducement (persons) | 158 | 6,761 |

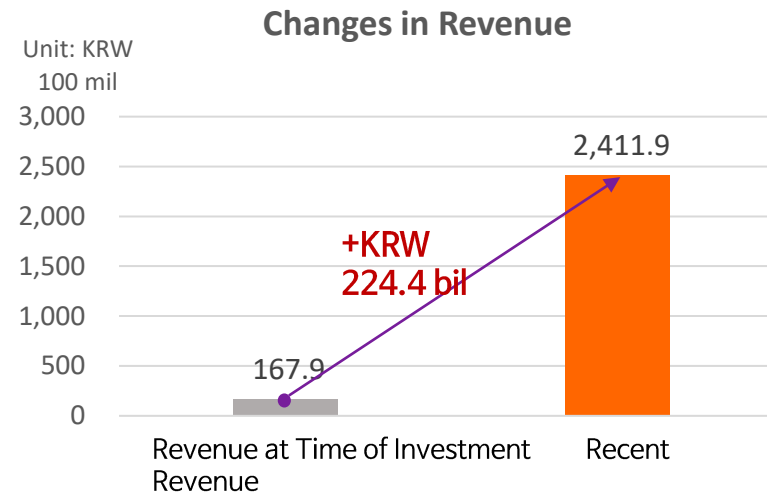
① Changes in the enterprise value, sales, and number of employees are a simple comparison between the figures at the time of investment and as of the end of December 2021.

Direct Investment – Value Creation of Directly-Invested Startups (2015–2021)

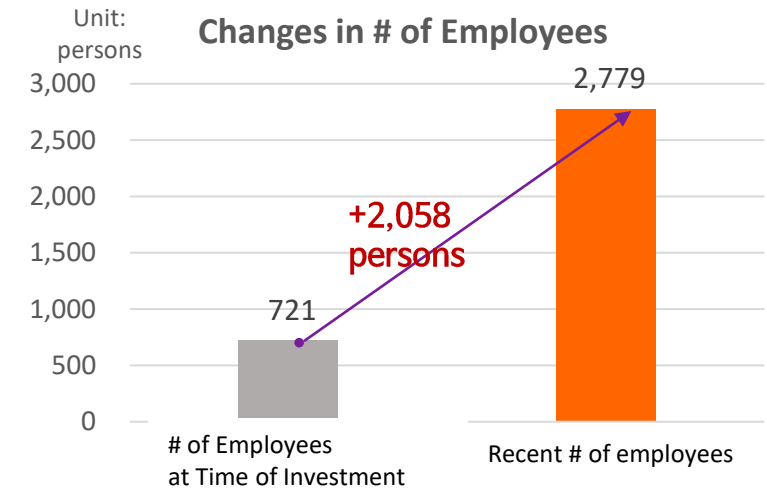
- Estimated the changes in the enterprise value (EV), sales, and number of employees at the time of investment and as of 2021 for 81 companies that the foundation has directed invested in (73 companies have survived, 8 companies have closed down).
- The enterprise value of insolvent companies are calculated as 0. The enterprise values of sold enterprises are that of the time of selling.
- There is a limitation in that the comparison between the time of investment and the projected figure in 2021 is too simple of a comparison.



| Changes in Enterprise Value (Unit: KRW 100 mil) | |
|---|-----------------|
| Enterprise Value at Time of Investment (A) | 3,587.5 |
| Recent Enterprise Value (B) | 24,719.3 |
| Amount of Change (B-A) | 21,131.7 |



| Changes in Revenue (Unit: KRW 100 mil) | |
|--|----------------|
| Sales at Time of Investment (C) | 167.9 |
| Recent Revenue (D) | 2,411.9 |
| Amount of change (D-C) | 2,244.0 |



| Changes in # of Employees (Unit: persons) | |
|---|--------------|
| # of Employees at Time of Investment (E) | 721 |
| Recent # of Employees (F) | 2,779 |
| Amount of Change (F-E) | 2,058 |

Economic Value of Foundation's Direct Investment – Economic Impact on Relevant Industries (2015–2021)



| Economic Impact by Year | | | | | | | | |
|--|---------|---------|-------|---------|-------|-------|-------|---------|
| Category | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
| Direct Investment | | | | | | | | |
| Amount Invested (KRW 100 mil) | 4.0 | 11.2 | 12.8 | 9.0 | 16.2 | 26.1 | 39.8 | 119.2 |
| Effect on Production Inducement (KRW 100 mil) | 6.8 | 18.9 | 21.1 | 15.5 | 29.3 | 49.4 | 69.7 | 210.7 |
| Effect on Value-Added Inducement (KRW 100 mil) | 3.4 | 10.0 | 11.2 | 8.0 | 13.5 | 20.6 | 32.9 | 99.6 |
| Effect on New Hire Inducement (persons) | 5 | 12 | 12 | 9 | 16 | 24 | 38 | 116 |
| Effect on Employment Inducement (persons) | 7 | 16 | 16 | 12 | 23 | 33 | 51 | 158 |
| Follow-Up Investment | | | | | | | | |
| Invested amount (KRW 100 mil) | 949.6 | 1,970.3 | 490.0 | 724.9 | 249.6 | 366.1 | 111.6 | 4,862.1 |
| Effect on Production Inducement (KRW 100 mil) | 1,609.8 | 3,168.0 | 841.7 | 1,436.4 | 468.0 | 732.9 | 213.7 | 8,470.4 |
| Effect on Value-Added Inducement (KRW 100 mil) | 823.1 | 1,788.1 | 418.5 | 619.2 | 208.3 | 254.2 | 91.4 | 4,202.9 |
| Effect on New Hire Inducement (persons) | 1,169 | 1,949 | 445 | 784 | 284 | 254 | 106 | 4,992 |
| Effect on Employment Inducement (persons) | 1,689 | 2,345 | 577 | 1,235 | 420 | 339 | 156 | 6,761 |

| Economic Impact on Relevant Industries | Based on Foundation's Investments |
|--|-----------------------------------|
| Effect on production inducement per investment of KRW 1 bil (unit: KRW 100 mil) | KRW 1.77 bil |
| Effect on value-added inducement per investment of KRW 1 bil (unit: KRW 100 mil) | KRW 840 mil |
| Effect on new hire inducement per investment of KRW 1 bil (persons) | 10 persons |
| Effect on employment inducement per investment of KRW 1 bil (persons) | 10 persons |

- The inter-industry analysis is a method of quantitatively analyzing the mutual association between industries through production activities.
- When it comes to a change in the external demand for industrial products by a unit, the effect it has on the overall economy can be measured from the perspective of production, added value, employment, etc.
- The inter-industry analysis is based on the Industry Association Table, which refers to a comprehensive statistics table that records all transactions that occur in the production and disposal of goods and services in the national economy for a certain period according to a consistent principle and format.
- The direct and indirect economic impacts of indirect investments have been estimated based on the inducement coefficients from the Bank of Korea's Industry Association Table (or Input-Output Table) of 2010 and 2015.

| Economic Effect of Direct Investment (Accumulated from 2012-2021) | |
|---|-------------------------|
| Direct Investment | Follow-Up Investment |
| KRW 31.03 bil | KRW 12,67.33 bil |

- Economic Impact: Effect on Production Inducement + Effect on Value-Added Inducement

Indirect Investment – Economic Impact on Relevant Industries (2013–2021)

| Economic Impact by Investment Scope | |
|--|-----------------------------------|
| Category | Based on Foundation's Investments |
| Effect on production inducement per investment of KRW 1 bil (KRW 100 mil) | KRW 17.5 bil |
| Effect on value-added inducement per investment of KRW 1 bil (KRW 100 mil) | KRW 830 mil |
| Effect on new hire inducement per investment of KRW 1 bil (persons) | 10 persons |
| Effect on employment inducement per investment of KRW 1 bil (persons) | 10 persons |

| Economic Effect of Indirect Investment (Accumulated from 2013-2021)* | |
|---|---|
| Indirect Investment – Foundation | Indirect investment – Other Partners |
| KRW 1430.91 bil | KRW 25367.1 bil |

* Economic Impact:
Effect on Production Inducement + Effect on Value-Added Inducement

| Economic Impact by Year | | | | | | | | | | |
|--|---------|----------|----------|----------|----------|----------|---------|---------|---------|-----------|
| Category | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
| Investments Contributed by Foundation | | | | | | | | | | |
| Invested Amount (KRW 100 mil) | 226.0 | 267.5 | 746.0 | 676.6 | 793.4 | 618.6 | 392.4 | 807.7 | 1,032.0 | 5,560.1 |
| Effect on production inducement(KRW 100 mil) | 399.5 | 416.7 | 1,160.9 | 1,218.0 | 1,440.7 | 1,119.8 | 699.0 | 1,432.3 | 1,832.6 | 9,719.4 |
| Effect on value-added inducement (KRW 100 mil) | 184.5 | 205.6 | 570.7 | 572.0 | 665.3 | 519.9 | 331.9 | 685.5 | 854.4 | 4,589.7 |
| Effect on new hire inducement (persons) | 282 | 281 | 780 | 660 | 772 | 602 | 381 | 787 | 1,005 | 5,551 |
| Effect on employment inducement (persons) | 473 | 367 | 1,024 | 852 | 1,002 | 779 | 471 | 954 | 1,218 | 7,141 |
| Estimated Investments Contributed by Partners | | | | | | | | | | |
| Projected Invested Amount (KRW 100 mil) | 1,597.6 | 6,841.1 | 19,374.6 | 18,770.8 | 23,820.5 | 18,212.5 | 4,461.9 | 2,876.5 | 3,556.7 | 99,512.2 |
| Effect on production inducement(KRW 100 mil) | 2,530.3 | 10,599.2 | 30,007.2 | 34,135.0 | 43,311.3 | 33,039.0 | 7,977.2 | 4,979.6 | 6,236.0 | 172,814.9 |
| Effect on value-added inducement (KRW 100 mil) | 1,208.1 | 5,098.8 | 14,408.1 | 15,752.7 | 19,943.5 | 15,280.7 | 3,769.2 | 2,484.5 | 2,910.6 | 80,856.1 |
| Effect on new hire inducement (persons) | 1,694 | 7,013 | 19,831 | 18,343 | 23,166 | 17,719 | 4,316 | 2,792 | 3,435 | 98,309 |
| Effect on employment inducement (persons) | 2,366 | 9,344 | 26,466 | 23,842 | 30,101 | 22,987 | 5,512 | 3,399 | 4,198 | 128,215 |

Major Accomplishments



- Consigned Guarantees (Korea Credit Guarantee Fund, Korea Technology Finance Corporation)

Generation of Interest Income Related to Guarantee Loans

- From July 2012 to March 2013, D-CAMP has engaged in investments and guarantees through the Korea Credit Guarantee Fund and Korea Technology Finance Corporation.
- Throughout the term of guarantee, the Foundation executed a total of KRW 85.01 billion to 2,195 startups. As of December 2021, the remaining amount of guarantees is KRW 14.58 billion.
- In the banking industry, interest income is generated depending on guarantee funds. The interest income calculated based on the remaining guarantee loans by year is estimated to be KRW 17.24 billion.

Guarantees Executed to

2,195 Startups

Executed Guarantees

KRW 85.01 bil

Total Estimated Interest Income*

KRW 17.24 bil

Guarantee Balance (as of end of December 2021)

KRW 14.58 bil

Effect of Subrogation

- Subrogation worth KRW 21.3 billion took place compared to the guarantees of KRW 85 billion. (As of November 2021)
- Subrogation brings greater soundness to bank loans through the transfer of insolvent bonds issued by the contributed banks. Irrecoverable debt expenses caused by subrogation can also be lowered.
- The constantly declining guarantee balance for subrogation enables a continuous readjustment of subrogation liabilities, thereby minimizing the residual budget. (The liability rate is set at 56.96% as of November 2021.)

Amount of Subrogation (as of end of December 2021)

KRW 21.34 bil

Interest Income from 2012 to 2021 (expected)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| Estimated Interest Income by Year | KRW 3.25 bil | KRW 3.85 bil | KRW 2.97 bil | KRW 2.08 bil | KRW 1.52 bil | KRW 1.06 bil | KRW 930 mil | KRW 670 mil | KRW 470 mil | KRW 450 mil | KRW 17.24 bil |

Contribution Status from Banking Industry and Corporate Tax Reduction/Exemption Effects for Contributing Institutions

Contributions from the Banking Industry: KRW 845 billion (as of 2021)

- Contribution of KRW 500 billion upon D·CAMP's establishment
- Additional contribution of KRW 345 billion over a four-year period from 2018



Creation of Growth Ladder Fund

KRW 350 bil

Creation of Banks Job Employment Fund

KRW 320bil

Expected Reductions/Exemptions of Corporate Taxes

Estimated corporate tax reduction/exemption effect of up to KRW 196.9 billion based on the total contributions of KRW 845 billion (KRW 500 billion initial contributions, KRW 345 billion additional contributions).

- As a non-profit corporate body in accordance with Article 32 of the Civil Law, D·CAMP has been established in conformance to the “Regulation on the Establishment and Supervision of Non-Profit Corporate Bodies Under the Jurisdiction of the Financial Services Commission,” and therefore, is overseen by the Financial Services Commission.
- According to the Inheritance Tax And Gift Tax Act, D·CAMP is a “public interest corporation,” and therefore, has been registered as a “designated organization receiving donations” in accordance to the Corporate Tax Act. Hence, contributions made to D·CAMP are subject to the exemption of inheritance taxes and contributors can benefit from tax reductions.

Total Amount of Corporate Tax Reduced and Exempted (Estimated)

KRW 196.86 bil

Reduced/Exempted Corporate Tax (Expected, *2012-2021)

| | 2012 | 2013 | 2014 | 2015 | 2018 | 2019 | 2020 | Total |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------|---------------------|-----------------------|
| Reduced/Exempted Corporate Tax | KRW 21.69 bil | KRW 33.28 bil | KRW 20.73 bil | KRW 10.82 bil | KRW 37.84 bil | KRW 40 bil | KRW 32.5 bil | KRW 196.86 bil |

Donations are subject to tax deductions of up to 10% of the recognized income, presumed that the entire amount of the 10% of contribution(or donation) was included in income. Presumed the reduction or exemption of corporate tax took place in the year the contribution (investment) was executed (excluding years 2016, 2017, and 2021 when no contribution/investment was executed)

Presumed by using the effective income tax rate for corporate taxes of the top 10 bank in terms of net interest income based on their business performances.

Overview: Four Major Korean Banks' Businesses for Discovering and Fostering Startups

(As of End of 2020)



KB Financial Group

- KB Financial Group has launched the KB Innovation Hub in March 2015, and started to nurture fintech businesses.
- As of March 2022, a total of 156 startups have been selected as KB Starters, and executed an investment of KRW 107.7 billion, including 227 partnerships and CVC funds, through KB Financial subsidiaries.

of Selected Startups

156



Shinhan Financial Group

- In May 2015, Shinhan Financial Group founded the Shinhan Future's Lab, and started to nurture fintech businesses and other various enterprises.
- As of March 2022, Shinhan Future's Lab has nurtured 308 startups and executed direct investments of roughly KRW 59.5 billion.

of Selected Startups

308



Hana Financial Group

- In June 2015, Hana Financial Group founded the 1Q Agile Lab, a program for discovering, collaboration, and nurturing startups.
- As of the end of 2021, 1Q Agile Lab has discovered and nurtured a total of 134 startups.

of Selected Startups

134



Woori Financial Group

- In 2016, Woori Financial Group launched the Digital Innovation Lab, then re-launched WiBee Fintech Lab and Developer Lab by expanding and restructuring the WiBee Fintech Lab in 2019.
- As of the end of 2021, direct investment of roughly KRW 70.6 billion has been executed to a total of 75 startups.

of Selected Startups

75

The Organizational Culture of D-CAMP

The Nature of Work

- D-CAMP improves the dynamics of the national economy by supporting the innovative growth and development of startups. D-CAMP also utilizes some of the profits created by the older generation to **initiate productive collaboration opportunities with the younger generation** who are in desperate need for capital to start their businesses.

Mind and Role of Employees

- Employees have a well-defined sense of duty that they are “a member of an investment company that changes the world,” and are equipped with the expertise and passion necessary for nurturing and supporting the growth of the startup ecosystem.
- Always awake and alive 24/7, D-CAMP employees are **swift, professional, and flexible** that it may be able to outperform the Day 1 culture that keeps Amazon, the global innovative enterprise, going.

Way of Working

- D-CAMP employees work with a bottom-up approach, and are required to practice the right to self-determination in their work.
- Sharing of work and information within D-CAMP enhances work efficiency, improves transparency and morality, and enables major decisions to be made based on collective intelligence.
- Major tasks are carried out through open collaboration

Decision-Making Process and Organization Management

- Screenings are conducted through discussions and consensus based on collective intelligence. Standing on the basis of professionalism and fairness, D-CAMP is the quickest organization in Korea when it comes to supporting the discovery and growth of startups
- Despite a constantly changing environment where the resident startups come and go every six months to a year, D-CAMP has introduced and is currently using an ERP system for groupware, budget and accounting, investments management, and equipment management to continue to discover and nurture promising startups in a more systematic manner. D-CAMP is also working to gradually computerize other various tasks.

q·camp



Implications

Implications

Economic Effect and Impact of D-CAMP's Activities

- For the past decade, from its establishment in 2021 to 2021, **D-CAMP has invested a total budget of KRW 507.7 billion in its major activities** for supporting startups, including direct investments and contributions made in indirect investments. **When including follow-up investments for direct investments and partners' contributions to indirect investments, D-CAMP has generated an induced investment that amounts to a total of KRW 10.4374 trillion.**
- D-CAMP has generated an **economic value of KRW 28.18188 trillion** throughout the Korean economy, **including a greater value in investment companies, more induced investments, and the creation of production and added value.** (An economic value of KRW 49.37 billion has been created for every KRW 1 billion of D-CAMP's budget.)
- Regarding job creation, D-CAMP's activities have **led startups to hire roughly 109,000 persons and induced employment for approximately 142,000 persons.** (19 persons have been hired and 24 persons employed for every KRW 1 billion invested)

Future Economic Value and Impact of D-CAMP

- If the financial investment increases by an annual average of 20% over the next decade, **the Banks Foundation for Entrepreneurs can invest a budget of KRW 2.3521 trillion into Korea's startup ecosystem from 2022 to 2031.**
- **By doing so, an induced investment of KRW 34.1845 trillion can be made in the private sector. An economic value of KRW 97.679 trillion is expected to be created throughout the Korean economy.**
- **A total of 354,796 new hires or 457,817 new employments are expected to be created throughout the Korean economy.**

**Estimated Economic Value
Creation (2022-2031)**

Approx. KRW 97.68 trillion

**Estimated New Hires
(2022-2031)**

354,796 Persons

**Estimated New Employments
(2022-2031)**

457,817 Persons

Implications

1. It is evident that the Banks Foundation for Entrepreneurs has made significant contributions to invigorating the startup ecosystem over the past decade.
2. A virtuous cycle should be created to reinvest the surplus finances from prior investments into new startups. In addition, there is a need for a continuous and steady increase in the finances that can be invested in D·CAMP's activities.
3. For full-scale growth in the future, D·CAMP needs to secure expertise and grow externally in the short-term, enter into the Asian market in the mid-term, and further into the global market in the long-term.
4. Achievement of D·CAMP's mid-to-long-term vision requires sustainable operation and recruitment of personnel along with an institutional backing that brings autonomy and resilience to its internal operations.