

NongHyup Bank

**Interim condensed separate financial statements
as of June 30, 2023, and December 31, 2022,
and for the three months and six months
ended June 30, 2023 and 2022**

Attachment: Independent accountants' review report

NongHyup Bank

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

English Translation of Independent Accountants' Review Report Originally Issued in Korean on August 11, 2023

To the Shareholders and the Board of Directors of NongHyup Bank:

Report on the Interim Condensed Separate Financial Statements

We have reviewed the accompanying interim condensed separate financial statements of NongHyup Bank (the "Bank"). The interim condensed separate financial statements consist of the interim condensed separate statement of financial position as of June 30, 2023, and the related interim condensed separate statements of profit or loss and other comprehensive income, the interim condensed separate statements of changes in equity and interim condensed separate statements of cash flows, all expressed in Korean won, for the three and six months ended June 30, 2023 and 2022, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Interim Condensed Separate Financial Statements

The Bank's management is responsible for the preparation and fair presentation of the accompanying interim condensed separate financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRSs") and for such internal control as management determines is necessary to enable the preparation of interim condensed separate financial statements that are free from material misstatement, whether due to fraud or error.

Independent Accountants' Responsibility

Our responsibility is to express a conclusion on the accompanying interim condensed separate financial statements based on our review.

We conducted our review in accordance with standards for review of interim condensed separate financial statements in the Republic of Korea. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed separate financial statements of the Bank are not presented fairly, in all material respects, in accordance with K-IFRS 1034, Interim Financial Reporting.

Others

We have audited the separate statement of financial position as of December 31, 2022, and the related separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, which are not accompanying this report, in accordance with Korean Standards on Auditing, and our report dated March 6, 2023, expressed an unmodified opinion thereon. The accompanying separate statement of financial position as of December 31, 2022, presented for comparative purposes, is not different, in all material respects, from the above audited separate statement of financial position.

Deloitte.

Deloitte Idnjin LLC

August 11, 2023

Notice to Readers

This report is effective as of August 11, 2023, the independent accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the interim condensed separate financial statements and may result in modifications to the independent accountants' review report.

NongHyup Bank

Interim condensed separate financial statements
as of June 30, 2023, and December 31, 2022,
and for the three months and six months ended
June 30, 2023 and 2022

The accompanying interim condensed separate 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
Interim condensed separate statements of financial position
As of June 30, 2023, and December 31, 2022

(Korean won in millions)

	Notes	June 30, 2023	December 31, 2022
Assets			
Cash and due from banks	5, 6, 35, 36, 39	₩ 14,756,472	₩ 14,514,717
Financial assets at fair value through profit or loss ("FVTPL")	5, 7, 35, 36	12,552,086	10,676,176
Derivative assets	5, 23, 35, 36	772,155	1,089,745
Financial assets at fair value through other comprehensive income ("FVTOCI")	5, 8, 35, 36	34,221,199	29,336,666
Securities at amortized cost	5, 9, 35, 36	16,999,539	15,490,104
Loans at amortized cost	5, 10, 35, 36	308,473,810	308,133,682
Investments in subsidiaries and associates	11	123,554	126,619
Tangible assets	12, 15	2,844,721	2,912,642
Investment properties	13	588,274	575,436
Intangible assets	14	537,763	515,966
Deferred income tax assets	27	148,818	299,245
Other assets	16, 35, 36	174,171	138,100
Net defined benefit assets	24	-	108,250
Non-current assets classified as held for sale	13, 35	15	15
Total assets		₩ 392,192,577	₩ 383,917,363
Liabilities			
Deposits	17, 18, 35, 36	₩ 311,621,150	₩ 304,423,645
Derivative liabilities	17, 23, 35, 36	848,103	1,216,456
Borrowings	17, 19, 35, 36	15,417,493	16,708,732
Debentures	17, 20, 35, 36	20,627,664	21,121,965
Provisions	21, 38	451,873	351,533
Current income tax liabilities		250,048	227,303
Net defined benefit liabilities	24	179,170	-
Other liabilities	17, 22, 35, 36	20,574,358	18,336,119
Total liabilities		₩ 369,969,859	₩ 362,385,753
Equity			
Capital stock	25	2,384,351	2,384,351
Other paid-in capital	25	12,267,908	12,267,908
Retained earnings	25	8,370,981	7,932,224
Regulatory reserves for bad debts as of June 30, 2023, and December 31, 2022, are ₩2,227,682 million and ₩2,173,621 million, respectively			
Regulatory provision (reversal) for bad debts to be reserved as of June 30, 2023, and December 31, 2022, are ₩(264,855) million and ₩54,061 million, respectively			
Planned provision (reversal) of regulatory reserves for bad debts as of June 30, 2023, and December 31, 2022, are ₩(264,855) million and ₩54,061 million, respectively			
Other components of equity	25	(800,522)	(1,052,873)
Total equity		22,222,718	21,531,610
Total liabilities and equity		₩ 392,192,577	₩ 383,917,363

The accompanying notes are an integral part of the interim condensed separate financial statements.

NongHyup Bank
Interim condensed separate statements of profit or loss and other comprehensive income
For the three months and six months ended June 30, 2023 and 2022
(Korean won in millions)

	Notes	June 30, 2023		June 30, 2022	
		For the three months ended	For the six months ended	For the three months ended	For the six months ended
Net interest income	4, 28				
Interest income:					
Interest income calculated using the effective interest method		₩ 4,081,266	₩ 7,930,792	₩ 2,515,042	₩ 4,754,620
Interest income on financial instruments at FVTPL		9,136	15,368	5,065	7,673
		4,090,402	7,946,160	2,520,107	4,762,293
Interest expenses		2,146,941	4,149,518	860,000	1,569,800
		1,943,461	3,796,642	1,660,107	3,192,493
Net commission income	4, 29				
Commission income		320,247	634,193	281,358	556,414
Commission expenses		131,577	241,221	110,385	214,060
		188,670	392,972	170,973	342,354
Gain on financial instruments at FVTPL, net	28				
Gain on financial instruments at FVTPL		694,604	1,770,856	1,266,391	1,872,710
Loss on financial instruments at FVTPL		487,626	1,370,845	1,224,117	1,801,693
		206,978	400,011	42,274	71,017
Gain on financial assets at FVTOCI, net	28				
Gain on financial assets at FVTOCI		1,956	9,211	2,808	7,060
Loss on financial assets at FVTOCI		246	1,388	171	677
		1,710	7,823	2,637	6,383
Gain (loss) on disposal of financial assets at amortized cost, net	28				
Gain on disposal of financial assets at amortized cost		9,266	12,414	4,494	6,669
Loss on disposal of financial assets at amortized cost		14,437	14,708	46	56
		(5,171)	(2,294)	4,448	6,613
Other operating expenses, net	30				
Other operating income		242,330	968,358	1,236,544	1,697,921
Other operating expenses		453,955	1,411,088	1,408,708	2,057,763
		(211,625)	(442,730)	(172,164)	(359,842)
Operating income before expected credit losses ("ECLs") and general and administrative expenses		2,124,023	4,152,424	1,708,275	3,259,018
Transfer in allowance for ECLs	4, 21, 28	455,999	697,784	262,981	315,463
Operating income before general and administrative expenses		₩ 1,668,024	₩ 3,454,640	₩ 1,445,294	₩ 2,943,555

(Continued)

NongHyup Bank
Interim condensed separate statements of profit or loss and other comprehensive income (cont'd)
For the three months and six months ended June 30, 2023 and 2022
(Korean won in millions)

	Notes	June 30, 2023		June 30, 2022	
		For the three months ended	For the six months ended	For the three months ended	For the six months ended
General and administrative expenses	4				
Employee benefits	31	₩ 482,585	₩ 1,039,978	₩ 450,960	₩ 1,005,572
Depreciation and amortization expenses	12, 14, 15	116,864	232,929	110,972	222,759
Other selling and administrative expenses	32	169,342	323,821	145,567	278,518
		<u>768,791</u>	<u>1,596,728</u>	<u>707,499</u>	<u>1,506,849</u>
Operating income		<u>899,233</u>	<u>1,857,912</u>	<u>737,795</u>	<u>1,436,706</u>
Other expenses, net	33	<u>(100,765)</u>	<u>(182,636)</u>	<u>(78,016)</u>	<u>(158,250)</u>
Income before income tax expenses		<u>798,468</u>	<u>1,675,276</u>	<u>659,779</u>	<u>1,278,456</u>
Income tax expenses	4, 27	<u>211,220</u>	<u>427,771</u>	<u>184,890</u>	<u>353,953</u>
Net income	25	<u>587,248</u>	<u>1,247,505</u>	<u>474,889</u>	<u>924,503</u>
(Net income after the provision of regulatory reserve for bad debts for the six months ended June 30, 2023 and 2022, is ₩1,512,360 million and ₩1,076,041 million, respectively)					
Other comprehensive income (loss)					
Items not subsequently reclassified to profit or loss:					
Remeasurements of net defined benefit liabilities	24, 25	(3,157)	(19,690)	(145)	(6,250)
Gain (loss) on equity securities at FVTOCI	25	242	(582)	(1,604)	(5,480)
		<u>(2,915)</u>	<u>(20,272)</u>	<u>(1,749)</u>	<u>(11,730)</u>
Items subsequently reclassified to profit or loss:					
Gain (loss) on valuation of debt securities at FVTOCI	25	(51,965)	265,072	(351,474)	(625,240)
Exchange differences on translation of foreign operations	25	(655)	7,551	9,529	13,231
		<u>(52,620)</u>	<u>272,623</u>	<u>(341,945)</u>	<u>(612,009)</u>
		<u>(55,535)</u>	<u>252,351</u>	<u>(343,694)</u>	<u>(623,739)</u>
Total comprehensive income		<u>₩ 531,713</u>	<u>₩ 1,499,856</u>	<u>₩ 131,195</u>	<u>₩ 300,764</u>
Earnings per share ("EPS")	34				
Basic and diluted EPS (Korean won)		₩ 1,205	₩ 2,562	₩ 980	₩ 1,933

(Concluded)

The accompanying notes are an integral part of the interim condensed separate financial statements.

NongHyup Bank
Interim condensed separate statements of changes in equity
For the six months ended June 30, 2023 and 2022

(Korean won in millions)

	Other paid-in capital				Retained earnings	Other components of equity	Total
	Capital stock	Capital surplus	Capital adjustment	Hybrid equity securities			
Balance as of January 1, 2022	₩ 2,241,494	₩ 9,986,155	₩ (3,019)	₩ 798,967	₩ 6,874,822	₩ (763,349)	₩ 19,135,070
Issuance of capital stock	142,857	1,056,454	-	-	-	-	1,199,311
Changes due to consolidated tax	-	-	-	-	14,147	-	14,147
Total comprehensive income:							
Net income	-	-	-	-	924,503	-	924,503
Other comprehensive income (loss):							
Remeasurements of net defined benefit liabilities	-	-	-	-	-	(6,250)	(6,250)
Gain (loss) on valuation of debt securities at FVTOCI	-	-	-	-	-	(625,240)	(625,240)
Gain (loss) on equity securities at FVTOCI	-	-	-	-	-	(5,480)	(5,480)
Exchange differences on translation of foreign operations	-	-	-	-	-	13,230	13,230
Issuance of hybrid equity securities	-	-	-	129,803	-	-	129,803
Dividends on hybrid equity securities	-	-	-	-	(15,384)	-	(15,384)
Dividends	-	-	-	-	(740,000)	-	(740,000)
Balance as of June 30, 2022	<u>₩ 2,384,351</u>	<u>₩ 11,042,609</u>	<u>₩ (3,019)</u>	<u>₩ 928,770</u>	<u>₩ 7,058,088</u>	<u>₩ (1,387,089)</u>	<u>₩ 20,023,710</u>
	Other paid-in capital				Retained earnings	Other components of equity	Total
	Capital stock	Capital surplus	Capital adjustment	Hybrid equity securities			
Balance as of January 1, 2023	₩ 2,384,351	₩ 11,042,610	₩ (3,019)	₩ 1,228,317	₩ 7,932,224	₩ (1,052,873)	₩ 21,531,610
Changes due to consolidated tax	-	-	-	-	81,902	-	81,902
Total comprehensive income:							
Net income	-	-	-	-	1,247,505	-	1,247,505
Other comprehensive income (loss):							
Remeasurements of net defined benefit liabilities	-	-	-	-	-	(19,690)	(19,690)
Gain (loss) on valuation of debt securities at FVTOCI	-	-	-	-	-	265,072	265,072
Gain (loss) on equity securities at FVTOCI	-	-	-	-	-	(582)	(582)
Exchange differences on translation of foreign operations	-	-	-	-	-	7,551	7,551
Issuance of hybrid equity securities	-	-	-	-	-	-	-
Dividends on hybrid equity securities	-	-	-	-	(25,650)	-	(25,650)
Dividends	-	-	-	-	(865,000)	-	(865,000)
Balance as of June 30, 2023	<u>₩ 2,384,351</u>	<u>₩ 11,042,610</u>	<u>₩ (3,019)</u>	<u>₩ 1,228,317</u>	<u>₩ 8,370,981</u>	<u>₩ (800,522)</u>	<u>₩ 22,222,718</u>

The accompanying notes are an integral part of the interim condensed separate financial statements.

NongHyup Bank
Interim condensed separate statements of cash flows
For the six months ended June 30, 2023 and 2022
(Korean won in millions)

	Notes	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Operating activities			
Income before income tax expenses		₩ 1,675,276	₩ 1,278,456
Adjustments to reconcile income before income tax expenses to net cash provided by operating activities:			
Net interest income		(3,796,642)	(3,192,493)
Dividend income		(6,431)	(8,544)
Gain related to financial assets at FVTPL		(235,913)	1,295
Loss on valuation of trading derivatives		(15,236)	73,104
Loss (gain) on valuation of hedging derivatives		(2,395)	23,985
Loss (gain) on fair value hedge		(1,637)	(25,254)
Gain related to financial assets at FVTOCI		(4,864)	(1,942)
Loss (gain) related to financial assets at amortized cost		2,294	(6,613)
Depreciation and amortization		235,875	225,567
Loss (gain) on disposal of assets		5,446	2,907
Allowance for ECLs		697,784	315,463
Transfer in provisions		18,673	3,762
Retirement expenses of net defined benefit liabilities		97,962	96,047
Loss (gain) on transaction of foreign exchange		54,953	(41,110)
Others		(25,412)	9,039
		<u>(2,975,543)</u>	<u>(2,524,787)</u>
Changes in operating assets and liabilities:			
Due from banks		(1,710,584)	485,576
Derivative assets		691,276	255,729
Financial assets at FVTPL		(914,505)	(821,474)
Loans at amortized cost		(727,209)	(9,587,472)
Other assets		(17,749)	6,185
Deposits		6,915,197	19,054,712
Derivative liabilities		(724,407)	(235,362)
Defined benefit obligations		(6,212)	(5,400)
Plan assets		185,142	167,304
Provisions		(13,275)	(7,017)
Other liabilities		495,285	(349,086)
		<u>4,172,959</u>	<u>8,963,695</u>
Cash received for interest		7,828,485	4,587,037
Payment of interest expenses		(2,639,996)	(1,121,643)
Cash received for dividend		5,127	6,995
Payment of income tax		(278,206)	(196,211)
Net cash provided by (used in) operating activities		<u>₩ 7,788,102</u>	<u>₩ 10,993,542</u>

(Continued)

NongHyup Bank
Interim condensed separate statements of cash flows (cont'd)
For the six months ended June 30, 2023 and 2022

(Korean won in millions)

	Note	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Investing activities			
Cash flows provided by investing activities:			
Disposal of financial assets at FVTPL		₩ 6,662,174	₩ 11,310,384
Disposal or redemption of financial assets at FVTOCI		5,052,423	2,847,171
Disposal or redemption of securities at amortized cost		1,420,000	1,590,306
Disposal of tangible assets		1,164	2,900
Disposal of investment properties		-	2
Disposal of intangible assets		1,765	209
Disposal of investments in associates		4,090	4,352
Dividend of investments in associates		1,304	1,549
		<u>13,142,920</u>	<u>15,756,873</u>
Cash flows used in investing activities:			
Purchase of financial assets at FVTPL		7,337,078	14,397,616
Purchase of financial assets at FVTOCI		9,435,432	11,060,328
Purchase of securities at amortized cost		2,886,017	5,637,238
Purchase of tangible assets		33,159	28,293
Purchase of right-of-use assets		9,547	10,273
Purchase of investment properties		750	768
Purchase of intangible assets		118,026	131,125
Purchase of investments in subsidiaries and associates		1,025	13,150
		<u>(19,821,034)</u>	<u>(31,278,791)</u>
Net cash used in investing activities		<u>(6,678,114)</u>	<u>(15,521,918)</u>
Financing activities			
Cash flows provided by financing activities:			
Increase in borrowings, net		-	2,295,978
Increase in debentures		6,419,279	5,582,039
Increase in borrowings from trust accounts, net		318,073	603,398
Issuance of capital stock		-	1,199,311
Issuance of hybrid equity securities		-	129,803
		<u>6,737,352</u>	<u>9,810,529</u>
Cash flows used in financing activities:			
Decrease in borrowings, net		1,477,435	-
Decrease in debentures		7,039,391	4,249,843
Decrease in lease liabilities		39,073	35,552
Dividends		890,650	755,384
		<u>(9,446,549)</u>	<u>(5,040,779)</u>
Net cash provided by financing activities		<u>(2,709,197)</u>	<u>4,769,750</u>
Net increase in cash and cash equivalents		(1,599,209)	241,374
Cash and cash equivalents at the beginning of the period		14,493,090	6,942,149
Effect of exchange rate changes on cash and cash equivalents		11,915	16,697
Cash and cash equivalents at the end of the period	39	<u>₩ 12,905,796</u>	<u>₩ 7,200,220</u>

(Concluded)

The accompanying notes are an integral part of the interim condensed separate financial statements.

NongHyup Bank
Notes to interim condensed separate financial statements
as of June 30, 2023, and December 31, 2022,
and for the three months and six months ended June 30, 2023 and 2022

1. GENERAL:

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

As of June 30, 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. As of June 30, 2023, the Bank operates 157 regional offices, 662 branches, 288 branch offices and 10 overseas branches and offices.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of preparation of interim separate financial statements

The Bank prepares interim condensed separate financial statements in the Korean language in accordance with Korean International Financial Reporting Standard (“K-IFRS”) 1034, Interim Financial Reporting, enacted by the Act on External Audit of Stock Companies. The accompanying interim condensed separate financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the interim condensed separate financial statements or the independent accountants’ review report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The accompanying interim condensed separate financial statements do not include all the information and disclosures required in the annual separate financial statements and should be read in conjunction with the Bank’s annual separate financial statements as of and for the year ended December 31, 2022.

2.2 Changes in material accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed separate financial statements are consistent with those followed in the preparation of the Bank’s annual consolidated separate statements as of and for the year ended December 31, 2022, except for the adoption of new standards and interpretations as of January 1, 2023.

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 amendments require companies to disclose their ‘material’ accounting policies rather than their ‘significant’ accounting policies. Material accounting policies mean that it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

These amendments have no significant impact on the interim condensed separate financial statements of the Bank.

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

2.2 Changes in significant accounting policies and disclosures (cont'd)

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 separate 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 significant impact on the interim condensed separate financial statements of the Bank.

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 significant impact on the interim condensed separate financial statements of the Bank.

Enactments of K-IFRS 1117, Insurance Contracts

K-IFRS 1117 'Insurance Contracts' will replace K-IFRS 1104 'Insurance Contracts.' This standard requires an entity to estimate future cash flows of an insurance contract, measure insurance liabilities using discount rates applied with assumptions and risks at the measurement date and recognize insurance revenue on an accrual basis, including services (insurance coverage) provided to the policyholder in each annual reporting period. In addition, investment components (refunds due to termination and maturity) repaid to a policyholder even if an insured event does not occur are excluded from insurance revenue, and net insurance income and net investment income are presented separately to enable users of the information to understand the sources of net income.

These amendments have no significant impact on the interim condensed separate financial statements of the Bank.

Amendments to K-IFRS 1001, Presentation of Financial Statements - Disclosure of financial liabilities with condition to adjust exercise price

The amendments require disclosure of valuation gains or losses (limited to those recognized in the profit or loss) of the conversion options or warrants (or financial liabilities including them) if all or part of the financial instrument with an exercise price that is adjusted depending on the issuer's share price change is classified as financial liability as defined in paragraph 11 (2) of K-IFRS 1032.

These amendments have no significant impact on the interim condensed separate financial statements of the Bank.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not effective until the issuance day of the Bank's interim condensed separate financial statements are as follows:

Amendments to K-IFRS 1001, Presentation of Financial Statement - Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current and non-current is based on the entity's rights existing at the end of the reporting period, and it is emphasized that the expectation is independent of whether the entity will exercise its right to defer payment of its liabilities. In addition, if the borrowing agreement is complied with at the end of the reporting period, it is explained that the right exists and the settlement is defined as the transfer of cash, equity instruments, or other assets or services to the counterparty.

In addition, the amendments stipulate that only certain terms of a borrowing agreement that must be complied with before the end of the reporting period (the 'commitment terms') affect an entity's right to defer settlement of its liabilities for at least 12 months after the reporting period, and stipulate that agreements that must be followed only after the reporting period do not affect the right to defer payment. However, if the entity's right to defer settlement of its liabilities is dependent on commitments it complies with within 12 months after the reporting period, information is disclosed so that users of financial statements can understand the risk that liabilities may be repaid within 12 months after the reporting period. Such information includes information about the agreements (including the nature of the agreements and when the entity must comply with the agreements), the carrying amounts of the liabilities involved and the facts and circumstances that indicate that compliance with the arrangements may be difficult.

This standard should be applied for annual reporting periods beginning on or after January 1, 2024, and earlier application is permitted for entities. The Bank will analyze the financial impacts on its interim condensed separate financial statements.

NongHyup Bank
Notes to interim condensed separate financial statements
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3. SIGNIFICANT JUDGMENTS AND ESTIMATIONS:

In preparation of the interim condensed separate financial statements, the management must make the application of the Bank's accounting policies, judgments, estimations and assumptions, which give effect to assets, liabilities, revenues and expenses. Actual results can differ from those estimates.

The significant judgments that management has made regarding the application of the Bank's accounting policies and key sources of uncertainty in accounting estimates do not differ from those used in preparing the annual separate financial statements as of and for the year ended December 31, 2022.

Since the COVID-19 outbreak, various major economic factors have been negatively affecting the global economy. Due to these influences, uncertainty exists in major economic factors, such as GDP growth rate, etc. As of June 30, 2023, the Bank changes significant assumptions and indices used to measure ECLs, considering the deterioration of economic growth and future uncertainty based on reasonable and supportable information, and recalculates ECLs to reflect such changes. In preparing interim condensed separate financial statements, the Bank is expected to thoroughly monitor the significant estimations and assumptions affected by future uncertainty.

The Bank classifies the exposures of the financial assets by industries affected by the uncertainty associated with COVID-19, and the exposures by industries could be changed according to economic fluctuations (refer to Note 35).

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4. OPERATING SEGMENT INFORMATION:

The Bank is organized into four operating segments based on their 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 support, 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 six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

	For the six months ended June 30, 2023						
	Personal financing	Corporate financing	Credit card	Others	Subtotal	Adjustments	Total
Operating income:							
Net interest income	₩ 2,080,986	₩ 1,762,434	₩ 276,215	₩ (6,362)	₩ 4,113,273	₩ (316,631)	₩ 3,796,642
Net commission income	110,476	150,031	26,124	94,424	381,055	11,917	392,972
Net other operating income (losses)	(254,330)	(100,864)	(1,670)	516,477	159,613	(196,803)	(37,190)
	1,937,132	1,811,601	300,669	604,539	4,653,941	(501,517)	4,152,424
Operating expenses:							
General and administrative expenses	536,994	278,612	159,734	32,996	1,008,336	588,392	1,596,728
Operating income before credit losses and income tax expenses	1,400,138	1,532,989	140,935	571,543	3,645,605	(1,089,909)	2,555,696
Other expenses	-	-	-	-	-	(182,636)	(182,636)
Allowance for ECLs	-	-	-	-	-	697,784	697,784
Income tax expenses	-	-	-	-	-	427,771	427,771
Net income for the period	₩ 1,400,138	₩ 1,532,989	₩ 140,935	₩ 571,543	₩ 3,645,605	₩ (2,398,100)	₩ 1,247,505
	For the six months ended June 30, 2022						
	Personal financing	Corporate financing	Credit card	Others	Subtotal	Adjustments	Total
Operating income:							
Net interest income (expenses)	₩ 1,743,544	₩ 1,080,151	₩ 319,413	₩ 125,328	₩ 3,268,436	₩ (75,943)	₩ 3,192,493
Net commission income	93,831	138,096	2,390	104,341	338,658	3,696	342,354
Net other operating income (losses)	(239,505)	(102,165)	(1,053)	240,782	(101,941)	(173,888)	(275,829)
	1,597,870	1,116,082	320,750	470,451	3,505,153	(246,135)	3,259,018
Operating expenses:							
General and administrative expenses	549,134	255,345	145,954	19,208	969,641	537,208	1,506,849
Operating income before credit losses and income tax expenses	1,048,736	860,737	174,796	451,243	2,535,512	(783,343)	1,752,169
Other expenses	-	-	-	-	-	(158,250)	(158,250)
Allowance for ECLs	-	-	-	-	-	315,463	315,463
Income tax expenses	-	-	-	-	-	353,953	353,953
Net income for the period	₩ 1,048,736	₩ 860,737	₩ 174,796	₩ 451,243	₩ 2,535,512	₩ (1,611,009)	₩ 924,503

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4. Operating segment information (cont'd)

Revenue from external customers for the six months ended June 30, 2023 and 2022, and non-current assets as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	Revenue from external customers		Non-current assets	
	For the six months ended June 30, 2023	For the six months ended June 30, 2022	June 30, 2023	December 31, 2022
Domestic	₩ 11,297,247	₩ 8,893,430	₩ 4,083,373	₩ 4,121,055
Foreign	60,114	9,637	10,939	9,608
	₩ 11,357,361	₩ 8,903,067	₩ 4,094,312	₩ 4,130,663

5. FINANCIAL ASSETS:

Details of book value and fair value of financial assets as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	
	Book value	Fair value
Financial assets at FVTPL:		
Financial assets at FVTPL	₩ 12,552,086	₩ 12,552,086
Trading derivative assets	768,575	768,575
	13,320,661	13,320,661
Derivative assets:		
Hedging derivative assets	3,580	3,580
Financial assets at FVTOCI:		
Financial assets at FVTOCI	34,221,199	34,221,199
Financial assets at amortized cost:		
Deposits (*1)		
Deposits in Korean won	7,654,372	7,654,372
Deposits in foreign currency	4,890,892	4,890,893
	12,545,264	12,545,265
Debt securities (*1)	16,999,539	16,474,174
Loans (*2)		
Loans in Korean won	268,880,187	263,723,911
Loans in foreign currency	3,771,826	3,995,959
Credit card receivables	8,283,553	8,393,752
Others	19,063,636	19,092,890
	299,999,202	295,206,512
Receivables (*3 and *4)	8,159,475	7,583,370
	337,703,480	331,809,321
	₩ 385,248,920	₩ 379,354,761

(*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 ₩315,133 million as of June 30, 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	₩ 10,676,176	₩ 10,676,176
Trading derivative assets	1,086,370	1,086,370
	<u>11,762,546</u>	<u>11,762,546</u>
Derivative assets:		
Hedging derivative assets	3,375	3,375
Financial assets at FVTOCI:		
Financial assets at FVTOCI	29,336,666	29,336,666
Financial assets at amortized cost:		
Deposits (*1)		
Deposits in Korean won	9,461,296	9,461,296
Deposits in foreign currency	2,865,245	2,865,245
	<u>12,326,541</u>	<u>12,326,541</u>
Debt securities (*1)	15,490,104	14,766,136
Loans (*2)		
Loans in Korean won	267,779,287	258,193,383
Loans in foreign currency	3,796,717	3,954,653
Credit card receivables	8,688,708	8,773,245
Others	22,045,779	22,039,410
	<u>302,310,491</u>	<u>292,960,691</u>
Receivables (*3 and *4)	5,525,783	4,953,761
	<u>335,652,919</u>	<u>325,007,129</u>
	<u>₩ 376,755,506</u>	<u>₩ 366,109,716</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 ₩368,819 million as of December 31, 2022, is excluded (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 derecognized not in their entirety as of June 30, 2023, and December 31, 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 June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023		December 31, 2022	
Transferred assets				
Financial assets at FVTOCI	₩	502,119	₩	502,070
Financial assets at amortized cost		267,599		291,000
	₩	<u>769,718</u>	₩	<u>793,070</u>
Related liabilities				
Bonds sold under repurchase agreements	₩	907,102	₩	714,381

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5. Financial assets (cont'd)

2) Securities for lending

In case of the loan securities held by the Bank, the ownership of the securities is transferred. However, the securities must be returned at the end of the lending period. Therefore, as the Bank holds most of the risks and rewards of the securities, the Bank continues to recognize the entire securities for lending.

Details of securities for lending as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022	Loaned to
Financial assets at FVTOCI			Korea Securities Depository and 2 others
- Debt securities	₩ 2,071,413	₩ -	
Securities at amortized cost			Korea Securities Finance Corp and another
- Debt securities	54,574	-	
	₩ 2,125,987	₩ -	

6. CASH AND DUE FROM BANKS:

Cash and due from banks as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	Details	Financial institution	Interest rate (%)	June 30, 2023	December 31, 2022
Cash in Korean won	Cash on hand	-	-	₩ 1,779,707	₩ 1,649,634
Cash in foreign currency	Cash on hand	-	-	431,501	538,542
Due from banks in Korean won	Reserve deposits	The Bank of Korea	-	5,847,596	9,456,506
	Monetary Stabilization account	The Bank of Korea		1,800,000	-
	Non-monetary financial institution deposits	Korea Exchange and others	-	501	937
	Other deposits	The Bank of Korea and others		6,287	3,859
				7,654,384	9,461,302
Due from banks in foreign currency	Reserve deposits	The Bank of Korea	-	363,336	436,498
	Deposits at other banks	Other financial institutions	0.00–5.35	4,362,098	2,358,177
	Term deposits	Other financial institutions	4.38–4.90	21,429	13,940
	Other deposits	Other financial institutions	4.93–4.98	153,342	61,280
				4,900,205	2,869,895
Allowance for ECLs				(9,325)	(4,656)
				₩ 14,756,472	₩ 14,514,717

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

Changes in the gross carrying amounts of due from banks for the six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the six months ended June 30, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 12,331,197	₩ -	₩ -	₩ 12,331,197
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	100,260	-	-	100,260
Others (*1)	123,132	-	-	123,132
Ending balance	₩ 12,554,589	₩ -	₩ -	₩ 12,554,589

(*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	₩ 5,307,762	₩ -	₩ -	₩ 5,307,762
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	6,906,809	-	-	6,906,809
Others (*1)	116,626	-	-	116,626
Ending balance	₩ 12,331,197	₩ -	₩ -	₩ 12,331,197

(*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 six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the six months ended June 30, 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	4,601	-	-	4,601
Others (*1)	68	-	-	68
Ending balance	₩ 9,325	₩ -	₩ -	₩ 9,325

(*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 June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	Financial institution	June 30, 2023	December 31, 2022	Reason for restriction
Reserve deposits in Korean won	The Bank of Korea	₩ 5,847,596	₩ 9,456,506	Required under the <i>Banking Act</i> and other related regulations
Other deposits in Korean won	The Bank of Korea	1,800,000	-	Required by the Bank of Korea for the purpose of liquidity management
Non-monetary financial institution deposits in Korean won	Korea Exchange	501	937	Penalty joint fund related to government bond transaction and guarantee deposit
Reserve deposits in foreign currency	The Bank of Korea	363,336	436,498	Required under the <i>Banking Act</i> and other related regulations
Term deposits in foreign currency	Other financial institutions	21,429	13,940	Deposits in other foreign exchange banks according to money consumption loan contracts
Other deposits in foreign currency	Other financial institutions	38,071	11,406	Deposits related to derivatives trading
Allowance for ECLs		(9)	(4)	
		₩ 8,070,924	₩ 9,919,283	

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7. FINANCIAL ASSETS AT FVTPL:

Details of financial assets at FVTPL as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Equity securities:		
Marketable equity securities	₩ 18,385	₩ 81
Non-marketable equity securities	56,326	101,882
	74,711	101,963
Debt securities:		
Government bonds	1,088,874	146,529
Other securities:		
Beneficiary certificate	6,067,912	5,515,913
Mutual fund	185,681	136,917
Foreign currencies	1,243,913	1,021,215
Others	3,874,379	3,737,004
	11,371,885	10,411,049
Loans and receivables	16,616	16,635
	₩ 12,552,086	₩ 10,676,176

The Bank 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 Bank does not hold financial instruments designated as measured at FVTPL as of June 30, 2023, and December 31, 2022.

The Bank has no financial assets at FVTPL provided as collateral as of June 30, 2023, and December 31, 2022.

8. FINANCIAL ASSETS AT FVTOCI:

Details of financial assets at FVTOCI as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	
	Book value	Allowance for ECLs
Equity securities:		
Marketable equity securities	₩ 141,644	₩ -
Non-marketable equity securities	278,618	-
Foreign currencies	238	-
	420,500	-
Debt securities:		
Government bonds	11,456,616	-
Financial bonds	12,348,671	(3,440)
Corporate bonds	2,967,296	(2,142)
Public bonds	4,658,867	(751)
Foreign currencies	2,369,249	(1,190)
	33,800,699	(7,523)
	₩ 34,221,199	₩ (7,523)

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8. Financial assets at FVTOCI (cont'd)

Classification	December 31, 2022	
	Book value	Allowance for ECLs
Equity securities:		
Marketable equity securities	₩ 50,987	₩ -
Non-marketable equity securities	282,946	-
Foreign currencies	238	-
	<u>334,171</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	2,827,102	(603)
	<u>29,002,495</u>	<u>(5,794)</u>
	<u>₩ 29,336,666</u>	<u>₩ (5,794)</u>

Details of financial assets designated as measured at FVTOCI as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Equity securities:		
Marketable equity securities	₩ 141,644	₩ 50,987
Non-marketable equity securities	278,618	282,946
Foreign currencies	238	238
	<u>₩ 420,500</u>	<u>₩ 334,171</u>

The Bank 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, it is classified as financial assets at FVTPL.

Details of disposal of equity securities at FVTOCI for the six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023	
	Fair value at the time of disposal	Accumulated profit and losses at the time of disposal (*1)
Equity securities:		
Marketable securities	₩ 38,046	₩ 3,121
Non-marketable equity securities	-	(980)
	<u>₩ 38,046</u>	<u>₩ 2,141</u>

(*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 and losses at the time of disposal (*1)
Equity securities:		
Marketable securities	₩ 179,349	₩ (3,045)

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

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8. Financial assets at FVTOCI (cont'd)

The Bank disposed an equity instrument at FVTOCI for the six months ended June 30, 2023, to realize a gain and loss from changes in the fair value of an investment in the equity instrument. The Bank reclassified the accumulative gains or losses 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 June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

		June 30, 2023	
Provided to	Remarks	Pledged amount	Book value of securities provided as collaterals
The Bank of Korea	Payment risk	₩ 670,000	₩ 641,639
Citibank Korea Inc.	Bonds sold under repurchase agreements	505,165	502,119
Citibank Korea Inc. and 23 others	Credit enhancement for derivative transactions	239,170	233,778
		<u>₩ 1,414,335</u>	<u>₩ 1,377,536</u>
		December 31, 2022	
Provided to	Remarks	Pledged amount	Book value of securities provided as collaterals
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
		<u>₩ 1,308,972</u>	<u>₩ 1,257,843</u>

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8. Financial assets at FVTOCI (cont'd)

Changes in the gross carrying amounts of debt securities at FVTOCI for the six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the six months ended June 30, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 29,002,495	₩ -	₩ -	₩ 29,002,495
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Acquisition	9,310,032	-	-	9,310,032
Disposal or collection	(4,992,932)	-	-	(4,992,932)
Amortization of effective interest rate	50,426	-	-	50,426
Valuation	344,304	-	-	344,304
Others (*1)	86,374	-	-	86,374
Ending balance	₩ 33,800,699	₩ -	₩ -	₩ 33,800,699

(*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	₩ 25,892,141	₩ -	₩ -	₩ 25,892,141
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)	60,686	-	-	60,686
Ending balance	₩ 29,002,495	₩ -	₩ -	₩ 29,002,495

(*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 six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the six months ended June 30, 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)	1,764	-	-	1,764
Disposal	(56)	-	-	(56)
Others (*2)	21	-	-	21
Ending balance	₩ 7,523	₩ -	₩ -	₩ 7,523

(*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 June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	
	Book value	Allowance for ECLs
Debt securities:		
Government bonds	₩ 7,955,448	₩ -
Financial bonds	2,326,580	-
Corporate bonds	6,307,676	(2,926)
Corporate bonds	368,214	-
Public bonds	44,548	(1)
	₩ 17,002,466	₩ (2,927)

Classification	December 31, 2022	
	Book value	Allowance for ECLs
Debt securities:		
Government bonds	₩ 7,515,621	₩ -
Financial bonds	2,090,009	-
Corporate bonds	5,468,768	(3,342)
Public bonds	400,057	-
Foreign bonds	18,991	-
	₩ 15,493,446	₩ (3,342)

Details of securities at amortized cost provided as collaterals as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Provided to	Remarks	June 30, 2023	
		Pledged amount	Book value of securities provided as collaterals
The Bank of Korea	Payment risk	₩ 6,560,400	₩ 6,429,159
	Daylight overdraft	1,057,900	1,025,846
	Borrowing	3,551,000	3,475,755
Citibank Korea Inc.	Bonds sold under repurchase agreements	269,681	267,599
NH Futures Co., Ltd. and five others	Substituted securities for derivative transaction	51,000	51,000
Korea Development Bank and others	Credit enhancement for derivative transactions	13,531	13,504
	Others	37,000	36,903
Korea Exchange		₩ 11,540,512	₩ 11,299,766

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9. Securities at amortized cost (cont'd)

		December 31, 2022	
Provided to	Remarks	Pledged amount	Book value of securities provided as collaterals
The Bank of Korea	Payment risk	₩ 6,060,000	₩ 5,967,529
	Daylight overdraft	1,050,000	1,036,633
	Borrowing	3,551,000	3,464,931
Citibank Korea Inc.	Bonds sold under repurchase agreements	293,983	291,000
NH Futures Co., Ltd. and five others	Substituted securities for derivative transaction	50,000	50,000
Deutsche Bank and seven others	Credit enhancement for derivative transactions	96,861	94,787
Korea Exchange	Others	37,000	36,869
		<u>₩ 11,138,844</u>	<u>₩ 10,941,749</u>

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9. Securities at amortized cost (cont'd)

Changes in the gross carrying amounts for the six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the six months ended June 30, 2023			
	12-month ECLs	Lifetime ECLs		Total
		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	2,886,017	-	-	2,886,017
Disposal or collection	(1,420,000)	-	-	(1,420,000)
Amortization of effective interest rate	41,521	-	-	41,521
Others (*1)	1,482	-	-	1,482
Ending balance	₩ 17,002,466	₩ -	₩ -	₩ 17,002,466

(*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	₩ 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
Disposal or collection	(8,437,852)	-	-	(8,437,852)
Amortization of effective interest rate	67,488	-	-	67,488
Others (*1)	(1,695)	-	-	(1,695)
Ending balance	₩ 15,493,446	₩ -	₩ -	₩ 15,493,446

(*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 six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the six months ended June 30, 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	-	-	-	-
Reversal of allowance for ECLs (*1)	(415)	-	-	(415)
Ending balance	₩ 2,927	₩ -	₩ -	₩ 2,927

(*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 June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	Type	June 30, 2023	December 31, 2022
Loans in Korean won	Corporate	₩ 131,445,480	₩ 127,158,255
	Household	130,157,560	132,963,675
	Public	8,548,418	8,833,677
	Integrated	248,843	272,529
		<u>270,400,301</u>	<u>269,228,136</u>
	Allowance for ECLs	<u>(1,520,114)</u>	<u>(1,448,849)</u>
	Book value, net	<u>268,880,187</u>	<u>267,779,287</u>
Loans in foreign currency	Loans	2,464,823	2,551,890
	Offshore	1,361,737	1,296,320
		<u>3,826,560</u>	<u>3,848,210</u>
	Allowance for ECLs	<u>(54,734)</u>	<u>(51,493)</u>
	Book value, net	<u>3,771,826</u>	<u>3,796,717</u>
Other loans	Credit card receivables	8,961,548	9,094,031
	Bills purchased	162,721	1,201,084
	Bills purchased in foreign currency	2,191,699	2,596,297
	Private placement bonds	47,742	47,130
	Payment for acceptances and guarantees	3,326	2,345
	Domestic import usance	2,836,146	3,097,540
	Others	13,883,523	15,156,933
		<u>28,086,705</u>	<u>31,195,360</u>
	Allowance for ECLs	<u>(739,516)</u>	<u>(460,873)</u>
	Book value, net	<u>27,347,189</u>	<u>30,734,487</u>
Receivables	Receivables	8,233,822	5,595,993
	Allowance for ECLs	<u>(49,637)</u>	<u>(49,448)</u>
	Book value, net	<u>8,184,185</u>	<u>5,546,545</u>
Total loans and receivables		<u>310,547,388</u>	<u>309,867,699</u>
Total allowance for ECLs		<u>(2,364,001)</u>	<u>(2,010,663)</u>
Deferred LOF/LOC		315,133	297,408
Present value discounts of receivables		<u>(24,710)</u>	<u>(20,762)</u>
Total loans and receivables, net		<u>₩ 308,473,810</u>	<u>₩ 308,133,682</u>

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10. Loans at amortized cost (cont'd)

Details of receivables at amortized cost as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Domestic exchange settlement debits	₩ 1,145,718	₩ 1,714,166
Accrued income	1,360,507	1,206,517
Accounts receivable	4,472,221	1,397,021
Suspense payment	47,972	48,160
Guarantee deposits paid	481,439	482,240
Unsettled credit card receivables	615,051	726,407
Receivables from proxy sale of NACF	1,615	869
Others	109,298	20,613
Total receivables	<u>8,233,821</u>	<u>5,595,993</u>
Allowance for ECLs	(49,637)	(49,448)
Present value discounts	(24,710)	(20,762)
Total receivables, net	<u>₩ 8,159,474</u>	<u>₩ 5,525,783</u>

Changes in deferred LOF/LOC for the six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023			
	January 1, 2023	Increase	Decrease	June 30, 2023
Deferred LOF	₩ (24,622)	₩ (8,725)	₩ (11,087)	₩ (22,260)
Deferred LOC	322,030	148,054	132,691	337,393
Deferred LOC, net	<u>₩ 297,408</u>	<u>₩ 139,329</u>	<u>₩ 121,604</u>	<u>₩ 315,133</u>

Classification	For the year ended December 31, 2022			
	January 1, 2022	Increase	Decrease	December 31, 2022
Deferred LOF	₩ (20,984)	₩ (22,648)	₩ (19,010)	₩ (24,622)
Deferred LOC	389,803	217,112	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 gross carrying amounts for the six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the six months ended June 30, 2023			
	12-month ECLs (*1)	Lifetime ECLs (*1)		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 284,815,170	₩ 24,120,669	₩ 931,860	₩ 309,867,699
Transfer to 12-month ECLs	6,626,790	(6,607,785)	(19,005)	-
Transfer to financial assets with a significant increase in credit risk	(9,767,247)	9,787,683	(20,436)	-
Transfer to credit-impaired financial assets	(372,085)	(495,767)	867,852	-
Financial assets originated or derecognized	4,106,606	(2,969,106)	(254,588)	882,912
Write-offs	-	-	(257,364)	(257,364)
Disposals	(50,943)	(85,964)	(110,158)	(247,065)
Others (*2)	301,280	-	(74)	301,206
Ending balance	₩ 285,659,571	₩ 23,749,730	₩ 1,138,087	₩ 310,547,388

(*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	₩ 277,490,515	₩ 19,002,872	₩ 848,171	₩ 297,341,558
Transfer to 12-month ECLs	7,184,094	(7,172,108)	(11,986)	-
Transfer to financial assets with a significant increase in credit risk	(13,849,711)	13,871,075	(21,364)	-
Transfer to credit-impaired financial assets	(428,369)	(354,901)	783,270	-
Financial assets originated or derecognized	13,755,937	(1,153,437)	(273,094)	12,329,406
Write-offs	-	-	(344,766)	(344,766)
Disposals	(39,409)	(72,832)	(48,369)	(160,610)
Others (*2)	702,113	-	(2)	702,111
Ending balance	₩ 284,815,170	₩ 24,120,669	₩ 931,860	₩ 309,867,699

(*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 six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the six months ended June 30, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 1,064,835	₩ 549,801	₩ 396,027	₩ 2,010,663
Transfer to 12-month ECLs	67,769	(65,577)	(2,192)	-
Transfer to financial assets with a significant increase in credit risk	(50,048)	56,094	(6,046)	-
Transfer to credit-impaired financial assets	(39,141)	(100,158)	139,299	-
Provision of allowance for ECLs (*1)	244,022	218,745	138,661	601,428
Write-offs	-	-	(257,364)	(257,364)
Recovery of write-offs	-	-	55,604	55,604
Disposals	(1,119)	(7,645)	(24,029)	(32,793)
Others (*2)	3,682	-	(17,219)	(13,537)
Ending balance	₩ 1,290,000	₩ 651,260	₩ 422,741	₩ 2,364,001

(*1) Responding to the potential effect of credit deterioration, the Bank recognizes additional ECLs amounting to ₩306,804 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 of ₩9,589 million and significant increase in the credit risk of ₩27,125 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	₩ 786,301	₩ 399,952	₩ 380,457	₩ 1,566,710
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	(90,453)	(112,978)	203,431	-
Provision of allowance for ECLs (*1)	342,219	282,892	26,920	652,031
Write-offs	-	-	(344,766)	(344,766)
Recovery of write-offs	-	-	160,028	160,028
Disposals	(243)	(2,248)	(7,473)	(9,964)
Others (*2)	5,645	-	(19,021)	(13,376)
Ending balance	₩ 1,064,835	₩ 549,801	₩ 396,027	₩ 2,010,663

(*1) Responding to the potential effect of credit deterioration, the Bank 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 of ₩177,562 million, significant increase in credit risk of ₩(-)8,985 million and credit-impaired financial assets of ₩(-)1,037 million).

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10. Loans at amortized cost (cont'd)

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

The uncollected contractual amount of financial assets that was written off, but still under the process of pursuing collection by the Bank as of June 30, 2023, amounts to ₩3,690,345 million.

11. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES:

Investments in subsidiaries and associates as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Subsidiaries	₩ 50,488	₩ 50,488
Associates	73,066	76,131
	<u>₩ 123,554</u>	<u>₩ 126,619</u>

Details of subsidiaries as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions, shares in thousands):

June 30, 2023						
Subsidiary	Main business	Location	Date of the financial statement	Number of shares	Percentage of ownership (%)	Book value
Nonghyup Finance Myanmar Co., Ltd.	Small loan business	Myanmar	June 30, 2023	28,511	100.00	₩ 15,407
Nonghyup Finance Cambodia Co., Ltd.	Small loan business	Cambodia	June 30, 2023	2,500	100.00	35,081
						<u>₩ 50,488</u>
December 31, 2022						
Subsidiary	Main business	Location	Date of the financial statement	Number of shares	Percentage of ownership (%)	Book value
Nonghyup Finance Myanmar Co., Ltd.	Small loan business	Myanmar	December 31, 2022	28,511	100.00	₩ 15,407
Nonghyup Finance Cambodia Co., Ltd.	Small loan business	Cambodia	December 31, 2022	2,500	100.00	35,081
						<u>₩ 50,488</u>

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11. Investments in subsidiaries and associates (cont'd)

Details of investments in associates as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions, shares in thousands):

	Main business	Location	June 30, 2023			Book value
			Date of the separate financial statements	Number of shares	Percentage of ownership (%)	
Korea Credit Bureaus Co., Ltd. (*1)	Credit investigation and collection agency	Korea	June 30, 2023	180	9.00	₩ 5,360
IBK-NH Smallgiant PEF (*2)	Other financial business	Korea	June 30, 2023	-	44.90	-
NH-AJUJIB Growth 2013 PEF	Other financial business	Korea	June 30, 2023	1,581,959	29.95	-
Kyunggi-DSC Superman Investment Fund No. 1	Other financial business	Korea	June 30, 2023	1	25.00	1,100
NH Agri-Biz Value Creative 1st PEF	Other financial business	Korea	June 30, 2023	3,076,870	48.08	3,077
NH-AJU Digital Fund	Other financial business	Korea	June 30, 2023	7	40.00	2,840
NH Venture-AJU IB New Growth Fund	Other financial business	Korea	June 30, 2023	15	25.00	14,632
NH-NAU Agro Food 1st Private Equity Fund	Other financial business	Korea	June 30, 2023	18,000,000	50.00	18,000
NH-NAU Agro Food 2nd Private Equity Fund	Other financial business	Korea	June 30, 2023	13,533,333	33.33	13,534
NH-DX Open innovation fund	Other financial business	Korea	June 30, 2023	3	34.78	3,200
NH Digital Alliance Fund	Other financial business	Korea	June 30, 2023	4,065	50.00	4,065
NH-NICE Venture Fund-1	Other financial business	Korea	June 30, 2023	5	50.00	5,000
NH Agtech Innovation Private Equity Fund	Other financial business	Korea	June 30, 2023	933,962	28.30	1,958
2012 Sunlight Co., Ltd. (*3)	Meat processing and storage business	Korea	-	10	46.57	-
Seasons Shipping Co., Ltd. (*3)	Freight transportation	Korea	-	16	20.27	-
GNO Co., Ltd. (*3)	Basic organic chemicals manufacturing	Korea	-	973	23.43	1
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	-
MIDILAB (*3)	Wholesale business of electrical machinery and related equipment	Korea	-	21	47.60	-
IFC KOREA INC. (*3)	Feed Fertilizer Cosmetics Wholesale and Retail					
Cardo Inc. (*1)	Manufacturing	Korea	-	5	21.21	-
	Financial support service business	Korea	June 30, 2023	2,990	14.95	299
						₩ 73,066

(*1) Although the Bank 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 June 30, 2023, the entire issued capital of the entity was refunded and the number of shares is nil. However, the Bank'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 Bank restored its voting rights over them.

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11. Investments in subsidiaries and associates (cont'd)

	Main business	Location	December 31, 2022			
			Date of the separate 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	₩ 5,360
IBK-NH Smallgiant PEF (*2)	Other financial business	Korea	December 31, 2022	-	44.90	-
NH-AJUIB Growth 2013 PEF	Other financial business	Korea	December 31, 2022	1,581,959	29.95	-
Kyunggi-DSC Superman Investment Fund No. 1	Other financial business	Korea	December 31, 2022	1	25.00	1,150
NH Agri-Biz Value Creative 1st PEF	Other financial business	Korea	December 31, 2022	3,076,870	48.08	3,077
NH-AJU Digital Fund	Other financial business	Korea	December 31, 2022	7	40.00	6,880
NH Venture-AJU IB New Growth Fund	Other financial business	Korea	December 31, 2022	15	25.00	14,632
NH-NAU Agro Food 1st Private Equity Fund	Other financial business	Korea	December 31, 2022	18,000,000	50.00	18,000
NH-NAU Agro Food 2nd Private Equity Fund	Other financial business	Korea	December 31, 2022	13,533,333	33.33	13,533
NH-DX Open innovation fund	Other financial business	Korea	December 31, 2022	3	34.78	3,200
NH Digital Alliance Fund	Other financial business	Korea	December 31, 2022	4,065	50.00	4,065
NH-NICE Venture Fund-1	Other financial business	Korea	December 31, 2022	5	50.00	5,000
NH Agtech Innovation Private Equity Fund	Other financial business	Korea	December 31, 2022	933,962	28.30	934
2012 Sunlight Co., Ltd. (*3)	Meat processing and storage business	Korea	-	10	46.57	-
Seasons Shipping Co., Ltd. (*3)	Freight transportation	Korea	-	16	20.27	-
GNO Co., Ltd. (*3)	Basic organic chemicals manufacturing	Korea	-	973	23.43	1
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	-
MIDILAB (*3)	Wholesale business of electrical machinery and related equipment	Korea	-	21	47.60	-
IFC KOREA INC. (*3)	Feed Fertilizer Cosmetics Wholesale and Retail	Korea	-	5	21.21	-
Cardo Inc. (*1)	Manufacturing Financial support service business	Korea	December 31, 2022	2,990	14.95	299
						<u>₩ 76,131</u>

(*1) Although the Bank 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 Bank'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 Bank restored its voting rights over them.

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12. TANGIBLE ASSETS:

Changes in acquisition cost of tangible assets for the six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023						June 30, 2023
	January 1, 2023	Acquisition	Disposal	Depreciation	Transfer (*1)	Others	
Land	₩ 1,442,267	₩ 55	₩ -	₩ -	₩ (11,781)	₩ -	₩ 1,430,541
Buildings	940,816	3,342	(4,338)	(19,603)	5,085	(2)	925,300
Leasehold improvements	71,005	4,732	-	(17,084)	-	(1,724)	56,929
Movable properties	226,518	13,205	(339)	(50,488)	-	157	189,053
Construction in progress	20,711	11,825	-	-	(8,343)	(114)	24,079
Subsidy	(408)	-	-	5	-	-	(403)
Right-of-use assets	211,733	59,950	(1,911)	(50,550)	-	-	219,222
	<u>₩ 2,912,642</u>	<u>₩ 93,109</u>	<u>₩ (6,588)</u>	<u>₩ (137,720)</u>	<u>₩ (15,039)</u>	<u>₩ (1,683)</u>	<u>₩ 2,844,721</u>

(*1) Investment properties of ₩15,039 million were transferred from/to properties due to changes in the ratio of leased area of land and buildings. Construction in progress amounting to ₩ 7,243 million and ₩ 1,100 million are transferred to buildings and land, 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	59,483	43,962	-	(29,470)	-	(2,970)	71,005
Movable properties	225,448	105,283	(5)	(102,677)	-	(1,531)	226,518
Construction in progress	5,237	17,998	(11)	-	(2,513)	-	20,711
Subsidy	(419)	-	-	11	-	-	(408)
Right-of-use assets	203,827	106,504	(4,486)	(94,112)	-	-	211,733
	<u>₩ 2,853,419</u>	<u>₩ 317,506</u>	<u>₩ (14,873)</u>	<u>₩ (265,256)</u>	<u>₩ 26,302</u>	<u>₩ (4,456)</u>	<u>₩ 2,912,642</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 was transferred to buildings.

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13. INVESTMENT PROPERTIES AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE:

Fair values of investment properties amount to ₩1,046,691 million and ₩1,046,699 million as of June 30, 2023, and December 31, 2022, respectively. Fair values are measured based on valuation results performed by independent professionals. Rental income from investment properties for the six months ended June 30, 2023 and 2022, amounts to ₩10,661 million and ₩8,949 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 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

Changes in investment properties for the six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023					June 30, 2023
	January 1, 2023	Acquisition	Disposal	Depreciation	Transfer (*1)	
Land	₩ 424,351	₩ -	₩ -	₩ -	₩ 12,880	₩ 437,231
Buildings	₩ 151,085	₩ 750	₩ (5)	₩ (2,946)	₩ 2,159	₩ 151,043
	₩ 575,436	₩ 750	₩ (5)	₩ (2,946)	₩ 15,039	₩ 588,274

(*1) Certain investment properties amounting to ₩15,039 million were transferred from/to tangible assets 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)	
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 tangible assets due to changes in the ratio of the leased area of land and buildings.

At the end of reporting period, the book value of assets held for sale is ₩15 million, and there have been no changes for the six months ended June 30, 2023, and for the year ended December 31, 2022.

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14. INTANGIBLE ASSETS:

Changes in the book value of intangible assets for the six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023					June 30, 2023
	January 1, 2023	Acquisition	Disposal	Amortization	Others	
Development cost	₩ 236,044	₩ 36,232	₩ (334)	₩ (37,132)	₩ (7)	₩ 234,803
Other intangible assets	279,922	81,794	(1,369)	(58,077)	690	302,960
	<u>₩ 515,966</u>	<u>₩ 118,026</u>	<u>₩ (1,703)</u>	<u>₩ (95,209)</u>	<u>₩ 683</u>	<u>₩ 537,763</u>

Classification	For the year ended December 31, 2022					December 31, 2022
	January 1, 2022	Acquisition	Disposal	Amortization	Others	
Development cost	₩ 224,623	₩ 83,391	₩ -	₩ (71,763)	₩ (207)	₩ 236,044
Other intangible assets	270,106	122,739	-	(111,012)	(1,911)	279,922
	<u>₩ 494,729</u>	<u>₩ 206,130</u>	<u>₩ -</u>	<u>₩ (182,775)</u>	<u>₩ (2,118)</u>	<u>₩ 515,966</u>

15. RIGHT-OF-USE ASSETS:

Details of right-of-use assets as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023		
	Acquisition cost	Accumulated depreciation	Book value
Properties	₩ 529,154	₩ (327,815)	₩ 201,339
Delivery equipment	38,309	(21,543)	16,766
Others	3,591	(2,474)	1,117
	<u>₩ 571,054</u>	<u>₩ (351,832)</u>	<u>₩ 219,222</u>

Classification	December 31, 2022		
	Acquisition cost	Accumulated depreciation	Book value
Properties	₩ 482,352	₩ (287,695)	₩ 194,657
Delivery equipment	36,639	(21,146)	15,493
Others	3,569	(1,986)	1,583
	<u>₩ 522,560</u>	<u>₩ (310,827)</u>	<u>₩ 211,733</u>

Changes in the book value of right-of-use assets for the six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023				
	January 1, 2023	Acquisition	Depreciation	Cancellation	June 30, 2023
Properties	₩ 194,657	₩ 53,585	₩ (45,435)	₩ (1,468)	₩ 201,339
Delivery equipment	15,493	6,342	(4,626)	(443)	16,766
Others	1,583	23	(489)	-	1,117
	<u>₩ 211,733</u>	<u>₩ 59,950</u>	<u>₩ (50,550)</u>	<u>₩ (1,911)</u>	<u>₩ 219,222</u>

Classification	For the year ended December 31, 2022				
	January 1, 2022	Acquisition	Depreciation	Cancellation	December 31, 2022
Properties	₩ 186,552	₩ 96,801	₩ (84,468)	₩ (4,228)	₩ 194,657
Delivery equipment	14,765	9,665	(8,679)	(258)	15,493
Others	2,510	38	(965)	-	1,583
	<u>₩ 203,827</u>	<u>₩ 106,504</u>	<u>₩ (94,112)</u>	<u>₩ (4,486)</u>	<u>₩ 211,733</u>

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15. Right-of-use assets (cont'd)

Details of amount recognized in the income statement regarding leases for the six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Interest expenses for lease liabilities	₩ 3,196	₩ 2,064
Costs associated with small asset lease	491	501
Costs associated with variable lease payments that are not included in the lease liability measurement	1,421	1,199

16. OTHER ASSETS:

Details of other assets as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Prepaid expenses	₩ 159,551	₩ 112,952
Supplies	9,175	8,531
Guarantee deposits paid	2,314	1,859
Suspense payment	344	284
Guarantees	119	135
Telephone and telex rights	1,152	1,164
Others	1,516	13,175
	₩ 174,171	₩ 138,100

17. FINANCIAL LIABILITIES:

Details of financial liabilities as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	
	Book value	Fair value
Financial liabilities at FVTPL:		
Trading derivative liabilities	₩ 823,340	₩ 823,340
Derivative liabilities:		
Hedging derivative liabilities	24,763	24,763
Financial liabilities measured at amortized cost:		
Deposits due to customers (*2)	311,621,150	314,842,456
Borrowings (*2)	15,417,493	15,427,280
Debentures (*2)	20,627,664	20,369,014
Others (*1 and *3)	20,148,819	17,023,194
	₩ 367,815,126	₩ 367,661,944
	₩ 368,663,229	₩ 368,510,047

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

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

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

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17. Financial liabilities (cont'd)

Classification	December 31, 2022	
	Book value	Fair value
Financial liabilities at FVTPL:		
Trading derivative liabilities	₩ 1,197,770	₩ 1,197,770
Derivative liabilities:		
Hedging derivative liabilities	18,686	18,686
Financial liabilities measured at amortized cost:		
Deposits due to customers (*2)	304,423,645	305,934,370
Borrowings (*2)	16,708,732	16,695,636
Debentures (*2)	21,121,965	20,686,308
Others (*1 and *3)	17,840,725	16,080,193
	<u>360,095,067</u>	<u>359,396,507</u>
	<u>₩ 361,311,523</u>	<u>₩ 360,612,963</u>

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

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

(*3) Interest payables included in the computation of 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 June 30, 2023, and December 31, 2022.

18. DEPOSITS DUE TO CUSTOMERS:

Details of deposits due to customers as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Demand deposits:		
Korean won	₩ 50,028,164	₩ 51,140,819
Foreign currency	5,513,297	5,153,875
	<u>55,541,461</u>	<u>56,294,694</u>
Time deposits:		
Saving deposits in Korean won	248,387,014	241,540,487
Saving deposits in foreign currency	3,652,338	3,090,120
Installment deposits	3,225,496	2,928,723
	<u>255,264,848</u>	<u>247,559,330</u>
Certificates of deposit	814,841	569,621
	<u>₩ 311,621,150</u>	<u>₩ 304,423,645</u>

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19. BORROWINGS:

Details of borrowings as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	Provider	Interest rate (%)	June 30, 2023	December 31, 2022
Borrowings in Korean won	The Bank of Korea	0.25–2.00	₩ 2,694,244	₩ 2,896,502
	Public sector	(-)1.25–5.61	5,665,323	5,939,471
	Others	0.00–4.11	2,392,219	2,391,327
			<u>10,751,786</u>	<u>11,227,300</u>
Borrowings in foreign currency	Borrowings from banks	3.80–6.02	3,492,465	4,596,656
	Borrowings from government	-	-	-
			<u>3,492,465</u>	<u>4,596,656</u>
Call money		0.40–5.57	263,615	166,470
Repurchase agreements		2.70–5.87	907,102	714,381
Bills sold		1.50–4.50	2,525	3,925
			<u>₩ 15,417,493</u>	<u>₩ 16,708,732</u>

20. DEBENTURES:

Details of debentures as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	Interest rate (%)	June 30, 2023	December 31, 2022
Debentures in Korean won:			
General agricultural financial bonds	1.01–4.37	₩ 13,700,000	₩ 14,310,000
Subordinated agricultural financial bonds	2.15–4.03	3,520,000	3,520,000
Present value discounts	-	(2,927)	(16,322)
		<u>17,217,073</u>	<u>17,813,678</u>
Debentures in foreign currency:			
General financial bonds	0.00–5.42	3,223,552	3,126,548
Overseas financial bonds	0.93–5.42	229,740	221,778
Accumulated loss on fair value hedges	-	(31,999)	(30,171)
Present value discounts	-	(10,702)	(9,868)
		<u>3,410,591</u>	<u>3,308,287</u>
		<u>₩ 20,627,664</u>	<u>₩ 21,121,965</u>

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21. PROVISIONS:

Details of provisions as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Provision for acceptances and guarantees	₩ 171,675	₩ 109,109
Provision for unused credit limit	196,398	164,650
Provision for mileage	11,985	11,706
Provision for restoration	36,281	36,854
Other provisions	35,534	29,214
	₩ 451,873	₩ 351,533

Acceptances and guarantees (including endorsement bills) as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Confirmed acceptances and guarantees:		
Acceptances and guarantees in Korean won	₩ 604,741	₩ 528,943
Acceptances and guarantees purchased	74,096	180,218
Acceptances and guarantees for imported goods (letter of guarantees)	19,161	20,757
Other acceptances and guarantees in foreign currencies	3,833,851	2,809,858
	4,531,849	3,539,776
Unconfirmed acceptances and guarantees:		
Issuance of local letters of credit	299,042	282,309
Issuance of import letters of credit	1,285,446	1,637,836
Others	1,573,851	1,171,912
	3,158,339	3,092,057
Endorsement bills	16,434	30,335
	₩ 7,706,622	₩ 6,662,168

The percentage of provision for acceptances and guarantees to the outstanding balance of acceptances and guarantees as of June 30, 2023, and December 31, 2022, is as follows (Korean won in millions):

Classification	Outstanding balance	Provision for acceptances and guarantees	Ratio (%)
June 30, 2023	₩ 7,706,622	₩ 171,675	2.23
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 June 30, 2023, and December 31, 2022, is as follows (Korean won in millions):

Classification	Outstanding balance	Provision for unused credit limit	Ratio (%)
June 30, 2023	₩ 111,197,160	₩ 196,398	0.18
December 31, 2022	108,525,952	164,650	0.15

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21. Provisions (cont'd)

Changes in provision for acceptances and guarantees for the six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the six months ended June 30, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 9,484	₩ 99,451	₩ 174	₩ 109,109
Transfer to 12-month ECLs	47	(47)	-	-
Transfer to financial assets with a significant increase in credit risk	(84)	84	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Provision of allowance for ECLs	5,836	52,665	157	58,658
Foreign currency translation	3,735	-	-	3,735
Others	325	-	(152)	173
Ending balance	₩ 19,343	₩ 152,153	₩ 179	₩ 171,675

	For the year ended December 31, 2022			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 7,041	₩ 53,887	₩ 70,632	₩ 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	₩ 9,484	₩ 99,451	₩ 174	₩ 109,109

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21. Provisions (cont'd)

Changes in provision for unused credit limits for the six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the six months ended June 30, 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	29,062	(29,062)	-	-
Transfer to financial assets with a significant increase in credit risk	(4,828)	4,828	-	-
Transfer to credit-impaired financial assets	(219)	(942)	1,161	-
Provision (reversal) of allowance for ECLs	16,241	16,668	(1,161)	31,748
Ending balance	₩ 124,637	₩ 71,761	₩ -	₩ 196,398

	For the year ended December 31, 2022			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance:	₩ 62,672	₩ 60,699	₩ -	₩ 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	3,651	38,350	(722)	41,279
Ending balance	₩ 84,381	₩ 80,269	₩ -	₩ 164,650

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22. OTHER LIABILITIES:

Details of other liabilities as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Trust accounts payable	₩ 4,479,209	₩ 4,161,135
Domestic exchange settlement credits	2,981,794	5,039,554
Foreign exchange settlement credits	351,397	44,918
Accounts payable	4,586,602	1,802,099
Accrued expenses	3,564,307	2,047,864
Guarantee deposit received	356,214	373,778
Agency	1,548,680	1,595,174
Financial guarantee contract	30,403	40,452
Unearned revenue	75,480	61,031
Deferred mileage revenue	106,068	107,045
Suspense receipt	47,849	91,570
Lease liabilities	194,124	192,188
Other sundry liabilities	2,252,231	2,779,311
	<u>₩ 20,574,358</u>	<u>₩ 18,336,119</u>

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23. DERIVATIVES AND HEDGE ACCOUNTING:

Details of derivatives as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023			
	Derivative assets		Derivative liabilities	
	Trading	Hedging	Trading	Hedging
Currency:				
Forwards	₩ 390,862	₩ -	₩ 361,404	₩ -
Swap	276,778	-	402,081	-
Options purchased	5,263	-	-	-
Options sold	-	-	5,263	-
	<u>672,903</u>	<u>-</u>	<u>768,748</u>	<u>-</u>
Interest rate:				
Swap	90,304	3,580	49,224	24,763
Stock:				
Options purchased	5,368	-	-	-
Options sold	-	-	5,368	-
	<u>5,368</u>	<u>-</u>	<u>5,368</u>	<u>-</u>
	<u>₩ 768,575</u>	<u>₩ 3,580</u>	<u>₩ 823,340</u>	<u>₩ 24,763</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	67,900	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>₩ 1,197,770</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 June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023		
	Trading	Hedging	Total
Currency:			
Forwards	₩ 43,785,793	₩ -	₩ 43,785,793
Swaps	5,765,049	-	5,765,049
Options purchased	710,461	-	710,461
Options sold	710,461	-	710,461
	<u>50,971,764</u>	<u>-</u>	<u>50,971,764</u>
Interest rate:			
Futures	314,024	-	314,024
Swaps	7,884,842	2,271,144	10,155,986
	<u>8,198,866</u>	<u>2,271,144</u>	<u>10,470,010</u>
Stock:			
Options purchased	90,483	-	90,483
Options sold	90,483	-	90,483
	<u>180,966</u>	<u>-</u>	<u>180,966</u>
	<u>₩ 59,351,596</u>	<u>₩ 2,271,144</u>	<u>₩ 61,622,740</u>
Classification	December 31, 2022		
	Trading	Hedging	Total
Currency:			
Forwards	₩ 28,875,158	₩ -	₩ 28,875,158
Swaps	7,285,913	-	7,285,913
Options purchased	706,165	-	706,165
Options sold	706,165	-	706,165
	<u>37,573,401</u>	<u>-</u>	<u>37,573,401</u>
Interest rate:			
Swaps	9,278,765	1,444,722	10,723,487
Stock:			
Options purchased	152,210	-	152,210
Options sold	128,855	-	128,855
	<u>281,065</u>	<u>-</u>	<u>281,065</u>
	<u>₩ 47,133,231</u>	<u>₩ 1,444,722</u>	<u>₩ 48,577,953</u>

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23. Derivatives and hedge accounting (cont'd)

The timing of outstanding for hedging instruments contracts as of June 30, 2023, and December 31, 2022, is as follows (Korean won in millions):

Classification	June 30, 2023			
	Less than 1 year	1 year–5 years	More than 5 years	Total
Interest rate:				
Swap	₩ 656,400	₩ 827,064	₩ 787,680	₩ 2,271,144

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 six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023					
	Trading		Hedging		Total	
	Gain	Loss	Gain	Loss	Gain	Loss
Currency:						
Forwards	₩ 386,219	₩ 350,151	₩ -	₩ -	₩ 386,219	₩ 350,151
Swap	70,751	93,808	-	-	70,751	93,808
Options purchased	2,082	5,706	-	-	2,082	5,706
Options sold	5,716	1,647	-	-	5,716	1,647
	<u>464,768</u>	<u>451,312</u>	<u>-</u>	<u>-</u>	<u>464,768</u>	<u>451,312</u>
Interest rate:						
Swap	26,614	24,824	6,175	3,780	32,789	28,604
Stock:						
Options purchased	4,020	91	-	-	4,020	91
Options sold	252	4,191	-	-	252	4,191
	<u>4,272</u>	<u>4,282</u>	<u>-</u>	<u>-</u>	<u>4,272</u>	<u>4,282</u>
	<u>₩ 495,654</u>	<u>₩ 480,418</u>	<u>₩ 6,175</u>	<u>₩ 3,780</u>	<u>₩ 501,829</u>	<u>₩ 484,198</u>

Classification	For the six months ended June 30, 2022					
	Trading		Hedging		Total	
	Gain	Loss	Gain	Loss	Gain	Loss
Currency:						
Forwards	₩ 666,300	₩ 570,371	₩ -	₩ -	₩ 666,300	₩ 570,371
Swap	298,463	498,266	-	-	298,463	498,266
Options purchased	11,538	321	-	-	11,538	321
Options sold	357	10,712	-	-	357	10,712
	<u>976,658</u>	<u>1,079,670</u>	<u>-</u>	<u>-</u>	<u>976,658</u>	<u>1,079,670</u>
Interest rate:						
Swap	93,235	65,542	3,916	27,901	97,151	93,443
Stock:						
Options purchased	357	915	-	-	357	915
Options sold	2,988	215	-	-	2,988	215
	<u>3,345</u>	<u>1,130</u>	<u>-</u>	<u>-</u>	<u>3,345</u>	<u>1,130</u>
	<u>₩ 1,073,238</u>	<u>₩ 1,146,342</u>	<u>₩ 3,916</u>	<u>₩ 27,901</u>	<u>₩ 1,077,154</u>	<u>₩ 1,174,243</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 hedged items due to fluctuation in interest rate 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 fluctuation in interest rate.

Details of the Bank's hedged item as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

June 30, 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	₩ 36,050	₩ (3,049)
Debentures	Interest rate risk	Interest rate swap	Fair value hedge	1,412,081	31,999
				<u>₩ 1,448,131</u>	<u>₩ 28,950</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 Bank's hedging instruments as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023			
	Notional amounts	Carrying amount		Changes in fair values
		Assets	Liabilities	
Debt securities in foreign currency	₩ 39,384	₩ 3,580	₩ -	₩ 173
Debentures(*1)	2,231,760	-	24,763	(3,320)
	<u>₩ 2,271,144</u>	<u>₩ 3,580</u>	<u>₩ 24,763</u>	<u>₩ (3,147)</u>

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

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

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23. Derivatives and hedge accounting (cont'd)

Details of gain (loss) on valuation of hedged items and hedging instruments for the three months and six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	Gain (loss) on valuation of hedged items		Gain (loss) on valuation of hedging instrument(*2)		Ineffective amount recognized in profit or loss (*1)	
	For the three months ended	For the six months ended	For the three months ended	For the six months ended	For the three months ended	For the six months ended
	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023
Debt securities at FVTOCI	₩ (473)	₩ (191)	₩ 462	₩ 173	₩ (11)	₩ (18)
Debentures	9,405	1,828	(12,921)	(3,320)	(3,516)	(1,492)
	₩ 8,932	₩ 1,637	₩ (12,459)	₩ (3,147)	₩ (3,527)	₩ (1,510)

(*1) The ineffective portion of the hedge is included in other operating income or expenses in the interim condensed consolidated statement of profit or loss and other comprehensive income.

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

Classification	Gain (loss) on valuation of hedged items		Gain (loss) on valuation of hedging instrument		Ineffective amount recognized in profit or loss (*1)	
	For the three months ended	For the six months ended	For the three months ended	For the six months ended	For the three months ended	For the six months ended
	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022
Debt securities at FVTOCI	₩ (698)	₩ (3,033)	₩ 774	₩ 2,977	₩ 76	₩ (56)
Debentures	11,406	28,939	(11,494)	(26,962)	(88)	1,977
	₩ 10,708	₩ 25,906	₩ (10,720)	₩ (23,985)	₩ (12)	₩ 1,921

(*1) The ineffective portion of the hedge is included in other operating income or expenses in the interim condensed consolidated statement of profit or loss and other comprehensive income.

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24. NET DEFINED BENEFIT LIABILITIES:

The Bank operates a defined benefit pension plan (the “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 Bank has purchased retirement benefits insurance, annuity, etc., and made deposits with Woori Bank 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 Bank pays quasi-retirement age limit payments separate from general severance payments.

The Bank 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 June 30, 2023, and December 31, 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 June 30, 2023, and December 31, 2022, are as follows (%):

Classification	June 30, 2023	December 31, 2022
Discount rate	5.20	5.20
Salary increase rate:		
Base-up	2.36	2.36
Empirical promotion rate	Empirical promotion rate by age	

Details of net defined benefit liabilities as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Present value of defined benefit obligations	₩ 1,924,964	₩ 1,785,596
Fair value of plan assets	(1,745,794)	(1,893,846)
Net defined benefit liabilities from DB plan	₩ 179,170	₩ (108,250)

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24. Net defined benefit liabilities (cont'd)

Changes in net defined benefit liabilities for the six months ended June 30, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 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	100,776	-	100,776
Interest expense (income)	44,832	(47,646)	(2,814)
Remeasurement elements:			
Return on planned assets (on the net basis of net interest cost)	-	10,556	10,556
Employer contributions	-	(78,390)	(78,390)
Payment	(6,212)	262,058	255,846
Transfer from related party	-	-	-
Transfer to related party	-	-	-
Other	(28)	1,474	1,446
Present value as of June 30, 2023	₩ 1,924,964	₩ (1,745,794)	₩ 179,170

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 plan 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 June 30, 2023, and December 31, 2022, is as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Fixed deposits	₩ 1,745,794	₩ 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.

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25. EQUITY:

Capital stocks as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions, shares in units):

Classification	June 30, 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 capitals as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Capital surplus (*1)	₩ 11,042,610	₩ 11,042,610
Capital adjustments (*2)	(3,019)	(3,019)
Hybrid equity securities (*3)	1,228,317	1,228,317
₩ 12,267,908	₩ 12,267,908	₩ 12,267,908

(*1) The amounts of capital surplus as of June 30, 2023, and December 31, 2022, are paid-in capital in excess of par value.

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

(*3) The Bank classifies the hybrid equity securities as capital, as the maturity of the hybrid equity securities is more than 30 years and the Bank 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.

Details of other components of equity, which are recognized as accumulated other comprehensive income, as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Remeasurements of the net defined benefit liabilities	₩ (425,564)	₩ (405,874)
Loss on valuation of debt securities at FVTOCI	(438,889)	(703,961)
Loss on equity securities at FVTOCI	44,279	44,861
Exchange differences on translating foreign operations	19,652	12,101
₩ (800,522)	₩ (1,052,873)	₩ (1,052,873)

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25. Equity (cont'd)

Changes in other components of equity for the six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023			
	January 1, 2023	Changes for the period	Deferred income tax	June 30, 2023
Remeasurements of the net defined benefit liabilities	₩ (405,874)	₩ (10,556)	₩ (9,134)	₩ (425,564)
Gain (loss) on valuation and foreign currency translation of financial assets at FVTOCI	(659,100)	361,898	(97,408)	(394,610)
Exchange differences on translating foreign operations	12,101	7,551	-	19,652
	<u>₩ (1,052,873)</u>	<u>₩ 358,893</u>	<u>₩ (106,542)</u>	<u>₩ (800,522)</u>

Classification	For the six months ended June 30, 2022			
	January 1, 2022	Changes for the period	Deferred income tax	June 30, 2022
Remeasurements of the net defined benefit liabilities	₩ (687,797)	₩ (8,621)	₩ 2,371	₩ (694,047)
Gain (loss) on valuation and foreign currency translation of financial assets at FVTOCI	(80,716)	(869,960)	239,239	(711,437)
Exchange differences on translating foreign operations	5,164	13,231	-	18,395
	<u>₩ (763,349)</u>	<u>₩ (865,350)</u>	<u>₩ 241,610</u>	<u>₩ (1,387,089)</u>

Details of retained earnings as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Regulatory reserve for bad debts (*1)	₩ 2,227,682	₩ 2,173,621
Legal reserve (*2)	900,851	721,126
Voluntary reserve for recapitalization (*3)	1,000,000	1,000,000
Other reserve (*4)	1,007	636
Voluntary reserve	14	14
Unappropriated retained earnings	4,241,427	4,036,827
	<u>₩ 8,370,981</u>	<u>₩ 7,932,224</u>

(*1) The Bank has provided for loss allowances in accordance with K-IFRS. The difference in this amount and the provision for possible loan 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 Bank 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 Bank provides for the voluntary reserve for the enhancement of capital and sound management without specific purpose.

(*4) Other reserves were appropriated in overseas branches according to the banking laws of local and it may be used to offset any deficit incurred in those branches.

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25. Equity (cont'd)

Changes in retained earnings for the six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Beginning balance	₩ 7,932,224	₩ 6,874,822
Net income	1,247,505	924,503
Changes in consolidated taxation payment	81,902	14,147
Dividends on hybrid equity securities	(25,650)	(15,384)
Cash dividends	(865,000)	(740,000)
Ending balance	₩ 8,370,981	₩ 7,058,088

Reserve for bad debts as of June 30, 2023, and December 31, 2022, is as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Beginning balance	₩ 2,227,682	₩ 2,173,621
Planned reserve for bad debts	(264,855)	54,061
Expected balance	₩ 1,962,827	₩ 2,227,682

Provision of reserve for bad debts and adjusted net income after reflecting reserve for bad debts for the six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Net income	₩ 1,247,505	₩ 924,503
Provision of reserve for bad debts	264,855	151,538
Adjusted net income after reserve for bad debts	1,512,360	1,076,041
Adjusted basic and diluted earnings per share after reserve for bad debts (in Korean won) (*1)	3,118	2,255

(*1) Hybrid equity security dividends of ₩25,650 million and ₩15,384 million for the six months ended June 30, 2023 and 2022, respectively, are deducted from adjusted net income after reserve for bad debt when calculating adjusted basic earnings per share. Adjusted diluted earnings per share are identical to basic earnings per share, as the Bank does not retain dilutive common shares.

26. CAPITAL MANAGEMENT:

26.1 Current state of regulatory capital

The Bank reports to the Financial Supervisory Service on a monthly or quarterly basis about Bank 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 Bank reviews the soundness of its capital using the capital adequacy ratio representing capital over the risk-weighted asset (BIS capital adequacy ratio).

The Bank’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 (excluding reserve for bad loans); non-controlling interests of a bank, 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 Bank sets up internal policies on capital management for the criteria of capital adequacy and soundness of finance. In addition, the Bank 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 Bank will be able to continue 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 risks managed by regulatory capital. The Bank computes on appropriateness of internal capital under regular inspection.

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 from risk management council.

The risk management committee and council of the Bank 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 six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Income tax currently payable	₩ 405,601	₩ 314,425
Adjustments recognized for the current period in relation to the current tax of prior periods	(21,715)	60
Change in deferred income tax due to temporary differences	150,427	(202,142)
Total income tax effect	534,313	112,343
Deferred income taxes directly applied to shareholder's equity	(106,542)	241,610
Income tax expenses	<u>₩ 427,771</u>	<u>₩ 353,953</u>
Net deferred tax assets due to temporary differences as of June 30, 2023 and 2022	₩ 148,818	₩ 595,447
Net deferred tax assets due to temporary differences as of January 1, 2023 and 2022	299,245	393,305
Change in deferred income tax due to temporary differences	<u>₩ (150,427)</u>	<u>₩ 202,142</u>

A reconciliation of income before income tax and income tax expenses for the six months ended June 30, 2023 and 2022, is as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Net income before income tax	₩ 1,675,276	₩ 1,278,456
Income tax expenses before adjustments (A)	437,092	346,394
Adjustments (B):		
Non-taxable income	(9,280)	(5,970)
Non-deductible expenses	5,276	4,690
Others	(5,317)	8,839
	<u>(9,321)</u>	<u>7,559</u>
Income tax expenses (A+B)	<u>₩ 427,771</u>	<u>₩ 353,953</u>
Effective tax rate	25.53%	27.69%

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28. INCOME AND EXPENSES BY CATEGORIES OF FINANCIAL INSTRUMENTS:

Interest income and expenses for the three months and six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	June 30, 2023		June 30, 2022	
	For the three months ended	For the six months ended	For the three months ended	For the six months ended
Interest income:				
Deposits	₩ 43,080	₩ 88,709	₩ 9,395	₩ 11,742
Financial assets at FVTPL	9,136	15,368	5,065	7,673
Financial assets at FVTOCI	208,226	388,302	136,830	241,469
Securities at amortized cost	103,021	196,959	86,903	162,539
Loans at amortized cost	3,720,731	7,245,290	2,278,173	4,331,751
Others	6,208	11,532	3,741	7,119
	<u>4,090,402</u>	<u>7,946,160</u>	<u>2,520,107</u>	<u>4,762,293</u>
Interest expenses:				
Deposits due to customers	1,856,939	3,573,659	700,342	1,275,845
Debentures	165,734	322,579	105,649	196,827
Borrowings	76,504	151,298	28,617	49,864
Others	47,764	101,982	25,392	47,264
	<u>2,146,941</u>	<u>4,149,518</u>	<u>860,000</u>	<u>1,569,800</u>
Interest income, net	<u>₩ 1,943,461</u>	<u>₩ 3,796,642</u>	<u>₩ 1,660,107</u>	<u>₩ 3,192,493</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 three months and six months ended June 30, 2023 and 2022, is as follows (Korean won in millions):

Classification	June 30, 2023		June 30, 2022	
	For the three months ended	For the six months ended	For the three months ended	For the six months ended
Financial assets at FVTPL:				
Gain (loss) on valuation:				
Gain	₩ 85,820	₩ 229,676	₩ 35,432	₩ 92,421
Loss	(4,245)	(22,975)	(38,874)	(96,976)
	81,575	206,701	(3,442)	(4,555)
Gain (loss) on disposal:				
Gain	40,380	67,393	27,491	40,721
Loss	(5,276)	(8,615)	(27,838)	(36,128)
	35,104	58,778	(347)	4,593
Gain (loss) on redemption:				
Gain	1,258	2,016	4,990	5,040
Loss	(9,010)	(28,958)	(13,808)	(17,238)
	(7,752)	(26,942)	(8,818)	(12,198)
Dividend income	204	2,169	341	2,553
Other income	54,200	84,968	55,817	84,548
	163,331	325,674	43,551	74,941
Trading derivatives:				
Gain (loss) on valuation:				
Gain	18,886	495,654	731,870	1,073,238
Loss	(64,276)	(480,418)	(762,556)	(1,146,342)
	(45,390)	15,236	(30,686)	(73,104)
Gain (loss) on disposal:				
Gain	493,856	888,980	410,450	574,189
Loss	(404,819)	(829,879)	(381,041)	(505,009)
	89,037	59,101	29,409	69,180
	43,647	74,337	(1,277)	(3,924)
	₩ 206,978	₩ 400,011	₩ 42,274	₩ 71,017

Net gain or loss on financial assets at FVTOCI for the three months and six months ended June 30, 2023 and 2022, is as follows (Korean won in millions):

Classification	June 30, 2023		June 30, 2022	
	For the three months ended	For the six months ended	For the three months ended	For the six months ended
Gain (loss) on disposal:				
Gain	₩ -	₩ 6,177	₩ 282	₩ 2,618
Loss	(246)	(1,388)	(233)	(677)
	(246)	4,789	49	1,941
Gain on redemption:				
Gain	-	75	1	1
Loss	-	-	62	-
	-	75	63	1
Dividend income (*1)	1,956	2,959	2,525	4,441
	₩ 1,710	₩ 7,823	₩ 2,637	₩ 6,383

(*1) Dividend income arising from disposal of financial assets at FVTOCI for the six months ended June 30, 2023 and 2022, is ₩460 million and ₩1,686 million, respectively.

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

The amounts reclassified from accumulated other comprehensive income to gain at the time of removal by financial assets at FVTOCI for the six months ended June 30, 2023 and 2022, are ₩3,524 million and ₩1,407 million, respectively.

Net gain or loss on financial assets at amortized cost for the three months and six months ended June 30, 2023 and 2022, is as follows (Korean won in millions):

Classification	June 30, 2023		June 30, 2022	
	For the three months ended	For the six months ended	For the three months ended	For the six months ended
Gain (loss) on disposal: (*1)				
Gain	₩ 9,266	₩ 12,414	₩ 4,494	₩ 6,669
Loss	(14,437)	(14,708)	(46)	(56)
	₩ (5,171)	₩ (2,294)	₩ 4,448	₩ 6,613

(*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 three months and six months ended June 30, 2023 and 2022, is as follows (Korean won in millions):

Classification	June 30, 2023		June 30, 2022	
	For the three months ended	For the six months ended	For the three months ended	For the six months ended
Financial assets at FVTOCI	₩ (1,732)	₩ (1,764)	₩ (927)	₩ (1,300)
Securities at amortized cost	915	415	(866)	(1,047)
Due from banks at amortized cost	(3,961)	(4,601)	14,796	333
Loans and receivables at amortized cost	(436,555)	(601,428)	(208,107)	(316,698)
	₩ (441,333)	₩ (607,378)	₩ (195,104)	₩ (318,712)

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29. COMMISSION INCOME AND EXPENSES:

Commission income and expenses for the three months and six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	June 30, 2023		June 30, 2022	
	For the three months ended	For the six months ended	For the three months ended	For the six months ended
Commission income:				
Deposits	₩ 244	₩ 573	₩ 262	₩ 590
Loans and credits	26,553	59,897	21,393	41,036
Foreign exchange	8,449	17,074	9,413	17,052
Credit card	101,005	192,535	82,576	157,329
Asset management	28,643	46,171	16,991	38,455
Agency business	30,523	71,445	32,649	68,860
Electronic finance	60,196	119,988	60,459	121,192
Guarantee service	11,341	21,302	10,184	19,375
Trust service	49,548	98,404	43,055	84,667
Others	3,745	6,804	4,376	7,858
	<u>320,247</u>	<u>634,193</u>	<u>281,358</u>	<u>556,414</u>
Commission expenses:				
Loans and credits	17,189	29,854	10,449	22,149
Foreign exchange	2,086	4,318	1,846	3,164
Credit card	88,142	166,411	79,542	154,939
Agency business	4,474	8,707	4,371	8,708
Others	19,686	31,931	14,177	25,100
	<u>131,577</u>	<u>241,221</u>	<u>110,385</u>	<u>214,060</u>
Commission income, net	<u>₩ 188,670</u>	<u>₩ 392,972</u>	<u>₩ 170,973</u>	<u>₩ 342,354</u>

30. OTHER OPERATING INCOME AND EXPENSES:

Other operating income and expenses for the three months and six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	June 30, 2023		June 30, 2022	
	For the three months ended	For the six months ended	For the three months ended	For the six months ended
Other operating income:				
Gain on valuation of hedging instrument	₩ (1,355)	₩ 9,762	₩ 6,189	₩ 8,744
Gain on valuation of hedged items	7,541	7,823	11,406	28,939
Gain from changes in foreign exchange rate	137,408	801,255	1,180,341	1,580,923
Transfer from other provisions	1,694	2,354	1,927	2,232
Others	97,042	147,164	36,681	77,083
	<u>242,330</u>	<u>968,358</u>	<u>1,236,544</u>	<u>1,697,921</u>
Other operating expenses:				
Loss on valuation of hedging instrument	15,722	16,139	12,252	27,901
Loss(gain) on valuation of hedged items	(1,392)	6,185	1,231	3,685
Loss from changes in foreign exchange rate	153,801	832,739	1,141,919	1,514,071
Fund contribution	189,831	371,628	192,164	383,627
Transfer to other provisions	12,099	21,027	(626)	5,994
Others	83,894	163,370	61,768	122,485
	<u>453,955</u>	<u>1,411,088</u>	<u>1,408,708</u>	<u>2,057,763</u>
	<u>₩ (211,625)</u>	<u>₩ (442,730)</u>	<u>₩ (172,164)</u>	<u>₩ (359,842)</u>

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31. EMPLOYEE BENEFITS:

Details of employee benefits for the three months and six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	June 30, 2023		June 30, 2022	
	For the three months ended	For the six months ended	For the three months ended	For the six months ended
Benefits:				
Employee benefits	₩ 260,653	₩ 655,185	₩ 253,566	₩ 637,680
Fringe benefits	157,778	286,583	149,207	271,627
	<u>418,431</u>	<u>941,768</u>	<u>402,773</u>	<u>909,307</u>
Retirement expenses	64,142	98,195	48,176	96,248
Termination benefits	12	15	11	17
	<u>₩ 482,585</u>	<u>₩ 1,039,978</u>	<u>₩ 450,960</u>	<u>₩ 1,005,572</u>

32. OTHER GENERAL AND ADMINISTRATIVE EXPENSES:

Other general and administrative expenses for the three months and six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	June 30, 2023		June 30, 2022	
	For the three months ended	For the six months ended	For the three months ended	For the six months ended
Tax and dues	₩ 35,461	₩ 74,428	₩ 28,617	₩ 58,078
Telecommunications and transportation	9,941	18,048	7,853	14,436
Supplies	6,215	11,220	5,674	9,747
Advertising	26,828	46,112	20,711	39,336
Utilities	6,528	15,383	5,172	12,100
Rental	10,179	20,334	9,309	18,834
Service contract	47,378	83,359	42,406	73,831
Others	26,812	54,937	25,825	52,156
	<u>₩ 169,342</u>	<u>₩ 323,821</u>	<u>₩ 145,567</u>	<u>₩ 278,518</u>

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33. OTHER INCOME AND EXPENSES:

Other income and expenses for the three months and six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	June 30, 2023		June 30, 2022	
	For the three months ended	For the six months ended	For the three months ended	For the six months ended
Other income:				
Gain on disposal of assets	₩ 158	₩ 158	₩ 57	₩ 57
Rent income on investment properties	5,408	10,661	4,565	8,949
Miscellaneous income	3,536	7,126	7,723	11,030
Dividends from affiliates	1,214	1,304	-	1,549
Others	154	499	237	3,452
	<u>10,470</u>	<u>19,748</u>	<u>12,582</u>	<u>25,037</u>
Other expenses:				
Loss on disposal of assets	4,862	5,543	1,204	3,120
Expenses related to collecting receivables	1,158	2,241	1,391	2,627
Depreciation on investment properties	1,490	2,946	1,412	2,808
Agricultural support project expenses (*1)	82,651	165,302	81,168	162,335
Expenses on restoration	212	837	-	528
Miscellaneous expenses	20,768	24,187	5,372	9,828
Others	94	1,328	51	2,041
	<u>111,235</u>	<u>202,384</u>	<u>90,598</u>	<u>183,287</u>
	<u>₩ (100,765)</u>	<u>₩ (182,636)</u>	<u>₩ (78,016)</u>	<u>₩ (158,250)</u>

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

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34. EPS:

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

Classification	June 30, 2023		June 30, 2022	
	For the three months ended	For the six months ended	For the three months ended	For the six months ended
Net income	₩ 587,248	₩ 1,247,505	₩ 474,889	₩ 924,503
Dividends on hybrid equity securities	(12,824)	(25,650)	(7,692)	(15,384)
Income attributable to common shares	574,424	1,221,855	467,197	909,119
Weighted-average number of common shares (in shares)	476,870,202	476,870,202	476,870,202	470,398,221
Basic and diluted EPS (in Korean won)	₩ 1,205	₩ 2,562	₩ 980	₩ 1,933

Diluted EPS equals to basic EPS as there is no dilution effect for the three months and six months ended June 30, 2023 and 2022.

35. RISK DISCLOSURE OF FINANCIAL INSTRUMENTS:

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

For risk management, the Bank 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 Bank 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 regularly reported to the risk management council. Also, the Bank regularly calculates and monitors the integrated risk to merge exposed risks into a single indicator and manages it comprehensively to be within the reasonable level of risk compared to capital.

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

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 Bank. 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 stable revenue by minimizing the probability of credit risk through the establishment and management of credit risk tolerance limit and proper management of portfolios.

For credit risk management of loan process, the Bank separated operation and underwriting process in the business process and monitored various segments of its credit risk portfolio. The Bank 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 Bank separately measures expected losses (“ELs”) and ULs. ELs are expected credit risks based on past experience and computed by multiplying exposure at default by probability of default and loss-given default. ULs mean maximum credit losses under certain probability deducting ELs.

35.1.1 The Bank’s maximum level of exposures to credit risk

The Bank’s maximum level of exposure to credit risk as of June 30, 2023, and December 31, 2022, is summarized as follows (Korean won in millions):

Classification	June 30, 2023 (*2)	December 31, 2022 (*2)
Deposits	₩ 12,545,264	₩ 12,326,541
Loans (*1)	300,330,951	302,624,534
Receivables	8,159,475	5,525,783
Debt securities	51,889,112	44,639,128
Derivative assets	772,155	1,089,745
Loans and credit commitments	106,530,593	104,866,538
Guarantees and endorsed bills	7,360,665	6,338,061
Financial guarantee contracts	5,012,523	3,983,521
	₩ 492,600,738	₩ 481,393,851

(*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 of credit risk exposures of loan and receivables at amortized cost based on internal risk level as of June 30, 2023, and December 31, 2022, is as follows (Korean won in millions):

Credit risk levels (internal level)	June 30, 2023					
	Household (*1)			Corporate (*1)		
	12 months	Significant increases	Impairment	12 months	Significant increases	Impairment
Rating 1–6	₩ 165,978,956	₩ 12,256,757	₩ -	₩ 82,410,619	₩ 7,185,246	₩ -
Rating 7	566,079	981,615	-	-	1,350,266	-
Rating 8	9,137	214,096	-	-	129,180	-
Rating 9–10	-	-	747,019	-	-	386,696
	₩ 166,554,172	₩ 13,452,468	₩ 747,019	₩ 82,410,619	₩ 8,664,692	₩ 386,696

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

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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)	June 30, 2023			
	Others (*1 and *2)			
	12 months	Significant increases	Impairment	Allowance
Rating 1-6	₩ 28,519,706	₩ 1,447,710	₩ -	₩ (1,572,026)
Rating 7	-	130,475	-	(277,708)
Rating 8	-	-	-	(84,684)
Rating 9-10	-	-	9	(379,946)
	₩ 28,519,706	₩ 1,578,185	₩ 9	₩ (2,314,364)

(*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.

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	₩ 165,878,930	₩ 14,635,091	₩ -	₩ 74,648,280	₩ 5,567,894	₩ -
Rating 7	606,698	891,316	-	-	1,152,978	-
Rating 8	7,742	203,862	-	-	152,277	-
Rating 9-10	-	-	503,303	-	-	425,205
	₩ 166,493,370	₩ 15,730,269	₩ 503,303	₩ 74,648,280	₩ 6,873,149	₩ 425,205

(*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	₩ 38,134,763	₩ 1,409,665	₩ -	₩ (1,313,323)
Rating 7	-	53,570	-	(210,364)
Rating 8	-	-	-	(83,749)
Rating 9-10	-	-	132	(353,779)
	₩ 38,134,763	₩ 1,463,235	₩ 132	₩ (1,961,215)

(*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)

The level of exposures to credit risk of loan commitment and financial guarantee contract based on internal risk level as of June 30, 2023, and December 31, 2022, are summarized as follows (Korean won in millions):

Credit risk levels (internal level)	June 30, 2023					
	Loan commitment			Financial guarantee contract		
	12 months	Significant increases	Impairment	12 months	Significant increases	Impairment
Rating 1-6	₩ 101,329,401	₩ 4,970,389	₩ -	₩ 5,005,180	₩ 4,500	₩ -
Rating 7	19,926	155,931	-	-	2,844	-
Rating 8	139	6,576	-	-	-	-
Rating 9-10	-	-	48,231	-	-	-
	₩ 101,349,466	₩ 5,132,896	₩ 48,231	₩ 5,005,180	₩ 7,344	₩ -

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	398	7,557	-	-	-	-
Rating 9-10	-	-	49,947	-	-	-
	₩ 99,586,169	₩ 5,230,422	₩ 49,947	₩ 3,902,451	₩ 81,070	₩ -

The Bank's maximum level of exposure to credit risk of debt securities as of June 30, 2023, and December 31, 2022, is summarized as follows (Korean won in millions):

Credit risk levels (external level)	June 30, 2023				
	Financial assets at FVTPL	Financial assets at FVTOCI (*1)		Securities at amortized cost (*1)	
		12 months (*1)	Allowance (*2)	12 months (*1)	Allowance
AAA	₩ 1,088,874	₩ 29,437,479	₩ (1,904)	₩ 17,002,466	₩ (2,927)
AA+--AA-	-	3,573,202	(3,688)	-	-
A--BBB	-	711,720	(1,399)	-	-
Below BBB-	-	78,298	(532)	-	-
	₩ 1,088,874	₩ 33,800,699	₩ (7,523)	₩ 17,002,466	₩ (2,927)

(*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 (*1)		Securities at amortized cost (*1)	
		12 months (*1)	Allowance (*2)	12 months (*1)	Allowance
AAA	₩ 146,529	₩ 24,859,941	₩ (2,356)	₩ 15,493,446	₩ (3,342)
AA+--AA-	-	3,564,028	(2,382)	-	-
A--BBB	-	503,716	(836)	-	-
Below BBB-	-	74,810	(220)	-	-
	₩ 146,529	₩ 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)

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

Exposures by industry related to COVID-19 as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Industry	June 30, 2023			
	Financial assets at FVTOCI		Financial assets at amortized cost	
	Gross carrying amount	Allowance	Gross carrying amount	Allowance
Retail	₩ 125,145	₩ 128	₩ 10,753,996	₩ 47,395
Wholesale	39,160	51	13,727,964	114,195
Air transport	-	-	297,768	6,414
Construction	49,556	24	6,699,545	93,612
Oil refining	465,771	966	1,498,852	2,182
	₩ 679,632	₩ 1,169	₩ 32,978,125	₩ 263,798

Industry	December 31, 2022			
	Financial assets at FVTOCI		Financial assets at amortized cost	
	Gross carrying amount	Allowance	Gross carrying amount	Allowance
Retail	₩ 111,848	₩ 76	₩ 10,388,190	₩ 40,523
Accommodation	58,334	38	1,609,445	15,548
Entertainment service	-	-	1,045,857	44,832
Travel	-	-	154,170	1,032
Air transport	-	-	272,676	5,366
Automotive components	112,580	76	1,846,047	15,277
Oil refining	485,915	515	1,357,988	1,373
Steel	143,629	96	2,307,162	13,228
	₩ 912,306	₩ 801	₩ 18,981,535	₩ 137,179

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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 June 30, 2023, and December 31, 2022, the percentage of allowance for ECLs is as follows (Korean won in millions):

Classification	June 30, 2023			
	Financial assets at FVTOCI	Financial assets at amortized cost		
		Due from banks	Securities	Loans (*1)
Total amount	₩ 33,800,699	₩ 12,554,589	₩ 17,002,466	₩ 302,313,566
Allowance for ECLs	7,523	9,325	2,927	2,314,364
Ratio (%)	0.02	0.07	0.02	0.77

(*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	₩ 29,002,495	₩ 12,331,197	₩ 15,493,446	₩ 304,271,706
Allowance for ECLs	5,794	4,656	3,342	1,961,215
Ratio (%)	0.02	0.04	0.02	0.64

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

35.1.4 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 June 30, 2023, and December 31, 2022, is as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Loans	₩ 434,500	₩ 342,152
Commitment to loans and credit	328	809
	₩ 434,828	₩ 342,961

35.1.5 Assets acquired by exercising security rights

Details of assets acquired by exercising security rights as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Property and equipment (*1)	₩ 15	₩ 15

(*1) Property and equipment are presented as non-current assets classified as held for sale in the interim condensed 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 Bank manages and divides market risk into two risks, generated through trading position or non-trading position. The trading market risk that the Bank 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 Bank is additionally exposed to stock price, foreign exchange rate risk and commodity price risk arising from equity securities, debt securities and derivatives. For a non-trading position, the Bank is exposed to 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 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 Bank manages the interest rate risk related to its trading accounts using market-value-based tools used to measure risk, such as Value at Risk (the "VaR") and sensitivity analysis.

② Equity price risk

Equity price risk arises from the Bank's equity trading portfolio in Korean won since the Bank 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 because the Bank has assets and liabilities that are denominated in currencies other than Korean won, as well as off-statement-of-financial-position items, such as foreign exchange forwards and currency swap. Most of the foreign currency assets and liabilities are accounts denominated in US dollars, and the rest are accounts denominated mainly in Japanese yen and Euro.

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

35.2 Market risk (cont'd)

35.2.1 Trading position (cont'd)

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 Bank 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.

The Bank calculates VaR using historical simulation model when the Bank 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 Bank 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 day 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 Bank conducts back-testing of VaR results against daily actual gain (loss) and expected gain (loss) on a daily basis. By performing back-testing, the Bank checks the validity of the model and any loss that might exceed a predetermined 99% confidence level.

③ Stress testing

The Bank 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 Bank 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 Bank 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 June 30, 2023, and December 31, 2022 (Korean won in millions):

Classification	June 30, 2023			June 30, 2022
	Maximum	Minimum	Average	
Interest rate risk	₩ 68,332	₩ 50,130	₩ 59,676	₩ 63,501
Stock price risk	9,157	4,800	7,069	6,981
Foreign currency risk	4,932	1,395	2,970	4,455
Other risk	3,949	543	1,653	617
Total risk (*1)	78,013	57,420	68,908	74,719

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

35.2 Market risk (cont'd)

35.2.1 Trading position (cont'd)

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

Classification	December 31, 2022			December 31, 2022
	Maximum	Minimum	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.

35.2.2 Non-trading positions

Non-trading positions refer to all positions excluding trading positions. The Bank'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-bearing 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 Bank has measured and managed the interest rate risk, which affects the Bank's earnings and the economic value of the Bank's net assets. From the Bank's earnings perspective, the Bank 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 Bank's net assets, the Bank 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 flows as a result of interest rate changes.

The objective of interest rate 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-bearing assets 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 council for interest rate risk management.

Δ EVE for non-trading portfolios as of June 30, 2023, and December 31, 2022, is as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Δ EVE	₩ 1,107,792	₩ 544,633

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

35.3 Liquidity risk

35.3.1 General

Liquidity risk is the risk of loss that the Bank 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 interim condensed separate statements of financial position.

35.3.2 Liquidity risk management

The Bank 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 Bank manages liquidity risk by analyzing cash flows of the liabilities in the banks of homogeneous accounts under the appropriate criteria (remaining contractual maturity, contract period, etc.).

35.3.3 The term structure of financial liabilities

The term structures of liabilities as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification (*1 and *2)	June 30, 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	₩ 152,133,809	₩ 35,934,193	₩ 63,126,914	₩ 57,190,224	₩ 9,238,669	₩ 26,166	₩ 317,649,975
Trading derivative liabilities	823,340	-	-	-	-	-	823,340
Hedging derivative liabilities	6,961	-	-	-	17,802	-	24,763
Borrowings	4,714,074	776,071	1,039,816	1,839,549	5,436,120	2,089,100	15,894,730
Debentures	1,606,816	3,278,495	1,164,967	4,533,796	10,078,636	1,034,326	21,697,036
Other financial liabilities	19,823,350	5,199	10,515	104,458	11,561	-	19,955,083
Lease liabilities	6,860	14,524	22,245	34,636	120,038	8,451	206,754
	<u>₩ 179,115,210</u>	<u>₩ 40,008,482</u>	<u>₩ 65,364,457</u>	<u>₩ 63,702,663</u>	<u>₩ 24,902,826</u>	<u>₩ 3,158,043</u>	<u>₩ 376,251,681</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)

35.3.3 The term structure of financial liabilities (cont'd)

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	₩ 151,613,198	₩ 39,725,988	₩ 35,308,298	₩ 75,168,959	₩ 7,545,188	₩ 25,793	₩ 309,387,424
Trading derivative liabilities	1,197,770	-	-	-	-	-	1,197,770
Hedging derivative liabilities	-	-	-	8,123	10,563	-	18,686
Borrowings	5,873,902	895,018	1,065,617	1,371,948	5,745,041	2,213,979	17,165,505
Debentures	193,767	1,556,980	5,566,101	5,900,707	7,691,021	1,199,076	22,107,652
Other financial liabilities	17,512,209	6,240	5,985	112,498	18,063	655	17,655,650
Lease liabilities	9,536	12,361	17,322	31,227	121,180	3,203	194,829
	<u>₩ 176,400,382</u>	<u>₩ 42,196,587</u>	<u>₩ 41,963,323</u>	<u>₩ 82,593,462</u>	<u>₩ 21,131,056</u>	<u>₩ 3,442,706</u>	<u>₩ 367,727,516</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.

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 Bank, have expiration dates. However, under the terms of the guarantees and loan commitments, the timely payment shall be made upon demand by the counterparty. Details of off-balance accounts as of June 30, 2023, and December 31, 2022, are as follows (Korea won in millions):

Classification	June 30, 2023	December 31, 2022
Loan commitment (*1)	₩ 113,246,193	₩ 110,602,664
Guarantees and endorsed bills (*1)	7,706,622	6,662,168
	<u>₩ 120,952,815</u>	<u>₩ 117,264,832</u>

(*1) The amount of financial guarantee contracts is included. The total financial guarantee contracts amount to ₩5,012,523 million and ₩3,983,521 million as of June 30, 2023, and December 31, 2022, respectively.

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

35.4 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 June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 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 interim condensed separate statement of financial position	Non-offsetting amount		Net amount
				Financial instruments	Cash collateral received	
Derivative assets	₩ 772,155	₩ -	₩ 772,155	₩ 576,623	₩ 73,880	₩ 121,652
Loaned securities	2,125,987	-	2,125,987	2,125,987	-	-
Loans - bonds purchased under resale agreements	12,102,524	-	12,102,524	12,102,524	-	-
Receivables - receivable spot exchange	2,463,105	-	2,463,105	2,457,583	-	5,522
Receivables - receivable spot exchange in foreign currency	1,917,181	-	1,917,181	1,762,471	-	154,710
Receivables - domestic exchange settlement debits	12,708,282	11,562,564	1,145,718	-	-	1,145,718
Receivables - intercompany receivables	99,718	-	99,718	-	-	99,718
	<u>₩ 32,188,952</u>	<u>₩ 11,562,564</u>	<u>₩ 20,626,388</u>	<u>₩ 19,025,188</u>	<u>₩ 73,880</u>	<u>₩ 1,527,320</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 interim condensed separate statement of financial position	Non-offsetting amount		Net amounts
				Financial instruments	Cash collateral received	
Derivative assets	₩ 1,089,745	₩ -	₩ 1,089,745	₩ 874,145	₩ 96,132	₩ 119,468
Loans - bonds purchased under resale agreements	13,766,155	-	13,766,155	13,763,442	-	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>₩ 29,522,259</u>	<u>₩ 11,658,474</u>	<u>₩ 17,863,785</u>	<u>₩ 15,847,926</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 June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets to be set off	Net amounts of financial assets presented in the interim condensed separate statement of financial position	Non-offsetting amount		Net amount
				Financial instruments	Cash collateral provided	
Derivative liabilities	₩ 848,103	₩ -	₩ 848,103	₩ 642,269	₩ 42,383	₩ 163,451
Borrowings - bonds sold under repurchase agreements	907,102	-	907,102	907,102	-	-
Other financial liabilities - payable spot exchange	1,767,271	-	1,767,271	1,762,471	-	4,800
Other financial liabilities - payable spot exchange in foreign currency	2,612,178	-	2,612,178	2,457,583	-	154,595
Other financial liabilities - domestic exchange settlement credits	14,544,358	11,562,564	2,981,794	-	-	2,981,794
Other financial liabilities - intercompany payables	345	-	345	-	-	345
	<u>₩ 20,679,357</u>	<u>₩ 11,562,564</u>	<u>₩ 9,116,793</u>	<u>₩ 5,769,425</u>	<u>₩ 42,383</u>	<u>₩ 3,304,985</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 assets presented in the interim condensed separate statement of financial position	Non-offsetting amount		Net amounts
				Financial instruments	Cash collateral provided	
Derivative liabilities	₩ 1,216,456	₩ -	₩ 1,216,456	₩ 810,213	₩ 44,406	₩ 361,837
Borrowings - bonds sold under repurchase agreements	714,381	-	714,381	714,381	-	-
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>₩ 19,906,862</u>	<u>₩ 11,658,474</u>	<u>₩ 8,248,388</u>	<u>₩ 2,734,933</u>	<u>₩ 44,406</u>	<u>₩ 5,469,049</u>

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36. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS:

Fair value hierarchy of financial instruments as of June 30, 2023, and December 31, 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	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL	₩ 1,155,276	₩ 8,643,770	₩ 2,753,040	₩ 12,552,086
Derivative assets	-	772,155	-	772,155
Financial assets at FVTOCI	12,251,499	21,690,844	278,856	34,221,199
	<u>₩ 13,406,775</u>	<u>₩ 31,106,769</u>	<u>₩ 3,031,896</u>	<u>₩ 47,545,440</u>
Financial liabilities:				
Derivative liabilities	₩ -	₩ 848,103	₩ -	₩ 848,103
Classification	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL	₩ 148,956	₩ 7,788,227	₩ 2,738,993	₩ 10,676,176
Derivative assets	-	1,089,744	1	1,089,745
Financial assets at FVTOCI	10,589,193	18,464,290	283,183	29,336,666
	<u>₩ 10,738,149</u>	<u>₩ 27,342,261</u>	<u>₩ 3,022,177</u>	<u>₩ 41,102,587</u>
Financial liabilities:				
Derivative liabilities	₩ -	₩ 1,197,410	₩ 19,046	₩ 1,216,456

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 June 30, 2023, and December 31, 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 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.

Valuation methods and input variables for each type of financial instrument classified into Level 3 as of June 30, 2023, and December 31, 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
Derivative assets	Discounted cash flow Binomial model Monte Carlo simulation	Risk-free rate of return Discount rate Correlation between long-term and short-term interest rates Volatility of stock prices
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
Derivative liabilities	Discounted cash flow Binomial model Monte Carlo simulation	Risk-free rate of return Discount rate Correlation between long-term and short-term interest rates Volatility of stock prices

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

③ Significant but unobservable inputs used in valuing financial instruments measured at fair value and classified into Level 3 as of June 30, 2023, and December 31, 2022, are as follows:

Classification	Input variables which are significant, but unobservable in measurement of fair value	June 30, 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	24.12%	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	5.05%–19.25%	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 underlying asset	-	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	9.44%–16.10%	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 asset	-	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 June 30, 2023, and December 31, 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

② Valuation methods and input variables for each type of financial assets and liabilities classified into Level 3 as of June 30, 2023, and December 31, 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

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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 a financial instrument 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 that fair value changes are recognized in profit or loss and (b) equity securities that 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 June 30, 2023, and December 31, 2022, is as follows (Korean won in millions):

Classification	June 30, 2023				
	Book value	Net income (loss)		Other comprehensive income (loss)	
		Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:					
Financial assets at FVTPL (*1)	₩ 2,753,040	₩ 8,497	₩ (6,271)	₩ -	₩ -
Financial assets at FVTOCI (*1)	278,856	-	-	11,102	(6,561)
	<u>₩ 3,031,896</u>	<u>₩ 8,497</u>	<u>₩ (6,271)</u>	<u>₩ 11,102</u>	<u>₩ (6,561)</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 (-1%–1%).

Classification	December 31, 2022				
	Book value	Net income (loss)		Other comprehensive income (loss)	
		Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:					
Financial assets at FVTPL (*1)	₩ 2,738,993	₩ 9,093	₩ (6,701)	₩ -	₩ -
Derivative assets (*2)	1	1	(1)	-	-
Financial assets at FVTOCI (*1)	283,183	-	-	10,564	(6,249)
	<u>₩ 3,022,177</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 (-1%–1%).

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

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

Changes in Level 3 financial instruments for the six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

	For the six months ended June 30, 2023					
	Beginning	Gain (loss)	Other comprehensive income (loss)	Purchase/issue	Disposal/settlement	Ending
Financial instruments:						
Financial assets at FVTPL	₩ 2,738,993	₩ 76,100	₩ -	₩ 109,584	₩ (171,637)	₩ 2,753,040
Net derivative assets	(19,045)	-	-	-	19,045	-
Financial assets at FVTOCI	283,183	-	(4,327)	-	-	278,856
	<u>₩ 3,003,131</u>	<u>₩ 76,100</u>	<u>₩ (4,327)</u>	<u>₩ 109,584</u>	<u>₩ (152,592)</u>	<u>₩ 3,031,896</u>
	For the six months ended June 30, 2022					
	Beginning	Gain (loss)	Other comprehensive income (loss)	Purchase/issue	Disposal/settlement	Ending
Financial instruments:						
Financial assets at FVTPL	₩ 2,458,507	₩ 28,703	₩ -	₩ 337,760	₩ (164,164)	₩ 2,660,806
Net derivative assets	125	(218)	-	103	(59)	(49)
Financial assets at FVTOCI	265,224	-	11,955	1,000	-	278,179
	<u>₩ 2,723,856</u>	<u>₩ 28,485</u>	<u>₩ 11,955</u>	<u>₩ 338,863</u>	<u>₩ (164,223)</u>	<u>₩ 2,938,936</u>

For the six months ended June 30, 2023 and 2022, gain (loss) related to financial assets and liabilities is included in gain (loss) on financial instruments at FVTPL in the interim condensed separate 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 June 30, 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 six months ended June 30, 2023 and 2022, is as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023	
	Profit or loss during the reporting period	Profit or loss related to financial instruments held at the end of the reporting period
Gain (loss) on financial assets at FVTPL	₩ 76,100	₩ 85,693

Classification	For the six months ended June 30, 2022	
	Profit or loss during the reporting period	Profit or loss related to financial instruments held at the end of the reporting period
Gain (loss) on financial assets at FVTPL	₩ 28,485	₩ 35,419

The Bank 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 Bank for the six months ended June 30, 2023 and 2022.

Fair value and carrying amount of financial assets and liabilities that are measured at amortized cost as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023			Fair value	Book value
	Level 1	Level 2	Level 3		
Financial assets:					
Cash and due from banks	₩ 2,211,208	₩ 12,545,264	₩ -	₩ 14,756,472	₩ 14,756,472
Securities at amortized cost	1,002,866	15,471,308	-	16,474,174	16,999,539
Loans at amortized cost	-	-	303,105,016	303,105,016	308,473,810
Other financial assets	-	-	310	310	310
	<u>₩ 3,214,074</u>	<u>₩ 28,016,572</u>	<u>₩ 303,105,326</u>	<u>₩ 334,335,972</u>	<u>₩ 340,230,131</u>
Financial liabilities:					
Deposits	₩ -	₩ -	₩ 314,842,456	₩ 314,842,456	₩ 311,621,150
Borrowings	-	-	15,427,280	15,427,280	15,417,493
Debentures	-	20,369,014	-	20,369,014	20,627,664
Other financial liabilities (*1)	-	-	17,023,194	17,023,194	20,148,819
	<u>₩ -</u>	<u>₩ 20,369,014</u>	<u>₩ 347,292,930</u>	<u>₩ 367,661,944</u>	<u>₩ 367,815,126</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					Book value
	Level 1	Level 2	Level 3	Fair value		
Financial assets:						
Cash and due from banks	₩ 2,188,176	₩ 12,326,541	₩ -	₩ 14,514,717	₩ 14,514,717	
Securities at amortized cost	775,817	13,990,319	-	14,766,136	15,490,104	
Loans at amortized cost	-	-	298,211,860	298,211,860	308,133,682	
Other financial assets	-	-	161	161	161	
	<u>₩ 2,963,993</u>	<u>₩ 26,316,860</u>	<u>₩ 298,212,021</u>	<u>₩ 327,492,874</u>	<u>₩ 338,138,664</u>	
Financial liabilities:						
Deposits	₩ -	₩ -	₩ 305,934,370	₩ 305,934,370	₩ 304,423,645	
Borrowings	-	-	16,695,636	16,695,636	16,708,732	
Debentures	-	20,686,308	-	20,686,308	21,121,965	
Other financial liabilities (*1)	-	-	16,080,193	16,080,193	17,840,725	
	<u>₩ -</u>	<u>₩ 20,686,308</u>	<u>₩ 338,710,199</u>	<u>₩ 359,396,507</u>	<u>₩ 360,095,067</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 Bank as of June 30, 2023, are as follows:

Classification	Company
Ultimate parent company	NACF
Parent company	NH Financial Group Inc.
Subsidiaries	NongHyup Finance Myanmar Co., Ltd., NongHyup Finance Cambodia Co., Ltd., unspecified money trust, development trust, personal pension trust and 8 others, KAMCO Value Recreation 4 th Securitization Specialty Ltd., NH Hyunjung Holdings Co.,Ltd., NH GO the first Co., Ltd., NH Chemical 1st Co., Ltd., AllonefriendsHansup 1st Co., Ltd., HDC Value Up private 5 (Bond-derivative) and 29 other fund structured entities
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, 2012 Sunlight Co., Ltd, Seasons Shipping Co., Ltd., NH-NICE Venture Fund-1, IFC KOREA INC., NH Digital Alliance Fund, NH Agtec Innovation Private Equity Fund, GNO Co., Ltd., GARAK SUSAN CO., LTD., PROTEK KOREA CO., LTD., Cardo Inc., PARADISE CO., LTD., MEDI LAB CO., LTD. and NH-DX Open Innovation Fund.
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, VOGO U.S. Buyout Private Fund IV, Money Market Trust ("MMT"), Woori Global Real Estate Private Balanced Fund, NH Investment & 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, Parkcity 1st Co., Ltd., Yongintechnologis No. 1., Ltd., Song Am Park 2nd, ARA Korea Private Real Estate Fund No. 10, SMART KAMSAM 2ND Co., Ltd., Newstart Yeonsinnae second Co., Ltd., Mimi Day 2nd Co., Ltd., PV Landscape Co., Ltd., CheongJu Express D-Two Co., Ltd., New World Myeongji Tres Co., Ltd., NHHunin 2nd Co., Ltd., NewworldGeol-dong 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., Galaxy All-one 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., Cube Culture First 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., Genesis No. 1 Private Equity Fund, 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., Yeoido Cultural Broadcasting Site Development PFV, 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, NH-OPUS II 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 Yeoido 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, NS Partners Inc., Harvest Private Equity Fund II, HIZE EBEST The Current Fund No. 2, NH-SYNERGY BIO Fund, NH SYNERGY M.C.E. New Technology Investment Fund, NH-Meritz Contents 1 Fund, NH-IBKC Bio New Technology Fund, NH-Horizon Secondary Fund, NH SPECIAL PURPOSE ACQUISITION 20 COMPANY, KYOBO-NH Healthcare New Technology Investment Association No. 1, Daishin-GVA New Technology Investment Fund 1st, The Lakebridge-Samsung Securities Growth Fund I , DAYLI Swanson Bio Healthcare Fund 8 , LD New Technology Business Investment Fund 2, NH Kyobo AI Solution Investment Fund, NH IBKC Dental Solution Investment Fund, Recovery Partners Co., Ltd, KIWOOM AI New Technology Investment Association, Meritz-NH Healthcare No. 1, Smilegate Aphrodite Serve One Fund, Smart Quaternary Industry Square Investment Fund No. 2, NH Absolute Mezzanine General Private Placement Investment Trust No. 1, NH Absolute Pre IPO General Private Placement Investment Trust No. 1, NH Absolute Pre IPO Mezzanine General Private Placement Investment Trust No. 1, K Clavis Cloud New Technology Investment Association No. 1, The Lakebridge-Growth Fund I , J&Hercules Private Equity Fund, Credit Minerva Private Equity Fund, The Overseas Growth Fund 1, Midas No. 2 Private Equity Joint Co., Ltd.,

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37. Related-party transactions (cont'd)

Classification	Company
Other related parties	<p>DAYLI Swanson Bio Healthcare Fund 7, 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, NH SPECIAL PURPOSE ACQUISITION 28 COMPANY, 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 FONE 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., NH Heuk Sarang 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., OL Va Ran. Inc., NES Materials Corporation, Nisso-namhae Agro Co., Ltd., Tosoh Namhae Silica Co., Ltd., Korea Nonghyup International, Nonghyup America Inc., Eunaegi (Shanghai) Trading Co., Ltd., Sanglim 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, PTR Public Offering Stock Multi Private Fund No. 1, NewWorld Echo 3rd, 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, ANDA Crescendo Private Fund 1, GEN-NH Sub-Fund II, TAI TCI DIME REIT LLC, TAI TCI DIME JV LLC, TAI TCI DIME Owner LLC, Twinstar 1st, Grid ocean 1st, 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 and NH-ARA Value-add No. 1 Private Equity Fund.</p>

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37. Related-party transactions (cont'd)

Details of related-party transactions of the Bank as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Company	June 30, 2023						
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)
Ultimate parent company:							
NACF	₩ 3,315	₩ 84,999	₩ 3	₩ 38,056	₩ 232,636	₩ 37,720	₩ 38,208
Parent company:							
NH Financial Group Inc.	531	-	14	-	3,150	-	250,055
Subsidiaries:							
Nonghyup Finance Cambodia Co., Ltd.	78,888	-	51	-	-	-	-
Unspecified money trust	1	-	-	-	-	-	44
Household money trust	10	-	-	-	-	-	1,209
Personal pension trust	4,813	-	-	-	-	-	34,900
Corporate money trust	-	-	-	-	-	-	61
Old-age pension trust	1	-	-	-	-	-	295
New personal pension trust	75	-	-	-	-	-	9,723
New old-age pension trust	2	-	-	-	-	-	773
Pension trust	2,575	-	-	-	-	-	108,491
Installment money in trust	6	-	-	-	-	-	951
Retirement trust	45	-	-	-	-	-	4,640
KAMCO Value Recreation 4th Securitization Specialty Co., Ltd.	-	-	-	-	1	-	-
NH Hyunjung Holdings Co., Ltd.	-	-	-	-	162	1,242	-
NH GO the first Co., Ltd.	-	-	-	-	116	-	-
NH Chemical 1st Co., Ltd.	-	-	-	-	73	256	-
AlloneFriensHansup 1st Co., Ltd.	-	-	-	-	78	212	-
Associates:							
Korea Credit Bureaus Co., Ltd.	-	-	-	-	2	-	-
Kyunggi-DSC Superman Investment Fund No. 1	-	-	-	-	167	-	-
NH Agri-Biz Value Creative 1st PEF	505	-	-	-	-	-	-
NH-AJU Digital Fund	-	-	-	-	3,630	-	-
NH Venture - AJU IB New Growth Fund	-	-	-	-	8,016	-	-
NH-NAU Agro Food 1st Private Equity Fund	95	-	-	-	-	-	-
NH-NAU Agro Food 2nd Private Equity Fund	172	-	-	-	-	-	-
NH-NICE Venture Fund-1	137	-	-	-	-	-	-
NH Digital Alliance Fund	-	-	-	-	10,889	-	1
NH Agtec Innovation Private Equity Fund	152	-	-	-	-	-	-
Cardo Inc.	14	-	-	-	385	-	-
PARADISE CO., LTD.	210	-	-	-	-	-	-
NH-DX Open Innovation Fund	-	-	-	-	6,968	-	-

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37. Related-party transactions (cont'd)

Company	June 30, 2023						
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)
Other related parties:							
NH Life Insurance Co., Ltd.	₩ 2,415	₩ 131,350	₩ 1	₩ 654	₩ 35,348	₩ 581	₩ 4,055
NH Property and Casualty Insurance Co., Ltd.	1,078	15,356	1	-	19,049	2,576	-
NH Investment & Securities Co., Ltd.	257,987	7	232	118	596,286	-	10,679
NH Capital Co., Ltd.	292,547	-	375	-	318,888	-	1
NH Saving Bank Co., Ltd.	129	-	9	-	-	-	-
NongHyup REITs Management Co., Ltd.	23	-	1	-	1,046	-	25
NH Venture Investment Co., Ltd.	26	-	2	-	140	-	-
NH Investment & Futures Co., Ltd.	97	-	-	-	34,603	-	60
GnM Holdings Co., Ltd.	-	-	-	-	1,324	-	-
Parkcity 1st Co., Ltd.	-	-	-	-	39	-	-
Yongintechnologis No. 1, Ltd.	-	-	-	-	38	-	-
Song Am Park 2nd	-	-	-	-	132	-	-
SMART KAMSAM 2ND Co., Ltd.	-	-	-	-	1,145	-	-
Newstart Yeonsinnae second Co., Ltd.	-	-	-	-	449	-	-
Mimi Day 2nd Co., Ltd.	-	-	-	-	283	-	-
PV Landscape Co., Ltd.	-	-	-	-	97	-	-
CheongJu Express D-Two Co., Ltd.	-	-	-	-	157	-	-
New World Myeongji Tres Co., Ltd.	-	-	-	-	91	-	-
NHHunin 2nd Co., Ltd.	-	-	-	-	1,367	-	-
NewworldGeol-dong 1st Co., Ltd.	-	-	-	-	118	-	-
NewworldGeol-dong 2nd Co., Ltd.	-	-	-	-	147	-	-
Newforest 2nd Co., Ltd.	-	-	-	-	169	-	-
Newforest 3rd Co., Ltd.	-	-	-	-	106	-	-
GyeongsanLogis 3rd Co., Ltd.	-	-	-	-	67	-	-
GoyangLogis 1st Co., Ltd.	-	-	-	-	71	-	-
CubeSkyline	-	-	-	-	235	-	-
RASupyo 1st Co., Ltd.	-	-	-	-	126	-	-
Galaxy All-one 1st Co., Ltd.	-	-	-	-	101	-	-
RAHaeundae 4th Co., Ltd.	-	-	-	-	200	-	-
YRD 1st Co., Ltd.	-	-	-	-	1,283	-	-
Pinemilkthree Co., Ltd.	-	-	-	-	98	-	-
Uncas The Second	-	-	-	-	2,399	-	-
Uncas The First	-	-	-	-	310	-	-
Industry Kimhae 1st Co., Ltd.	-	-	-	-	49	-	-
Industry Kimhae 2nd Co., Ltd.	-	-	-	-	68	-	-
PLN 5th Co, Ltd.	-	-	-	-	925	-	-
HeyYS 1st Co., Ltd.	-	-	-	-	14	-	-
Cube Culture First Co., Ltd.	-	-	-	-	64	-	-
MJ Hangdong 5th Co., Ltd.	-	-	-	-	266	-	-
MJ Hangdong 4th Co., Ltd.	-	-	-	-	1,110	-	-
MJ Hangdong 3rd Co., Ltd.	-	-	-	-	1,484	-	-
Blue Sea Jinhae	-	-	-	-	311	-	-
RA2nd	-	-	-	-	708	-	-
The Sharp Gwangyang Ma-dong, Inc.	-	-	-	-	726	-	-
RA3rd	-	-	-	-	823	-	-
ModernBeta Co., Ltd.	-	-	-	-	134	-	-
RA4th	-	-	-	-	235	-	-
Cloud 1st Co., Ltd.	-	-	-	-	630	-	-
PrimaNonhyun Charlie Co., Ltd.	-	-	-	-	127	-	-
Busan Minam 2nd Co., Ltd.	-	-	-	-	36	-	-
Busan Minam 1st Co., Ltd.	-	-	-	-	237	-	-
NewWorld Jeonbang 4th	-	-	-	-	1,497	-	-

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37. Related-party transactions (cont'd)

Company	June 30, 2023						
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)
Other related parties:							
Gangreung Mono 1st NH-Amundi Assets Management Co., Ltd.	₩ -	₩ -	₩ -	₩ -	₩ 172	₩ -	₩ -
Yeouido Cultural Broadcasting Site Development PFV	50,097	-	-	-	11,091	-	-
NH SPECIAL PURPOSE ACQUISITION 19 COMPANY	-	-	-	-	25,817	-	48
Starset-DA value Healthcare Investment Fund No. 2	-	-	-	-	40	-	-
Starset-DA value Healthcare Investment Fund No. 3	-	-	-	-	16	-	-
Ascendo New Generation Healthcare Investment	-	-	-	-	139	-	-
NH-AJU KOSDAQ SCALEUP FUND	-	-	-	-	5,761	-	-
Square-DA value Fund No. 1	-	-	-	-	28	-	-
MK Ventures-K Clavis Growth capital Venture Fund 1	-	-	-	-	552	-	-
Smilegate Vietnam Kairos Private Equity Fund #1	-	-	-	-	491	-	-
NH-Soo Investment innovative growth M&A fund	-	-	-	-	19,824	-	17
NH-SYNERGY BIO Fund	-	-	-	-	930	-	-
NH-IBKC Bio New Technology Fund	-	-	-	-	35	-	-
NH SPECIAL PURPOSE ACQUISITION 20 COMPANY	-	-	-	-	18,902	-	310
KYOBO-NH Healthcare New Technology Investment Association No. 1	4,817	-	-	-	-	-	-
Daishin-GVA New Technology Investment Fund 1st	-	-	-	-	232	-	-
DAYLI Swanson Bio Healthcare Fund 8	-	-	-	-	90	-	-
NH Kyobo AI Solution Investment Fund	-	-	-	-	218	-	-
NH IBKC Dental Solution Investment Fund	-	-	-	-	1,523	-	-
Recovery Partners Co., Ltd.	9	-	-	-	206	-	-
Smart Quaternary Industry Square Investment Fund No. 2	-	-	-	-	4,434	-	-
DAYLI Swanson Bio Healthcare Fund 7	-	-	-	-	177	-	-
NH SPECIAL PURPOSE ACQUISITION 23 COMPANY	-	-	-	-	4,884	-	20
NH SPECIAL PURPOSE ACQUISITION 25 COMPANY	-	-	-	-	1,688	-	23
NH SPECIAL PURPOSE ACQUISITION 27 COMPANY	-	-	-	-	3,432	-	47
NH SPECIAL PURPOSE ACQUISITION 26 COMPANY	-	-	-	-	5,370	-	73
NH SPECIAL PURPOSE ACQUISITION 28 COMPANY	-	-	-	-	2,055	-	10
NHC-DTNI Agrifood ABC Investment Fund No. 1	-	-	-	-	21,351	-	64
NHC-DTNI Agrifood General Investment Fund No. 2	-	-	-	-	5,120	-	8
Korea Growth Opportunity Private Equity Fund I	-	-	-	-	453	-	-
Geum-Wang FONE Co., Ltd.	-	-	-	-	333	-	-
NH-Iris ESG Fund	-	-	-	-	704	-	-
NH Agri-Food Venture Fund	-	-	-	-	2,788	-	-
NH-UON Fund No. 1	-	-	-	-	306	-	-
Korea-ASEAN Technology Fund 1	-	-	-	-	1,231	-	-

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37. Related-party transactions (cont'd)

Company	June 30, 2023						
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)
Other related parties:							
NH-Deep Dive Smart Logistics Fund	₩ -	₩ -	₩ -	₩ -	₩ 230	₩ -	₩ -
Korea-ASEAN Technology Fund 2	-	-	-	-	105	-	-
NH Agribusiness Group	3,110,723	-	97	1,925	89,120	-	2,169
NH Networks Co., Ltd.	26,144	-	174	16,732	1,440	-	23,286
NH Information System Co., Ltd.	3,022	-	1	-	14,802	-	4,234
Agricultural Cooperative Asset Management Co., Ltd.	164,643	-	106	-	555	-	409
Nonghyup Partners	177	-	-	-	1,097	-	3,694
Nonghyup Hanaro Mart Inc. Agricultural Corporation	19,873	-	76	374	55	-	5,937
Nonghyup Food Grain Inc.	38,277	-	390	-	7,317	-	35
Korea Agricultural Cooperative Marketing Inc.	402	-	1	642	1,639	-	2,763
Nonghyup Logistics Service Inc.	14,182	-	1	-	1,051	-	2,129
NongHyup Chemical Co., Ltd.	134,840	-	153	-	726	31	-
NH Trading Co., Ltd.	8,467	11	160	-	8,628	97	84
Nonghyup-Agro, Inc.	30	-	-	-	185	-	-
Nonghyup RedGinseng Co., Ltd.	25,469	-	997	-	77	-	-
Namhae Chemical Corporation	304,312	-	346	-	34,919	-	136
Nonghyup Moguchon Inc.	75,364	-	225	-	1,737	-	-
Nonghyup Feed Inc.	511,001	1,942	1,945	-	3,518	1,611	1
NONG WOO BIO CO., LTD.	17,258	-	11	-	13,641	-	13
NH Heuk Sarang Co., Ltd. Agricultural Corporation	523	-	-	-	1,216	-	-
Nonghyup Food Inc.	23	-	1	-	3,964	-	4
PUBLIC HOMESHOPPING	209	-	-	-	662	-	-
Orion Nonghyup Agri, Inc.	4,913	-	-	-	9,288	-	66
Home and Shopping Co., Ltd.	-	-	-	-	489	-	-
NES Materials Corporation	53,758	-	325	-	2	-	-
Nisso-namhae Agro Co., Ltd.	37	-	-	-	48,398	-	4
Tosoh Namhae Silica Co., Ltd.	19	-	2	-	656	-	-
Sanglim Co., Ltd.	7,645	-	19	-	1,593	-	-
NH SPECIAL PURPOSE ACQUISITION 29 COMPANY	-	-	-	-	8,520	-	68
Twinstar 1st	-	-	-	-	1,137	-	-
Grid ocean 1st	-	-	-	-	998	-	-
Newworld Yonggye 5th	-	-	-	-	144	-	-
Bluepatio namcheon	-	-	-	-	245	-	-
NH Geomdan 1st Co., Ltd.	-	-	-	-	5,458	-	-

(*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
Subsidiaries:							
Nonghyup Finance							
Cambodia Co., Ltd.	76,149	-	47	-	-	-	-
Unspecified money trust	-	-	-	-	-	-	43
Household money trust	-	-	-	-	-	-	1,022
Personal pension trust	-	-	-	-	-	-	100,510
Corporate money trust	-	-	-	-	-	-	60
Old-age pension trust	-	-	-	-	-	-	199
New personal pension trust	-	-	-	-	-	-	14,725
New old-age pension trust	-	-	-	-	-	-	521
Pension trust	-	-	-	-	-	-	125,669
Installment money in trust	-	-	-	-	-	-	1,235
Retirement trust	-	-	-	-	-	-	5,594
KAMCO Value Recreation							
4th Securitization							
Specialty Co., Ltd.	-	-	-	-	1	-	-
NH Hyunjung Holdings							
Co., Ltd.	50,200	-	87	-	157	1,874	-
NH GO the first Co., Ltd.	50,200	-	53	-	111	-	-
NH Chemical 1st Co., Ltd.	40,100	-	42	-	63	829	-
AlloneFriensHansup 1st							
Co., Ltd.	30,100	-	32	-	80	672	-
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	-	-	-	-	-	-
2012 Sunlight Co., Ltd.	882	-	-	-	-	-	-
Seasons Shipping Co., Ltd.	1,105	-	-	-	-	-	-
NH Digital Alliance Fund	-	-	-	-	12,007	-	-
GNO Co., Ltd.	2,363	-	-	-	-	-	-
GARAK SUSAN CO., LTD.	146	-	-	-	-	-	-
PROTEK KOREA CO.,							
LTD.	1,054	-	-	-	-	-	-
Cardo Inc.	7	-	-	-	359	-	-
PARADISE CO., LTD.	210	-	-	-	-	-	-
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.	92	-	-	-	72,474	-	23
GnM Holdings Co., Ltd.	-	-	-	-	1,352	-	-
Warmachine 10th Co., Ltd.	-	-	-	-	296	-	-
TIndependence	-	-	-	-	155	-	-
Cube 5th Co., Ltd.	-	-	-	-	32	-	-
Merigogo 4th Co., Ltd.	-	-	-	-	425	-	-
Parkcity First Co., Ltd.	-	-	-	-	97	-	-
Yongintechnologis No. 1., Ltd.	-	-	-	-	51	-	-
Song Am Park 2nd	-	-	-	-	147	-	-
Mi Day 1st Co., Ltd.	-	-	-	-	3,202	-	-
SMARTKAMSAM2ND Co., Ltd.	-	-	-	-	1,049	-	-
Mi Day 3rd Co., Ltd.	-	-	-	-	125	-	-
Newstart Yeonsinnae second Co., Ltd.	-	-	-	-	142	-	-
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	-	-

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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:							
RA3rd	₩ -	-	-	-	2,261	-	-
ModernBeta Co., Ltd.	-	-	-	-	106	-	-
RA4th	-	-	-	-	288	-	-
Cloud 1st Co., Ltd.	-	-	-	-	597	-	-
PrimaNonhyun Charlie Co., Ltd.	-	-	-	-	495	-	-
Busan Minam 2 nd 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 munhwa broadcasting PFV	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-DValue 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 1 st	-	-	-	-	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	-	-

(*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)
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 Agirfood ABC Investment Association No. 1	-	-	-	-	10,364	-	19
DT & Investment NHC-DTNI Agirfood 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						
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)
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	-	-
PUBLIC							
HOMESHOPPING	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 six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Company	For the six months ended June 30, 2023						
	Interest income	Commission income	Other income	Provision (reversal) of allowance	Interest expenses	Commission expenses	Other expenses
Ultimate parent company:							
NACF	₩ 1,373	₩ -	₩ 266,195	₩ (69)	₩ 3,951	₩ -	₩ 266,350
Parent company:							
NH Financial Group Inc.	-	-	859	(15)	-	-	-
Subsidiaries:							
Nonghyup Finance Cambodia Co., Ltd.	2,452	-	-	4	-	-	-
Unspecified money trust	-	1	-	-	1	-	-
Household money trust	-	6	-	-	17	-	-
Personal pension trust	-	2,260	53,445	-	195	-	-
Corporate money trust	-	-	-	-	1	-	-
Old-age pension trust	-	1	-	-	5	-	-
New personal pension trust	-	75	-	-	290	-	-
New old-age pension trust	-	2	-	-	13	-	-
Pension trust	-	2,575	-	-	2,526	-	-
Installment money in trust	-	6	-	-	17	-	-
Retirement trust	-	45	-	-	87	-	-
NH Hyunjung Holdings Co., Ltd.	-	309	632	(87)	4	-	605
NH GO the first Co., Ltd.	-	281	-	(53)	-	-	-
NH Chemical 1st Co., Ltd.	-	219	574	(42)	-	-	500
AlloneFriensHansup 1st Co., Ltd.	-	156	460	(32)	-	-	411
Associates:							
Kyunggi-DSC Superman Investment Fund No. 1	-	-	-	-	2	-	-
NH Agri-Biz Value Creative 1st PEF	-	131	-	-	-	-	-
NH-AJU Digital Fund	-	-	-	-	9	-	-
NH Venture - AJU IB New Growth Fund	-	-	-	-	7	-	-
NH-NAU Agro Food 1st Private Equity Fund	-	169	-	-	-	-	-
NH-NAU Agro Food 2nd Private Equity Fund	-	344	-	-	-	-	-
NH-NICE Venture Fund-1	-	136	-	-	-	-	-
NH Digital Alliance Fund	-	-	-	-	16	-	-
NH Agtec Innovation Private Equity Fund	-	307	-	-	-	-	-
NH-DX Open Innovation Fund	-	-	-	-	12	-	-
Other related parties:							
NH Life Insurance Co., Ltd.	1	1,893	1,059	-	7	-	974
NH Property and Casualty Insurance Co., Ltd.	-	830	242	-	6	8,293	21,788
NH Investment & Securities Co., Ltd.	1,219	252	26	162	5,511	23	202
NH Capital Co., Ltd.	455	350	-	372	13	-	-
NH Saving Bank Co., Ltd.	-	9	-	(3)	-	-	-
NongHyup REITs Management Co., Ltd.	-	-	-	(3)	27	-	-
NH Venture Investment Co., Ltd.	-	-	-	(1)	28	-	-
NH Investment & Futures Co., Ltd.	-	13	-	-	558	206	-
Parkcity 1st Co., Ltd.	-	-	-	-	1	-	-
SMART KAMSAM 2ND Co., Ltd.	-	-	-	-	1	-	-
NHHunin 2nd Co., Ltd.	-	-	-	-	1	-	-
RAHaeundae 4th Co., Ltd.	-	-	-	-	1	-	-
YRD 1st Co., Ltd.	-	-	-	-	1	-	-
Uncas The Second	-	-	-	-	1	-	-
PLN 5th Co., Ltd.	-	-	-	-	1	-	-
MJ Hangdong 4th Co., Ltd.	-	-	-	-	1	-	-
MJ Hangdong 3rd Co., Ltd.	-	-	-	-	1	-	-
NewWorld Jeonbang 4th	-	-	-	-	1	-	-
NH-Amundi Assets Management Co., Ltd.	-	1	-	6	1,292	-	546
Yeouido Cultural Broadcasting Site Development PFV	508	-	-	-	2	-	-
NH SPECIAL PURPOSE ACQUISITION 19 COMPANY	-	-	-	-	122	-	-

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37. Related-party transactions (cont'd)

Company	For the six months ended June 30, 2023						
	Interest income	Commission income	Other income	Provision (reversal) of allowance	Interest expenses	Commission expenses	Other expenses
Other related parties:							
NH-AJU KOSDAQ SCALEUP FUND	-	-	-	-	9	-	-
NH-Soo Investment innovative growth M&A fund	-	-	-	-	84	-	-
NH-SYNERGY BIO Fund	-	-	-	-	1	-	-
NH SPECIAL PURPOSE ACQUISITION 20 COMPANY	-	-	-	-	162	-	-
KYOBO-NH Healthcare New Technology Investment Association No. 1	89	-	-	-	-	-	-
NH Kyobo AI Solution Investment Fund	-	-	-	-	1	-	-
NH IBKC Dental Solution Investment Fund	-	-	-	-	2	-	-
NH SPECIAL PURPOSE ACQUISITION 22 COMPANY	-	-	-	-	21	-	-
Smart Quaternary Industry Square Investment Fund No. 2	-	-	-	-	13	-	-
NH SPECIAL PURPOSE ACQUISITION 23 COMPANY	-	-	-	-	27	-	-
NH SPECIAL PURPOSE ACQUISITION 25 COMPANY	-	-	-	-	13	-	-
NH SPECIAL PURPOSE ACQUISITION 27 COMPANY	-	-	-	-	25	-	-
NH SPECIAL PURPOSE ACQUISITION 26 COMPANY	-	-	-	-	42	-	-
NH SPECIAL PURPOSE ACQUISITION 28 COMPANY	-	-	-	-	11	-	-
NHC-DTNI Agrifood ABC Investment Fund No. 1	-	-	-	-	154	-	-
NHC-DTNI Agrifood General Investment Fund No. 2	-	-	-	-	22	-	-
NH Agri-Food Venture Fund	-	-	-	-	3	-	-
Korea-ASEAN Technology Fund 1	-	-	-	-	2	-	-
Korea-ASEAN Technology Fund 2	-	-	1	-	62	-	-
NH Agribusiness Group	51,989	8	84	(1,346)	261	-	5,498
NH Networks Co., Ltd.	583	-	41	128	6	-	12,848
NH Information System Co., Ltd.	-	-	2,747	1	54	-	41,767
Agricultural Cooperative Asset Management Co., Ltd.	3,785	-	-	6	4	1,934	-
Nonghyup Partners	-	-	90	-	1	-	23,050
Nonghyup Hanaro Mart Inc.	595	1	137	66	-	-	422
Agricultural Corporation Nonghyup Food Grain Inc.	90	2	117	234	19	-	48
Korea Agricultural Cooperative Marketing Inc.	55	7	411	-	10	-	290
Nonghyup Logistics Service Inc.	479	2	305	(2)	9	-	14,446
NongHyup Chemical Co., Ltd.	2,439	8	-	114	8	-	31
NH Trading Co., Ltd.	457	349	11	1	96	-	97
Nonghyup RedGinseng Co., Ltd.	603	-	-	747	-	-	52
Namhae Chemical Corporation	1,866	298	-	263	610	-	-
Nonghyup Moguchon Inc.	874	2	-	171	-	-	20
Nonghyup Feed Inc.	475	991	1,957	743	36	-	1,611
NONG WOO BIO CO., LTD.	544	1	-	4	66	-	25
Agricultural Corporation Nonghyup Food Inc.	-	-	1	(1)	52	-	37
Orion Nonghyup Agri, Inc.	24	-	-	-	66	-	-
Nonghyup TMR Agricultural Co., Ltd.	-	1	-	-	-	-	-
NES Materials Corporation	672	-	-	325	-	-	-
Nisso-namhae Agro Co., Ltd.	-	1	-	-	127	-	-
Tosoh Namhae Silica Co., Ltd.	-	-	-	1	-	-	-
Sanglim Co., Ltd.	121	1	-	9	-	-	-
NH SPECIAL PURPOSE ACQUISITION 29 COMPANY	-	-	-	-	68	-	-

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37. Related-party transactions (cont'd)

Company	For the six months ended June 30, 2022						
	Interest income	Commission income	Other income	Provision (reversal) of allowance	Interest expenses	Commission expenses	Other expenses
Ultimate parent company:							
NACF	₩ -	₩ -	₩ 258,612	₩ -	₩ 556	₩ -	₩ 218,843
Parent company:							
NH Financial Group Inc.	-	-	752	(2)	-	-	1,736
Subsidiaries:							
Nonghyup Finance Cambodia Co., Ltd.	436	-	-	19	-	-	-
Household money trust	-	26	-	-	3	-	-
Personal pension trust	-	3,225	-	-	293	-	-
Old-age pension trust	-	1	-	-	1	-	-
New personal pension trust	-	75	-	-	57	-	-
New old-age pension trust	-	1	-	-	2	-	-
Pension trust	-	2,487	-	-	871	-	-
Installment money in trust	-	16	-	-	6	-	-
Retirement trust	-	43	-	-	54	-	-
NH Inno First Co., Ltd.	-	56	-	-	-	-	-
NH Hyunjung Holdings Co., Ltd.	-	298	-	20	2	-	1,723
NH GO the first Co., Ltd.	-	291	-	12	-	-	-
NH Chemical 1st Co., Ltd.	-	256	-	7	-	-	792
AlloneFriensHansup 1st Co., Ltd.	-	150	-	7	-	-	653
Associates:							
Korea Credit Bureau Co., Ltd.	-	-	-	-	5	-	-
NH Agri-Biz Value Creative 1st PEF	-	43	-	-	-	-	-
NH-AJU Digital Fund	-	-	-	-	2	-	-
NH Venture-AJU IB New Growth Fund	-	-	-	-	36	-	-
NH-NAU Agro Food 1st Private Equity Fund	-	228	-	-	-	-	-
NH-NAU Agro Food 2nd Private Equity Fund	-	342	-	-	-	-	-
Seasons Shipping Co., Ltd.	-	6	-	-	-	-	-
Cardo Inc.	-	-	-	-	1	-	-
Other related parties:							
NH Life Insurance Co., Ltd.	2	4,434	207,952	-	15	189	1,791
NH Property and Casualty Insurance Co., Ltd.	-	699	19,902	-	6	-	20,127
NH Investment & Securities Co., Ltd.	384	2,368	4,029	9	192	52	3,259
NH NongHyup Capital Co., Ltd.	-	150	-	8	8	-	-
NH Savings Bank Co., Ltd.	-	48	-	(2)	-	-	-
NH REITs Management Co., Ltd.	-	-	-	-	10	-	-
NH Venture Investment Co., Ltd.	-	-	-	-	2	-	-
NH Futures Co., Ltd.	-	2	-	-	80	294	-
NH-Amundi Asset Management Co., Ltd.	-	1	-	11	336	-	547
Yeouido munhwa broadcasting PFV	600	-	-	-	2	-	-
NH Special Purpose Acquisition 19 Co., Ltd.	-	-	-	-	97	-	-

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37. Related-party transactions (cont'd)

Company	For the six months ended June 30, 2022							
	Interest income	Commission income	Other income	Provision (reversal) of allowance	Interest expenses	Commission expenses	Other expenses	
Other related parties:								
NH-AJU KOSDAQ SCALEUP FUND	₩ -	₩ -	₩ -	₩ -	₩ 33	₩ -	₩ -	-
NH-Soo Investment innovative growth M&A fund	-	-	-	-	36	-	-	-
NH-SYNERGY BIO Fund	-	-	-	-	2	-	-	-
NH-IBKC Bio New Technology Fund	-	-	-	-	2	-	-	-
NH SPECIAL PURPOSE ACQUISITION 20 COMPANY	-	-	-	-	48	-	-	-
NH SPECIAL PURPOSE ACQUISITION 21 COMPANY	-	-	-	-	11	-	-	-
Kyobo NH Healthcare Fund I	52	-	-	-	-	-	-	-
NH IBKC Dental Solution Investment Fund	-	-	-	-	3	-	-	-
Recovery Partners Co., Ltd.	-	-	-	-	4	-	-	-
NH SPECIAL PURPOSE ACQUISITION 22 COMPANY	-	-	-	-	1	-	-	-
Smart Quaternary Industry Square Investment Fund	-	-	-	-	46	-	-	-
NH SPECIAL PURPOSE ACQUISITION 23 COMPANY	-	-	-	-	10	-	-	-
DT & Investment NHC-DTNI Agrifood ABC Investment Association No. 1	-	-	-	-	22	-	-	-
DT & Investment NHC-DTNI Agrifood General Investment Association No. 2	-	-	-	-	20	-	-	-
NH-IRIS ESG Fund	-	-	-	-	1	-	-	-
NH Agri-Food Venture Fund	-	-	-	-	4	-	-	-
NH-UON Fund No. 1	-	-	-	-	1	-	-	-
Korea-ASEAN Technology Fund 1	-	-	-	-	1	-	-	-
Korea-ASEAN Technology Fund 2	-	-	-	-	8	-	-	-
NH Agribusiness Group Inc.	7,979	-	81	322	310	-	-	5,398
NH Networks Co., Ltd.	352	-	76	1	3	-	-	14,086
NH Information System Co., Ltd.	-	-	2,466	1	42	-	-	34,742
Agricultural Cooperative Asset Management Co., Ltd.	1,951	-	-	19	5	956	-	-
NH Partners Co., Ltd.	-	-	85	-	-	-	-	19,966
NongHyup Hanaro Mart Inc. Agricultural Corporation	16	-	188	-	-	-	-	380
NongHyup Food Grain Inc.	88	2	117	(4)	-	-	-	11
Korea Agriculture Cooperative Marketing Inc.	1	14	596	-	26	-	-	226
NongHyup Logistics Service Inc.	210	2	291	8	3	-	-	13,828
NongHyup Chemical Co., Ltd.	1,426	6	7	31	5	-	-	-
NH NongHyup Trading Co., Ltd.	518	245	44	99	-	-	-	130
NongHyup-Agro Inc.	-	-	-	-	-	-	-	8
NongHyup Red Ginseng Co., Ltd.	376	-	-	38	-	-	-	439
Namhae Chemical Corporation	667	551	74	239	267	-	-	1,641
NongHyup Moguchon Inc.	800	1	1	(3)	-	-	-	40
NongHyup Feed Inc.	156	1,062	317	298	2	-	-	13,598
Nongwoo BIO Co., Ltd.	302	2	155	7	2	-	-	1
NH Heuk Sarang Co., Ltd.	-	-	-	-	-	-	-	8
NongHyup Food Inc.	-	-	2	(4)	2	-	-	3
Agricultural Corporation Orion NongHyup Inc.	28	-	-	-	1	-	-	-
NongHyup TMR Co., Ltd.	-	-	1	-	-	-	-	-
Nisso-namhae Agro Co., Ltd.	-	1	-	-	8	-	-	-
Sanglim Agricultural Co., Ltd.	73	1	-	5	-	-	-	-

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37. Related-party transactions (cont'd)

The Bank's acceptances, guarantees and unused credit limits with related parties as of June 30, 2023, and December 31, 2022, are summarized as follows (Korean won in millions):

Classification	June 30, 2023	
	Credit limit	Counterparty
Unused credit limit in Korean won	₩ 2,521,715	NACF
Unused credit limit in Korean won	621	NH Financial Group Inc.
Unused credit limit in Korean won	50,200	NH Hyunjung Holdings Co., Ltd.
Unused credit limit in Korean won	50,200	NH GO the first Co., Ltd.
Unused credit limit in Korean won	35,100	NH Chemical 1st Co., Ltd.
Unused credit limit in Korean won	30,100	AllonefriendsHansup 1st Co., Ltd.
Unused credit limit in Korean won	79,419	NH Life Insurance Co., Ltd.
Unused credit limit in Korean won	32,526	NH Property and Casualty Insurance Co., Ltd.
Unused credit limit in Korean won	544,706	NH Investment & Securities Co., Ltd.
Unused credit limit in Korean won	37,565	NH Capital Co., Ltd.
Unused credit limit in Korean won	537	NH Saving Bank Co., Ltd.
Unused credit limit in Korean won	47	NongHyup REITs Management Co., Ltd.
Unused credit limit in Korean won	74	NH Venture Investment Co., Ltd.
Unused credit limit in Korean won	203	NH Investment & Futures Co., Ltd.
Unused credit limit in Korean won	671	NH-Amundi Assets Management Co., Ltd.
Unused credit limit in Korean won	841,883	NH Agribusiness Group
Unused credit limit in Korean won	24,057	NH Networks Co., Ltd.
Unused credit limit in Korean won	4,978	NH Information System Co., Ltd.
Unused credit limit in Korean won	6,854	Agricultural Cooperative Asset Management Co., Ltd.
Unused credit limit in Korean won	423	Nonghyup Partners
Unused credit limit in Korean won	143,899	Nonghyup Hanaro Mart Inc.
Unused credit limit in Korean won	121	Agricultural Corporation Nonghyup Food Grain Inc.
Unused credit limit in Korean won	30,899	Korea Agricultural Cooperative Marketing Inc.
Unused credit limit in Korean won	10,741	Nonghyup Logistics Service Inc.
Unused credit limit in Korean won	131,170	NongHyup Chemical Co., Ltd.
Unused credit limit in foreign currencies	22,534	NongHyup Chemical Co., Ltd.
Acceptances and guarantees in foreign currencies	2,508	NongHyup Chemical Co., Ltd.
Unused credit limit in Korean won	27,191	NH Nonghyup Trading Co., Ltd.
Unused credit limit in foreign currencies	25,459	NH Nonghyup Trading Co., Ltd.
Acceptances and guarantees in Korean won	23,493	NH Nonghyup Trading Co., Ltd.
Acceptances and guarantees in foreign currencies	13,520	NH Nonghyup Trading Co., Ltd.
Unused credit limit in Korean won	50	Nonghyup-Agro Inc.
Unused credit limit in Korean won	1,046	Nonghyup Red Ginseng Co., Ltd.
Unused credit limit in Korean won	158,761	Namhae Chemical Corporation
Unused credit limit in foreign currencies	314,821	Namhae Chemical Corporation
Acceptances and guarantees in Korean won	4,335	Namhae Chemical Corporation
Acceptances and guarantees in foreign currencies	11,300	Namhae Chemical Corporation
Unused credit limit in Korean won	14,557	Nonghyup Moguchon Inc.
Unused credit limit in foreign currencies	425	Nonghyup Moguchon Inc.
Acceptances and guarantees in foreign currencies	230	Nonghyup Moguchon Inc.
Unused credit limit in Korean won	339,564	Nonghyup Feed Inc.
Unused credit limit in foreign currencies	164,606	Nonghyup Feed Inc.
Acceptances and guarantees in foreign currencies	201,750	Nonghyup Feed Inc.
Unused credit limit in Korean won	11,244	Nongwoo BIO Co., Ltd.
Unused credit limit in Korean won	37	NH Heuk Sarang Co., Ltd.
Unused credit limit in Korean won	4,577	NongHyup Food Inc.
Unused credit limit in Korean won	80	PUBLIC HOMESHOPPING
Unused credit limit in Korean won	4,156	Agricultural Corporation Orion Nonghyup Inc.
Unused credit limit in Korean won	21	Nisso-namhae Agro Co., Ltd.
Unused credit limit in Korean won	727	Sanglim Agricultural Co., Ltd.
Unused credit limit in Korean won	6,178	NES Materials Corporation

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37. Related-party transactions (cont'd)

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	PUBLIC HOMESHOPPING
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 June 30, 2023, and December 31, 2022, are summarized as follows (Korean won in millions):

Company	Classification	June 30, 2023	December 31, 2022
NACF	Open interest	₩ 5,687,968	₩ 5,030,337
NH Life Insurance Co., Ltd.	Open interest	1,306,499	1,545,694
NH Property and Casualty Insurance Co., Ltd.	Open interest	266,585	329,861
NH Investment & Securities Co., Ltd.	Open interest	75,000	86,077
NH Nonghyup Trading Co., Ltd.	Open interest	9,556	31,482
Namhae Chemical Corporation	Open interest	-	79,840
Nonghyup Feed Inc.	Open interest	286,731	619,352
NH Hyunjung Holdings Co., Ltd.	Open interest	50,200	50,200
NH Chemical 1st Co., Ltd.	Open interest	35,100	40,100
AlloneFriensHansup 1st Co., Ltd.	Open interest	30,100	30,100
Nonghyup Chemical Co., Ltd.	Open interest	1,322	-

Details of fixed asset transactions with related parties for the six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
	Purchase of tangible assets	Purchase of intangible assets	Purchase of tangible assets	Purchase of intangible assets
NH Networks Co., Ltd.	7,475	6,032	10,182	-
NH Information System Co., Ltd.	211	6,690	564	11,629
Nonghyup Hanaro Mart Inc.	-	7	10	-
Korea Agricultural Cooperative Marketing Inc.	-	2	-	-

Details of the collateral provided from related parties as of June 30, 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	57,582
NH Life Insurance Co., Ltd.	Securities	341,339

Details of the collateral provided to related parties as of June 30, 2023, are summarized as follows (Korean won in millions):

Company	Classification	Pledged amount
NH Investment & Securities Co., Ltd.	Securities	₩ 2,000
NH Futures Co., Ltd.	Securities	14,000

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37. Related-party transactions (cont'd)

The key management compensations for the three months and six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	June 30, 2023		June 30, 2022	
	For the three months ended	For the six months ended	For the three months ended	For the six months ended
Short-term employee benefits	₩ 798	₩ 1,636	₩ 784	₩ 1,585
Retirement expenses	155	320	148	805
	₩ 953	₩ 1,956	₩ 932	₩ 2,390

38. COMMITMENTS AND CONTINGENCIES:

Details of agreements that the Bank has made as of June 30, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	June 30, 2023	December 31, 2022
Loan commitment	₩ 106,393,393	₩ 104,847,579
Credit guarantee (*1)	3,610,433	3,553,765
CP purchase agreement (*1)	1,193,334	124,608
Treasury purchase agreement	2,049,034	2,076,712
Payment guarantees	7,706,622	6,662,168
Investment commitments (*2)	587,698	508,725
	₩ 121,540,514	₩ 117,773,557

(*1) As of June 30, 2023, the Bank provided the credit line with a limit of ₩3,610,433 million and made the commercial paper ("CP") purchase agreement with a limit of ₩1,193,334 million as collaterals to repay the principals and interests of debentures and commercial papers issued by NHLD First Co., Ltd. and 66 other SPEs.

(*2) The Bank made seven investment commitments as of June 30, 2023.

The Bank is involved in various pending legal proceedings arising in the normal course of business. As of June 30, 2023, the Bank is named as a plaintiff in 97 cases with related aggregate claims amounting to ₩69,019 million and as a defendant in 126 cases with related aggregate claims amounting to ₩50,046 million and the numbers of the cases as a plaintiff or a defendant do not include the cases in which the Bank is involved as a custodian bank. Accordingly, the Bank accrued for a litigation-related liability of ₩5,038 million in other liabilities. Except for accrued litigations-related liabilities, the Bank believes that the outcome of litigations will not have a material impact on the interim condensed separate financial statements.

The Bank holds written-off loans, on which the statute of limitation was not completed or recovered the loans after amortization, the Bank has not lost its claim rights to borrowers and guarantors, amounting to ₩3,690,345 million and ₩3,591,263 million as of June 30, 2023, and December 31, 2022, respectively.

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39. INTERIM CONDENSED SEPARATE STATEMENTS OF CASH FLOWS:

39.1 Cash and cash equivalents

Cash and cash equivalents in the interim condensed separate statements of cash flows consist of cash and due from banks (excluding restricted due from banks) from the interim condensed separate statements of financial position. Cash and cash equivalents as of June 30, 2023, and December 31, 2022, are adjusted as follows (Korean won in millions):

Classification (*1)	June 30, 2023	December 31, 2022
Cash and due from banks	₩ 14,765,797	₩ 14,519,373
Less: Restricted due from banks (refer to Note 6)	(1,860,001)	(26,283)
	₩ 12,905,796	₩ 14,493,090

(*1) Allowance for ECLs is not included.

39.2 Non-cash transactions

Significant non-cash transactions not included in the interim condensed separate statements of cash flows for the six months ended June 30, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Changes in gain (loss) on valuation of financial assets at FVTOCI	₩ 361,898	₩ (869,960)
Transfer between tangible assets and investment properties	(15,039)	33,535
Recognition of right-of-use assets and lease liabilities	50,403	45,686

39.3 Changes in accounting policy

During the last year, the International Accounting Standards Interpretation Committee decided on the agenda of 'Demand Deposits with Restrictions on Use arising from a Contract with a Third Party' and the Korea Accounting Institute responded to inquiries about 'classification of reserve deposits in the Bank of Korea as cash and cash equivalents.' Based on the results, the Bank of Korea reserve deposit, which is judged to meet the requirements of cash and cash equivalents, was classified as cash and cash equivalents among the restricted deposits held by the Bank.

The Bank determined the change in the classification as a change in accounting policy and retrospectively restated the interim condensed separate financial statements of the previous period presented for comparison. The effect on the interim condensed separate financial statements is as follows (Korean won in millions):

Classification	Before	Adjustment	After
Cash and cash equivalents at the beginning of year	₩ 4,207,380	₩ 2,734,769	₩ 6,942,149
Operating activities (I)	11,742,718	(749,176)	10,993,542
Investing activities (II)	(15,521,918)	-	(15,521,918)
Financing activities (III)	4,769,750	-	4,769,750
Net increase (decrease) in cash and cash equivalents (I + II + III)	5,197,930	1,985,593	7,183,523
Effect of exchange rate changes on cash and cash equivalents	16,697	-	16,697
Cash and cash equivalents at the end of year	₩ 5,214,627	₩ 1,985,593	₩ 7,200,220