

NongHyup Bank

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

Attachment: Independent accountant's review report

NongHyup Bank

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

English Translation of Independent Accountant's Review Report Originally Issued in Korean on May 12, 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 March 31, 2023, and the related interim condensed separate statements of profit or loss and other comprehensive income, interim condensed separate statements of changes in equity and interim condensed separate statements of cash flows for the three months ended March 31, 2023 and 2022, all expressed in Korean won, 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 Accountant's 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

May 12, 2023

Notice to Readers

This report is effective as of May 12, 2023, the independent accountant's review report date. Certain subsequent events or circumstances may have occurred between the accountant's review report date and the time the accountant's 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 accountant's review report.

NongHyup Bank

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

(Korean won in millions)

	Notes	March 31, 2023	December 31, 2022
Assets			
Cash and due from banks	5, 6, 35, 36, 39	₩ 12,312,369	₩ 14,514,717
Financial assets at fair value through profit or loss ("FVTPL")	5, 7, 35, 36	12,506,782	10,676,176
Derivative assets	5, 23, 35, 36	887,216	1,089,745
Financial assets at fair value through other comprehensive income ("FVTOCI")	5, 8, 35, 36	32,175,038	29,336,666
Securities at amortized cost	5, 9, 35, 36	16,120,370	15,490,104
Loans at amortized cost	5, 10, 35, 36	304,991,144	308,133,682
Investments in subsidiaries and associates	11	124,219	126,619
Tangible assets	12, 15	2,873,128	2,912,642
Investment properties	13	582,605	575,436
Intangible assets	14	562,494	515,966
Deferred income tax assets	27	57,930	299,245
Other assets	16, 35, 36	213,478	138,100
Net defined benefit assets	24	-	108,250
Non-current assets classified as held for sale	13, 35	15	15
Total assets		<u>₩ 383,406,788</u>	<u>₩ 383,917,363</u>
Liabilities			
Deposits	17, 18, 35, 36	₩ 303,614,510	₩ 304,423,645
Derivative liabilities	17, 23, 35, 36	883,624	1,216,456
Borrowings	17, 19, 35, 36	16,483,722	16,708,732
Debentures	17, 20, 35, 36	21,187,598	21,121,965
Provisions	21, 38	432,390	351,533
Current income tax liabilities		233,270	227,303
Net defined benefit liabilities	24	112,383	-
Other liabilities	17, 22, 35, 36	18,778,031	18,336,119
Total liabilities		<u>361,725,528</u>	<u>362,385,753</u>
Equity			
Capital stock	25	2,384,351	2,384,351
Other paid-in capital	25	12,267,908	12,267,908
Retained earnings	25	7,773,986	7,932,224
Regulatory reserves for bad debts as of March 31, 2023, and December 31, 2022, are ₩2,227,682 million and ₩2,173,621 million, respectively			
Regulatory reserves (reversals) for bad debts to be reserved as of March 31, 2023, and December 31, 2022, are ₩(227,565) million and ₩54,061 million, respectively			
Planned provision of regulatory reserves (reversals) for bad debts as of March 31, 2023, and December 31, 2022, are ₩(227,565) million and ₩54,061 million, respectively			
Other components of equity	25	<u>(744,985)</u>	<u>(1,052,873)</u>
Total equity		<u>21,681,260</u>	<u>21,531,610</u>
Total liabilities and equity		<u>₩ 383,406,788</u>	<u>₩ 383,917,363</u>

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 ended March 31, 2023 and 2022

(Korean won in millions)

	Notes	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Net interest income	4, 28		
Interest income:			
Interest income calculated using the effective interest method		₩ 3,849,526	₩ 2,239,578
Interest income on financial instruments at FVTPL		6,232	2,608
		<u>3,855,758</u>	<u>2,242,186</u>
Interest expenses		<u>2,002,577</u>	<u>709,800</u>
		1,853,181	1,532,386
Net commission income	4, 29		
Commission income		313,946	275,056
Commission expenses		<u>109,644</u>	<u>103,675</u>
		204,302	171,381
Gain on financial instruments at FVTPL, net	28		
Gain on financial instruments at FVTPL		1,076,252	606,319
Loss on financial instruments at FVTPL		<u>883,219</u>	<u>577,576</u>
		193,033	28,743
Gain on financial assets at FVTOCI, net	28		
Gain on financial assets at FVTOCI		7,255	4,252
Loss on financial assets at FVTOCI		<u>1,142</u>	<u>506</u>
		6,113	3,746
Gain on disposal of financial assets at amortized cost, net	28		
Gain on disposal of financial assets at amortized cost		3,148	2,175
Loss on disposal of financial assets at amortized cost		<u>271</u>	<u>10</u>
		2,877	2,165
Other operating expenses, net	30		
Other operating income		726,028	461,377
Other operating expenses		<u>957,133</u>	<u>649,055</u>
		(231,105)	(187,678)
Operating income before expected credit losses ("ECLs") and general and administrative expenses		2,028,401	1,550,743
Transfer in allowance for ECLs	4, 21, 28	<u>241,785</u>	<u>52,482</u>
Operating income before general and administrative expenses		₩ 1,786,616	₩ 1,498,261

(Continued)

NongHyup Bank
Interim condensed separate statements of profit or loss and other comprehensive income (cont'd)
For the three months ended March 31, 2023 and 2022

(Korean won in millions)

	Notes	For the three months ended March 31, 2023	For the three months ended March 31, 2022
General and administrative expenses	4		
Employee benefits	31	₩ 557,393	₩ 554,612
Depreciation and amortization expenses	12, 14, 15	116,065	111,787
Other selling and administrative expenses	32	154,479	132,951
		<u>827,937</u>	<u>799,350</u>
Operating income		<u>958,679</u>	<u>698,911</u>
Other expenses, net	33	(81,871)	(80,234)
Income before income tax expenses		<u>876,808</u>	<u>618,677</u>
Income tax expenses	4, 27	216,551	169,063
Net income	25	<u>660,257</u>	<u>449,614</u>
(Net income after the provision of regulatory reserve for bad debts for the three months ended March 31, 2023 and 2022, is ₩887,822 million and ₩ 519,635 million, respectively)			
Other comprehensive income (loss)			
Items not subsequently reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	24, 25	(16,533)	(6,105)
Loss on equity securities at FVTOCI	25	(824)	(3,876)
		<u>(17,357)</u>	<u>(9,981)</u>
Items subsequently reclassified to profit or loss:			
Gain (loss) on valuation of debt securities at FVTOCI	25	317,037	(273,766)
Exchange differences on translation of foreign operations	25	8,206	3,702
		<u>325,243</u>	<u>(270,064)</u>
		<u>307,886</u>	<u>(280,045)</u>
Total comprehensive income		<u>₩ 968,143</u>	<u>₩ 169,569</u>
Earnings per share ("EPS")	34		
Basic and diluted EPS (Korean won)		₩ 1,358	₩ 952

(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 three months ended March 31, 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	1,056,455	-	-	-	-	1,199,312
Changes due to consolidated tax	-	-	-	-	4,135	-	4,135
Total comprehensive income:							
Net income	-	-	-	-	449,614	-	449,614
Other comprehensive income (loss):							
Remeasurements of net defined benefit liabilities	-	-	-	-	-	(6,105)	(6,105)
Loss on valuation of debt securities at FVTOCI	-	-	-	-	-	(273,766)	(273,766)
Gain on equity securities at FVTOCI	-	-	-	-	-	(3,876)	(3,876)
Exchange differences on translation of foreign operations	-	-	-	-	-	3,702	3,702
Dividends on hybrid equity securities	-	-	-	-	(7,692)	-	(7,692)
Dividends	-	-	-	-	(740,000)	-	(740,000)
Balance as of March 31, 2022	<u>₩ 2,384,351</u>	<u>₩ 11,042,610</u>	<u>₩ (3,019)</u>	<u>₩ 798,967</u>	<u>₩ 6,580,879</u>	<u>₩ (1,043,394)</u>	<u>₩ 19,760,394</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	-	-	-	-	59,331	-	59,331
Total comprehensive income:							
Net income	-	-	-	-	660,257	-	660,257
Other comprehensive income (loss):							
Remeasurements of net defined benefit liabilities	-	-	-	-	-	(16,532)	(16,532)
Loss on valuation of debt securities at FVTOCI	-	-	-	-	-	317,038	317,038
Gain on equity securities at FVTOCI	-	-	-	-	-	(824)	(824)
Exchange differences on translation of foreign operations	-	-	-	-	-	8,206	8,206
Dividends on hybrid equity securities	-	-	-	-	(12,826)	-	(12,826)
Dividends	-	-	-	-	(865,000)	-	(865,000)
Balance as of March 31, 2023	<u>₩ 2,384,351</u>	<u>₩ 11,042,610</u>	<u>₩ (3,019)</u>	<u>₩ 1,228,317</u>	<u>₩ 7,773,986</u>	<u>₩ (744,985)</u>	<u>₩ 21,681,260</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 three months ended March 31, 2023 and 2022

(Korean won in millions)

	<u>Notes</u>	<u>For the three months ended March 31, 2023</u>	<u>For the three months ended March 31, 2022</u>
Operating activities			
Income before income tax expenses	₩	876,808	₩ 618,677
Adjustments to reconcile income before income tax expenses to net cash provided by operating activities:			
Net interest income		(1,853,181)	(1,532,386)
Dividend income		(3,058)	(5,677)
Gain related to financial assets at FVTPL		(127,049)	(918)
Loss (gain) on valuation of trading derivatives		(60,626)	42,418
Loss (gain) on valuation of hedging derivatives		(4,482)	13,264
Loss (gain) on fair value hedge		7,295	(15,079)
Gain related to financial assets at FVTOCI		(5,110)	(1,830)
Gain on disposal of financial assets at amortized cost		(2,877)	(2,165)
Depreciation and amortization		117,521	113,183
Loss on disposal of assets		679	1,916
Allowance for ECLs		241,785	52,482
Transfer in provisions		8,268	6,315
Retirement expenses of net defined benefit liabilities		33,999	48,022
Gain on transaction of foreign exchange		26,088	(15,814)
Others		13,589	3,468
		<u>(1,607,159)</u>	<u>(1,292,801)</u>
Changes in operating assets and liabilities:			
Due from banks		(2,368,000)	340,636
Derivative assets		461,186	195,023
Financial assets at FVTPL		(771,336)	(831,653)
Loans at amortized cost		3,247,364	1,502,446
Other assets		(61,092)	23,007
Deposits		(1,091,333)	4,101,587
Derivative liabilities		(526,380)	(180,604)
Defined benefit obligations		(3,544)	(3,328)
Plan assets		183,927	166,070
Provisions		(6,620)	(4,189)
Other liabilities		(525,354)	2,778,767
		<u>(1,461,182)</u>	<u>8,087,762</u>
Cash received for interest		3,743,383	2,062,401
Payment of interest expenses		(1,156,042)	(408,725)
Cash received for dividend		2,968	4,127
Payment of income tax		(36,187)	(26,076)
Net cash provided by operating activities		<u>362,589</u>	<u>9,045,365</u>

(Continued)

NongHyup Bank
Interim condensed separate statements of cash flows (cont'd)
For the three months ended March 31, 2023 and 2022

(Korean won in millions)

	Note	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Investing activities			
Cash flows provided by investing activities:			
Disposal of financial assets at FVTPL	₩	3,196,703	₩ 5,649,989
Disposal or redemption of financial assets at FVTOCI		2,813,841	1,429,612
Disposal or redemption of securities at amortized cost		789,996	750,581
Disposal of tangible assets		316	3,059
Disposal of intangible assets		-	312
Disposal of investments in associates		2,400	4,352
Dividend of investments in associates		-	1,549
		<u>6,803,256</u>	<u>7,839,454</u>
Cash flows used in investing activities:			
Purchase of financial assets at FVTPL		4,089,923	8,107,582
Purchase of financial assets at FVTOCI		5,123,910	5,779,922
Purchase of securities at amortized cost		1,400,198	2,837,107
Purchase of investment properties		53	18
Purchase of tangible assets		10,843	8,475
Purchase of right-of-use assets		7,889	7,850
Purchase of intangible assets		93,446	103,756
Purchase of investments in subsidiaries and associates		-	1,483
		<u>(10,726,262)</u>	<u>(16,846,193)</u>
Net cash used in investing activities		<u>(3,923,006)</u>	<u>(9,006,739)</u>
Financing activities			
Cash flows provided by financing activities:			
Issuance of capital stock		-	1,199,312
Increase in borrowings, net		-	1,018,134
Increase in debentures		1,545,388	1,609,321
Increase in borrowings from trust accounts, net		154,475	2,009,148
		<u>1,699,863</u>	<u>5,835,915</u>
Cash flows used in financing activities:			
Decrease in borrowings, net		375,665	-
Decrease in debentures		1,591,410	1,899,955
Dividends		877,825	747,692
Decrease in lease liabilities		18,717	17,683
		<u>(2,863,617)</u>	<u>(2,665,330)</u>
Net cash (used in) provided by financing activities		<u>(1,163,754)</u>	<u>3,170,585</u>
Net increase (decrease) in cash and cash equivalents		(4,724,171)	3,209,211
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		17,114	4,307
Cash and cash equivalents at the end of the period	39	<u>₩ 9,786,033</u>	<u>₩ 10,155,667</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 March 31, 2023, and December 31, 2022,
and for the three months ended March 31, 2023 and 2022

1. GENERAL:

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

As of March 31, 2023, the Bank’s capital stock amounts to ₩2,384,351 million with 476,870,202 shares of common stock outstanding, which are wholly owned by NongHyup Financial Group. As of March 31, 2023, the Bank operates 157 regional offices, 662 branches, 289 branch offices and 9 overseas branches and offices.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis for preparation of quarterly 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 accountant’s 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 significant 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 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 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. Basis of preparation and significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not effective until the issuance day of the 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
as of March 31, 2023, and December 31, 2022,
and for the three months ended March 31, 2023 and 2022

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 effects 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 March 31, 2023, the Bank changes significant assumptions and indices used to measure ECLs, considering the deterioration of economic growth and future uncertainty based on the 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).

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

4. OPERATING SEGMENT INFORMATION:

The Bank is organized into four operating segments based on its 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 card services for credit card holders, etc.
Others	Activities other than the above

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

	For the three months ended March 31, 2023						
	Personal financing	Corporate financing	Credit card	Others	Subtotal	Adjustments	Total
Operating income:							
Net interest income (expenses)	₩ 1,030,639	₩ 886,264	₩ 132,622	₩ (3,452)	₩ 2,046,073	₩ (192,892)	₩ 1,853,181
Net commission income	58,144	78,880	13,261	44,818	195,103	9,199	204,302
Net other operating income (losses)	(123,729)	(50,108)	(987)	307,097	132,273	(161,355)	(29,082)
	965,054	915,036	144,896	348,463	2,373,449	(345,048)	2,028,401
Operating expenses:							
General and administrative expenses	275,870	139,566	78,256	14,442	508,134	319,803	827,937
Operating income before credit losses and income tax expenses	689,184	775,470	66,640	334,021	1,865,315	(664,851)	1,200,464
Other expenses	-	-	-	-	-	(81,871)	(81,871)
Allowance for ECLs	-	-	-	-	-	241,785	241,785
Income tax expenses	-	-	-	-	-	216,551	216,551
Net income for the period	₩ 689,184	₩ 775,470	₩ 66,640	₩ 334,021	₩ 1,865,315	₩ (1,205,058)	₩ 660,257
	For the three months ended March 31, 2022						
	Personal financing	Corporate financing	Credit card	Others	Subtotal	Adjustments	Total
Operating income:							
Net interest income (expenses)	₩ 871,468	₩ 521,604	₩ 155,830	₩ 98,413	₩ 1,647,315	₩ (114,929)	₩ 1,532,386
Net commission income (expenses)	50,465	66,960	(644)	46,917	163,698	7,683	171,381
Net other operating income (losses)	(117,862)	(50,857)	(586)	42,075	(127,230)	(25,794)	(153,024)
	804,071	537,707	154,600	187,405	1,683,783	(133,040)	1,550,743
Operating expenses:							
General and administrative expenses	285,465	130,605	73,259	9,028	498,357	300,993	799,350
Operating income before credit losses and income tax expenses	518,606	407,102	81,341	178,377	1,185,426	(434,033)	751,393
Other expenses	-	-	-	-	-	(80,234)	(80,234)
Allowance for ECLs	-	-	-	-	-	52,482	52,482
Income tax expenses	-	-	-	-	-	169,063	169,063
Net income for the period	₩ 518,606	₩ 407,102	₩ 81,341	₩ 178,377	₩ 1,185,426	₩ (735,812)	₩ 449,614

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4. Operating segment information (cont'd)

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

Classification	Revenue from external customers		Non-current assets	
	For the three months ended March 31, 2023	For the three months ended March 31, 2022	March 31, 2023	December 31, 2022
Domestic	₩ 5,966,704	₩ 3,588,216	₩ 4,133,072	₩ 4,121,055
Foreign	24,378	3,149	9,374	9,608
	₩ 5,991,082	₩ 3,591,365	₩ 4,142,446	₩ 4,130,663

5. FINANCIAL ASSETS:

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

Classification	March 31, 2023	
	Book value	Fair value
Financial assets at FVTPL:		
Financial assets at FVTPL	₩ 12,506,782	₩ 12,506,782
Trading derivative assets	884,252	884,252
	13,391,034	13,391,034
Derivative assets:		
Hedging derivative assets	2,964	2,964
Financial assets at FVTOCI:		
Financial assets at FVTOCI	32,175,038	32,175,038
Financial assets at amortized cost:		
Deposits (*1)		
Deposits in Korean won	7,060,006	7,060,006
Deposits in foreign currency	2,999,287	2,999,287
	10,059,293	10,059,293
Debt securities (*1)	16,120,370	15,722,666
Loans (*2)		
Loans in Korean won	267,926,334	265,182,945
Loans in foreign currency	3,895,551	4,068,940
Credit card receivables	8,461,568	8,565,699
Others	18,010,366	18,038,004
	298,293,819	295,855,588
Receivables (*3 and *4)	6,403,514	5,791,479
	330,876,996	327,429,026
	₩ 376,446,032	₩ 372,998,062

(*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 ₩293,811 million as of March 31, 2023, is excluded (see Note 10. (3)).

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

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

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5. Financial assets (cont'd)

Classification	December 31, 2022	
	Book value	Fair value
Financial assets at FVTPL:		
Financial assets at FVTPL	₩ 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		
Financial assets at FVTOCI:		
Financial assets at FVTOCI	3,375	3,375
Financial assets at amortized cost:	29,336,666	29,336,666
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 (see Note 10. (3)).

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

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

Transferred financial assets derecognized not in their entirety as of March 31, 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 March 31, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	March 31, 2023	December 31, 2022
Transferred assets		
Financial assets at FVTOCI	₩ 501,255	₩ 502,070
Financial assets at amortized cost	267,367	291,000
	<u>₩ 768,622</u>	<u>₩ 793,070</u>
Related liabilities		
Bonds sold under repurchase agreements	₩ 838,985	₩ 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 March 31, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	March 31, 2023	December 31, 2022	Loaned to
Financial assets at FVTOCI			Korea Securities Depository and others
- Debt securities	₩ 2,314,703	₩ -	
Securities at amortized cost			Korea Securities Finance Corp.
- Debt securities	19,585	-	
	2,334,288	-	

6. CASH AND DUE FROM BANKS:

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

Classification	Details	Financial institution	Interest rate (%)	March 31, 2023	December 31, 2022
Cash in Korean won	Cash on hand	-	-	₩ 1,759,041	₩ 1,649,634
Cash in foreign currency	Cash on hand	-	-	494,035	538,542
Due from banks in Korean won	Reserve deposits	The Bank of Korea	-	4,556,219	9,456,506
	Monetary stabilization account	The Bank of Korea		2,500,000	-
	Non-monetary financial institution deposits	Korea Exchange and others	-	501	937
	Other deposits	The Bank of Korea and others	-	3,293	3,859
				7,060,013	9,461,302
Due from banks in foreign currency	Reserve deposits	The Bank of Korea	-	424,146	436,498
	Deposits at other banks	Other financial institutions	0.00–5.35	2,509,725	2,358,177
	Term deposits	Other financial institutions	1.75–4.55	19,557	13,940
	Other deposits	Other financial institutions	4.12–4.73	51,309	61,280
				3,004,737	2,869,895
Allowance for ECLs				(5,457)	(4,656)
				₩ 12,312,369	₩ 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 three months ended March 31, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the three months ended March 31, 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	(2,403,949)	-	-	(2,403,949)
Others (*1)	137,502	-	-	137,502
Ending balance	₩ 10,064,750	₩ -	₩ -	₩ 10,064,750

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

	For the three months ended March 31, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 4,656	₩ -	₩ -	₩ 4,656
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Reversal of allowance for ECLs	640	-	-	640
Others (*1)	161	-	-	161
Ending balance	₩ 5,457	₩ -	₩ -	₩ 5,457

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

Classification	Financial institution	March 31, 2023	December 31, 2022	Reason for restriction
Reserve deposits in Korean won	The Bank of Korea	₩ 4,556,219	₩ 9,456,506	Required under the <i>Banking Act</i> and other related regulations
Other deposits in Korean won	The Bank of Korea	2,500,000	-	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	424,146	436,498	Required under the <i>Banking Act</i> and other related regulations
Term deposits in foreign currency	Other financial institutions	19,557	13,940	Deposits in other foreign exchange banks according to money consumption loan contracts
Other deposits in foreign currency	Other financial institutions	11,735	11,406	Deposits related to derivatives trading
Allowance for ECLs		(5)	(4)	
		₩ 7,512,153	₩ 9,919,283	

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7. FINANCIAL ASSETS AT FVTPL:

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

Classification	March 31, 2023	December 31, 2022
Equity securities:		
Marketable equity securities	₩ 11,211	₩ 81
Non-marketable equity securities	58,723	101,882
	69,934	101,963
Debt securities:		
Government bonds	555,744	146,529
Financial bonds	396,608	-
	952,352	146,529
Other securities:		
Beneficiary certificate	5,721,088	5,515,913
Mutual fund	157,454	136,917
Foreign currencies	1,219,629	1,021,215
Others	4,369,712	3,737,004
	11,467,883	10,411,049
Loans	16,613	16,635
	₩ 12,506,782	₩ 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 March 31, 2023, and December 31, 2022.

The Bank has no financial assets at FVTPL provided as collateral as of March 31, 2023.

8. FINANCIAL ASSETS AT FVTOCI:

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

Classification	March 31, 2023	
	Book value	Allowance for ECLs
Equity securities:		
Marketable equity securities	₩ 114,732	₩ -
Non-marketable equity securities	278,305	-
Foreign currencies	238	-
	393,275	-
Debt securities:		
Government bonds	10,960,140	-
Financial bonds	10,856,754	(1,959)
Corporate bonds	3,239,322	(2,193)
Public bonds	4,247,690	(986)
Foreign currencies	2,477,857	(649)
	31,781,763	(5,787)
	₩ 32,175,038	₩ (5,787)

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

Classification	March 31, 2023	December 31, 2022
Equity securities:		
Marketable equity securities	₩ 114,732	₩ 50,987
Non-marketable equity securities	278,305	282,946
Foreign currencies	238	238
	<u>₩ 393,275</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 three months ended March 31, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

Classification	For the three months ended March 31, 2023	
	Fair value at the time of disposal	Accumulated profit at the time of disposal (*1)
Equity securities:		
Marketable securities	₩ 11,407	₩ 490

(*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 loss 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 three months ended March 31, 2023, to realize a gain or loss from changes in the fair value of an investment in the equity instrument. The Bank will reclassify 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 March 31, 2023, and December 31, 2022, are as follows (Korean won in millions):

Provided to	Remarks	March 31, 2023	
		Pledged amount	Book value of securities provided as collaterals
The Bank of Korea	Payment risk	₩ 670,000	₩ 641,435
Citibank Korea Inc.	Bonds sold under repurchase agreements	505,164	501,255
Citibank Korea Inc. and 17 others	Credit enhancement for derivative transactions	202,919	197,762
		<u>₩ 1,378,083</u>	<u>₩ 1,340,452</u>
Provided to	Remarks	December 31, 2022	
		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 three months ended March 31, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the three months ended March 31, 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	5,052,045	-	-	5,052,045
Disposal or collection	(2,794,274)	-	-	(2,794,274)
Amortization of effective interest rate	25,632	-	-	25,632
Valuation	430,640	-	-	430,640
Others (*1)	65,225	-	-	65,225
Ending balance	₩ 31,781,763	₩ -	₩ -	₩ 31,781,763

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

	For the three months ended March 31, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 5,794	₩ -	₩ -	₩ 5,794
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Provision of allowance for ECLs (*1)	32	-	-	32
Disposal	(56)	-	-	(56)
Others (*2)	17	-	-	17
Ending balance	₩ 5,787	₩ -	₩ -	₩ 5,787

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

Classification	March 31, 2023	
	Book value	Allowance for ECLs
Debt securities:		
Government bonds	₩ 7,743,036	₩ -
Financial bonds	1,990,221	-
Corporate bonds	6,067,216	(3,836)
Public bonds	279,502	-
Foreign	44,237	(6)
	₩ 16,124,212	₩ (3,842)
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	18,991	-
	₩ 15,493,446	₩ (3,342)

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9. Securities at amortized cost (cont'd)

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

		March 31, 2023	
Provided to	Remarks	Pledged amount	Book value of securities provided as collaterals
The Bank of Korea	Payment risk	₩ 6,060,000	₩ 5,945,590
	Daylight overdraft	1,050,000	1,016,296
	Borrowing	3,551,000	3,470,650
Citibank Korea Inc.	Bonds sold under repurchase agreements	269,681	267,367
NH Futures Co., Ltd. and five others	Substituted securities for derivative transaction	51,000	51,000
Korea Development Bank and two others	Credit enhancement for derivative transactions	14,224	14,157
Korea Exchange and one other	Others	37,000	36,886
		<u>₩ 11,032,905</u>	<u>₩ 10,801,946</u>

		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 and one other	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 three months ended March 31, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the three months ended March 31, 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	1,400,198	-	-	1,400,198
Disposal or collection	(790,000)	-	-	(790,000)
Amortization of effective interest rate	19,386	-	-	19,386
Other (*1)	1,182	-	-	1,182
Ending balance	₩ 16,124,212	₩ -	₩ -	₩ 16,124,212

(*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
Other (*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 three months ended March 31, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the three months ended March 31, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 3,342	₩ -	₩ -	₩ 3,342
Transfer to 12-month ECLs	-	-	-	-
Transfer to financial assets with a significant increase in credit risk	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Provision of allowance for ECLs (*1)	500	-	-	500
Ending balance	₩ 3,842	₩ -	₩ -	₩ 3,842

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

Classification	Type	March 31, 2023	December 31, 2022
Loans in Korean won	Corporate	₩ 130,117,484	₩ 127,158,255
	Household	130,430,635	132,963,675
	Public	8,587,914	8,833,677
	Integrated	259,356	272,529
		269,395,389	269,228,136
	Allowance for ECLs	(1,469,055)	(1,448,849)
	Book value, net	267,926,334	267,779,287
Loans in foreign currency	Loans	2,618,259	2,551,890
	Offshore	1,332,410	1,296,320
		3,950,669	3,848,210
	Allowance for ECLs	(55,118)	(51,493)
	Book value, net	3,895,551	3,796,717
Other loans	Credit card receivables	8,936,646	9,094,031
	Bills purchased	413,254	1,201,084
	Bills purchased in foreign currency	2,153,127	2,596,297
	Private placement bonds	49,240	47,130
	Payment for acceptances and guarantees	2,074	2,345
	Domestic import usance	3,176,990	3,097,540
	Others	12,266,270	15,156,933
		26,997,601	31,195,360
	Allowance for ECLs	(525,667)	(460,873)
	Book value, net	26,471,934	30,734,487
Receivables	Receivables	6,475,446	5,595,993
	Allowance for ECLs	(49,144)	(49,448)
	Book value, net	6,426,302	5,546,545
Total loans and receivables		306,819,105	309,867,699
Total allowance for ECLs		(2,098,984)	(2,010,663)
Deferred LOF/LOC		293,811	297,408
Present value discounts of receivables		(22,788)	(20,762)
Total loans and receivables, net		₩ 304,991,144	₩ 308,133,682

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10. Loans at amortized cost (cont'd)

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

Classification	March 31, 2023	December 31, 2022
Domestic exchange settlement debits	₩ 1,000,610	₩ 1,714,166
Accrued income	1,327,678	1,206,517
Accounts receivable	2,924,317	1,397,021
Suspense payment	47,079	48,160
Guarantee deposits paid	481,134	482,240
Unsettled credit card receivables	681,186	726,407
Receivables from proxy sale of NACF	3,216	869
Others	10,226	20,613
Total receivables	<u>6,475,446</u>	<u>5,595,993</u>
Allowance for ECLs	(49,144)	(49,448)
Present value discounts	(22,788)	(20,762)
Total of receivables, net	<u>₩ 6,403,514</u>	<u>₩ 5,525,783</u>

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

Classification	For the three months ended March 31, 2023			
	January 1, 2023	Increase	Decrease	March 31, 2023
Deferred LOF	₩ (24,622)	₩ (4,504)	₩ (6,368)	₩ (22,758)
Deferred LOC	322,030	62,986	68,447	316,569
Deferred LOC, net	<u>₩ 297,408</u>	<u>₩ 58,482</u>	<u>₩ 62,079</u>	<u>₩ 293,811</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 three months ended March 31, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the three months ended March 31, 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	3,921,689	(3,912,785)	(8,904)	-
Transfer to financial assets with a significant increase in credit risk	(4,580,390)	4,594,955	(14,565)	-
Transfer to credit-impaired financial assets	(130,935)	(430,049)	560,984	-
Financial assets originated or derecognized	(1,345,503)	(1,684,360)	(164,498)	(3,194,361)
Write-offs	-	-	(93,922)	(93,922)
Disposals	(993)	(7,858)	(34,977)	(43,828)
Others (*2)	283,591	-	(74)	283,517
Ending balance	₩ 282,962,629	₩ 22,680,572	₩ 1,175,904	₩ 306,819,105

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

	For the three months ended March 31, 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	34,763	(33,992)	(771)	-
Transfer to financial assets with a significant increase in credit risk	(27,728)	29,148	(1,420)	-
Transfer to credit-impaired financial assets	(6,831)	(68,085)	74,916	-
Provision of allowance for ECLs (*1)	25,242	73,642	65,989	164,873
Write-offs	-	-	(93,922)	(93,922)
Recovery of write-offs	-	-	28,311	28,311
Disposals	(89)	(1,351)	(5,127)	(6,567)
Others (*2)	3,084	-	(7,458)	(4,374)
Ending balance	₩ 1,093,276	₩ 549,163	₩ 456,545	₩ 2,098,984

(*1) Responding to the potential effect of credit deterioration, the Bank recognizes additional ECLs amounting to ₩26,876 million by recalculating the probability of default reflecting forward-looking information for the loans by the borrower who uses the financial support program (12-month ECLs ₩22,304 million, significant increase in credit risk ₩4,572 million).

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

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10. Loans at amortized cost (cont'd)

	For the year ended December 31, 2022			
	Lifetime ECLs			Total
	12-month ECLs	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 probability of default reflecting forward-looking information for the loans by the borrower who uses the financial support program (12-month ECLs ₩177,562 million, significant increase in credit risk ₩(8,985) million and credit-impaired financial assets ₩(1,037) million).

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

The uncollected contractual amount of financial assets that was written off but still under the process of pursuing collection by the Bank as of March 31, 2023, amounts to ₩3,628,268 million.

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11. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES:

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

Classification	March 31, 2023	December 31, 2022
Subsidiaries	₩ 50,488	₩ 50,488
Associates	73,731	76,131
	<u>₩ 124,219</u>	<u>₩ 126,619</u>

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

March 31, 2023						
Subsidiary	Main business	Location	Date of the separate financial statements	Number of shares	Percentage of ownership (%)	Book value
Nonghyup Finance Myanmar Co., Ltd.	Small loan business	Myanmar	March 31, 2023	28,511	100.00	₩ 15,407
Nonghyup Finance Cambodia Co., Ltd.	Small loan business	Cambodia	March 31, 2023	2,500	100.00	35,081
						<u>₩ 50,488</u>
December 31, 2022						
Subsidiary	Main business	Location	Date of the separate financial statements	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 March 31, 2023, and December 31, 2022, are as follows (Korean won in millions, shares in thousands):

	Main business	Location	March 31, 2023			
			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	March 31, 2023	180	9.00	₩ 5,360
IBK-NH Smallgiant PEF (*2)	Other financial business	Korea	March 31, 2023	-	44.90	-
NH-AJUIB SME Growth 2013 Private Equity Fund	Other financial business	Korea	March 31, 2023	1,581,959	29.95	-
Kyunggi-DSC Superman Investment Fund No. 1	Other financial business	Korea	March 31, 2023	1	25.00	1,150
NH Agri-Biz Value Creative 1st PEF	Other financial business	Korea	March 31, 2023	3,076,870	48.08	3,077
NH-AJU Digital Fund	Other financial business	Korea	March 31, 2023	7	40.00	4,480
NH Venture-AJU IB New Growth Fund	Other financial business	Korea	March 31, 2023	15	25.00	14,632
NH-NAU Agro Food 1st Private Equity Fund	Other financial business	Korea	March 31, 2023	18,000,000	50.00	18,000
NH-NAU Agro Food 2nd Private Equity Fund	Other financial business	Korea	March 31, 2023	13,533,333	33.33	13,533
NH-DX Open innovation fund	Other financial business	Korea	March 31, 2023	3	34.78	3,200
NH Digital Alliance Fund	Other financial business	Korea	March 31, 2023	4,065	50.00	4,065
NH-NICE Venture Fund-1	Other financial business	Korea	March 31, 2023	5	50.00	5,000
NH Agtech Innovation Private Equity Fund	Other financial business	Korea	March 31, 2023	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	-
MEDI LAB CO., LTD (*3)	Wholesale business of electrical machinery and related equipment	Korea	-	21	47.60	-
IFC KOREA INC. (*3)	Feed, fertilizer and cosmetics wholesale and retail	Korea	-	5	21.21	-
Cardo Inc. (*1)	Financial support service business	Korea	March 31, 2023	2,990	14.95	299
						<u>₩ 73,731</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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11. Investments in subsidiaries and associates (cont'd)

		December 31, 2022				
	Main business	Location	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 SME Growth 2013 Private Equity Fund	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	-
MEDI LAB CO., LTD (*3)	Wholesale business of electrical machinery and related equipment	Korea	-	21	47.60	-
IFC KOREA INC. (*3)	Feed, fertilizer and cosmetics wholesale and retail	Korea	-	5	21.21	-
Cardo Inc. (*1)	Financial support service business	Korea	December 31, 2022	2,990	14.95	299
						₩ 76,131

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

Classification	For the three months ended March 31, 2023						March 31, 2023
	January 1, 2023	Acquisition	Disposal	Depreciation	Transfer (*1)	Others	
Land	₩ 1,442,267	₩ -	₩ -	₩ -	₩ (9,255)	₩ -	₩ 1,433,012
Buildings	940,816	1,273	(279)	(9,874)	7,505	(1)	939,440
Leasehold improvements	71,005	2,483	-	(8,587)	-	(255)	64,646
Movable properties	226,518	3,768	(7)	(25,468)	-	186	204,997
Construction in progress	20,711	3,319	-	-	(6,828)	-	17,202
Subsidy	(408)	-	-	3	-	-	(405)
Right-of-use assets	211,733	28,066	(413)	(25,150)	-	-	214,236
	<u>₩ 2,912,642</u>	<u>₩ 38,909</u>	<u>₩ (699)</u>	<u>₩ (69,076)</u>	<u>₩ (8,578)</u>	<u>₩ (70)</u>	<u>₩ 2,873,128</u>

(*1) Investment properties of ₩8,578 million were transferred from/to properties due to changes in the ratio of leased area of land and buildings. Construction in progress amounting to ₩6,828 million was transferred to buildings.

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 March 31, 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 three months ended March 31, 2023 and 2022, amounts to ₩5,253 million and ₩4,384 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 method	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 three months ended March 31, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

Classification	For the three months ended March 31, 2023					March 31, 2023
	January 1, 2023	Acquisition	Disposal	Depreciation	Transfer (*1)	
Land	₩ 424,351	₩ -	₩ -	₩ -	₩ 9,255	₩ 433,606
Buildings	151,085	53	(6)	(1,456)	(677)	148,999
	₩ 575,436	₩ 53	₩ (6)	₩ (1,456)	₩ 8,578	₩ 582,605

(*1) Certain investment properties amounting to ₩8,578 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 the reporting period, the book value of assets held for sale is ₩15 million, and there have been no changes for the three months ended March 31, 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 three months ended March 31, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

Classification	For the three months ended March 31, 2023				March 31,
	January 1, 2022	Acquisition	Amortization	Others	2023
Development cost	₩ 236,044	₩ 21,273	₩ (18,047)	₩ (7)	₩ 239,263
Other intangible assets	279,922	72,173	(28,942)	78	323,231
	₩ 515,966	₩ 93,446	₩ (46,989)	₩ 71	₩ 562,494

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

15. RIGHT-OF-USE ASSETS:

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

Classification	March 31, 2023		
	Acquisition cost	Accumulated depreciation	Book value
Properties	₩ 505,146	₩ (307,356)	₩ 197,790
Delivery equipment	37,058	(21,963)	15,095
Others	3,582	(2,231)	1,351
	₩ 545,786	₩ (331,550)	₩ 214,236

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
	₩ 522,560	₩ (310,827)	₩ 211,733

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

Classification	For the three months ended March 31, 2023				March 31,
	January 1, 2023	Acquisition	Depreciation	Cancellation	2023
Properties	₩ 194,657	₩ 26,031	₩ (22,626)	₩ (272)	₩ 197,790
Delivery equipment	15,493	2,020	(2,277)	(141)	15,095
Others	1,583	15	(247)	-	1,351
	₩ 211,733	₩ 28,066	₩ (25,150)	₩ (413)	₩ 214,236

Classification	For the year ended December 31, 2022				December 31,
	January 1, 2022	Acquisition	Depreciation	Cancellation	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
	₩ 203,827	₩ 106,504	₩ (94,112)	₩ (4,486)	₩ 211,733

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

Details of amount recognized in the interim condensed separate statements of profit or loss and other comprehensive income regarding leases for the three months ended March 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Interest expenses for lease liabilities	₩ 1,523	₩ 990
Costs associated with small asset lease	192	203
Costs associated with variable lease payments that are not included in the lease liability measurement	688	649

16. OTHER ASSETS:

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

Classification	March 31, 2023	December 31, 2022
Prepaid expenses	₩ 192,675	₩ 112,952
Supplies	8,347	8,531
Guarantee deposits paid	1,928	1,859
Suspense payment	878	284
Guarantees	132	135
Telephone and telex rights	1,158	1,164
Others	8,360	13,175
	<u>₩ 213,478</u>	<u>₩ 138,100</u>

17. FINANCIAL LIABILITIES:

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

Classification	March 31, 2023	
	Book value	Fair value
Financial liabilities at FVTPL:		
Trading derivative liabilities	₩ 866,945	₩ 866,945
Derivative liabilities:		
Hedging derivative liabilities	16,679	16,679
Financial liabilities measured at amortized cost:		
Deposits due to customers (*2)	303,614,510	306,355,264
Borrowings (*2)	16,483,722	16,487,829
Debentures (*2)	21,187,598	20,946,032
Others (*1 and *3)	18,252,184	15,815,434
	<u>359,538,014</u>	<u>359,604,559</u>
	<u>₩ 360,421,638</u>	<u>₩ 360,488,183</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.

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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 March 31, 2023.

18. DEPOSITS DUE TO CUSTOMERS:

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

Classification	March 31, 2023	December 31, 2022
Demand deposits:		
Korean won	₩ 49,939,885	₩ 51,140,819
Foreign currency	4,448,394	5,153,875
	<u>54,388,279</u>	<u>56,294,694</u>
Time deposits:		
Saving deposits in Korean won	241,701,556	241,540,487
Saving deposits in foreign currency	3,671,424	3,090,120
Installment deposits	2,891,539	2,928,723
	<u>248,264,519</u>	<u>247,559,330</u>
Certificates of deposit	961,712	569,621
	<u>₩ 303,614,510</u>	<u>₩ 304,423,645</u>

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19. BORROWINGS:

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

Classification	Provider	Interest rate (%)	March 31, 2023	December 31, 2022
Borrowings in Korean won	The Bank of Korea	0.25–2.00	₩ 2,889,297	₩ 2,896,502
	Public sector	(-)1.25–5.15	5,792,227	5,939,471
	Others	0.00–4.11	2,348,778	2,391,327
			<u>11,030,302</u>	<u>11,227,300</u>
Borrowings in foreign currency	Borrowings from banks	2.20–5.92	4,400,105	4,596,656
Call money		0.90–5.20	209,631	166,470
Repurchase agreements		1.54–5.53	838,985	714,381
Bills sold		1.50–4.50	4,699	3,925
			<u>₩ 16,483,722</u>	<u>₩ 16,708,732</u>

20. DEBENTURES:

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

Classification	Interest rate (%)	March 31, 2023	December 31, 2022
Debentures in Korean won:			
General agricultural financial bonds	1.01–4.18	₩ 14,270,000	₩ 14,310,000
Subordinated agricultural financial bonds	2.15–4.03	3,520,000	3,520,000
Present value discounts	-	(8,686)	(16,322)
		<u>17,781,314</u>	<u>17,813,678</u>
Debentures in foreign currency:			
General financial bonds	0.88–5.40	3,209,737	3,126,548
Overseas financial bonds	0.93–5.42	228,165	221,778
Accumulated loss on fair value hedges	-	(22,594)	(30,171)
Present value discounts	-	(9,024)	(9,868)
		<u>3,406,284</u>	<u>3,308,287</u>
		<u>₩ 21,187,598</u>	<u>₩ 21,121,965</u>

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21. PROVISIONS:

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

Classification	March 31, 2023	December 31, 2022
Provision for acceptances and guarantees	₩ 122,843	₩ 109,109
Provision for unused credit limit	229,774	164,650
Provision for mileage	11,405	11,706
Provision for restoration	37,022	36,854
Other provisions	31,346	29,214
	₩ 432,390	₩ 351,533

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

Classification	March 31, 2023	December 31, 2022
Confirmed acceptances and guarantees:		
Acceptances and guarantees in Korean won	₩ 587,295	₩ 528,943
Acceptances and guarantees purchased	99,353	180,218
Acceptances and guarantees for imported goods (letter of guarantees)	19,057	20,757
Other acceptances and guarantees in foreign currencies	2,754,574	2,809,858
	3,460,279	3,539,776
Unconfirmed acceptances and guarantees:		
Issuance of local letters of credit	277,083	282,309
Issuance of import letters of credit	1,565,904	1,637,836
Others	1,440,866	1,171,912
	3,283,853	3,092,057
Endorsement bills	25,030	30,335
	₩ 6,769,162	₩ 6,662,168

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

Classification	Outstanding balance	Provision for acceptances and guarantees	Ratio (%)
March 31, 2023	₩ 6,769,162	₩ 122,843	1.81
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 March 31, 2023, and December 31, 2022, is as follows (Korean won in millions):

Classification	Outstanding balance	Provision for unused credit limit	Ratio (%)
March 31, 2023	₩ 110,801,852	₩ 229,774	0.21
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 three months ended March 31, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the three months ended March 31, 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	49	(49)	-	-
Transfer to financial assets with a significant increase in credit risk	(11)	11	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Provision (reversal) of allowance for ECLs	(2,425)	12,886	155	10,616
Foreign currency translation	3,041	-	-	3,041
Others	229	-	(152)	77
Ending balance	₩ 10,367	₩ 112,299	₩ 177	₩ 122,843

	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 three months ended March 31, 2023, and for the year ended December 31, 2022, are as follows (Korean won in millions):

	For the three months ended March 31, 2023			
	12-month ECLs	Lifetime ECLs		Total
		Significant increase in credit risk	Credit-impaired financial assets	
Beginning balance	₩ 84,381	₩ 80,269	₩ -	₩ 164,650
Transfer to 12-month ECLs	18,649	(18,649)	-	-
Transfer to financial assets with a significant increase in credit risk	(2,443)	2,443	-	-
Transfer to credit-impaired financial assets	(129)	(829)	958	-
Provision (reversal) of allowance for ECLs	(14,763)	80,845	(958)	65,124
Ending balance	₩ 85,695	₩ 144,079	₩ -	₩ 229,774

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

Classification	March 31, 2023	December 31, 2022
Trust accounts payable	₩ 4,315,611	₩ 4,161,135
Domestic exchange settlement credits	2,933,640	5,039,554
Foreign exchange settlement credits	59,401	44,918
Accounts payable	3,158,883	1,802,099
Accrued expenses	2,875,754	2,047,864
Guarantee deposit received	367,346	373,778
Agency	2,080,511	1,595,174
Financial guarantee contract	35,363	40,452
Unearned revenue	61,671	61,031
Deferred mileage revenue	105,318	107,045
Suspense receipt	51,461	91,570
Lease liabilities	189,174	192,188
Other sundry liabilities	2,543,898	2,779,311
	₩ 18,778,031	₩ 18,336,119

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23. DERIVATIVES AND HEDGE ACCOUNTING:

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

Classification	March 31, 2023			
	Derivative assets		Derivative liabilities	
	Trading	Hedging	Trading	Hedging
Currency:				
Forwards	₩ 456,906	₩ -	₩ 348,033	₩ -
Swap	311,796	-	457,665	-
Options purchased	10,061	-	-	-
Options sold	-	-	10,061	-
	<u>778,763</u>	<u>-</u>	<u>815,759</u>	<u>-</u>
Interest rate:				
Swap	102,609	2,964	48,306	16,679
Stock:				
Options purchased	2,880	-	-	-
Options sold	-	-	2,880	-
	<u>2,880</u>	<u>-</u>	<u>2,880</u>	<u>-</u>
	<u>₩ 884,252</u>	<u>₩ 2,964</u>	<u>₩ 866,945</u>	<u>₩ 16,679</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 March 31, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	March 31, 2023		
	Trading	Hedging	Total
Currency:			
Forwards	₩ 29,371,438	₩ -	₩ 29,371,438
Swaps	6,405,357	-	6,405,357
Options purchased	994,252	-	994,252
Options sold	994,252	-	994,252
	<u>37,765,299</u>	<u>-</u>	<u>37,765,299</u>
Interest rate:			
Futures	188,055	-	188,055
Swaps	8,533,440	1,473,294	10,006,734
	<u>8,721,495</u>	<u>1,473,294</u>	<u>10,194,789</u>
Stock:			
Options purchased	112,311	-	112,311
Options sold	112,311	-	112,311
	<u>224,622</u>	<u>-</u>	<u>224,622</u>
	<u>₩ 46,711,416</u>	<u>₩ 1,473,294</u>	<u>₩ 48,184,710</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 March 31, 2023, and December 31, 2022, is as follows (Korean won in millions):

Classification	March 31, 2023			
	Less than 1 year	1 year – 5 years	More than 5 years	Total
Interest rate:				
Swap	₩ 651,900	₩ 821,394	₩ -	₩ 1,473,294

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 three months ended March 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the three months ended March 31, 2023					
	Trading		Hedging		Total	
	Gain	Loss	Gain	Loss	Gain	Loss
Currency:						
Forwards	₩ 366,278	₩ 292,230	₩ -	₩ -	₩ 366,278	₩ 292,230
Swap	71,693	96,438	-	-	71,693	96,438
Options purchased	3,839	5,158	-	-	3,839	5,158
Options sold	5,161	3,323	-	-	5,161	3,323
	<u>446,971</u>	<u>397,149</u>	<u>-</u>	<u>-</u>	<u>446,971</u>	<u>397,149</u>
Interest rate:						
Swap	28,217	17,323	4,771	289	32,988	17,612
Stock:						
Options purchased	1,432	104	-	-	1,432	104
Options sold	148	1,566	-	-	148	1,566
	<u>1,580</u>	<u>1,670</u>	<u>-</u>	<u>-</u>	<u>1,580</u>	<u>1,670</u>
	<u>₩ 476,768</u>	<u>₩ 416,142</u>	<u>₩ 4,771</u>	<u>₩ 289</u>	<u>₩ 481,539</u>	<u>₩ 416,431</u>

Classification	For the three months ended March 31, 2022					
	Trading		Hedging		Total	
	Gain	Loss	Gain	Loss	Gain	Loss
Currency:						
Forwards	₩ 206,802	₩ 212,375	₩ -	₩ -	₩ 206,802	₩ 212,375
Swap	70,413	132,650	-	-	70,413	132,650
Options purchased	2,333	606	-	-	2,333	606
Options sold	643	1,674	-	-	643	1,674
	<u>280,191</u>	<u>347,305</u>	<u>-</u>	<u>-</u>	<u>280,191</u>	<u>347,305</u>
Interest rate:						
Swap	60,574	36,004	2,203	15,467	62,777	51,471
Stock:						
Options purchased	351	377	-	-	351	377
Options sold	252	100	-	-	252	100
	<u>603</u>	<u>477</u>	<u>-</u>	<u>-</u>	<u>603</u>	<u>477</u>
	<u>₩ 341,368</u>	<u>₩ 383,786</u>	<u>₩ 2,203</u>	<u>₩ 15,467</u>	<u>₩ 343,571</u>	<u>₩ 399,253</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 the fair values of hedged items due to fluctuations in interest rate.

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

March 31, 2023					
Hedged item	Hedged risk	Hedging instrument	Type of hedge accounting	Book value of hedged item	Fair value hedge accumulated adjustment
Debt securities at FVTOCI	Interest rate risk	Interest rate swap	Fair value hedge	₩ 36,380	₩ (2,577)
Debentures	Interest rate risk	Interest rate swap	Fair value hedge	1,411,586	22,594
				<u>₩ 1,447,966</u>	<u>₩ 20,017</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 March 31, 2023, and December 31, 2022, are as follows (Korean won in millions):

March 31, 2023					
Classification	Notional amounts	Carrying amount		Changes in fair values	
		Assets	Liabilities		
Debt securities in foreign currency	₩ 39,114	₩ 2,964	₩ -	₩ (289)	
Debentures	1,434,180	-	16,679	9,601	
	<u>₩ 1,473,294</u>	<u>₩ 2,964</u>	<u>₩ 16,679</u>	<u>₩ 9,312</u>	

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

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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 ended March 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the three months ended March 31, 2023		
	Gain (loss) on valuation of hedged items	Gain (loss) on valuation of hedging instrument	Ineffective amount (*1)
Debt securities at FVTOCI	₩ 282	(289)	(7)
Debentures	(7,577)	9,601	2,024
	₩ (7,295)	9,312	2,017

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

Classification	For the three months ended March 31, 2022		
	Gain (loss) on valuation of hedged items	Gain (loss) on valuation of hedging instrument	Ineffective amount (*1)
Debt securities at FVTOCI	₩ (2,335)	₩ 2,203	₩ (132)
Debentures	17,533	(15,467)	2,066
	₩ 15,198	₩ (13,264)	₩ 1,934

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

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24. NET DEFINED BENEFIT LIABILITIES(ASSETS):

The Bank operates a defined benefit pension plan (the “DB plan”) in accordance with Employee Retirement Benefits Laws, which is also classified as a DB plan under K-IFRS. Under the DB plan, severance pay is made on a lump-sum basis or entitled to a 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 a 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 March 31, 2023, and December 31, 2022, respectively. Current and past service costs related to the present value of defined benefit obligations are measured using the projected unit credit method.

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

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

Classification	March 31, 2023	December 31, 2022
Present value of defined benefit obligations	₩ 1,839,859	₩ 1,785,596
Fair value of plan assets	(1,727,476)	(1,893,846)
Net defined benefit liabilities(assets) from DB plan	₩ 112,383	₩ (108,250)

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

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

Classification	For the three months ended March 31, 2023		
	Present value of defined benefit obligations	Plan assets	Total
Present value as of January 1, 2023	₩ 1,785,596	₩ (1,893,846)	₩ (108,250)
Current service cost	35,406	-	35,406
Interest expense (income)	22,416	(23,823)	(1,407)
Remeasurement elements:			
Return on planned assets (on the net basis of net interest cost)	-	6,266	6,266
Employer contributions	-	(73,390)	(73,390)
Payment	(3,544)	256,892	253,348
Other	(15)	425	410
Present value as of March 31, 2023	₩ 1,839,859	₩ (1,727,476)	₩ 112,383

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
Interest expense (income)	53,231	(43,619)	9,612
Remeasurement elements:			
Return on planned assets (on the net basis of net interest cost)	-	12,991	12,991
Actuarial losses incurred due to changes in financial assumptions	(484,238)	-	(484,238)
Actuarial losses incurred due to experience adjustments	90,217	-	90,217
Employer contributions	-	(284,500)	(284,500)
Payment	(197,853)	168,349	(29,504)
Transfer from related party	19,939	-	19,939
Transfer to related party	(18,786)	126	(18,660)
Other	(64)	1,934	1,870
Present value as of December 31, 2022	₩ 1,785,596	₩ (1,893,846)	₩ (108,250)

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

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

Classification	March 31, 2023	December 31, 2022
Fixed deposits, etc.	₩ 1,727,476	₩ 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 March 31, 2023, and December 31, 2022, are as follows (Korean won in millions, shares in units):

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

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

Classification	March 31, 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

(*1) The amounts of capital surplus as of March 31, 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 March 31, 2023, and December 31, 2022, are as follows (Korean won in millions):

Classification	March 31, 2023	December 31, 2022
Remeasurements of the net defined benefit liabilities	₩ (422,406)	₩ (405,874)
Gain or loss on valuation of debt securities at FVTOCI	(386,922)	(703,961)
Gain or loss on equity securities at FVTOCI	44,036	44,861
Exchange differences on translating foreign operations	20,307	12,101
	₩ (744,985)	₩ (1,052,873)

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25. Equity (cont'd)

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

Classification	For the three months ended March 31, 2023			
	January 1, 2023	Changes for the period	Deferred income tax	March 31, 2023
Remeasurements of the net defined benefit liabilities	₩ (405,874)	₩ (6,266)	₩ (10,266)	₩ (422,406)
(Loss) gain on valuation and foreign currency translation of financial assets at FVTOCI	(659,100)	432,175	(115,961)	(342,886)
Exchange differences on translating foreign operations	12,101	8,206	-	20,307
	<u>₩ (1,052,873)</u>	<u>₩ 434,115</u>	<u>₩ (126,227)</u>	<u>₩ (744,985)</u>

Classification	For the three months ended March 31, 2022			
	January 1, 2022	Changes for the period	Deferred income tax	March 31, 2022
Remeasurements of the net defined benefit liabilities	₩ (687,797)	₩ (8,421)	₩ 2,316	₩ (693,902)
(Loss) gain on valuation and foreign currency translation of financial assets at FVTOCI	(80,716)	(382,954)	105,312	(358,358)
Exchange differences on translating foreign operations	5,164	3,702	-	8,866
	<u>₩ (763,349)</u>	<u>₩ (387,673)</u>	<u>₩ 107,628</u>	<u>₩ (1,043,394)</u>

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

Classification	March 31, 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	3,644,432	4,036,827
	<u>₩ 7,773,986</u>	<u>₩ 7,932,224</u>

(*1) The Bank has provided for loss allowances in accordance with K-IFRSs. The difference in this amount and the provision for possible loans and other asset losses accumulated in accordance with the minimum accumulation ratio required by FSS is a 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 interim condensed separate statement of profit or loss and other 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 a 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 three months ended March 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Beginning balance	₩ 7,932,224	₩ 6,874,822
Net income	660,257	449,614
Changes in consolidated taxation payment	59,331	4,135
Dividends on hybrid equity securities	(12,826)	(7,692)
Cash dividends	(865,000)	(740,000)
Ending balance	₩ 7,773,986	₩ 6,580,879

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

Classification	March 31, 2023	December 31, 2022
Beginning balance	₩ 2,227,682	₩ 2,173,621
Planned (reversal) reserve for bad debts	(227,565)	54,061
Expected balance	₩ 2,000,117	₩ 2,227,682

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

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Net income	₩ 660,257	₩ 449,614
Provision of reversal for bad debts	227,565	70,021
Adjusted net income after reserve for bad debts	887,822	519,635
Adjusted basic and diluted earnings per share after reserve for bad debts (in Korean won) (*1)	1,835	1,104

(*1) Hybrid equity securities dividends of ₩12,826 million and ₩7,692 million for the three months ended March 31, 2023 and 2022, respectively, are deducted from adjusted net income after reserving 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 that 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 and provides a basis for measuring performance considering risk. 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 the 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 capital by risk upon the risk capital management plan is divided by tolerance limits of department and business sector, and managed by 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 three months ended March 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Income tax currently payable	₩ 126,480	₩ 129,080
Adjustments recognized for the current period in relation to the current tax of prior periods	(25,017)	(619)
Change in deferred income tax due to temporary differences (*1)	241,315	(67,026)
Total income tax effect	342,778	61,435
Deferred income taxes directly applied to shareholder's equity	(126,227)	107,628
Income tax expenses	<u>₩ 216,551</u>	<u>₩ 169,063</u>
(*1) Net deferred tax assets due to temporary differences as of March 31, 2023 and 2022	₩ 57,930	₩ 460,331
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>₩ (241,315)</u>	<u>₩ 67,026</u>

(*1) Tax at the statutory income tax rate is calculated with the income tax rate of 9.9% on taxable income below ₩200 million, 20.9% on taxable income exceeding ₩200 million and below ₩20 billion, 23.1% on taxable income exceeding ₩20 billion and below ₩300 billion, 26.4% on taxable income exceeding ₩300 billion for the three months ended March 31, 2023 and 2022.

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

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Net income before income tax	₩ 876,808	₩ 618,677
Income tax expenses before adjustments (A) (*1)	228,887	167,546
Adjustments (B):		
Non-taxable income	(5,450)	(3,652)
Non-deductible expenses	3,534	2,723
Others	(10,420)	2,446
	<u>(12,336)</u>	<u>1,517</u>
Income tax expenses (A+B)	<u>₩ 216,551</u>	<u>₩ 169,063</u>
Effective tax rate	24.70%	27.33%

(*1) Tax at the statutory income tax rate is calculated with the income tax rate of 9.9% on taxable income below ₩200 million, 20.9% on taxable income exceeding ₩200 million and below ₩20 billion, 23.1% on taxable income exceeding ₩20 billion and below ₩300 billion and 26.4% on taxable income exceeding ₩300 billion for the three months ended March 31, 2023 and 2022.

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28. INCOME AND EXPENSES BY CATEGORIES OF FINANCIAL INSTRUMENTS:

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

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Interest income:		
Deposits	₩ 45,629	₩ 2,347
Financial assets at FVTPL	6,232	2,608
Financial assets at FVTOCI	180,076	104,639
Securities at amortized cost	93,938	75,636
Loans and other receivables at amortized cost	3,524,559	2,053,578
Others	5,324	3,378
	<u>3,855,758</u>	<u>2,242,186</u>
Interest expenses:		
Deposits due to customers	1,716,720	575,503
Debentures	156,845	91,178
Borrowings	74,794	21,247
Others	54,218	21,872
	<u>2,002,577</u>	<u>709,800</u>
Interest income, net	<u>₩ 1,853,181</u>	<u>₩ 1,532,386</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 ended March 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Financial assets at FVTPL:		
Gain (loss) on valuation:		
Gain	₩ 143,856	₩ 56,989
Loss	(18,730)	(58,102)
	<u>125,126</u>	<u>(1,113)</u>
Gain (loss) on disposal:		
Gain	27,013	13,230
Loss	(3,339)	(8,290)
	<u>23,674</u>	<u>4,940</u>
Gain (loss) on redemption:		
Gain	758	50
Loss	(19,948)	(3,430)
	<u>(19,190)</u>	<u>(3,380)</u>
Dividend income	1,965	2,212
Other income	30,768	28,731
	<u>162,343</u>	<u>31,390</u>
Trading derivatives:		
Gain (loss) on valuation:		
Gain	476,768	341,368
Loss	(416,142)	(383,786)
	<u>60,626</u>	<u>(42,418)</u>
Gain (loss) on disposal :		
Gain	395,124	163,739
Loss	(425,060)	(123,968)
	<u>(29,936)</u>	<u>39,771</u>
	<u>30,690</u>	<u>(2,647)</u>
	<u>₩ 193,033</u>	<u>₩ 28,743</u>

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

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Gain (loss) on disposal:		
Gain	₩ 6,177	₩ 2,336
Loss	(1,143)	(444)
	<u>5,034</u>	<u>1,892</u>
Gain (loss) on redemption:		
Loss	75	(62)
Dividend income (*1)	1,003	1,916
	<u>₩ 6,112</u>	<u>₩ 3,746</u>

(*1) Dividend income arising from disposal of financial assets at FVTOCI for the three months ended March 31, 2023 and 2022, is ₩738 million and ₩890 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 three months ended March 31, 2023 and 2022, are ₩3,705 million and ₩1,372 million, respectively.

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

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Gain (loss) on disposal: (*1)		
Gain	₩ 3,148	₩ 2,175
Loss	(271)	(10)
	<u>₩ 2,877</u>	<u>₩ 2,165</u>

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

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

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Financial assets FVTOCI	₩ (32)	₩ (373)
Securities at amortized cost	(500)	(181)
Due from banks at amortized cost	(640)	(14,463)
Loans and receivables at amortized cost	(164,873)	(108,591)
	<u>₩ (166,045)</u>	<u>₩ (123,608)</u>

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29. COMMISSION INCOME AND EXPENSES:

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

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Commission income:		
Deposits	₩ 329	₩ 328
Loans and credits	33,344	19,643
Foreign exchange	8,625	7,639
Credit card	91,530	74,753
Asset management	17,528	21,464
Agency business	40,922	36,211
Electronic finance	59,792	60,733
Guarantee service	9,961	9,191
Trust service	48,856	41,612
Others	3,059	3,482
	<u>313,946</u>	<u>275,056</u>
Commission expenses:		
Loans and credits	12,665	11,700
Foreign exchange	2,232	1,318
Credit card	78,269	75,397
Agency business	4,233	4,337
Others	12,245	10,923
	<u>109,644</u>	<u>103,675</u>
Commission income, net	<u>₩ 204,302</u>	<u>₩ 171,381</u>

30. OTHER OPERATING INCOME AND EXPENSES:

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

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Other operating income:		
Gain on valuation of hedging instrument	₩ 11,117	₩ 2,555
Gain on valuation of hedged items	282	17,533
Gain from changes in foreign exchange rate	663,847	400,582
Transfer from other provisions	660	305
Others	50,122	40,402
	<u>726,028</u>	<u>461,377</u>
Other operating expenses:		
Loss on valuation of hedging instrument	417	15,649
Loss on valuation of hedged items	7,577	2,454
Loss from changes in foreign exchange rate	678,938	372,152
Fund contribution	181,797	191,463
Transfer to other provisions	8,928	6,620
Others	79,476	60,717
	<u>957,133</u>	<u>649,055</u>
	<u>₩ (231,105)</u>	<u>₩ (187,678)</u>

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31. EMPLOYEE BENEFITS:

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

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Benefits:		
Employee benefits	₩ 394,532	₩ 384,114
Fringe benefits	128,805	122,420
	<u>523,337</u>	<u>506,534</u>
Retirement expenses	34,053	48,072
Termination benefits	3	6
	<u>₩ 557,393</u>	<u>₩ 554,612</u>

32. OTHER GENERAL AND ADMINISTRATIVE EXPENSES:

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

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Tax and dues	₩ 38,967	₩ 29,461
Telecommunications and transportation	8,107	6,583
Supplies	5,005	4,073
Advertising	19,284	18,625
Utilities	8,855	6,928
Rental	10,155	9,525
Service contract	35,981	31,425
Others	28,125	26,331
	<u>₩ 154,479</u>	<u>₩ 132,951</u>

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33. OTHER INCOME AND EXPENSES:

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

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Other income:		
Rent income on investment properties	₩ 5,253	₩ 4,384
Miscellaneous income	3,590	3,307
Dividends from affiliates	90	1,549
Others	345	3,215
	<u>9,278</u>	<u>12,455</u>
Other expenses:		
Loss on disposal of assets	681	1,916
Expenses related to collecting receivables	1,083	1,236
Depreciation on investment properties	1,456	1,396
Agricultural support project expenses (*1)	82,651	81,167
Expenses on restoration	625	528
Miscellaneous expenses	3,419	4,456
Others	1,234	1,990
	<u>91,149</u>	<u>92,689</u>
	<u>₩ (81,871)</u>	<u>₩ (80,234)</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	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Net income	₩ 660,257	₩ 449,614
Dividends on hybrid equity securities	(12,826)	(7,692)
Income attributable to common shares	647,431	441,922
Weighted-average number of common shares (in shares)	476,870,202	464,171,790
Basic and diluted EPS (in Korean won)	₩ 1,358	₩ 952

Diluted EPS equals to basic EPS as there is no dilution effect for the three months ended March 31, 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 a risk management committee; the top legislative organization; the risk management council; the operational legislative organization; and other executive departments, such as risk the 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 a risk tolerance limit, constant monitoring to maintain an 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 the 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 measurements and analyses 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 types of loans or borrowers to an 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 and ULs. Expected losses (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 of 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 March 31, 2023, and December 31, 2022, is summarized as follows (Korean won in millions):

Classification	March 31, 2023 (*2)	December 31, 2022 (*2)
Deposits	₩ 10,059,292	₩ 12,326,541
Loans (*1)	298,604,244	302,624,534
Receivables	6,403,513	5,525,783
Debt securities	48,854,486	44,639,128
Derivative assets	887,216	1,089,745
Loans and credit commitments	106,250,701	104,866,538
Guarantees and endorsed bills	6,441,240	6,338,061
Financial guarantee contracts	4,879,074	3,983,521
	₩ 482,379,766	₩ 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 credit risk exposures of loan and receivables at amortized cost based on internal risk level as of March 31, 2023, and December 31, 2022, are as follows (Korean won in millions):

Credit risk levels (Internal level)	March 31, 2023					
	Household (*1)			Corporate (*1)		
	12-month	Significant increases	Impairment	12-month	Significant increases	Impairment
Rating 1-6	₩ 164,679,221	₩ 13,784,176	₩ -	₩ 80,160,238	₩ 4,910,931	₩ -
Rating 7	507,206	985,054	-	-	1,168,263	-
Rating 8	5,992	213,069	-	-	110,183	-
Rating 9-10	-	-	690,046	-	-	481,055
	₩ 165,192,419	₩ 14,982,299	₩ 690,046	₩ 80,160,238	₩ 6,189,377	₩ 481,055

(*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)	March 31, 2023			
	Others (*1 and *2)			
	12-month	Significant increases	Impairment	Allowance
Rating 1-6	₩ 31,194,815	₩ 1,404,439	₩ -	₩ (1,338,478)
Rating 7	-	48,971	-	(216,702)
Rating 8	-	-	-	(80,245)
Rating 9-10	-	-	-	(414,415)
	₩ 31,194,815	₩ 1,453,410	₩ -	₩ (2,049,840)

(*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-month	Significant increases	Impairment	12-month	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-month	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 exposure to credit risk of loan commitment and financial guarantee contract based on internal risk level as of March 31, 2023, and December 31, 2022, are summarized as follows (Korean won in millions):

Credit risk levels (internal level)	March 31, 2023					
	Loan commitment			Financial guarantee contract		
	12-month	Significant increases	Impairment	12-month	Significant increases	Impairment
Rating 1-6	₩ 101,159,156	₩ 4,801,303	₩ -	₩ 4,850,156	₩ 26,094	₩ -
Rating 7	17,067	212,289	-	-	2,824	-
Rating 8	123	7,295	-	-	-	-
Rating 9-10	-	-	53,468	-	-	-
	₩ 101,176,346	₩ 5,020,887	₩ 53,468	₩ 4,850,156	₩ 28,918	₩ -

Credit risk levels (internal level)	December 31, 2022					
	Loan commitment			Financial guarantee contract		
	12-month	Significant increases	Impairment	12-month	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 March 31, 2023, and December 31, 2022, is summarized as follows (Korean won in millions):

Credit risk levels (external level)	March 31, 2023				
	Financial assets at FVTPL	Financial assets at FVTOCI (*1)		Securities at amortized cost (*1)	
		12-month (*1)	Allowance (*2)	12-month (*1)	Allowance
AAA	₩ 952,352	₩ 27,565,821	₩ (2,645)	₩ 16,124,212	₩ (3,842)
AA+—AA-	-	3,700,815	(2,502)	-	-
A—BBB	-	437,606	(409)	-	-
Below BBB-	-	77,521	(231)	-	-
	₩ 952,352	₩ 31,781,763	₩ (5,787)	₩ 16,124,212	₩ (3,842)

(*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-month (*1)	Allowance (*2)	12-month (*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 March 31, 2023, and December 31, 2022, are as follows (Korean won in millions):

Industry	March 31, 2023			
	Financial assets at FVTOCI		Financial assets at amortized cost	
	Gross carrying amount	Allowance	Gross carrying amount	Allowance
Retail	₩ 115,182	₩ 79	₩ 10,756,040	₩ 39,356
Accommodation	39,146	27	1,657,635	16,179
Entertainment service	-	-	1,057,681	46,004
Travel	-	-	153,067	1,019
Air transport	-	-	315,617	6,322
Automotive components	116,356	81	1,871,368	15,379
Oil refining	467,865	520	1,473,281	1,419
Steel	148,384	101	2,415,695	12,762
	₩ 886,933	₩ 808	₩ 19,700,384	₩ 138,440

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

Classification	March 31, 2023			
	Financial assets at FVTOCI	Financial assets at amortized cost		
		Due from banks	Securities	Loans (*1)
Total amount	₩ 31,781,763	₩ 10,064,750	₩ 16,124,212	₩ 300,343,659
Allowance for ECLs	5,787	5,457	3,842	2,049,840
Ratio (%)	0.02	0.05	0.02	0.68

(*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 March 31, 2023, and December 31, 2022, is as follows (Korean won in millions):

Classification	March 31, 2023	December 31, 2022
Loans	₩ 464,763	₩ 342,152
Commitment to loans and credit	398	809
	₩ 465,161	₩ 342,961

35.1.5 Assets acquired by exercising security rights

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

Classification	March 31, 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 separate 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 prices, currency exchange rates, 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 the '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 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 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 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 swaps. 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 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 March 31, 2023, and December 31, 2022 (Korean won in millions).

Classification	March 31, 2023				March 31, 2023
	Max	Min	Average		
Interest rate risk	₩ 59,846	₩ 50,130	₩ 55,488	₩	56,822
Stock price risk	9,157	6,792	7,749		8,330
Foreign currency risk	3,325	1,401	2,573		2,141
Other risk	3,949	543	2,669		543
Total risk (*1)	70,369	57,420	64,396		67,275

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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			
	Max	Min	Average	December 31, 2022
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-earning assets and interest-bearing liabilities or mismatched interest rate change periods.

The subject for interest rate risk measurement includes non-trading positions, such as interest-bearing assets, interest-bearing liabilities, transaction of derivatives held for hedging and others among off-balance transactions. The 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 flow 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 changes in interest rates and is to manage stable net asset value through effective management of interest-earning 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 March 31, 2023, and December 31, 2022, is as follows (Korean won in millions):

Classification	March 31, 2023	December 31, 2022
Δ EVE	₩ 967,512	₩ 544,633

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 separate statements of financial position.

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

35.3 Liquidity risk (cont'd)

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

Classification (*1 and *2)	March 31, 2023						Total
	Less than 1 month	1 month– 3 months	3 months– 6 months	6 months– 1 year	1 year– 5 years	More than 5 years	
Deposits due to customers	₩ 149,539,272	₩ 35,638,393	₩ 40,193,079	₩ 75,693,984	₩ 8,156,065	₩ 30,007	₩ 309,250,800
Trading derivative liabilities	866,945	-	-	-	-	-	866,945
Hedging derivative liabilities	-	-	6,831	-	9,848	-	16,679
Borrowings	6,139,136	770,757	856,860	1,503,425	5,579,106	2,128,656	16,977,940
Debentures	1,371,031	4,214,424	4,835,067	3,024,983	7,437,518	1,191,701	22,074,724
Other financial liabilities	17,914,550	4,386	6,825	124,407	13,580	-	18,063,748
Lease liabilities	7,264	13,105	18,205	35,748	121,067	5,640	201,029
	<u>₩ 175,838,198</u>	<u>₩ 40,641,065</u>	<u>₩ 45,916,867</u>	<u>₩ 80,382,547</u>	<u>₩ 21,317,184</u>	<u>₩ 3,356,004</u>	<u>₩ 367,451,865</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 one month' category.

Classification (*1 and *2)	December 31, 2022						Total
	Less than 1 month	1 month– 3 months	3 months– 6 months	6 months– 1 year	1 year– 5 years	More than 5 years	
Deposits due to customers	₩ 151,613,198	₩ 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 one month' category.

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

35.3 Liquidity risk (cont'd)

35.3.4 Maturity analysis of off-balance accounts

Guarantees and loan commitments, including guarantees for debenture issuance and guarantees for loans, which are financial guarantees provided by the 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 March 31, 2023, and December 31, 2022, are as follows (Korea won in millions):

Classification	March 31, 2023	December 31, 2022
Loan commitment (*1)	₩ 112,798,334	₩ 110,602,664
Guarantees and endorsed bills (*1)	6,769,162	6,662,168
	₩ 119,567,496	₩ 117,264,832

(*1) The amount of financial guarantee contracts is included. The total financial guarantee contracts amount to ₩4,879,073 million and ₩3,983,521 million as of March 31, 2023, and December 31, 2022, respectively.

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

Classification	March 31, 2023					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities to be set off	Net amounts of financial assets presented in the interim condensed separate statement of financial position	Non offsetting amount		
				Financial instruments	Cash collateral received	Net amount
Derivative assets	₩ 887,216	₩ -	₩ 887,216	₩ 699,797	₩ 77,952	₩ 109,467
Loaned securities	2,334,288	-	2,334,288	2,334,288	-	-
Loans - bonds purchased under resale agreements	10,531,580	-	10,531,580	10,531,580	-	-
Receivables - receivable spot exchange	1,257,572	-	1,257,572	1,257,572	-	-
Receivables - receivable spot exchange in foreign currency	1,567,724	-	1,567,724	1,394,597	-	173,127
Receivables - domestic exchange settlement debits	10,957,406	9,956,796	1,000,610	-	-	1,000,610
Receivables - intercompany receivables	961	-	961	-	-	961
	₩ 27,536,747	₩ 9,956,796	₩ 17,579,951	₩ 16,217,834	₩ 77,952	₩ 1,284,165

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

35.4 Offsetting financial assets and liabilities (cont'd)

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>

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

Classification	March 31, 2023					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets to be set off	Net amounts of financial liabilities presented in the interim condensed separate statement of financial position	Non-offsetting amount		Net amount
				Financial instruments	Cash collateral provided	
Derivative liabilities	₩ 883,624	₩ -	₩ 883,624	₩ 674,539	₩ 32,380	₩ 176,705
Borrowings - bonds sold under repurchase agreements	838,985	-	838,985	838,985	-	-
Other financial liabilities - payable spot exchange	1,394,665	-	1,394,665	1,394,597	-	68
Other financial liabilities - payable spot exchange in foreign currency	1,430,806	-	1,430,806	1,257,572	-	173,234
Other financial liabilities - domestic exchange settlement credits	12,890,435	9,956,796	2,933,639	-	-	2,933,639
Other financial liabilities - intercompany payables	266,409	-	266,409	-	-	266,409
	<u>₩ 17,704,924</u>	<u>₩ 9,956,796</u>	<u>₩ 7,748,128</u>	<u>₩ 4,165,693</u>	<u>₩ 32,380</u>	<u>₩ 3,550,055</u>

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

35.4 Offsetting financial assets and liabilities (cont'd)

Classification	December 31, 2022					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets to be set off	Net amounts of financial liabilities presented in the interim condensed separate statement of financial position	Non-offsetting amount		Net amount
				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 March 31, 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	March 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL	₩ 986,163	₩ 8,779,075	₩ 2,741,544	₩ 12,506,782
Derivative assets	-	887,216	-	887,216
Financial assets at FVTOCI	11,458,101	20,438,394	278,543	32,175,038
	₩ 12,444,264	₩ 30,104,685	₩ 3,020,087	₩ 45,569,036
Financial liabilities:				
Derivative liabilities	₩ -	₩ 883,624	₩ -	₩ 883,624
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
	₩ 10,738,149	₩ 27,342,261	₩ 3,022,177	₩ 41,102,587
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 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 denominated in Korean won 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 the 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 March 31, 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 and debt securities
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 March 31, 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 and debt securities 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 and debt securities 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 March 31, 2023, and December 31, 2022, are as follows:

Classification	Input variables which are significant, but unobservable in measurement of fair value	March 31, 2023	December 31, 2022	Impact of changes in significant unobservable inputs on fair value measurement
Financial assets at FVTPL	Growth rate	0.00%	0.00%	Fair value increases as growth rate increases.
	Volatility of underlying assets	28.04%	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	4.96%–17.07%	4.71%–18.51%	Fair value decreases as discount rate increases.
Derivative assets	Correlation between long-term and short-term interest rates,	-	26.11%–41.72%	Fair value increases or decreases as correlation changes due to the influence of traded product and market conditions.
	Volatility of stock prices	-	46.53%	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	9.6%–15.98%	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 stock prices	-	46.53%	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 March 31, 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 March 31, 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

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

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

input variables are 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.

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

Classification	March 31, 2023				
	Book value	Net income (loss)		Other comprehensive income (loss)	
		Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:					
Financial assets at FVTPL (*1)	₩ 2,741,544	₩ 9,553	₩ (6,941)	₩ -	₩ -
Financial assets at FVTOCI (*1)	278,543	-	-	12,350	(7,158)
	<u>₩ 3,020,087</u>	<u>₩ 9,553</u>	<u>₩ (6,941)</u>	<u>₩ 12,350</u>	<u>₩ (7,158)</u>

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

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

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

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

	For the three months ended March 31, 2023						
	Beginning	Gain (loss)	Other comprehensive income (loss)	Purchase/issue	Disposal/settlement	Transfer from or to Level 3	Ending
Financial instruments:							
Financial assets at FVTPL	₩ 2,738,993	₩ 24,276	₩ -	₩ 54,410	₩ (76,135)	₩ -	₩ 2,741,544
Net derivative assets	(19,045)	-	-	-	19,045	-	-
Financial assets at FVTOCI	283,183	-	(4,640)	-	-	-	278,543
	<u>₩ 3,003,131</u>	<u>₩ 24,276</u>	<u>₩ (4,640)</u>	<u>₩ 54,410</u>	<u>₩ (57,090)</u>	<u>₩ -</u>	<u>₩ 3,020,087</u>
	For the three months ended March 31, 2022						
	Beginning	Gain(loss)	Other comprehensive income (loss)	Purchase/issue	Disposal/settlement	Transfer from or to Level 3	Ending
Financial instruments:							
Financial assets at FVTPL	₩ 2,458,507	₩ 7,061	₩ -	₩ 133,483	₩ (50,634)	₩ -	₩ 2,548,417
Net derivative assets	125	63	-	103	(149)	-	142
Financial assets at FVTOCI	265,224	-	(5,324)	1,000	-	-	260,900
	<u>₩ 2,723,856</u>	<u>₩ 7,124</u>	<u>₩ (5,324)</u>	<u>₩ 134,586</u>	<u>₩ (50,783)</u>	<u>₩ -</u>	<u>₩ 2,809,459</u>

For the three months ended March 31, 2023 and 2022, gain (loss) related to financial assets and liabilities is included in gain (loss) on financial instruments at FVTPL in the 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 March 31, 2023 and 2022.

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

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

Classification	For the three months ended March 31, 2023	
	Profit or loss during the reporting period	Profit or loss related to financial instruments held at the end of the reporting period
Gain (loss) on financial assets at FVTPL	₩ 24,276	₩ 35,800

Classification	For the three months ended March 31, 2022	
	Profit or loss during the reporting period	Profit or loss related to financial instruments held at the end of the reporting period
Gain (loss) on financial assets at FVTPL	₩ 7,124	₩ 9,459

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 three months ended March 31, 2023 and 2022.

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

Classification	March 31, 2023				
	Level 1	Level 2	Level 3	Fair value	Book value
Financial assets:					
Cash and due from banks	₩ 2,253,077	₩ 10,059,292	₩ -	₩ 12,312,369	₩ 12,312,369
Securities at amortized cost	817,195	14,905,471	-	15,722,666	16,120,370
Loans at amortized cost	-	-	301,940,878	301,940,878	304,991,144
Other financial assets	-	-	1,641	1,641	1,641
	<u>₩ 3,070,272</u>	<u>₩ 24,964,763</u>	<u>₩ 301,942,519</u>	<u>₩ 329,977,554</u>	<u>₩ 333,425,524</u>
Financial liabilities:					
Deposits	₩ -	₩ -	₩ 306,355,264	₩ 306,355,264	₩ 303,614,510
Borrowings	-	-	16,487,829	16,487,829	16,483,722
Debentures	-	20,946,032	-	20,946,032	21,187,598
Other financial liabilities (*1)	-	-	15,815,434	15,815,434	18,252,184
	<u>₩ -</u>	<u>₩ 20,946,032</u>	<u>₩ 338,658,527</u>	<u>₩ 359,604,559</u>	<u>₩ 359,538,014</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					Fair value	Book value
	Level 1	Level 2	Level 3				
Financial assets:							
Cash and due from banks	₩ 2,188,176	₩ 12,326,541	₩ -	₩ 14,514,717	₩ 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 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 party of the Bank as of March 31, 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 4th 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 30 other fund Structured Entities.
Associates	Korea Credit Bureaus Co., Ltd., NH-AJUUB SME Growth 2013 Private Equity Fund, IBK-NH Small-Giant PEF, Kyunggi-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, 2012sunlight 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,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)[FOF], 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, War Machine 10th Co., Ltd. 3, TL Independence Co., Ltd., MERIGOGO 4th Co., Ltd., Money Market Trust (“MMT”), Parkcity 1st Co., Ltd., yongintechnologisno1.,Ltd, Song Am Park 2nd , ARA Korea Private Real Estate Fund No. 10, Pacific Private Real Estate Fund No. 63-1, SMART KAMSAM 2ND Co., Ltd., Newstartsecond Co., Ltd., Mimi Day 2nd Co., Ltd., PV Landscape Co., Ltd., CheongJu Express D-Two Co., Ltd., New World Myeongji Tres Co., Ltd., 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 Avitation 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 1 st Co., Ltd., Pinemilkthree Co., Ltd., Uncas The Second, Uncas The First, Industry Kimhae 1 st Co., Ltd., Industry Kimhae 2 nd Co., Ltd., PLN 5 th Co., Ltd., HeyYS 1 st Co., Ltd., Galaxy Yeouido Co., Ltd., Cube Culture First Co., Ltd., MJ Hangdong 5 th Co., Ltd., MJ Hangdong 4 th Co., Ltd., MJ Hangdong 3 rd Co., Ltd., Blue Sea Jinhae, RA2nd, The Sharp Gwangyang Ma-dong.inc, RA3rd, ModernBeta Co., Ltd., RA4th, Cloud 1 st Co., Ltd., PrimaNonhyun Charlie Co., Ltd., Busan Minam 2 nd Co., Ltd., Busan Minam 1 st Co., Ltd., NewWorld Jeonbang 4 th , BestEH 1 st , Gangreung Mono 1 st , 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., Yeouido 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, Midas No. 1 Private Equity Joint Co., Ltd., Global opportunity Private Equity Joint Co., Ltd., 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 Yeouido PFV Co.,Ltd, Smilegate Vietnam Kairos Private Equity Fund #1, Lodestone Second Private Equity Fund, NH-Soo Investment innovative growth M&A fund, NH Co-Investment Private Equity Fund , NH IBKC High-tech 1 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, NH SPECIAL PURPOSE ACQUISITION 22 COMPANY, 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, IBKS Green Private Equity Fund, K Clavis Cloud New Technology Investment Association No. 1 , The Lakebridge-Growth Fund I , J&Hercules Private Equity Fund, STL 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	, Future Healthcare New Technology Investment Association , DAYLI Swanson Bio Healthcare Fund 7, KYOBO-HANYANG ESG New Technology Investment Association, 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 3th, NH SPECIAL PURPOSE ACQUISITION 29 COMPANY,Nongwooseed Myanmar Co., Ltd., Beijing shinong International Trading Co., Ltd.

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37. Related-party transactions (cont'd)

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

Company	March 31, 2023						
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)
Ultimate parent company:							
NACF	₩ 3,192	₩ 97,747	₩ 5	₩ 40,639	₩ 515,326	₩ 68,546	₩ 40,778
Parent company:							
NongHyup Financial Group Inc.	660	-	13	-	3,161	-	233,331
Subsidiaries:							
Nonghyup Finance Cambodia Co., Ltd.	78,348	-	51	-	-	-	-
Unspecified money trust	-	-	-	-	-	-	43
Household money trust	3	-	-	-	-	-	685
Personal pension trust	-	-	-	-	-	-	79,488
Corporate money trust	-	-	-	-	-	-	61
Old-age pension trust	-	-	-	-	-	-	292
New personal pension trust	38	-	-	-	-	-	23,004
New old-age pension trust	1	-	-	-	-	-	769
Pension trust	1,288	-	-	-	-	-	156,301
Installment money in trust	2	-	-	-	-	-	626
Retirement trust	22	-	-	-	-	-	5,010
KAMCO Value Recreation 4th Securitization Specialty Co., Ltd.	-	-	-	-	1	-	-
NH Hyunjung Holdings Co., Ltd.	-	-	-	-	160	1,335	-
NH GO the first Co., Ltd.	-	-	-	-	103	-	-
NH Chemical 1st Co., Ltd.	-	-	-	-	69	472	-
AlloneFriendsHansup 1st Co., Ltd.	-	-	-	-	81	393	-
Associates:							
Korea Credit Bureaus Co., Ltd.	-	-	-	-	1	-	-
Kyunggi-DSC Superman Investment Fund No. 1	-	-	-	-	70	-	-
NH Agri-Biz Value Creative 1st PEF	505	-	-	-	-	-	-
NH_AJU Digital Fund	-	-	-	-	592	-	2
NH Venture - AJU IB New Growth Fund	-	-	-	-	2,563	-	-
NH-NAU Agro Food 1st Private Equity Fund	94	-	-	-	-	-	-
NH-NAU Agro Food 2nd Private Equity Fund	170	-	-	-	-	-	-
2012sunlight Co., Ltd	882	-	-	-	-	-	-
Seasons Shipping Co., Ltd.	1,105	-	-	-	-	-	-
NH-NICE Venture Fund-1	136	-	-	-	-	-	-
NH Digital Alliance Fund	-	-	-	-	5,625	-	1
NH Agtec Innovation Private Equity Fund	150	-	-	-	-	-	-
GNO Co., Ltd	2,363	-	-	-	-	-	-
GARAK SUSAN CO., LTD	146	-	-	-	-	-	-
PROTEK KOREA CO., LTD	1,054	-	-	-	-	-	-
Cardo Inc.	8	-	-	-	251	-	-
PARADISE CO., LTD.	210	-	-	-	-	-	-
NH-DX Open Innovation Fund	-	-	-	-	4,054	-	-

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37. Related-party transactions (cont'd)

Company	March 31, 2023						
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)
Other related parties:							
NH Life Insurance Co., Ltd.	₩ 1,170	₩ 144,838	₩ 1	₩ 377	₩ 21,696	₩ -	₩ 3,543
NH Property and Casualty Insurance Co., Ltd.	960	15,915	1	-	14,187	2,769	3
NH Investment & Securities Co., Ltd.	53,995	11	90	177	469,503	-	8,371
NH Capital Co., Ltd.	196,908	-	131	-	208,315	-	14
NH Saving Bank Co., Ltd.	106	-	9	-	-	-	-
NongHyup REITs Management Co., Ltd.	21	-	2	-	2,621	-	13
NH Venture Investment Co., Ltd.	32	-	3	-	123	-	-
NH Investment & Futures Co., Ltd.	68	-	-	-	34,318	-	63
GnM Holdings Co., Ltd.	-	-	-	-	1,352	-	-
War Machine 10th Co., Ltd.	3	-	-	-	30,278	-	120
TL Independence Co., Ltd.	-	-	-	-	123	-	-
MERIGOGO 4th Co., Ltd.	-	-	-	-	427	-	-
Parkcity 1st Co., Ltd.	-	-	-	-	3,309	-	-
yongintechnologisno1., Ltd.	-	-	-	-	41	-	-
Song Am Park 2nd SMART KAMSAM 2ND Co., Ltd.	-	-	-	-	120	-	-
Newstartsecond Co., Ltd.	-	-	-	-	1,119	-	-
Mimi Day 2nd Co., Ltd.	-	-	-	-	133	-	-
PV Landscape Co., Ltd.	-	-	-	-	247	-	-
TL Independence Co., Ltd.	-	-	-	-	97	-	-
New World Myeongji Tres Co., Ltd.	-	-	-	-	138	-	-
NHHunin 2nd Co., Ltd.	-	-	-	-	135	-	-
NewworldGeol-dong 1st Co., Ltd.	-	-	-	-	1,342	-	-
NewworldGeol-dong 2nd Co., Ltd.	-	-	-	-	101	-	-
Newforest 2nd Co., Ltd.	-	-	-	-	129	-	-
Newforest 3rd Co., Ltd.	-	-	-	-	166	-	-
GyeongsanLogis 3rd Co., Ltd.	-	-	-	-	104	-	-
GoyangLogis 1st Co., Ltd.	-	-	-	-	70	-	-
CubeSkyline	-	-	-	-	135	-	-
RASupyo 1st Co., Ltd.	-	-	-	-	220	-	-
Galaxy All-one 1st Co., Ltd.	-	-	-	-	342	-	-
RAHaeundae 4th Co., Ltd.	-	-	-	-	160	-	-
YRD 1st Co., Ltd.	-	-	-	-	402	-	1
Pinemilkthree Co., Ltd.	-	-	-	-	1,331	-	-
Uncas The Second	-	-	-	-	60	-	-
Uncas The First	-	-	-	-	3,513	-	1
Industry Kimhae 1st Co., Ltd.	-	-	-	-	177	-	-
Industry Kimhae 2nd Co., Ltd.	-	-	-	-	52	-	-
PLN 5th Co, Ltd.	-	-	-	-	71	-	-
HeyYS 1st Co., Ltd.	-	-	-	-	1,301	-	-
Galaxy Yeouido Co., Ltd.	-	-	-	-	12	-	-
Cube Culture First Co., Ltd.	-	-	-	-	148	-	-
MJ Hangdong 5th Co., Ltd.	-	-	-	-	51	-	-
MJ Hangdong 4th Co., Ltd.	-	-	-	-	356	-	-
MJ Hangdong 3rd Co., Ltd.	-	-	-	-	1,057	-	-
Blue Sea Jinhae	-	-	-	-	1,414	-	-
RA2nd	-	-	-	-	339	-	-
The Sharp Gwangyang	-	-	-	-	105	-	-
Ma-dong.inc	-	-	-	-	618	-	-
RA3rd	-	-	-	-	578	-	-
ModernBeta Co., Ltd.	-	-	-	-	134	-	-

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37. Related-party transactions (cont'd)

Company	March 31, 2023							
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)	
	₩	₩	₩	₩	₩	₩	₩	₩
RA4th					300			
Cloud 1st Co., Ltd.	-	-	-	-	615	-	-	-
PrimaNonhyun Charlie Co., Ltd.	-	-	-	-	307	-	-	-
Busan Minam 2nd Co., Ltd.	-	-	-	-	197	-	-	-
Busan Minam 1st Co., Ltd.	-	-	-	-	241	-	-	-
NewWorld Jeonbang 4th	-	-	-	-	1,492	-	-	-
BestEH 1st	-	-	-	-	149	-	-	1
Gangreung Mono 1st	-	-	-	-	190	-	-	-
NH-Amundi Assets Management Co., Ltd.	272	-	30	-	52,728	-	-	527
Yeouido Cultural Broadcasting Site Development PFV	26,508	-	-	-	10,972	-	-	2
NH SPECIAL PURPOSE ACQUISITION 19 COMPANY	-	-	-	-	19,301	-	-	287
Starset-DA value Healthcare Investment Fund No. 2	-	-	-	-	21	-	-	-
Starset-DA value Healthcare Investment Fund No. 3	-	-	-	-	9	-	-	-
Ascendo New Generation Healthcare Investment	-	-	-	-	75	-	-	-
NH-AJU KOSDAQ SCALEUP FUND	-	-	-	-	1,429	-	-	5
Square-DA value Fund No. 1	-	-	-	-	15	-	-	-
MK Ventures-K Clavis Growth capital Venture Fund 1	-	-	-	-	253	-	-	-
Smilegate Vietnam Kairos Private Equity Fund #1	-	-	-	-	274	-	-	-
NH-Soo Investment innovative growth M&A fund	-	-	-	-	11,898	-	-	10
NH-SYNERGY BIO Fund	-	-	-	-	499	-	-	-
NH-IBKC Bio New Technology Fund	-	-	-	-	20	-	-	-
NH SPECIAL PURPOSE ACQUISITION 20 COMPANY	-	-	-	-	9,498	-	-	228
KYOBO-NH Healthcare New Technology Investment Association No. 1	2,414	-	-	-	-	-	-	-
Daishin-GVA New Technology Investment Fund 1st	-	-	-	-	126	-	-	-
DAYLI Swanson Bio Healthcare Fund 8	-	-	-	-	57	-	-	-
NH Kyobo AI Solution Investment Fund	-	-	-	-	109	-	-	-
NH IBKC Dental Solution Investment Fund	-	-	-	-	795	-	-	-
Recovery Partners Co., Ltd	4	-	-	-	185	-	-	-
NH SPECIAL PURPOSE ACQUISITION 22 COMPANY	-	-	-	-	2,627	-	-	52
Smart Quaternary Industry Square Investment Fund No. 2	-	-	-	-	4,422	-	-	1
DAYLI Swanson Bio Healthcare Fund 7	-	-	-	-	103	-	-	-

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37. Related-party transactions (cont'd)

Company	March 31, 2023						
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)
KYOBO-HANYANG ESG New Technology Investment Association	₩ -	₩ -	₩ -	₩ -	₩ 424	₩ -	₩ -
NH SPECIAL PURPOSE ACQUISITION 23 COMPANY	-	-	-	-	2,445	-	-
NH SPECIAL PURPOSE ACQUISITION 25 COMPANY	-	-	-	-	849	-	17
NH SPECIAL PURPOSE ACQUISITION 27 COMPANY	-	-	-	-	1,721	-	33
NH SPECIAL PURPOSE ACQUISITION 26 COMPANY	-	-	-	-	2,691	-	52
NH SPECIAL PURPOSE ACQUISITION 28 COMPANY	-	-	-	-	1,032	-	4
NHC-DTNI Agrifood ABC Investment Fund No. 1	-	-	-	-	9,983	-	71
NHC-DTNI Agrifood General Investment Fund No. 2	-	-	-	-	2,556	-	9
Korea Growth Opportunity Private Equity Fund I	-	-	-	-	265	-	-
Geum-Wang FONE CO., Ltd.	-	-	-	-	172	-	-
NH-Iris ESG Fund	-	-	-	-	356	-	-
NH Agri-Food Venture Fund	-	-	-	-	610	-	-
NH-UON Fund No. 1	-	-	-	-	154	-	-
Korea-ASEAN Technology Fund 1	-	-	-	-	628	-	-
NH-Deep Dive Smart Logistics Fund	-	-	-	-	117	-	-
Korea-ASEAN Technology Fund 2	-	-	-	-	61	-	-
NH Agribusiness Group	2,594,224	-	1,671	2,316	87,109	-	2,428
NH Networks Co., Ltd.	16,030	-	47	15,053	2,966	-	15,599
NH Information System Co., Ltd.	2,929	-	2	-	17,178	-	4,260
Agricultural Cooperative Asset Management Co., Ltd.	164,852	-	108	-	585	-	370
Nonghyup Partners	155	-	-	-	1,024	-	3,871
Nonghyup Hanaro Mart Inc.	30,532	-	33	398	31	-	5,629
Agricultural Corporation Nonghyup Food Grain Inc.	38,239	-	162	-	9,896	-	25
Korea Agricultural Cooperative Marketing Inc.	234	-	-	-	2,017	-	2,238
Nonghyup Logistics Service Inc.	18,144	-	3	-	944	-	4,887
NongHyup Chemical Co., Ltd.	98,017	-	59	-	754	-	-
NH Trading Co., Ltd.	18,413	131	87	-	11,713	61	38
Nonghyup-Agro, Inc.	18	-	-	-	879	-	-
Nonghyup RedGinseng Co., Ltd.	24,466	-	232	-	2	-	-
Namhae Chemical Corporation	151,617	216	100	-	68,216	897	106
Nonghyup Moguchon Inc.	72,033	-	61	-	422	-	-
Nonghyup Feed Inc.	501,049	2	886	-	4,559	8,676	1

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37. Related-party transactions (cont'd)

Company	March 31, 2023						
	Receivables	Derivative assets	Allowances	Other assets (*1)	Deposits	Derivative liabilities	Other liabilities (*1)
NONG WOO BIO CO., LTD.	₩ 21,666	₩ -	₩ 8	₩ -	₩ 5,914	₩ -	₩ 2
NH Heuk Sarang Co., Ltd.	532	-	-	-	7	-	-
Agricultural Corporation Nonghyup Food Inc.	18	-	-	-	2,648	-	7
PUBLIC HOMESHOPPING	89	-	-	-	303	-	-
Orion Nonghyup Agri, Inc.	2,459	-	-	-	3,232	-	34
Home and Shopping Co., Ltd.	-	-	-	-	255	-	-
NES Materials Corporation	24,635	-	-	-	-	-	-
Nisso-namhae Agro Co., Ltd.	17	-	-	-	24,226	-	4
Tosoh Namhae Silica Co., Ltd.	10	-	2	-	544	-	-
Sanglim Co., Ltd.	3,902	-	10	-	11	-	-
NH SPECIAL PURPOSE ACQUISITION 29 COMPANY	-	-	-	-	4,473	-	31

(*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:							
NongHyup 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 Capital Co., Ltd.	5,836	-	4	-	742,642	-	6
NH Savings Bank Co., Ltd.	147	-	13	-	-	-	-
NongHyup REITs Management Co., Ltd.	33	-	3	-	1,839	-	2
NH Venture Investment Co., Ltd.	30	-	3	-	11,731	-	52
NH Investment & Futures Co., Ltd.	92	-	-	-	72,474	-	23
GnM Holdings Co., Ltd.	-	-	-	-	1,352	-	-
Warmachine 10th Co., Ltd.	-	-	-	-	296	-	-
Tiindependence	-	-	-	-	155	-	-
Cube 5th Co., Ltd.	-	-	-	-	32	-	-
Merigogo 4th Co., Ltd.	-	-	-	-	425	-	-
Parkcity First co., Ltd.	-	-	-	-	97	-	-
yongintechnologisno1., Ltd	-	-	-	-	51	-	-
Song Am Park 2nd	-	-	-	-	147	-	-
Mi Mi Day 1st Co., Ltd	-	-	-	-	3,202	-	-
SMARTKAMSAM2ND Co., Ltd.	-	-	-	-	1,049	-	-
Mi Mi Day 3rd Co., Ltd	-	-	-	-	125	-	-
Newstartsecond Co., Ltd.	-	-	-	-	142	-	-
Mi Mi Day 2nd Co., Ltd	-	-	-	-	202	-	-
PV Landscape Co.,Ltd.	-	-	-	-	97	-	-
CheongJu Express D-Two Co.,Ltd	-	-	-	-	137	-	-
New World Myeongji Tres Co.,Ltd	-	-	-	-	116	-	-
NHHunin 2nd Co., Ltd.	-	-	-	-	1,691	-	-
NewworldGeol-dong 1st Co., Ltd	-	-	-	-	78	-	-
NewworldGeol-dong 2nd Co., Ltd	-	-	-	-	107	-	-
Newforest 2nd Co., Ltd	-	-	-	-	158	-	-
Newforest 3rd Co., Ltd	-	-	-	-	100	-	-
GyeongsanLogis 3rd Co., Ltd	-	-	-	-	65	-	-
GoyangLogis 1st Co., Ltd	-	-	-	-	40	-	-
CubeSkyline	-	-	-	-	115	-	-
RASupyo 1st Co., Ltd	-	-	-	-	648	-	-
Galaxy All-one 1st Co., Ltd	-	-	-	-	218	-	-
RAHaeundae 4th Co., Ltd	-	-	-	-	961	-	-
YRD 1st Co., Ltd	-	-	-	-	1,294	-	-
Pinemilkthree Co., Ltd.	-	-	-	-	40	-	-
Uncas The Second	-	-	-	-	3,461	-	-
Uncas The First	-	-	-	-	990	-	-
Industry Kimhae 1st Co., Ltd	-	-	-	-	65	-	-
Industry Kimhae 2nd Co., Ltd	-	-	-	-	89	-	-
PLN 5th Co, Ltd	-	-	-	-	1,280	-	-
HeyYS 1st Co., Ltd	-	-	-	-	11	-	-
Galaxy Yeouido Co.,Ltd	-	-	-	-	148	-	-
Cube Culture First Co.,Ltd	-	-	-	-	37	-	-
MJ Hangdong 5th Co., Ltd.	-	-	-	-	310	-	-
MJ Hangdong 4th Co., Ltd.	-	-	-	-	1,013	-	-
MJ Hangdong 3rd Co., Ltd.	-	-	-	-	1,377	-	-
Blue Sea Jinhae	-	-	-	-	427	-	-
RA2nd	-	-	-	-	80	-	-
The Sharp Gwangyang Ma-dong.inc	-	-	-	-	964	-	-

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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 2nd Co., Ltd	-	-	-	-	40	-	-
Busan Minam 1st Co., Ltd	-	-	-	-	238	-	-
NewWorld Jeonbang 4th	-	-	-	-	1,190	-	-
BestEH 1st	-	-	-	-	4,553	-	-
Gangreung Mono 1st	-	-	-	-	202	-	-
NH-Amundi Asset Management Co., Ltd.	249	-	26	-	70,582	-	229
Yeouido Cultural Broadcasting Site Development 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-D Avalue 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	-	-	-	-	9,526	-	148
KYOBO-NH Healthcare New Technology Investment Association No. 1	2,414	-	-	-	-	-	-
Daishin-GVA New Technology Investment Fund 1st	-	-	-	-	167	-	-
DAYLI Swanson Bio Healthcare Fund 8	-	-	-	-	103	-	-
NH IBKC Dental Solution Investment Fund	-	-	-	-	923	-	-
Recovery Partners Co., Ltd	8	-	-	-	36	-	-
NH SPECIAL PURPOSE ACQUISITION 22 COMPANY	-	-	-	-	2,715	-	31
Smart Quaternary Industry Square Investment Fund No. 2	-	-	-	-	2,813	-	-
DAYLI Swanson Bio Healthcare Fund 7	-	-	-	-	160	-	-
KYOBO-HANYANG ESG New Technology Investment Association	-	-	-	-	400	-	-

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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 Geum-Wang FONE CO., Ltd	-	-	-	-	335	-	-
NH-IRIS ESG Fund	-	-	-	-	176	-	-
NH Agri-Food Venture Fund	-	-	-	-	358	-	-
NH-UON Fund No.1	-	-	-	-	711	-	-
Korea-ASEAN Technology Fund 1	-	-	-	-	282	-	-
NH-Deep Dive Smart Logistics Fund	-	-	-	-	688	-	-
Korea-ASEAN Technology Fund 2	-	-	-	-	218	-	-
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
Nonghyup Partners	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 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
NONG WOO BIO CO., LTD.	21,830	-	8	-	5,067	-	3
NH Heuk Sarang Co., Ltd.	532	-	-	-	80	-	-
Agricultural Corporation							
Nonghyup Food Inc.	73	-	2	-	4,143	-	-
PUBLIC							
HOMESHOPPING	98	-	-	-	197	-	-
Orion Nonghyup Agri, Inc.	2,551	-	-	-	7,373	-	1
Home and Shopping Co.,Ltd	-	-	-	-	270	-	-
NES Materials Corporation	5,734	-	-	-	-	-	-
Nisso-namhae Agro Co., Ltd.	17	-	-	-	23,001	-	4
Tosoh Namhae Silica Co., Ltd.	5	-	1	-	372	-	-
Sanglim Agricultural Co., Ltd.	3,844	-	10	-	13	-	-

(*1) Other assets and other liabilities include consolidated tax, right-of-use assets and lease liabilities.

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37. Related-party transactions (cont'd)

Significant transactions with related parties for the years ended March 31, 2023 and 2022, are as follows (Korean won in millions):

Company	For the three months ended March 31, 2023						
	Interest income	Commission income	Other income	Provision (reversal) of allowance	Interest expenses	Commission expenses	Other expenses
Ultimate parent company:							
NACF	₩ 1,373	₩ -	₩ 202,240	₩ (68)	₩ 2,132	₩ -	₩ 141,812
Parent company:							
NH Financial Group Inc.	-	-	512	(16)	-	-	-
Subsidiaries:							
Nonghyup Finance Cambodia Co., Ltd.	1,174	-	-	4	-	-	-
Household money trust	-	3	-	-	9	-	-
Personal pension trust	-	-	-	-	1	-	-
New personal pension trust	-	-	-	-	2	-	-
New old-age pension trust	-	38	-	-	159	-	-
Pension trust	-	1	-	-	6	-	-
Installment money in trust	-	1,288	-	-	1,373	-	-
Retirement trust	-	2	-	-	10	-	-
NH Inno First Co., Ltd.	-	22	-	-	45	-	-
NH Hyunjung Holdings Co., Ltd.	-	151	539	(87)	-	-	-
NH GO the first Co., Ltd.	-	130	-	(53)	-	-	-
NH Chemical 1st Co., Ltd.	-	118	-	(42)	-	-	-
AlloneFriensHansup 1st Co., Ltd.	-	76	280	(32)	-	-	-
Associates:							
NH Agri-Biz Value Creative 1st PEF	-	21	-	-	-	-	-
NH_AJU Digital Fund	-	-	-	-	4	-	-
NH Venture - AJU IB New Growth Fund	-	-	-	-	4	-	-
NH-NAU Agro Food 1st Private Equity Fund	-	169	-	-	-	-	-
NH-NAU Agro Food 2nd Private Equity Fund	-	174	-	-	-	-	-
NH Digital Alliance Fund	-	-	-	-	9	-	-
NH Agtec Innovation Private Equity Fund	-	307	-	-	-	-	-
NH-DX Open Innovation Fund	-	-	-	-	6	-	-
Other related parties:							
NH Life Insurance Co., Ltd.	1	949	48,448	(1)	3	-	476
NH Property and Casualty Insurance Co., Ltd.	-	379	8,034	-	3	3,214	19,994
NH Investment & Securities Co., Ltd.	88	122	925	21	2,175	5	659
NH Capital Co., Ltd.	179	118	-	128	8	-	-
NH Saving Bank Co., Ltd.	-	3	-	(4)	-	-	-
NongHyup REITs Management Co., Ltd.	-	-	-	(1)	13	-	-
NH Venture Investment Co., Ltd.	-	-	-	-	28	-	-
NH Investment & Futures Co., Ltd.	-	5	-	-	309	105	-
War Machine 10th Co., Ltd. 3	-	-	-	-	120	-	-
RAHaeundae 4th Co., Ltd.	-	-	-	-	1	-	-
Uncas The Second	-	-	-	-	1	-	-
NH-Amundi Assets Management Co., Ltd.	-	1	-	3	422	-	271
Yeouido Cultural Broadcasting Site Development PFV	262	-	-	-	2	-	-
NH SPECIAL PURPOSE ACQUISITION 19 COMPANY	-	-	-	-	71	-	-
NH-AJU KOSDAQ SCALEUP FUND	-	-	-	-	6	-	-
NH-Soo Investment innovative growth M&A fund	-	-	-	-	46	-	-
NH-SYNERGY BIO Fund	-	-	-	-	1	-	-

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37. Related-party transactions (cont'd)

Company	For the three months ended March 31, 2023						
	Interest income	Commission income	Other income	Provision (reversal) of allowance	Interest expenses	Commission expenses	Other expenses
Other related parties:							
NH SPECIAL PURPOSE ACQUISITION 20 COMPANY	₩ -	₩ -	₩ -	₩ -	₩ 81	₩ -	₩ -
KYOBO-NH Healthcare New Technology Investment Association No. 1	46	-	-	-	-	-	-
NH Kyobo AI Solution Investment Fund	-	-	-	-	1	-	-
NH IBKC Dental Solution Investment Fund	-	-	-	-	1	-	-
NH SPECIAL PURPOSE ACQUISITION 22 COMPANY	-	-	-	-	21	-	-
Smart Quaternary Industry Square Investment Fund No. 2	-	-	-	-	7	-	-
KYOBO-HANYANG ESG New Technology Investment Association	-	-	-	-	16	-	-
NH SPECIAL PURPOSE ACQUISITION 23 COMPANY	-	-	-	-	8	-	-
NH SPECIAL PURPOSE ACQUISITION 25 COMPANY	-	-	-	-	7	-	-
NH SPECIAL PURPOSE ACQUISITION 27 COMPANY	-	-	-	-	11	-	-
NH SPECIAL PURPOSE ACQUISITION 26 COMPANY	-	-	-	-	21	-	-
NH SPECIAL PURPOSE ACQUISITION 28 COMPANY	-	-	-	-	4	-	-
NHC-DTNI Agrifood ABC Investment Fund No. 1	-	-	-	-	79	-	-
NHC-DTNI Agrifood General Investment Fund No. 2	-	-	-	-	12	-	-
NH Agri-Food Venture Fund	-	-	-	-	1	-	-
Korea-ASEAN Technology Fund 1	-	-	-	-	1	-	-
Korea-ASEAN Technology Fund 2	-	-	1	-	62	-	-
NH Agribusiness Group	34,168	8	43	228	99	-	4,328
NH Networks Co., Ltd.	223	-	41	1	6	-	3,940
NH Information System Co., Ltd.	-	-	1,353	1	37	-	21,011
Agricultural Cooperative Asset Management Co., Ltd.	1,930	-	-	7	2	910	-
Nonghyup Partners	-	-	45	-	-	-	12,083
Nonghyup Hanaro Mart Inc.	227	1	44	23	-	-	203
Agricultural Corporation Nonghyup Food Grain Inc.	45	2	59	6	9	-	31
Korea Agricultural Cooperative Marketing Inc.	2	7	203	-	5	-	53
Nonghyup Logistics Service Inc.	248	2	153	-	5	-	7,270
NongHyup Chemical Co., Ltd.	935	6	-	19	3	-	-
NH Trading Co., Ltd.	245	110	83	(71)	43	-	130
Nonghyup RedGinseng Co., Ltd.	288	-	-	(17)	-	-	39
Namhae Chemical Corporation	60	238	216	17	344	-	1,145
Nonghyup Moguchon Inc.	435	1	-	7	-	-	20
Nonghyup Feed Inc.	231	466	17	(316)	20	-	9,163
NONG WOO BIO CO., LTD.	250	-	-	-	28	-	-
Agricultural Corporation Nonghyup Food Inc.	-	-	1	(1)	27	-	13
Orion Nonghyup Agri, Inc.	12	-	-	-	33	-	-
NES Materials Corporation	222	-	-	-	-	-	-
Nisso-namhae Agro Co., Ltd.	-	-	-	-	60	-	-
Tosoh Namhae Silica Co., Ltd.	-	-	-	1	-	-	-
Sanglim Co., Ltd.	61	-	-	-	-	-	-
NH SPECIAL PURPOSE ACQUISITION 29 COMPANY	-	-	-	-	31	-	-

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37. Related-party transactions (cont'd)

Company	For the three months ended March 31, 2022						
	Interest income	Commission income	Other income	Provision (reversal) of allowance	Interest expenses	Commission expenses	Other expenses
Ultimate parent company:							
NACF	₩ -	₩ -	₩ 131,401	₩ (1)	₩ 341	₩ -	₩ 127,769
Parent company:							
NH Financial Group Inc.	-	-	471	(6)	-	-	1,736
Subsidiaries:							
Nonghyup Finance Cambodia Co., Ltd.	176	-	-	-	-	-	-
Household money trust	-	4	-	-	1	-	-
Personal pension trust	-	1,624	-	-	134	-	-
New personal pension trust	-	37	-	-	24	-	-
New old-age pension trust	-	1	-	-	1	-	-
Pension trust	-	1,227	-	-	353	-	-
Installment money in trust	-	3	-	-	4	-	-
Retirement trust	-	21	-	-	27	-	-
NH Inno First Co., Ltd.	-	56	-	-	-	-	-
NH Hyunjung Holdings Co., Ltd.	-	135	-	(68)	-	-	936
NH GO the first Co., Ltd.	-	134	-	(43)	-	-	-
NH Chemical 1st Co., Ltd.	-	121	-	(43)	-	-	392
AlloneFriensHansup 1st Co., Ltd.	-	68	-	(26)	-	-	317
Associates:							
Korea Credit Bureaus Co., Ltd.	-	-	-	-	3	-	-
NH Agri-Biz Value Creative 1st PEF	-	22	-	-	-	-	-
NH-AJU Digital Fund	-	-	-	-	1	-	-
NH Venture - AJU IB New Growth Fund	-	-	-	-	15	-	-
NH-NAU Agro Food 1st Private Equity Fund	-	344	-	-	-	-	-
NH-NAU Agro Food 2nd Private Equity Fund	-	516	-	-	-	-	-
Cardo Inc.	-	-	-	-	1	-	-
Other related parties:							
NH Life Insurance Co., Ltd.	1	1,986	33,040	(1)	5	158	2,082
NH Property and Casualty Insurance Co., Ltd.	-	357	4,147	(1)	3	-	20,035
NH Investment & Securities Co., Ltd.	148	1,244	3,483	-	91	15	1,856
NH Capital Co., Ltd.	-	74	-	-	3	-	-
NH Savings Bank Co., Ltd.	-	22	-	3	-	-	-
NH REITs Management Co., Ltd.	-	-	-	-	6	-	-
NH Venture Investment Co., Ltd.	-	-	-	-	2	-	-
NH Investment & Futures Co., Ltd.	-	6	-	-	9	138	-
NH- Amundi Asset Management Co., Ltd.	-	1	-	(1)	179	-	256
Yeouido Cultural Broadcasting Site Development PFV	303	-	-	-	1	-	-
NH SPECIAL PURPOSE ACQUISITION 20 COMPANY	-	-	-	-	6	-	-
NH SPECIAL PURPOSE ACQUISITION 19 COMPANY	-	-	-	-	26	-	-
NH-AJU KOSDAQ SCALEUP FUND	-	-	-	-	27	-	-
NH-Soo Investment innovative growth M&A fund	-	-	-	-	17	-	-
NH-SYNERGY BIO Fund	-	-	-	-	1	-	-
NH-IBKC Bio New Technology Fund	-	-	-	-	1	-	-
NH SPECIAL PURPOSE ACQUISITION 20 COMPANY	-	-	-	-	24	-	-
NH SPECIAL PURPOSE ACQUISITION 21 COMPANY	-	-	-	-	5	-	-

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37. Related-party transactions (cont'd)

Company	For the three months ended March 31, 2022						
	Interest income	Commission income	Other income	Provision (reversal) of allowance	Interest expenses	Commission expenses	Other expenses
Other related parties:							
KYOBO-NH Healthcare New Technology Investment Association No. 1	₩ 25	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
NH IBKC Dental Solution Investment Fund	-	-	-	-	1	-	-
Recovery Partners Co., Ltd.	-	-	-	-	2	-	-
NH SPECIAL PURPOSE ACQUISITION 22 COMPANY	-	-	-	-	1	-	-
Smart Quaternary Industry Square Investment Fund No. 2	-	-	-	-	12	-	-
NH SPECIAL PURPOSE ACQUISITION 23 COMPANY	-	-	-	-	3	-	-
NHC-DTNI Agrifood ABC Investment Fund No. 1	-	-	-	-	2	-	-
NHC-DTNI Agrifood ABC Investment Fund No. 2	-	-	-	-	11	-	-
NH-IRIS ESG Fund	-	-	-	-	1	-	-
NH Agri-Food Venture Fund	-	-	-	-	2	-	-
NH-UON Fund No. 1	-	-	-	-	1	-	-
NH Agribusiness Group.	2,974	-	33	92	109	-	1,310
NH Networks Co., Ltd.	155	-	38	(1)	4	-	5,675
NH Information System Co., Ltd.	-	-	1,248	1	20	-	17,592
Agricultural Cooperative Asset Management Co., Ltd.	922	-	-	4	3	956	-
Nonghyup Partners.	-	-	43	-	1	-	9,240
Nonghyup Hanaro Mart Inc. Agricultural Corporation	4	-	97	-	-	-	224
Nonghyup Food Grain Inc.	70	2	59	-	-	-	6
Korea Agriculture Cooperative Marketing Inc.	1	14	198	-	13	-	109
Nonghyup Logistics Service Inc.	59	2	145	2	2	-	6,900
Nonghyup Chemical Co., Ltd.	490	6	3	12	3	-	-
NH Trading Co., Ltd.	196	33	49	67	-	-	132
Nonghyup-Agro Inc.	-	-	-	-	-	-	6
Nonghyup Red Ginseng Co., Ltd.	186	-	-	(14)	-	-	382
Namhae Chemical Corporation	277	310	88	95	199	-	74
Nonghyup Moguchon Inc.	209	-	-	6	-	-	40
Nonghyup Feed Inc.	67	522	1,150	(204)	1	-	4,238
NONG WOO BIO CO., LTD.	124	1	7	6	-	-	3
NongHyup Food Inc.	-	-	1	(5)	1	-	2
Orion Nonghyup Agri, Inc.	14	-	-	-	-	-	-
Nonghyup TMR Agricultural Co., Ltd.	-	-	1	-	-	-	-
Sanglim Co., Ltd.	37	-	-	-	-	-	-

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37. Related-party transactions (cont'd)

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

Classification	March 31, 2023	
	Credit limit	Counterparty
Unused credit limit in Korean won	₩ 2,721,829	NACF
Unused credit limit in Korean won	655	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	40,100	NH Chemical 1st Co., Ltd.
Unused credit limit in Korean won	30,100	AlloneFriendsHansup 1st Co., Ltd.
Unused credit limit in Korean won	80,339	NH Life Insurance Co., Ltd.
Unused credit limit in Korean won	32,586	NH Property and Casualty Insurance Co., Ltd.
Unused credit limit in Korean won	545,666	NH Investment & Securities Co., Ltd.
Unused credit limit in Korean won	133,144	NH Capital Co., Ltd.
Unused credit limit in Korean won	551	NH Savings Bank Co., Ltd.
Unused credit limit in Korean won	49	NH REITs Management Co., Ltd.
Unused credit limit in Korean won	68	NH Venture Investment Co., Ltd.
Unused credit limit in Korean won	232	NH Investment & Futures Co., Ltd.
Unused credit limit in Korean won	728	NH-Amundi Asset Management Co., Ltd.
Unused credit limit in Korean won	841,883	NH Agribusiness Group.
Unused credit limit in Korean won	34,110	NH Networks Co., Ltd.
Unused credit limit in Korean won	5,071	NH Information System Co., Ltd.
Unused credit limit in Korean won	6,649	Agricultural Cooperative Asset Management Co., Ltd.
Unused credit limit in Korean won	10,445	Nonghyup Partners.
Unused credit limit in Korean won	133,255	Nonghyup Hanaro Mart Inc.
Unused credit limit in Korean won	114	Agricultural Corporation Nonghyup Food Grain Inc.
Unused credit limit in Korean won	31,068	Korea Agriculture Cooperative Marketing Inc.
Unused credit limit in Korean won	10,690	Nonghyup Logistics Service Inc.
Unused credit limit in Korean won	161,968	Nonghyup Chemical Co., Ltd.
Unused credit limit in foreign currencies	29,400	Nonghyup Chemical Co., Ltd.
Acceptances and guarantees in foreign currencies	1,451	Nonghyup Chemical Co., Ltd.
Unused credit limit in Korean won	20,690	NH Trading Co., Ltd.
Unused credit limit in foreign currencies	15,880	NH Trading Co., Ltd.
Acceptances and guarantees in Korean won	23,499	NH Trading Co., Ltd.
Acceptances and guarantees in foreign currencies	19,447	NH Trading Co., Ltd.
Unused credit limit in Korean won	62	Nonghyup-Agro Inc.
Unused credit limit in Korean won	2,023	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	12,239	Nonghyup Moguchon Inc.
Unused credit limit in foreign currencies	652	Nonghyup Moguchon Inc.
Unused credit limit in Korean won	16,219	Nonghyup Feed Inc.
Unused credit limit in foreign currencies	482,871	Nonghyup Feed Inc.
Acceptances and guarantees in foreign currencies	204,547	Nonghyup Feed Inc.
Unused credit limit in Korean won	11,237	NONG WOO BIO CO., LTD.
Unused credit limit in Korean won	28	NH Heuk Sarang Co., Ltd.
Unused credit limit in Korean won	4,582	Agricultural Corporation Nonghyup Food Inc.
Unused credit limit in Korean won	111	PUBLIC HOMESHOPPING
Unused credit limit in Korean won	4,266	Orion Nonghyup Agri, Inc.
Unused credit limit in Korean won	23	Nisso-namhae Agro Co., Ltd.
Unused credit limit in Korean won	603	Sanglim Agricultural Co., Ltd.

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37. Related-party transactions (cont'd)

c Classification	December 31, 2022	
	Credit limit	Counterparty
Unused credit limit in Korean won	₩ 2,811,817	NACF
Unused credit limit in Korean won	460	NH Financial Group Inc.
Unused credit limit in Korean won	79,162	NH Life Insurance Co., Ltd.
Unused credit limit in Korean won	31,765	NH Property and Casualty Insurance Co., Ltd.
Unused credit limit in Korean won	547,687	NH Investment & Securities Co., Ltd.
Unused credit limit in Korean won	134,164	NH 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 Investment & 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.
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	Nonghyup Partners.
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 Trading Co., Ltd.
Unused credit limit in foreign currencies	17,417	NH Trading Co., Ltd.
Acceptances and guarantees in Korean won	24,603	NH Trading Co., Ltd.
Acceptances and guarantees in foreign currencies	905	NH 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	NONG WOO BIO CO., LTD.
Unused credit limit in Korean won	28	NH Heuk Sarang Co., Ltd.
Unused credit limit in Korean won	4,527	Agricultural Corporation Nonghyup Food Inc.
Unused credit limit in Korean won	102	PUBLIC HOMESHOPPING
Unused credit limit in Korean won	4,014	Orion Nonghyup Agri, Inc.
Unused credit limit in Korean won	23	Nisso-namhae Agro Co., Ltd.
Unused credit limit in Korean won	692	Sanglim 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 March 31, 2023, and December 31, 2022, are summarized as follows (Korean won in millions):

Company	Classification	March 31, 2023	December 31, 2022
NACF	Open interest	₩ 5,188,590	₩ 5,030,337
NH Life Insurance Co., Ltd.	Open interest	1,507,304	1,545,694
NH Property and Casualty Insurance Co., Ltd.	Open interest	230,754	329,861
NH Investment & Securities Co., Ltd.	Open interest	75,000	86,077
NH Nonghyup Trading Co., Ltd.	Open interest	20,914	31,482
Namhae Chemical Corporation	Open interest	121,253	79,840
Nonghyup Feed Inc.	Open interest	307,632	619,352
NH Hyunjung Holdings Co., Ltd.	Open interest	50,200	50,200
NH Chemical 1st Co., Ltd.	Open interest	40,100	40,100
AlloneFriendsHansup 1st Co., Ltd.	Open interest	30,100	30,100

Details of fixed-asset transactions with related parties for the three months ended March 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the three months ended March 31, 2023		For the three months ended March 31, 2022	
	Purchase of tangible assets	Purchase of intangible assets	Purchase of tangible assets	Purchase of intangible assets
NH Networks Co., Ltd.	₩ 3,901	₩ 1,720	₩ 3,123	₩ -
NH Information System Co., Ltd.	211	4,409	564	3,794
Nonghyup Hanaro Mart Inc.	-	7	10	-

Details of the collateral provided from related parties as of March 31, 2023, are summarized as follows (Korean won in millions):

Company	Classification	Pledged amount
NACF	Securities	₩ 1,340,000
NH Property and Casualty Insurance Co., Ltd.	Securities	57,521
NH Life Insurance Co., Ltd.	Securities	341,996

Details of the collateral provided to related parties as of March 31, 2023, are summarized as follows (Korean won in millions):

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

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37. Related-party transactions (cont'd)

The key management compensations for the three months ended March 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Short-term employee benefits	₩ 838	₩ 801
Retirement expenses	607	657
	₩ 1,445	₩ 1,458

38. COMMITMENTS AND CONTINGENCIES:

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

Classification	March 31, 2023	December 31, 2022
Loan commitment	₩ 106,173,342	₩ 104,847,579
Credit guarantee (*1)	3,733,130	3,553,765
CP purchase agreement (*1)	895,380	124,608
Treasury purchase agreement	1,996,482	2,076,712
Payment guarantees	6,769,162	6,662,168
Investment commitments(*2)	110,000	508,725
	₩ 119,677,496	₩ 117,773,557

(*1) As of March 31, 2023, the Bank provided the credit line with a limit of ₩ 3,733,130 million and made the commercial paper ("CP") purchase agreement with a limit of ₩ 895,380 million as collaterals to repay the principals and interests of debentures and commercial papers issued by NHLD First Co., Ltd. and 55 other SPEs.

(*2) The Bank made two investment commitments as of March 31, 2023.

The Bank is involved in various pending legal proceedings arising in the normal course of business. As of March 31, 2023, the Bank is named as a plaintiff in 88 cases with related aggregate claims amounting to ₩63,711 million and as a defendant in 120 cases with related aggregate claims amounting to ₩49,850 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 ₩1,032 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 the loans were recovered after amortization the Bank has not lost its claim rights to borrowers and guarantors, amounting to ₩3,628,268 million and ₩3,591,263 million as of March 31, 2023, and December 31, 2022, respectively.

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39. INTERIM CONDENSED SEPARATE STATEMENT 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 March 31, 2023, and December 31, 2022, are adjusted as follows (Korean won in millions):

Classification (*1)	March 31, 2023	December 31, 2022
Cash and due from banks	₩ 12,317,826	₩ 14,519,373
Less: Restricted due from bank (Refer to Note 6) (*2)	(2,531,793)	(26,283)
	₩ 9,786,033	₩ 14,493,090

(*1) Allowance for ECLs is not included.

(*2) Among the restricted deposits, the Bank of Korea reserve deposit, which is to be reclassified as cash and cash equivalents, is excluded as stated in Note 6.

39.2 Non-cash transactions

Significant non-cash transactions not included in the separate statements of cash flows for the three months ended March 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Changes in gain (loss) on valuation of financial assets at FVTOCI	₩ 432,175	₩ (382,955)
Transfer between tangible assets and investment properties	8,578	2,650
Recognition of right-of-use assets and lease liabilities	20,177	19,948

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.

net

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

Classification	Before	Adjustment	After
Cash and cash equivalents at the beginning	₩ 4,207,380	₩ 2,734,769	₩ 6,942,149
Operating activities (I)	7,122,949	1,922,416	9,045,365
Investing activities (II)	(9,006,739)	-	(9,006,739)
Financing activities (III)	3,170,585	-	3,170,585
Net increase in cash and cash equivalents (I + II + III)	1,286,795	1,922,416	3,209,211
Effect of exchange rate changes on cash and cash equivalents	4,307	-	4,307
Cash and cash equivalents at the ending	₩ 5,498,482	₩ 4,657,185	₩ 10,155,667