

NongHyup Bank and its subsidiaries

**Consolidated financial statements
as of and for the years ended December 31, 2023 and 2022**

Attachment: Independent auditor's report

NongHyup Bank

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INDEPENDENT AUDITOR'S REPORT

English Translation of a Report Originally Issued in Korean on March 7, 2024

To the Shareholders and Board of Directors of
NongHyup Bank:

Report on the Audited Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of NongHyup Bank (the "Bank") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows, all expressed in Korean won, for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

Basis for Audit Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going-concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

Deloitte.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Deloitte Idnjin LLC

March 7, 2024

This audit report is effective as of March 7, 2024, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

NongHyup Bank and its subsidiaries

Consolidated financial statements
as of and for the years ended December 31, 2023 and 2022

The accompanying consolidated financial statements, including all footnote disclosures, were prepared by, and are the responsibility of, the management of NongHyup Bank.

Lee, Seok Yong
Chief Executive Officer

Headquarters Address: (Road Name and Address) 120, Tongil-ro, Jung-gu, Seoul
(Phone Number) 02-2080-5114

NongHyup Bank and its subsidiaries
Consolidated statements of financial position
As of December 31, 2023 and 2022

(Korean won in millions)

	Notes	December 31, 2023	December 31, 2022
Assets			
Cash and due from banks	5, 6, 35, 36, 39	₩ 11,211,845	₩ 14,912,464
Financial assets at fair value through profit or loss ("FVTPL")	5, 7, 35, 36	15,069,381	13,571,544
Derivative assets	5, 23, 35, 36	647,523	1,089,745
Financial assets at fair value through other comprehensive income ("FVTOCI")	5, 8, 35, 36	28,883,796	29,336,664
Securities at amortized cost	5, 9, 35, 36	18,011,648	15,490,104
Loans at amortized cost	5, 10, 35, 36	323,103,000	308,633,317
Investments in subsidiaries	11	105,712	91,556
Tangible assets	12, 15	2,895,113	2,920,768
Investment properties	13	606,601	575,436
Intangible assets	14	535,171	521,070
Deferred income tax assets	27	47,196	268,649
Other assets	16, 35, 36	192,526	148,130
Net defined benefit assets	24	15,866	108,250
Non-current assets classified as held for sale ("HFS")	13, 35	15	15
Total assets		<u>₩ 401,325,393</u>	<u>₩ 387,667,712</u>
Liabilities			
Deposits	17, 18, 35, 36	₩ 315,155,898	₩ 307,727,928
Derivative liabilities	17, 23, 35, 36	656,695	1,213,080
Borrowings	17, 19, 35, 36	14,990,518	17,213,232
Debentures	17, 20, 35, 36	23,655,817	21,121,965
Provisions	21, 38	726,137	351,762
Current income tax liabilities		304,997	226,847
Other liabilities	17, 22, 35, 36	22,798,151	18,259,913
Share capital repayable on demand		1,341	5
Total liabilities		<u>378,289,554</u>	<u>366,114,732</u>
Equity			
Controlling interests:			
Capital stock	25	2,384,351	2,384,351
Other paid-in capital	25	12,373,576	12,303,856
Retained earnings	25	8,834,336	7,919,227
(Regulatory reserves for bad debts as of December 31, 2023 and 2022, are ₩2,227,730 million and ₩2,173,304 million, respectively)			
(Regulatory reserves for bad debts to be reserved as of December 31, 2022, is ₩54,426 million)			
(Planned provision of regulatory reserves for bad debts as of December 31, 2022, is ₩54,426 million)			
Other components of equity	25	(556,424)	(1,054,454)
		23,035,839	21,552,980
Non-controlling interests		-	-
Total equity		<u>23,035,839</u>	<u>21,552,980</u>
Total liabilities and equity		<u>₩ 401,325,393</u>	<u>₩ 387,667,712</u>

The accompanying notes are an integral part of the consolidated financial statements.

NongHyup Bank and its subsidiaries
Consolidated statements of profit or loss and other comprehensive income
For the years ended December 31, 2023 and 2022

(Korean won in millions)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
Net interest income	4, 28		
Interest income:			
Interest income calculated using the effective interest method		₩ 16,498,729	₩ 11,248,906
Interest income on financial instruments at FVTPL		183,423	119,526
		<u>16,682,152</u>	<u>11,368,432</u>
Interest expenses		8,920,542	4,430,161
		<u>7,761,610</u>	<u>6,938,271</u>
Net commission income	4, 29		
Commission income		1,255,775	1,162,007
Commission expenses		507,802	453,677
		<u>747,973</u>	<u>708,330</u>
Gain on financial instruments at FVTPL, net	4, 28		
Gain on financial instruments at FVTPL		3,350,573	3,643,122
Loss on financial instruments at FVTPL		2,584,594	3,623,036
		<u>765,979</u>	<u>20,086</u>
Loss on financial assets at FVTOCI, net	4, 28		
Gain on financial assets at FVTOCI		11,639	8,343
Loss on financial assets at FVTOCI		72,779	49,920
		<u>(61,140)</u>	<u>(41,577)</u>
Loss on disposal of financial assets at amortized cost, net	4, 28		
Gain on disposal of financial assets at amortized cost		12,435	8,038
Loss on disposal of financial assets at amortized cost		40,583	5,982
		<u>(28,148)</u>	<u>2,056</u>
Other operating expenses, net	4, 30		
Other operating income		887,613	1,776,904
Other operating expenses		2,052,026	2,575,786
		<u>(1,164,413)</u>	<u>(798,882)</u>
Operating income before expected credit losses (“ECLs”) and general and administrative expenses		8,021,861	6,828,284
Transfer in allowance for ECLs	4, 21, 28	1,684,321	670,560
Operating income before general and administrative expenses		<u>₩ 6,337,540</u>	<u>₩ 6,157,724</u>

(Continued)

NongHyup Bank and its subsidiaries
Consolidated statements of profit or loss and other comprehensive income (cont'd)
For the years ended December 31, 2023 and 2022

(Korean won in millions)

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
General and administrative expenses	4		
Employee benefits	31	₩ 2,360,619	₩ 2,303,187
Depreciation and amortization expenses	12, 14, 15	468,411	449,791
Other selling and administrative expenses	32	746,186	686,149
		<u>3,575,216</u>	<u>3,439,127</u>
Operating income		2,762,324	2,718,597
Loss on valuation of equity method investments, net	11	(185)	(1,161)
Other expenses, net	4, 33	(375,170)	(321,398)
Income before income tax expenses		2,386,969	2,396,038
Income tax expenses	4, 27	606,481	677,804
Net income	25		
(Net income after the provision of regulatory reserve for bad debts for the years ended December 31, 2023 and 2022, is ₩1,780,488 million and ₩1,663,808 million, respectively)			
Controlling interests		1,780,488	1,718,234
Non-controlling interests		-	-
		<u>1,780,488</u>	<u>1,718,234</u>
Other comprehensive income (loss)			
Items not subsequently reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	24, 25	(95,446)	281,923
Gain (loss) on equity securities at FVTOCI	25	6,221	(9,744)
		<u>(89,225)</u>	<u>272,179</u>
Items subsequently reclassified to profit or loss:			
Gain (loss) on valuation of debt securities at FVTOCI	25	581,327	(570,847)
Exchange differences on translation of foreign operations	25	5,017	7,989
Share of other comprehensive loss of associates	25	(3)	-
		<u>586,341</u>	<u>(562,858)</u>
		<u>497,116</u>	<u>(290,679)</u>
Total comprehensive income			
Controlling interests		2,277,604	1,427,555
Non-controlling interests		-	-
		<u>₩ 2,277,604</u>	<u>₩ 1,427,555</u>
Earnings per share ("EPS")	34		
Basic and diluted EPS (Korean won)		₩ 3,623	₩ 3,549

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.

NongHyup Bank and its subsidiaries
Consolidated statements of changes in equity
For the years ended December 31, 2023 and 2022

(Korean won in millions)

	Other paid-in capital				Retained earnings (deficit)	Other components of equity	Controlling interests	Non-controlling interests	Total
	Capital stock	Capital surplus	Capital adjustment	Hybrid equity securities					
Balance as of January 1, 2022	₩ 2,241,494	₩ 10,022,103	₩ (3,019)	₩ 798,968	₩ 6,940,836	₩ (765,982)	₩ 19,234,400	₩ -	₩ 19,234,400
Issuance of capital stock	142,857	1,056,454	-	-	-	-	1,199,311	-	1,199,311
Changes due to consolidated tax	-	-	-	-	39,663	-	39,663	-	39,663
Total comprehensive income:									
Net income	-	-	-	-	1,718,234	-	1,718,234	-	1,718,234
Other comprehensive income (loss):									
Remeasurements of net defined benefit liabilities	-	-	-	-	-	281,923	281,923	-	281,923
Loss on valuation of debt securities at FVTOCI	-	-	-	-	-	(570,847)	(570,847)	-	(570,847)
Loss on equity securities at FVTOCI	-	-	-	-	(2,207)	(7,537)	(9,744)	-	(9,744)
Exchange differences on translation of foreign operations	-	-	-	-	-	7,989	7,989	-	7,989
Issuance of hybrid equity securities	-	-	-	429,350	-	-	429,350	-	429,350
Dividends on hybrid equity securities	-	-	-	-	(37,299)	-	(37,299)	-	(37,299)
Dividends	-	-	-	-	(740,000)	-	(740,000)	-	(740,000)
Balance as of December 31, 2022	<u>₩ 2,384,351</u>	<u>₩ 11,078,557</u>	<u>₩ (3,019)</u>	<u>₩ 1,228,318</u>	<u>₩ 7,919,227</u>	<u>₩ (1,054,454)</u>	<u>₩ 21,552,980</u>	<u>₩ -</u>	<u>₩ 21,552,980</u>
	Other paid-in capital				Retained earnings (deficit)	Other components of equity	Controlling interests	Non-controlling interests	Total
	Capital stock	Capital surplus	Capital adjustment	Hybrid equity securities					
Balance as of January 1, 2023	₩ 2,384,351	₩ 11,078,557	₩ (3,019)	₩ 1,228,318	₩ 7,919,227	₩ (1,054,454)	₩ 21,552,980	₩ -	₩ 21,552,980
Changes due to consolidated tax	-	-	-	-	53,528	-	53,528	-	53,528
Total comprehensive income:									
Net income	-	-	-	-	1,780,488	-	1,780,488	-	1,780,488
Other comprehensive income (loss):									
Remeasurements of net defined benefit liabilities	-	-	-	-	-	(95,446)	(95,446)	-	(95,446)
Gain on valuation of debt securities at FVTOCI	-	-	-	-	-	581,327	581,327	-	581,327
Gain (loss) on equity securities at FVTOCI	-	-	-	-	(914)	7,135	6,221	-	6,221
Exchange differences on translation of foreign operations	-	-	-	-	-	5,017	5,017	-	5,017
Share of other comprehensive loss of associates	-	-	-	-	-	(3)	(3)	-	(3)
Issuance of hybrid equity securities	-	-	-	419,367	-	-	419,367	-	419,367
Redemption of hybrid equity securities	-	-	-	(349,647)	-	-	(349,647)	-	(349,647)
Dividends on hybrid equity securities	-	-	-	-	(52,993)	-	(52,993)	-	(52,993)
Dividends	-	-	-	-	(865,000)	-	(865,000)	-	(865,000)
Balance as of December 31, 2023	<u>₩ 2,384,351</u>	<u>₩ 11,078,557</u>	<u>₩ (3,019)</u>	<u>₩ 1,298,038</u>	<u>₩ 8,834,336</u>	<u>₩ (556,424)</u>	<u>₩ 23,035,839</u>	<u>₩ -</u>	<u>₩ 23,035,839</u>

The accompanying notes are an integral part of the consolidated financial statements.

NongHyup Bank and its subsidiaries
Consolidated statements of cash flows
For the years ended December 31, 2023 and 2022

(Korean won in millions)

	Note	For the year ended December 31, 2023	For the year ended December 31, 2022
Operating activities			
Net income		₩ 1,780,488	₩ 1,718,234
Adjustments to reconcile income before income tax expenses to net cash provided by operating activities:			
Net interest income		(7,761,610)	(6,939,167)
Dividend income		(7,654)	(9,508)
Income tax expenses		606,481	677,804
(Gain) loss related to financial assets at FVTPL		(452,564)	96,670
(Gain) loss on valuation of trading derivatives		(74,878)	92,021
(Gain) loss on valuation of hedging derivatives		(2,177)	34,127
Loss (gain) on fair value hedge		15,529	(52,752)
Gain related to financial assets at FVTOCI		66,463	47,120
Loss (gain) related to financial assets at amortized cost		28,148	(2,056)
Loss on valuation of equity method investments		185	1,161
Depreciation and amortization		474,474	455,476
Loss (gain) on disposal of assets		6,829	(3,389)
Allowance for ECLs		1,684,321	670,560
Transfer (reversal) of provisions		254,800	(3,441)
Retirement expenses of net defined benefit liabilities		208,877	211,070
Loss (gain) on transaction of foreign exchange		61,289	(17,449)
Others		97,723	107,954
		<u>(4,793,764)</u>	<u>(4,633,799)</u>
Changes in operating assets and liabilities:			
Due from banks		64,614	88,176
Derivative assets		846,310	365,765
Financial assets at FVTPL		(652,602)	1,037,249
Loans at amortized cost		(15,582,797)	(12,368,146)
Other assets		(33,184)	15,687
Deposits		7,323,391	17,104,492
Derivative liabilities		(883,832)	(324,342)
Financial liabilities at FVTPL		-	(19,685)
Defined benefit obligations		(176,848)	(196,700)
Plan assets		(53,072)	(114,091)
Provisions		(23,715)	(9,924)
Other liabilities		3,083,099	1,909,972
		<u>(6,088,636)</u>	<u>7,488,453</u>
Cash received for interest		16,235,229	11,014,507
Payment of interest expenses		(7,443,476)	(3,581,368)
Cash received for dividend		7,619	9,372
Payment of income tax		(447,782)	(354,318)
Net cash (used in) provided by operating activities		<u>(750,322)</u>	<u>11,661,081</u>

(Continued)

NongHyup Bank and its subsidiaries
Consolidated statements of cash flows (cont'd)
For the years ended December 31, 2023 and 2022

(Korean won in millions)

	Note	For the year ended December 31, 2023	For the year ended December 31, 2022
Investing activities			
Cash flows provided by investing activities:			
Disposal of financial assets at FVTPL		₩ 13,193,180	₩ 22,890,340
Disposal or redemption of financial assets at FVTOCI		14,088,701	17,258,510
Disposal or redemption of securities at amortized cost		4,801,814	8,438,110
Disposal of tangible assets		1,768	18,274
Disposal of intangible assets		1,850	2,112
Disposal of investment properties		-	2
Disposal of investments in associates		5,439	5,782
Dividend of investments in associates		3,554	12,165
Changes in the scope of consolidated companies		311	-
		<u>32,096,617</u>	<u>48,625,295</u>
Cash flows used in investing activities:			
Purchase of financial assets at FVTPL		13,683,478	24,044,278
Purchase of financial assets at FVTOCI		12,759,902	21,034,013
Purchase of securities at amortized cost		7,231,249	8,579,788
Purchase of investment in associates		23,335	28,332
Purchase of tangible assets		188,839	214,076
Purchase of intangible assets		218,504	206,208
Purchase of investment properties		4,513	5,144
Purchase of right-of-use assets		11,367	12,627
		<u>(34,121,187)</u>	<u>(54,124,466)</u>
Net cash used in investing activities		<u>(2,024,570)</u>	<u>(5,499,171)</u>
Financing activities			
Cash flows provided by financing activities:			
Issuance of capital stock		-	1,199,312
Increase in borrowings, net		-	1,998,419
Increase in debentures		15,250,667	10,193,828
Issuance of hybrid equity securities		419,367	429,350
		<u>15,670,034</u>	<u>13,820,909</u>
Cash flows used in financing activities:			
Decrease in borrowings, net		2,477,692	-
Decrease in debentures		12,782,340	11,633,340
Dividends		917,993	777,299
Decrease in borrowings from trust accounts, net		349,647	-
Decrease in lease liabilities		83,355	77,171
		<u>(16,611,027)</u>	<u>(12,487,810)</u>
Net cash (used in) provided by financing activities		<u>(940,993)</u>	<u>1,333,099</u>
Net (decrease) increase in cash and cash equivalents		(3,715,885)	7,495,009
Cash and cash equivalents at the beginning of year		14,546,263	7,045,897
Effect of exchange rate changes on cash and cash equivalents		11,585	5,357
Cash and cash equivalents at the end of year	39	<u>₩ 10,841,963</u>	<u>₩ 14,546,263</u>

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.

NongHyup Bank and its subsidiaries
Notes to the consolidated financial statements
As of and for the years ended December 31, 2023 and 2022

1. CORPORATE INFORMATION

1.1 NongHyup Bank as the parent company

NongHyup Bank (the “Bank”) was established by the split-off of the credit and banking business from the National Agricultural Cooperative Federation (“NACF”) on March 2, 2012. The Bank’s headquarters is located at 120 Tongil-ro, Jung-gu in Seoul.

As of December 31, 2023, the Bank’s capital stock amounts to ₩2,384,351 million with 476,870,202 shares of common stock outstanding, which are wholly owned by NongHyup Financial Group Inc. As of December 31, 2023, the Bank operates 157 regional offices, 655 branches, 288 branch offices and 10 overseas branches and offices.

1.2 Scope and principles of consolidation

The Bank’s consolidated subsidiaries as of December 31, 2023 and 2022, are as follows:

Subsidiaries	Main business	Location	December 31, 2023	
			Percentage of ownership (%)	Date of the financial statements
Nonghyup Finance Myanmar Co., Ltd.	Small loan business	Myanmar	100.00	December 31, 2023
NongHyup Finance Cambodia Co., Ltd.	Small loan business	Cambodia	100.00	December 31, 2023
Personal pension trust and 10 other trusts (*1)	Trust business	Korea	-	December 31, 2023
KAMCO Value Recreation 4th Securitization Specialty Ltd. (*2)	Asset securitization business	Korea	15.00	December 31, 2023
NH Hyunjung Holdings Co., Ltd. and five other special-purpose entities (“SPEs”) (*2)	Asset securitization business	Korea	-	December 31, 2023
DB Corporate Private Investment Trust 1 [Bond] and 29 other fund structured entities (*2)	Beneficiary certificate	Korea	100.00	December 31, 2023
Kiwoom Strada General Investment Trust	Beneficiary certificate	Korea	99.70	December 31, 2023
Consus Seoul Chuncheon Highway General Private Special Asset Investment Trust	Beneficiary certificate	Korea	95.10	December 31, 2023
NH-Amundi BCP VIII Private Fund 2	Beneficiary certificate	Korea	99.68	December 31, 2023
VOGO U.S. Buyout Private Fund IV	Beneficiary certificate	Korea	99.60	December 31, 2023

(*1) The Bank controls the trusts, because it has power over the trusts to determine the operational performance, and is exposed to variable returns to absorb loss from the agreement of guarantees of the principal or that of principal and interest.

(*2) The Bank controls these investees because it is exposed to variable returns from its involvement with the investees and has the ability to use power over the investees to affect performance result.

NongHyup Bank and its subsidiaries
Notes to the consolidated financial statements
As of and for the years ended December 31, 2023 and 2022

1. Corporate information (cont'd)

1.2 Scope and principles of consolidation (cont'd)

Subsidiaries	December 31, 2022			Date of the financial statements
	Main business	Location	Percentage of ownership (%)	
Nonghyup Finance Myanmar Co., Ltd.	Small loan business	Myanmar	100.00	December 31, 2022
NongHyup Finance Cambodia Co., Ltd.	Small loan business	Cambodia	100.00	December 31, 2022
Personal pension trust and 10 other trusts (*1)	Trust business	Korea	-	December 31, 2022
KAMCO Value Recreation 4th Securitization Specialty Ltd. (*2)	Asset securitization business	Korea	15.00	December 31, 2022
NH Hyunjung Holdings Co., Ltd. and three other SPEs (*2)	Asset securitization business	Korea	-	December 31, 2022
HDC Value Up private 5 (Bond-derivative) and 29 others (*2)	Beneficiary certificate	Korea	100.00	December 31, 2022
NH-Amundi New Pri. Total Return SIT 12-23 (Bond-derivative) and another (*2)	Beneficiary certificate	Korea	99.98	December 31, 2022

(*1) The Bank controls the trusts, because it has power over the trusts to determine the operational performance, and is exposed to variable returns to absorb loss from the agreement of guarantees of the principal or that of principal and interest.

(*2) The Bank controls these investees because it is exposed to variable returns from its involvement with the investees and has the ability to use power over the investees to affect performance result.

The Bank and its subsidiaries (collectively, the "Group") include the structured entities to which Korean International Financial Reporting Standard ("K-IFRS") 1110, Consolidated Financial Statements, and K-IFRS 1112, Disclosure of Interests in Other Entities, Control, Structured Entities, are applicable in the consolidation scope, and the Group controls the structured entity when the Group has power over the entity, exposure to variable returns from its involvement with the entity and the ability to use power over the entity to affect the amount of those returns.

NongHyup Bank and its subsidiaries
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1. Corporate information (cont'd)

1.3 Summary of financial information of subsidiaries

A summary of financial information of subsidiaries as of December 31, 2023 and 2022, is as follows (Korean won in millions):

Subsidiaries	December 31, 2023						Total comprehensive income (loss)
	Assets	Liabilities	Equity	Operating revenue	Net income (loss)		
NongHyup Finance Myanmar Co., Ltd.	₩ 20,005	₩ 2,087	₩ 17,918	₩ 3,214	₩ 1,054	₩ 2,009	
NongHyup Finance Cambodia Co., Ltd.	112,082	69,807	42,275	13,603	(3,225)	(2,357)	
Personal pension trust and 10 other trusts	3,515,406	3,515,406	-	160,047	-	-	
Consolidated securitizations	214,525	350,271	(135,746)	8,590	(2,314)	(2,314)	
Consolidated beneficiary certificates	2,833,543	1,183,373	1,650,170	110,558	74,577	74,577	

Subsidiaries	December 31, 2022						Total comprehensive income (loss)
	Assets	Liabilities	Equity	Operating revenue	Net income (loss)		
NongHyup Finance Myanmar Co., Ltd.	₩ 17,591	₩ 1,682	₩ 15,909	₩ 5,512	₩ 2,328	₩ 502	
NongHyup Finance Cambodia Co., Ltd.	127,963	83,331	44,632	16,155	3,883	6,445	
Personal pension trust and 10 other trusts	3,568,338	3,568,338	-	101,082	-	-	
Consolidated securitizations	176,166	302,369	(126,203)	9,273	(5,494)	(5,494)	
Consolidated beneficiary certificates	2,043,528	504,859	1,538,669	68,628	11,109	11,109	

NongHyup Bank and its subsidiaries
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1. Corporate information (cont'd)

1.4 Consolidated structured entities

Characteristics and intentions of contractual commitments offered by the Group to consolidated structured entities are as follows:

Entity	Characteristics	Purpose
Eleven trusts, including personal pension trust	The Group offers principal and interest conservation commitment to trust accounts. The Group is required to conserve the deficit amount in case of the operational result of trust account standing below the principal.	Credit risk mitigation on financial management of trust account
KAMCO Value Recreation 4 th Securitization Specialty Ltd.	The Group has purchased subordinated bonds amounting to ₩42,165 million issued by its subsidiary, KAMCO Value Recreation 4 th Securitization Specialty Ltd.	Credit risk mitigation of liquidation plan
NH Hyunjung Holdings Co., Ltd. and six other SPEs	The Group offers the asset-backed commercial paper ("CP") purchase agreement with the limit of ₩211,100 million to SPEs.	Credit risk mitigation of liquidation plan

1.5 Changes in subsidiaries

Subsidiaries	December 31, 2022			
	Change	Main business	Location	Percentage of ownership (%)
Kiwoom Strada General Investment Trust	Adding	Beneficiary certificate	Korea	99.70
Consus Seoul Chuncheon Highway General Private Special Asset Investment Trust	Adding	Beneficiary certificate	Korea	95.10
NH-Amundi BCP VIII Private Fund 2	Adding	Beneficiary certificate	Korea	99.68
VOGO U.S. Buyout Private Fund IV	Adding	Beneficiary certificate	Korea	99.60
NH LD 1st Co., Ltd.	Adding	Asset securitization business	Korea	-
NH ECO 1st Co., Ltd.	Adding	Asset securitization business	Korea	-
NH-Amundi New Pri. Total Return SIT 12-23 (Bond-derivative)	Removal	Beneficiary certificate	Korea	99.98

1.6 Unconsolidated structured entities

A structured entity is designed such that voting rights or similar rights are not the dominant factor in deciding who controls the entity, and the Group is accordingly involved in the structured entity through project financing, asset-backed securitization, investment fund contracts and others as of December 31, 2023. Of the structured entities, the interests and nature of the risks of unconsolidated structured entities, for which the Group does not have control, are as follows:

1.6.1 Asset-backed securitization

The unconsolidated structured entity, whose objective is the securitization of assets, issues asset-backed securities based on the securitized assets and pays the redemption proceeds on such asset-backed securities with profits from the management, operation and sales of the securitized assets. The Group is liable for the risks associated with the issuance of asset-backed securities, through the purchase of subordinated bonds, execution of asset-backed securities purchase agreements and granting of credit, and thus recognizes the related interest income and commission income.

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1. Corporate information (cont'd)

1.6 Unconsolidated structured entities (cont'd)

1.6.2 Investment funds

Non-consolidated structured entities, which are classified as investment funds, include investment trusts and private equity funds. The structure of an investment trust is formed by funding from various investors, engaging a manager in the trust to operate and distributing proceeds from investments to the investors according to the trust agreements. The structure of a private equity fund is normally established by distributing profit from investment fund of equity securities in order to acquire ownership interests in a target group and implement financial and operational restructuring. The Group recognizes gains and losses on dividend income and valuation of investments in relation to its interest in investment funds. It is exposed to loss of principal when the value of investment fund decreases.

1.6.3 Project financing

Project financing is the main financing method for large-scale risky project, where investors will make investment decisions based on the project economic feasibility, instead of the credit rating of the principal party driving the project or the physical collateral involved, and will receive the profits that occur upon project progression. For effective implementation of the project financing, structured entities will be established as SPEs, funded through investment or lending institutions and participating entities. Structured entities for project financing include investment companies for real estate project financing, business infrastructure enforcement corporations and special-purpose companies for acquisition of ships and airlines. The Group has an influence on the structured entities investment, loans and granting of credit and thus recognizes the related interest income, gain and loss on valuation of equity investments and dividend income. Although the entities that provide financial support, in the form of funding guarantees, bonds and senior credit facilities, exist, the Group may still be exposed to risk of loss resulting from failure of return on capital investment or discontinuation of the project, joint liabilities on guarantees, etc.

Total asset size of the unconsolidated structured entities, book value for the line items as recognized in the consolidated financial statements, maximum exposure to loss and loss incurred for the years ended December 31, 2023 and 2022, are as follows. The maximum exposure to loss includes investment amounts recognized in the consolidated financial statements and the amounts which are determined in the future by meeting certain condition based on the agreements of purchase, granting credit, etc. (Korean won in millions):

	December 31, 2023			
	Asset-backed securitization	Investment funds	Project financing	Total
Total assets of unconsolidated structured entities	₩ 91,765,853	₩ 76,311,211	₩ 117,111,106	₩ 285,188,170
Recognized assets related to unconsolidated structured entities:				
Loans	8,878,494	6,434,737	3,829,548	19,142,779
Securities	201,674	-	3,807,465	4,009,139
	8,676,820	6,434,737	22,083	15,133,640
Recognized liabilities related to unconsolidated structured entities	234	-	-	234
Maximum exposure to loss:	12,978,671	6,438,762	3,829,548	23,246,981
Commitments and guarantees	4,100,177	4,025	-	4,104,202
Securities (including derivatives)	8,676,820	6,434,737	22,083	15,133,640
Loans	201,674	-	3,807,465	4,009,139

NongHyup Bank and its subsidiaries
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1. Corporate information (cont'd)

1.6 Unconsolidated structured entities (cont'd)

1.6.3 Project financing (cont'd)

	December 31, 2022			
	Asset-backed securitization	Investment funds	Project financing	Total
Total assets of unconsolidated structured entities	₩ 81,283,461	₩ 91,073,732	₩ 92,591,629	₩ 264,948,822
Recognized assets related to unconsolidated structured entities:				
Loans	8,272,588	5,717,667	3,337,626	17,327,881
Securities	1,131,457	-	3,313,043	4,444,500
	7,141,131	5,717,667	24,583	12,883,381
Recognized liabilities related to unconsolidated structured entities	30,994	-	-	30,994
Loss on unconsolidated structured entities	-	2,757	-	2,757
Maximum exposure to loss:	11,962,961	5,717,667	3,337,626	21,018,254
Commitments and guarantees	3,690,373	-	-	3,690,373
Securities (including derivatives)	7,141,131	5,717,667	24,584	12,883,382
Loans	1,131,457	-	3,313,042	4,444,499

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of preparation

The Group's consolidated financial statements are prepared in accordance with the K-IFRSs since the Group was established on March 2, 2012. The board of directors approved the accompanying consolidated financial statements on February 15, 2024, and they are planned for an approval in the annual shareholder's meeting on March 29, 2024.

The significant accounting policies are set out below, and the accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements as of and for the year ended December 31, 2023, except for the new and amended standards adopted as explained below.

The accompanying consolidated financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The accompanying consolidated financial statements have been prepared on the historical cost basis, except for certain non-current assets and financial assets that are measured at revalued amounts or fair values at the end of the reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the cost of acquiring the asset.

Management has reasonable expectation, at the time of approving the financial statements, that the Group will have adequate resources to continue in operational existence for the foreseeable future. The consolidated financial statements have been prepared on a going-concern basis.

2. Basis of preparation and significant accounting policies (cont'd)

2.2 Changes in material accounting policies and disclosures

The nature and the impact of each new standard, amendments and enactments are described below:

Amendments to K-IFRS 1001, Presentation of Financial Statement, and IFRS Practice Statement 2, 'Judgement of Material' – Disclosure of accounting policies

The Group has applied the amendments to the disclosure of accounting policies. These amendments do not change the accounting policy itself, but affect the accounting policy information disclosed in these consolidated financial statements.

These amendments require disclosure of material accounting policies, not significant accounting policies. In addition, they provide guidance on applying materiality to the disclosure of accounting policies, thereby providing company-specific accounting policy information that users of financial statements need to understand.

The Group reviewed the accounting policy and updated material accounting policy information in accordance with these amendments.

These amendments have no material impact on the consolidated financial statements of the Group.

Amendments to K-IFRS 1008, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the consolidated financial statements that are subject to measurement uncertainty. The amendments also clarify that changes in inputs or measurement techniques used in developing accounting estimates are changes in accounting estimates, not prior-period errors correction.

These amendments have no material impact on the consolidated financial statements of the Group.

Amendments to K-IFRS 1012, Income Taxes – Deferred Tax related to Assets and Liabilities Arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences. Even if the asset or liability does not arise from a business combination and does not affect accounting or taxable profit at the time of the transaction, deferred income tax is recognized only for transactions that give rise to an equal and offsetting temporary difference on the transaction date.

These amendments have no material impact on the consolidated financial statements of the Group.

Amendments to K-IFRS 1012, Income Taxes – Pillar Two Model Rules

The Group has applied the International Tax Reform - Pillar Two Model Rules (K-IFRS 1012, Income Taxes) announced on January 1, 2023. The amendment includes a mandatory provision for a temporary exemption from deferred tax accounting for the global minimum top-up tax and requires additional disclosure of exposure information from companies on Pillar Two income taxes.

The global minimum tax is a system in which the effective tax rate of the multinational group's constituents with sales of more than 750 million euros in two of the previous four years of consolidated financial statements is less than 15% and the equivalent amount is paid to the tax authority of the country in which the controlling company meets certain requirements. Also, Korea enacted a tax law related to the global minimum top-up tax in 2023, and it must be applied from fiscal years beginning on or after January 1, 2024.

The Group applied a provision that temporarily and compulsorily exempts deferred tax accounting from the effect of Pillar Two income tax and recognizes it as a current tax when Pillar Two income tax occurs. Currently, due to insufficient information, the financial effect of the global minimum top-up tax on the consolidated entity's financial statements is being reviewed.

2. Basis of preparation and material accounting policies (cont'd)

2.3 Standards issued, but not yet effective

The standards and interpretations that are issued but not effective until the issuance day of the Group's consolidated financial statements are as follows:

Amendments to K-IFRS 1116, Lease – Lease Liabilities in Sale and Leaseback

These amendments add follow-up measurement requirements for sale-and-leaseback transactions that are accounted for as sales by applying K-IFRS 1115, Revenue from Contracts with Customers. These amendments require that the 'lease fee' or 'modified lease fee' be calculated in a way that the seller-lessee does not recognize any gain or loss for the right-of-use asset that the seller-lessee continues to hold after the commencement of the lease term.

The amendments are effective for annual periods beginning on or after January 1, 2024, with early application permitted. The Group does not expect that these amendments will have a material impact on the consolidated financial statements.

Amendments to K-IFRS 1007, Statement of Cash Flows, and K-IFRS 1107, Financial Instruments: Disclosures – Disclosure of supplier finance arrangements

These amendments add that for the purpose of disclosure in K-IFRS 1007, Statement of Cash Flows, users of financial statements must disclose information about supplier finance arrangements so that they can assess the impact of supplier finance arrangements on the entity's liabilities and cash flows. In addition, K-IFRS 1107, Financial Instruments: Disclosures, was amended and supplier finance arrangements were added as an example of a requirement to disclose information related to exposure to liquidity risk concentration.

The term 'supplier finance arrangements' is not defined; instead, the amendments present the nature of the arrangement that should be informed.

In order to achieve the purpose of disclosure, the following information on supplier finance arrangements must be disclosed in an integrated manner:

- Terms of agreement
- The book value of financial liabilities corresponding to the supplier finance arrangements and the items presented in the statement of financial position in relation to the financial liabilities
- The book value corresponding to the portion of the financial liabilities that the supplier has already received from the financial provider and the items presented in the statement of financial position in relation to the financial liabilities
- Scope of payment date for financial liabilities corresponding to supplier finance arrangements, and scope of payment date for comparable accounts payable not corresponding to supplier finance arrangements
- Types and effects of non-cash changes in the book value of financial liabilities corresponding to supplier finance arrangements
- Liquidity risk information

The amendments are effective for annual periods beginning on or after January 1, 2024, with early application permitted. The Group does not expect that these amendments will have a material impact on the consolidated financial statements.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies

The material accounting policies that the Group adopts in preparing the consolidated financial statements are as follows:

2.4.1 Consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities (including structured entities) controlled by the Group (and its subsidiaries). Control is achieved where the Group 1) has the power over the investee; 2) is exposed, or has rights, to variable returns from its involvement with the investee; and 3) has the ability to use its power to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The consolidation of subsidiaries begins with the date on which the parent acquires control over the subsidiaries and stops when the parent loses control over the subsidiaries. In particular, income and expenses of subsidiaries that are acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The carrying amount of non-controlling interests is adjusted to reflect their proportional share of changes in equity subsequent to the initial recognition. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for transactions and events in similar circumstances, appropriate adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

All intragroup balances and transactions, income and expenses are fully eliminated in consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the controlling interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e., as required or allowed in the amendments applied, they are reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS 1109 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.2 Investments in associates

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as HFS, in which case it is accounted for in accordance with K-IFRS 1105. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or a joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

If there is objective evidence that the associate and joint venture have been impaired, in order to determine whether it is necessary to recognize impairment in relation to net investment of the Group, the Group applies the requirements of 'Impairment of Assets' of K-IFRS 1036. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS 1036 by comparing its recoverable amount (higher of value in use or fair value, less costs to sell) with its carrying amount, and any impairment loss recognized forms part of the carrying amount of the investment. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. Upon disposal of an associate or a joint venture that results in the Group losing significant influence over that associate or joint venture, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with K-IFRS 1109. The difference between the previous carrying amount of the associate or joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis it would be required if that associate or joint venture had directly disposed of the related assets or liabilities.

Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as reclassification adjustment) when it loses significant influence over that associate or joint venture.

When the Group reduces its ownership interest in an associate or a joint venture, but continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. In addition, the Group applies K-IFRS 1105, *Non-Current Assets Held for Sale and Discontinued Operations*, to a portion of investment in an associate or a joint venture that meets the criteria to be classified as HFS.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.2 Investments in associates (cont'd)

When the Group transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies K-IFRS 1109, including the impairment requirements, to long-term interests in an associate or a joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying K-IFRS 1109 to long-term interests, the Group does not consider adjustments to their carrying amount required by K-IFRS 1028 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with K-IFRS 1028).

2.4.3 Non-current assets HFS

Non-current assets and disposal groups are classified as HFS if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must confirm the asset's disposal plan with an expectation that the requirements for completion of the sale will be met within one year from the classification date.

Non-current assets (and disposal groups) classified as HFS are measured at the lower of their carrying amount or their fair value.

2.4.4 Revenue recognition

1) Dividend and interest income

Dividend income from investments is recognized when the shareholders' right to receive payment has been established. Interest income is recognized as an effective interest rate method over time.

2) Commission income

According to the imposition purpose of the commission and related accounting standards for financial assets, commission income is classified and accounted for as follows:

Classification	Details
Commission composing effective revenues of the financial instruments	Accounted for as an adjustment to the effective interest rate
Commission by rendering services	Recognized revenue when the services are provided
Commission by performing significant activities	Recognized revenue when significant activities have been completed

3) Customer loyalty program

The Group provides its customers with incentives to buy goods or services by providing awards called 'customer loyalty programs' and allocates the fair value of the consideration received or receivable between the award credits granted and the other components of the revenue transaction. The Group supplies the awards, such as discounted payments or free gifts. The consideration allocated to the award credits is measured by reference to their fair value, i.e., the amount for which the award credits could be sold separately. The fair value of the consideration allocated to the award credits is estimated by considering expected redemption rates, etc., and recognized as deferred revenue until the Group fulfills its obligations to deliver awards to customers.

The amount of revenue recognized is to be based on the number of award credits that have been redeemed in exchange for awards, relative to the total number expected to be redeemed. If a third party supplies the awards, the Group shall assess whether it is collecting the consideration allocated to the award credits on its own account (as the principal in the transaction) or on behalf of the third party (as the agent for the third party). The amount

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of revenue recognized shall be the net amount retained on its own account.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.5 Foreign currencies

In preparing the Group's consolidated financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise, except for:

- Foreign exchange differences arising from monetary items that constitute part of net investment in overseas operations as bonds or liabilities that have no plans to settle or are not likely to be settled in the future in relation to overseas operations. These foreign exchange differences are recognized as other comprehensive income and are reclassified from capital to profit or loss at the time of disposal in whole or in part.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Korean won using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

2.4.6 Retirement benefit costs and termination benefits

The Group operates defined benefit retirement benefit plans. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with an independent actuary being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses of the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which it occurs. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognizes restructuring-related costs. Net interest is calculated by applying the discount rate to the defined benefit pension plans or assets. Defined benefit costs are composed of service cost (including current service cost and past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income) and remeasurement.

The Group presents the service cost and net interest expense (income) components in profit or loss and the remeasurement component in other comprehensive income.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.7 Income tax

Income tax consists of current tax and deferred tax.

1) Current tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit in the consolidated statements of profit or loss and other comprehensive income because taxable profit excludes items taxable or deductible for different tax years or not taxable or deductible permanently. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Domestic subsidiaries including the Group, which are wholly owned by NongHyup Financial Group Inc., apply the consolidated tax and report and pay income tax through the consolidated tax. The Group recognizes income tax payable, which is calculated using consolidated tax, as current income tax liabilities.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences are only recognized to the extent it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilized and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be applied in the period in which the liability is settled or the asset is realized based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group shall offset deferred tax assets and deferred tax liabilities if, and only if, the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, which intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.7 Income tax (cont'd)

3) Recognition of current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.4.8 Tangible assets

Tangible assets are measured at cost, and after initial recognition, the book value is expressed as the acquisition cost minus the accumulated depreciation and the accumulated loss of impairment.

The Group does not depreciate land. Depreciation expense is computed using the straight-line method, and the estimated useful lives of the assets are as follows:

<u>Classification</u>	<u>Estimated useful life</u>
Buildings	10–60 years
Leasehold improvements	4–5 years
Furniture and equipment	4 years

Each part of property and equipment with a cost that is significant in relation to the total cost is depreciated separately.

The Group reviews the depreciation method, estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.9 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is initially recognized as deferred income and is subsequently recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments. When loans, or similar assistance, are provided by the government or related institutions with an interest rate below the current applicable market rate, the effect of this preferential interest is regarded as a government grant.

2.4.10 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are reported at cost, less accumulated depreciation and accumulated impairment losses.

While land is not depreciated, all other investment properties are depreciated based on the respective assets' estimated useful lives of 10 to 60 years using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An investment property is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of investment properties, measured as the difference between the net disposal proceeds and the carrying amount of an asset, are recognized in profit or loss in the period in which the asset is derecognized.

2.4.11 Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost, less accumulated impairment losses.

2) Internally generated intangible assets - research and development cost

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.11 Intangible assets (cont'd)

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses.

3) Derecognition of intangible assets

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss in the period in which the asset is derecognized.

2.4.12 Lease

1) The Group as lessee

At the commencement date, the Group assesses whether the lessee is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease. For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Lease contracts are negotiated individually by lessors and contain a wide range of different terms and conditions. The lease contracts do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The Group determines the lease term as the non-cancelable period of a lease, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease payments are discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.12 Lease (cont'd)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use asset is measured at its cost less subsequent accumulated depreciation and accumulated impairment loss, with adjustments reflected arising from remeasurements of the lease liability. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any initial direct costs incurred by the lessee and any lease payments made at or before the commencement date, less any lease incentive received.

The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

The Group applies the recognition exemption for leases of low-value assets (e.g., office supplies and information technology ("IT") equipment) and not for short-term leases (i.e., leases with a lease term of 12 months or less). In these cases, lease payments related to low-value assets are charged to profit or loss on a straight-line basis over the period of lease.

2) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2.4.13 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, except for goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs; otherwise, they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value, less costs to sell, or value in use. If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount and the reduced amount is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.14 Provisions

Provisions on confirmed and unconfirmed acceptances and guarantees, unfunded commitments of credit cards and unused credit lines of consumer and corporate loans are recognized using a valuation model that applies the credit conversion factor, probability of default (“PD”) and loss given default (“LGD”).

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

The Group recognizes provisions related to unused credit card points, guarantees and litigations. In addition, provisions for decommissioning or restoration are recognized in relation to restoration of rented assets, which are utilized as the place of business under the rental agreements. Decommissioning or restoration costs are present value of expected costs of restoration using future cash outflows.

2.4.15 Financial assets

A financial asset is recognized when the Group becomes a party to the contract and at initial recognition. A financial asset, excluding a financial asset at FVTPL, is measured at its fair value, plus or minus transaction costs that are directly attributable to the acquisition of the financial asset. Otherwise, the transaction cost that is directly attributable to the acquisition of the financial asset at FVTPL is recognized in profit or loss immediately when it arises.

A regular-way purchase and sale of financial assets is recognized and derecognized at trade date. It is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.15 Financial assets (cont'd)

1) Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are held for trading purposes, designated as financial assets at FVTPL or financial assets that are not classified as measured at FVTOCI or measured at amortized cost.

2) Financial assets at FVTOCI

Financial assets at FVTOCI include the financial debts that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. If the Group invests the financial equities as a 'strategic investment' issued by another entity, the Group designates them as financial assets at FVTOCI.

Financial assets at FVTOCI are subsequently measured at fair value. Gains and losses arising from changes in fair value are recognized and accumulated in other comprehensive income, with the exception of interest calculated using the effective interest rate method and foreign exchange gains and losses on monetary financial assets at FVTOCI, which are recognized in income (loss) for the period.

Where the financial assets at FVTOCI are disposed of or are determined to be impaired, the cumulative gains or losses previously accumulated in the other comprehensive income are recognized in income (loss) for the period. However, the financial securities designated at FVTOCI are disposed, and the cumulative gains or losses previously accumulated in the other comprehensive income are not recognized in income (loss) for the period.

Fair value of monetary financial assets at FVTOCI denominated in foreign currencies is measured in foreign currencies and translated at the rates prevailing at the end of the reporting period. Gains on translation of the assets recognized in income (loss) for the period are determined based on amortized cost of the monetary assets, and other gains on translation of the assets are recognized in other comprehensive income.

3) Financial assets at amortized cost

The Group measures financial assets at amortized cost if a financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. Subsequent to initial recognition, the Group measures the amortized cost using the effective interest rate method and deducts the loss allowance from the amortized cost. Interest income is recognized using the effective interest method.

Limitation of cost ("LOC") that incurred from loan origination is deferred and presented as a deduction from the balance of loan, and limitation of funds ("LOF") accompanying the future economic benefits that are separately identified and reconciled to the loan transaction is deferred and presented as an addition to the balance of loan. The deferred LOF/LOC is amortized using the effective interest rate method, with the amortization recognized as adjustments to interest revenue.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.15 Financial assets (cont'd)

4) ECLs on financial assets

For financial assets, except financial assets at FVTPL, impairment loss is calculated by the measurement of ECLs at the end of the reporting period. ECLs reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

- General approach: Financial assets that are not classified as purchased or originated credit-impaired financial assets or off-balance unused credit limits
- Credit-impaired approach: Financial assets that are classified as purchased or originated credit-impaired financial assets

The method of general approach for recognition of ECLs is different whether the credit risk on the financial assets has increased significantly since initial recognition. At the reporting date, if the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECLs. At each reporting date, the Group measures the loss allowance for a financial asset at an amount equal to the lifetime ECLs if the credit risk on that financial instrument has increased significantly since initial recognition. The lifetime ECL refers to the contractual maturity over the expected life of the financial instrument. The information that the Group may use on a financial instrument to determine whether there has been significant increase in credit risk since initial recognition is (but not limited to) as follows:

- Significant change of credit ratings at initial recognition date or the reporting date
- Monitoring ratings by an early alert system
- Adverse or disclaimer of opinion on auditor's report
- Overdue period, etc.

a. Forward-looking information

The Group uses forward-looking information on determining whether there has been an increase in credit risk or measuring ECLs. The Group assumes that a statistical correlation exists between the risk component and the economic cycle, and recognizes ECLs reflecting forward-looking information to measure the risk component by modeling between the macroeconomic environment and the risk component. The forward-looking information used to recognize ECLs reflects the analysis of risk situations, etc.

The Group reflects future macroeconomic conditions anticipated from a neutral standpoint that is free from bias in measuring ECLs. In applying the forward-looking information, the Group considers scenarios for each economic situation, such as boom, moderate, deteriorating and crisis, and calculates weights based on the forecasts of GDP and macroeconomic indicators for each period of the past.

The Group estimates the regression model to calculate the measurement factor as a dependent variable, using the GDP and treasury bond (3 years) published by NH Financial Research Institute as independent variables, and the Group measures the ECLs based on the estimated measurement factor.

The Group decides the dependent variables used to predict forward-looking information, considering significant relationship between macroeconomic indicators and the model, and the used independent variables could be changed based on economic implications, etc.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.15 Financial assets (cont'd)

As of December 31, 2023, the effect on ECLs by changing the growth rate of GDP and maintaining other assumptions is as follows (Korean won in millions):

Classification	Increase	Decrease
0.1%p change in growth rate of GDP	₩ 8,340	₩ 7,939

(*) The sensitivity analysis presented above may not present the actual change in the ECLs as it is unlikely that the change in assumptions would occur in isolation of one another, as the assumptions of the forward-looking information are correlated.

b. Measurement of ECLs of financial assets at amortized cost

ECL of financial assets at amortized cost is the present value of the difference between the contractual cash flows that are due under the contract and the cash flows that are expected to be received. For financial assets that are individually significant, the Group calculates future cash flows. For financial assets that are not individually significant, it includes an asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for measuring ECLs.

① Allowance for ECLs by individual assessment

Allowance for losses on credit is measured by the best estimate of the cash flows that the Group expects to receive. The Group expects the cash flows by reasonable and supportable information available, considering borrower's future ability to repay the debt, including its management performance and financial position, overdue period, mortgage amount, etc.

② Allowance for ECLs by collective assessment

Allowance for losses on credit is recognized by adjusting probability ECLs based on historical loss data that reflects the forward-looking information. Such approach considers elements, including loan and borrower type, credit ratings, size of portfolio and collection period, and allowance for losses on credit by collective assessment is recognized by adjusting PD and LGD. The assumptions are consistently applied so as to model the measurement of built-in loss and determine input variables based on historical loss experience and current conditions. This approach and assumptions are regularly conducted to reduce the difference between the allowance for losses and the actual loss.

ECLs of financial assets at amortized cost - the allowance for ECLs is deducted from the balance of loans and receivables. It is deducted from allowance for ECLs when the asset is considered unrecoverable. If it is subsequently recovered, allowance for ECLs increases and the changes are recognized in profit or loss.

c. ECLs on financial debts at FVTOCI

ECLs on financial debts at FVTOCI are measured by using the same approach as for the financial assets at amortized cost, and the changes in allowance for losses are recognized in other comprehensive income. Where the financial debts at FVTOCI are disposed of or are repaid, allowance for losses is reclassified to profit or loss in the current period.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.15 Financial assets (cont'd)

6) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognize a liability for the proceeds received.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount of the asset and the consideration received shall be recognized as a gain or loss in the current period. On derecognition of a financial asset at FVTOCI, the accumulated evaluation gain(loss) from financial assets at FVTOCI is reclassified to profit or loss. However, the accumulated evaluation gain(loss) from financial assets designated at FVTOCI is not reclassified to profit or loss. Instead, it is reclassified to retained earnings.

If the transfer of a part of a financial asset is qualified for derecognition, the entire carrying amount of the transferred financial asset shall, between the part that is derecognized and the part that is still recognized, be apportioned according to the respective relative fair value of that part. The difference between (1) the consideration for the part derecognized and (2) the sum of accumulated other comprehensive income and the carrying amount allocated to the part derecognized is recognized in profit or loss in the current period. Accumulated gain (loss) recognized as other comprehensive income (loss) shall, between the part that is derecognized and the part that is still recognized, be apportioned according to the respective relative fair value of those parts.

7) Offset of financial assets and liabilities

Financial assets and liabilities shall be offset only when the Group has the legal right to set off assets and liabilities and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.16 Financial liabilities and equity instruments

1) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement and the definition of financial liabilities and equity instruments.

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

3) Financial liabilities

A financial liability is recognized when the Group becomes a party to the contract and at initial recognition. A financial liability other than the financial liability at FVTPL is measured at its fair value, plus or minus transaction costs that are directly attributable to the issue of the financial liability. Otherwise, the transaction cost that is directly attributable to the issue of the financial liability at FVTPL is recognized in profit or loss for the period immediately when it arises.

a. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when a financial liability is either held for trading or designated as liability at FVTPL.

A financial liability is classified as held for trading if:

- it has been issued principally for the purpose of repurchasing in the near term;
- on initial recognition, it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated as a hedging instrument and that is ineffective for hedging.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Changes in fair value for changes in own credit risk of financial liabilities designated at FVTPL are recognized in other comprehensive income. In addition, the transaction costs incurred related to issuance upon initial recognition are recognized in profit or loss.

2. Basis of preparation and material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.16 Financial liabilities and equity instruments (cont'd)

b. Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis.

c. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or expired. The difference between the consideration paid and the carrying amount of a derecognized financial liability is recognized in profit or loss.

4) Hybrid equity securities

Hybrid equity securities are classified as equity when all requirements for equity classification are satisfied in conformity with contract terms at issuance.

5) Financial guarantee contract

The financial guarantee contract is measured on initial recognition at the fair value, and the fair value is amortized over the financial guarantee contract term.

After initial recognition, financial guarantee contract is measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with K-IFRS 1109, *Financial Instruments*, or
- the amount initially recognized, less cumulative amortization recognized in accordance with K-IFRS 1115, *Revenue from Contracts with Customers*.

2. Basis of preparation and Material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.17 Derivative financial instruments

The Group enters into a variety of derivative contracts to manage its exposure to interest rate and foreign exchange rate risk associated with the financial instruments, including currency forward contracts, interest rate swaps and cross-currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives used for trading purposes are recognized as financial assets and liabilities at FVTPL, and derivatives for hedging purposes are recognized as hedging-purpose derivative assets and liabilities in the consolidated financial statements at fair value. The valuation gains and losses of derivatives held for trading purposes are recorded in the current-period profit or loss, and fair value hedge accounting is applied to derivatives that meet certain requirements during hedging transactions.

The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The fair value hedge or cash flow hedge accounting is applied to derivatives when the derivatives meet certain requirements for hedging.

A derivative with a positive fair value is recognized as a financial asset, and a derivative with a negative fair value is recognized as a financial liability.

1) Embedded derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the changes in the fair value of the hybrid contract are not recognized as profit or loss.

2) Hedge accounting

At the inception of the hedge relationship, the Group documents the risk management objective and strategy and the hedging relationship for undertaking the hedge. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

A hedging relationship qualifies for hedge accounting if the hedging relationship meets all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument,
- The effect of credit risk does not dominate the value changes that result from that economic relationship and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Bank actually hedges and the quantity of the hedging instrument that the Bank actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e., rebalances the hedge) so that it meets the qualifying criteria again.

3) Fair value hedges

Changes in the fair value of derivatives that are designated and qualified for fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting treatment is no longer applied when the Group revokes the hedge designation; when the derivative expires or is sold, terminated or exercised; or when it no longer qualifies for hedge accounting. The

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fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

2. Basis of preparation and Material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.17 Derivative financial instruments (cont'd)

4) Day 1 profit or loss

When the Group assesses fair values of over-the-counter derivatives using inputs that are not based on the observable market data, the Group does not recognize the difference between the transaction price and fair value (a Day 1 profit or loss) as profit or loss, but defers and recognizes it as an asset. The difference is depreciated during the trading period of financial instruments using the straight-line method. The Group did not defer any of Day 1 profit or loss as of December 31, 2023 and 2022.

2.4.18 Fair values

1) Valuation techniques and assumptions applied in measurement of fair values

Fair values of financial assets or liabilities are determined as follows:

Classification	Fair value measurement
Financial assets/liabilities at FVTPL and financial assets at FVTOCI	Government and public bonds and listed stocks in financial assets/liabilities at FVTPL and financial assets at FVTOCI are measured at fair value based on the quoted prices in active market. If quoted price in active market does not exist, the Group uses fair value based on valuation performed by independent professionals or the estimated amount using valuation model of the Group.
Securities at amortized cost	Fair value of securities at amortized cost is based on valuation performed by independent professionals.
Loans at amortized cost	Fair value of loans at amortized cost is computed by discounting expected future cash flows using the market interest rate used for homogeneous loans.
Derivative assets and liabilities	Fair value of derivatives is computed using the quoted prices if they are traded in active market. If quoted price in active market does not exist, fair value of derivatives is computed using internal valuation techniques.
Deposits and borrowings	Fair value of deposits and borrowings is computed by discounting future cash flows, using the yield of debentures issued by the Group. If the difference between the book value and the fair value is not important, it is assumed that the fair value and the book value are the same.
Debentures	In principle, fair values of debentures are computed by discounting future cash flows, using the yield of debentures issued by the Group. However, some of them are based on valuation performed by independent professionals.

2) Three-level fair value hierarchy

The Group classifies financial assets or liabilities measured by fair values by reference to the source of inputs used to derive the fair values. The classification is as follows:

Classification	Details
Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3	Inputs for the asset or liability that are not based on the observable market data (unobservable inputs)

2. Basis of preparation and Material accounting policies (cont'd)

2.4 Material accounting policies (cont'd)

2.4.19 Cash and cash equivalents

The Group classifies assets with cash on hand and demand deposits, conversion to cash with very short-term investment asset losses, and a minor risk of value fluctuations as cash and cash equivalents. Deposits whose use by the Group is restricted by contracts with third parties are included as part of cash, unless such restrictions cause the deposit to no longer meet the definition of cash.

2.4.20 Trust management accounting policy

The Group monitors trust property by separating it from its own property in accordance with a law related to the entity market and financial investment business. Financial transactions between bank accounting and trust accounting are handled according to the joint management trust account difference and unique account. In accordance with the financial investment regulations, profits related to the ability, management and support of trust property are generated and recorded as trust property.

3. MATERIAL JUDGMENTS AND ESTIMATIONS:

Under K-IFRSs, management is required to make judgments, estimates and assumptions that affect the accounting policies and the reported amounts of assets, liabilities, income and expenses in preparation of the consolidated financial statements. When the estimates and associated assumptions based on the management's optimal determination at the end of the reporting period are not consistent with the actual environment, actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgment in applying accounting policies

The items below are important judgments independent of those related to estimation, which were made by management in applying the accounting policy of the consolidated entity and have the most significant impact on the amounts recognized in the consolidated financial statements.

3.1.1 Effective hedge relationships

As described in Note 2.4.17, the Group designates certain derivatives as hedges when the hedge is expected to be highly effective in offsetting the exposure to changes in the hedged item's fair value or cash flows. The Group continuously assesses the effectiveness of the hedge during the hedging period and determines if the hedge has been highly effective throughout the financial reporting periods for which the hedge was designated prospectively.

Also, fair value hedge accounting is applied for the purpose of avoiding risk of fair value changes of recognized assets and liabilities or unrecognized confirmed contract as a whole or in part.

3.1.2 Business model

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets' sections of Note 2). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence, including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are managed, and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or FVTOCI that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and, if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

3.1.3 Significant increase in credit risk

As explained in Note 2, ECLs are measured as an allowance equal to 12-month ECLs for Stage 1 assets or lifetime ECLs for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. K-IFRS 1109 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group considers qualitative and quantitative reasonable and supportable forward-looking information.

As a way to determine a significant increase in credit risk, the Group determines that credit risk has significantly increased when the credit rating as of the settlement date falls by a certain amount compared to the time of initial recognition.

3. Material judgements and estimations (cont'd)

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year.

3.2.1 Determination of fair value

In order to determine fair values of financial assets and liabilities without observable market values, valuation techniques are necessary. Financial instruments for which transactions do not occur frequently and prices are less objective, extensive judgment is required with regard to liquidity, concentration, uncertainty of market factors and assumptions related to price determination and broad range of judgment of other risks. Management believes that valuation techniques and assumptions used in the determination of fair values for financial instruments are reasonable.

3.2.2 Allowance for losses on credit (allowance for ECLs, provision for acceptances and guarantees, and unused credit limits)

It is necessary to record provisions for acceptances and guarantees, and unused credit limits and to record the allowance for ECLs for loans at amortized cost or financial assets at FVTOCI by performing impairment test. The accuracy of allowance for losses on credit is determined by assumptions and variables used in the model to estimate expected cash flows by individual borrowers for individual assessment and estimation of allowance for losses on credit by collective method and guarantees/unused credit limit liabilities.

3.2.3 Measurement of present value of defined benefit obligation

Present value of defined benefit obligation is calculated by performing actuarial valuation using the projected unit credit method at the end of each reporting period. In order to apply actuarial valuation method, it is necessary to estimate the discount rate, rates of future salary increase, mortality, etc. The present value of defined benefit obligation includes significant uncertainty of the ultimate cost of defined benefit plan on such estimation as it may last in the long term.

3.2.4 Impairment of goodwill

When the Group tests goodwill for impairment, the recoverable amount of the CGU is determined based on a value-in-use calculation. To estimate the value in use, the management calculates cash flow projections of the CGU and determines the relevant discount rate.

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4. OPERATING SEGMENT INFORMATION:

The Group is organized into four operating segments based on the products and services as follows:

Segment	Main business activities
Personal financing	Personal banking services for general public - lending and borrowing, financial services, etc.
Corporate financing	Corporate banking services for conglomerates, small- and medium-sized companies and institutions - lending and borrowing, import and export supports, financial services, etc.
Credit card	Credit sales, cash services, card loans, etc.
Others	Activities other than the above

Details of net income by operating segment for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	For the year ended December 31, 2023						
	Personal financing	Corporate financing	Credit card	Others	Subtotal	Adjustments	Total
Operating income:							
Net interest income	₩ 4,169,575	₩ 3,495,926	₩ 569,322	₩ 53,505	₩ 8,288,328	₩ (526,718)	₩ 7,761,610
Net commission income	204,411	289,577	70,897	190,655	755,540	(7,567)	747,973
Net other operating income (losses)	(513,320)	(207,763)	(3,042)	563,958	(160,167)	(327,555)	(487,722)
	3,860,666	3,577,740	637,177	808,118	8,883,701	(861,840)	8,021,861
Operating expenses:							
General and administrative expenses	1,201,698	627,141	348,276	88,275	2,265,390	1,309,826	3,575,216
Operating income before credit losses and income tax expenses	2,658,968	2,950,599	288,901	719,843	6,618,311	(2,171,666)	4,446,645
Other expenses	-	-	-	-	-	(375,355)	(375,355)
Allowance for ECLs	-	-	-	-	-	1,684,321	1,684,321
Income tax expenses	-	-	-	-	-	606,481	606,481
Net income (loss) for the year	₩ 2,658,968	₩ 2,950,599	₩ 288,901	₩ 719,843	₩ 6,618,311	₩ (4,837,823)	₩ 1,780,488
	For the year ended December 31, 2022						
	Personal financing	Corporate financing	Credit card	Others	Subtotal	Adjustments	Total
Operating income:							
Net interest income	₩ 3,693,283	₩ 2,606,500	₩ 612,557	₩ 216,481	₩ 7,128,821	₩ (190,550)	₩ 6,938,271
Net commission income	201,919	283,685	20,778	222,873	729,255	(20,925)	708,330
Net other operating income (losses)	(492,784)	(202,232)	(2,154)	136,994	(560,176)	(258,141)	(818,317)
	3,402,418	2,687,953	631,181	576,348	7,297,900	(469,616)	6,828,284
Operating expenses:							
General and administrative expenses	1,216,386	572,065	323,848	56,951	2,169,250	1,269,877	3,439,127
Operating income before credit losses and income tax expenses	2,186,032	2,115,888	307,333	519,397	5,128,650	(1,739,493)	3,389,157
Other expenses	-	-	-	-	-	(322,559)	(322,559)
Allowance for ECLs	-	-	-	-	-	670,560	670,560
Income tax expenses	-	-	-	-	-	677,804	677,804
Net income (loss) for the year	₩ 2,186,032	₩ 2,115,888	₩ 307,333	₩ 519,397	₩ 5,128,650	₩ (3,410,416)	₩ 1,718,234

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4. Operating segment information (cont'd)

Revenue from the external customers for the years ended December 31, 2023 and 2022, and non-current assets as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	Revenue from external customers		Non-current assets	
	For the year ended December 31, 2023	For the year ended December 31, 2022	December 31, 2023	December 31, 2022
Domestic	₩ 22,034,970	₩ 16,419,420	₩ 4,125,375	₩ 3,985,258
Foreign	175,167	37,176	17,222	14,871
	<u>₩ 22,210,137</u>	<u>₩ 16,456,596</u>	<u>₩ 4,142,597</u>	<u>₩ 4,000,129</u>

Trust accounts' assets and operating income of the Group as of and for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	As of and for the year ended December 31, 2023		As of and for the year ended December 31, 2022	
	Assets	Operating income	Assets	Operating income
Consolidated trust accounts	₩ 3,515,406	₩ 160,047	₩ 3,568,338	₩ 101,082
Unconsolidated trust accounts	56,388,518	1,946,717	54,118,081	905,340
	<u>₩ 59,903,924</u>	<u>₩ 2,106,764</u>	<u>₩ 57,686,419</u>	<u>₩ 1,006,422</u>

Receivables and payables between the Group and trust accounts as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification		December 31, 2023	December 31, 2022
Receivables	Accrued fee on trust accounts	₩ 34,486	₩ 31,058
Payables	Borrowings from trust accounts	2,272,529	2,311,918

Transactions between the Group and trust accounts for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification		December 31, 2023	December 31, 2022
Profit	Fees on trust accounts	₩ 97,051	₩ 86,560
Loss	Interest expenses	92,186	54,592

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5. FINANCIAL ASSETS:

Details of book value and fair value of financial assets as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	
	Book value	Fair value
Financial assets at FVTPL:		
Financial assets at FVTPL	₩ 15,069,381	₩ 15,069,381
Trading derivative assets	644,827	644,827
	<u>15,714,208</u>	<u>15,714,208</u>
Derivative assets:		
Hedging derivative assets	2,696	2,696
Financial assets at FVTOCI:		
Financial assets at FVTOCI	28,883,796	28,883,796
Financial assets at amortized cost:		
Deposits (*1)		
Deposits in Korean won	5,143,247	5,143,247
Deposits in foreign currency	4,098,345	4,098,345
	<u>9,241,592</u>	<u>9,241,592</u>
Debt securities (*1)	18,011,648	17,825,881
Loans (*2)		
Loans in Korean won	275,215,611	274,527,673
Loans in foreign currency	4,213,010	4,334,925
Credit card receivables	8,556,511	8,707,664
Others	25,664,305	25,703,300
	<u>313,649,437</u>	<u>313,273,562</u>
Receivables (*3 and *4)	9,102,030	8,423,785
	<u>350,004,707</u>	<u>348,764,820</u>
	<u>₩ 394,605,407</u>	<u>₩ 393,365,520</u>

(*1) Deposits and debt securities are presented at net carrying amount after deduction of allowance for ECLs.

(*2) Loans are presented at net carrying amount after deduction of allowance for ECLs and present value discounts. Deferred LOF/LOC amounting to ₩351,533 million as of December 31, 2023, is excluded (see Note 10. (3)).

(*3) Accrued interests included in the calculation of fair value of loans are excluded from fair value of receivables.

(*4) Receivables consist of domestic exchange settlement debits, leasehold deposits, etc. Those amounts are presented in net carrying amount after deduction of allowance for ECLs and present value discounts.

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5. Financial assets (cont'd)

Classification	December 31, 2022	
	Book value	Fair value
Financial assets at FVTPL:		
Financial assets at FVTPL	₩ 13,571,544	₩ 13,571,544
Trading derivative assets	1,086,370	1,086,370
	<u>14,657,914</u>	<u>14,657,914</u>
Derivative assets:		
Hedging derivative assets	3,375	3,375
Financial assets at FVTOCI:		
Financial assets at FVTOCI	29,336,664	29,336,664
Financial assets at amortized cost:		
Deposits (*1)		
Deposits in Korean won	9,827,554	9,827,554
Deposits in foreign currency	2,896,591	2,896,591
	<u>12,724,145</u>	<u>12,724,145</u>
Debt securities (*1)	15,490,104	14,766,136
Loans (*2)		
Loans in Korean won	268,209,479	258,623,576
Loans in foreign currency	3,823,614	3,981,552
Credit card receivables	8,688,708	8,773,245
Others	22,071,075	22,064,705
	<u>302,792,876</u>	<u>293,443,078</u>
Receivables (*3 and *4)	5,543,033	4,973,975
	<u>336,550,158</u>	<u>325,907,334</u>
	<u>₩ 380,548,111</u>	<u>₩ 369,905,287</u>

(*1) Deposits and debt securities are presented at net carrying amount after deduction of allowance for ECLs.

(*2) Loans are presented at net carrying amount after deduction of allowance for ECLs and present value discounts. Deferred LOF/LOC amounting to ₩297,408 million as of December 31, 2022, is excluded (see Note 10. (3)).

(*3) Accrued interests included in the calculation of fair value of loans are excluded from fair value of receivables.

(*4) Receivables consist of domestic exchange settlement debits, leasehold deposits, etc. Those amounts are presented in net carrying amount after deduction of allowance for ECLs and present value discounts.

Transferred financial assets and related liabilities derecognized not in their entirety as of December 31, 2023 and 2022, are as follows:

1) Bonds sold under repurchase agreements

Transferred bonds sold under repurchase agreements with a condition to repurchase at a firm price derecognized not in their entirety as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Transferred assets		
Financial assets at FVTPL	₩ 1,267,885	₩ 545,498
Financial assets at FVTOCI	352,008	502,070
Financial assets at amortized cost	501,458	291,000
	<u>₩ 2,121,351</u>	<u>₩ 1,338,568</u>
Related liabilities		
Bonds sold under repurchase agreements	₩ 2,018,814	₩ 1,218,881

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5. Financial assets (cont'd)

2) Securities for lending

The fair values of collateral available to sell or repledge and collateral sold or repledged, regardless of debtor's default, as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	December 31, 2023		December 31, 2022	
	Fair value of collateral held	Fair value of collateral sold and repledged	Fair value of collateral held	Fair value of collateral sold and repledged
Securities	₩ 24,381,325	₩ -	₩ 13,999,492	₩ -

6. CASH AND DUE FROM BANKS:

Cash and due from banks as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	Details	Financial Institution	Interest rate (%)	December 31, 2023	December 31, 2022
Cash in Korean won	Cash on hand	-	-	₩ 1,443,490	₩ 1,649,634
Cash in foreign currency	Cash on hand	-	-	526,763	538,685
Due from banks in Korean won	Reserve deposits	The Bank of Korea	-	4,864,758	9,456,506
	Non-monetary financial institution deposits	Korea Exchange and others	-	1,849	937
	Bank deposits	Other financial institutions	2.99	8,861	25,827
	Other deposits	The Bank of Korea and others	4.38–4.80	267,790	344,290
				<u>5,143,258</u>	<u>9,827,560</u>
Due from banks in foreign currency	Reserve deposits	The Bank of Korea	-	364,616	436,498
	Deposits at other banks	Other financial institutions	0.00–5.80	3,617,455	2,385,380
	Time deposits	Other financial institutions	1.00–9.00	73,676	18,084
	Other deposits	Other financial institutions	5.18	50,940	61,279
				<u>4,106,687</u>	<u>2,901,241</u>
Allowance for ECLs				<u>(8,353)</u>	<u>(4,656)</u>
				<u>₩ 11,211,845</u>	<u>₩ 14,912,464</u>

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6. Cash and due from banks (cont'd)

Changes in the gross carrying amounts of due from banks for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	For the year ended December 31, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 12,728,801	₩ -	₩ -	₩ 12,728,801
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Financial assets originated or derecognized	(3,557,667)	-	-	(3,557,667)
Others (*1)	78,811	-	-	78,811
Ending balance	₩ 9,249,945	₩ -	₩ -	₩ 9,249,945

(*1) Other changes are due to exchange rate fluctuations.

	For the year ended December 31, 2022			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 5,447,501	₩ -	₩ -	₩ 5,447,501
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Financial assets originated or derecognized	7,164,774	-	-	7,164,774
Others (*1)	116,526	-	-	116,526
Ending balance	₩ 12,728,801	₩ -	₩ -	₩ 12,728,801

(*1) Other changes are due to exchange rate fluctuations.

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6. Cash and due from banks (cont'd)

Changes in allowance for ECLs of due from banks for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	For the year ended December 31, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 4,656	₩ -	₩ -	₩ 4,656
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Reversal of allowance for ECLs	3,746	-	-	3,746
Others (*1)	(49)	-	-	(49)
Ending balance	₩ 8,353	₩ -	₩ -	₩ 8,353

(*1) Other changes are due to exchange rate fluctuations.

	For the year ended December 31, 2022			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 2,986	₩ -	₩ -	₩ 2,986
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Reversal of allowance for ECLs	698	-	-	698
Others (*1)	972	-	-	972
Ending balance	₩ 4,656	₩ -	₩ -	₩ 4,656

(*1) Other changes are due to exchange rate fluctuations.

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6. Cash and due from banks (cont'd)

Cash and due from banks in Korean won and in foreign currency that are restricted in use as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	Financial institution	December 31, 2023	December 31, 2022	Reason for restriction
Reserve deposits in Korean won	The Bank of Korea	₩ 4,864,758	₩ 9,456,506	Required under the <i>Banking Act</i> and other related regulations
Non-monetary financial institution deposits in Korean won	Korea Exchange	1,849	937	Penalty joint fund related to government bond transaction and guarantee deposit
Reserve deposits in foreign currency	The Bank of Korea	364,616	436,498	Required under the <i>Banking Act</i> and other related regulations
Other deposits in foreign currency	Other financial institutions	72,437	13,940	Deposits in other foreign exchange banks according to money consumption loan contracts
Other deposits in foreign currency	Other financial institutions	37,393	11,406	Deposits related to derivatives trading
Deposit on securities and futures	NH Futures Co., Ltd. and 7 others	418	331	Reserve securities and futures
Allowance for ECLs		(10)	(4)	
		₩ 5,341,461	₩ 9,919,614	

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7. FINANCIAL ASSETS AT FVTPL:

Details of financial assets at FVTPL as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Equity securities:		
Marketable equity securities	₩ 5,970	₩ 2,436
Non-marketable equity securities	58,032	101,882
	<u>64,002</u>	<u>104,318</u>
Debt securities:		
Government bonds	581,149	462,630
Financial bonds	3,361,476	2,987,724
Corporate bonds	361,748	445,856
Public and private bonds	686,289	409,311
Others	313,877	204,758
	<u>5,304,539</u>	<u>4,510,279</u>
Other securities:		
Beneficiary certificate	4,390,486	4,045,164
Mutual fund	142,139	136,917
Foreign currencies	1,234,547	979,297
Others	3,916,976	3,778,934
	<u>9,684,148</u>	<u>8,940,312</u>
Loans and receivables	16,692	16,635
	<u>₩ 15,069,381</u>	<u>₩ 13,571,544</u>

The Group irrevocably designates a financial asset as measured at FVTPL at the time of initial recognition of the financial asset if doing so eliminates or significantly reduces the accounting mismatch. In this case, financial instruments designated as measured at FVTPL cannot be reversed. The Group does not hold financial instruments designated as measured at FVTPL as of December 31, 2023 and 2022.

Financial assets at FVTPL provided as collaterals as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Provided to	Remarks	December 31, 2023	
		Pledged amount	Book value of securities provided as collaterals
Industrial Bank of Korea and 37 others	Interinstitutional repurchase sale	₩ 1,320,855	₩ 1,267,885
Samsung C&T Corporation and 2 others	Substitute securities for derivative transactions	2,000	1,867
Korea Securities Finance Corp. and another	Others	483,400	482,435
		<u>₩ 1,806,255</u>	<u>₩ 1,752,187</u>
Provided to	Remarks	December 31, 2022	
		Pledged amount	Book value of securities provided as collaterals
Industrial Bank of Korea and 36 others	Interinstitutional repurchase sale	₩ 575,178	₩ 545,498
NH Futures Co., Ltd. and 7 others	Substitute securities for derivative transactions	5,900	5,833
Korea Securities Depository and another	Others	142,000	138,526
		<u>₩ 723,078</u>	<u>₩ 689,857</u>

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8. FINANCIAL ASSETS AT FVTOCI:

Details of financial assets at FVTOCI as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	
	Book value	Allowance for ECLs
Equity securities:		
Marketable equity securities	₩ 133,255	₩ -
Non-marketable equity securities	283,184	-
Foreign currencies	237	-
	<u>416,676</u>	<u>-</u>
Debt securities:		
Government bonds	10,572,105	-
Financial bonds	8,533,641	(3,358)
Corporate bonds	2,765,793	(2,421)
Public bonds	4,698,448	(770)
Foreign currencies	1,897,133	(673)
	<u>28,467,120</u>	<u>(7,222)</u>
	₩ <u>28,883,796</u>	₩ <u>(7,222)</u>
Classification	December 31, 2022	
	Book value	Allowance for ECLs
Equity securities:		
Marketable equity securities	₩ 50,987	₩ -
Non-marketable equity securities	282,943	-
Foreign currencies	238	-
	<u>334,168</u>	<u>-</u>
Debt securities:		
Government bonds	10,262,495	-
Financial bonds	8,358,504	(1,533)
Corporate bonds	3,594,458	(2,768)
Public bonds	3,959,936	(890)
Foreign currencies	2,827,103	(603)
	<u>29,002,496</u>	<u>(5,794)</u>
	₩ <u>29,336,664</u>	₩ <u>(5,794)</u>

Details of financial assets designated as measured at FVTOCI as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023		December 31, 2022	
Equity securities:				
Marketable equity securities	₩	133,255	₩	50,987
Non-marketable equity securities		283,184		282,943
Foreign currencies		237		238
	₩	<u>416,676</u>	₩	<u>334,168</u>

The Group designates financial assets that are held for strategic reasons as measured at FVTOCI as these financial assets are not held for capital appreciation through investment. In other cases, they are classified as financial assets at FVTPL.

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8. Financial assets at FVTOCI (cont'd)

Details of disposal of equity securities at FVTOCI for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	
	Fair value at the time of disposal	Accumulated profit or loss at the time of disposal(*1)
Equity securities:		
Marketable equity securities (*1)	₩ 211,577	₩ (262)
Non-marketable equity securities (*1)	-	(979)
	₩ 211,577	₩ (1,241)

(*1) The effect of income tax is not considered.

Classification	For the year ended December 31, 2022	
	Fair value at the time of disposal	Accumulated profit or loss at the time of disposal(*1)
Equity securities:		
Marketable equity securities (*1)	₩ 179,349	₩ (3,045)

(*1) The effect of income tax is not considered.

The Group disposed equity securities at FVTOCI for the year ended December 31, 2023, due to disposal of equity securities acquired by debt-equity swap. The Group reclassified the accumulative profit or loss on equity securities at FVTOCI from other comprehensive income to retained earnings at the end of the year.

Details of financial assets at FVTOCI provided as collaterals as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Provided to	Remarks	December 31, 2023	
		Pledged amount	Book value of securities provided as collateral
The Bank of Korea	Payment risk	₩ 670,000	₩ 652,459
Citibank Korea Inc.	Bonds sold under repurchase agreements	355,424	352,008
Citibank Korea Inc. and 17 others	Credit enhancement for derivative transactions	181,216	179,600
		₩ 1,206,640	₩ 1,184,067

Provided to	Remarks	December 31, 2022	
		Pledged amount	Book value of securities provided as collateral
The Bank of Korea	Payment risk	₩ 670,000	₩ 631,406
Citibank Korea Inc.	Bonds sold under repurchase agreements	509,903	502,070
Citibank Korea Inc. and 14 others	Credit enhancement for derivative transactions	129,069	124,367
		₩ 1,308,972	₩ 1,257,843

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8. Financial assets at FVTOCI (cont'd)

Changes in the total book value of debt securities at FVTOCI for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	For the year ended December 31, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 29,002,496	₩ -	₩ -	₩ 29,002,496
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Acquisition	12,474,036	-	-	12,474,036
Disposal or collection	(13,762,552)	-	-	(13,762,552)
Amortization of effective interest rate	109,445	-	-	109,445
Valuation	612,041	-	-	612,041
Others (*1)	31,654	-	-	31,654
Ending balance	₩ 28,467,120	₩ -	₩ -	₩ 28,467,120

(*1) Other changes are due to exchange rate fluctuations.

	For the year ended December 31, 2022			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 25,892,140	₩ -	₩ -	₩ 25,892,140
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Acquisition	20,900,703	-	-	20,900,703
Disposal or collection	(17,099,791)	-	-	(17,099,791)
Amortization of effective interest rate	57,350	-	-	57,350
Valuation	(808,594)	-	-	(808,594)
Others (*1)	60,688	-	-	60,688
Ending balance	₩ 29,002,496	₩ -	₩ -	₩ 29,002,496

(*1) Other changes are due to exchange rate fluctuations.

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8. Financial assets at FVTOCI (cont'd)

Changes in allowance for ECLs of debt securities at FVTOCI for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	For the year ended December 31, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 5,794	₩ -	₩ -	₩ 5,794
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Provision of allowance for ECLs (*1)	1,585	-	-	1,585
Disposal	(163)	-	-	(163)
Others (*2)	6	-	-	6
Ending balance	₩ 7,222	₩ -	₩ -	₩ 7,222

(*1) The amount of reversal of allowance for ECLs due to collection of debt securities is included.

(*2) Other changes are due to exchange rate fluctuations.

	For the year ended December 31, 2022			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 3,484	₩ -	₩ -	₩ 3,484
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Provision of allowance for ECLs (*1)	2,670	-	-	2,670
Disposal	(387)	-	-	(387)
Others (*2)	27	-	-	27
Ending balance	₩ 5,794	₩ -	₩ -	₩ 5,794

(*1) The amount of reversal of allowance for ECLs due to collection of debt securities is included.

(*2) Other changes are due to exchange rate fluctuations.

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9. SECURITIES AT AMORTIZED COST:

Details of securities at amortized cost as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	
	Book value	Allowance for ECLs
Debt securities:		
Government bonds	₩ 8,012,520	₩ -
Financial bonds	1,759,056	-
Corporate bonds	7,682,865	(3,802)
Public bonds	467,154	-
Foreign bonds	93,863	(8)
	₩ 18,015,458	₩ (3,810)

Classification	December 31, 2022	
	Book value	Allowance for ECLs
Debt securities:		
Government bonds	₩ 7,515,620	₩ -
Financial bonds	2,090,009	-
Corporate bonds	5,468,768	(3,342)
Public bonds	400,057	-
Foreign bonds	18,992	-
	₩ 15,493,446	₩ (3,342)

Details of securities at amortized cost provided as collaterals as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Provided to	Remarks	December 31, 2023	
		Pledged amount	Book value of securities provided as collateral
The Bank of Korea	Payment risk	₩ 9,095,400	₩ 8,863,118
	Daylight overdraft	1,057,900	1,029,792
	Borrowing	3,103,000	3,058,776
	Bonds sold under repurchase agreements	510,800	501,458
Citibank Korea Inc. NH Futures Co., Ltd. and five others	Substituted securities for derivative transaction	51,000	51,000
	Credit enhancement for derivative transactions	6,926	6,911
Societe Generale Korea Exchange and one	Others	37,000	36,938
		₩ 13,862,026	₩ 13,547,993

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9. Securities at amortized cost (cont'd)

Provided to	Remarks	December 31, 2022	
		Pledged amount	Book value of securities provided as collateral
The Bank of Korea	Payment risk	₩ 6,060,000	₩ 5,967,528
	Daylight overdraft	1,050,000	1,036,633
	Borrowing	3,551,000	3,464,931
	Bonds sold under repurchase agreements	293,983	291,000
Citibank Korea Inc.			
NH Futures Co., Ltd. and five others	Substituted securities for derivative transaction	50,000	50,000
	Credit enhancement for derivative transactions	96,861	94,787
Deutsche Bank and seven others			
Korea Exchange and one	Others	37,000	36,870
		<u>₩ 11,138,844</u>	<u>₩ 10,941,749</u>

Changes in the gross carrying amounts for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	For the year ended December 31, 2023			
	Lifetime ECLs			Total
	12-month ECLs	Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 15,493,446	₩ -	₩ -	₩ 15,493,446
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Acquisition	7,231,249	-	-	7,231,249
Collection	(4,801,812)	-	-	(4,801,812)
Amortization of effective interest rate	93,265	-	-	93,265
Others (*1)	(690)	-	-	(690)
Ending balance	<u>₩ 18,015,458</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 18,015,458</u>

	For the year ended December 31, 2022			
	Lifetime ECLs			Total
	12-month ECLs	Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 15,285,717	₩ -	₩ -	₩ 15,285,717
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Acquisition	8,579,788	-	-	8,579,788
Collection	(8,437,853)	-	-	(8,437,853)
Amortization of effective interest rate	67,488	-	-	67,488
Others (*1)	(1,694)	-	-	(1,694)
Ending balance	<u>₩ 15,493,446</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 15,493,446</u>

(*1) Other changes are due to exchange rate fluctuations.

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9. Securities at amortized cost (cont'd)

Changes in allowance for ECLs for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	For the year ended December 31, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 3,342	₩ -	₩ -	₩ 3,342
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Provision of allowance for ECLs (*1)	468	-	-	468
Ending balance	₩ 3,810	₩ -	₩ -	₩ 3,810

(*1) The amount of reversal of allowance for ECLs due to collection of debt securities is included.

	For the year ended December 31, 2022			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 1,893	₩ -	₩ -	₩ 1,893
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Provision of allowance for ECLs (*1)	1,589	-	-	1,589
Disposal	(140)	-	-	(140)
Ending balance	₩ 3,342	₩ -	₩ -	₩ 3,342

(*1) The amount of reversal of allowance for ECLs due to collection of debt securities is included.

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10. LOANS AT AMORTIZED COST:

Details of loans at amortized cost as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	Type	December 31, 2023	December 31, 2022
Loans in Korean won	Corporate	₩ 136,115,597	₩ 127,158,255
	Household	131,921,521	133,393,913
	Public	9,012,977	8,833,677
	Integrated	209,711	272,529
		<u>277,259,806</u>	<u>269,658,374</u>
	Allowance for ECLs	<u>(2,044,195)</u>	<u>(1,448,895)</u>
	Book value, net	<u>275,215,611</u>	<u>268,209,479</u>
Loans in foreign currency	Loans	2,963,277	2,659,627
	Offshore	1,312,138	1,220,283
		<u>4,275,415</u>	<u>3,879,910</u>
	Allowance for ECLs	<u>(62,405)</u>	<u>(56,296)</u>
	Book value, net	<u>4,213,010</u>	<u>3,823,614</u>
Other loans	Credit card receivables	9,367,727	9,094,031
	Bills purchased	880,881	1,200,484
	Bills purchased in foreign currency	2,588,388	2,596,297
	Private placement bonds	47,744	47,130
	Payment for acceptances and guarantees	6,885	2,345
	Domestic import usance	2,322,400	3,097,540
	Others	19,912,069	15,182,833
		<u>35,126,094</u>	<u>31,220,660</u>
	Allowance for ECLs	<u>(905,278)</u>	<u>(460,877)</u>
	Book value, net	<u>34,220,816</u>	<u>30,759,783</u>
Receivables	Receivables	9,182,526	5,613,243
	Allowance for ECLs	<u>(55,258)</u>	<u>(49,448)</u>
	Book value, net	<u>9,127,268</u>	<u>5,563,795</u>
Total loans and receivables		<u>325,843,841</u>	<u>310,372,187</u>
Total allowance for ECLs		<u>(3,067,136)</u>	<u>(2,015,516)</u>
Deferred LOF/LOC		351,533	297,408
Present value discounts of receivables		<u>(25,238)</u>	<u>(20,762)</u>
Net loans and receivables		<u>₩ 323,103,000</u>	<u>₩ 308,633,317</u>

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10. Loans at amortized cost (cont'd)

Details of receivables at amortized cost as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Domestic exchange settlement debits	₩ 2,743,868	₩ 1,714,166
Accrued income	1,680,944	1,226,605
Accounts receivable	2,535,634	1,394,162
Suspense payment	48,481	48,160
Guarantee deposits paid	493,624	482,260
Unsettled credit card receivables	547,452	726,407
Receivables from proxy sale of NACF	1,337	869
Others	1,131,186	20,614
Total receivables	<u>9,182,526</u>	<u>5,613,243</u>
Allowance for ECLs	(55,258)	(49,448)
Present value discounts	(25,238)	(20,762)
Net receivables	<u>₩ 9,102,030</u>	<u>₩ 5,543,033</u>

Changes in deferred LOF/LOC for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023			
	January 1, 2023	Increase	Decrease	December 31, 2023
Deferred LOF	₩ (24,622)	₩ (19,440)	₩ (22,972)	₩ (21,090)
Deferred LOC	322,030	308,882	258,289	372,623
Deferred LOC, net	<u>₩ 297,408</u>	<u>₩ 289,442</u>	<u>₩ 235,317</u>	<u>₩ 351,533</u>
Classification	For the year ended December 31, 2022			
	January 1, 2022	Increase	Decrease	December 31, 2022
Deferred LOF	₩ (20,985)	₩ (22,647)	₩ (19,010)	₩ (24,622)
Deferred LOC	389,804	217,111	284,885	322,030
Deferred LOC, net	<u>₩ 368,819</u>	<u>₩ 194,464</u>	<u>₩ 265,875</u>	<u>₩ 297,408</u>

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10. Loans at amortized cost (cont'd)

Changes in the total book value for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	For the year ended December 31, 2023			
	12-month ECLs (*1)	Lifetime ECLs (*1)		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 285,319,604	₩ 24,120,722	₩ 931,861	₩ 310,372,187
Transfer to 12-month ECLs	6,616,680	(6,596,414)	(20,266)	-
Transfer to financial assets with a significant increase in credit risk	(11,885,377)	11,900,941	(15,564)	-
Transfer to credit-impaired financial assets	(801,310)	(660,776)	1,462,086	-
Financial assets originated or derecognized	20,407,134	(3,973,967)	(173,788)	16,259,379
Write-offs	-	-	(536,264)	(536,264)
Disposals	(220,140)	(190,886)	(149,276)	(560,302)
Others (*2)	309,837	-	(996)	308,841
Ending balance	₩ 299,746,428	₩ 24,599,620	₩ 1,497,793	₩ 325,843,841

(*1) Deferred LOF/LOC and present value discounts are not included.

(*2) Others include the amount of changes in exchange rates and restructured loans.

	For the year ended December 31, 2022			
	12-month ECLs (*1)	Lifetime ECLs (*1)		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 277,809,703	₩ 19,002,927	₩ 848,171	₩ 297,660,801
Transfer to 12-month ECLs	7,184,094	(7,172,108)	(11,986)	-
Transfer to financial assets with a significant increase in credit risk	(13,849,712)	13,871,075	(21,363)	-
Transfer to credit-impaired financial assets	(428,370)	(354,901)	783,271	-
Financial assets originated or derecognized	13,948,737	(1,153,439)	(273,092)	12,522,206
Write-offs	-	-	(344,766)	(344,766)
Disposals	(39,409)	(72,832)	(48,370)	(160,611)
Others (*2)	694,561	-	(4)	694,557
Ending balance	₩ 285,319,604	₩ 24,120,722	₩ 931,861	₩ 310,372,187

(*1) Deferred LOF/LOC and present value discounts are not included.

(*2) Others include the amount of changes in exchange rates and restructured loans.

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10. Loans at amortized cost (cont'd)

Changes in allowance for ECLs for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	For the year ended December 31, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 1,069,647	₩ 549,843	₩ 396,026	₩ 2,015,516
Transfer to 12-month ECLs	76,910	(74,509)	(2,401)	-
Transfer to financial assets with a significant increase in credit risk	(44,566)	45,980	(1,414)	-
Transfer to credit-impaired financial assets	(174,400)	(197,484)	371,884	-
Provision (reversal) of allowance for ECLs (*1)	922,121	382,112	233,870	1,538,103
Write-offs	-	-	(536,264)	(536,264)
Recovery of write-offs	-	-	139,921	139,921
Disposals	(1,822)	(11,005)	(39,221)	(52,048)
Others (*2)	2,788	-	(40,880)	(38,092)
Ending balance	₩ 1,850,678	₩ 694,937	₩ 521,521	₩ 3,067,136

(*1) Responding the potential effect of credit deterioration, the Group recognizes additional ECLs amounting to ₩500,336 million by recalculating the PD reflecting forward-looking information and for the loans by the borrower who uses the financial support program(12-month ECLs ₩475,111 million, significant increase in credit risk ₩25,225 million).

(*2) Others include the amount of changes in exchange rates, restructured loans and interest income on impaired loans.

	For the year ended December 31, 2022			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 792,772	₩ 400,029	₩ 380,455	₩ 1,573,256
Transfer to 12-month ECLs	54,552	(53,390)	(1,162)	-
Transfer to financial assets with a significant increase in credit risk	(33,186)	35,573	(2,387)	-
Transfer to credit-impaired financial assets	(90,451)	(112,977)	203,428	-
Provision of allowance for ECLs (*1)	340,712	282,856	26,920	650,488
Write-offs	-	-	(344,766)	(344,766)
Recovery of write-offs	-	-	160,032	160,032
Disposals	(243)	(2,248)	(7,473)	(9,964)
Others (*2)	5,491	-	(19,021)	(13,530)
Ending balance	₩ 1,069,647	₩ 549,843	₩ 396,026	₩ 2,015,516

(*1) Responding the potential effect of credit deterioration, the Group recognizes additional ECLs amounting to ₩167,540 million by recalculating the PD reflecting forward-looking information and for the loans by the borrower who uses the financial support program(12-month ECLs ₩177,562 million, significant increase in credit risk ₩(-)8,985 million and credit-impaired financial assets ₩(-)1,037 million).

(*2) Others include the amount of changes in exchange rates, restructured loans and interest income on impaired loans

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10. Loans at amortized cost (cont'd)

The uncollected contractual amount of financial assets that was written off but still under the process of pursuing collection by the Group as of December 31, 2023, amounts to ₩3,577,719 million.

11. INVESTMENT IN ASSOCIATES:

Details of investments in associates as of December 31, 2023 and 2022, are as follows (Korean won in millions, shares in thousands):

	Main business	Location	December 31, 2023			
			Date of the consolidated financial statements	Number of shares	Percentage of ownership (%)	Book value
Korea Credit Bureaus Co., Ltd. (*1)	Credit investigation and collection agency	Korea	December 31, 2023	180	9.00	₩ 7,446
IBK-NH Smallgiant PEF (*2)	Other financial business	Korea	December 31, 2023	-	44.90	322
NH-AJUIB Growth 2013 PEF	Other financial business	Korea	December 31, 2023	1,581,959	29.95	3,413
Kyunggi-DSC Superman Investment Fund No.1	Other financial business	Korea	December 31, 2023	1	25	4,015
NH Agri-Biz Value Creative 1st PEF	Other financial business	Korea	December 31, 2023	2,452,870	48.10	5,134
NH_AJU Digital Fund	Other financial business	Korea	December 31, 2023	3	40	9,477
NH Venture - AJU IB New Growth Fund	Other financial business	Korea	December 31, 2023	16	25	15,060
NH-NAU Agro Food 1st Private Equity Fund	Other financial business	Korea	December 31, 2023	18,000,000	50	15,882
NH-NAU Agro Food 2nd Private Equity Fund	Other financial business	Korea	December 31, 2023	15,200,000	33.33	14,478
NH-DX Open Innovation Fund	Other financial business	Korea	December 31, 2023	3	34.78	2,903
NH Digital Alliance Fund	Other financial business	Korea	December 31, 2023	16,565	50	15,493
NH-NICE Venture Fund-1	Other financial business	Korea	December 31, 2023	8	50	7,028
NH Agtech Innovation Private Equity Fund	Other financial business	Korea	December 31, 2023	4,901,887	28.3	4,311
Seasons Shipping Co., Ltd (*3)	Cargo transportation	Korea	-	16	20.27	-
GNO Co., Ltd (*3)	Basic organic chemistry manufacturing	Korea	-	973	23.43	-
GARAK SUSAN CO., LTD (*3)	Seafood wholesale business	Korea	-	10	28.54	-
PROTEK KOREA CO., LTD (*3)	Metal cutting machine manufacturing	Korea	-	5	35.69	-
PARADISE CO., LTD (*3)	Seafood wholesale business	Korea	-	5	21.61	-
MEDI LAB CO., LTD (*3)	Electrical mechanical equipment and related equipment wholesale business	Korea	-	21	47.60	-
IFC KOREA INC (*3)	Feed Fertilizer Cosmetics Wholesale and Retail Manufacturing	Korea	-	5	21.21	-
Cardo Inc (*1)	Financial support service business	Korea	December 31, 2023	9,990	14.95	750
Samjin ehwa Co., Ltd. (*3)	Air conditioner manufacturing industry	Korea	December 31, 2023	2	21.07	-
						₩ <u>105,712</u>

(*1) Although the Group has less than 20% ownership, it has significant influence over the investee through its ability to designate members of the board of directors.

(*2) For the year ended December 31, 2023, the entire issued capital of the entity was refunded and the number of shares is nil. However, the Group's right to the distribution of residual property is still effective and the entity is recognized as an associate.

(*3) The shares were acquired pursuant to the debt-to-equity swaps. The investees are reclassified as investments in associates because their workout process was completed and the Group restored its voting rights over them.

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11. Investments in associates (cont'd)

		December 31, 2022				
	Main business	Location	Date of the consolidated financial statements	Number of shares	Percentage of ownership (%)	Book value
Korea Credit Bureaus Co., Ltd. (*1)	Credit investigation and collection agency	Korea	December 31, 2022	180	9.00	₩ 6,788
IBK-NH Smallgiant PEF (*2)	Other financial business	Korea	December 31, 2022	-	44.9	2,817
NH-AJUIB Growth 2013 PEF	Other financial business	Korea	December 31, 2022	1,581,959	29.95	3,207
Kyunggi-DSC Superman Investment Fund No.1	Other financial business	Korea	December 31, 2022	1.2	25	4,701
NH Agri-Biz Value Creative 1st PEF	Other financial business	Korea	December 31, 2022	3,076,870	48.08	3,688
NH_AJU Digital Fund	Other financial business	Korea	December 31, 2022	6.9	40	11,954
NH Venture - AJU IB New Growth Fund	Other financial business	Korea	December 31, 2022	14.6	25	13,253
NH-NAU Agro Food 1st Private Equity Fund	Other financial business	Korea	December 31, 2022	18,000,000	50	18,642
NH-NAU Agro Food 2nd Private Equity Fund	Other financial business	Korea	December 31, 2022	13,533,333	33.33	13,888
NH-DX Open Innovation Fund	Other financial business	Korea	December 31, 2022	3.2	34.78	3,029
NH Digital Alliance Fund	Other financial business	Korea	December 31, 2022	4,065	50	3,812
NH-NICE Venture Fund-1	Other financial business	Korea	December 31, 2022	5	50	4,972
NH Agtech Innovation Private Equity Fund	Other financial business	Korea	December 31, 2022	933,962	28.3	749
2012sunlight Co., Ltd (*3)	Meat processing and storage business	Korea	-	9.8	46.57	-
Seasons Shipping Co., Ltd (*3)	Cargo transportation	Korea	-	16	20.27	-
GNO Co., Ltd (*3)	Basic organic chemistry manufacturing	Korea	-	973	23.43	-
GARAK SUSAN CO., LTD (*3)	Seafood wholesale business	Korea	-	10	28.54	-
PROTEK KOREA CO., LTD (*3)	Metal cutting machine manufacturing	Korea	-	5	35.69	-
PARADISE CO., LTD (*3)	Seafood wholesale business	Korea	-	5	21.61	-
MEDI LAB CO., LTD (*3)	Electrical mechanical equipment and related equipment wholesale business	Korea	-	20.7	47.6	-
IFC KOREA INC (*3)	Feed Fertilizer Cosmetics Wholesale and Retail Manufacturing	Korea	-	5	21.21	-
Cardo Inc (*1)	Financial support service business	Korea	December 31, 2022	2,990	14.95	56
						₩ <u>91,556</u>

(*1) Although the Group has less than 20% ownership, it has significant influence over the investee through its ability to designate members of the board of directors.

(*2) For the year ended December 31, 2022, the entire issued capital of the entity was refunded and the number of shares is nil. However, the Group's right to the distribution of residual property is still effective and the entity is recognized as an associate.

(*3) The shares were acquired pursuant to the debt-to-equity swaps. The investees are reclassified as investments in associates because their workout process was completed and the Group restored its voting rights over them.

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11. Investments in associates (cont'd)

Changes in investment in associates for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	For the year end December 31, 2023						
	January 1, 2023	Acquisition	Disposal, etc.	Dividend	Gain (loss) on valuation of equity method investments	Share of other comprehensive gain (loss) of associates	December 31, 2023
Korea Credit Bureaus Co., Ltd.	₩ 6,788	₩ -	₩ -	₩ (90)	₩ 748	₩ -	₩ 7,446
IBK-NH Smallgiant PEF	2,817	-	-	(2,256)	(239)	-	322
NH-AJUIB Growth 2013 PEF	3,207	-	-	-	206	-	3,413
Kyunggi-DSC Superman Investment Fund No. 1	4,701	-	(50)	(208)	(428)	-	4,015
NH Agri-Biz Value Creative 1st PEF	3,688	-	(624)	-	2,070	-	5,134
NH-AJU Digital Fund	11,954	-	(4,040)	(1,000)	2,563	-	9,477
NH Venture-AJU IB New Growth Fund	13,253	2,000	(725)	-	532	-	15,060
NH-NAU Agro Food 1st Private Equity Fund	18,642	-	-	-	(2,760)	-	15,882
NH-NAU Agro Food 2nd Private Equity Fund	13,888	1,667	-	-	(1,077)	-	14,478
Cardo Inc.	56	700	-	-	(6)	-	750
NH-DX Open Innovation Fund	3,029	-	-	-	(126)	-	2,903
NH Digital Alliance Fund	3,812	12,500	-	-	(819)	-	15,493
NH-NAU Agro Food 1st Private Equity Fund	4,972	2,500	-	-	(444)	-	7,028
NH Agtech Innovation Private Equity Fund	749	3,968	-	-	(406)	-	4,311
	₩ 91,556	₩ 23,335	₩ (5,439)	₩ (3,554)	₩ (186)	₩ -	₩ 105,712

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11. Investments in associates (cont'd)

	For the year end December 31, 2022						
	January 1, 2022	Acquisition	Disposal, etc.	Dividend	Gain (loss) on valuation of equity method investments	Share of other comprehensive gain (loss) of associates	December 31, 2022
Korea Credit Bureaus Co., Ltd.	₩ 10,161	₩ -	₩ -	₩ -	₩ (3,373)	₩ -	₩ 6,788
NH-QCP Global Partnership PEF	24	-	-	(16)	(8)	-	-
IBK-NH Smallgiant PEF	14,421	-	(1,164)	(10,768)	328	-	2,817
NH-AJUJIB Growth 2013 PEF	5,714	-	-	-	(2,507)	-	3,207
Kyunggi-DSC Superman Investment Fund No. 1	8,665	-	(100)	(1,380)	(2,484)	-	4,701
NH Agri-Biz Value Creative 1st PEF	4,800	-	(1,680)	-	568	-	3,688
NH-AJU Digital Fund	7,651	-	(1,120)	-	5,423	-	11,954
NH Venture-AJU IB New Growth Fund	10,100	5,000	(868)	-	(979)	-	13,253
NH-NAU Agro Food 1st Private Equity Fund	14,680	3,100	(850)	-	1,712	-	18,642
NH-NAU Agro Food 2nd Private Equity Fund	5,932	7,033	-	-	923	-	13,888
Cardo Inc.	183	-	-	-	(127)	-	56
NH-DX Open Innovation Fund	-	3,200	-	-	(171)	-	3,029
NH Digital Alliance Fund	-	4,065	-	-	(253)	-	3,812
NH-NAU Agro Food 1st Private Equity Fund	-	5,000	-	-	(28)	-	4,972
NH Agtech Innovation Private Equity Fund	-	934	-	-	(185)	-	749
	<u>₩ 82,331</u>	<u>₩ 28,332</u>	<u>₩ (5,782)</u>	<u>₩ (12,164)</u>	<u>₩ (1,161)</u>	<u>₩ -</u>	<u>₩ 91,556</u>

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11. Investments in associates (cont'd)

A summary of financial information of associates as of December 31, 2023 and 2022, is as follows (Korean won in millions):

	December 31, 2023					
	Assets	Liabilities	Equity	Operating revenue	Net income (loss)	Total comprehensive income (loss)
Korea Credit Bureaus Co., Ltd.	₩ 131,164	₩ 68,756	₩ 62,408	₩ 171,016	₩ 8,216	₩ 8,216
IBK-NH Smallgiant PEF	1,520	3	1,517	1,398	(532)	(532)
NH-AJUIB Growth 2013 PEF	11,395	1	11,394	691	686	686
Kyunggi-DSC Superman Investment Fund No. 1	16,061	-	16,061	1,548	(1,708)	(1,708)
NH Agri-Biz Value Creative 1st PEF	12,079	1,405	10,674	4,472	4,304	4,304
NH-AJU Digital Fund	23,984	291	23,693	18,429	6,409	6,409
NH Venture-AJU IB New Growth Fund	60,569	330	60,239	5,617	2,126	2,126
NH-NAU Agro Food 1st Private Equity Fund	32,527	765	31,762	612	(5,522)	(5,522)
NH-NAU Agro Food 2nd Private Equity Fund	44,010	577	43,433	335	(3,232)	(3,232)
Cardo Inc.	704	104	600	255	(576)	(576)
NH-DX Open Innovation Fund	8,351	6	8,345	223	(363)	(363)
NH Digital Alliance Fund	31,367	380	30,987	(506)	(1,637)	(1,637)
NH-NAU Agro Food 1st Private Equity Fund	14,334	277	14,057	136	(886)	(886)
NH Agtech Innovation Private Equity Fund	15,541	307	15,234	18	(1,432)	(1,432)

	December 31, 2022					
	Assets	Liabilities	Equity	Operating revenue	Net income (loss)	Total comprehensive income (loss)
Korea Credit Bureaus Co., Ltd.	₩ 155,165	₩ 100,065	₩ 55,100	₩ 144,907	₩ (37,475)	₩ (37,475)
IBK-NH Smallgiant PEF	7,194	122	7,072	12,183	730	730
NH-AJUIB Growth 2013 PEF	10,708	-	10,708	1	(8,369)	(8,369)
Kyunggi-DSC Superman Investment Fund No. 1	18,951	148	18,803	7,340	(9,938)	(9,938)
NH Agri-Biz Value Creative 1st PEF	8,389	719	7,670	1,478	1,181	1,181
NH-AJU Digital Fund	30,009	124	29,885	17,182	13,556	13,556
NH Venture-AJU IB New Growth Fund	53,413	400	53,013	2,011	(3,915)	(3,915)
NH-NAU Agro Food 1st Private Equity Fund	37,566	282	37,284	16,082	3,424	3,424
NH-NAU Agro Food 2nd Private Equity Fund	42,012	348	41,664	8,673	2,769	2,769
Cardo Inc.	473	98	375	145	(847)	(847)
NH-DX Open Innovation Fund	8,713	4	8,709	9	(491)	(491)
NH Digital Alliance Fund	8,002	378	7,624	-	(506)	(506)
NH-NAU Agro Food 1st Private Equity Fund	10,001	58	9,943	1	(57)	(57)
NH Agtech Innovation Private Equity Fund	3,260	615	2,645	-	(655)	(655)

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11. Investments in associates (cont'd)

A reconciliation of the financial information presented in the carrying amount of its interest in the associates as of December 31, 2023 and 2022, is as follows (Korean won in millions):

	December 31, 2023				
	Equity	Percentage of ownership (%)	Interest in associates	Others (*1)	Book value
Korea Credit Bureaus Co., Ltd.	₩ 62,408	9.00	₩ 5,617	₩ 1,829	₩ 7,446
IBK-NH Smallgiant PEF	1,517	44.90	681	(359)	322
NH-AJUIB Growth 2013 PEF	11,394	29.95	3,413	-	3,413
Kyunggi-DSC Superman Investment Fund No. 1	16,061	25.00	4,015	-	4,015
NH Agri-Biz Value Creative 1st PEF	10,674	48.10	5,134	-	5,134
NH-AJU Digital Fund	23,693	40.00	9,477	-	9,477
NH Venture-AJU IB New Growth Fund	60,239	25.00	15,060	-	15,060
NH-NAU Agro Food 1st Private Equity Fund	31,762	50.00	15,882	-	15,882
NH-NAU Agro Food 2nd Private Equity Fund	43,433	33.33	14,478	-	14,478
Cardo Inc.	600	14.95	750	-	750
NH-DX Open Innovation Fund	8,345	34.78	2,903	-	2,903
NH Digital Alliance Fund	30,987	50.00	15,493	-	15,493
NH-NAU Agro Food 1st Private Equity Fund	14,057	50.00	7,028	-	7,028
NH Agtech Innovation Private Equity Fund	15,234	28.30	4,311	-	4,311

(*1) Others represent the fair value adjustments arising from acquisition of equity interest and so on.

	December 31, 2022				
	Equity	Percentage of ownership (%)	Interest in associates	Others (*1)	Book value
Korea Credit Bureaus Co., Ltd.	₩ 55,100	9.00	₩ 4,959	₩ 1,829	₩ 6,788
IBK-NH Smallgiant PEF	7,072	44.90	3,177	(360)	2,817
NH-AJUIB Growth 2013 PEF	10,708	29.95	3,207	-	3,207
Kyunggi-DSC Superman Investment Fund No. 1	18,803	25.00	4,701	-	4,701
NH Agri-Biz Value Creative 1st PEF	7,670	48.08	3,688	-	3,688
NH-AJU Digital Fund	29,885	40.00	11,954	-	11,954
NH Venture-AJU IB New Growth Fund	53,013	25.00	13,253	-	13,253
NH-NAU Agro Food 1st Private Equity Fund	37,284	50.00	18,642	-	18,642
NH-NAU Agro Food 2nd Private Equity Fund	41,664	33.33	13,888	-	13,888
Cardo Inc.	375	14.95	56	-	56
NH-DX Open Innovation Fund	8,709	34.78	3,029	-	3,029
NH Digital Alliance Fund	7,624	50.00	3,812	-	3,812
NH-NAU Agro Food 1st Private Equity Fund	9,943	50.00	4,972	-	4,972
NH Agtech Innovation Private Equity Fund	2,645	28.30	749	-	749

(*1) Others represent the fair value adjustments arising from acquisition of equity interest and so on.

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12. TANGIBLE ASSETS:

Details of tangible assets as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023			
	Acquisition cost	Accumulated depreciation	Subsidy	Book value
Land	₩ 1,416,499	₩ -	₩ -	₩ 1,416,499
Buildings	1,317,188	(367,153)	(390)	949,645
Leasehold improvements	343,950	(281,800)	-	62,150
Movable properties	1,094,904	(879,213)	(7)	215,684
Construction in progress	37,835	-	-	37,835
Right-of-use assets	611,956	(398,656)	-	213,300
	₩ 4,822,332	₩ (1,926,822)	₩ (397)	₩ 2,895,113

Classification	December 31, 2022			
	Acquisition cost	Accumulated depreciation	Subsidy	Book value
Land	₩ 1,442,267	₩ -	₩ -	₩ 1,442,267
Buildings	1,274,992	(334,176)	(400)	940,416
Leasehold improvements	332,565	(261,561)	-	71,004
Movable properties	1,059,497	(829,103)	(8)	230,386
Construction in progress	20,711	-	-	20,711
Right-of-use assets	528,452	(312,468)	-	215,984
	₩ 4,658,484	₩ (1,737,308)	₩ (408)	₩ 2,920,768

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12. Tangible assets (cont'd)

Changes in acquisition cost of tangible assets for years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023						December 31, 2023
	January 1, 2023	Acquisition	Disposal	Depreciation	Transfer (*1)	Others	
Land	₩ 1,442,267	₩ 971	₩ (347)	₩ -	₩ (26,392)	₩ -	₩ 1,416,499
Buildings	940,816	37,505	(5,331)	(39,392)	16,488	(51)	950,035
Leasehold improvements	71,004	23,921	-	(32,003)	-	(772)	62,150
Movable properties	230,394	85,912	(627)	(99,202)	340	(1,126)	215,691
Construction in progress	20,711	40,530	-	-	(23,156)	(250)	37,835
Subsidy	(408)	-	-	11	-	-	(397)
Right-of-use assets	215,984	103,790	(2,309)	(104,078)	-	(87)	213,300
	<u>₩ 2,920,768</u>	<u>₩ 292,629</u>	<u>₩ (8,614)</u>	<u>₩ (274,664)</u>	<u>₩ (32,720)</u>	<u>₩ (2,286)</u>	<u>₩ 2,895,113</u>

(*1) Investment properties of ₩32,720 million were transferred from/to properties due to changes in the ratio of leased area of land and buildings. Construction in progress amounting to ₩21,716 million, ₩1,100 million and ₩340 million were transferred to buildings, land and movable properties, respectively.

Classification	For the year ended December 31, 2022						December 31, 2022
	January 1, 2022	Acquisition	Disposal	Depreciation	Transfer (*1)	Others	
Land	₩ 1,402,237	₩ 13,383	₩ (6,526)	₩ -	₩ 33,196	₩ (23)	₩ 1,442,267
Buildings	957,606	30,376	(3,845)	(39,008)	(4,381)	68	940,816
Leasehold improvements	59,482	43,962	-	(29,470)	-	(2,970)	71,004
Movable properties	227,157	108,357	(42)	(103,557)	-	(1,521)	230,394
Construction in progress	5,237	17,998	(11)	-	(2,513)	-	20,711
Subsidy	(419)	-	-	11	-	-	(408)
Right-of-use assets	204,909	110,543	(4,544)	(94,944)	-	20	215,984
	<u>₩ 2,856,209</u>	<u>₩ 324,619</u>	<u>₩ (14,968)</u>	<u>₩ (266,968)</u>	<u>₩ 26,302</u>	<u>₩ (4,426)</u>	<u>₩ 2,920,768</u>

(*1) Investment properties of ₩26,302 million were transferred from/to properties due to changes in the ratio of leased area of land and buildings. Construction in progress amounting to ₩2,513 million were transferred to buildings.

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13. INVESTMENT PROPERTIES AND NON-CURRENT ASSETS CLASSIFIED AS HFS:

Fair values of investment properties amount to ₩1,129,151 million and ₩1,046,699 million as of December 31, 2023 and 2022, respectively. Fair values are measured based on valuation results performed by independent professionals. Rental income from investment properties for the years ended December 31, 2023 and 2022, amounts to ₩21,653 million and ₩18,250 million, respectively. The fair value of investment properties is classified as Level 3 based on the input variables used in the valuation method. Valuation methods for investment properties and input variables, which are significant but unobservable in the measurement of fair value, are as follows:

Classification	Valuation methods	Input variables, which are significant but unobservable in measurement of fair value
Investment property	Calculated upon consideration of the yearly fluctuation of declared land value of standard sites, fluctuation of land prices for the region under subject and escalation rate of the construction cost index.	Yearly fluctuation of declared land value of standard sites, fluctuation of land prices for the region under subject and escalation rate of the construction cost index.

Details of investment properties as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023		
	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 452,553	₩ -	₩ 452,553
Buildings	210,359	(56,311)	154,048
	₩ 662,912	₩ (56,311)	₩ 606,601

Classification	December 31, 2022		
	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 424,351	₩ -	₩ 424,351
Buildings	200,510	(49,425)	151,085
	₩ 624,861	₩ (49,425)	₩ 575,436

Changes in investment properties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023						December 31, 2023
	January 1, 2023	Acquisition	Disposal	Depreciation	Transfer (*1)	Other	
Land	₩ 424,351	₩ 710	₩ -	₩ -	₩ 27,492	₩ -	₩ 452,553
Buildings	151,085	3,803	(5)	(6,063)	5,228	-	154,048
	₩ 575,436	₩ 4,513	₩ (5)	₩ (6,063)	₩ 32,720	₩ -	₩ 606,601

(*1) Certain investment properties amounting to ₩ 32,720 million were transferred from/to properties due to changes in the ratio of the leased area of land and buildings.

Classification	For the year ended December 31, 2022						December 31, 2022
	January 1, 2022	Acquisition	Disposal	Depreciation	Transfer (*1)	Other	
Land	₩ 457,549	₩ -	₩ (1)	₩ -	₩ (33,197)	₩ -	₩ 424,351
Buildings	144,731	5,144	-	(5,685)	6,895	-	151,085
	₩ 602,280	₩ 5,144	₩ (1)	₩ (5,685)	₩ (26,302)	₩ -	₩ 575,436

(*1) Certain investment properties amounting to ₩26,302 million were transferred from/to properties due to changes in the ratio of the leased area of land and buildings.

At the end of the reporting period, the book value of assets HFS is ₩15 million. The asset is an asset acquired through the execution of collateral in connection with loan receivables and there have been no changes for the years ended December 31, 2023 and 2022.

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14. INTANGIBLE ASSETS:

Details of intangible assets as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Goodwill	₩ 4,960	₩ -	₩ -	₩ 4,960
Development cost	951,493	(682,873)	-	268,620
Other intangible assets	1,369,243	(1,107,652)	-	261,591
	<u>₩ 2,325,696</u>	<u>₩ (1,790,525)</u>	<u>₩ -</u>	<u>₩ 535,171</u>

Classification	December 31, 2022			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book value
Goodwill	₩ 4,875	₩ -	₩ -	₩ 4,875
Development cost	885,130	(648,920)	-	236,210
Other intangible assets	1,278,107	(998,122)	-	279,985
	<u>₩ 2,168,112</u>	<u>₩ (1,647,042)</u>	<u>₩ -</u>	<u>₩ 521,070</u>

Changes in the book value of intangible assets for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023						December 31, 2023
	January 1, 2023	Acquisition	Disposal	Amortization	Impairment	Others	
Goodwill	₩ 4,875	₩ -	₩ -	₩ -	₩ -	₩ 85	₩ 4,960
Development cost	236,210	118,908	(334)	(78,983)	-	(7,181)	268,620
Other intangible assets	279,985	99,596	(1,467)	(114,764)	-	(1,759)	261,591
	<u>₩ 521,070</u>	<u>₩ 218,504</u>	<u>₩ (1,801)</u>	<u>₩ (193,747)</u>	<u>₩ -</u>	<u>₩ (8,855)</u>	<u>₩ 535,171</u>

Classification	For the year ended December 31, 2022						December 31, 2022
	January 1, 2022	Acquisition	Disposal	Amortization	Impairment	Others	
Goodwill	₩ 4,561	₩ -	₩ -	₩ -	₩ -	₩ 314	₩ 4,875
Development cost	224,754	83,469	-	(71,788)	-	(225)	236,210
Other intangible assets	270,185	122,739	-	(111,035)	-	(1,904)	279,985
	<u>₩ 499,500</u>	<u>₩ 206,208</u>	<u>₩ -</u>	<u>₩ (182,823)</u>	<u>₩ -</u>	<u>₩ (1,815)</u>	<u>₩ 521,070</u>

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14. Intangible assets (cont'd)

The Group tests goodwill annually for impairment. The recoverable amount of the CGU is determined based on a value-in-use calculation. The value in use is the present value calculated using cash flow projections based on financial budgets approved by the management covering a five-year period.

The cash flows beyond that five-year period have been extrapolated using a steady 3% per annum growth rate and a discount rate is used considering risk-free rate, market risk premium and systematic risk of the CGU, etc.

Carrying amount and recoverable amount of the CGU recognizing goodwill at valuation date as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	
	Carrying amount	Excess of recoverable amount over carrying amount
Nonghyup Finance Cambodia Co., Ltd.	₩ 4,960	₩ 5,253

Classification	December 31, 2022	
	Carrying amount	Excess of recoverable amount over carrying amount
Nonghyup Finance Cambodia Co., Ltd.	₩ 4,876	₩ 24,485

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15. RIGHT-OF-USE ASSETS:

Details of right-of-use assets as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023		
	Acquisition cost	Accumulated depreciation	Book value
Properties	₩ 568,192	₩ (372,960)	₩ 195,232
Delivery equipment	40,170	(22,736)	17,434
Others	3,594	(2,960)	634
	₩ 611,956	₩ (398,656)	₩ 213,300

Classification	December 31, 2022		
	Acquisition cost	Accumulated depreciation	Book value
Properties	₩ 488,243	₩ (289,337)	₩ 198,906
Delivery equipment	36,639	(21,145)	15,494
Others	3,570	(1,986)	1,584
	₩ 528,452	₩ (312,468)	₩ 215,984

Changes in the book value of right-of-use assets for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023					
	January 1, 2023	Acquisition	Depreciation	Cancellation	Others	December 31, 2023
Properties	₩ 198,906	₩ 91,730	₩ (93,607)	₩ (1,710)	₩ (87)	₩ 195,232
Delivery equipment	15,494	12,035	(9,496)	(599)	-	17,434
Others	1,584	25	(975)	-	-	634
	₩ 215,984	₩ 103,790	₩ (104,078)	₩ (2,309)	₩ (87)	₩ 213,300

Classification	For the year ended December 31, 2022					
	January 1, 2022	Acquisition	Depreciation	Cancellation	Others	December 31, 2022
Properties	₩ 187,633	₩ 100,839	₩ (85,301)	₩ (4,287)	₩ 20	₩ 198,906
Delivery equipment	14,765	9,665	(8,679)	(257)	-	15,494
Others	2,511	39	(964)	-	-	1,584
	₩ 204,909	₩ 110,543	₩ (94,944)	₩ (4,544)	₩ 20	₩ 215,984

Details of amounts recognized in the profit or loss and other comprehensive income regarding leases for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest expenses for lease liabilities	₩ 6,873	₩ 4,576
Costs associated with small asset lease	1,198	1,166
Costs associated with variable lease payments that are not included in the lease liability measurement	3,124	2,632

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16. OTHER ASSETS:

Details of other assets as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Prepaid expenses	₩ 165,756	₩ 119,589
Supplies	8,115	8,537
Guarantee deposits paid	2,545	1,859
Suspense payment	351	303
Guarantees	149	135
Telephone and telex rights	1,129	1,164
Others	14,481	16,543
	₩ 192,526	₩ 148,130

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17. FINANCIAL LIABILITIES:

Details of financial liabilities as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	
	Book value	Fair value
Financial liabilities at FVTPL:		
Trading derivative liabilities	₩ 644,420	₩ 644,420
Derivative liabilities:		
Hedging derivative liabilities	12,275	12,275
Financial liabilities measured at amortized cost:		
Deposits due to customers (*2)	315,155,898	318,526,484
Borrowings (*2)	14,990,518	15,033,815
Debentures (*2)	23,655,817	23,664,609
Others (*1 and *3)	22,271,013	19,197,045
	<u>376,073,246</u>	<u>376,421,953</u>
	<u>₩ 376,729,941</u>	<u>₩ 377,078,648</u>

(*1) Others consist of domestic exchange settlements credits, trust account liabilities, guarantee deposits received, etc.

(*2) Interest payables among financial liabilities are included in fair value.

(*3) Interest payables included in the computation for fair value of deposits due to customers, borrowings and debentures are excluded from fair value of other financial liabilities.

Classification	December 31, 2022	
	Book value	Fair value
Financial liabilities at FVTPL:		
Trading derivative liabilities	₩ 1,194,394	₩ 1,194,394
Derivative liabilities:		
Hedging derivative liabilities	18,686	18,686
Financial liabilities measured at amortized cost:		
Deposits due to customers (*2)	307,727,928	309,238,653
Borrowings (*2)	17,213,232	17,149,936
Debentures (*2)	21,121,965	20,686,308
Others (*1 and *3)	17,761,290	16,000,757
	<u>363,824,415</u>	<u>363,075,654</u>
	<u>₩ 365,037,495</u>	<u>₩ 364,288,734</u>

(*1) Others consist of domestic exchange settlements credits, trust account liabilities, guarantee deposits received, etc.

(*2) Interest payables among financial liabilities are included in fair value.

(*3) Interest payables included in the computation for fair value of deposits due to customers, borrowings and debentures are excluded from fair value of other financial liabilities.

There are no financial liabilities designated as measured at FVTPL as of December 31, 2023 and 2022.

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18. DEPOSITS DUE TO CUSTOMERS:

Details of deposits due to customers as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification		December 31, 2023	December 31, 2022
Demand deposits	Korean won	₩ 47,979,311	₩ 51,140,458
	Foreign currency	5,787,620	5,153,875
		<u>53,766,931</u>	<u>56,294,333</u>
Time deposits	Savings deposits in Korean won	253,065,220	244,843,941
	Savings deposits in foreign currency	3,663,619	3,091,361
	Installment deposits	3,270,227	2,928,672
		<u>259,999,066</u>	<u>250,863,974</u>
Certificates of deposit		1,389,901	569,621
		<u>₩ 315,155,898</u>	<u>₩ 307,727,928</u>

19. BORROWINGS:

Details of borrowings as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	Provider	Interest rate (%)	December 31, 2023	December 31, 2022
Borrowings in Korean won	The Bank of Korea	0.25–2.00	₩ 1,138,438	₩ 2,896,502
	Public sector	(-)1.25–4.76	5,651,979	5,939,471
	Others	0.00–3.86	2,309,067	2,391,327
			<u>9,099,484</u>	<u>11,227,300</u>
Borrowings in foreign currency	Borrowings from banks	5.35–6.14	3,543,259	4,596,656
Call money		2.20–5.88	274,078	166,470
Repurchase agreements		2.70–5.96	2,018,814	1,218,881
Bills sold		1.50–4.50	54,883	3,925
			<u>₩ 14,990,518</u>	<u>₩ 17,213,232</u>

20. DEBENTURES:

Details of debentures as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	Interest rate (%)	December 31, 2023	December 31, 2022
Debentures in Korean won:			
General agricultural financial bonds	1.31–4.61	₩ 17,190,000	₩ 14,310,000
Subordinated agricultural financial bonds	2.15–3.58	3,020,000	3,520,000
Present value discounts	-	(1,778)	(16,322)
		<u>20,208,222</u>	<u>17,813,678</u>
Debentures in foreign currency:			
General financial bonds	1.03–5.98	3,296,096	3,126,548
Offshore financial bonds	4.18–5.99	180,516	221,778
Accumulated loss on fair value hedges	-	(14,064)	(30,171)
Present value discounts	-	(14,953)	(9,868)
		<u>3,447,595</u>	<u>3,308,287</u>
		<u>₩ 23,655,817</u>	<u>₩ 21,121,965</u>

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21. PROVISIONS:

Details of provisions as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Provision for acceptances and guarantees	₩ 167,522	₩ 109,109
Provision for unused credit limit	247,629	164,650
Provision for mileage	12,010	11,706
Provision for restoration	42,128	36,854
Other provisions	256,848	29,443
	₩ 726,137	₩ 351,762

Acceptances and guarantees (including endorsement bills) as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Confirmed acceptances and guarantees:		
Acceptances and guarantees in Korean won	₩ 623,568	₩ 528,943
Acceptances and guarantees purchased	76,630	180,218
Acceptances and guarantees for imported goods (letter of guarantees)	31,591	20,757
Other acceptances and guarantees in foreign currencies	3,908,512	2,809,858
	4,640,301	3,539,776
Unconfirmed acceptances and guarantees:		
Issuance of local letters of credit	293,544	282,309
Issuance of import letters of credit	1,622,226	1,637,836
Others	1,354,177	1,171,912
	3,269,947	3,092,057
Bills endorsed	13,332	30,335
	₩ 7,923,580	₩ 6,662,168

The percentage of provision for acceptances and guarantees to the outstanding balance of acceptances and guarantees as of December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	Outstanding balance	Provision for acceptances and guarantees	Ratio (%)
December 31, 2023	₩ 7,923,580	₩ 167,522	2.11
December 31, 2022	₩ 6,662,168	₩ 109,109	1.64

The percentage of provision for unused credit limit to the outstanding balance of unused credit limit as of December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	Outstanding balance	Provision for unused credit limit	Ratio (%)
December 31, 2023	₩ 111,199,969	₩ 247,629	0.22
December 31, 2022	₩ 108,525,952	₩ 164,650	0.15

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21. Provisions (cont'd)

Changes in provisions for acceptances and guarantees for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	For the year ended December 31, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 9,481	₩ 99,453	₩ 175	₩ 109,109
Transfer to 12-month ECLs	26	(26)	-	-
Transfer to financial assets with a significant increase in credit risk	(11)	11	-	-
Transfer to credit-impaired financial assets	-	(275)	275	-
Provision (reversal) of allowance for ECLs	10,692	44,638	2,110	57,440
Foreign currency translation	(53)	-	-	(53)
Others	1,178	-	(152)	1,026
Ending balance	₩ 21,313	₩ 143,801	₩ 2,408	₩ 167,522

	For the year ended December 31, 2022			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 7,038	₩ 53,889	₩ 70,633	₩ 131,560
Transfer to 12-month ECLs	68	(68)	-	-
Transfer to financial assets with a significant increase in credit risk	(1)	1	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Provision (reversal) of allowance for ECLs	(1,489)	45,631	(70,306)	(26,164)
Foreign currency translation	3,184	-	-	3,184
Others	681	-	(152)	529
Ending balance	₩ 9,481	₩ 99,453	₩ 175	₩ 109,109

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21. Provisions (cont'd)

Changes in provision for unused credit limits for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	For the year ended December 31, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 84,381	₩ 80,269	₩ -	₩ 164,650
Transfer to 12-month ECLs	37,938	(37,938)	-	-
Transfer to financial assets with a significant increase in credit risk	(5,257)	5,257	-	-
Transfer to credit-impaired financial assets	(335)	(1,190)	1,525	-
Provision (reversal) of allowance for ECLs	42,699	41,805	(1,525)	82,979
Ending balance	₩ 159,426	₩ 88,203	₩ -	₩ 247,629

	For the year ended December 31, 2022			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 62,671	₩ 60,700	₩ -	₩ 123,371
Transfer to 12-month ECLs	22,017	(22,017)	-	-
Transfer to financial assets with a significant increase in credit risk	(3,774)	3,774	-	-
Transfer to credit-impaired financial assets	(185)	(537)	722	-
Provision (reversal) of allowance for ECLs	3,652	38,349	(722)	41,279
Ending balance	₩ 84,381	₩ 80,269	₩ -	₩ 164,650

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22. OTHER LIABILITIES:

Details of other liabilities as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Trust accounts payable	₩ 3,690,474	₩ 3,991,046
Domestic exchange settlement credits	6,537,165	5,039,554
Foreign exchange settlement credits	141,110	44,918
Accounts payable	2,866,315	1,804,955
Accrued expenses	3,711,554	2,213,531
Guarantee deposit received	284,786	373,778
Agency	2,027,108	1,595,174
Financial guarantee contract	32,181	37,730
Unearned revenue	65,938	63,389
Deferred mileage revenue	108,302	107,045
Suspense receipt	97,527	91,571
Lease liabilities	191,041	196,530
Other sundry liabilities	3,044,650	2,700,692
	<u>₩ 22,798,151</u>	<u>₩ 18,259,913</u>

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23. DERIVATIVES AND HEDGE ACCOUNTING:

Details of derivatives as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023			
	Derivative assets		Derivative liabilities	
	Trading	Hedging	Trading	Hedging
Currency:				
Forwards	₩ 390,987	₩ -	₩ 372,590	₩ -
Swap	219,699	-	241,202	-
Options purchased	1,618	-	-	-
Options sold	-	-	1,618	-
	<u>612,304</u>	<u>-</u>	<u>615,410</u>	<u>-</u>
Interest rate:				
Swap	31,589	2,696	28,076	12,275
Stock:				
Options purchased	934	-	-	-
Options sold	-	-	934	-
	<u>934</u>	<u>-</u>	<u>934</u>	<u>-</u>
	<u>₩ 644,827</u>	<u>₩ 2,696</u>	<u>₩ 644,420</u>	<u>₩ 12,275</u>
Classification	December 31, 2022			
	Derivative assets		Derivative liabilities	
	Trading	Hedging	Trading	Hedging
Currency:				
Forwards	₩ 658,716	₩ -	₩ 645,884	₩ -
Swap	297,463	-	450,976	-
Options purchased	12,679	-	-	-
Options sold	-	-	12,679	-
	<u>968,858</u>	<u>-</u>	<u>1,109,539</u>	<u>-</u>
Interest rate:				
Swap	116,225	3,375	64,524	18,686
Stock:				
Options purchased	1,287	-	-	-
Options sold	-	-	20,331	-
	<u>1,287</u>	<u>-</u>	<u>20,331</u>	<u>-</u>
	<u>₩ 1,086,370</u>	<u>₩ 3,375</u>	<u>₩ 1,194,394</u>	<u>₩ 18,686</u>

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23. Derivatives and hedge accounting (cont'd)

The notional amounts outstanding for derivative contracts as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023		
	Trading	Hedging	Total
Currency:			
Forwards	₩ 45,608,825	₩ -	₩ 45,608,825
Swap	4,912,983	-	4,912,983
Options purchased	343,909	-	343,909
Options sold	343,909	-	343,909
	<u>51,209,626</u>	<u>-</u>	<u>51,209,626</u>
Interest rate:			
Swap	6,743,135	1,585,962	8,329,097
Stock:			
Options purchased	28,664	-	28,664
Options sold	28,664	-	28,664
	<u>57,328</u>	<u>-</u>	<u>57,328</u>
	<u>₩ 58,010,089</u>	<u>₩ 1,585,962</u>	<u>₩ 59,596,051</u>

Classification	December 31, 2022		
	Trading	Hedging	Total
Currency:			
Forwards	₩ 28,875,160	₩ -	₩ 28,875,160
Swap	7,285,913	-	7,285,913
Options purchased	706,165	-	706,165
Options sold	706,165	-	706,165
	<u>37,573,403</u>	<u>-</u>	<u>37,573,403</u>
Interest rate:			
Swap	9,158,364	1,444,722	10,983,276
Stock:			
Options purchased	152,210	-	152,210
Options sold	128,854	-	128,854
	<u>281,064</u>	<u>-</u>	<u>281,064</u>
	<u>₩ 47,012,831</u>	<u>₩ 1,444,722</u>	<u>₩ 48,837,743</u>

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23. Derivatives and hedge accounting (cont'd)

The timing of outstanding for hedging instruments contracts as of December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	December 31, 2023			
	Less than 1 year	1 year–5 years	More than 5 years	Total
Interest rate:				
Swap	₩ -	₩ 1,585,962	₩ -	₩ 1,585,962

Classification	December 31, 2022			
	Less than 1 year	1 year–5 years	More than 5 years	Total
Interest rate:				
Swap	₩ 646,323	₩ 798,399	₩ -	₩ 1,444,722

Details of gain or loss on valuation of derivatives for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023					
	Trading		Hedging		Total	
	Gain	Loss	Gain	Loss	Gain	Loss
Currency:						
Forwards	₩ 381,347	₩ 354,205	₩ -	₩ -	₩ 381,347	₩ 354,205
Swap	54,455	30,642	-	-	54,455	30,642
Options purchased	1,100	2,258	-	-	1,100	2,258
Options sold	2,273	729	-	-	2,273	729
	<u>439,175</u>	<u>387,834</u>	<u>-</u>	<u>-</u>	<u>439,175</u>	<u>387,834</u>
Interest rate:						
Swap	40,526	18,030	2,944	767	43,470	18,797
Stock:						
Options purchased	406	258	-	-	406	258
Options sold	1,334	441	-	-	1,334	441
	<u>1,740</u>	<u>699</u>	<u>-</u>	<u>-</u>	<u>1,740</u>	<u>699</u>
	<u>₩ 481,441</u>	<u>₩ 406,563</u>	<u>₩ 2,944</u>	<u>₩ 767</u>	<u>₩ 484,385</u>	<u>₩ 407,330</u>

Classification	For the year ended December 31, 2022					
	Trading		Hedging		Total	
	Gain	Loss	Gain	Loss	Gain	Loss
Currency:						
Forwards	₩ 626,059	₩ 637,514	₩ -	₩ -	₩ 626,059	₩ 637,514
Swap	191,433	306,142	-	-	191,433	306,142
Options purchased	12,067	348	-	-	12,067	348
Options sold	428	10,801	-	-	428	10,801
	<u>829,987</u>	<u>954,805</u>	<u>-</u>	<u>-</u>	<u>829,987</u>	<u>954,805</u>
Interest rate:						
Swap	108,317	62,632	3,872	37,999	112,189	100,631
Stock:						
Options purchased	-	1,930	-	-	-	1,930
Options sold	7,408	18,366	-	-	7,408	18,366
	<u>7,408</u>	<u>20,296</u>	<u>-</u>	<u>-</u>	<u>7,408</u>	<u>20,296</u>
	<u>₩ 945,712</u>	<u>₩ 1,037,733</u>	<u>₩ 3,872</u>	<u>₩ 37,999</u>	<u>₩ 949,584</u>	<u>₩ 1,075,732</u>

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23. Derivatives and hedge accounting (cont'd)

At the end of the reporting period, hedged items applied with fair value hedge accounting include debt securities at FVTOCI and debentures. Changes in the fair value of derivatives due to fluctuations in interest rates are recognized in profit or loss immediately. Interest rate swap is used as a hedging instrument in order to offset changes in fair values of hedged items due to fluctuations in interest rates.

Details of the Group's hedged item as of December 31, 2023 and 2022, are as follows (Korean won in millions):

December 31, 2023					
Hedged item	Hedged risk	Hedging instrument	Type of hedge accounting	Book value of hedged item	Fair value hedge accumulated adjustment
Debt securities at FVTOCI	Interest rate risk	Interest rate swap	Fair value hedge	₩ 36,567	₩ (2,281)
Debentures	Interest rate risk	Interest rate swap	Fair value hedge	1,533,215	14,064
				<u>₩ 1,569,782</u>	<u>₩ 11,783</u>

December 31, 2022					
Hedged item	Hedged risk	Hedging instrument	Type of hedge accounting	Book value of hedged item	Fair value hedge accumulated adjustment
Debt securities at FVTOCI	Interest rate risk	Interest rate swap	Fair value hedge	₩ 47,467	₩ (2,934)
Debentures	Interest rate risk	Interest rate swap	Fair value hedge	1,363,859	30,171
				<u>₩ 1,411,326</u>	<u>₩ 27,237</u>

Details of the Group's hedging instruments as of December 31, 2023 and 2022, are as follows (Korean won in millions):

December 31, 2023					
Classification	Notional amounts	Carrying amount		Changes in fair values	
		Assets	Liabilities		
Debt securities in foreign currency	₩ 38,682	₩ 2,696	₩ -	₩ (767)	
Debentures	1,547,280	-	12,275	14,150	
	<u>₩ 1,585,962</u>	<u>₩ 2,696</u>	<u>₩ 12,275</u>	<u>₩ 13,383</u>	

December 31, 2022					
Classification	Notional amounts	Carrying amount		Changes in fair values	
		Assets	Liabilities		
Debt securities in foreign currency	₩ 50,692	₩ 3,375	₩ -	₩ 3,872	
Debentures	1,394,030	-	18,686	(51,660)	
	<u>₩ 1,444,722</u>	<u>₩ 3,375</u>	<u>₩ 18,686</u>	<u>₩ (47,788)</u>	

Details of gain (loss) on valuation of hedged items and hedging instruments for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

For the year ended December 31, 2023					
Classification	Gain (loss) on valuation of hedged items	Gain (loss) on valuation of hedging instrument	Ineffective amount (*1)		
Debt securities at FVTOCI	₩ 577	₩ (767)	₩	(190)	
Debentures(*2)	(8,805)	14,150		5,345	
	<u>₩ (8,228)</u>	<u>₩ 13,383</u>	<u>₩</u>	<u>5,155</u>	

(*1) The ineffective portion of the hedge is included in other comprehensive income or other operating income or expenses in the statement of comprehensive income.

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23. Derivatives and hedge accounting (cont'd)

(*2) Changes in the fair value of hedging instruments debentures include gains or losses from interest rate swaps settled through central clearing among over-the-counter derivatives.

Classification	For the year ended December 31, 2022		
	Gain (loss) on valuation of hedged items	Gain (loss) on valuation of hedging instrument	Ineffective amount (*1)
Debt securities at FVTOCI	₩ (3,832)	₩ 3,872	₩ 40
Debentures(*2)	51,432	(51,660)	(228)
	₩ 47,600	₩ (47,788)	₩ (188)

(*1) The ineffective portion of the hedge is included in other comprehensive income or other operating income or expenses in the statement of comprehensive income.

(*2) Changes in the fair value of hedging instruments debentures include gains or losses from interest rate swaps settled through central clearing among over-the-counter derivatives.

24. NET DEFINED BENEFIT LIABILITIES(ASSETS):

The Group operates a defined benefit pension plan (“DB plan”) in accordance with Employee Retirement Benefits Laws, which is also classified as DB plan under K-IFRS. Under DB plan, severance pay is made on a lump-sum basis or entitled to pension when an employee retires, based on the employee’s service period and salary at retirement. The Group has purchased retirement benefits insurance, annuity, etc., and made deposits with Industrial Bank of Korea and others. The deposit for retirement insurance and assets for DB plan operation are presented as a deduction from defined benefit obligations under an account of plan assets.

If a retiree is up for quasi-retirement age limit of special retirement, the Group pays quasi-retirement age limit payments separate from general severance payments.

The Group is exposed to investment risk and interest risk.

Actuarial valuation for plan assets and defined benefit obligations related to the general severance payments and quasi-age severance payments is performed by an independent actuary as of December 31, 2023 and 2022, respectively. Current and past service costs related to present value of defined benefit obligations are measured using the projected unit credit method.

Key assumptions for actuarial valuation as of December 31, 2023 and 2022, are as follows (%):

Classification	December 31, 2023	December 31, 2022
Discount rate	4.40	5.20
Salary increase rate:		
Base up	2.24	2.36
Empirical promotion rate	Empirical promotion rate by age	

Details of net defined benefit liabilities as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	₩ 2,007,400	₩ 1,785,596
Fair value of plan assets	(2,023,266)	(1,893,846)
Net defined benefit liabilities from DB plan	₩ (15,866)	₩ (108,250)

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24. Net defined benefit liabilities(assets) (cont'd)

Changes in net defined benefit liabilities (assets) for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023		
	Present value of defined benefit obligations	Plan assets	Total
Present value as of January 1, 2023	₩ 1,785,596	₩ (1,893,846)	₩ (108,250)
Current service cost	214,506	-	214,506
Interest expense (income)	89,663	(95,292)	(5,629)
Remeasurement elements:			
Return on planned assets (on the net basis of net interest cost)	-	18,945	18,945
Actuarial losses incurred due to changes in financial assumptions	114,872	-	114,872
Actuarial losses incurred due to experience adjustments	(20,331)	-	(20,331)
Employer contributions	-	(240,000)	(240,000)
Payment	(174,562)	184,786	10,224
Transfer from related party	19,917	(172)	19,745
Transfer to related party	(22,202)	-	(22,202)
Other	(59)	2,313	2,254
Present value as of December 31, 2023	₩ 2,007,400	₩ (2,023,266)	₩ (15,866)
Classification	For the year ended December 31, 2022		
	Present value of defined benefit obligations	Plan assets	Total
Present value as of January 1, 2022	₩ 2,121,692	₩ (1,749,127)	₩ 372,565
Current service cost	201,458	-	201,458
Past service cost	-	-	-
Interest expense (income)	53,231	(43,619)	9,612
Remeasurement elements:			
Return on planned assets (on the net basis of net interest cost)	-	12,991	12,991
Actuarial losses incurred due to changes in financial assumptions	(484,238)	-	(484,238)
Actuarial losses incurred due to experience adjustments	90,217	-	90,217
Employer contributions	-	(284,500)	(284,500)
Payment	(197,853)	168,349	(29,504)
Transfer from related party	19,939	-	19,939
Transfer to related party	(18,786)	126	(18,660)
Other	(64)	1,934	1,870
Present value as of December 31, 2022	₩ 1,785,596	₩ (1,893,846)	₩ (108,250)

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24. Net defined benefit liabilities (cont'd)

Portfolio of plan assets as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Fixed deposits	₩ 2,023,266	₩ 1,893,846

Investment strategies and policies of plan assets aim to balance risk reduction and pursuit of profit. The objective to minimize the variability of assets in relation to debt is basically achieved through diversified investment of assets, and partial asset-liability matching strategies. In order to reduce (adjust risk) variability of assets in relation to debt and achieve the intended levels of profit, investment is distributed over a vast range of many different types of assets. The distribution of assets is such that a regular income is secured similar to bonds, and partially matches the characteristics of a long maturity period in pension obligations.

The actual return on plan assets is ₩76,347 million and ₩30,628 million for the years ended December 31, 2023 and 2022, respectively.

The effects of reasonable possible changes to significant actuarial assumptions on defined benefit obligation, whilst all other assumptions occurring as of December 31, 2023 and 2022, are held constant are as follows (Korean won in millions):

Classification	December 31, 2023		December 31, 2022	
	Increase	Decrease	Increase	Decrease
100 basis point change in discount rate	₩ (164,452)	₩ 190,916	₩ (137,437)	₩ 158,885
1%p change in salary increase rate	183,754	(161,136)	153,502	(135,041)

The sensitivity analysis presented above may not present the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation from one another, since the actuarial assumptions are correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liabilities recognized in the consolidated statements of financial position.

The Group expects to make a contribution of ₩155,000 million to the defined benefit plans for the next fiscal year.

The weighted-average maturity of the defined benefit obligation is 9.2 years as of December 31, 2023.

The amount of retirement benefits paid for the defined contribution plan for the years ended December 31, 2023 and 2022, is ₩1,835 and ₩1,496 million, respectively.

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25. EQUITY:

Capital stock as of December 31, 2023 and 2022, is as follows (Korean won in millions, shares in units):

Classification	December 31, 2023	December 31, 2022
Shares authorized (in shares)	1,000,000,000	1,000,000,000
Par value (in Korean won)	₩ 5,000	₩ 5,000
Shares issued (in shares)	476,870,202	476,870,202
Common stock	₩ 2,384,351	₩ 2,384,351

Other paid-in capital as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Capital surplus:		
Capital in excess of par value	₩ 11,042,610	₩ 11,042,610
Other capital surplus	35,947	35,947
	11,078,557	11,078,557
Capital adjustments (*1)	(3,019)	(3,019)
Hybrid equity securities (*2)	1,298,038	1,228,317
	₩ 12,373,576	₩ 12,303,855

(*1) Capital adjustment arose from the acquisition of IT department of NACF.

(*2) The Group classifies the hybrid equity securities as capital as the maturity of the hybrid equity securities is more than 30 years and the Group holds the right to extend the bond maturity continuously under the same conditions and evade delivering cash or another financial asset to pay the contractual obligation.

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25. Equity (cont'd)

Details of other components of equity, which are recognized as accumulated other comprehensive income, as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Remeasurements of the net defined benefit liabilities	₩ (501,320)	₩ (405,874)
Loss on valuation of debt securities at FVTOCI	(122,633)	(703,961)
Gain on equity securities at FVTOCI	51,994	44,860
Exchange differences in translating foreign operations	15,705	10,688
Loss on valuation of investments in associates	(170)	(167)
	₩ (556,424)	₩ (1,054,454)

Changes in other components of equity for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023				
	January 1, 2023	Changes for the year	Deferred income tax	Transfer to retained earnings	December 31, 2023
Remeasurements of the net defined benefit liabilities	₩ (405,874)	₩ (113,486)	₩ 18,040	₩ -	₩ (501,320)
(Loss) gain on valuation and foreign currency translation of financial assets at FVTOCI	(659,101)	800,829	(213,281)	914	(70,639)
Exchange differences in translating foreign operations	10,688	5,017	-	-	15,705
Share of other comprehensive loss of associates	(167)	-	(3)	-	(170)
	₩ (1,054,454)	₩ 692,360	₩ (195,244)	₩ 914	₩ (556,424)
Classification	For the year ended December 31, 2022				
	January 1, 2022	Changes for the year	Deferred income tax	Transfer to retained earnings	December 31, 2022
Remeasurements of the net defined benefit liabilities	₩ (687,797)	₩ 381,030	₩ (99,107)	₩ -	₩ (405,874)
(Loss) gain on valuation and foreign currency translation of financial assets at FVTOCI	(80,717)	(789,074)	208,483	2,207	(659,101)
Exchange differences on translating foreign operations	2,699	7,989	-	-	10,688
Loss on valuation of investments in associates	(167)	-	-	-	(167)
	₩ (765,982)	₩ (400,055)	₩ 109,376	₩ 2,207	₩ (1,054,454)

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25. Equity (cont'd)

Details of retained earnings as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Regulatory reserve for bad debts (*1)	₩ 2,227,730	₩ 2,173,304
Legal reserve (*2)	900,851	721,126
Voluntary reserve for recapitalization (*3)	1,000,000	1,000,000
Voluntary reserve	14	14
Other reserve (*4)	1,604	741
Unappropriated retained earnings	4,704,137	4,024,042
	₩ 8,834,336	₩ 7,919,227

(*1) The Group has provided for loss allowances in accordance with K-IFRS. The difference in this amount and the provision for possible loans and other asset losses accumulated in accordance with the minimum accumulation ratio required by FSS is reserved as regulatory reserve for bad debts.

(*2) With respect to the allocation of net profit earned in a fiscal term, the Group must set aside in its legal reserve an amount equal to at least 10% of its net income after tax as reported in the statement of comprehensive income each time it pays dividends on its net profits earned until its legal reserve reaches at least the aggregate amount of its paid-in capital in accordance with Article 40 of the Banking Act. This reserve is not available for the payment of cash dividends, but may be transferred to share capital, or used to reduce accumulated deficit.

(*3) The Group provides for the voluntary reserve for the enhancement of capital and sound management without specific purpose.

(*4) With reserves accumulated by local laws and regulations by overseas subsidiaries, it can only be used to compensate for deficits of subsidiaries currently located.

Changes in retained earnings for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Beginning balance	₩ 7,919,227	₩ 6,940,836
Net income	1,780,488	1,718,234
Changes in consolidated taxation payment	53,528	39,663
Loss on equity securities at FVTOCI	(914)	(2,207)
Dividends on hybrid equity securities	(52,993)	(37,299)
Cash dividends	(865,000)	(740,000)
Ending balance	₩ 8,834,336	₩ 7,919,227

Reserve for bad debts as of December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Beginning balance	₩ 2,227,730	₩ 2,173,304
Planned reserve for bad debts	-	54,426
Expected balance	₩ 2,227,730	₩ 2,227,730

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25. Equity (cont'd)

Provision of reserve for bad debts and adjusted net income after reflecting reserve for bad debts for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Net income	₩ 1,780,488	₩ 1,718,234
Provision of reserve for bad debts	-	(54,426)
Adjusted net income after reserve for bad debts	1,780,488	1,663,808
Adjusted basic and diluted EPS after reserve for bad debts (in Korean won) (*1)	3,623	3,434

(*1) Hybrid equity securities dividends of ₩52,993 million and ₩37,299 million for the years ended December 31, 2023 and 2022, respectively, are deducted from adjusted net income after reserving for bad debts when calculating adjusted basic EPS. Adjusted diluted EPS are identical to basic EPS, as the Group does not retain dilutive common shares.

Dividends for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Type of stock	For the year ended December 31, 2023		
	Shares of stock	Dividends per share (in Korean won)	Total dividends
Common stock	476,870,202	₩ 1,814	₩ 865,000

Type of stock	For the year ended December 31, 2022		
	Shares of stock	Dividends per share (in Korean won)	Total dividends
Common stock	448,298,774	₩ 1,651	₩ 740,000

26. CAPITAL MANAGEMENT

26.1 Current state of regulatory capital

The Group reports to the Financial Supervisory Service on a monthly or quarterly basis about the Group for International Settlement (BIS) capital adequacy ratio, common equity ratio based on market risk, basic common equity ratio and their computation evidence. In addition, the Group reviews the soundness of its capital using the capital adequacy ratio representing capital over the risk-weighted asset (BIS capital adequacy ratio).

The Group's regulatory capitals consist of the following two categories:

-Tier 1 capital (basic capital): Basic capital is composed of common equity tier 1 and additional tier 1 capital. Common equity tier 1 is composed of capital stock; additional paid-in capital; retained earnings; non-controlling interests of the Group, which is the consolidated subsidiary; and accumulated other comprehensive income. Additional tier 1 capital is composed of capital securities (including hybrid equity securities) and non-controlling interests of consolidated subsidiaries.

-Tier 2 capital (supplementary capital): Supplementary capital is composed of allowance for losses on credit for assets classified as normal or precautionary according to the forward-looking criteria, capital securities (such as subordinated bonds) and non-controlling interests of consolidated subsidiaries.

The basic and supplementary capitals listed above have many restrictions to be recognized as capital and regulatory capital is computed reflecting items deducted from capital.

Besides the BIS ratios reported to the Financial Supervisory Service, the Group sets up internal policies on capital management for the criteria of capital adequacy and soundness of finance. In addition, the Group monitors the soundness of finance by allocating the risk appetite of the available capital to the limit of internal capital (the amount of capital that ensures that the Group will be able to continue on its operation, while bearing many risks and the necessary capital amount that covers the unexpected losses ("ULs") under specified probability). Internal capital, subject to the management, is to consider interest rate risk and credit-concentrated risk in addition to the credit, market and operating risk managed by regulatory capital. The Group computes on appropriateness of internal capital under regular inspection.

Following the implementation of BASEL III, the Group has calculated the risk-weighted assets on market risk, operating risk via the Standard Approach, and risk-weighted assets on credit risk via the Basic Internal Ratings-Based Approach, and are managing the ratios accordingly, as of December 1, 2013. Details of the Group's BIS capital adequacy ratio as of December 31, 2023 and 2022, are as follows (Korean won in millions, %):

Classification	December 31, 2023	December 31, 2022
Basic capital (A)	₩ 21,630,669	₩ 19,817,263
Supplementary capital (B)	2,481,685	2,633,478
Equity capital (C)	24,112,354	22,450,741
Risk-weighted assets (D)	131,760,610	119,590,150
Equity capital ratio (C/D*100)	18.30	18.77
Basic capital ratio (A/D*100)	16.42	16.57

26.2 Allocation of shareholder's equity

Allocation of shareholder's equity is determined by approval of the risk management committee within the available capital after the establishment of risk capital management plan reflecting business plan, strategies and analysis of risk situations. Allocated capitals by risk upon the risk capital management plan are divided by tolerance limits of department and business sector, and managed by risk management council.

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The risk management committee and council of the Group review the internal capital policies on a regular basis, and have a duty to maintain the stable capital adequacy and the soundness of finance by preliminary authorization process on excess of the limitation of internal capital forecasted due to new or extension of business or exceptionally by an ex-post facto approval.

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27. INCOME TAX EXPENSES:

The components of income tax expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Income tax currently payable	₩ 599,171	₩ 475,191
Adjustments recognized for the current period in relation to the current tax of prior periods	(18,898)	2,001
Change in deferred income tax due to temporary differences (*1)	221,453	91,236
Total income tax effect	801,726	568,428
Deferred income taxes directly applied to shareholder's equity	(195,245)	109,376
Income tax expenses	₩ 606,481	677,804
(*1) Net deferred tax assets due to temporary differences as of December 31, 2023 and 2022	₩ 47,196	₩ 268,649
Net deferred tax assets due to temporary differences as of January 1, 2023 and 2022	268,649	359,885
Change in deferred income tax due to temporary differences	₩ (221,453)	₩ (91,236)

A reconciliation of income before income tax and income tax expenses for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Net income before income tax	₩ 2,386,969	₩ 2,396,038
Income tax expenses before adjustments (A) (*1,*2)	619,798	648,549
Adjustments (B):		
Non-taxable income	(17,235)	(12,495)
Non-deductible expenses	7,807	7,605
Unrecognized deferred income tax effects	1,599	2,137
Others	(5,488)	32,008
	(13,317)	29,255
Income tax expenses (A+B)	₩ 606,481	₩ 677,804
Effective tax rate	25.41%	28.29%

(*1) The tax rate according to the statutory income tax rate for the fiscal year ending on December 31, 2023, is 9.9% for taxable income of less than ₩200 million, 20.9% for taxable income of exceeding ₩200 million but less than ₩20 billion, 23.1% for taxable income of exceeding ₩20 billion but less than ₩300 billion, calculated as 26.4% of taxable income of exceeding ₩300 billion.

(*2) The tax rate according to the statutory income tax rate for the fiscal year ending on December 31, 2022, is 11% for taxable income of less than ₩200 million won, 22% for taxable income of more than ₩200 million but less than ₩ 20 billion, and 24.2% for taxable income of more than ₩20 billion but less than ₩300 billion, calculated as 27.5% of taxable income exceeding ₩300 billion.

The deferred income tax recognized as other comprehensive income for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

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Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
(Loss) gain on securities measured at FVTOCI	₩ (213,282)	₩ 208,483
Remeasurements of the net defined benefit liabilities	18,040	(99,107)
Loss valuation of investments in associates	(3)	-
	₩ (195,245)	₩ 109,376

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27. Income tax expenses (cont'd)

The deferred income tax assets (liabilities) of the Group as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023			
	Beginning	Increase	Decrease	Ending
(Temporary differences):				
Gain (loss) on valuation of securities	₩ 681,573	₩ (405,864)	₩ 656,146	₩ (380,437)
Investments in associates (*2)	(88,362)	87,033	16,238	(17,567)
Gain on valuation of derivatives	120,457	8,650	120,456	8,651
Accrued income	(342,354)	(390,420)	(342,354)	(390,420)
Deferred LOF/LOC	(288,731)	(341,132)	(297,408)	(332,455)
Defined benefit obligations	1,870,740	259,130	184,786	1,945,084
Accrued expenses	84,911	90,536	83,845	91,602
Provision for acceptances and guarantee	109,109	167,522	109,109	167,522
Other provisions	290,519	523,013	288,564	524,968
Special deposits	(26,067)	(82,359)	(1,399)	(107,027)
Retirement insurance and assets for DB plan operation	(1,776,383)	(165,370)	(184,786)	(1,756,967)
Others	₩ 378,358	₩ 182,034	₩ 134,572	₩ 425,820
	1,013,770	(67,227)	767,769	178,774
Unrealizable temporary differences	-	-	-	-
Realizable temporary differences	1,013,770	(67,227)	767,769	178,774
Tax rate (*1)	26.5%			26.4%
Net deferred income tax asset	268,649			47,196

(*1) The tax rate according to the statutory income tax rate for the fiscal year ending on December 31, 2023, is 9.9% for taxable income of less than ₩200 million, 20.9% for taxable income of exceeding ₩200 million won but less than ₩20 billion, 23.1% for taxable income of exceeding ₩20 billion but less than ₩300 billion, calculated as 26.4% of taxable income of exceeding ₩300 billion.

(*2) The income tax effect of equity method is reasonably estimated by considering the applicability and realizability of deferred income tax by each investee.

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27. Income tax expenses (cont'd)

Classification	For the year ended December 31, 2022			
	Beginning	Increase	Decrease	Ending
(Temporary differences):				
Gain on valuation of securities	₩ 32,826	₩ 659,633	₩ 10,886	₩ 681,573
Investments in associates (*2)	(28,597)	14,442	74,207	(88,362)
(Loss) gain on valuation of derivatives	(43,283)	120,456	(43,284)	120,457
Accrued income	(283,262)	(342,354)	(283,262)	(342,354)
Deferred LOF/LOC	(345,495)	(297,408)	(354,172)	(288,731)
Defined benefit obligations	2,039,089	-	168,349	1,870,740
Accrued expenses	103,874	65,946	84,909	84,911
Provision for acceptances and guarantee	131,560	109,109	131,560	109,109
Other provisions	187,204	288,510	185,195	290,519
Special deposits	(102,896)	(3,847)	(80,676)	(26,067)
Retirement insurance and assets for DB plan operation	(1,581,057)	(363,675)	(168,349)	(1,776,383)
Others	₩ 1,198,706	₩ 129,157	₩ 949,505	₩ 378,358
	1,308,669	379,969	674,868	1,013,770
Unrealizable temporary differences	-	-	-	-
Realizable temporary differences	1,308,669	379,969	674,868	1,013,770
Tax rate (*1)	27.5%			26.5%
Net deferred income tax asset	359,885			268,649

(*1) During the fiscal year, due to revisions to the corporate tax law, the tax rate for each taxable standard section was reduced by 1 percentage point. The forward-looking tax rates applicable to the calculation of deferred income taxes have changed to reflect these changes to the corporate tax law.

(*2) The income tax effect of equity method is reasonably estimated by considering the applicability and realizability of deferred income tax by each investee.

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28. INCOME AND EXPENSES BY CATEGORIES OF FINANCIAL INSTRUMENTS:

Interest income and expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest income:		
Deposits	₩ 205,404	₩ 69,946
Financial assets at FVTPL	183,423	119,526
Financial assets at FVTOCI	839,006	591,493
Securities at amortized cost	463,744	378,568
Loans and other receivables at amortized cost	14,959,875	10,191,414
Others	30,700	17,485
	<u>16,682,152</u>	<u>11,368,432</u>
Interest expenses:		
Deposits due to customers	7,679,415	3,646,854
Debentures	710,924	491,606
Borrowings	337,440	175,728
Others	192,763	115,973
	<u>8,920,542</u>	<u>4,430,161</u>
Interest income, net	<u>₩ 7,761,610</u>	<u>₩ 6,938,271</u>

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28. Income and expenses by categories of financial instruments (cont'd)

Net gain or loss on financial assets at FVTPL for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Financial assets at FVTPL:		
Gain (loss) on valuation:		
Gain	₩ 395,232	₩ 141,012
Loss	(44,719)	(297,760)
	<u>350,513</u>	<u>(156,748)</u>
Gain (loss) on disposal:		
Gain	181,777	128,545
Loss	(44,092)	(130,472)
	<u>137,685</u>	<u>(1,927)</u>
Gain (loss) on redemption:		
Gain	35,906	19,176
Loss	(42,267)	(28,575)
	<u>(6,361)</u>	<u>(9,399)</u>
Dividend income	2,332	3,828
Other income	194,920	156,121
	<u>679,089</u>	<u>(8,125)</u>
Trading derivatives:		
Gain (loss) on valuation:		
Gain	481,441	945,712
Loss	(406,563)	(1,037,733)
	<u>74,878</u>	<u>(92,021)</u>
Gain (loss) on disposal:		
Gain	2,058,965	2,248,728
Loss	(2,046,953)	(2,128,496)
	<u>12,012</u>	<u>120,232</u>
	<u>86,890</u>	<u>28,211</u>
	<u>₩ 765,979</u>	<u>₩ 20,086</u>

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28. Income and expenses by categories of financial instruments (cont'd)

Net gain or loss on financial assets at FVTOCI for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Gain (loss) on disposal:		
Gain	₩ 6,241	₩ 2,799
Loss	(68,050)	(46,786)
	<u>(61,809)</u>	<u>(43,987)</u>
Gain (loss) on redemption:		
Gain	75	1
Loss	(4,729)	(3,134)
	<u>(4,654)</u>	<u>(3,133)</u>
Dividend income (*1)	5,323	5,543
	<u>₩ (61,140)</u>	<u>₩ (41,577)</u>

(*1) Dividend income arising from disposal of financial assets at FVTOCI for the years ended December 31, 2023 and 2022, amounted to ₩1,330 million and ₩1,262 million, respectively.

The amount reclassified from accumulated other comprehensive income to gain (loss) at the time of removal by financial assets at FVTOCI for the years ended December 31, 2023 and 2022, is (-)₩45,492 million and ₩32,330 million, respectively.

Net gain or loss on financial assets at amortized cost for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Gain (loss) on disposal: (*1)		
Gain	₩ 12,435	₩ 8,038
Loss	(40,583)	(5,982)
	<u>₩ (28,148)</u>	<u>₩ 2,056</u>

(*1) For the purpose of credit risk management, certain loans at amortized cost were disposed of.

Provision of allowance for ECLs-related gain (loss) on financial assets at FVTOCI and financial assets at amortized cost for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Financial assets FVTOCI	₩ (1,585)	₩ (2,670)
Securities at amortized cost	(468)	(1,589)
Due from banks at amortized cost	(3,746)	(698)
Loans and receivables at amortized cost	(1,538,103)	(650,488)
	<u>₩ (1,543,902)</u>	<u>₩ (655,445)</u>

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29. COMMISSION INCOME AND EXPENSES:

Commission income and expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Commission income:		
Deposits	₩ 1,060	₩ 1,076
Loans and credits	102,837	89,723
Foreign exchange	32,665	33,306
Credit card	405,098	347,683
Asset management	91,026	66,904
Agency business	141,934	167,299
Guarantee service	44,954	41,077
Trust service	178,774	157,491
Electronic finance	241,128	241,168
Others	16,299	16,280
	<u>1,255,775</u>	<u>1,162,007</u>
Commission expenses:		
Loans and credits	63,161	44,302
Foreign exchange	10,346	6,498
Credit card	334,201	326,905
Agency business	19,466	17,458
Others	80,628	58,514
	<u>507,802</u>	<u>453,677</u>
Commission income, net	<u>₩ 747,973</u>	<u>₩ 708,330</u>

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30. OTHER OPERATING INCOME AND EXPENSES:

Other operating income and expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Other operating income:		
Gain on valuation of hedging instrument	₩ 22,477	₩ 4,540
Gain on valuation of hedged items	577	57,250
Gain from changes in foreign exchange rate	671,474	1,524,095
Transfer from other provisions	4,457	25,234
Others	188,628	165,785
	<u>887,613</u>	<u>1,776,904</u>
Other operating expenses:		
Loss on valuation of hedging instrument	1,917	57,290
Loss on valuation of hedged items	16,106	4,498
Loss from changes in foreign exchange rate	680,686	1,453,912
Fund contribution	767,323	778,252
Transfer to other provisions	259,257	21,793
Others	326,737	260,041
	<u>2,052,026</u>	<u>2,575,786</u>
	<u>₩ (1,164,413)</u>	<u>₩ (798,882)</u>

31. EMPLOYEE BENEFITS:

Details of employee benefits for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Benefits:		
Employee benefits	₩ 1,568,575	₩ 1,503,742
Fringe benefits	541,751	507,770
	<u>2,110,326</u>	<u>2,011,512</u>
Retirement expenses	210,895	212,792
Termination benefits	39,398	78,883
	<u>₩ 2,360,619</u>	<u>₩ 2,303,187</u>

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32. OTHER GENERAL AND ADMINISTRATIVE EXPENSES:

Other general and administrative expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Tax and dues	₩ 162,272	₩ 141,685
Telecommunications and transportation	40,495	35,737
Supplies	24,920	22,719
Advertising	130,234	126,174
Utilities	32,342	25,803
Rental	42,319	39,145
Service contract	186,919	170,843
Others	126,685	124,043
	₩ 746,186	₩ 686,149

33. OTHER INCOME AND EXPENSES:

Other income and expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Other income:		
Gain on disposal of assets	₩ 298	₩ 6,080
Rent income	21,653	18,250
Miscellaneous income	18,509	22,227
Others	1,702	7,511
	42,162	54,068
Other expenses:		
Loss on disposal of assets	7,127	2,691
Expenses related to collecting receivables	4,985	5,317
Depreciation	6,063	5,685
Agricultural support project expenses (*1)	330,604	324,670
Expenses on restoration	1,348	869
Miscellaneous expenses	58,606	34,127
Others	8,599	2,107
	417,332	375,466
	₩ (375,170)	₩ (321,398)

(*1) Agricultural support project expenses, which are annually paid to the NACF in accordance with the *Agricultural Cooperative Act*, is computed by multiplying the imposed ratio to the average of operating revenue for the recent three years.

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34. EPS:

(1) Net income and weighted-average number of common shares used for computation are as follows (Korean won in millions, except per-share amounts):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Net income	₩ 1,780,488	₩ 1,718,234
Dividends on hybrid equity securities	(52,993)	(37,299)
Income attributable to common shares	1,727,495	1,680,935
Weighted-average number of common shares (in shares)	476,870,202	473,660,809
Basic and diluted EPS (in Korean won)	₩ 3,623	₩ 3,549

Diluted EPS equals to basic EPS as there is no dilution effect for the years ended December 31, 2023 and 2022.

(2) The weighted-average number of common shares outstanding is as follows:

For the year ended December 31, 2023				
	Period	Number of shares	Dates	Accumulated number of shares outstanding during the period
Common shares issued at the beginning of the period	2023-01-01–2023-12-31	476,870,202	365	476,870,202
For the year ended December 31, 2022				
	Period	Number of shares	Dates	Accumulated number of shares outstanding during the period
Common shares issued at the beginning of the period	2022-01-01–2022-02-10	448,298,774	41	50,356,849
Capital increase with consideration	2022-02-11–2022-12-31	476,870,202	324	423,303,960
Weighted-average number of common shares outstanding			365	473,660,809

35. RISK DISCLOSURE OF FINANCIAL INSTRUMENTS:

The Group is exposed to various financial risks, such as credit, market and liquidity, associated with financial instruments.

For risk management, the Group has the risk management committee; the top legislative organization; the risk management council; the operational legislative organization; and other executive departments, such as risk management task force department, individual risk management department and independent monitoring department.

The risk management committee consists of 10 directors and deliberates and determines major issues, such as establishment of risk management policies and strategies and determination of risk tolerance limit. Some ordinary and continual issues can be deliberated and determined by the risk management council.

The Group retains various risk management policies and systems, such as establishment of risk tolerance limit, constant monitoring to maintain optimum level of risk and performance evaluation and capital distribution considering the risk. The conditions and results of risk management, including risk management and analysis, are periodically reported to risk management committee and council.

The risk management task force team establishes and manages the risk tolerance limit by business sector and accounting, and those risk measurement and analysis are monthly reported to the risk management council. Also, the Group regularly calculates and monitors the integrated risk to merge exposed risks into a single indicator and manage it comprehensively to be within the reasonable level of risk compared to our capital.

35.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in non-payment of the principal and interest to the payables and potential financial loss to the Group. Credit risk arises from deposits, securities, loans, off-balance accounts, etc. The purpose of credit risk management is to improve asset soundness and to secure the stable revenue by minimizing the probability of credit risk through the establishment and management of credit risk tolerance limit and the proper management of portfolios.

For credit risk management of loan process, the Group separated operation and underwriting process in the business process and monitored such various segments of its credit risk portfolio. The Group also established and operated a total exposure to credit risk limit management system to reduce concentration of credit risk by specific type of loans or borrowers to acceptable level and to diversify risk in the loan portfolio and manage risks in the individual exposure limit system. Furthermore, a credit risk is managed through an early alert system in the event of non-performance by counterparties and underwriting risk is managed by loan underwriting specialists to maintain the tight underwriting standards.

The Group separately measures expected and unexpected losses. Expected losses ("ELs") are expected credit risks based on past experience and computed by multiplying exposure at default by PD and LGD. ULs mean maximum credit losses under certain probability deducting EL.

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35. Risk disclosure of financial instruments (cont'd)

35.1.1 The Group's maximum level of exposures to credit risk

The Group's maximum level of exposures to credit risk as of December 31, 2023 and 2022, is summarized as follows (Korean won in millions):

Classification	December 31, 2023 (*2)	December 31, 2022 (*2)
Deposits	₩ 9,241,592	₩ 12,724,145
Loans (*1)	314,017,662	303,106,919
Receivables	9,102,030	5,543,033
Debt securities	51,783,306	49,002,879
Derivative assets	647,523	1,089,745
Loans and credit commitments	107,211,486	104,866,538
Guarantees and endorsed bills	7,566,776	6,338,061
Financial guarantee contracts	4,345,286	3,983,521
	₩ 503,915,661	₩ 486,654,841

(*1) The loans above include the loans measured at FVTPL.

(*2) Puttable financial instruments are excluded.

35.1.2 Classification of financial instruments based on credit risk

Measurement credit risk exposures of loans and receivables at amortized cost based on internal risk level as of December 31, 2023 and 2022, is as follows (Korean won in millions):

Credit risk levels (internal level)	December 31, 2023					
	Household (*1)			Corporate (*1)		
	12 months	Significant increases	Impairment	12 months	Significant increases	Impairment
Rating 1-6	₩ 166,349,466	₩ 13,505,154	₩ -	₩ 91,886,811	₩ 6,617,771	₩ -
Rating 7	678,044	1,258,328	-	-	1,339,489	-
Rating 8	8,638	309,975	-	-	145,334	-
Rating 9-10	-	-	915,784	-	-	576,861
	₩ 167,036,148	₩ 15,073,457	₩ 915,784	₩ 91,886,811	₩ 8,102,594	₩ 576,861

(*1) The above amounts of loans and receivables do not include the deferred LOF/LOC and present value discounts.

Credit risk levels (internal level)	December 31, 2023			
	Others (*1 and *2)			
	12 months	Significant increases	Impairment	Allowance
Rating 1-6	₩ 31,585,840	₩ 1,426,215	₩ -	₩ (2,135,268)
Rating 7	-	57,605	-	(287,615)
Rating 8	-	-	-	(110,447)
Rating 9-10	-	-	-	(478,548)
	₩ 31,585,840	₩ 1,483,820	₩ -	₩ (3,011,878)

(*1) The above amounts of loans and receivables do not include the deferred LOF/LOC and present value discounts.

(*2) Receivables are not included in others.

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35. Risk disclosure of financial instruments (cont'd)

35.1 Credit risk (cont'd)

35.1.2 Classification of financial instruments based on credit risk (cont'd)

Credit risk levels (internal level)	December 31, 2022					
	Household (*1)			Corporate (*1)		
	12 months	Significant increases	Impairment	12 months	Significant increases	Impairment
Rating 1-6	₩ 166,416,862	₩ 14,635,136	₩ -	₩ 74,568,616	₩ 5,567,895	₩ -
Rating 7	606,698	891,316	-	-	1,152,978	-
Rating 8	7,742	203,862	-	-	152,277	-
Rating 9-10	-	-	503,303	-	-	425,205
	<u>₩ 167,031,302</u>	<u>₩ 15,730,314</u>	<u>₩ 503,303</u>	<u>₩ 74,568,616</u>	<u>₩ 6,873,150</u>	<u>₩ 425,205</u>

(*1) The above amounts of loans and receivables do not include the deferred LOF/LOC and present value discounts.

Credit risk levels (internal level)	December 31, 2022			
	Others (*1 and *2)			
	12 months	Significant increases	Impairment	Allowance
Rating 1-6	₩ 38,163,689	₩ 1,409,663	₩ -	₩ (1,318,177)
Rating 7	-	53,570	-	(210,364)
Rating 8	-	-	-	(83,749)
Rating 9-10	-	-	132	(353,778)
	<u>₩ 38,163,689</u>	<u>₩ 1,463,233</u>	<u>₩ 132</u>	<u>₩ (1,966,068)</u>

(*1) The above amounts of loans and receivables do not include the deferred LOF/LOC and present value discounts.

(*2) Receivables are not included in others.

The level of exposures to credit risk of loan commitment and financial guarantee contract based on internal risk level as of December 31, 2023 and 2022, is summarized as follows (Korean won in millions):

Credit risk levels (internal level)	December 31, 2023					
	Loan commitment			Financial guarantee contract		
	12 months	Significant increases	Impairment	12 months	Significant increases	Impairment
Rating 1-6	₩ 101,927,436	₩ 4,895,074	₩ -	₩ 4,327,493	₩ 15,000	₩ -
Rating 7	23,559	309,319	-	-	-	-
Rating 8	109	5,761	-	-	-	-
Rating 9-10	-	-	50,228	-	-	2,793
	<u>₩ 101,951,104</u>	<u>₩ 5,210,154</u>	<u>₩ 50,228</u>	<u>₩ 4,327,493</u>	<u>₩ 15,000</u>	<u>₩ 2,793</u>

Credit risk levels (internal level)	December 31, 2022					
	Loan commitment			Financial guarantee contract		
	12 months	Significant increases	Impairment	12 months	Significant increases	Impairment
Rating 1-6	₩ 99,564,985	₩ 5,046,596	₩ -	₩ 3,902,451	₩ 81,070	₩ -
Rating 7	20,786	176,269	-	-	-	-
Rating 8	397	7,558	-	-	-	-
Rating 9-10	-	-	49,947	-	-	-
	<u>₩ 99,586,168</u>	<u>₩ 5,230,423</u>	<u>₩ 49,947</u>	<u>₩ 3,902,451</u>	<u>₩ 81,070</u>	<u>₩ -</u>

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35. Risk disclosure of financial instruments (cont'd)

35.1 Credit risk (cont'd)

35.1.2 Classification of financial instruments based on credit risk (cont'd)

The Group's maximum level of exposures to credit risk of debt securities as of December 31, 2023 and 2022, is summarized as follows (Korean won in millions):

Credit risk levels (external level)	December 31, 2023				
	Financial assets at FVTPL	Financial assets at FVTOCI		Securities at amortized cost	
		12 months (*1)	Allowance (*2)	12 months (*1)	Allowance
AAA	₩ 2,313,302	₩ 24,253,906	₩ (1,602)	₩ 18,015,458	₩ (3,810)
AA+—AA-	2,828,715	3,593,995	(4,204)	-	-
A—BBB	162,521	619,219	(1,416)	-	-
BBB- or below	1	-	-	-	-
	₩ 5,304,539	₩ 28,467,120	₩ (7,222)	₩ 18,015,458	₩ (3,810)

(*1) There are no debt securities whose loss allowances are measured at an amount equal to the lifetime ECLs.

(*2) The effect from the loss allowance for financial assets at FVTOCI is recognized in accumulated other comprehensive income. So, the book values of those are unaffected by the effect.

Credit risk levels (external level)	December 31, 2022				
	Financial assets at FVTPL	Financial assets at FVTOCI		Securities at amortized cost	
		12 months (*1)	Allowance (*2)	12 months (*1)	Allowance
AAA	₩ 1,984,322	₩ 24,859,941	₩ (2,356)	₩ 15,493,446	₩ (3,342)
AA+—AA-	2,428,485	3,564,028	(2,382)	-	-
A—BBB	97,471	503,716	(836)	-	-
BBB- or below	1	74,810	(220)	-	-
	₩ 4,510,279	₩ 29,002,495	₩ (5,794)	₩ 15,493,446	₩ (3,342)

(*1) There are no debt securities whose loss allowances are measured at an amount equal to the lifetime ECLs.

(*2) The effect from the loss allowance for financial assets at FVTOCI is recognized in accumulated other comprehensive income. So, the book values of those are unaffected by the effect.

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35. Risk disclosure of financial instruments (cont'd)

35.1 Credit risk (cont'd)

35.1.3 Percentage of allowance for ECLs of financial instruments

As of December 31, 2023 and 2022, the percentage of allowance for ECLs is as follows (Korean won in millions):

Classification	December 31, 2023			
	Financial assets at FVTOCI	Financial assets at amortized cost		
		Due from banks	Securities	Loans (*1)
Total amount	₩ 28,467,120	₩ 9,249,945	₩ 18,015,458	₩ 316,661,315
Allowance for ECLs	7,222	8,353	3,810	3,011,878
Ratio (%)	0.03	0.09	0.02	0.95

(*1) Receivables and deferred LOF/LOC are not included in the above total amounts of loans.

Classification	December 31, 2022			
	Financial assets at FVTOCI	Financial assets at amortized cost		
		Due from banks	Securities	Loans (*1)
Total amount	₩ 29,002,496	₩ 12,728,801	₩ 15,493,446	₩ 304,758,944
Allowance for ECLs	5,794	4,656	3,342	1,966,068
Ratio (%)	0.02	0.04	0.02	0.65

(*1) Receivables and deferred LOF/LOC are not included in the above total amounts of loans.

35.1.4 Classification of financial instruments by industry, country and customer

Loans classified by industry as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Industry	December 31, 2023				
	Loans in Korean won (*1)	Loans in foreign currency (*1)	Others (*1 and *2)	Total	Allowance (*1)
Manufacturing	₩ 28,317,122	₩ 1,939,797	₩ 4,456,012	₩ 34,712,931	₩ (447,379)
Construction	5,373,655	80,129	91,079	5,544,863	(404,903)
Retail and wholesale	21,738,457	137,184	675,330	22,550,971	(196,606)
Finance and insurance	7,104,803	301,980	1,738,910	9,145,693	(76,522)
Member cooperatives	22,228,177	-	2,005,502	24,233,679	(78,399)
Others	192,497,592	1,816,325	26,159,261	220,473,178	(1,808,069)
	₩ 277,259,806	₩ 4,275,415	₩ 35,126,094	₩ 316,661,315	₩ (3,011,878)

(*1) Deferred LOF/LOC is not included.

(*2) Receivables are not included

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35. Risk disclosure of financial instruments (cont'd)

35.1 Credit risk (cont'd)

35.1.4 Classification of financial instruments by industry, country and customer (cont'd)

Industry	December 31, 2022					Allowance (*1)
	Loans in Korean won (*1)	Loans in foreign currency (*1)	Others (*1 and *2)	Total		
Manufacturing	₩ 25,519,053	₩ 1,678,558	₩ 5,181,146	₩ 32,378,757	₩ (408,579)	
Construction	5,004,854	48,658	126,514	5,180,026	(296,560)	
Retail and wholesale	20,907,900	67,277	681,053	21,656,230	(181,384)	
Finance and insurance	5,976,093	229,983	2,687,556	8,893,632	(17,566)	
Member cooperatives	19,988,031	-	1,941,815	21,929,846	(60,679)	
Others	192,262,443	1,855,434	20,602,576	214,720,453	(1,001,300)	
	₩ 269,658,374	₩ 3,879,910	₩ 31,220,660	₩ 304,758,944	₩ (1,966,068)	

(*1) Deferred LOF/LOC is not included.

(*2) Receivables are not included.

Acceptances and guarantees (including endorsed bills) by industry as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023					Ratio (%)
	Confirmed acceptances and guarantees	Unconfirmed acceptances and guarantees	Bills endorsed	Total		
Manufacturing	₩ 2,874,293	₩ 2,379,861	₩ 13,149	₩ 5,267,303	66.48	
Construction	56,995	24,045	-	81,040	1.02	
Retail and wholesale	549,418	402,053	183	951,654	12.01	
Finance and insurance	598,746	35,062	-	633,808	8.00	
Others	560,849	428,926	-	989,775	12.49	
	₩ 4,640,301	₩ 3,269,947	₩ 13,332	₩ 7,923,580	100.00	

Classification	December 31, 2022					Ratio (%)
	Confirmed acceptances and guarantees	Unconfirmed acceptances and guarantees	Bills endorsed	Total		
Manufacturing	₩ 1,956,890	₩ 2,151,583	₩ 27,677	₩ 4,136,150	62.08	
Construction	43,861	23,970	-	67,831	1.02	
Retail and wholesale	428,988	407,462	2,658	839,108	12.60	
Finance and insurance	602,789	19,736	-	622,525	9.34	
Others	507,248	489,306	-	996,554	14.96	
	₩ 3,539,776	₩ 3,092,057	₩ 30,335	₩ 6,662,168	100.00	

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35. Risk disclosure of financial instruments (cont'd)

35.1 Credit risk (cont'd)

35.1.4 Classification of financial instruments by industry, country and customer (cont'd)

Portfolio of financial assets at FVTPL and FVTOCI and securities at amortized cost by industry as of December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	December 31, 2023					
	Financial assets at FVTPL		Financial assets at FVTOCI		Securities at amortized cost	
	Book value	Ratio (%)	Book value	Ratio (%)	Book value	Ratio (%)
Government and government-sponsored institutions	₩ 1,367,575	9.08	₩ 12,967,724	44.90	₩ 8,052,337	44.71
Finance and insurance	12,579,128	83.47	13,225,973	45.79	9,909,312	55.02
Manufacturing	106,647	0.71	592,439	2.05	-	-
Others	1,016,031	6.74	2,097,660	7.26	49,999	0.27
	₩ 15,069,381	100.00	₩ 28,883,796	100.00	₩ 18,011,648	100.00
Classification	December 31, 2022					
	Financial assets at FVTPL		Financial assets at FVTOCI		Securities at amortized cost	
	Book value	Ratio (%)	Book value	Ratio (%)	Book value	Ratio (%)
Government and government-sponsored institutions	₩ 1,156,848	8.52	₩ 13,554,333	46.20	₩ 7,515,620	48.52
Finance and insurance	11,377,779	83.84	13,316,740	45.39	7,974,484	51.48
Manufacturing	131,839	0.97	663,189	2.26	-	-
Others	905,078	6.67	1,802,402	6.15	-	-
	₩ 13,571,544	100.00	₩ 29,336,664	100.00	₩ 15,490,104	100.00

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35. Risk disclosure of financial instruments (cont'd)

35.1 Credit risk (cont'd)

35.1.4 Classification of financial instruments by industry, country and customer (cont'd)

Loans classified by country as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Country	December 31, 2023				
	Loans in Korean won (*1)	Loans in foreign currency (*1)	Others (*1 and *2)	Total	Allowance (*1)
Korea	₩ 277,259,806	₩ 2,075,571	₩ 29,799,635	₩ 309,135,012	₩ (2,936,400)
China	-	28,625	1,010,645	1,039,270	(7,191)
Japan	-	37,441	190,427	227,868	(1,376)
USA	-	413,323	592,762	1,006,085	(11,453)
Indonesia	-	10,180	49,028	59,208	(2,899)
Hong Kong	-	177,023	803,982	981,005	(6,166)
Panama	-	67,183	570	67,753	(655)
Singapore	-	-	129,480	129,480	(103)
Others	-	1,466,069	2,549,565	4,015,634	(45,635)
	<u>₩ 277,259,806</u>	<u>₩ 4,275,415</u>	<u>₩ 35,126,094</u>	<u>₩ 316,661,315</u>	<u>₩ (3,011,878)</u>

(*1) Deferred LOF/LOC is not included.

(*2) Receivables are not included.

Country	December 31, 2022				
	Loans in Korean won (*1)	Loans in foreign currency (*1)	Others (*1 and *2)	Total	Allowance (*1)
Korea	₩ 269,658,374	₩ 1,792,381	₩ 25,326,215	₩ 296,776,970	₩ (1,896,869)
China	-	40,554	1,275,407	1,315,961	(7,229)
Japan	-	52,212	272,236	324,448	(3,070)
USA	-	287,878	1,097,111	1,384,989	(10,054)
Indonesia	-	14,580	128,575	143,155	(1,309)
Hong Kong	-	183,464	11,501	194,965	(6,233)
Panama	-	73,025	51,491	124,516	(381)
Singapore	-	-	49,238	49,238	(362)
Others	-	1,435,816	3,008,886	4,444,702	(40,561)
	<u>₩ 269,658,374</u>	<u>₩ 3,879,910</u>	<u>₩ 31,220,660</u>	<u>₩ 304,758,944</u>	<u>₩ (1,966,068)</u>

(*1) Deferred LOF/LOC is not included.

(*2) Receivables are not included.

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35. Risk disclosure of financial instruments (cont'd)

35.1 Credit risk (cont'd)

35.1.4 Classification of financial instruments by industry, country and customer (cont'd)

Acceptances and guarantees (including endorsed bills) by country as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023				
	Confirmed acceptances and guarantees	Unconfirmed acceptances and guarantees	Bills endorsed	Total	Ratio (%)
Korea	₩ 1,788,997	₩ 716,165	₩ -	₩ 2,505,162	31.62
China	25,200	344,890	191	370,281	4.67
Japan	59,328	132,148	-	191,476	2.42
USA	242,321	257,916	-	500,237	6.31
Indonesia	158	111,051	-	111,209	1.40
Hong Kong	16,502	391	-	16,893	0.21
Panama	142,273	16,788	-	159,061	2.01
Singapore	290,859	234,680	-	525,539	6.63
Others	2,074,663	1,455,918	13,141	3,543,722	44.73
	<u>₩ 4,640,301</u>	<u>₩ 3,269,947</u>	<u>₩ 13,332</u>	<u>₩ 7,923,580</u>	<u>100.00</u>

Classification	December 31, 2022				
	Confirmed acceptances and guarantees	Unconfirmed acceptances and guarantees	Bills endorsed	Total	Ratio (%)
Korea	₩ 1,287,700	₩ 755,316	₩ -	₩ 2,043,016	30.67
China	67,769	251,733	4,141	323,643	4.86
Japan	49,609	82,165	-	131,774	1.98
USA	203,357	339,253	-	542,610	8.14
Indonesia	154	69,654	-	69,808	1.05
Hong Kong	25,050	609	-	25,659	0.39
Panama	109,102	96,712	-	205,814	3.09
Singapore	166,942	162,024	-	328,966	4.94
Others	1,630,093	1,334,591	26,194	2,990,878	44.88
	<u>₩ 3,539,776</u>	<u>₩ 3,092,057</u>	<u>₩ 30,335</u>	<u>₩ 6,662,168</u>	<u>100.00</u>

Portfolio of financial assets at FVTPL and FVTOCI and securities at amortized cost in each country as of December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	December 31, 2023					
	Financial assets at FVTPL		Financial assets at FVTOCI		Securities at amortized cost	
	Book value	Ratio (%)	Book value	Ratio (%)	Book value	Ratio (%)
Korea	₩ 14,963,831	99.30	₩ 27,538,941	95.34	₩ 18,011,648	100.00
USA	38,499	0.26	1,225,697	4.24	-	-
Japan	-	-	50,330	0.17	-	-
Others	67,051	0.44	68,828	0.25	-	-
	<u>₩ 15,069,381</u>	<u>100.00</u>	<u>₩ 28,883,796</u>	<u>100.00</u>	<u>₩ 18,011,648</u>	<u>100.00</u>

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35. Risk disclosure of financial instruments (cont'd)

35.1 Credit risk (cont'd)

35.1.4 Classification of financial instruments by industry, country and customer (cont'd)

Classification	December 31, 2022					
	Financial assets at FVTPL		Financial assets at FVTOCI		Securities at amortized cost	
	Book value	Ratio (%)	Book value	Ratio (%)	Book value	Ratio (%)
Korea	₩ 13,470,489	99.26	₩ 27,121,281	92.45	₩ 15,490,104	100.00
USA	44,153	0.33	2,167,956	7.39	-	-
Japan	-	-	10,679	0.03	-	-
Others	56,902	0.41	36,748	0.13	-	-
	<u>₩ 13,571,544</u>	<u>100.00</u>	<u>₩ 29,336,664</u>	<u>100.00</u>	<u>₩ 15,490,104</u>	<u>100.00</u>

Loans classified by customer as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Customer	December 31, 2023				
	Loans in Korean won (*1)	Loans in foreign currency (*1)	Others (*1 and *2)	Total	Allowance (*1)
Household	₩ 111,436,804	₩ 99,131	₩ 4,678,999	₩ 116,214,934	₩ (775,168)
Private business	80,918,212	41,058	1,932,302	82,891,572	(482,750)
Corporate	55,124,547	3,866,896	5,391,684	64,383,127	(1,525,843)
Member cooperatives	22,228,177	-	2,005,502	24,233,679	(78,399)
Financial institution	2,280,683	51,576	1,706,168	4,038,427	(7,507)
Government and others	5,271,383	216,754	19,411,439	24,899,576	(142,211)
	<u>₩ 277,259,806</u>	<u>₩ 4,275,415</u>	<u>₩ 35,126,094</u>	<u>₩ 316,661,315</u>	<u>₩ (3,011,878)</u>

(*1) Deferred LOF/LOC is not included.

(*2) Receivables are not included.

Customer	December 31, 2022				
	Loans in Korean won (*1)	Loans in foreign currency (*1)	Others (*1 and *2)	Total	Allowance (*1)
Household	₩ 113,912,795	₩ 108,306	₩ 4,536,554	₩ 118,557,655	₩ (421,846)
Private business	77,793,872	46,710	1,821,851	79,662,433	(316,880)
Corporate	50,231,276	3,377,548	6,130,838	59,739,662	(1,115,989)
Member cooperatives	19,988,031	-	1,941,815	21,929,846	(60,679)
Financial institution	2,092,384	50,692	2,624,300	4,767,376	(5,465)
Government and others	5,640,016	296,654	14,165,302	20,101,972	(45,209)
	<u>₩ 269,658,374</u>	<u>₩ 3,879,910</u>	<u>₩ 31,220,660</u>	<u>₩ 304,758,944</u>	<u>₩ (1,966,068)</u>

(*1) Deferred LOF/LOC is not included.

(*2) Receivables are not included.

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35. Risk disclosure of financial instruments (cont'd)

35.1 Credit risk (cont'd)

35.1.4 Classification of financial instruments by industry, country and customer (cont'd)

Acceptances and guarantees (including endorsed bills) by customer as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023					Ratio (%)
	Confirmed acceptances and guarantees	Unconfirmed acceptances and guarantees	Bills endorsed	Total		
Corporate	₩ 3,924,541	₩ 2,805,329	₩ 13,332	₩ 6,743,202		85.10
Private business	8,040	6,814	-	14,854		0.19
Member cooperatives	6,539	8,272	-	14,811		0.19
Financial institutions	250,886	33,099	-	283,985		3.58
Government and others	450,295	416,433	-	866,728		10.94
	₩ 4,640,301	₩ 3,269,947	₩ 13,332	₩ 7,923,580		100.00

Classification	December 31, 2022					Ratio (%)
	Confirmed acceptances and guarantees	Unconfirmed acceptances and guarantees	Bills endorsed	Total		
Corporate	₩ 2,890,289	₩ 2,574,028	₩ 30,335	₩ 5,494,652		82.48
Private business	7,877	4,899	-	12,776		0.19
Member cooperatives	500	19,625	-	20,125		0.30
Financial institutions	266,921	17,122	-	284,043		4.26
Government and others	374,189	476,383	-	850,572		12.77
	₩ 3,539,776	₩ 3,092,057	₩ 30,335	₩ 6,662,168		100.00

35.1.5 Financial impact of collateral on loans

The extent of reducing credit risk due to collateral and other credit enhancements for credit-impaired financial assets as of December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Loans	₩ 582,706	₩ 342,152
Commitment to loans and credit	2,643	810
	₩ 585,349	₩ 342,962

35.1.6 Assets acquired by exercising security rights

Details of assets acquired by exercising security rights as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Property and equipment (*1)	₩ 15	₩ 15

(*1) Property and equipment are presented as non-current assets classified as HFS in the consolidated statements of financial position.

35. Risk disclosure of financial instruments (cont'd)

35.2 Market risk

Market risk is the risk of loss in the value of portfolio and financial instruments caused by adverse movements in market variables, such as interest rates, stock price, currency exchange rate, etc. The Group manages and divides market risk into two risks, generated through trading position or non-trading position. The trading market risk that the Group is mainly exposed to is the interest rate risk arising from the adverse change in the value of debt instruments and interest rate-embedded securities due to changes in market interest rate. The Group is additionally exposed to stock price, foreign exchange rate risk and commodity price risk arising from equity securities, debt securities and derivatives. The Group is exposed to the interest rate risk and liquidity risk.

35.2.1 Trading position

a) The trading position in accordance with 'Regulation of Trading Policy' is subject to the trading market management. The basic requirements of the trading position are as follows:

- The target position is not restricted to the sale. It is evaluated daily at fair value and should be able to be a hedge against important risks in the market.
- The trading position should be controlled by the instruction of the trading policy and managed by a separate trading department.
- The target position is operated in accordance with a documented trading strategy and the limit of trading should be controlled.
- Without the prior approval, a professional dealer or an operation division for the target position should be authorized to handle transactions within the predetermined limit.
- The target position for the risk management should be periodically reported to the management.

b) Details of risk management by risk type

① Interest rate risk

Interest rate risk from trading positions arises mainly from the trades of Korean won-denominated debt securities. As the financial instruments in the trading accounts are marked to market daily, the Group manages the interest rate risk related to its trading accounts using market-value-based tools used to measure risk, such as Value at Risk ("VaR") and sensitivity analysis.

② Equity price risk

Equity price risk arises from the Group's equity trading portfolio in Korean won since the Group has no trading position of equity securities denominated in foreign currencies. The equity trading portfolio in Korean won consists of exchange-traded stocks and nearest month or second nearest-month futures contracts under the strict restrictions considering diversification as well as stop-loss limits and position limits.

③ Foreign exchange rate risk

Foreign exchange rate risk arises when the Group has assets and liabilities that are denominated in currencies other than Korean won as well as off-balance-sheet items, such as foreign exchange forwards and currency swaps. Assets and liabilities denominated in U.S. dollars, Japanese yen and Euro are typically accounted for the majority of the Group's foreign currency assets and liabilities.

c) Measurement of market risk occurring at the trading position

① VaR measurement

VaR is a statistically estimated maximum amount of loss that could occur in a holding (or trading) period for a given confidence interval due to changes in market variables, such as interest rate, stock price, exchange rate and commodity price. The Group monitors risk arising from trading activities in business sectors and departments, and measures market risk of all the trading assets and liabilities in both Korean won and foreign currencies using VaR.

35. Risk disclosure of financial instruments (cont'd)

35.2 Market risk (cont'd)

35.2.1 Trading position (cont'd)

The Group calculates VaR using historical simulation model when the Group measures market risk arising from the trading position. Under historical simulation model, VaR is calculated as sublevel (1 - confidence level) of a normal distribution of risk resulting from revaluation of loan portfolio applying a scenario of actual profit ratio movements for the past 250 business days to currently holding loan portfolio. The Group discloses 10-day VaR measured at 99% confidence level.

VaR is a commonly used market risk measurement technique with the following limitations. VaR estimates possible loss over a certain period at a particular confidence level using past market movement data. Past market movements are, however, not necessarily a good indicator of future events, as there may be conditions and circumstances in the future that the model does not anticipate. As a result, the timing and magnitude of the actual loss can be different depending on the changes in assumptions made at the time of the calculation. In addition, the time periods used for the model, generally one or 10 days are assumed a sufficient holding period before liquidating the relevant underlying positions. If these holding periods are not sufficient, or too long, the VaR results may understate or overstate the potential loss.

② Back testing

The Group conducts back testing of results against daily actual gain (loss) and expected gain (loss) on a daily basis. By performing back testing, the Group checks the validity of the model and any loss that might exceed a predetermined 99% confidence level.

③ Stress testing

The Group conducts stress testing to assess its market risk exposure to abnormal market fluctuations, such as changes in interest rate, equity price, exchange rate and implied volatility of derivatives, subject to the changes in the value of the portfolio. The Group uses not only hypothetical scenarios as a main scenario, but also historical scenarios as a supplementary analysis. Stress testing is conducted on a monthly basis.

The Group calculates VaR based on its consolidated financial statements and the following table shows average VaR, maximum VaR and minimum VaR at a 99% confidence level of interest rate risk, stock price risk and foreign exchange rate risk, commodity price risk and other risk for trading positions with a 10-day holding period as of December 31, 2023 and 2022 (Korean won in millions):

Classification	December 31, 2023			December 31, 2023
	Max.	Min.	Average	
Interest rate risk	₩ 69,097	₩ 23,602	₩ 53,386	₩ 24,839
Stock price risk	9,157	3,550	6,267	4,411
Foreign currency risk	36,159	1,395	4,456	2,803
Other risk	3,949	157	1,111	170
Total risk (*1)	90,247	28,472	62,112	30,422

(*1) Total VaR is computed taking into consideration the correlations of the risk factors.

Classification	December 31, 2022			December 31, 2023
	Max.	Min.	Average	
Interest rate risk	₩ 57,042	₩ 23,727	₩ 43,201	₩ 54,933
Stock price risk	14,301	949	6,497	8,443
Foreign currency risk	4,263	467	2,175	1,781
Other risk	4,682	49	1,552	3,993
Total risk (*1)	64,140	30,701	45,881	61,319

(*1) Total VaR is computed taking into consideration the correlations of the risk factors.

35. Risk disclosure of financial instruments (cont'd)

35.2 Market risk (cont'd)

35.2.2 Non-trading positions

Non-trading positions refer to all positions, excluding trading positions. The Group's principal market risk from non-trading activities is interest rate risk. Interest rate risk refers to the risk of exposure to loss from reduction of net interest income or net asset value as a result of interest rate changes due to mismatched maturities between interest earning assets and interest-bearing liabilities or mismatched interest rate change periods.

The subject for interest rate risk measurement includes non-trading positions, such as interest-bearing assets, interest-bearing liabilities, transaction of derivatives held for hedging and others among off-balance transactions. The Group has measured and managed the interest rate risk, which affects the Group's earnings and the economic value of the Group's net assets. From the Group's earnings perspective, the Group has measured and managed interest rate risk through interest rate accumulated gap ratio, net interest income simulations, Δ NII and others, to manage changes in net interest income as a result of interest rate changes. With respect to the economic value of the Group's net assets, the Group has measured and managed interest rate risk through duration gap, Δ EVE and others, to manage changes in the value of net assets of future cash flow as a result of interest rate changes.

The objective of interest risk management is to manage changes in interest income at a sustainable level due to change in interest rates and is to manage stable net asset value through effective management of interest-earning asset and interest-bearing liabilities. The limits for interest rate accumulated gap ratio, Δ NII, Δ EVE and others are approved annually by the risk management committee for interest rate risk management.

Δ EVE for non-trading portfolios as of December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Δ EVE	₩ 757,215	₩ 516,002

35.3 Liquidity risk

35.3.1 General

Liquidity risk is the risk of loss that the Group is unable to meet its payment obligations arising from financial liabilities as they fall due or raise funds with high interest rates and unfavorable disposal of securities to solve the shortage of funds or facing inability to pay due to unexpected cash flows.

The cash flows disclosed in maturity analysis do not correspond to the amounts of discounted principals and interest payments at the contracts in the consolidated statements of financial position.

35.3.2 Liquidity risk management

The Group classifies and discloses contractual maturity of all financial liabilities in relation to liquidity risk into six categories, such as less than one month, one month to three months, three to six months, six months to one year, one year to five years and more than five years. The Group manages liquidity risk by analyzing cash flows of the liabilities in the groups of homogeneous accounts under the appropriate criteria (remaining contractual maturity, contract period, etc.).

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35. Risk disclosure of financial instruments (cont'd)

35.3 Liquidity risk (cont'd)

35.3.3 The term structure of financial liabilities

The term structures of liabilities as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification (*1 and *2)	December 31, 2023						Total
	Less than 1 month	1 month– 3 months	3 months– 6 months	6 months– 1 year	1 year– 5 years	More than 5 years	
Deposits due to customers	₩ 151,316,147	₩ 35,236,890	₩ 47,259,132	₩ 74,723,414	₩ 10,958,571	₩ 1,776,225	₩ 321,270,379
Trading derivative liabilities	644,420	-	-	-	-	-	644,420
Hedging derivative liabilities	-	-	-	-	12,275	-	12,275
Borrowings	4,158,970	1,317,843	1,058,946	1,473,942	5,418,285	2,038,099	15,466,085
Debentures	155,215	1,897,389	2,661,520	4,906,511	14,638,885	1,022,118	25,281,638
Other financial liabilities	21,945,517	6,485	7,308	105,659	14,606	-	22,079,575
Lease liabilities	10,474	13,444	18,798	32,325	114,222	15,388	204,651
	<u>₩ 178,230,743</u>	<u>₩ 38,472,051</u>	<u>₩ 51,005,704</u>	<u>₩ 81,241,851</u>	<u>₩ 31,156,844</u>	<u>₩ 4,851,830</u>	<u>₩ 384,959,023</u>

(*1) Cash flows of principal and interest are included.

(*2) Unmatured instruments, such as deposits that are contractually repayable on demand or on short notice, are classified under the 'Less than 1 month' category.

Classification (*1 and *2)	December 31, 2022						Total
	Less than 1 month	1 month– 3 months	3 months– 6 months	6 months– 1 year	1 year– 5 years	More than 5 years	
Deposits due to customers	₩ 151,928,333	₩ 39,883,762	₩ 35,331,055	₩ 75,264,968	₩ 8,412,134	₩ 1,871,455	₩ 312,691,707
Trading derivative liabilities	1,194,393	-	-	-	-	-	1,194,393
Hedging derivative liabilities	-	-	-	8,124	10,563	-	18,687
Borrowings	6,378,402	895,018	1,065,617	1,371,948	5,745,041	2,213,979	17,670,005
Debentures	193,767	1,556,980	5,566,101	5,900,707	7,691,021	1,199,076	22,107,652
Other financial liabilities	17,428,259	6,416	5,985	112,498	18,063	655	17,571,876
Lease liabilities	9,603	12,492	17,513	31,600	125,737	3,203	200,148
	<u>₩ 177,132,757</u>	<u>₩ 42,354,668</u>	<u>₩ 41,986,271</u>	<u>₩ 82,689,845</u>	<u>₩ 22,002,559</u>	<u>₩ 5,288,368</u>	<u>₩ 371,454,468</u>

(*1) Cash flows of principal and interest are included.

(*2) Unmatured instruments, such as deposits that are contractually repayable on demand or on short notice, are classified under the 'Less than 1 month' category.

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35. Risk disclosure of financial instruments (cont'd)

35.3 Liquidity risk (cont'd)

35.3.4 Maturity analysis of off-balance accounts

Guarantees and loan commitments, including guarantees for debenture issuance and guarantees for loans, which are financial guarantees provided by the Group, have expiration dates. However, under the term of the guarantees and loan commitments, timely payment shall be made upon demand by the counterparty. Details of off-balance accounts as of December 31, 2023 and 2022, are as follows (Korea won in millions):

Classification	December 31, 2023	December 31, 2022
Loan commitment (*1)	₩ 113,397,458	₩ 110,602,664
Guarantees and endorsed bills (*1)	7,923,579	6,662,168
	₩ 121,321,037	₩ 117,264,832

(*1) The amount of financial guarantee contracts is included. The total financial guarantee contracts amount to ₩4,345,286 million and ₩3,983,521 million as of December 31, 2023 and 2022, respectively.

35.4 Currency risk

Currency risk is a risk incurred when the fair value of a financial instrument or value of future cash flows fluctuates due to the changes in foreign exchange rates. Currency risk does not arise from the financial instruments expressed in the functional currency or in non-monetary items measured by using the historical foreign exchange rates. In order to establish the stop loss and limits, the Group manages the foreign exchange net exposure amount of the trading and non-trading portfolios by each currency.

Significant assets and liabilities denominated in foreign currencies as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023						Total
	USD	JPY	EUR	CNY	Others		
Assets:							
Cash and due from banks	₩ 4,022,987	₩ 231,069	₩ 133,311	₩ 49,074	₩ 197,010		₩ 4,633,451
Financial assets at FVTPL	1,247,506	-	23,988	-	-		1,271,494
Derivative assets	22,742	-	-	-	-		22,742
Financial assets at FVTOCI	1,881,048	-	238	-	16,085		1,897,371
Financial assets at amortized cost	10,531,110	151,031	584,518	23,403	307,341		11,597,403
Other financial assets	557	-	-	1,108	1,109		2,774
	₩ 17,705,950	₩ 382,100	₩ 742,055	₩ 73,585	₩ 521,545		₩ 19,425,235
Liabilities:							
Deposits	₩ 9,002,769	₩ 454,232	₩ 257,515	₩ 25,274	₩ 112,404		₩ 9,852,194
Derivative liabilities	27,916	-	-	-	-		27,916
Borrowings	4,062,118	28,244	334,755	11,720	216,715		4,653,552
Debentures	3,412,391	-	-	-	35,203		3,447,594
Other financial liabilities	1,379,235	16,892	41,230	3,173	14,221		1,454,751
	₩ 17,884,429	₩ 499,368	₩ 633,500	₩ 40,167	₩ 378,543		₩ 19,436,007

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35. Risk disclosure of financial instruments (cont'd)

35.4 Currency risk (cont'd)

Classification	December 31, 2022					
	USD	JPY	EUR	CNY	Others	Total
Assets:						
Cash and due from banks	₩ 2,819,599	₩ 166,450	₩ 204,416	₩ 47,621	₩ 201,840	₩ 3,439,926
Financial assets at FVTPL	1,002,832	-	18,396	-	-	1,021,228
Derivative assets	110,801	-	-	-	-	110,801
Financial assets at FVTOCI	2,815,338	-	238	-	11,763	2,827,339
Financial assets at amortized cost	9,810,200	220,536	513,939	25,096	234,516	10,804,287
Other financial assets	858	-	-	804	1,795	3,457
	<u>₩ 16,559,628</u>	<u>₩ 386,986</u>	<u>₩ 736,989</u>	<u>₩ 73,521</u>	<u>₩ 449,914</u>	<u>₩ 18,207,038</u>
Liabilities:						
Deposits	₩ 7,806,731	₩ 291,754	₩ 355,139	₩ 37,652	₩ 88,526	₩ 8,579,802
Derivative liabilities	35,849	-	-	-	-	35,849
Borrowings	4,972,665	44,734	309,628	9,166	141,313	5,477,506
Debentures	3,273,951	-	-	-	34,336	3,308,287
Other financial liabilities	1,132,747	18,064	59,640	4,069	25,401	1,239,921
	<u>₩ 17,221,943</u>	<u>₩ 354,552</u>	<u>₩ 724,407</u>	<u>₩ 50,887</u>	<u>₩ 289,576</u>	<u>₩ 18,641,365</u>

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35. Risk disclosure of financial instruments (cont'd)

35.5 Offsetting financial assets and liabilities

Details of financial assets that are set off and subject to an enforceable master netting arrangement or similar agreement as of December 31, 2023 and 2022, are as follows (Korean won in millions):

The Group conducts offsetting agreement transactions with counterparties through ISDA (International Swaps and Derivatives Association) or similar arrangements in connection with over-the-counter derivatives and spot exchange transactions. In addition, for the sale of bonds purchased under resale agreements, set-off contract transactions are carried out through agreements similar to derivatives. In accordance with this agreement, if a credit event such as default by the counterparty occurs, the transaction with the counterparty is terminated. And at the time of termination, the amount to be paid or received by each transaction party is offset and paid or received. Also, in the case of transactions of domestic exchange settlement credits, domestic exchange settlement debits and intercompany receivables and intercompany payables, we have the legal right of offset and are settled on a net basis, so they are presented in the consolidated statements of financial position based on the amount after offset.

Classification	December 31, 2023					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities to be set off	Net amounts of financial assets presented in the consolidated statement of financial position	Non-offsetting amount		
				Financial instruments	Cash collateral received	Net amounts
Derivative assets	₩ 647,523	₩ -	₩ 647,523	₩ 504,393	₩ 25,850	₩ 117,280
Loans - bonds purchased under resale agreements	18,274,300	-	18,274,300	18,274,300	-	-
Receivables - receivable spot exchange	930,226	-	930,226	930,157	-	69
Receivables - receivable spot exchange in foreign currency	1,471,398	-	1,471,398	1,420,132	-	51,266
Receivables - domestic exchange settlement debits	15,297,326	12,553,459	2,743,867	-	-	2,743,867
Receivables - intercompany receivables	1,123,792	-	1,123,792	-	-	1,123,792
	<u>₩ 37,744,565</u>	<u>₩ 12,553,459</u>	<u>₩ 25,191,106</u>	<u>₩ 21,128,982</u>	<u>₩ 25,850</u>	<u>₩ 4,036,274</u>

Classification	December 31, 2022					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities to be set off	Net amounts of financial assets presented in the consolidated statement of financial position	Non-offsetting amount		
				Financial instruments	Cash collateral received	Net amounts
Derivative assets	₩ 1,089,745	₩ -	₩ 1,089,745	₩ 874,145	₩ 96,132	₩ 119,468
Loans - bonds purchased under resale agreements	13,792,055	-	13,792,055	13,789,342	-	2,713
Receivables - receivable spot exchange	766,515	-	766,515	766,120	-	395
Receivables - receivable spot exchange in foreign currency	511,395	-	511,395	444,219	-	67,176
Receivables - domestic exchange settlement debits	13,372,640	11,658,474	1,714,166	-	-	1,714,166
Receivables - intercompany receivables	15,809	-	15,809	-	-	15,809
	<u>₩ 29,548,159</u>	<u>₩ 11,658,474</u>	<u>₩ 17,889,685</u>	<u>₩ 15,873,826</u>	<u>₩ 96,132</u>	<u>₩ 1,919,727</u>

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35. Risk disclosure of financial instruments (cont'd)

35.5 Offsetting financial assets and liabilities (cont'd)

Details of financial liabilities that are set off and subject to an enforceable master netting arrangement or similar agreement as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets to be set off	Net amounts of financial liabilities presented in the consolidated statement of financial position	Non-offsetting amount		Net amounts
				Financial instruments	Cash collateral provided	
Derivative liabilities	₩ 656,695	₩ -	₩ 656,695	₩ 532,745	₩ 4,116	₩ 119,834
Borrowings - bonds sold under repurchase agreements	2,018,814	-	2,018,814	2,018,814	-	-
Other financial liabilities - payable spot exchange	1,420,697	-	1,420,697	1,420,132	-	565
Other financial liabilities - payable spot exchange in foreign currency	981,313	-	981,313	930,157	-	51,156
Other financial liabilities - domestic exchange settlement credits	19,090,623	12,553,459	6,537,164	-	-	6,537,164
Other financial liabilities - intercompany payables	450	-	450	-	-	450
	<u>₩ 24,168,592</u>	<u>₩ 12,553,459</u>	<u>₩ 11,615,133</u>	<u>₩ 4,901,848</u>	<u>₩ 4,116</u>	<u>₩ 6,709,169</u>

Classification	December 31, 2022					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets to be set off	Net amounts of financial liabilities presented in the consolidated statement of financial position	Non-offsetting amount		Net amounts
				Financial instruments	Cash collateral provided	
Financial liabilities at FVTPL	₩ 1,213,080	₩ -	₩ 1,213,080	₩ 810,214	₩ 44,406	₩ 358,460
Borrowings - bonds sold under repurchase agreements	1,218,881	-	1,218,881	1,218,881	-	-
Other financial liabilities - payable spot exchange	444,276	-	444,276	444,219	-	57
Other financial liabilities - payable spot exchange in foreign currency	833,284	-	833,284	766,120	-	67,164
Other financial liabilities - domestic exchange settlement credits	16,698,028	11,658,474	5,039,554	-	-	5,039,554
Other financial liabilities - intercompany payables	437	-	437	-	-	437
	<u>₩ 20,407,986</u>	<u>₩ 11,658,474</u>	<u>₩ 8,749,512</u>	<u>₩ 3,239,434</u>	<u>₩ 44,406</u>	<u>₩ 5,465,672</u>

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36. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS:

Fair value hierarchy of financial instruments as of December 31, 2023 and 2022, is as follows (Korean won in millions):

All financial instruments at fair value are categorized into one of the following three fair value hierarchy levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs for the asset or liability that are not based on the observable market data (unobservable inputs)

Classification	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL	₩ 533,900	₩ 11,816,985	₩ 2,718,496	₩ 15,069,381
Derivative assets	-	647,523	-	647,523
Financial assets at FVTOCI	11,146,317	17,454,058	283,421	28,883,796
	<u>₩ 11,680,217</u>	<u>₩ 29,918,566</u>	<u>₩ 3,001,917</u>	<u>₩ 44,600,700</u>
Financial liabilities:				
Derivative liabilities	₩ -	₩ 656,695	₩ -	₩ 656,695

Classification	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL	₩ 357,537	₩ 10,474,800	₩ 2,739,207	₩ 13,571,544
Derivative assets	-	1,089,744	1	1,089,745
Financial assets at FVTOCI	10,589,193	18,464,289	283,182	29,336,664
	<u>₩ 10,946,730</u>	<u>₩ 30,028,833</u>	<u>₩ 3,022,390</u>	<u>₩ 43,997,953</u>
Financial liabilities:				
Derivative liabilities	₩ -	₩ 1,194,034	₩ 19,046	₩ 1,213,080

Financial assets and liabilities at FVTPL, financial assets at FVTOCI and derivative assets and liabilities are recognized at fair value. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of financial instruments traded in an active market is determined by using the published price quotations based on market prices. However, if the market for a financial instrument is not active, fair value is determined by using a valuation method.

The fair value of debt securities is calculated by the average of the appraised values of KIS Pricing, Korea Asset Pricing, NICE P&I and FN Pricing.

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36. Fair value hierarchy of financial instruments (cont'd)

The following table gives information about how the fair values of these financial assets and financial liabilities included in Level 2 and Level 3 are determined (in particular, the valuation method, significant unobservable inputs and relationship of unobservable inputs to fair value).

a) Financial instruments that are measured at fair value

① Valuation methods and input variables for each type of financial instrument classified into Level 2 as of December 31, 2023 and 2022, are as follows:

Classification	Valuation methods	Input variables
Financial assets at FVTPL	Net asset value method	Values of underlying assets, such as equity securities, debt securities, etc.
Derivative assets	Discounted cash flow Intrinsic forward rate Option-pricing model Monte Carlo simulation	Risk-free rate of return Forward rate Volatility of underlying assets Discount rate Foreign exchange rate
Financial assets at FVTOCI	Discounted cash flow	Discount rate
Derivative liabilities	Discounted cash flow Intrinsic forward rate Option-pricing model Monte Carlo simulation	Risk-free rate of return Forward rate Volatility of underlying assets Discount rate Foreign exchange rate

② Financial assets and financial liabilities that are classified as Level 3 are measured at fair value based on the valuation performed by independent professionals or the estimated amount using the valuation model of the Group. Unobservable input variables are calculated from an internal system, and suitability of the unobservable input variables is reviewed at all times. The valuation council of fair value reviews the valuation model of the Group and reviews and approves the suitability of the valuation model.

Valuation methods and input variables for each type of financial instrument classified into Level 3 as of December 31, 2023 and 2022, are as follows:

Classification	Valuation methods	Input variables
Financial assets at FVTPL	Net asset value method Discounted cash flow Comparable companies valuation method Binomial model	Discount rate Values of underlying assets, such as equity securities, debt securities, etc. Growth rate Volatility of underlying assets Liquidation value
Financial assets at FVTOCI	Net asset value method Discounted cash flow Comparable companies valuation method	Discount rate Growth rate Values of underlying assets, such as equity securities, debt securities, etc. Liquidation value

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36. Fair value hierarchy of financial instruments (cont'd)

a) Financial instruments that are measured at fair value

- ③ Significant but unobservable inputs used in valuing financial instruments measured at fair value and classified into Level 3 as of December 31, 2023 and 2022, are as follows:

Classification	Input variables, which are significant, but unobservable, in measurement of fair value	December 31, 2023	December 31, 2022	Impact of changes in significant unobservable inputs on fair value measurement
Financial assets at FVTPL	Growth rate	0.00%	0.00%	Fair value increases as growth rate increases.
	Volatility of underlying assets	20.06%	28.62%–46.53%	Variation of fair value increases as volatility of underlying assets increases.
	Liquidation value	0.00%	0.00%	Fair value increases as liquidation value increases.
	Discount rate	3.19%–19.11%	4.71%–18.51%	Fair value decreases as discount rate increases.
Derivative assets	Correlation between long-term and short-term interest rates	-	26.11%–41.72%	Fair value increases or decreases as correlation changes due to the influence of traded product and market conditions.
	Volatility of stock prices	-	46.53%	Variation of fair value increases as volatility of stock prices increases.
Financial assets at FVTOCI	Growth rate	0.00%	0.00%	Fair value increases as growth rate increases.
	Discount rate	9.25%–17.54%	9.28%–17.98%	Fair value decreases as discount rate increases.
	Liquidation value	0.00%	0.00%	Fair value increases as liquidation value increases.
Derivative liabilities	Correlation between long-term and short-term interest rates	-	26.11%–41.72%	Fair value increases or decreases as correlation changes due to the influence of traded product and market conditions.
	Volatility of underlying assets	-	46.53%	Variation of fair value increases as volatility of stock prices increases.

b) Financial instruments that are measured at amortized cost

- ① Valuation methods and input variables for each type of financial assets and liabilities classified into Level 2 as of December 31, 2023 and 2022, are as follows:

Classification	Valuation methods	Input variables
Securities measured at amortized cost	Discounted cash flow	Discount rate
Debentures	Discounted cash flow	Risk-free rate of return Credit spread

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36. Fair value hierarchy of financial instruments (cont'd)

- ② Valuation methods and input variables for each type of financial assets and liabilities classified into Level 3 as of December 31, 2023 and 2022, are as follows:

Classification	Valuation methods	Input variables
Loans measured at amortized cost	Discounted cash flow	Market yield Credit spread Liquidity risk premium Other spread
Deposits	Discounted cash flow	Market yield Other spread
Borrowings	Discounted cash flow	Market yield Other spread
Other financial liabilities	Discounted cash flow	Market yield Other spread

Financial assets and financial liabilities that are classified as Level 3 are measured at fair value based on the valuation performed by independent professionals or the estimated amount using the valuation model of the Bank. Unobservable input variables are calculated from an internal system, and suitability of the unobservable input variables is reviewed at all times. The valuation council of fair value reviews the valuation model of the Bank and reviews and approves the suitability of the valuation model.

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36. Fair value hierarchy of financial instruments (cont'd)

The following table shows the sensitivity analysis of the fair value of Level 3 financial instruments.

The sensitivity analysis of the financial instruments has been performed by classifying them as favorable and unfavorable changes based on how changes in unobservable assumptions have effects on the fluctuations of financial instruments' value. When the fair value of financial instruments is affected by more than one input variable, the results from assuming the most favorable and the most unfavorable changes are shown in the table below. The sensitivity analysis was performed for two types of Level 3 financial instruments: (a) interest rate derivatives, equity derivatives, equity securities and loans whose fair value changes are recognized in net income and (b) equity securities whose fair value changes are recognized in other comprehensive income.

Sensitivity analysis by type of financial instruments as a result of changes in input parameters as of December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	December 31, 2023				
	Book value	Net income (loss)		Other comprehensive income (loss)	
		Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:					
Financial assets at FVTPL (*1)	₩ 2,718,496	₩ 11,562	₩ (8,037)	₩ -	₩ -
Financial assets at FVTOCI (*1)	283,421	-	-	9,985	(5,957)
	<u>₩ 3,001,917</u>	<u>₩ 11,562</u>	<u>₩ (8,037)</u>	<u>₩ 9,985</u>	<u>₩ (5,957)</u>

(*1) Fair value changes of equity securities are calculated by increasing or decreasing the growth rate (0%–1%) and the discount rate (-1%–1%) or the correlation between liquidation value (-1%–1%) and discount rate.

Classification	December 31, 2022				
	Book value	Net income (loss)		Other comprehensive income (₩loss)	
		Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:					
Financial assets at FVTPL (*1)	₩ 2,739,207	₩ 9,093	₩ (6,701)	₩ -	₩ -
Derivative assets (*2)	1	1	(1)	-	₩ -
Financial assets at FVTOCI (*1)	283,182	-	-	10,564	(6,249)
	<u>₩ 3,022,390</u>	<u>₩ 9,094</u>	<u>₩ (6,702)</u>	<u>₩ 10,564</u>	<u>₩ (6,249)</u>
Financial liabilities:					
Derivative liabilities (*2)	₩ 19,046	₩ -	₩ (2)	₩ -	₩ -

(*1) Fair value changes of equity securities are calculated by increasing or decreasing the growth rate (0%–1%) and the discount rate (-1%–1%) or the correlation between liquidation value (-1%–1%) and discount rate.

(*2) Fair value changes of derivatives are calculated by increasing or decreasing historical fluctuation rate of stock price by 10% and interest by 2%.

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36. Fair value hierarchy of financial instruments (cont'd)

Changes in Level 3 financial instruments for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	For the year ended December 31, 2023					
	Beginning	Gain (loss)	Other comprehensive income	Purchase/issue	Disposal/settlement	Ending
Financial instruments:						
Financial assets at FVTPL	₩ 2,739,207	₩ 53,807	₩ -	₩ 301,693	₩ (376,211)	₩ 2,718,496
Net derivative assets	(19,045)	-	-	-	19,045	-
Financial assets at FVTOCI	283,182	-	239	-	-	283,421
	<u>₩ 3,003,344</u>	<u>₩ 53,807</u>	<u>₩ 239</u>	<u>₩ 301,693</u>	<u>₩ (357,166)</u>	<u>₩ 3,001,917</u>
	For the year ended December 31, 2022					
	Beginning	Gain (loss)	Other comprehensive income	Purchase/issue	Disposal/settlement	Ending
Financial instruments:						
Financial assets at FVTPL	₩ 2,458,721	₩ (37,461)	₩ -	₩ 532,397	₩ (214,450)	₩ 2,739,207
Net derivative assets	125	(18,695)	-	103	(578)	(19,045)
Financial assets at FVTOCI	265,223	-	16,959	1,000	-	283,182
	<u>₩ 2,724,069</u>	<u>₩ (56,156)</u>	<u>₩ 16,959</u>	<u>₩ 533,500</u>	<u>₩ (215,028)</u>	<u>₩ 3,003,344</u>

For the years ended December 31, 2023 and 2022, gain (loss) related to financial assets and liabilities is included in gain (loss) on financial instruments at FVTPL in the consolidated statements of profit or loss and other comprehensive income.

Total valuation gain and loss, which are recognized as other comprehensive income (loss), are related to unlisted equity securities for strategic purposes as of December 31, 2023 and 2022.

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36. Fair value hierarchy of financial instruments (cont'd)

Gain or loss recognized from changes in Level 3 financial instruments for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	
	Profit or loss during the reporting period	Profit or loss related to financial instruments held at the end of the reporting period
Gain on financial assets at FVTPL	₩ 53,807	₩ 69,127

Classification	For the year ended December 31, 2022	
	Profit or loss during the reporting period	Profit or loss related to financial instruments held at the end of the reporting period
Gain on financial assets at FVTPL	₩ (56,156)	₩ (46,288)

The Group recognizes transfers between the fair value hierarchy levels as of the event or change in circumstances that caused the transfer. There are no changes in valuation techniques, which are used as measurement methods of fair value of financial instruments, which are classified as Level 2 and Level 3. There are no significant changes to the business environment or economic environment, which affect the fair value of financial instruments owned by the Group for the years ended December 31, 2023 and 2022.

Fair value and carrying amount of financial assets and liabilities that are recorded at amortized cost as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023				
	Level 1	Level 2	Level 3	Fair value	Book value
Financial assets:					
Cash and due from banks	₩ 1,970,253	₩ 9,241,592	₩ -	₩ 11,211,845	₩ 11,211,845
Securities at amortized cost	987,428	16,838,453	-	17,825,881	18,011,648
Loans at amortized cost	-	-	322,048,880	322,048,880	323,103,000
Other financial assets	-	-	172	172	172
	<u>₩ 2,957,681</u>	<u>₩ 26,080,045</u>	<u>₩ 322,049,052</u>	<u>₩ 351,086,778</u>	<u>₩ 352,326,665</u>
Financial liabilities:					
Deposits	₩ -	₩ -	₩ 318,526,484	₩ 318,526,484	₩ 315,155,898
Borrowings	-	-	15,033,815	15,033,815	14,990,518
Debentures	-	23,664,609	-	23,664,609	23,655,817
Other financial liabilities (*1)	-	-	19,197,045	19,197,045	22,271,013
	<u>₩ -</u>	<u>₩ 23,664,609</u>	<u>₩ 352,757,344</u>	<u>₩ 376,421,953</u>	<u>₩ 376,073,246</u>

(*1) Interest payables included in the computation for fair value of deposits, borrowings and debentures are excluded from fair value of other financial liabilities.

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36. Fair value hierarchy of financial instruments (cont'd)

Classification	December 31, 2022					
	Level 1	Level 2	Level 3	Fair value	Book value	
Financial assets:						
Cash and due from banks	₩ 2,188,319	₩ 12,724,145	₩ -	₩ 14,912,464	₩ 14,912,464	
Securities at amortized cost	775,817	13,990,319	-	14,766,136	15,490,104	
Loans at amortized cost	-	-	298,714,461	298,714,461	308,633,317	
Other financial assets	-	-	2,851	2,851	2,852	
	<u>₩ 2,964,136</u>	<u>₩ 26,714,464</u>	<u>₩ 298,717,312</u>	<u>₩ 328,395,912</u>	<u>₩ 339,038,737</u>	
Financial liabilities:						
Deposits	₩ -	₩ -	₩ 309,238,653	₩ 309,238,653	₩ 307,727,928	
Borrowings	-	-	17,149,936	17,149,936	17,213,232	
Debentures	-	20,686,308	-	20,686,308	21,121,965	
Other financial liabilities (*1)	-	-	16,000,757	16,000,757	17,761,290	
	<u>₩ -</u>	<u>₩ 20,686,308</u>	<u>₩ 342,389,346</u>	<u>₩ 363,075,654</u>	<u>₩ 363,824,415</u>	

(*1) Interest payables included in the computation for fair value of deposits, borrowings and debentures are excluded from fair value of other financial liabilities.

Fair value of financial instruments traded in an active market is determined by using the published price quotations based on market prices; however, if the market for a financial instrument is not active, fair value is determined by using a valuation method.

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37. RELATED-PARTY TRANSACTIONS:

Details of related parties of the Group as of December 31, 2023, are as follows:

Classification	Company
Ultimate parent company	NACF
Parent company	NH Financial Group Inc.
Associates	Korea Credit Bureaus Co., Ltd., NH-AJUIB SME Growth 2013 Private Equity Fund, IBK-NH Small-Giant PEF, E10Kyunggi-DSC Superman Investment Fund No. 1, NH Agri-Biz Value Creative 1st PEF, NH_AJU Digital Fund, NH Venture - AJU IB New Growth Fund, NH-NAU Agro Food 1st Private Equity Fund, NH-NAU Agro Food 2nd Private Equity Fund, Seasons Shipping Co., Ltd., NH-NICE Venture Fund-1, IFC KOREA INC., NH Digital Alliance Fund, NH Agtech Innovation Private Equity Fund, GNO Co., Ltd., GARAK SUSAN CO., LTD., PROTEK KOREA CO., LTD., Cardo Inc., PARADISE CO., LTD., MEDI LAB CO., LTD., NH-DX Open Innovation Fund and Samjin ehwa Co., Ltd.
Other related parties	NH Life Insurance Co., Ltd., NH Property and Casualty Insurance Co., Ltd., NH Investment & Securities Co., Ltd., NH Capital Co., Ltd., NH Saving Bank Co., Ltd., NongHyup REITs Management Co., Ltd., NH Venture Investment Co., Ltd., NH-Amundi Global TPG Asia VII Private Master Fund (USD)[F0F], NH-Amundi MBKP Special Situations I Private Fund 1, NH-Amundi Global Infra Fund No. 13, Money Market Trust ("MMT"), Woori Global Real Estate Private Balanced Fund, NH Futures Co., Ltd., NH Investment & Securities (H.K.) Ltd., NH Absolute Global Opportunity Fund, NH Absolute Return Investment Strategies Fund, NH Securities Vietnam Co., Ltd., NH Securities America, Inc., NH Absolute Return Partners Pte, Ltd., PT. NH Korindo Securities Indonesia, NH Investment Advisory Co., Ltd. (Beijing), NH Investment & Securities Europe Ltd., NH Sea I Fund, NH Absolute Return General Private Placement Investment Trust No. 1, NH New Growth Private Equity Fund, GnM Holdings Co., Ltd., Granmonster Co., Ltd., GnM Performance Co., Ltd., NH Hedge Asset Management Co., Ltd., NH Investment & Securities Trust, MMT, yongintechnologis 1st., Ltd., Song Am Park 2nd, ARA Korea Private Real Estate Fund No. 10, SMART GAMSAM 2ND Co., Ltd., Newstartsecond Co., Ltd., Mimi Day 2nd Co., Ltd., PV Landscape Co., Ltd., CheongJu Express D-Two Co., Ltd., New World Myeongji Tres Co., Ltd., NewworldGeoldong 1st Co., Ltd., NewworldGeol-dong 2nd Co., Ltd., Newforest 2nd Co., Ltd., Newforest 3rd Co., Ltd., GyeongsanLogis 3rd Co., Ltd., GoyangLogis 1st Co., Ltd., CubeSkyline, RASupyo 1st Co., Ltd., RAHaeundae 4th Co., Ltd., EIP Investment Infrastructure No. 1 PEF, NH-Amundi Global Infra Fund No. 6, PIA Infrastructure Private Equity Fund No. 4, NH Absolute Mezzanine General Private Placement Investment Trust No. 2, NH Absolute KOSDAQ Venture Mezzanine Alpha General Private Placement Investment Trust No. 1, Eugene Aviation Private Equity Fund No. 9, Tiger Private Fund No. 61, Absolute Lion Private Fund No. 1, NH Absolute Equity Multi General Private Placement Investment Trust No. 1, NH Absolute Project On Plus General Private Placement Investment Trust, YRD 1st Co., Ltd., Pinemilkthree Co., Ltd., Uncas The Second, Uncas The First, Industry Kimhae 1st Co., Ltd., Industry Kimhae 2nd Co., Ltd., PLN 5th Co., Ltd., HeyYS 1st Co., Ltd., MJ Hangdong 5th Co., Ltd., MJ Hangdong 4th Co., Ltd., MJ Hangdong 3rd Co., Ltd., Blue Sea Jinhae, RA2nd, The Sharp Gwangyang Ma-dong.inc., RA3rd, ModernBeta Co., Ltd., RA4th, Cloud 1st Co., Ltd., PrimaNonhyun Charlie Co., Ltd., Busan Minam 2nd Co., Ltd., Busan Minam 1st Co., Ltd., NewWorld Jeonbang 4th, Gangreung Mono 1st, NH Absolute KOSDAQ Venture Mezzanine General Private Placement Investment Trust No. 1, EIP Solar One, Suimei LP, NH-Amundi Assets Management Co., Ltd., LB Private Equity Fund III-1, Highland 2022 9th Private Equity Fund, Blue Ocean Corporate Financial Stability 1st Privately Placed Investment Company, NH-LB Growth Champ 2011-4th PEF, Aeneas-NH Private Equity Fund, TRUBEN-Global Healthcare Private Equity Joint Co., Ltd., Yeouido MBC Development PFV Co., Ltd., NH SPECIAL PURPOSE ACQUISITION 19 COMPANY, Starset-DA value Healthcare Investment Fund No. 2, Starset-DA value Healthcare Investment Fund No. 3, Ascendo New Generation Healthcare Investment, NH-AJU KOSDAQ SCALEUP FUND, Sprott Global Renewable Private Equity Fund I, NH-Paxtone Private Equity Fund, NH-OPUS Corporate Financial Stability Private Equity Fund, Shandong Hangsang Development Co., Ltd., Seoul Sungbo Development Co., Ltd., Younggu Daekwang Bangjisan Co., Ltd., Edupalace Inc., Edupalace Co., Ltd., Square-DA value Fund No. 1, MK Ventures-K Clavis Growth capital Venture Fund 1, Mastern No. 51 Yeouido PFV Co., Ltd., Smilegate Vietnam Kairos Private Equity Fund #1, NH-Soo Investment innovative growth M&A fund, NH Co-Investment Private Equity Fund, Korea Investment-Brick Investment New Technology Investment Fund 1st, Harvest Private Equity Fund II, NH SYNERGY IB Bio new technology investment fund, NH SYNERGY SOBUJANG new technology investment fund, NH-Meritz new technology investment fund 1st, NH-IBKC Bio new technology investment fund, NH-Horizon new technology investment fund 2nd, NH SPECIAL PURPOSE ACQUISITION 20 COMPANY, Kyobo-NH Healthcare New Technology Investment Association 1st, Lakebridge-Samsung securities growth new technology investment fund 1st, Daily-swanson Bio healthcare fund 8th, LD new technology investment fund 2nd, NH-IBKC dental solution new technology investment fund, Recoverypartners Co., Ltd., Kiwoom AI new technology investment fund, Meritz-NH healthcare 1st, Smilegate Aphrodite subone fund, smart 4th industry square investment fund 2nd, NH Absolute Mezzanine General Private Placement Investment Trust 1st, NH Absolute Pre IPO General Private Placement Investment Trust 1st, NH Absolute Pre IPO Mezzanine General Private Placement Investment Trust 1st, Kclavis cloud new technology investment fund 1st, J&Hercules Private equity firm, Credi-Minerva Private equity firm, Overseas Growth Company new technology investment fund 1st, Midas Private equity firm 2nd, HI YG Win-win Fund No. 1, NH-Brain EV Fund, NH SPECIAL PURPOSE ACQUISITION 23 COMPANY, Pentastone Bridge I Funds, SJGP YG Fund No. 1, NH-Alpha 1st Fund, NH-J&-IBKC Label Technology Fund, NH EBEST MATERIALS Fund No. 1, NH SPECIAL PURPOSE ACQUISITION 24 COMPANY, NH Absolute Mezzanine General Private Placement Investment Trust No. 3, POSITIVE Sobujang Venture Fund #1, NH-OPUS III Corporate Financial Stability Private Equity Fund, NH-Meritz Hightech Fund, NH SPECIAL PURPOSE ACQUISITION 25 COMPANY, NH SPECIAL PURPOSE ACQUISITION 27 COMPANY, NH SPECIAL PURPOSE ACQUISITION 26 COMPANY, NH-Daishin-Kyobo Healthcare 1 Fund, NH-Principle Private Equity Fund,

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37. Related-party transactions (cont'd)

Classification	Company
Other related parties	NH-U&S-Brain Pre-IPO Investment Fund, Nextrade Co., Ltd., CO-OP Group (Tianjin) International Leasing Co., Ltd., NHC-DTNI Agrifood ABC Investment Fund No. 1, NHC-DTNI Agrifood General Investment Fund No. 2, Atilla-infra Private Equity Fund No. 1, Korea Growth Opportunity Private Equity Fund I , STONEBRIDGE RISING STAR VENTURE FUND No. 1, IFFCO-Kisan Finance Ltd., Geum-Wang F ONE CO., Ltd., NH-Iris ESG Fund, NH Agri-Food Venture Fund, NH-UON Fund No.1, Korea-ASEAN Technology Fund 1, NH-Deep Dive Smart Logistics Fund, Korea-ASEAN Technology Fund 2, NH Young-Farmers Venture Fund, NH Agribusiness Group, NH Networks Co., Ltd., NH Information System Co., Ltd., Agricultural Cooperative Asset Management Co., Ltd., Nonghyup Partners, NH GIMHAE I&D CO., Nonghyup Hanaro Mart Inc., Agricultural Corporation Nonghyup Food Grain Inc., Korea Agricultural Cooperative Marketing Inc., Nonghyup Logistics Service Inc., NongHyup Chemical Co., Ltd., NH Trading Co., Ltd., Nonghyup-Agro, Inc., Nonghyup RedGinseng Co., Ltd., Namhae Chemical Corporation, Nonghyup Moguchon Inc., Nonghyup Feed Inc., NONG WOO BIO CO., LTD., Agricultural Corporation Nonghyup Food Inc., PUBLIC HOMESHOPPING, Orion Nonghyup Agri, Inc., Home and Shopping Co., Ltd., NH-Hay Inc.,Nonghyup TMR Agricultural Co., Ltd., Olbareungyeran Co., Ltd., NES Materials Corporation, Nisso-namhae Agro Co., Ltd., Tosoh Namhae Silica Co., Ltd., Korea Nonghyup International, Nonghyup America Inc., Eunaegi (Shanghai) Trading Co., Ltd., Beijing Shinong Seed Co., Ltd., Nongwoo Seed America Inc., PT. Koreana Seed Indonesia, Nongwooseed India Pvt. Ltd., NONGWOOBIO TOHUMCULUK SANAYI TICARET ANONIM SIRKETI, TS Daesung H Professional Investment Type Private I Investment Company, Daewoo Logistics Corp., Tiger Active Long Biased No. 3 Private Fund, NewWorld Echo 3th, NH SPECIAL PURPOSE ACQUISITION 29 COMPANY, Nongwooseed Myanmar Co., Ltd., Beijing shinong International Trading Co., Ltd., NH Absolute Equity Multi General Private Placement Investment Trust No. 2, GEN-NH Sub-Fund II, TAI TCI DIME REIT LLC, TAI TCI DIME JV LLC, TAI TCI DIME Owner LLC, Newworld Yonggye 5th, Bluepatio namcheon, Mir One 9th Co., Ltd., NH Geomdan 1st Co., Ltd., Wood Rose First Co., Ltd., NH Absolute Mezzanine General Private Placement Investment Trust No. 4, NH Absolute Project H General Private Placement Investment Trust, NH Woori Newdeal Growth Alpha Private Equity Fund I, ESG leaders 1st Private Equity Fund, DBOrbit-SDH New Technology Business Investment Fund, Global Materials Parts Equipment Fund, NH-IBKC EV Fund, NH-ARA Value-add No. 1 Private Equity Fund, Absolute dividend & initial public offering Private Investment Trust 1, CubelInthe Co., Ltd., J on Pro Co., Ltd., FIP Acquisition GK, NH Absolute Project L General Private Placement Investment Trust, Newmain-Wanted Lab I Funds, NH SPECIAL PURPOSE ACQUISITION 30 COMPANY, KAI Electric Fund 1, Meritz-Simone Fund 1, BNW Recharge Private Equity Fund, Pine Tree III VC Private Equity Fund, Pectus-IBKC Fund No. 1, SRCL Korea Co., Ltd., Stericycle Korea Co., Ltd., Envitech co. LTD, Farmco Co., Ltd., Newworld IP 6th, Exit Sixth Co., Ltd, Landmark Yeouido No.2, YonginSeocheonNH, cubesp Co., Ltd., NHHunin 3rd Co., Ltd., Evermount Harbor Bricks Private Equity Fund, KNT_Daishin New Technology Investment Fund 3rd, NH-Susung No. 1 Mezzanine New Technology Investment Fund, SJGP YG Fund No. 4, Cape Rechargeable Battery Fund No. 1 and NH-IBKS KONEX SCALEUP FUND.

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37. Related-party transactions (cont'd)

Details of related-party transactions of the Group as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Company	December 31, 2023						
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)
Ultimate parent company:							
NACF	₩ 4,773	₩ 43,600	₩ 4	₩ 32,901	₩ 145,029	₩ 31,951	₩ 33,213
Parent company:							
NH Financial Group Inc.	500	-	45	-	3,990	-	305,507
Associates:							
Korea Credit Bureau Co., Ltd.	-	-	-	-	279	-	-
Kyunggi-DSC Superman Investment Fund No. 1	-	-	-	-	330	-	-
NH Agri-Biz Value Creative 1st PEF	501	-	-	-	-	-	-
NH-AJU Digital Fund	-	-	-	-	679	-	-
NH Venture-AJU IB New Growth Fund	-	-	-	-	5,547	-	1
NH-NAU Agro Food 1st Private Equity Fund	96	-	-	-	-	-	-
NH-NAU Agro Food 2nd Private Equity Fund	120	-	-	-	-	-	-
NH-NICE Venture Fund-1	139	-	-	-	-	-	-
NH Digital Alliance Fund	-	-	-	-	11,518	-	2
NH Agtech Innovation Private Equity Fund	154	-	-	-	-	-	-
Cardo Inc.	8	-	-	-	615	-	-
NH-DX Open Innovation Fund	-	-	-	-	1,128	-	-

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37. Related-party transactions (cont'd)

Company	December 31, 2023							
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)	
Other related parties:								
NH Life Insurance Co., Ltd.	₩ 2,210	₩ 91,043	₩ 1	₩ 662	₩ 27,976	₩ 3,146	₩ 4,163	
NH Property and Casualty Insurance Co., Ltd.	1,669	8,404	2	-	8,725	3,186	-	
NH Investment & Securities Co., Ltd.	90,776	-	181	1,852	826,488	-	10,931	
NH Capital Co., Ltd.	40,098	-	54	-	234,602	-	2	
NH Savings Bank Co., Ltd.	167	-	15	-	-	-	-	
NH REITs Management Co., Ltd.	19	-	1	-	19	-	-	
NH Venture Investment Co., Ltd.	38	-	3	-	33,590	-	69	
NH Futures Co., Ltd.	140	-	-	104	50,057	-	109	
GnM Holdings Co., Ltd.	-	-	-	-	1,326	-	-	
yongintechnologis1st.,Ltd	-	-	-	-	43	-	-	
Song Am Park 2nd	-	-	-	-	115	-	-	
SMART GAMSAM 2ND Co., Ltd.	-	-	-	-	1,148	-	-	
Newstartsecond Co., Ltd.	-	-	-	-	69	-	-	
Mimi Day 2nd Co., Ltd.	-	-	-	-	418	-	-	
PV Landscape Co., Ltd.	-	-	-	-	77	-	-	
CheongJu Express D-Two Co., Ltd.	-	-	-	-	148	-	-	
New World Myeongji Tres Co., Ltd.	-	-	-	-	115	-	-	
NewworldGeol-dong 1st Co., Ltd.	-	-	-	-	69	-	-	
NewworldGeol-dong 2nd Co., Ltd.	-	-	-	-	83	-	-	
Newforest 2nd Co., Ltd.	-	-	-	-	48	-	-	
Newforest 3rd Co., Ltd.	-	-	-	-	36	-	-	
GyeongsanLogis 3rd Co., Ltd.	-	-	-	-	67	-	-	
GoyangLogis 1st Co., Ltd.	-	-	-	-	66	-	-	
CubeSkyline	-	-	-	-	131	-	-	
RASupyo 1st Co., Ltd.	-	-	-	-	295	-	-	
RAHaeundae 4th Co., Ltd.	-	-	-	-	246	-	-	
YRD 1st Co., Ltd.	-	-	-	-	1,261	-	-	
Pinemilkthree Co., Ltd.	-	-	-	-	112	-	-	
Uncas The Second	-	-	-	-	84	-	-	
Uncas The First	-	-	-	-	89	-	-	
Industry Kimhae 1st Co., Ltd.	-	-	-	-	58	-	-	
Industry Kimhae 2nd Co., Ltd.	-	-	-	-	76	-	-	
PLN 5th Co, Ltd.	-	-	-	-	126	-	-	
HeyYS 1st Co., Ltd.	-	-	-	-	12	-	-	
MJ Hangdong 5th Co., Ltd.	-	-	-	-	311	-	-	
MJ Hangdong 4th Co., Ltd.	-	-	-	-	1,203	-	-	
MJ Hangdong 3rd Co., Ltd.	-	-	-	-	1,375	-	-	
Blue Sea Jinhae	-	-	-	-	349	-	-	
RA2nd	-	-	-	-	482	-	-	
The Sharp Gwangyang Ma-dong.inc	-	-	-	-	932	-	-	
RA3rd	-	-	-	-	6,797	-	-	
ModernBeta Co., Ltd.	-	-	-	-	120	-	-	
RA4th	-	-	-	-	355	-	-	
Cloud 1st Co., Ltd.	-	-	-	-	698	-	-	
PrimaNonhyun Charlie Co., Ltd.	-	-	-	-	168	-	-	
Busan Minam 2nd Co., Ltd.	-	-	-	-	36	-	-	

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37. Related-party transactions (cont'd)

Company	December 31, 2023						Derivative liabilities	Other liabilities (*1)
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits			
Other related parties:								
Busan Minam 1st Co., Ltd.	₩ -	₩ -	₩ -	₩ -	₩ 237	₩ -	₩ -	
NewWorld Jeonbang 4th	-	-	-	-	1,489	-	-	
Gangreung Mono 1st	-	-	-	-	142	-	-	
NH-Amundi Assets Management Co., Ltd.	197	-	21	-	73,838	-	908	
Yeouido MBC Development PFV Co., Ltd.	7,331	-	-	-	7,808	-	-	
NH SPECIAL PURPOSE ACQUISITION 19 COMPANY	-	-	-	-	19,790	-	158	
Starset-DA value Healthcare Investment Fund No. 2	-	-	-	-	20	-	-	
Starset-DA value Healthcare Investment Fund No. 3	-	-	-	-	7	-	-	
Ascendo New Generation Healthcare Investment	-	-	-	-	60	-	-	
NH-AJU KOSDAQ SCALEUP FUND	-	-	-	-	9,611	-	1	
Square-DA value Fund No. 1	-	-	-	-	13	-	-	
MK Ventures-K Clavis Growth capital Venture Fund 1	-	-	-	-	307	-	-	
Smilegate Vietnam Kairos Private Equity Fund #1	-	-	-	-	105	-	-	
NH-Soo Investment innovative growth M&A fund	-	-	-	-	27,886	-	149	
NH-SYNERGY BIO Fund	-	-	-	-	370	-	-	
NH-IBKC Bio New Technology Fund	-	-	-	-	8	-	-	
NH SPECIAL PURPOSE ACQUISITION 20 COMPANY	-	-	-	-	382	-	-	
KYOBO-NH Healthcare New Technology Investment Association No. 1	2,414	-	-	-	-	-	-	
DAYLI Swanson Bio Healthcare Fund 8	-	-	-	-	12	-	-	
NH IBKC Dental Solution Investment Fund	-	-	-	-	666	-	-	
Recovery Partners Co., Ltd.	6	-	-	-	359	-	-	
Smart Quaternary Industry Square Investment Fund No. 2	-	-	-	-	7,570	-	1	
NH SPECIAL PURPOSE ACQUISITION 23 COMPANY	-	-	-	-	2,419	-	58	
NH SPECIAL PURPOSE ACQUISITION 25 COMPANY	-	-	-	-	16	-	-	
NH SPECIAL PURPOSE ACQUISITION 27 COMPANY	-	-	-	-	89	-	-	
NH SPECIAL PURPOSE ACQUISITION 26 COMPANY	-	-	-	-	156	-	-	
NHC-DTNI Agrifood ABC Investment Fund No. 1	-	-	-	-	1,383	-	-	

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37. Related-party transactions (cont'd)

Company	December 31, 2023						Derivative liabilities	Other liabilities (*1)
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits			
Other related parties:								
NHC-DTNI Agrifood General Investment Fund No. 2	₩ -	₩ -	₩ -	₩ -	₩ -	2,592	₩ -	10
Korea Growth Opportunity Private Equity Fund I	-	-	-	-	51	-	-	-
Geum-Wang FONE CO., Ltd.	-	-	-	-	152	-	-	-
NH-Iris ESG Fund	-	-	-	-	227	-	-	-
NH Agri-Food Venture Fund	-	-	-	-	1,604	-	-	-
NH-UON Fund No. 1	-	-	-	-	150	-	-	-
Korea-ASEAN Technology Fund 1	-	-	-	-	588	-	-	1
NH-Deep Dive Smart Logistics Fund	-	-	-	-	111	-	-	-
Korea-ASEAN Technology Fund 2	-	-	-	-	398	-	-	1
NH Agribusiness Group	2,797,197	-	1,474	131,944	488,470	-	-	2,111
NH Networks Co., Ltd.	24,922	-	177	17,538	9,696	-	-	15,944
NH Information System Co., Ltd.	261	-	-	-	21,864	-	-	39
Agricultural Cooperative Asset Management Co., Ltd.	364,905	-	251	453	588	-	-	394
Nonghyup Partners	268	-	-	-	24,369	-	-	5
Nonghyup Hanaro Mart Inc.	46,613	-	192	1,003	76	-	-	7,446
Agricultural Corporation Nonghyup Food Grain Inc.	38,734	-	455	62	6,591	-	-	37
Korea Agricultural Cooperative Marketing Inc.	18,310	-	25	564	1,732	-	-	7,882
Nonghyup Logistics Service Inc.	9,724	-	1	6	18,417	-	-	4
NongHyup Chemical Co., Ltd.	51,177	-	57	99	12,074	-	-	264
NH Trading Co., Ltd.	1,331	23	28	-	34,980	91	-	9
Nonghyup-Agro, Inc.	3,738	-	7	6	950	-	-	-
Nonghyup RedGinseng Co., Ltd.	25,624	-	907	134	2,293	-	-	-
Namhae Chemical Corporation	91,783	526	125	36	31,250	6	-	31
Nonghyup Moguchon Inc.	73,371	-	253	625	692	-	-	-
Nonghyup Feed Inc.	464,889	8,591	1,881	488	15,137	-	-	-
NONG WOO BIO CO., LTD.	13,524	-	3	61	10,523	-	-	9
Agricultural Corporation Nonghyup Food Inc.	42	-	1	-	5,203	-	-	7
PUBLIC HOMESHOPPING	78	-	-	-	323	-	-	-
Orion Nonghyup Agri, Inc.	2,176	-	-	-	13,460	-	-	-
Home and Shopping Co., Ltd.	-	-	-	-	240	-	-	-
NES Materials Corporation	37,393	-	162	-	2,798	-	-	-
Nisso-namhae Agro Co., Ltd.	35	-	-	-	22,823	-	-	-
Tosoh Namhae Silica Co., Ltd.	8	-	2	-	178	-	-	-
NH SPECIAL PURPOSE ACQUISITION 29 COMPANY	-	-	-	-	4,032	-	-	141
Newworld Yonggye 5th Bluepatio namcheon	-	-	-	-	23,365	-	-	36
NH Geomdan 1st Co., Ltd.	-	-	-	-	424	-	-	-
	-	-	-	-	4,667	-	-	-

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37. Related-party transactions (cont'd)

Company	December 31, 2023						
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)
Other related parties:							
NewWorld Echo 3rd NH SPECIAL PURPOSE ACQUISITION 30 COMPANY	₩ -	₩ -	₩ -	₩ -	₩ 692	-	₩ -
Newworld IP 6th	-	-	-	-	313	-	-
Exit Sixth Co., Ltd.	-	-	-	-	34	-	-
Landmark Yeouido No. 2	-	-	-	-	223	-	-
YonginSeocheonNH	-	-	-	-	880	-	-
NHHunin 3rd Co., Ltd.	-	-	-	-	935	-	-
					12,770		

(*1) Other assets and other liabilities include consolidated tax, right-of-use assets and lease liabilities.

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37. Related-party transactions (cont'd)

Company	December 31, 2022							
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)	
Ultimate parent company:								
NACF	₩ 112,787	₩ 81,291	₩ 73	₩ 43,786	₩ 1,785,896	₩ 185,810	₩ 43,941	
Parent company:								
NH Financial Group Inc.	340	-	29	-	3,243	-	227,365	
Associates:								
Korea Credit Bureau Co., Ltd.	-	-	-	-	436	-	-	
Kyunggi-DSC Superman Investment Fund No. 1	-	-	-	-	218	-	-	
NH Agri-Biz Value Creative 1st PEF	570	-	-	-	-	-	-	
NH-AJU Digital Fund	-	-	-	-	530	-	-	
NH Venture-AJU IB New Growth Fund	-	-	-	-	2,965	-	-	
NH-NAU Agro Food 1st Private Equity Fund	96	-	-	-	-	-	-	
NH-NAU Agro Food 2nd Private Equity Fund	174	-	-	-	-	-	-	
NH Digital Alliance Fund	-	-	-	-	12,007	-	-	
Cardo Inc.	7	-	-	-	359	-	-	
NH-DX Open Innovation Fund	-	-	-	-	4,194	-	-	

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37. Related-party transactions (cont'd)

Company	December 31, 2022						
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)
Other related parties:							
NH Life Insurance Co., Ltd.	₩ 2,118	107,653	1	665	25,996	36	4,171
NH Property and Casualty Insurance Co., Ltd.	1,735	14,438	1	-	10,273	6,234	-
NH Investment & Securities Co., Ltd.	50,454	250	68	236	459,727	-	7,607
NH Nonghyup Capital Co., Ltd.	5,836	-	4	-	742,642	-	6
NH Savings Bank Co., Ltd.	147	-	13	-	-	-	-
NH REITs Management Co., Ltd.	33	-	3	-	1,839	-	2
NH Venture Investment Co., Ltd.	30	-	3	-	11,731	-	52
NH Futures Co., Ltd.	105	-	-	251	72,474	-	25
GnM Holdings Co., Ltd.	-	-	-	-	1,352	-	-
Warmachine 10th Co., Ltd.	-	-	-	-	296	-	-
Tiindependence	-	-	-	-	155	-	-
Cube 5th Co., Ltd.	-	-	-	-	32	-	-
Merigogo 4th Co., Ltd.	-	-	-	-	425	-	-
Parkcity First Co., Ltd.	-	-	-	-	97	-	-
yongintechnologis1st., Ltd.	-	-	-	-	51	-	-
Song Am Park 2nd	-	-	-	-	147	-	-
Mi Day 1st Co., Ltd.	-	-	-	-	3,202	-	-
SMARTGAMSAM2ND Co., Ltd.	-	-	-	-	1,049	-	-
Mi Mi Day 3rd Co., Ltd.	-	-	-	-	125	-	-
Newstart Yeonsinnae second Co., Ltd.	-	-	-	-	142	-	-
Mi Mi Day 2nd Co., Ltd.	-	-	-	-	202	-	-
PV Landscape Co., Ltd.	-	-	-	-	97	-	-
CheongJu Express D-Two Co., Ltd.	-	-	-	-	137	-	-
New World Myeongji Tres Co., Ltd.	-	-	-	-	116	-	-
NHHunin 2nd Co., Ltd.	-	-	-	-	1,691	-	-
NewworldGeol-dong 1st Co., Ltd.	-	-	-	-	78	-	-
NewworldGeol-dong 2nd Co., Ltd.	-	-	-	-	107	-	-
Newforest 2nd Co., Ltd.	-	-	-	-	158	-	-
Newforest 3rd Co., Ltd.	-	-	-	-	100	-	-
GyeongsanLogis 3rd Co., Ltd.	-	-	-	-	65	-	-
GoyangLogis 1st Co., Ltd.	-	-	-	-	40	-	-
CubeSkyline	-	-	-	-	115	-	-
RASupyo 1st Co., Ltd.	-	-	-	-	648	-	-
Galaxy All-one 1st Co., Ltd.	-	-	-	-	218	-	-
RAHaeundae 4th Co., Ltd.	-	-	-	-	961	-	-
YRD 1st Co., Ltd.	-	-	-	-	1,294	-	-
Pinemilkthree Co., Ltd.	-	-	-	-	40	-	-
Uncas The Second	-	-	-	-	3,461	-	-
Uncas The First	-	-	-	-	990	-	-
Industry Kimhae 1st Co., Ltd.	-	-	-	-	65	-	-
Industry Kimhae 2nd Co., Ltd.	-	-	-	-	89	-	-
PLN 5th Co., Ltd.	-	-	-	-	1,280	-	-
HeyYS 1st Co., Ltd.	-	-	-	-	11	-	-
Galaxy Yeouido Co., Ltd.	-	-	-	-	148	-	-
Cube Culture First Co., Ltd.	-	-	-	-	37	-	-
MJ Hangdong 5th Co., Ltd.	-	-	-	-	310	-	-
MJ Hangdong 4th Co., Ltd.	-	-	-	-	1,013	-	-
MJ Hangdong 3rd Co., Ltd.	-	-	-	-	1,377	-	-
Blue Sea Jinhae	-	-	-	-	427	-	-
RA2nd	-	-	-	-	80	-	-
The Sharp Gwangyang Ma-dong.inc.	-	-	-	-	964	-	-

NongHyup Bank and its subsidiaries
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37. Related-party transactions (cont'd)

Company	December 31, 2022						Derivative liabilities	Other liabilities (*1)
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits			
Other related parties:								
RA3rd	₩ -	-	-	-	2,261	-	-	
ModernBeta Co., Ltd.	-	-	-	-	106	-	-	
RA4th	-	-	-	-	288	-	-	
Cloud 1st Co., Ltd.	-	-	-	-	597	-	-	
PrimaNonhyun Charlie Co., Ltd.	-	-	-	-	495	-	-	
Busan Minam 2nd Co., Ltd.	-	-	-	-	40	-	-	
Busan Minam 1st Co., Ltd.	-	-	-	-	238	-	-	
NewWorld Jeonbang 4th	-	-	-	-	1,190	-	-	
BestEH 1st	-	-	-	-	4,553	-	-	
Gangreung Mono 1st	-	-	-	-	202	-	-	
NH-Amundi Asset Management Co., Ltd.	249	-	26	-	70,582	-	229	
Yeouido MBC Development PFV Co., Ltd.	27,212	-	-	-	6,364	-	-	
NH SPECIAL PURPOSE ACQUISITION 19 COMPANY	-	-	-	-	19,360	-	216	
Stassets DA value Investment Association No. 2	-	-	-	-	22	-	-	
Stassets DA value Investment Association No. 3	-	-	-	-	10	-	-	
Ascendo New Generation Healthcare Investment	-	-	-	-	99	-	-	
NH-AJU KOSDAQ SCALEUP FUND	-	-	-	-	963	-	-	
Square-DAvalue Fund No. 1	-	-	-	-	16	-	-	
MK Ventures-K Clavis Growth capital Venture Fund 1	-	-	-	-	255	-	-	
Smilegate Vietnam Kairos Private Equity Fund #1	-	-	-	-	338	-	-	
NH-Soo Investment innovative growth M&A fund	-	-	-	-	9,150	-	12	
NH-SYNERGY BIO Fund	-	-	-	-	560	-	-	
NH-IBKC Bio New Technology Fund	-	-	-	-	22	-	-	
NH-Horizon Secondary Fund	-	-	-	-	262	-	-	
NH SPECIAL PURPOSE ACQUISITION 20 COMPANY Co., Ltd.	-	-	-	-	9,526	-	148	
Kyobo NH Healthcare Fund I	2,414	-	-	-	-	-	-	
Daishin-GVA New Technology Investment Fund 1st	-	-	-	-	167	-	-	
DAYLI Swanson Bio Healthcare Fund 8	-	-	-	-	103	-	-	
NH IBKC Dental Solution Investment Fund	-	-	-	-	923	-	-	
Recovery Partners Co., Ltd.	8	-	-	-	36	-	-	
NH SPECIAL PURPOSE ACQUISITION 22 COMPANY	-	-	-	-	2,715	-	31	
Smart Quaternary Industry Square Investment Fund 2	-	-	-	-	2,813	-	-	
DAYLI Swanson Bio Healthcare Fund 7	-	-	-	-	160	-	-	
Kyobo Hanyang ESG Investment Fund	-	-	-	-	400	-	-	

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37. Related-party transactions (cont'd)

Company	December 31, 2022						Derivative liabilities	Other liabilities (*1)
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits			
Other related parties:								
NH SPECIAL PURPOSE ACQUISITION 23 COMPANY	₩ -	-	-	-	2,440	-	25	
NH SPECIAL PURPOSE ACQUISITION 25 COMPANY	-	-	-	-	874	-	10	
NH SPECIAL PURPOSE ACQUISITION 27 COMPANY	-	-	-	-	1,937	-	22	
NH SPECIAL PURPOSE ACQUISITION 26 COMPANY	-	-	-	-	2,709	-	31	
NH SPECIAL PURPOSE ACQUISITION 28 COMPANY	-	-	-	-	1,184	-	-	
Dt & Investment NHC-DTNI Agrifood ABC Investment Association No. 1	-	-	-	-	10,364	-	19	
Dt & Investment NHC-DTNI Agrifood General Investment Association No. 2	-	-	-	-	2,705	-	2	
Korea Growth Opportunity Private Equity Fund I	-	-	-	-	335	-	-	
Geum-Wang FONE CO., Ltd.	-	-	-	-	176	-	-	
NH-IRIS ESG Fund	-	-	-	-	358	-	-	
NH Agri-Food Venture Fund	-	-	-	-	711	-	-	
NH-UON Fund No. 1	-	-	-	-	282	-	-	
Korea-ASEAN Technology Fund 1	-	-	-	-	688	-	-	
NH-Deep Dive Smart Logistics Fund	-	-	-	-	218	-	-	
Korea-ASEAN Technology Fund 2	-	-	-	-	7,937	-	17	
NH Agribusiness Group Inc.	2,318,462	-	1,443	1,566	1,127,621	-	2,074	
NH Networks Co., Ltd.	16,440	-	46	15,448	36,325	-	15,737	
NH Information System Co., Ltd.	216	-	-	-	25,084	-	59	
Agricultural Cooperative Asset Management Co., Ltd.	160,469	-	100	-	594	-	304	
NH Partners Co., Ltd.	248	-	-	-	21,931	-	1,322	
NongHyup Hanaro Mart Inc.	10,263	-	10	422	1	-	7,291	
Agricultural Corporation NongHyup Food Grain Inc.	38,191	-	156	-	10,161	-	16	
Korea Agriculture Cooperative Marketing Inc.	308	-	-	-	22,606	-	4,029	
NongHyup Logistics Service Inc.	18,162	-	3	-	15,887	-	9	
NongHyup Chemical Co., Ltd.	73,552	-	40	-	288	-	-	
NH NongHyup Trading Co., Ltd.	34,143	2,018	158	-	22,770	295	1	
NongHyup-Agro Inc.	61	-	-	-	77	-	62	
NongHyup Red Ginseng Co., Ltd.	26,076	-	250	-	12	-	9	
Namhae Chemical Corporation	131,365	2,340	83	-	22,830	-	14	

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37. Related-party transactions (cont'd)

Company	December 31, 2022						Derivative liabilities	Other liabilities (*1)
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits			
Other related parties:								
NongHyup Moguchon Inc.	₩ 66,958	-	55	-	1,994	-	-	
NongHyup Feed Inc.	704,554	36,178	1,202	-	5,771	-	1	
Nongwoo BIO Co., Ltd.	21,830	-	8	-	5,067	-	3	
NH Heuk Sarang Co., Ltd.	532	-	-	-	80	-	-	
NongHyup Food Inc.	73	-	2	-	4,143	-	-	
Kongyoung Homeshopping Co., Ltd.	98	-	-	-	197	-	-	
Agricultural Corporation Orion NongHyup Inc.	2,551	-	-	-	7,373	-	1	
Home and Shopping Co., Ltd.	-	-	-	-	270	-	-	
NES Materials Corporation	5,734	-	-	-	-	-	-	
Nisso-namhae Agro Co., Ltd.	17	-	-	-	23,001	-	4	
Tosoh Namhae Silica Co., Ltd.	5	-	1	-	372	-	-	
Sanglim Agricultural Co., Ltd.	3,844	-	10	-	13	-	-	

(*1) Other assets and other liabilities include consolidated tax, right-of-use assets and lease liabilities.

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37. Related-party transactions (cont'd)

Significant transactions with related parties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Company	For the year ended December 31, 2023						
	Interest income	Commission income	Other income	Provision (reversal) of allowance	Interest expenses	Commission expenses	Other expenses
Ultimate parent company:							
NACF	₩ 1,373	₩ 1	₩ 278,456	₩ (68)	₩ 5,195	₩ -	₩ 456,883
Parent company:							
NH Financial Group Inc.	-	-	1,588	16	-	-	-
Associates:							
Kyunggi-DSC Superman Investment Fund No. 1	-	-	-	-	2	-	-
NH Agri-Biz Value Creative 1st PEF	-	81	-	-	-	-	-
NH_AJU Digital Fund	-	-	-	-	12	-	-
NH Venture - AJU IB New Growth Fund	-	-	-	-	16	-	-
NH-NAU Agro Food 1st Private Equity Fund	-	580	-	-	-	-	-
NH-NAU Agro Food 2nd Private Equity Fund	-	516	-	-	-	-	-
Seasons Shipping Co., Ltd.	-	32	-	-	-	-	-
NH Digital Alliance Fund	-	-	-	-	37	-	-
NH Agtech Innovation Private Equity Fund	-	763	-	-	-	-	-
PROTEK KOREA CO., LTD.	-	20	-	-	1	-	-
Cardo Inc.	-	-	-	-	1	-	-
NH-DX Open Innovation Fund	-	-	-	-	18	-	-

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37. Related-party transactions (cont'd)

Company	For the year ended December 31, 2023						
	Interest income	Commission income	Other income	Provision (reversal) of allowance	Interest expenses	Commission expenses	Other expenses
Other related parties:							
NH Life Insurance Co., Ltd.	₩ 2	₩ 11,193	₩ 64,155	₩ -	₩ 14	₩ -	₩ 5,802
NH Property and Casualty Insurance Co., Ltd.	-	1,529	11,150	1	11	15,575	24,441
NH Investment & Securities Co., Ltd.	2,828	1,499	1,565	113	10,974	98	1,525
NH Capital Co., Ltd.	688	729	-	51	29	-	-
NH Saving Bank Co., Ltd.	-	21	-	2	-	-	-
NongHyup REITs Management Co., Ltd.	-	-	-	(3)	48	-	-
NH Venture Investment Co., Ltd.	-	-	-	1	97	-	-
NH Futures Co., Ltd.	1	25	-	-	752	492	-
GnM Holdings Co., Ltd.	-	-	-	-	1	-	-
War Machine 10th Co., Ltd.	-	-	-	-	120	-	-
Parkcity 1st Co., Ltd.	-	-	-	-	1	-	-
SMART GAMSAM 2ND Co., Ltd.	-	-	-	-	1	-	-
NHHunin 2nd Co., Ltd.	-	-	-	-	1	-	-
RAHaeundae 4th Co., Ltd.	-	-	-	-	1	-	-
YRD 1st Co., Ltd.	-	-	-	-	1	-	-
Uncas The Second	-	-	-	-	2	-	-
PLN 5th Co., Ltd.	-	-	-	-	1	-	-
MJ Hangdong 4th Co., Ltd.	-	-	-	-	1	-	-
MJ Hangdong 3rd Co., Ltd.	-	-	-	-	1	-	-
The Sharp Gwangyang Ma-dong.inc	-	-	-	-	1	-	-
RA3rd	-	-	-	-	1	-	-
Cloud 1st Co., Ltd.	-	-	-	-	1	-	-
NewWorld Jeonbang 4th	-	-	-	-	1	-	-
NH-Amundi Assets Management Co., Ltd.	-	2	-	(6)	3,185	-	1,131
Yeouido MBC Development PFV Co., Ltd.	943	-	-	-	5	-	-
NH SPECIAL PURPOSE ACQUISITION 19 COMPANY	-	-	-	-	331	-	-
NH-AJU KOSDAQ SCALEUP FUND	-	-	-	-	31	-	-
NH-Soo Investment innovative growth M&A fund	-	-	-	-	376	-	-
NH-SYNERGY BIO Fund	-	-	-	-	1	-	-
NH SPECIAL PURPOSE ACQUISITION 20 COMPANY	-	-	-	-	180	-	-
KYOBO-NH Healthcare New Technology Investment Association No. 1	175	-	-	-	-	-	-
NH Kyobo AI Solution Investment Fund	-	-	-	-	1	-	-
NH IBKC Dental Solution Investment Fund	-	-	-	-	6	-	-
NH SPECIAL PURPOSE ACQUISITION 22 COMPANY	-	-	-	-	21	-	-
Smart Quaternary Industry Square Investment Fund No. 2	-	-	-	-	26	-	-
KYOBO-HANYANG ESG New Technology Investment Association	-	-	-	-	16	-	-
NH SPECIAL PURPOSE ACQUISITION 23 COMPANY	-	-	-	-	66	-	-

NongHyup Bank and its subsidiaries
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37. Related-party transactions (cont'd)

Company	For the year ended December 31, 2023						
	Interest income	Commission income	Other income	Provision (reversal) of allowance	Interest expenses	Commission expenses	Other expenses
Other related parties:							
NH SPECIAL PURPOSE ACQUISITION 25 COMPANY	₩ -	₩ -	₩ -	₩ -	₩ 17	₩ -	₩ -
NH SPECIAL PURPOSE ACQUISITION 27 COMPANY	-	-	-	-	32	-	-
NH SPECIAL PURPOSE ACQUISITION 26 COMPANY	-	-	-	-	53	-	-
NH SPECIAL PURPOSE ACQUISITION 28 COMPANY	-	-	-	-	17	-	-
NHC-DTNI Agrifood ABC Investment Fund No. 1	-	-	-	-	170	-	-
NHC-DTNI Agrifood General Investment Fund No. 2	-	-	-	-	54	-	-
NH Agri-Food Venture Fund	-	-	-	-	9	-	-
Korea-ASEAN Technology Fund 1	-	-	-	-	9	-	-
Korea-ASEAN Technology Fund 2	-	-	1	-	66	-	-
NH Agribusiness Group	148,580	9	338	31	509	-	17,836
NH Networks Co., Ltd.	1,502	1	41	131	7	-	17,839
NH Information System Co., Ltd.	-	-	4,372	-	77	-	89,172
Agricultural Cooperative Asset Management Co., Ltd.	9,941	-	-	150	8	4,096	-
Nonghyup Partners	-	-	175	-	2	-	47,762
Nonghyup Hanaro Mart Inc.	1,407	2	310	182	-	-	1,107
Agricultural Corporation Nonghyup Food Grain Inc.	183	2	117	299	58	-	122
Korea Agricultural Cooperative Marketing Inc.	123	7	827	25	22	-	724
Nonghyup Logistics Service Inc.	828	3	683	(2)	18	-	29,226
NongHyup Chemical Co., Ltd.	5,107	16	12	17	16	-	-
NH Trading Co., Ltd.	616	473	23	(131)	127	-	91
Nonghyup-Agro Inc.	183	3	-	16	1	-	-
Nonghyup RedGinseng Co., Ltd.	1,389	-	-	657	-	-	219
Namhae Chemical Corporation	6,495	403	526	42	1,374	-	6
Nonghyup Moguchon Inc.	1,833	4	-	198	1	-	78
Nonghyup Feed Inc.	1,141	1,960	8,607	679	63	-	-
NONG WOO BIO CO., LTD. Agricultural Corporation	897	2	-	(4)	189	-	165
Nonghyup Food Inc.	-	-	2	-	121	-	843
Orion Nonghyup Agri, Inc.	48	-	-	-	131	-	-
Nonghyup TMR Agricultural Co., Ltd.	-	1	-	-	-	-	-
NES Materials Corporation	1,823	-	-	162	-	-	-
Nisso-namhae Agro Co., Ltd.	-	1	1	-	251	-	-
Tosoh Namhae Silica Co., Ltd.	-	-	-	1	-	-	-
Daewoo Logistics Corp.	-	15	-	-	-	-	-
NH SPECIAL PURPOSE ACQUISITION 29 COMPANY	-	-	-	-	141	-	-
Newworld Yonggye 5th	-	-	-	-	36	-	-
NH Geomdan 1st Co., Ltd.	-	-	-	-	2	-	-

(*1) The investee is excluded from the scope of related party as of December 31, 2023.

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37. Related-party transactions (cont'd)

Company	For the year ended December 31, 2022						
	Interest income	Commission income	Other income	Provision (reversal) of allowance	Interest expenses	Commission expenses	Other expenses
Ultimate parent company:							
NACF	₩ 158	-	124,552	69	1,652	-	575,210
Parent company:							
NH Financial Group Inc.	-	-	1,419	17	-	-	1,736
Associates:							
Korea Credit Bureau Co., Ltd.	-	-	-	-	5	-	-
Kyunggi-DSC Superman Investment Fund No. 1	-	-	-	-	6	-	-
NH Agri-Biz Value Creative 1st PEF	-	87	-	-	-	-	-
NH_AJU Digital Fund	-	-	-	-	4	-	-
NH Venture - AJU IB New Growth Fund	-	-	-	-	61	-	-
NH-NAU Agro Food 1st Private Equity Fund	-	407	-	-	-	-	-
NH-NAU Agro Food 2nd Private Equity Fund	-	690	-	-	-	-	-
Seasons Shipping Co., Ltd.	-	32	-	-	-	-	-
GNO Co., Ltd.	-	6	-	-	-	-	-
PROTEK KOREA CO., LTD.	-	20	-	-	-	-	-
Cardo Inc.	-	-	-	-	4	-	-
NH-DX Open Innovation Fund	-	-	-	-	10	-	-
Other related parties:							
NH Life Insurance Co., Ltd.	3	7,210	226,307	-	23	324	3,033
NH Property and Casualty Insurance Co., Ltd.	-	1,362	18,351	-	11	-	28,397
NH Investment & Securities Co., Ltd.	659	3,069	2,164	3	3,013	70	3,894
NH NongHyup Capital Co., Ltd.	45	300	-	(3)	26	-	-
NH Savings Bank Co., Ltd.	-	76	-	3	-	-	-
NH REITs Management Co., Ltd.	-	-	-	1	19	-	-
NH Venture Investment Co., Ltd.)	-	-	-	1	107	-	-
NH Futures Co., Ltd.	-	29	-	-	601	604	-
Merigogo 4th Co., Ltd.	-	-	-	-	1	-	-
SMARTGAMSAM2ND Co., Ltd.	-	-	-	-	1	-	-
CheongJu Express D-Two Co., Ltd.	-	-	-	-	1	-	-
RAHaeundae 4th Co., Ltd.	-	-	-	-	2	-	-
YRD 1st Co., Ltd.	-	-	-	-	1	-	-
Uncas The Second	-	-	-	-	4	-	-
Uncas The First	-	-	-	-	1	-	-
PLN 5th Co., Ltd.	-	-	-	-	1	-	-
MJ Hangdong 4th Co., Ltd.	-	-	-	-	1	-	-
MJ Hangdong 3rd Co., Ltd.	-	-	-	-	1	-	-

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37. Related-party transactions (cont'd)

Company	For the year ended December 31, 2022						
	Interest income	Commission income	Other income	Provision (reversal) of allowance	Interest expenses	Commission expenses	Other expenses
Other related parties:							
The Sharp Gwangyang Ma-dong.inc	₩ -	-	-	-	1	-	-
NH-Amundi Asset Management Co., Ltd.	-	2	-	13	736	-	1,155
Yeouido MBC Development PFV Co., Ltd.	1,159	-	-	-	5	-	-
NH SPECIAL PURPOSE ACQUISITION 19 COMPANY	-	-	-	-	243	-	-
NH-AJU KOSDAQ SCALEUP FUND	-	-	-	-	36	-	-
NH-Soo Investment innovative growth M&A fund	-	-	-	-	100	-	-
NH-SYNERGY BIO Fund	-	-	-	-	3	-	-
NH-IBKC Bio New Technology Fund	-	-	-	-	2	-	-
NH SPECIAL PURPOSE ACQUISITION 20 COMPANY Co., Ltd.	-	-	-	-	201	-	-
Kyobo NH Healthcare Fund I	127	-	-	-	-	-	-
NH IBKC Dental Solution Investment Fund	-	-	-	-	5	-	-
Recovery Partners Co., Ltd.	-	-	-	-	5	-	-
NH SPECIAL PURPOSE ACQUISITION 22 COMPANY	-	-	-	-	33	-	-
Smart Quaternary Industry Square Investment Fund 2	-	-	-	-	88	-	-
Kyobo Hanyang ESG Investment Fund	-	-	-	-	1	-	-
NH SPECIAL PURPOSE ACQUISITION 23 COMPANY	-	-	-	-	26	-	-
NH SPECIAL PURPOSE ACQUISITION 25 COMPANY	-	-	-	-	10	-	-
NH SPECIAL PURPOSE ACQUISITION 27 COMPANY	-	-	-	-	23	-	-
NH SPECIAL PURPOSE ACQUISITION 26 COMPANY	-	-	-	-	32	-	-
Dt & Investment NHC-DTNI Agrifood ABC Investment Association No. 1	-	-	-	-	130	-	-
Dt & Investment NHC-DTNI Agrifood General Investment Association No. 2	-	-	-	-	37	-	-
NH-IRIS ESG Fund	-	-	-	-	2	-	-
NH Agri-Food Venture Fund	-	-	-	-	7	-	-
NH-UON Fund No. 1	-	-	-	-	1	-	-
Korea-ASEAN Technology Fund 1	-	-	-	-	3	-	-
Korea-ASEAN Technology Fund 2	-	-	1	-	59	-	-
NH Agribusiness Group Inc.	25,523	1	237	1,236	624	-	17,011
NH Networks Co., Ltd.	693	-	157	1	5	-	15,978
NH Information System Co., Ltd.	-	-	5,027	-	105	-	77,373
Agricultural Cooperative Asset Management Co., Ltd.	4,979	-	-	41	9	3,768	-
NH Partners Co., Ltd.	-	-	164	-	1	-	42,577
NongHyup Hanaro Mart Inc.	142	5	391	10	-	-	829
Agricultural Corporation NongHyup Food Grain Inc.	186	2	235	1	17	-	232
Korea Agriculture Cooperative Marketing Inc.	4	14	866	-	68	-	2,583
NongHyup Logistics Service Inc.	616	309	291	-	9	-	27,889
NongHyup Chemical Co., Ltd.	3,064	15	758	2	12	-	-
NH NongHyup Trading Co., Ltd.	1,375	384	2,020	103	5	-	295
NongHyup-Agro Inc.	31	2	-	-	-	-	13
NongHyup Red Ginseng Co., Ltd.	863	-	5	66	-	-	757

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37. Related-party transactions (cont'd)

Company	For the year ended December 31, 2022						
	Interest income	Commission income	Other income	Provision (reversal) of allowance	Interest expenses	Commission expenses	Other expenses
Other related parties:							
Namhae Chemical Corporation	₩ 1,959	1,199	2,496	41	1,173	-	205
NongHyup Moguchon Inc.	1,141	2	1	12	1	-	61
NongHyup Feed Inc.	477	2,383	36,189	351	26	-	-
Nongwoo BIO Co., Ltd.	700	3	1	7	71	-	107
NH Heuk Sarang Co., Ltd.	-	-	-	-	-	-	27
NongHyup Food Inc.	-	-	2	(6)	2	-	327
Agricultural Corporation Orion							
NongHyup Inc.	55	1	-	-	2	-	-
NongHup TMR Co., Ltd.	-	-	1	-	-	-	-
Nisso-namhae Agro Co., Ltd.	-	1	3	-	90	-	-
Tosoh Namhae Silica Co., Ltd.	-	-	-	1	-	-	-
Sanglim Agricultural Co., Ltd.	164	3	-	7	-	-	-
Daewoo Logistics Corp.	-	15	-	-	-	-	-

(*1) The investee is excluded from the scope of related party as of December 31, 2022.

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37. Related-party transactions (cont'd)

The Group's acceptances, guarantees and unused credit limits with related parties as of December 31, 2023 and 2022, are summarized as follows (Korean won in millions):

Classification	December 31, 2023	
	Credit limit	Counterparty
Unused credit limit in Korean won	₩ 2,920,100	NACF
Unused credit limit in Korean won	302	NH Financial Group Inc.
Unused credit limit in Korean won	79,168	NH Life Insurance Co., Ltd.
Unused credit limit in Korean won	31,852	NH Property and Casualty Insurance Co., Ltd.
Unused credit limit in Korean won	695,026	NH Investment & Securities Co., Ltd.
Unused credit limit in Korean won	289,930	NH Nonghyup Capital Co., Ltd.
Unused credit limit in Korean won	488	NH Savings Bank Co., Ltd.
Unused credit limit in Korean won	51	NH REITs Management Co., Ltd.
Unused credit limit in Korean won	62	NH Venture Investment Co., Ltd.
Unused credit limit in Korean won	160	NH Futures Co., Ltd.
Unused credit limit in Korean won	803	NH-Amundi Asset Management Co., Ltd.
Unused credit limit in Korean won	855,878	NH Agribusiness Group Inc.
Unused credit limit in Korean won	25,155	NH Networks Co., Ltd.
Unused credit limit in Korean won	7,739	NH Information System Co., Ltd.
Unused credit limit in Korean won	6,421	Agricultural Cooperative Asset Management Co., Ltd.
Unused credit limit in Korean won	332	NH Partners Co., Ltd.
Unused credit limit in Korean won	116,670	Nonghyup Hanaro Mart Inc.
Unused credit limit in Korean won	67	Agricultural Corporation Nonghyup Food Grain Inc.
Unused credit limit in Korean won	32,989	Korea Agriculture Cooperative Marketing Inc.
Unused credit limit in Korean won	10,776	Nonghyup Logistics Service Inc.
Unused credit limit in Korean won	115,023	Nonghyup Chemical Co., Ltd.
Unused credit limit in foreign currencies	130,510	Nonghyup Chemical Co., Ltd.
Acceptances and guarantees in foreign currencies	1,631	Nonghyup Chemical Co., Ltd.
Unused credit limit in Korean won	30,582	NH Nonghyup Trading Co., Ltd.
Unused credit limit in foreign currencies	20,592	NH Nonghyup Trading Co., Ltd.
Acceptances and guarantees in Korean won	23,763	NH Nonghyup Trading Co., Ltd.
Acceptances and guarantees in foreign currencies	18,604	NH Nonghyup Trading Co., Ltd.
Unused credit limit in Korean won	613	Nonghyup-Agro Inc.
Unused credit limit in Korean won	2,088	Nonghyup Red Ginseng Co., Ltd.
Unused credit limit in Korean won	113,503	Namhae Chemical Corporation
Unused credit limit in foreign currencies	203,769	Namhae Chemical Corporation
Acceptances and guarantees in Korean won	5,520	Namhae Chemical Corporation
Acceptances and guarantees in foreign currencies	64,784	Namhae Chemical Corporation
Unused credit limit in Korean won	9,141	Nonghyup Moguchon Inc.
Unused credit limit in foreign currencies	317	Nonghyup Moguchon Inc.
Acceptances and guarantees in foreign currencies	337	Nonghyup Moguchon Inc.
Unused credit limit in Korean won	15,850	Nonghyup Feed Inc.
Unused credit limit in foreign currencies	455,758	Nonghyup Feed Inc.
Acceptances and guarantees in foreign currencies	252,736	Nonghyup Feed Inc.
Unused credit limit in Korean won	10,976	Nongwoo BIO Co., Ltd.
Unused credit limit in Korean won	4,558	Agricultural Corporation Nonghyup Food Inc.
Unused credit limit in Korean won	122	PUBLIC HOMESHOPPING
Unused credit limit in Korean won	4,064	Orion Nonghyup Agri, Inc.
Unused credit limit in Korean won	5	Nisso-namhae Agro Co., Ltd.
Unused credit limit in Korean won	2	Tosoh Namhae Silica Co., Ltd.
Unused credit limit in Korean won	4,936	NES Materials Corporation

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37. Related-party transactions (cont'd)

c Classification	December 31, 2022	
	Credit limit	Counterparty
Unused credit limit in Korean won	₩ 2,811,817	NACF
Unused credit limit in Korean won	460	NH Financial Group Inc.
Unused credit limit in Korean won	79,162	NH Life Insurance Co., Ltd.
Unused credit limit in Korean won	31,765	NH Property and Casualty Insurance Co., Ltd.
Unused credit limit in Korean won	547,687	NH Investment & Securities Co., Ltd.
Unused credit limit in Korean won	134,164	NH Nonghyup Capital Co., Ltd.
Unused credit limit in Korean won	503	NH Savings Bank Co., Ltd.
Unused credit limit in Korean won	37	NH REITs Management Co., Ltd.
Unused credit limit in Korean won	70	NH Venture Investment Co., Ltd.
Unused credit limit in Korean won	208	NH Futures Co., Ltd.
Unused credit limit in Korean won	751	NH-Amundi Asset Management Co., Ltd.
Unused credit limit in Korean won	836,838	NH Agribusiness Group Inc.
Unused credit limit in Korean won	33,673	NH Networks Co., Ltd.
Unused credit limit in Korean won	7,784	NH Information System Co., Ltd.
Unused credit limit in Korean won	11,044	Agricultural Cooperative Asset Management Co., Ltd.
Unused credit limit in Korean won	10,352	NH Partners Co., Ltd.
Unused credit limit in Korean won	153,551	Nonghyup Hanaro Mart Inc.
Unused credit limit in Korean won	116	Agricultural Corporation Nonghyup Food Grain Inc.
Unused credit limit in Korean won	10,992	Korea Agriculture Cooperative Marketing Inc.
Unused credit limit in Korean won	10,624	Nonghyup Logistics Service Inc.
Unused credit limit in Korean won	190,038	Nonghyup Chemical Co., Ltd.
Unused credit limit in foreign currencies	22,338	Nonghyup Chemical Co., Ltd.
Acceptances and guarantees in foreign currencies	3,930	Nonghyup Chemical Co., Ltd.
Unused credit limit in Korean won	20,006	NH Nonghyup Trading Co., Ltd.
Unused credit limit in foreign currencies	17,417	NH Nonghyup Trading Co., Ltd.
Acceptances and guarantees in Korean won	24,603	NH Nonghyup Trading Co., Ltd.
Acceptances and guarantees in foreign currencies	905	NH Nonghyup Trading Co., Ltd.
Unused credit limit in Korean won	19	Nonghyup-Agro Inc.
Unused credit limit in Korean won	415	Nonghyup Red Ginseng Co., Ltd.
Unused credit limit in Korean won	145,257	Namhae Chemical Corporation
Unused credit limit in foreign currencies	151,359	Namhae Chemical Corporation
Acceptances and guarantees in Korean won	5,617	Namhae Chemical Corporation
Acceptances and guarantees in foreign currencies	43,706	Namhae Chemical Corporation
Unused credit limit in Korean won	8,684	Nonghyup Moguchon Inc.
Unused credit limit in foreign currencies	634	Nonghyup Moguchon Inc.
Unused credit limit in Korean won	15,929	Nonghyup Feed Inc.
Unused credit limit in foreign currencies	230,656	Nonghyup Feed Inc.
Acceptances and guarantees in foreign currencies	254,797	Nonghyup Feed Inc.
Unused credit limit in Korean won	11,150	Nongwoo BIO Co., Ltd.
Unused credit limit in Korean won	28	NH Heuk Sarang Co., Ltd.
Unused credit limit in Korean won	4,527	NongHyup Food Inc.
Unused credit limit in Korean won	102	Kongyoung Homeshopping Co., Ltd.
Unused credit limit in Korean won	4,014	Agricultural Corporation Orion Nonghyup Inc.
Unused credit limit in Korean won	23	Nisso-namhae Agro Co., Ltd.
Unused credit limit in Korean won	692	Sanglim Agricultural Co., Ltd.
Unused credit limit in Korean won	5	Tosoh Namhae Silica Co., Ltd.

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37. Related-party transactions (cont'd)

Details of commitments related to derivative instruments with related parties as of December 31, 2023 and 2022, are summarized as follows (Korean won in millions):

Company	Classification	December 31, 2023	December 31, 2022
NACF	Open interest	₩ 4,253,163	₩ 5,030,337
NH Life Insurance Co., Ltd.	Open interest	1,176,102	1,545,694
NH Property and Casualty Insurance Co., Ltd.	Open interest	247,547	329,861
NH Investment & Securities Co., Ltd.	Open interest	45,000	86,077
NH Nonghyup Trading Co., Ltd.	Open interest	12,098	31,482
Namhae Chemical Corporation	Open interest	74,785	79,840
Nonghyup Feed Inc.	Open interest	404,688	619,352

Details of fixed asset transactions with related parties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Purchase of tangible assets	Purchase of intangible assets	Purchase of tangible assets	Purchase of intangible assets
NACF	₩ 782	₩ -	₩ 599	₩ -
NH Networks Co., Ltd.	69,738	6,032	88,961	-
NH Information System Co., Ltd.	1,256	21,085	5,870	26,086
Nonghyup Hanaro Mart Inc.	11	-	19	-
Korea Agricultural Cooperative Marketing Inc.	2	-	-	-

Details of the collateral provided from related parties as of December 31, 2023, are summarized as follows (Korean won in millions):

Company	Classification	Pledged amount
NACF	Securities	₩ 1,340,000
NH Property and Casualty Insurance Co., Ltd.	Securities	48,310
NH Life Insurance Co., Ltd.	Securities	248,430

Details of the collateral provided to related parties as of December 31, 2023, are summarized as follows (Korean won in millions):

Company	Classification	Pledged amount
NACF	Securities	₩ 51,100
NH Investment & Securities Co., Ltd.	Securities	44,900
NH Futures Co., Ltd.	Securities	15,000

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37. Related-party transactions (cont'd)

The key management compensations for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Short-term employee benefits	₩ 3,113	₩ 3,171
Retirement expenses	634	1,104
	₩ 3,747	₩ 4,275

Significant lending transactions with related parties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023			
	Beginning (*1)	Increase	Decrease (*2)	Ending (*1)
Ultimate parent company:				
NACF	₩ 108,000	₩ -	₩ 108,000	₩ -
Other related parties:				
NH Investment & Securities Co., Ltd.	47,728	83,216	42,997	87,947
NH Capital Co., Ltd.	-	29,960	-	29,960
Yeouido MBC Development PFV Co., Ltd.	27,173	-	19,842	7,331
NH Agribusiness Group	2,295,089	646,393	145,967	2,795,515
NH Networks Co., Ltd.	15,000	8,802	-	23,802
Agricultural Cooperative Asset Management Co., Ltd.	150,000	214,619	-	364,619
Nonghyup Hanaro Mart Inc.	-	46,224	-	46,224
Agricultural Corporation Nonghyup Food Grain Inc.	38,100	600	-	38,700
Nonghyup Logistics Service Inc.	18,000	-	8,500	9,500
NongHyup Chemical Co., Ltd.	70,000	-	20,000	50,000
NH Trading Co., Ltd.	10,000	-	10,000	-
Nonghyup RedGinseng Co., Ltd.	25,918	2,359	2,694	25,583
Nonghyup Moguchon Inc.	54,485	35,100	16,447	73,138
Nonghyup Feed Inc.	13,069	5,950	-	19,019
Nongwoo BIO Co., Ltd.	21,400	-	8,400	13,000
Nonghyup-Agro, Inc.	4,322	2,791	3,422	3,691
Orion Nonghyup Agri, Inc.	2,514	-	365	2,149

(*1) Transactions from operating activities, including settlement, are excluded, and loans related to credit limit are recorded at net amounts.

(*2) The amounts include foreign currency translation gains and losses.

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37. Related-party transactions (cont'd)

Classification	For the year ended December 31, 2022			
	Beginning (*1)	Increase	Decrease (*2)	Ending (*1)
Ultimate parent company:				
NACF	₩ -	₩ 108,000	₩ -	₩ 108,000
Other related parties:				
NH Investment & Securities Co., Ltd.	5,602	43,926	1,800	47,728
Yeouido MBC Development PFV Co., Ltd.	31,572	-	4,399	27,173
NH Agribusiness Group Inc.	515,787	1,856,026	76,724	2,295,089
NH Networks Co., Ltd.	20,000	-	5,000	15,000
Agricultural Cooperative Asset Management Co., Ltd.	150,000	-	-	150,000
Agricultural Corporation Nonghyup Food Grain Inc.	51,700	38,100	51,700	38,100
Nonghyup Logistics Service Inc.	9,801	12,737	4,538	18,000
Nonghyup Chemical Co., Ltd.	80,000	-	10,000	70,000
NH Nonghyup Trading Co., Ltd.	2,500	10,000	2,500	10,000
Nonghyup Red Ginseng Co., Ltd.	28,253	358	2,693	25,918
Nonghyup Moguchon Inc.	50,985	14,600	11,100	54,485
Nonghyup Feed Inc.	8,264	13,069	8,264	13,069
Nongwoo BIO Co., Ltd.	12,900	17,000	8,500	21,400
NH Heuk Sarang Co., Ltd.	500	-	-	500
Agricultural Corporation Orion Nonghyup Inc.	2,800	-	286	2,514
Sanglim Agricultural Co., Ltd.	3,482	400	60	3,822

(*1) Transactions from operating activities including settlement are excluded and loans related to credit limit are recorded at net amounts.

(*2) The amounts include foreign currency translation gains and losses.

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37. Related-party transactions (cont'd)

Significant borrowing transactions with related parties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023			
	Beginning (*1)	Borrowing	Repayment (*2)	Ending (*1)
Other related parties:				
NH Investment & Securities Co., Ltd.	₩ 115,961	₩ 158,461	₩ 116,461	₩ 157,961
NH Venture Investment Co., Ltd.	8,000	30,000	8,000	30,000
NH Futures Co., Ltd.	1,000	2,000	2,000	1,000
NongHyup REITs Management Co., Ltd.	1,000	-	1,000	-
NH-Amundi Assets Management Co., Ltd.	36,000	32,000	-	68,000
NH SPECIAL PURPOSE ACQUISITION 19 COMPANY	19,294	39,134	39,014	19,414
NH SPECIAL PURPOSE ACQUISITION 20 COMPANY	9,000	-	9,000	-
NH SPECIAL PURPOSE ACQUISITION 22 COMPANY	2,500	-	2,500	-
NH SPECIAL PURPOSE ACQUISITION 25 COMPANY	800	-	800	-
NH SPECIAL PURPOSE ACQUISITION 26 COMPANY	2,500	-	2,500	-
NH SPECIAL PURPOSE ACQUISITION 27 COMPANY	1,800	-	1,800	-
Cardo Inc.	36	17	36	17
Orion Nonghyup Agri, Inc.	3,000	-	3,000	-
NH Agribusiness Group	52,215	36,673	52,375	36,513
NH Information System Co., Ltd.	2,000	2,000	4,000	-
Agricultural Cooperative Asset Management Co., Ltd.	500	-	500	-
Korea Agricultural Cooperative Marketing Inc.	1,600	700	1,700	600
Nonghyup Logistics Service Inc.	340	740	680	400
Agricultural Corporation Nonghyup Food Inc.	-	500	-	500
Agricultural Corporation Nonghyup Food Grain Inc.	1,000	2,000	1,000	2,000

(*1) Transactions from operating activities including settlement and deposit on demand are excluded.

(*2) The amounts include foreign currency translation gains and losses.

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37. Related-party transactions (cont'd)

Classification	For the year ended December 31, 2022			
	Beginning (*1)	Borrowing	Repayment (*2)	Ending (*1)
Associates:				
Korea Credit Bureau Co., Ltd.	₩ 1,000	₩ -	₩ 1,000	₩ -
Other related parties:				
NH Investment & Securities Co., Ltd.	66,011	115,961	66,011	115,961
NH Venture Investment Co., Ltd.	-	8,000	-	8,000
NH Futures Co., Ltd.	1,000	1,000	1,000	1,000
NH REITs Management Co., Ltd.	11,000	1,000	11,000	1,000
NH- Amundi Asset Management Co., Ltd.	54,000	50,000	68,000	36,000
NH Special Purpose Acquisition 18 Co., Ltd.	2,794	-	2,794	-
NH Special Purpose Acquisition 19 Co., Ltd.	19,200	19,294	19,200	19,294
Recovery Partners Co., Ltd.	-	1,001	1,001	-
NH-AJU KOSDAQ SCALEUP FUND	3,663	-	3,663	-
NH-Soo Investment innovative growth M&A fund	7,800	-	7,800	-
NH SPECIAL PURPOSE ACQUISITION 20 COMPANY Co., Ltd.	9,000	9,000	9,000	9,000
NH SPECIAL PURPOSE ACQUISITION 21 COMPANY	2,200	-	2,200	-
NH SPECIAL PURPOSE ACQUISITION 22 COMPANY	-	2,500	-	2,500
NH SPECIAL PURPOSE ACQUISITION 25 COMPANY	-	800	-	800
NH SPECIAL PURPOSE ACQUISITION 26 COMPANY	-	2,800	300	2,500
NH SPECIAL PURPOSE ACQUISITION 27 COMPANY	-	1,800	-	1,800
Dt & Investment NHC-DTNI Agrifood General Investment Association No. 2	4,000	-	4,000	-
Nongwoo BIO Co., Ltd.	-	3,000	3,000	-
Cardo Inc.	-	936	900	36
Agricultural Corporation Orion NongHyup Inc.	-	3,000	-	3,000
NH Agribusiness Group Inc.	680	54,730	3,195	52,215
NH Information System Co., Ltd.	-	2,000	-	2,000
Agricultural Cooperative Asset Management Co., Ltd.	500	500	500	500
Korea Agriculture Cooperative Marketing Inc.	2,612	1,600	2,612	1,600
NongHyup Logistics Service Inc.	440	340	440	340
Namhae Chemical Corporation	-	55,000	55,000	-
NongHyup Food Inc.	1,000	-	1,000	-
Agricultural Corporation NongHyup Food Grain Inc.	-	1,000	-	1,000

(*1) Transactions from operating activities including settlement and deposit on demand are excluded.

(*2) The amounts include foreign currency translation gains and losses.

During 2022, the Group issued capital stock and NH Financial Group Inc., the Bank's parent company, acquired the whole stock. As a result of the issuance of the capital stock, the Group recognized increases in capital stock of ₩142,857 million and capital surplus of ₩1,056,454 million.

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38. COMMITMENTS AND CONTINGENCIES:

Details of agreements that the Group has made as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Loan commitment	₩ 107,196,687	₩ 104,847,579
Credit guarantee (*1)	3,430,717	3,553,765
CP purchase agreement (*1)	572,565	124,608
Treasury purchase agreement	2,197,489	2,076,712
Payment guarantees	7,923,579	6,662,168
Investment commitments (*2)	741,490	508,725
	₩ 122,062,527	₩ 117,773,557

(*1) As of December 31, 2023, the Bank provided the credit line with the limit of ₩3,430,717 million and made the CP purchase agreement with the limit of ₩572,565 million as collaterals to repay the principals and interests of debentures and CPs issued by CS PARTNERSHIP 2019's 2nd and 58 other SPEs.

(*2) The Group made 11 investment commitments as of December 31, 2023.

The Group made 11 investment commitments as of December 31, 2023.

The Group is involved in various pending legal proceedings arising in the normal course of business. As of December 31, 2023, the Group is named as a plaintiff in 98 cases with related aggregate claims amounting to ₩77,409 million and as a defendant in 123 cases with related aggregate claims amounting to ₩56,718 million, and the numbers of the cases as a plaintiff or a defendant do not include the cases in which the Group is involved as a custodian bank. Accordingly, the Group accrued for a litigation-related liability of ₩4,961 million in other liabilities. Except for accrued litigations-related liabilities, the Group believes that the outcome of litigations will not have a material impact on the consolidated financial statements.

The Group holds written-off loans, on which the statute of limitation was not completed or the loans were recovered after amortization and the Group has not lost its claim rights to borrowers and guarantors, amounting to ₩3,577,719 million and ₩3,591,263 million as of December 31, 2023 and 2022, respectively.

The Group is being inspected by the Financial Supervisory Service in connection with the sale of HSECI ELS, and the impact on the Group is unknown.

39. CONSOLIDATED STATEMENTS OF CASH FLOWS:

39.1 Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows consist of cash and due from banks (excluding restricted due from banks that are not of a demand nature) from the consolidated statements of financial position. Cash and cash equivalents as of December 31, 2023 and 2022, are adjusted as follows (Korean won in millions):

Classification (*1)	December 31, 2023	December 31, 2022
Cash and due from banks	₩ 11,220,199	₩ 14,917,120
Less: Restricted due from banks (refer to Note 6)(*2)	(112,097)	(26,613)
Less: Due from banks with a maturity of three months or more at acquisition	(266,139)	(344,244)
	₩ 10,841,963	₩ 14,546,263

(*1) Allowance for ECLs is not included.

(*2) Among the restricted deposits, the Bank of Korea reserve deposit meets the requirements for cash and cash equivalents and is, therefore, excluded from the above amount.

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39. Consolidated statements of cash flows (cont'd)

39.2 Non-cash transactions

Significant non-cash transactions not included in the consolidated statements of cash flows for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023	For the year ended December 31, 2022
Changes in (loss) gain on valuation of financial assets at FVTOCI	₩ 800,830	₩ (789,074)
Transfer between tangible assets and investment properties	(32,721)	26,302
Recognition of right-of-use assets and lease liabilities	92,423	97,915

39.3 Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the year ended December 31, 2023				December 31, 2023
	January 1, 2023	Cash flows in financing activities	Exchange rate changes	Others	
Borrowings	₩ 17,213,232	₩ (2,477,692)	₩ 111,915	₩ 143,063	₩ 14,990,518
Debentures	21,121,965	2,468,327	42,033	23,492	23,655,817
Lease liabilities	196,530	(83,355)	-	77,866	191,041
	₩ 38,531,727	₩ (92,720)	₩ 153,948	₩ 244,421	₩ 38,837,376

Classification	For the year ended December 31, 2022				December 31, 2022
	January 1, 2022	Cash flows in financing activities (*1)	Exchange rate changes	Others	
Borrowings	₩ 15,001,425	₩ 1,998,419	₩ 213,388	₩ -	₩ 17,213,232
Debentures	22,431,474	(1,439,512)	169,097	(39,094)	21,121,965
Lease liabilities	193,580	(77,171)	3,777	76,344	196,530
	₩ 37,626,479	₩ 481,736	₩ 386,262	₩ 37,250	₩ 38,531,727

(*) It was determined that the cash flow for trust account liabilities of ₩1,419,419 million was close to the customer's deposit characteristics. Therefore, to improve the reliability and relevance of the consolidated financial statements, they were reclassified from financial activities to operating activities.

40. OPERATING LEASE:

Expected schedule of minimum lease payment arising from operating lease contracts and rental contracts as of December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Less than one year	₩ 6,368	₩ 6,904
1 year–5 years	18,642	18,557
More than 5 years	11	901
	₩ 25,021	₩ 26,362

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41. SANCTIONS STATUS:

The current status of sanctions received by banks from regulators on December 31, 2023, is as follows:

<u>Date</u>	<u>Cause</u>	<u>Content</u>
2023.11.30	Violation of the obligation to check Evidentiary documents when handling foreign exchange transactions.	Business of branch office (Sindang-dong branch) Partial suspension (2.6 months)