

# NongHyup Bank 2024 ESG Management Report



**NongHyup Bank**  
2024 ESG Management Report

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# ABOUT THIS REPORT

## Report Overview

NongHyup Bank has published its ESG Management Report to transparently communicate with various stakeholders regarding the economic, social, and environmental values and outcomes created through ESG management activities. 'NongHyup Bank 2024 ESG Management Report' focuses on material topics with significant financial impact and socio-environmental impacts, based on the results of the double materiality assessment, and discloses key performance by categorizing them into environment(E), society(S), and governance(G). This report is published annually in Korean and English.

## Reporting Principles

This report has been prepared in accordance with the Global Reporting Initiative(GRI) Standards 2021, the international standard for sustainability reporting. The financial information has been prepared in accordance with the Korean International Financial Reporting Standards(K-IFRS) and is presented on a consolidated basis. The report also incorporates the Task Force on Climate-related Financial Disclosures(TCFD) for disclosing climate change-related information, the Sustainability Accounting Standards Board(SASB), and the Principles for Responsible Banking(PRB). The bank has also considered the International Sustainability Standards Board's(ISSB) IFRS S2 Climate-related Disclosures.

## Reporting Scope

The reporting scope is limited to NongHyup Bank, with additional notes provided for certain information that requires clarification on scope and boundaries to improve reader convenience.

## Reporting Period

This report covers ESG activities and performance from January 1, 2024, to December 31, 2024 with some performance data extending through June 2025. For quantitative outcomes, the bank has also used data from the past three years (January 2022-December 2024) to show year-on-year trends.

## Report Verification

To ensure compliance with the reporting principles, data quality, and reliability, this report was verified in accordance with the international verification standard AA1000AS v3 by the Korea Management Registrar(KMR), an independent and external specialized institution.

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## Reporting Advisory

Samil PwC



### User Guide of Interactive PDF

NongHyup Bank 2024 ESG Management Report has been published as an interactive PDF document for the readers' convenience. You may navigate the report by clicking on icons.

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# PART 1

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# CEO's Message

## Greetings, I am Tae-young Kang, President of NongHyup Bank.

I extend my deepest gratitude for the unwavering attention and support we receive from our customers and stakeholders. NongHyup Bank has consistently pursued sustainable management, intending to become an "appealing bank that customers seek first." It is with great significance that we share our efforts and achievements through this ESG Management Report.

NongHyup Bank is fulfilling its responsibilities as a financial institution in addressing climate change. We are expanding green finance by investing in eco-friendly projects and actively supporting enterprises in their transition to low-carbon operations. Furthermore, we are continuing various carbon-neutral initiatives across all aspects of our internal management. By proactively managing climate risk and integrating it into our financial systems, we are strengthening our capabilities to respond to climate change.

NongHyup Bank is dedicated to establishing a digital financial environment that is easy and convenient to use, thereby enhancing the protection of financial consumers' rights and reinforcing our social responsibilities. We also strive for mutual growth with agriculture, rural communities, and local societies through various social contribution activities, including support for low-income individuals and small business owners.

Moreover, we are committed to solidifying our reputation as a trusted financial institution by enhancing our ethical management system through the implementation of a Responsibility Structure and the 'Ten Principles of Employees.' This, along with strengthening information security and internal control procedures, is our ongoing endeavor.

Going forward, NongHyup Bank promises to elevate the standards of finance through sustainable management and transparent communication. We will continuously challenge and innovate to ensure the happiness of our customers and a better future for our communities. I sincerely wish health and happiness to all those who support and love NongHyup Bank.

Thank you.

President & CEO of NongHyup Bank, **Tae-young Kang**



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# About NongHyup Bank

## General Status

NongHyup Bank is a fully domestically-funded institution established solely with Korean capital. Since its founding in 1961, it has been a specialized financial institution providing financial services aimed at improving the quality of life for farmers and promoting agricultural development. With the largest branch network nationwide, managing government and local government treasuries, and conducting various social contribution activities, the bank aims to grow together with not only the agricultural sector but also the local community. It continuously develops customer-centric, innovative financial solutions, such as building a super platform. Additionally, with a stable financial foundation and a diverse range of products, NongHyup Bank provides top-tier services to both individual and corporate clients, establishing itself as a trusted partner in the financial market.



1) 776 Domestic branches, 287 sub-branches, 2 overseas corporations, 3 overseas offices, 6 overseas branches  
2) Based on full-time employees

# About NongHyup Bank

## Global Network

As of the end of December 2024, NongHyup Bank operates a total of 11 global networks across 8 countries, including 6 branches, 3 offices, and 2 local corporations. With the planned opening of the London Branch in 2025, the bank aims to enter advanced investment finance and capital markets to rapidly expand business opportunities.



Country	Region	Type	Year
United States	New York	Branch	2013
Vietnam	Hanoi	Branch	2016
	Ho Chi Minh	Office	2018
Myanmar	Yangon	Corporation	2016
	Yangon	Office	2020

Country	Region	Type	Year
Cambodia	Phnom Penh	Corporation	2018
China	Hong Kong	Branch	2021
	Beijing	Branch	2022
India	Noida	Branch	2023
United Kingdom	London	Office	2021
Australia	Sydney	Branch	2022

1) As of December 2024

# About NongHyup Bank

## Regional Network

NongHyup Bank supports agriculture and rural areas and aims to contribute to the national economy and regional community development. In accordance with its fundamental purpose, NongHyup Bank provides convenient financial services to local communities and, as of December 2024, operates a total of 1,063 regional networks, including 776 domestic branches<sup>1)</sup> and 287 sub-branches.

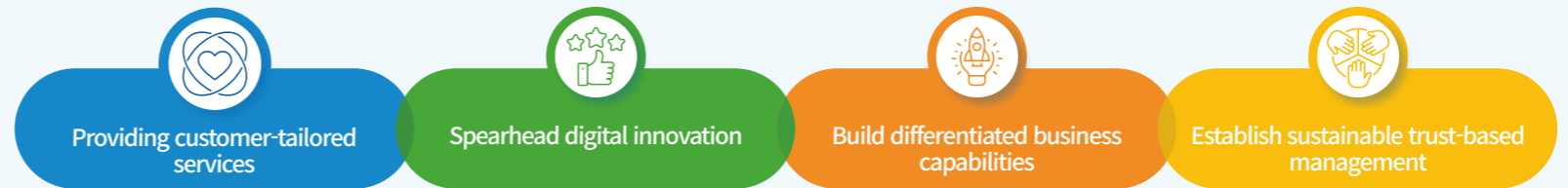
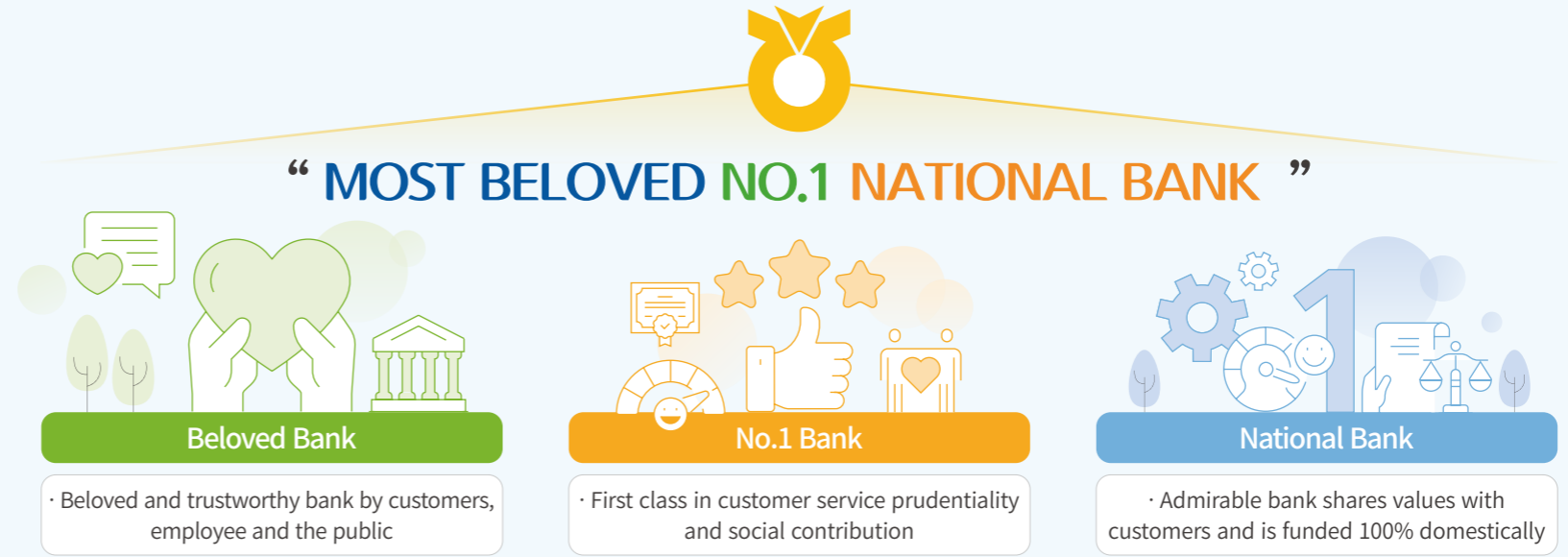
Region	Branch	Sub-branch	Total
Seoul Metropolitan City	143	7	150
Incheon Metropolitan City	34	4	38
Busan Metropolitan City	49	6	55
Daegu Metropolitan City	36	5	41
Daejeon Metropolitan City	25	2	27
Ulsan Metropolitan City	19	7	26
Gwangju Metropolitan City	25	3	28
Gyeonggi-do	146	59	205
Gangwon-do	34	27	61
Chungcheong-do	62	47	109
Gyeongsang-do	106	60	166
Jeolla-do	67	49	116
Jeju-do	18	4	22
Sejong Special Self-Governing City	12	7	19
<b>Total</b>	<b>776</b>	<b>287</b>	<b>1,063</b>

1) Domestic branches include one head office (Banking Department) as a branch



# About NongHyup Bank

## Vision and Management Strategy



# NongHyup Bank ESG Management

## ESG Strategy Framework

NongHyup Bank embraces the vision, "The Moment You Meet NongHyup Finance is the Beginning of Creating the Future," with a commitment to achieving balanced growth between businesses and society. To realize this, the bank has set the goal of "Establishing Sustainable Trust Management through ESG Internalization" by 2025. It is diligently advancing key initiatives that are closely aligned with the group's ESG strategy.

Vision



Goal

Establish Sustainable Trust Management through ESG Internalization

Strategic Direction

### Make the 'Green' Moment

- Achieve 2050 Carbon Neutrality
- Establish a climate change response management system



### Make the 'Hope' Moment

- Spread the Value of 'Cooperation and Innovation
- Win-win cooperation in agriculture, rural areas, and local communities



### Make the 'Right' Moment

- Internalize ESG Management
- Increase governance transparency



Group Key Tasks

- Expanding Green Finance
- Establishing Carbon Market Ecosystem
- Managing Group Carbon Emissions
- Establishing Eco-friendly Management Culture

- Strengthening Inclusive and Innovative Finance
- Expanding human rights management and diversity
- Conducting Sustainable Social Contribution
- Protecting financial consumers

- Strengthening Board of Directors (Committee) Operations
- Responding to External ESG Evaluations
- Enhancing ESG Disclosure System
- Implementation of Ethics and Compliance Management

Bank Key Tasks

- E-1** Responding to Financial Supervisory Service's 「Green Credit Management Guidelines」
- E-2** Enhancing Reduction and Management of Carbon Emissions
- E-3** Developing Dedicated Green Credit Products
- E-4** Complying with Government Greenhouse Gas Target Management System
- E-5** Supporting Farmers' Greenhouse Gas Reduction Projects in Agriculture Sector

- S-1** Developing Specialized Social Contribution Activities for Agriculture, Rural Areas, and Local
- S-2** Conducting Social Contributions Based on Social Value and Launching Public Interest Products
- S-3** Strengthening Support for Local-Level Mecenat Social Contribution Activities
- S-4** Fulfilling Social Responsibility through Diversification of low-income finance Support

- G-1** Timely Response to External Evaluations
- G-2** Enhancing ESG Performance Evaluation
- G-3** Conducting ESG Disclosure
- G-4** Continuously Conducting ESG Education
- G-5** Promoting ESG Implementation Culture

UN SDGs



Governance Structure

NongHyup Finance: ESG Committee – ESG Strategy Council - ESG Implementation Council | NongHyup Bank: ESG Implementation Committee

# NongHyup Bank ESG Management

## ESG Initiative Participation and History



2021.7

### UNEP Finance Initiative

An international agreement involving leading financial institutions from around the world, a partnership between UNEP and the finance sector



2021.8

### Equator Principles

A voluntary agreement by financial firms not to fund new project financing(PF) if it involves environmental or human rights abuses



2021.10

### TCFD Task Force on Climate-Related Financial Disclosures

Global consultation established by the Financial Stability Board(FSB) on climate change-related disclosures



2022.6

### CDP Carbon Disclosure Project

Make environmental reporting and risk management a business standard and drive disclosure and action for a sustainable economy



2022.6

### NZBA Net-Zero Banking Alliance

A coalition of global financial institutions aiming to be net-zero by 2050



2022.6

### PCAF Partnership for Carbon Accounting Financials

Provides a global GHG accounting and reporting standard for financial institutions to measure and disclose their asset carbon footprint



2022.6

### SBTi Science-Based Targets initiative

A global initiative to set and verify GHG reduction targets to fulfill the Paris Climate Agreement



### Related Awards Received

- Won the grand prize at the 2022 Korea Leading Finance ESG Awards
- Received a special award at the 3rd ESG Korea Awards & Forum

- Received the Financial Supervisory Service(FSS) Governor's award for Outstanding Financial Company in '2022 One Company One School Financial Education'

- 7 Consecutive Years as an Excellent Financial Company for One Company One School Financial Education Financial Supervisory Service Commissioner Award Winner
- 11 Consecutive Years Social Contribution Company Award Winner



First Half

Second Half

2022

- 17th Korea CSR-ESG Management Awards Winner (Minister of Education and Deputy Prime Minister for Social Affairs Award)
- 15th Korea Communication Awards ESG Communication Grand Prize Winner
- Information Security and Personal Information Protection Management System (ISMS-P) Certification Acquired



First Half

Second Half

2023

- Awarded the Minister of Environment Award at the 2023 Carbon Neutrality Competition



First Half

Second Half

2024

- Won the 2024 Financial Consumer Rights Award for Financial Consumer Protection
- Received Speaker of the National Assembly Award at '2024 Korea ESG Awards'
- Awarded the 2024 Minister of SMEs and Startups Award for Outstanding Contribution to Preventing Voice Phishing
- Won the grand prize at the 2024 Economic Daily ESG Management Awards ESG Management Support Division

# NongHyup Bank ESG Management

## ESG Highlight


### Make the 'Green' Moment Environment

Green Finance




**14.3** trillion KRW

Financed Emissions



**37.24** million tCO<sub>2</sub>eq

Environmental Management System




**ISO 14001** Certification

Annual Paper Usage




**77** million Sheets Reduced

Waste Electronic Products



**2,993** kg donated


Korean Offset Credit (KOC)



**1,419** tCO<sub>2</sub>eq purchase


### Make the 'Hope' Moment Social

ESG Bond Issuance (As of 2024)



**1.1** trillion KRW

Customer Satisfaction (out of 100)



**95.6** points

Support for Financially Underprivileged Groups



**51,965** cases

On-Mind Psychological Counseling Room 2024 Counseling Performance



**445** cases

Livelihood Financial Support



**217.6** billion KRW

Information Security and Cybersecurity Incidents (As of 2024)




**0** cases

Financial Fraud Prevention



**3,239** cases

Cumulative DT Master Certifications



**755** persons

Social Contribution (As of 2024)



**60,514** cases

Happy Chaeum Financial Class



**3,018** Sessions


### Make the 'Right' Moment Governance

Board of Directors Attendance Rate



**100** %

Internal Control Committee



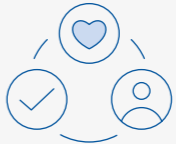
**Newly Established**

Korea Institute of Corporate Governance and Sustainability (KCGS) Assessment




Governance Rating **'A'** Grade

Anti-bribery Management System



**ISO 37001** Certification

2024 Risk Management

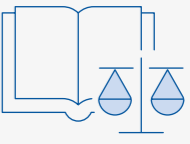


**Excellence Award Received**

한국ESG기준원



Compliance Management System



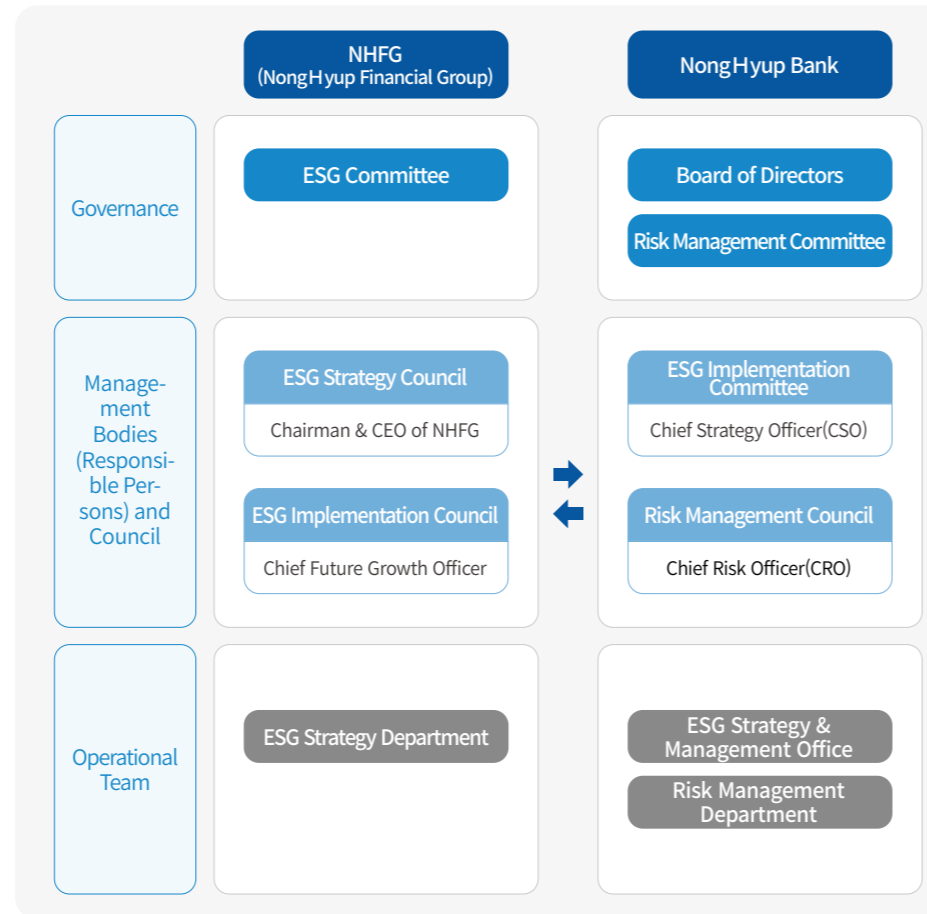
**ISO 37301** Certification

# NongHyup Bank ESG Management

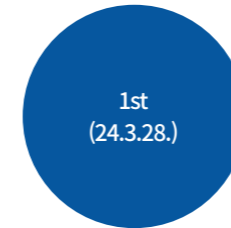
## ESG Governance Operating System

NongHyup Bank operates an ESG Implementation Committee as the bank-wide ESG control tower, consisting of a chairperson and 15 members. The Chief Strategy Officer chairs the committee, and the members are composed of department heads closely related to ESG management and implementation. The ESG Implementation Committee deliberates on strategies and initiatives related to ESG and receives reports on current ESG issues.

### | NongHyup Bank ESG Management Promotion System |

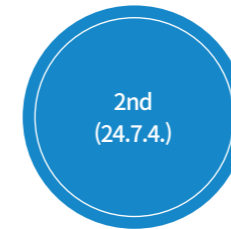


### | 2024 ESG Implementation Committee Operation Details |



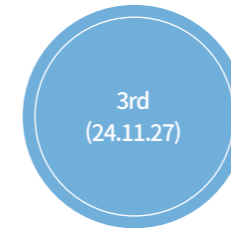
#### Partial Amendment to ESG Implementation Committee Operating Rules

- Integration of departmental committees for systematic management of ESG tasks due to the 2024 organizational restructuring
- Establishment of execution standards related to major shareholders, special related parties, and Board of Directors members to strengthen internal controls in donation management



#### Reporting of ESG management performance for the first half of the year and major plans for the second half

- Implementation of the government's Greenhouse Gas Target Management System and eco-friendly campaigns
- Expansion of green finance support, including the development of NH ESG sustainability-linked loan products and participation in the Future Energy Fund
- Establishment of medium- to long-term plans for managing climate risks
- Successful execution of livelihood financial support programs



#### Report on ESG management system construction project implementation

2025 NongHyup Bank ESG promotion direction

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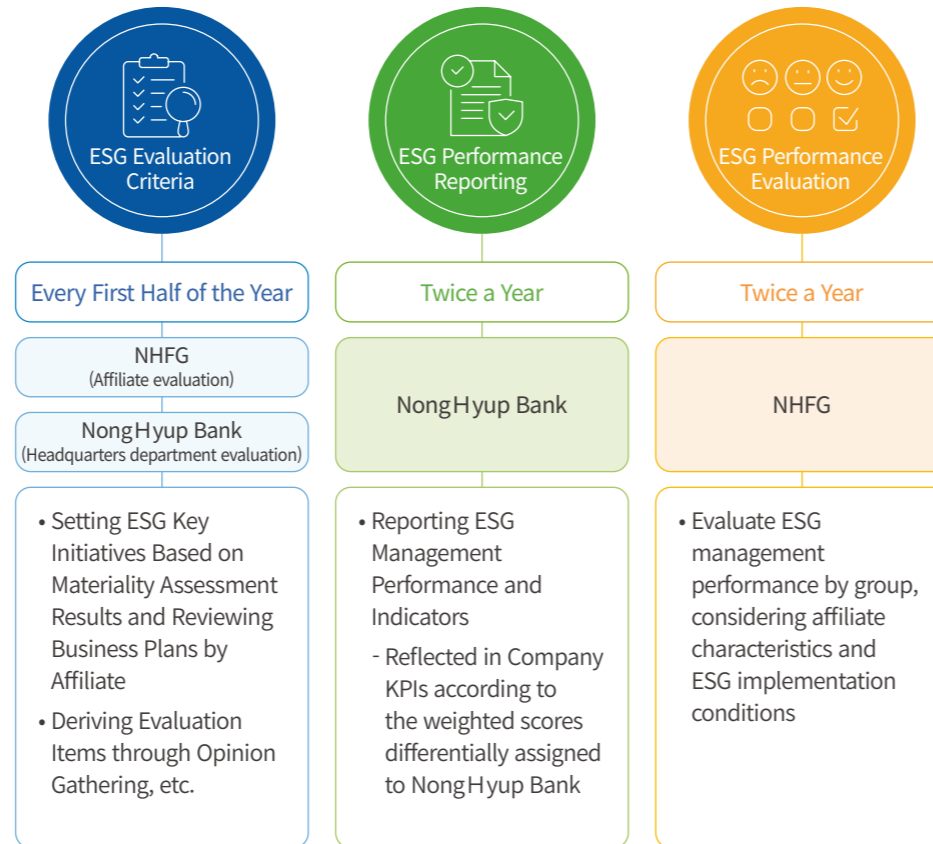
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# NongHyup Bank ESG Management

## ESG Performance Evaluation

NongHyup Bank operates a systematic performance evaluation system to enhance the effectiveness of ESG management. By incorporating the expansion of ESG management and the activation of related businesses into the performance evaluation criteria of the management, the bank aims to promote the widespread adoption of ESG management across the organization. Specifically, in line with the key initiatives set by NH Financial Group to advance the ESG management framework, NongHyup Bank incorporates ESG criteria into the evaluation standards of its headquarters departments. This ensures that ESG values are embedded in each department's operations. Moving forward, NongHyup Bank plans to systematically measure and manage its ESG management performance to contribute to sustainable growth and the creation of social value for both the corporation and the nation.

### | Affiliates' ESG Performance Evaluation System (as of 2025) |



### | Affiliates' ESG Performance Evaluation Indicators (as of 2025) |

Evaluation Items	Evaluation Criteria
<p>Strengthening Carbon Neutrality Target Management</p>	<ul style="list-style-type: none"> <li>Achievement of Targets for Expanding Green Finance Investments</li> <li>Achievement Rate of Major ESG Products</li> <li>Collaboration on Carbon Emissions Measurement, Emission Reduction Activities, Incorporation into the System, etc.</li> <li>Integration of Green Credit Management Guidelines and Establishment of Compliance Evaluation System</li> <li>Compliance with Coal Phase-out Finance Declaration and Implementation of Follow-up Management</li> </ul>
<p>Enhancement of Social Value and Task Implementation</p>	<ul style="list-style-type: none"> <li>Cooperation in Measuring Social Value, Establishment of Human Rights Policy, Social Contribution Activities, etc.</li> </ul>
<p>ESG Disclosure System and Public Evaluation Response</p>	<ul style="list-style-type: none"> <li>Strengthening Response to External ESG Evaluations and Achieving Higher Ratings</li> <li>Disclosure Response and Enhancement of External Credibility</li> </ul>
<p>Promotion of New ESG Business</p>	<ul style="list-style-type: none"> <li>Promotion of New ESG Business and Efforts to Discover New Businesses</li> </ul>
<p>Promotion of ESG Internalization and Change Management</p>	<ul style="list-style-type: none"> <li>Efforts in implementing ESG Campaigns, Activity Management, etc.</li> <li>Enhancement of Employees' Interest in ESG and Strengthening Business Execution Capabilities</li> </ul>

# NongHyup Bank ESG Finance

## ESG Finance Management System

### Credit Review System Considering ESG Factors

NongHyup Bank systematically integrates ESG evaluation factors into its credit review process. During credit analysis, the bank considers elements such as corporate governance and environmental and social impacts. In cases where ESG factors are significant due to the size of the credit or the nature of the business, detailed information is specifically documented in the credit review report and incorporated into the decision-making process. Additionally, based on the Equator Principles, NongHyup Bank assesses environmental and social risks of projects to determine ratings and conducts risk management accordingly. Furthermore, in line with the introduction of the Financial Authorities' Green Credit Management Guidelines in 2024, NongHyup Bank is establishing procedures for green credit suitability assessments. This involves developing methodologies for applying the green taxonomy, building a green credit suitability evaluation system, and establishing a green credit internal control framework. NongHyup Bank will continue to strive to enhance its capabilities in promoting green finance and to facilitate its development.

#### | Green Credit Review System Process |



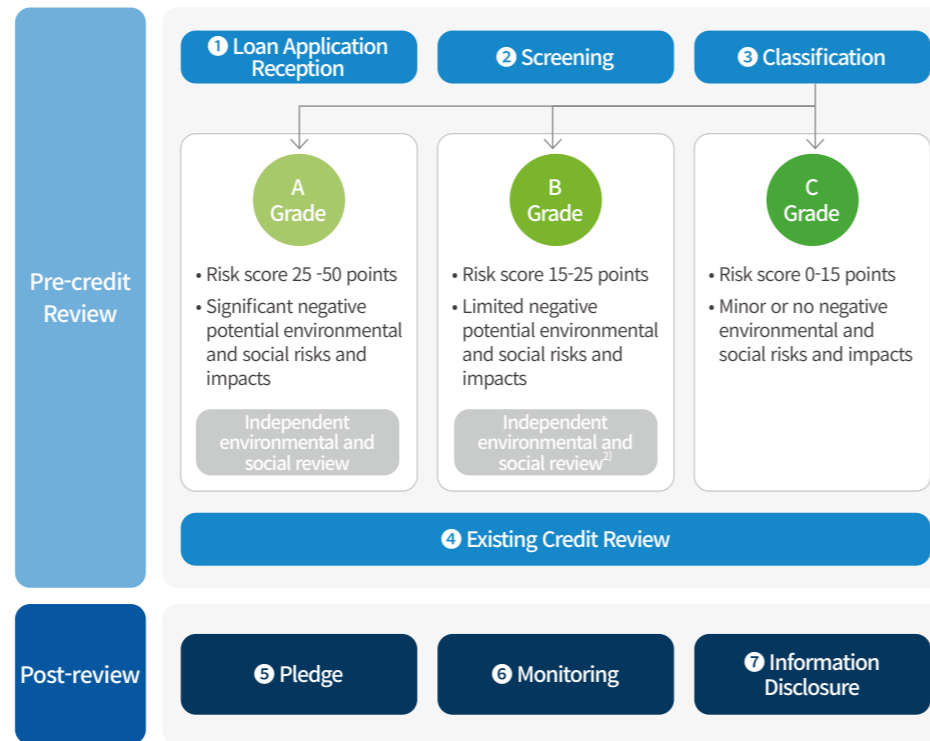
# NongHyup Bank ESG Finance

## ESG Finance Management System

### Equator Principles<sup>1)</sup> Implementation and Investment

NongHyup Bank joined the Equator Principles in August 2021 and is screening financial products that are subject to the Equator Principles, including project finance(PF), bridge loans, and financial advisory services. In 2023, the bank revised the Equator Principles Manual to specify the application of the Equator Principles process, the roles of relevant departments, and the procedures for rating environmental and social risks, and disclosed related contents through the 'Equator Principles Implementation Report'. NongHyup Bank's Equator Principles process consists of seven stages, to which NongHyup Bank adheres to in collaboration with the borrowers. Through this process, a total of 14 new projects were reviewed.

#### | Equator Principles Process |



#### | 2024 Equator Principles Implementation Status |

Category		A Grade	B Grade	C Grade
By Industry	Mining	-	-	-
	Infrastructure	-	1	-
	Oil and Gas	2	1	-
	Power	1	2	1
	Others	-	3	3
<b>Total</b>		<b>3</b>	<b>7</b>	<b>4</b>
By Region	Americas	3	-	2
	Europe, Middle East, and Africa	-	1	-
	Asia Pacific	-	6	2
<b>Total</b>		<b>3</b>	<b>7</b>	<b>4</b>
Country Designation	Designated Countries	3	7	4
	Non-designated Countries	-	-	-
<b>Total</b>		<b>3</b>	<b>7</b>	<b>4</b>
Independent Review	Independent Review Conducted	3	2	-
	No Independent Review Conducted	-	5	4
	<b>Total</b>	<b>3</b>	<b>7</b>	<b>4</b>

1) The Equator Principle: When providing funds to new projects, such as project financing (PF) worth more than \$10 million, there is a voluntary agreement among financial companies to withhold funding if factors such as environmental destruction or human rights violations of local residents are present

2) Determine whether to conduct independent environmental and social review, considering environmental and social risk

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# NongHyup Bank ESG Finance

## ESG Finance Management System

### ESG Bond

NongHyup Bank has clearly defined five key management items for ESG bonds to comply with the International Capital Market Association(ICMA), Green Bond Principles(GBP), Social Bond Principles(SBP), and the Ministry of Environment Green Bond Guidelines (GBG). Accordingly, funds raised through issued ESG bonds are allocated to business sectors focused on environmental and social value, and issuance information and fund usage status are transparently disclosed through the 'ESG Bond Issuance Performance Report.'

#### | ESG Bond Classification |

Green Bond		Bonds issued to raise funds for investment in environmentally friendly business sectors.
Social Bond		Bonds issued to raise funds for investment in social business sectors that create social value such as support for underserved populations and social infrastructure development.
Sustainability Bond		Bonds issued to raise funds for investment in both environmentally friendly and social business sectors.
Sustainability-Linked Bonds		Bonds whose financial and structural characteristics may vary depending on the achievement of pre-set sustainability (ESG) targets.

#### | 5 Key Management Points to ESG Bonds |

Use of Proceeds	· Allocation of funds to financial products related to environmentally friendly and social target business sectors of the holding company and affiliates.
Project Evaluation and Selection Procedures	· Planning Department: Understand current status and planned projects · ESG Supervisory Department: Assess whether planned projects align with the specified target sectors for fund use · Bond Issuance Department: Confirm environmentally friendly and social target projects.
Management of Proceeds	· Manage bond information and fund usage details, and hold idle funds (operated according to internal regulations).
Post-Issuance Reporting	· Prepare and report the ESG Bond Issuance Performance Report annually until fund usage is completed.
External Review	· Review the adequacy of the ESG bond management system (by external certification bodies) and disclose certification reports (Korea Exchange ESG Bond Portal).

#### | Total ESG Bond Issuance Amount |

(Unit: KRW 100 million)

	2022	2023	2024
Green Bonds	-	1,500	-
Social Bond	9,700	10,700	11,200

#### | Amount of New ESG Bond Issuance in 2024 |



<sup>1)</sup> Based on an exchange rate of KRW 1,200

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# NongHyup Bank ESG Finance


## ESG Finance Implementation System

NongHyup Bank has established an ESG Finance management framework based on the NH-Taxonomy, which comprehensively incorporates various domestic and international standards, such as the International Capital Market Association(ICMA), Green Bond Principles(GBP), Social Bond Principles(SBP), and K-Taxonomy, alongside its own unique characteristics. The bank calculates and manages ESG Finance performance monthly and discloses quarterly results through its website. In alignment with the introduction of the Green Credit Management Guidelines by financial authorities in 2024, NongHyup Bank is currently reorganizing internal regulations and processes for green credit management. To proactively respond to the strengthening ESG regulations, the bank continuously improves its ESG investment guidelines. Additionally, NongHyup Bank is expanding the scope and diversity of ESG Finance by launching various ESG Finance products.

### NH-Taxonomy

<b>Green Finance</b> <span style="font-size: 2em; font-weight: bold; border: 1px solid white; border-radius: 50%; padding: 5px;">E</span>	<p>Based on the six environmental objectives of the Korean Green Taxonomy (K-Taxonomy), classification of industries capable of engaging in green economic</p>		<ul style="list-style-type: none"> <li style="width: 50%;">· GHG Reduction</li> <li style="width: 50%;">· Transition to Circular Economy</li> <li style="width: 50%;">· Climate Change Adaptation</li> <li style="width: 50%;">· Pollution Prevention and Management</li> <li style="width: 50%;">· Sustainable Water Conservation</li> <li style="width: 50%;">· Biodiversity Conservation</li> </ul>
<b>Social Finance</b> <span style="font-size: 2em; font-weight: bold; border: 1px solid white; border-radius: 50%; padding: 5px;">S</span>	<p>Alignment Review on Contribution to Achieving the UN Sustainable Development Goals</p>		<ul style="list-style-type: none"> <li>· Inclusive Finance</li> <li>· Co-prosperity Finance</li> <li>· Innovative Finance</li> </ul>

### ESG Finance Classification

<p><b>ESG Investment (PF)</b></p> <p>Expansion of project financing investments in eco-friendly projects related to renewable energy sources such as solar and wind power, as well as green infrastructure.</p> 	<p><b>ESG Investment (Bonds-Funds)</b></p> <p>Expansion of investments in high-quality ESG bonds and funds with excellent ESG performance.</p> 	<p><b>ESG Bond Issuance</b></p> <p>Issuance of social bonds to support microenterprises and green bonds for investing in eco-friendly projects.</p> 
<p><b>ESG Loan Products</b></p> <p>Provision of loan limits and preferential interest rates based on the environmental evaluation grade, along with active support for eco-friendly policy fund loans, to financially support companies practicing green management.</p> 	<p><b>ESG Deposit Products</b></p> <p>Development of ESG finance products to encourage eco-friendly activities, such as the NH I Am Green World Deposit/Savings Account.</p> 	<p><b>ESG Card Products</b></p> <p>Sales of eco-friendly transportation specialized products providing experiences in carbon neutrality practice and environmental protection.</p> 

### Current Status of ESG Finance Support<sup>1)</sup>

(Unit: KRW 100 million)

Category	Amount	
<span style="font-size: 2em; font-weight: bold; border: 1px solid white; border-radius: 50%; padding: 5px;">E</span> Green Finance	Loan	125,961
	Investment	17,294
	<b>Subtotal</b>	<b>143,255</b>
<span style="font-size: 2em; font-weight: bold; border: 1px solid white; border-radius: 50%; padding: 5px;">S</span> Social Finance	Loan	336,405
	Investment	150,399
	Bond Issuance	11,200
	Social Contribution <sup>2)</sup>	2,064
	<b>Subtotal</b>	<b>500,068</b>
<b>Total</b>	<b>643,323</b>	

1) As of the end of 2024, loans and investments are balances, and bond issuance is the issuance amount  
 2) As of the end of 2024, details of economic support within social contribution activities

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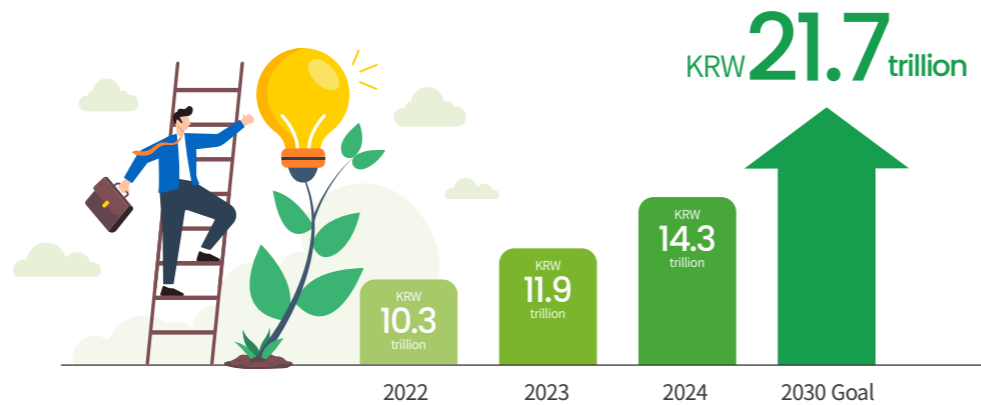
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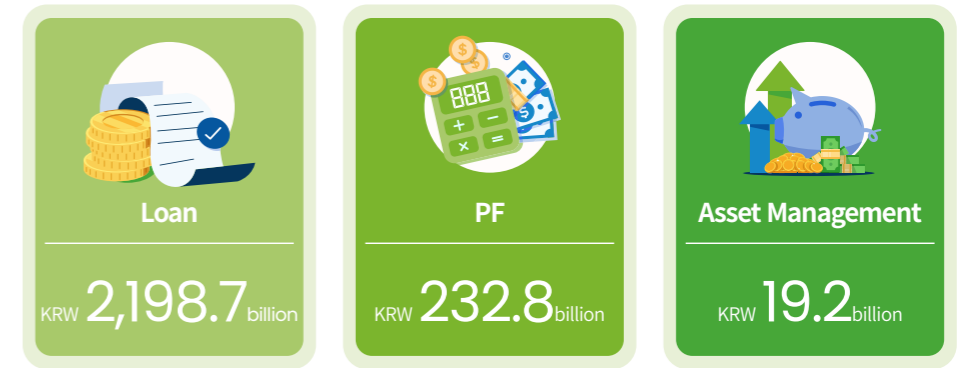
## Green Finance Performance and Goals

NongHyup Bank has established NH-Taxonomy criteria that reflect the 6 environmental objectives of the Korean Green Taxonomy (K-Taxonomy). Eco-friendly financing pursued under these criteria is collectively referred to as 'Green Finance' and, under a goal to expand the volume of green finance to approximately KRW 22 trillion by 2030, NongHyup Bank is prioritizing investments in environmentally friendly companies and in companies possessing core carbon-neutral technologies to scale up green finance. This initiative represents the positive approach within NHFG's carbon neutral strategy. In addition, NongHyup Bank is launching new ESG products for policy finance, low-carbon transition companies, and eco-friendly agriculture, and is fulfilling its role in the low-carbon transition by participating in global climate change projects and expanding international cooperation.

| Green Finance Performance and Goals |



| 2024 Green Finance New Investment Performance<sup>1)</sup> |



1) Net increase in Green Finance from 2023 to 2024

## Major Green Finance Products

NongHyup Bank offers a diverse range of green finance products to advance a sustainable future. These products provide investment opportunities that consider environmental protection and offer customers avenues to participate in green finance. Going forward, NongHyup Bank will continue to develop financial products that create green value and drive positive environmental change.

Credit	NH Eco-friendly Enterprise Loan	Interest rate discounts and additional loan limits provided to excellent companies in environmental assessment and green certification companies designated by the Korea Environmental Industry & Technology Institute
	Agri-Food Green Growth Loan	Interest rate discounts and additional loan limits provided to farmers and agri-food enterprises based on the NH Green Growth Index and credit rating
	Energy Use Rationalization Fund	Credit products for SMEs and mid-sized enterprises supporting energy-efficient facility investments for energy use rationalization and greenhouse gas reduction
Deposit	NH I Am Green World Deposit/ Savings Account	Preferential rates for going green(reducing GHG emissions) and going paperless
Card	Good Earth Card	Discounts for using public transportation, shared vehicles, electric cars, and engaging in low-carbon activities
	Anywhere Green Card	Eco money points are credited for eco-friendly vehicle charging and public transportation use

# NongHyup Bank ESG Finance

## Foundation for Green Credit Expansion

### Response to the Green Taxonomy

In line with the introduction of the Green Credit Management Guidelines, NongHyup Bank has initiated a joint project with NHFG to introduce a K-Taxonomy alignment assessment system with the aim of establishing a green credit review and management framework. NongHyup Bank is coordinating the establishment of a dedicated organization to drive green credit and is conducting advanced reviews of internal regulations and their application to credit processes to ensure timely project implementation. To support the stable promotion of green finance, NongHyup Bank plans to establish an internal control framework for green credit and to enhance expertise by embedding the alignment assessment system through IT system development.

### Launch of ESG-Focused Financial Products

In July 2024, NongHyup Bank launched the 'NH ESG Sustainability-Linked Loan(SLL)' to support the expansion of ESG management among small and medium-sized corporate clients. Offered in partnership with ESG rating specialist 'eCredible' the product assesses a company's ESG management status and provides increased loan limits and preferential interest rates based on the borrower's ESG rating. Through an ESG report, clients can evaluate their current ESG performance, identify areas for improvement, and establish more structured ESG management strategies. In November 2024, NongHyup Bank introduced the 'NH Eco-friendly Enterprise Loan(Climate Crisis Response)' to facilitate the low-carbon transition of SMEs. The product offers higher loan limits and preferential interest rates for financing aligned with the Korean Green Taxonomy(K-Taxonomy). By expanding its suite of ESG finance products, NongHyup Bank is meeting the diverse needs of its customers.



### FSS, Samsung Electronics, and the Five Major Financial Holding Companies Sign MOU to Support Low-Carbon Financing for SMEs

Five major financial holding companies including NongHyup Bank, Samsung Electronics Co., Ltd., and the Financial Supervisory Service signed a business agreement in September 2024 to support SME climate response. The agreement involves funding and interest cost support for SMEs' low-carbon transition, with NongHyup Bank launching the 'NH Chaeum Sangsaeng Loan - Samsung Electronics Co., Ltd. (Climate Crisis Response)' product. Samsung Electronics will deposit a mutual fund with NongHyup Bank, using the interest income to support climate crisis response investment funds for Samsung Electronics partner companies. Through this agreement, NongHyup Bank expects increased corporate participation in carbon emission reduction.

## Green Investments

### Building Carbon-Neutral Infrastructure through a KRW 201.6 Billion Commitment to the Future Energy Fund

NongHyup Bank is contributing to the development of carbon-neutral infrastructure by expanding project financing (PF) for carbon-neutral initiatives and increasing fund investments. To supply capital for the expansion of renewable energy facilities, the bank committed KRW 201.6 billion to the Future Energy Fund, KRW 20.0 billion to the RE100 Solar Fund, and KRW 50.0 billion to hydrogen fuel cell projects. The establishment of the Future Energy Fund is expected to stimulate renewable power generation projects by facilitating the flow of investment capital. Going forward, NongHyup Bank will continue to proactively expand investments in renewable energy.

### Growth Finance Bank Sector Climate Technology Fund Commitment of KRW 18.9 billion

In April 2024, NongHyup Bank signed a memorandum of understanding with the Financial Services Commission(FSC) for the formation of Climate Technology Funds. Under this agreement, six banks, including NongHyup Bank, plan to establish funds totaling approximately KRW 3 trillion by 2030. In August 2024, NongHyup Bank invested KRW 18.9 billion in the first Climate Technology Fund. The fund's primary objective is to invest in companies with greenhouse gas reduction and climate change adaptation technologies, thereby supporting the growth of climate technology enterprises and advancing carbon neutrality. From now on, NongHyup Bank will continue to contribute to the development of green industries through sustained investments in climate technologies essential to achieving carbon neutrality.



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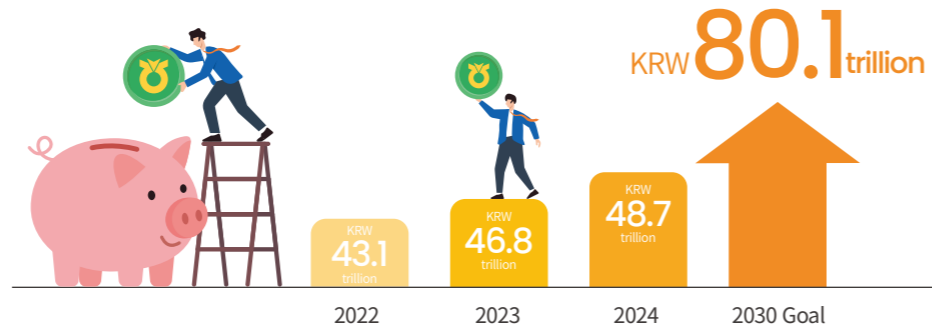
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## Social Finance Performance and Goals

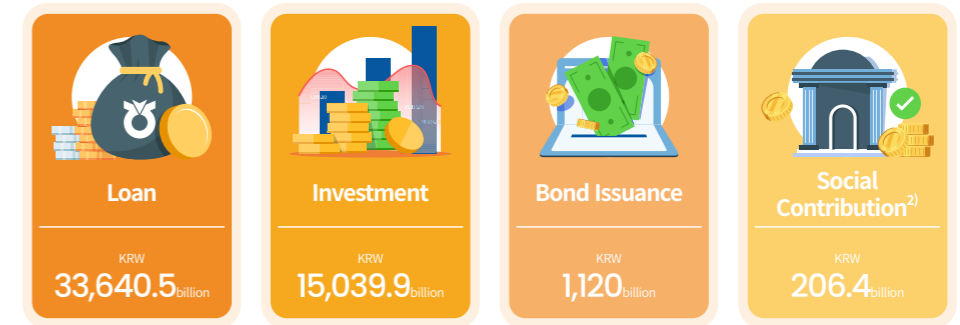
NongHyup Bank is proactively advancing financial activities that fulfill its social responsibilities to realize sustainable finance. In particular, the bank has designated inclusive finance, co-prosperity finance, and innovative finance as the three pillars of its social finance, thereby expanding financial inclusion for underserved groups, promoting mutual growth with SMEs and the agricultural and rural sectors, and supporting innovative enterprises that drive future growth. Through these efforts, NongHyup Bank aims to realize ESG values and create social value, and has set a cumulative target of approximately KRW 80 trillion by 2030.

| Social Finance Performance and Goals<sup>1)</sup> |



1) Includes only aggregated figures for loans and investments

| 2024 Social Finance New Investment Performance<sup>1)</sup> |



2) Details of financial support under social contribution activities, as of year-end 2024

### Major Social Finance Products

NongHyup Bank is taking the lead in supporting vulnerable groups and addressing social challenges through a wide range of social contribution financial products. As a bank recognized for excellence in social contribution, NongHyup Bank offers products that support socially vulnerable groups such as youth and low-income households; products designed to uphold the rule of law and address low birth rates; products that promote rice consumption to support the agricultural sector; and products that encourage environmentally friendly activities. Going forward, NongHyup Bank will continue to develop additional social contribution financial products and fulfill its role as a leading bank in social contribution.

NH Mutual Growth+Child happiness Installment Savings	· Preferential mutual growth financial products to encourage childbirth as part of efforts to overcome low birth rates.	Hometown Love Donation Savings and Deposit Products	· Community contribution financial products that offer preferential interest rates and accrue public interest funds when participating in the hometown love donation program.
NH Deundeun-Babsim Time deposits	· Financial products that promote rice consumption and facilitate charitable giving through raising awareness about having breakfast.	NH Youth Leap Deposit Account	· Policy-driven financial products launched to support young adults in long-term asset building.
NH Youth Leap Plus Installment Savings	· Financial products supporting young adults in maintaining saving habits and building assets.	NH Hope-Chaeum Installment Savings II	· Support for economic asset building among underprivileged groups.
Law-Love Plus Installment Savings/Time deposits	· Financial products supporting the expansion of initiatives to uphold the rule of law and assisting legally underserved communities (contributions to public interest funds).	NH New Hope Seed II	· Credit loan products designed to support low-income and low-credit individuals.
NH Plus and Sharing Deposits	· Value-driven financial products aimed at establishing public interest funds related to agriculture, rural development, and social contribution.		

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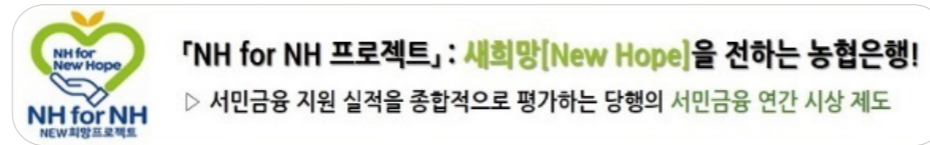
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# NongHyup Bank ESG Finance

## Social Finance

### Inclusive Finance - Support for the Financially Underprivileged Groups

Inclusive Finance expansion of Support for Underserved and Vulnerable Groups: 'NH for NH Project'



Since 2020, NongHyup Bank has been conducting the 'NH for NH Project' targeting all employees to expand financial support for underserved and vulnerable populations. In 2024, the scale of awards was increased to activate support for low-income finance. By recognizing excellent employees and branches based on outstanding cases of low-income financial support and performance in programs such as 'NH New Hope Seed Loan' and 'Sunshine Loan,' the bank strengthens internal consensus on inclusive finance.

| Status of Inclusive Finance Product Loans |

(Based on 2024, Unit: KRW 100 million)

Category	2022	2023	2024
New Hope Seed II	6,959	6,337	5,452
NH New Hope Seed Emergency Living Expense Loan	9	8	6
NH Mobile New Hope Seed II	66	284	701
Sunshine Loan 17	256	113	31
Sunshine Loan 15	784	1,052	834
Sunshine Loan Bank	69	71	42
NH Saitdol Mid-Interest Loan	19	10	6
Safety Net Loan II	21	12	6
<b>Total</b>	<b>8,183</b>	<b>7,887</b>	<b>7,078</b>

#### Operation of dedicated branches and service counters for low-income finance

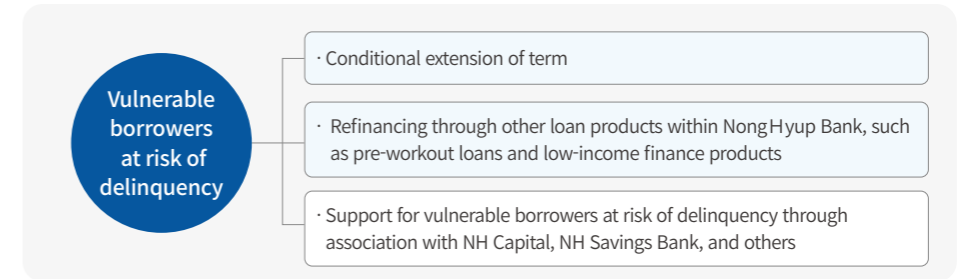
NongHyup Bank operates 21 dedicated branches and 78 service counters nationwide, effectively guiding citizens through financial support systems aimed at low-income individuals. This initiative enhances convenience, making financial services more accessible for the general public and vulnerable groups. Additionally, through professional consulting services, the bank assists in selecting appropriate financial products. Through these efforts, NongHyup Bank aims to improve financial accessibility and support the economic stability and social value creation for the general public and vulnerable groups.



### Product to support the reduction of debt repayment burden 'Credit Loan 119'

NongHyup Bank supports the reduction of debt repayment burdens for vulnerable borrowers at risk of delinquency by implementing the 'Credit Loan 119' system, which offers various customized debt management solutions starting from the early stages of delinquency risk for household credit loans. The support status for Credit Loan 119 in 2024 amounts to a total of KRW 301.3 billion. Notably, from March 2024, a temporary waiver of prepayment penalties has been applied to borrowers with an internal credit rating (BS) of grade 5 or below, resulting in a cost reduction of KRW 2.8 billion.

| Credit Loan 119 |



### Individual Business Loan 119

NongHyup Bank supports the reduction of debt repayment burdens for microenterprises through the 'Individual Business Loan 119' program, aiming to prevent delinquencies or extended delinquencies for individual business owners experiencing temporary financial difficulties. The 'Individual Business Loan 119' program is designed to assist individual business owners facing challenges in debt repayment due to temporary liquidity shortages. The purpose of this program is to lower the principal and interest repayment burden before the Individual Business Loan becomes non-performing, thereby minimizing the occurrence of bad debts. As of 2024, the program has provided a total of KRW 491.8 billion in support.

| Individual Business Loan 119 Support Status |

(Unit: KRW 100 million)

	2022	2023	2024
Individual Business Loan 119	4,584	4,462	4,918

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### Co-prosperity Finance - Support for Microenterprise, SMEs and Social Enterprises

#### Strengthening Social Responsibility through Co-prosperity Finance Support Programs

NongHyup Bank is implementing various financial support measures to promote economic recovery and fulfill its social responsibilities. This support targets youth, agricultural workers, SMEs, and microenterprises, providing interest rate reductions and special contributions. These efforts contribute to revitalizing local economies and creating jobs. Specifically for agricultural workers, the bank is offering up to a 0.50% interest rate reduction to support sustainable development in the agricultural sector. Through these initiatives, NongHyup Bank aims to reduce interest burdens across different groups and expand financial support to contribute to sustainable economic development.

Details of Co-prosperity Finance Support	Detailed Information
Expanded Preferential Interest Rates for Youth Monthly Rent	Interest Rate Reduction of Up to 0.50%
Expanded Preferential Interest Rates for Agri-Food Companies	Interest Rate Reduction of Up to 0.30%
Financial Support for SMEs/Microenterprise Owners	Special contributions to regional Credit Guarantee Foundations
Expanded Preferential Interest Rates for Farmers	Interest Rate Reduction of Up to 0.50%

#### Operation of Social Enterprise Support Products

NongHyup Bank provides financial support to enterprises that create social value such as job creation for underserved populations and community contribution. To support social enterprises, cooperatives, village enterprises, self-sufficiency enterprises, and social venture companies, it operates dedicated loan products such as 'Social Enterprise Loan' and 'Special Guarantee for Social Economy Enterprises,' supporting approximately KRW 3 billion based on balance for a total of 28 items in 2024.

(Unit: Item, KRW 100 million)

	Performance (Items)	Performance (Amount)
Special Guarantee for Social Economy Enterprises, etc. <sup>1)</sup>	28	30
Re-startup Special Guarantee	659	200
Special Guarantee for Medium-Low Credit Small Businesses and Small Business Owners	579	122

1) Includes Social Enterprise Loan and Special Guarantee for Social Economy Enterprises

#### Expansion of Local Government Agreement Loans to Promote Regional Economic Development

In March 2024, NongHyup Bank became the first bank to reach KRW 10 trillion in agreement loans by expanding tailored loan support across various regions. Additionally, the bank signed an exclusive memorandum of understanding (MOU) related to special guarantees for businesses in population-declining areas<sup>1)</sup>, an initiative led by the Ministry of the Interior and Safety of South Korea, thereby contributing to the revitalization of the regional economy.

1) Population-declining areas: Areas designated and announced by the Ministry of the Interior and Safety according to Article 3 of the Enforcement Decree of the Special Act on Decentralization and Balanced Regional Development



**Loan Eligibility**

A company located in population-declining or designated areas and recommended by local governments:

- Companies involved in regional key industries, relocated businesses, promising service industries, agricultural and food sectors with outstanding technology, new growth engine industries, entrepreneurial microenterprises, etc.

#### Financial Support Agreement Signed to Foster New Growth Industries

NongHyup Bank conducts financial support through agreements with guarantee institutions to foster advanced new industries and strategic industries, reducing financial costs for SMEs and driving innovative growth.

**Korea Technology Finance Corporation**

Dynamic Innovative Growth and Globalization of SMEs

Special Contribution Guarantee: KRW **3.5**billion

Guarantee Fee Support Guarantee: KRW **800**million

**Korea Credit Guarantee Fund**

Future Growth Promising Enterprises and Dynamic Economy Leading SMEs

Special Contribution Guarantee: KRW **10**billion

Guarantee Fee Support Guarantee: KRW **2**billion

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### Innovative Finance - Startup Support

NH Financial Group is expanding new investments to support the stable market entry and growth of startup companies. The group operates funds totaling KRW 242.7 billion, aimed at supporting innovative companies in the agricultural sector, platform businesses, and new digital ventures, with NongHyup Bank also investing alongside.

	NH Digital Alliance Fund	NongHyup Ag-tech Inclusive Innovation Fund	Hope Agricultural Innovation Fund
Details	A blind venture capital fund investing in platform companies and digital new business companies affiliated with NHFG	A fund established to strengthen the role in discovering and nurturing digital innovation enterprises in the agricultural sector	A fund supporting comprehensive industrial growth through focused investment in the Ag-tech sector and fostering related fields
Participating Companies	NongHyup Bank, NH Investment & Securities, NH Capital, NH Venture Investment	NongHyup Bank, NH Investment & Securities, NongHyup Central Association, NH Capital	NongHyup Bank, NH Investment & Securities, NongHyup Central Association, NH Capital
Scale (Based on NHFG, Committed Amount)	KRW <b>100.0</b> billion	KRW <b>53.0</b> billion	KRW <b>51.1</b> billion
Scale (Based on NongHyup Bank, Committed Amount)	KRW <b>50.0</b> billion	KRW <b>15.0</b> billion	KRW <b>15.0</b> billion

### Status of Innovative Finance Support

As of the end of December 2024, NongHyup Bank has provided approximately KRW 26 trillion cumulatively through loans and funds, including technology finance and IP finance. Through various financial activities, including investments via venture capital funds, the bank promotes technological innovation and economic growth, contributing to the establishment of a sustainable financial ecosystem. Moving forward, NongHyup Bank is committed to ensuring that both customers and society can grow together through innovative and sustainable financial solutions.

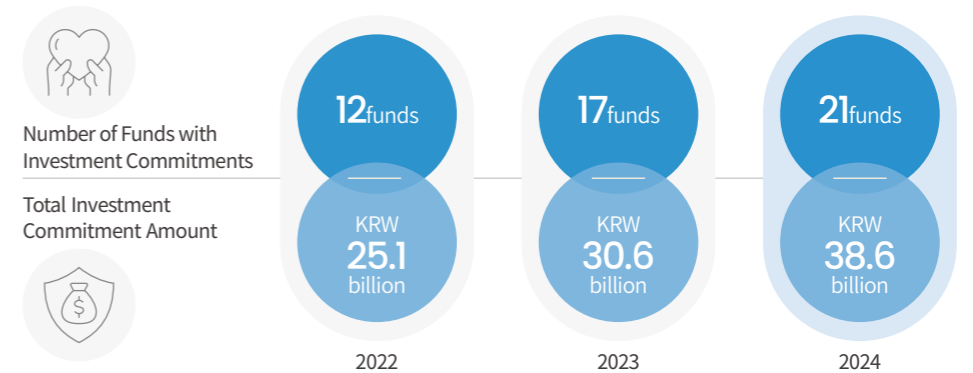
### | Status of Major Innovative Finance Products |

(Cumulative Amount as of Year-End 2024, Unit: KRW 100 million)

Products	Category	Details	Amount
Technology Finance	Loan	Loans for companies subject to the Financial Services Commission's 'Technology Finance Guidelines'.	199,140
IP Finance	Loan	IP collateral loans, including business property rights and copyrights	397

### Expansion of Venture Enterprise Investments - Strategic Funds

NongHyup Bank is investing in regional strategic funds to support the development of SMEs, venture companies, and strategic industries within the jurisdictions of local governments. As of the end of 2024, investment commitments totaling KRW 38.6 billion have been made in 21 strategic funds across 9 municipalities nationwide.



# NongHyup Bank ESG Finance

## ESG Engagement

### ESG Consulting Services for SMEs

NongHyup Bank defines small and medium enterprises(SMEs) as key stakeholders and actively conducts diverse engagement activities through tailored consulting support aimed at enhancing their ESG capabilities. Specifically, in August 2022, the bank signed a 'Business Agreement for Expanding ESG Management for Small and Medium Enterprises' with NICE D&B. It provides its primary SME clients with ESG capability enhancement solutions, which include assessments of their status in the areas of environment, social, and governance, as well as identification of areas for improvement. By supporting companies facing challenges in adopting ESG management, NongHyup Bank contributes to achieving carbon neutrality on both an industry-wide and national scale, and is continuously refining its consulting services.

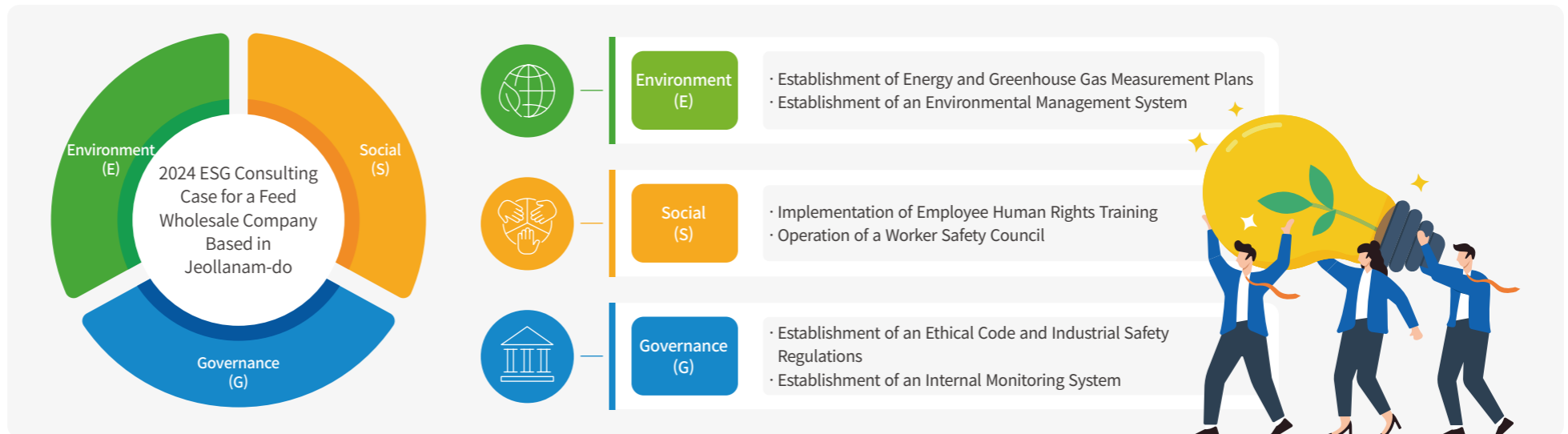
#### Cases of ESG Consulting Support for SMEs

NongHyup Bank offers non-financial services to its SME clients by assessing their current ESG management level and providing tailored response strategies. Through consulting that reflects the needs of participating companies, the bank presents solutions that enable practical enhancement of ESG management. These efforts contribute to the achievement of carbon neutrality across industries and at the national level.

#### Expansion of Recipients and Scope of ESG Consulting Support

NongHyup Bank aims to contribute to the achievement of the national and NHFG's 2050 carbon neutrality goals by expanding its ESG consulting services, previously provided to SMEs, to include mid-sized enterprises. Furthermore, beyond merely diagnosing ESG management and suggesting response strategies, the bank plans to introduce advanced consulting in 2025, linked with the government's and public institutions' Green Policy Finance Project. This advanced consulting will include free support for preparing greenhouse gas reduction facility installation plans, providing substantial assistance to corporate clients requiring facility funds for purposes such as the transition to low-carbon processes at their sites. Through these efforts, NongHyup Bank seeks to contribute to the realization of carbon neutrality and the sustainable development of industries.

#### | 2024 ESG Consulting Cases for a Feed Wholesale Company Based in Jeollanam-do |



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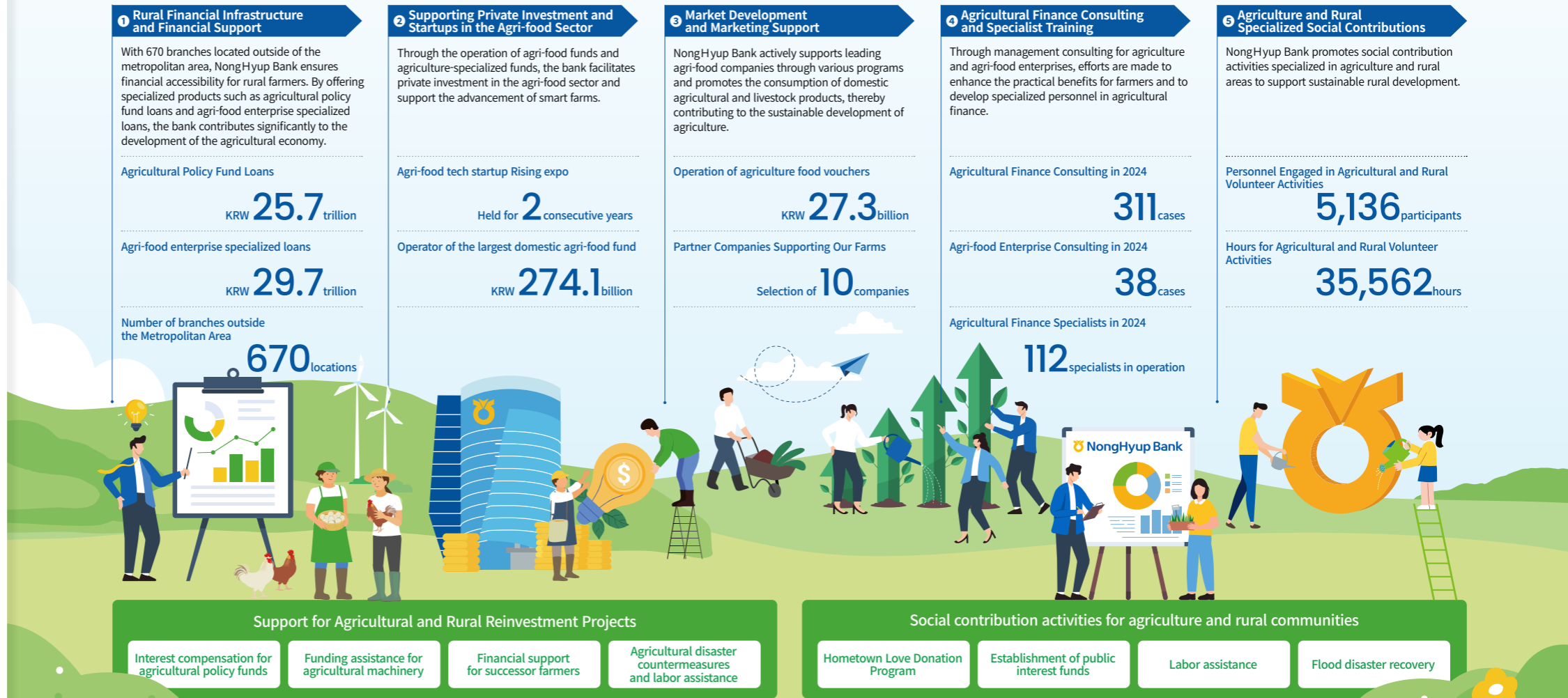
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## NongHyup Bank for Agriculture & Rural Area

NongHyup Bank's founding purpose is to enhance the quality of life for farmers by advancing agriculture and increasing farming household incomes, with agriculture and rural communities being its most important stakeholders. The bank is committed to continually fulfilling this foundational mission by reinvesting generated profits into agricultural and rural support initiatives and by sharing the cooperative's values with the public. Thus, NongHyup Bank pledges to be a partner from the beginning to the end of the agricultural and rural journey.



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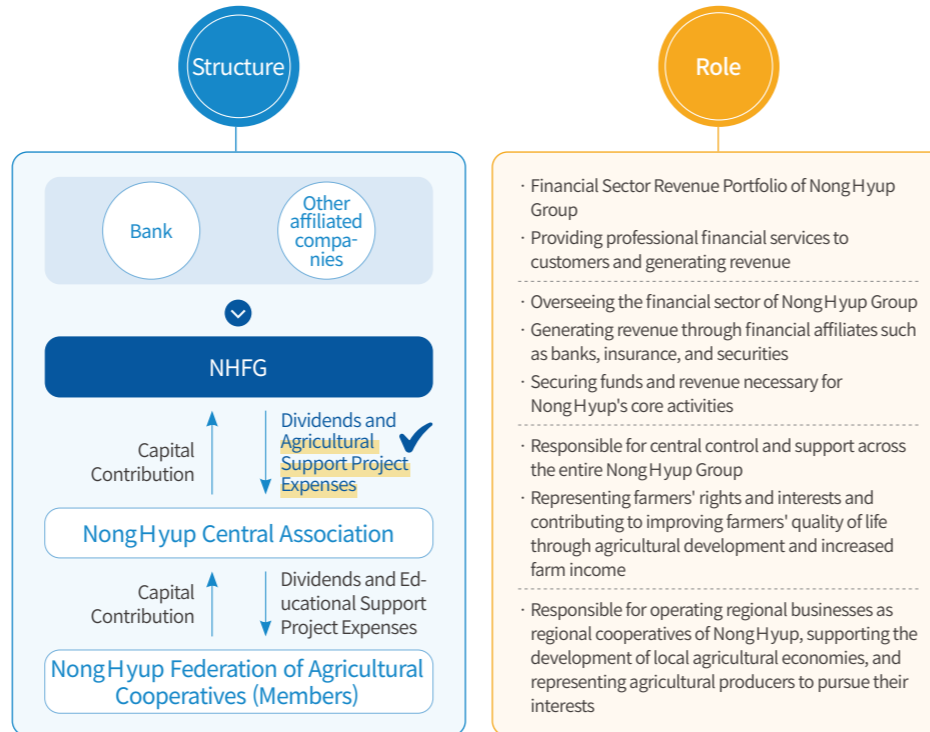
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## NongHyup Bank for Agriculture & Rural Area

### Agricultural Support Project Expenses

#### Role of NHFG & NongHyup Bank

NHFG, affiliated companies, including NongHyup Bank, NongHyup Central Association, and NongHyup Federation of Agricultural Cooperatives(members), operate as an organically connected organizational structure, each faithfully fulfilling their respective roles to realize 'Hopeful Agriculture, Happy Rural Communities.' In particular, NongHyup Bank serves as a profit center for rural development and improving the quality of life for farmers to achieve the founding purpose of NongHyup: "to enhance the economic, social, and cultural status of farmers, strengthen agricultural competitiveness, improve farmers' quality of life, and contribute to balanced national economic development." It contributes to balanced national economic development by providing differentiated agricultural financial services.

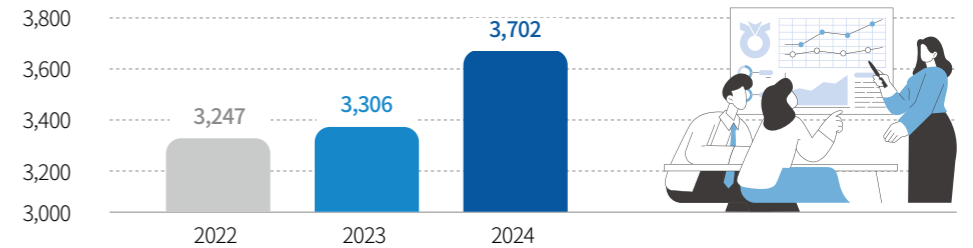


#### Performance of Agricultural Support Project Expenses

As a wholly-owned subsidiary of NHFG, NongHyup Bank contributes to shareholder returns, focusing on agriculture and rural areas, by facilitating NHFG's payment of both dividends and Agricultural Support Project Expenses to the NongHyup Central Association. The Agricultural Support Project Expense is allocated to initiatives such as interest-free capital subsidies and regional agricultural development projects, as well as educational support projects aimed at enhancing the development of agricultural cooperatives and improving the welfare of agricultural workers. In 2024, NongHyup Bank provided KRW 370.2 billion in Agricultural Support Project Expenses, playing a vital role as a steadfast supporter of agriculture and rural communities.

#### | Agricultural Support Project Expenses<sup>1)</sup> |

(Unit: KRW 100 million)



1) Agricultural Support Project Expenses allocated to NongHyup Bank

#### | Detailed Usage of Agricultural Support Project Expenses |

<b>NongHyup Federation of Agricultural Cooperatives</b>	<ul style="list-style-type: none"> <li>Interest-Free Fund Interest Subsidy</li> <li>Central Association-Local Government Cooperation Projects</li> <li>Support for Agricultural Machinery and Rice Industry Development</li> <li>Support for Financial System Advancement</li> <li>Support for Guidance, Audit, Development, and IT Facilities of Agricultural Cooperatives</li> </ul>	<ul style="list-style-type: none"> <li>Long-Standing Projects of Agricultural Cooperatives, International Cooperation, Research</li> <li>Promotion and Advertising to Enhance NongHyup Image</li> <li>Support for Revitalization of Mutual Finance Business of Agricultural Cooperatives</li> <li>Employee Training for Expert Development</li> </ul>
	<b>Farmers</b>	<ul style="list-style-type: none"> <li>Welfare Improvement for Farmers and Fostering Successor Farmers</li> <li>Support for Increased Prices of Mineral Fertilizers</li> <li>Promotion Activities for Agricultural Policy</li> </ul>

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### Rural Financial Infrastructure and Financial Support

#### Provision of Rural Financial Infrastructure

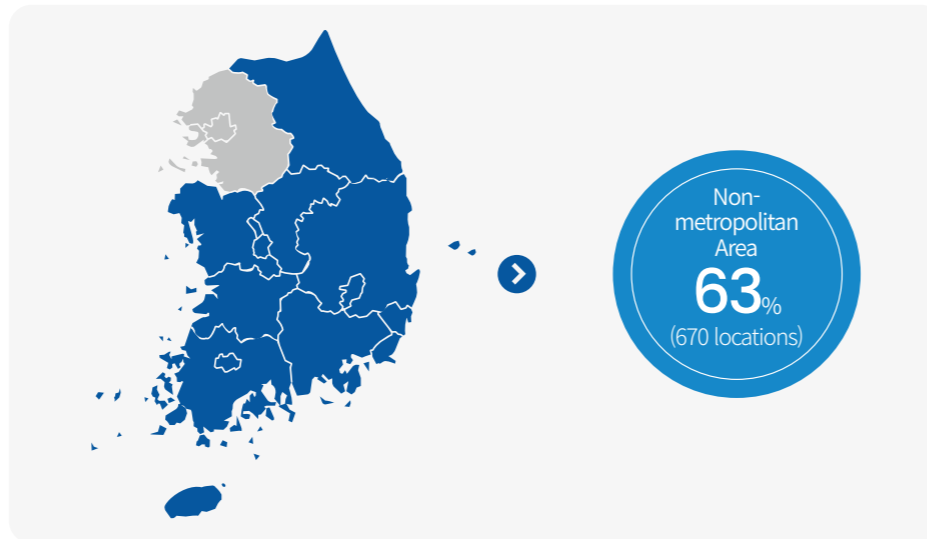
NongHyup Bank maintains the number of branches outside the metropolitan area to enhance financial accessibility for underserved groups such as farmers, thereby contributing to the balanced development of the nation. As of the end of 2024, out of 1,063 domestic branches, 63% are located outside the metropolitan area (Seoul, Gyeonggi, Incheon), operating a total of 670 branches.

Thanks to these efforts, NongHyup Bank has achieved the Best grade for five consecutive years in the Community Reinvestment Act Evaluation conducted by the Financial Services Commission. The Community Reinvestment Act Evaluation system assesses financial companies' strategies for regional financial support, including local capital supply, support for SMEs, support for loans to low-income groups, status of financial infrastructure, and COVID-19 related financial support efforts. The evaluation results are classified into five grades<sup>1)</sup>.

1) 5 Grades (Best, Excellent, Good, Slightly Deficient, Deficient)

#### | NongHyup Bank Regional Branches |

(Unit: Number of locations)



Number of Branches	Busan	Daegu	Daejeon	Ulsan	Gwangju	Gangwon	Chungbuk	Gyeongsang	Jeolla	Jeju	Sejong	Total
Branch	49	36	25	19	25	34	62	106	67	18	12	453
Sub-branch	6	5	2	7	3	27	47	60	49	4	7	217
<b>Total</b>	<b>55</b>	<b>41</b>	<b>27</b>	<b>26</b>	<b>28</b>	<b>61</b>	<b>109</b>	<b>166</b>	<b>116</b>	<b>22</b>	<b>19</b>	<b>670</b>

#### | NongHyup Bank Community Reinvestment Act Evaluation Results |



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## NongHyup Bank for Agriculture & Rural Area

### Rural Financial Infrastructure and Financial Support

#### Agricultural Policy Fund Loans

NongHyup Bank, as the premier specialized agricultural finance institution, handles a variety of policy fund loans. Agricultural policy fund loans are provided across the entire agricultural industry, including production, processing, and distribution, characterized by long-term loans at interest rates lower than general finance. As of the end of 2024, the outstanding balance of Agricultural Policy Fund loans totals KRW 25,687.5 billion, alleviating the burdens of farmers facing challenges such as rising agricultural material prices and interest rates, thereby supporting stable farming activities.

#### | Status of Agricultural Policy Fund Loan Handling | (Unit: KRW 100 million)

Category	Year	Year		
		2022	2023	2024
Agricultural Policy Funds	New	86,491	91,737	90,264
	Cumulative	213,205	237,119	256,875

#### | Status of Agricultural Policy Fund Loan Products |

Category	Overview	Target Recipients
Management Fund for Agriculture and Livestock	· Provides low-interest funding for part of agricultural management expenses	Farmers in horticulture and livestock sectors and disaster-affected farms
Agricultural General Fund	· Comprehensive support for facilities, renovation, operation, and agricultural machinery funds for agricultural management	Farmers, agro-food companies, agritourism farms, etc.
Funding Project for Livestock Development	· Support for farms affected by AI, foot-and-mouth disease, African swine fever · Support for facilities and operating funds of livestock product processing companies, etc.	Livestock farms, related companies, etc.
Fund for RPC <sup>1)</sup> Operation	· Financial support for operators of rice processing complex	RPC operators, etc.
Supporting Fund for Successor Farm	· Financial support for successor farmers aspiring to start agricultural businesses	Successor farmers
Entrepreneurship Fund for Prospective/Returning Farmers	· Financial support for agricultural startups and securing residential spaces	Return-to-farming entrepreneurs, home buyers
Disaster Response Fund	· Support for restoration costs for farms affected by disasters	Farms confirmed as disaster-affected
Agricultural Business Revolving Fund	· Financial support for farmers facing management crises due to disasters or livestock diseases	Farms in temporary management crisis
Farm Debt Solutions	· Support including loan interest rate reductions, repayment term extensions, and refinancing with low-interest funds as part of farm debt relief measures	Varies by measure
Agricultural Funding Project	· Financial support to facilitate smooth supply and price stabilization of agricultural and fishery products and modernization of distribution facilities	Farmers, agro-food distribution companies
FTA Implementation Fund Project	· Financial support to enhance agricultural competitiveness and assist farmers affected or potentially affected by FTA implementation	FTA-related farms
Rural Housing Improvement Fund	· Financial support for improvement (new construction, extension) of farmhouses	Applicants wishing to improve rural housing

1) Rice Processing Complex

#### Successor Farmer Development Fund Loans

NongHyup Bank provides Successor Farmer Development Fund Loans to cultivate promising prospective farmers and agricultural managers as elite agricultural personnel who will lead the advancement of agriculture. By the end of 2024, the bank supported new loans totaling 897.6 billion KRW and a balance of 3.4787 trillion KRW. Additionally, a total of 96 field training sessions on policy fund loans were conducted for 6,000 selected successor farmers in 2024.

#### Financial Support for Disaster-Affected Farms

NongHyup Bank provides financial assistance to farms affected by natural disasters such as typhoons, heavy rains, and hailstorms. This includes offering repayment deferrals and interest reductions<sup>1)</sup> on agricultural policy funds held by farmers impacted by agricultural disasters, thereby facilitating prompt disaster recovery and ensuring management stability.

1) As of 2024, repayment deferrals were provided for 1,933 cases (KRW 34.4 billion), and interest reductions were granted for 3,472 cases (KRW 5.1 billion)

On-site volunteer activities for disaster-affected farms

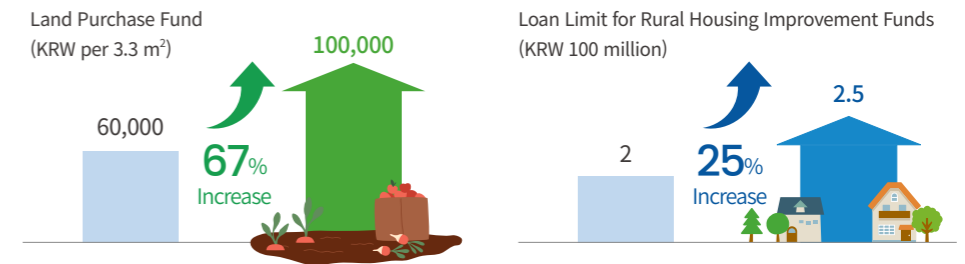
+

Preferential interest rates on new and corporate loans, along with deferred interest payments

Support for agricultural policy funds and agricultural finance consulting for affected farmers

#### Alleviating the Financial Burden on Farmers

Through collaboration with the government, the bank has improved the loan terms for agricultural policy fund loans to be more favorable for farmers, aiming to alleviate their financial burden. The support unit price for land purchase under the Agricultural Comprehensive Fund has been increased from 60,000 KRW to 100,000 KRW per 3.3 m<sup>2</sup>. Additionally, the loan limit for rural housing improvement funds has been raised from 200 million KRW to 250 million KRW, and the repayment period for working capital under the Rural Convergence Industry Fund has been extended from the existing 2 years to 5 years.



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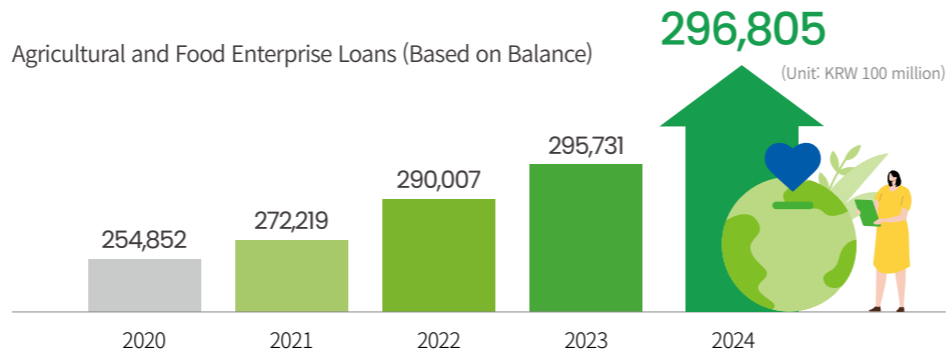
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## NongHyup Bank for Agriculture & Rural Area

### Rural Financial Infrastructure and Financial Support

#### Agri-food enterprise specialized loans

NongHyup Bank operates a variety of specialized credit products to meet the financial needs of agricultural and agri-food enterprises, and offers a wide range of financial services focused on supporting agriculture and agri-food businesses.



#### | Status of Agri-food Enterprise Specialized Loans |

**CASE 1** **NH Smart Farm Loan**

'NH Smart Farm Loan' is a dedicated loan product for smart farms, designed as a customized loan product provided to small and young farmers to promote the introduction of NongHyup type smart farms. It offers up to a 1.60 %p interest rate discount and additional credit loan limits to those who have completed agricultural or fishery education, hold quality certification for agricultural and livestock products, or are young farmers.

**CASE 2** **Launch of the New Start Hope Agriculture Win-Win Loan**

In March 2024, NongHyup Bank and NongHyup Mutual Finance jointly launched low-interest farming fund loans for farmers excluded from government livelihood finance support measures mainly targeting small business owners. Through preferential treatment for excellent agricultural management entities with high growth potential, it provided practical interest reduction benefits to farmers with a minimum annual loan interest rate of 2.95%.

2024 KRW **48** billion (1,101 cases) supported

**CASE 3** **NH Preferential Loan for Agri-Food Company**

NongHyup Bank's 'NH Preferential Loan for Agri-Food Company' is a specialized product launched in June 2023 in response to the government's plan to activate private investment in the agricultural and food sector. It expands loan limits and interest rate benefits for agri-food enterprises with high growth potential.

Balance as of end of 2024 KRW **1,607.4** billion  
(net increase of KRW 842.4 billion compared to the previous year)

**CASE 4** **NH Agri-Food Green Growth Loan**

The 'NH Agri-Food Green Growth Loan' is a loan product supporting excellent agricultural and agri-food enterprises practicing ESG management. In particular, it has developed and applied the 'NH Green Growth Index,' which grades innovation status in E (Environment), S (Social), and G (Growth) areas, providing additional interest rate and loan limit benefits by grade when certain conditions are met.

Balance as of end of 2024 KRW **6,187.3** billion  
(net increase of KRW 534.8 billion compared to the previous year)

#### | NH Agri-food Green Growth Loan - NH Green Growth Index |

**E** **Environmental**

- Certifications (Eco-friendly Agricultural and Livestock Products, Organic Processed Foods, GAP (Good Agricultural Practices), Green Building, Clean Livestock Farms)
- Environmental Assessment of Green Management Companies with Grade A or Higher
- Companies Utilizing Renewable Energy
- Possession of Green-related Policy Fund Loans
- Smart Farm Households

**S** **Social**

- Certified Social Enterprises
- Certified Preliminary Social Enterprises
- Social Contribution Activities Performed (Within Last 2 Years)

**G** **Growth**

- Certifications (HACCP, 6th Industry, Venture Company)
- Entry into NongHyup Mall (Planned)
- Companies Receiving Management Consulting from NongHyup Bank (Within Last 2 Years)
- Agricultural Specialized Education Graduates or Winners of Agricultural Startup Competitions
- Recipients of New Farmer Awards or New Knowledge Farmers
- TCB Grade 3 or Higher

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### Supporting Private Investment and Startups in the Agri-food Sector

#### NongHyup Bank X Korea Agricultural Technology Promotion Agency IR Day Held

In November 2024, NongHyup Bank and the Korea Agricultural Technology Promotion Agency jointly held an IR (Investor Relations) event to discover outstanding agri-food startups. Nine promising ventures and startups in ag-tech, smart agriculture, and ESG sectors were selected to present their IR pitches. Approximately 50 attendees, including employees from NH affiliates, related organizations, and investors interested in startup investments, participated. The event facilitated networking among participants and promoted positive win-win cooperation with startups through collaboration with NH affiliates and linkage to agricultural and food industry fund investments.

#### Ag-tech Youth Startup Campus

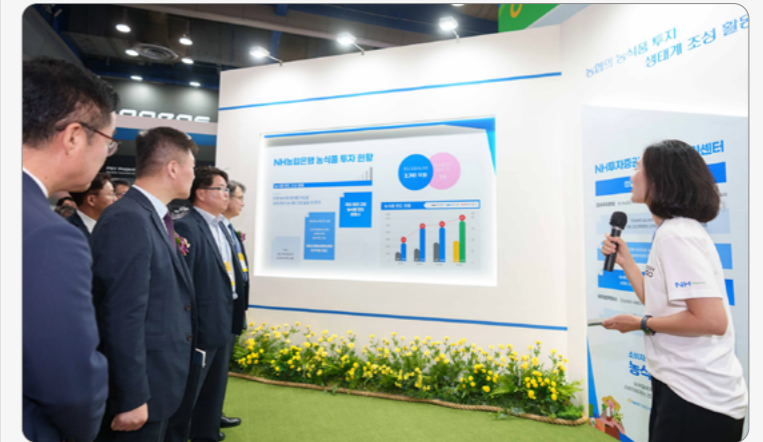
The 'Ag-tech Youth Startup Campus' hosted by NongHyup Bank, is a program selected under the government's 'Youth-Friendly Corporate ESG Support Project' that supports the discovery and nurturing of young entrepreneurs and innovative companies in the agricultural industry. Through the basic course NHSeed and advanced course NHarvestX, various benefits such as startup item discovery, global expansion education, and investment linkage opportunities were provided to 101 young entrepreneurs and 11 startups. As a result, it was recognized for contributing to youth startup activation and scale-up, receiving the Best Program Award (Minister of Employment and Labor Award) among 85 ESG program-operating companies.



CASE

### Agri-food Tech Startup Entrepreneurship Fair Held for Two Consecutive Years

In July 2024, NongHyup Bank, together with the Korea Agricultural Technology Promotion Agency and COEX, hosted the "2024 AFRO (Agri & Food Tech Startup Rising Expo)," marking the second consecutive year of the agri-food tech startup entrepreneurship fair. Over 260 entities including agri-food startups in green bio, ag/food tech, public institutions, large corporations, and investors participated. The total number of visitors reached approximately 9,000, contributing to the revitalization of entrepreneurship in the agri-food sector, which has been relatively neglected compared to other industries. Additionally, NongHyup Bank operated promotional booths for seven ag-tech companies directly invested through its agricultural and food industry fund to showcase investment outcomes. Furthermore, it held the 'Sustainable Agri-food Investment Ecosystem Conference' featuring expert panels from the agri-food industry to devise multifaceted strategies for promoting private investment in the sector.



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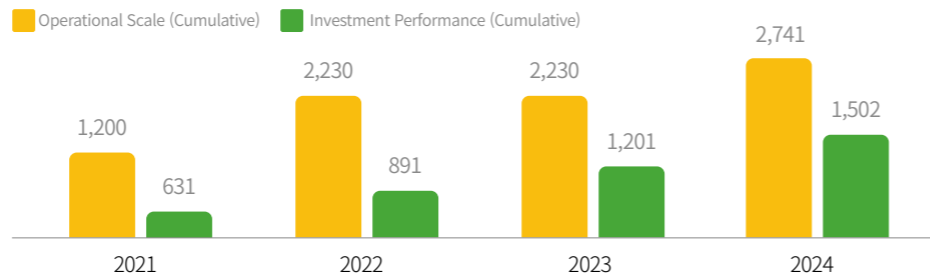
### Supporting Private Investment and Startups in the Agri-food Sector

The Largest Agricultural and Food Industry Fund Operation in Korea

NongHyup Bank was selected as the operator for the Agricultural and Food Industry Fund of Funds in 2016, establishing a sound growth foundation to promote investment in the agricultural and food industry. Since 2022, NongHyup Bank has expanded its role by creating agri-food funds led by NongHyup to activate private investment, achieving an operational scale of KRW 274.1 billion as of the end of December 2024, thereby solidifying its position as the largest domestic agri-food fund manager. Moving forward, the bank will actively discover and invest in startups in the ag-tech sector that combine digital technology with agriculture to address rural crises such as aging and labor shortages and lead the sustainable development of the agricultural and food industry.

#### | Status of Agri-food Fund Investments |

(Unit: KRW 100 million)



#### | Status of Agri-food Fund<sup>1)</sup> |

(Unit: KRW 100 million)

Category	Fund Type	Establishment Date	Main Investment Targets	Fund Scale
NH Agri Biz Value	PEF	2016.03	Agri-Food	200
NH Now Agri-food No. 1	PEF	2019.08	Agri-Food	400
NH Now Agri-food No. 2	PEF	2020.09	Agri-Food	600
NongHyup Ag-Tech <sup>2)</sup> Inclusive Innovation	PEF	2022.07	Ag-tech	530
Hope Agricultural Innovation	PEF	2024.06	Ag-tech	511
NH Nice Agri-food Investment No. 1	Agri-Food Investment Association	2022.12	Agri-Food	500
<b>Total</b>				<b>2,741</b>

1) The establishment date and size of certain funds have been updated to reflect data as of the end of December 2024

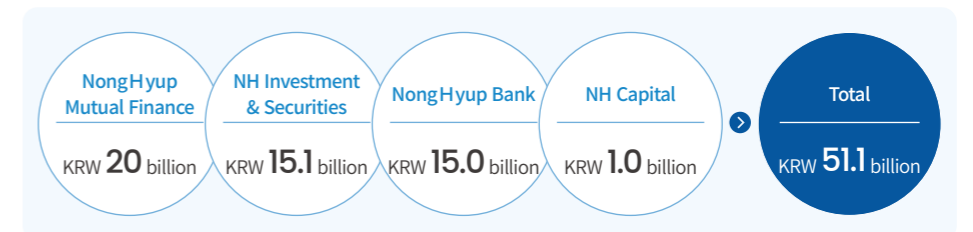
2) A portmanteau of agriculture and technology, referring to the application of advanced technology in agricultural production

### Establishment of the Agri-food Fund 'Hope Agricultural Innovation Fund'

NongHyup Bank established its 6th agri-food fund, the Hope Agricultural Innovation Fund, in April 2024, creating a foundation for strengthening agricultural competitiveness. With a total scale of KRW 51.1 billion, the fund is focused on investing in agri-tech ventures and startups within the agri-food sector, expanding the agri-food investment ecosystem led by the cooperative. The fund particularly targets investments in promising companies that generate high value-added innovations, such as AI automated robots and autonomous farming machinery. By supporting the automation, precision, and unmanned aspects of agriculture, NongHyup Bank is paving the way for new horizons in the future agri-food industry.



### | Hope Agricultural Innovation Fund - Establishment Status by Company |



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#### Market Development and Marketing Support

##### Support for Activation of Agricultural Food Vouchers to Promote Agricultural and Livestock Product Consumption

NongHyup Bank is supporting the activation of the agri-food voucher program, which is being promoted as a national policy initiative. The program provides monthly support ranging from KRW 40,000 to 186,000 based on household income levels to households receiving livelihood benefits (below 32% of median income), including pregnant women, infants, and children. The voucher enables the purchase of domestic vegetables, fruits, grains, and other agricultural food products. In 2024, approximately 92,000 households were supported with voucher usage amounting to KRW 27.3 billion, contributing to promoting domestic agricultural and livestock product consumption by enhancing access for vulnerable groups.

##### Implementation of a Breakfast Campaign to Promote Rice Consumption

As part of the comprehensive NongHyup campaign to increase rice consumption, NongHyup Bank is conducting the 'Eat Breakfast Movement' to encourage rice consumption across the nation, thereby contributing to enhancing farmers' incomes. The main activities include running a breakfast campaign at the headquarters cafeteria to increase awareness about the consumption of domestic rice, promoting healthy eating habits, and fostering a vibrant organizational culture. Additionally, efforts to expand the campaign involve providing rice-based processed foods to other companies and schools, thereby advancing a nationwide movement to boost rice consumption.



##### Operation of Partner Companies Supporting Our Farms

NongHyup Bank has selected and operated partner companies supporting our farms, targeting excellent agri-food manufacturers utilizing domestic agricultural products. Companies selected as partners receive preferential credit rates, support in expanding sales channels, and various preferential services, including events for sharing with underserved communities through the purchase of products manufactured by partner companies.



##### Awarding the Proud Agri-Food Company Award

NongHyup Bank held the 11th Proud Agri-Food Company Award ceremony, selecting 10 outstanding agri-food companies that contribute to the development of the domestic agri-food industry. Award-winning companies receive various preferential services, including preferential credit rates, corporate promotion support, and priority support for agri-food business consulting, fostering cooperative growth between NongHyup Bank, agri-food companies, and the regional economy.



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### Agricultural Finance Consulting and Specialist Training

#### Establishment of Dedicated Agricultural Finance Consulting Organization

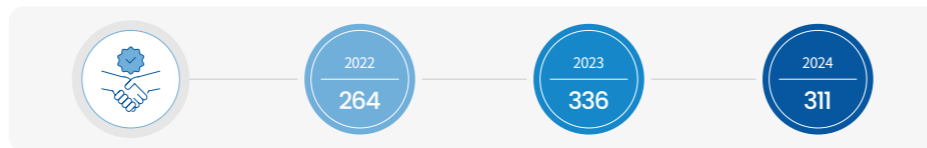
NongHyup Bank established the Agricultural Finance Consulting Department, a dedicated organization for agricultural finance management consulting, to expand customized consulting tailored to the needs of farmers and agri-food enterprises. To foster young successor farmers, it signed a business agreement with the National Institute of Animal Science to promote revitalization of livestock farms and expand consulting support, while strengthening pre-consulting for risk management in farmers' facility investments.

#### Performance of Agricultural Finance Consulting

To ensure the sustainable growth of agricultural enterprises, NongHyup Bank provided 311 cases of agricultural finance consulting and 38 cases of agri-food enterprise consulting in 2024. The consulting services are primarily tailored to the farm's life cycle, offering customized financial consulting services. After analyzing business performance, rapid management guidance is provided when anomalies are detected, helping farms return to a normal path. Additionally, consulting education for the startup process is continuously being expanded for prospective young farmers, including agricultural college students, youth entrepreneurship incubator trainees, and graduates.

#### | Agricultural Finance Consulting Support Performance |

(Unit: Cases)



#### | NongHyup Finance Consulting System |

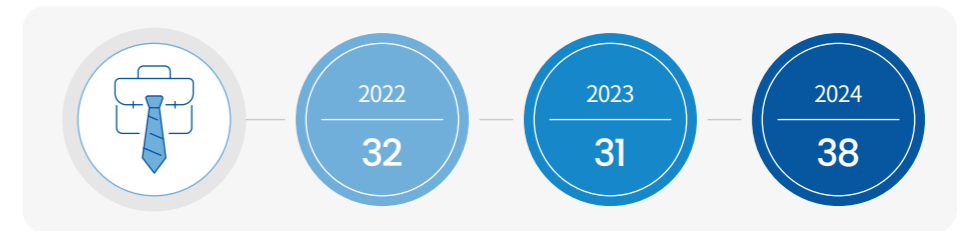


#### Consulting to Support the Growth of Agri-Food Enterprises

NongHyup Bank offers free management consulting to support the growth of farmers and agri-food enterprises, including smart farm startups and efforts to develop food sales channels. Professional consultants primarily diagnose overall management and suggest strategies related to management decision-making. In 2024, the bank introduced tax consulting to further enhance business performance. Moving forward, NongHyup Bank plans to continue providing specialized consulting services for agri-food enterprises, assisting in the improvement of management performance and fulfilling its role as a leading agricultural finance bank.

#### | Performance of Agri-Food Enterprise Consulting |

(Unit: Cases)



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### NongHyup Bank for Agriculture & Rural Area

#### Agricultural Finance Consulting and Specialist Training

##### Cultivation of Agricultural Finance Professionals

NongHyup Bank is nurturing specialized personnel through agricultural finance education. In 2024, the bank conducted industry analysis and consulting exercises, divided into horticulture and livestock sectors, and produced a series titled 'Outstanding Case Studies in Agricultural Finance Consulting Report Writing'. Additionally, the bank continued to operate the agri-food enterprise specialized loans GD (Green Director) system for developing experts in agricultural finance and held the inauguration ceremony for the 'Agri-food Enterprise Specialized Loans GD' in March 2024. This program is part of NongHyup Bank's effort to train employees specialized in agricultural finance who lead in creating a green ecosystem. In 2024, the program expanded to include 112 participants, engaging in various agricultural finance-related tasks throughout the year and actively promoting practical benefits for farmers and agri-food enterprises.

##### Smart Farm Roadshow

NongHyup Bank conducts Smart Farm Roadshows to enhance the understanding of smart farms among agricultural finance representatives, as well as to strengthen their loan consultation and assessment capabilities. In 2024, a total of five on-site training sessions were held across different regions, including at the Sangju, Miryang, and Gimje Smart Farm Innovation Valleys, Yonam University, and Jeju Smart Farm.



#### What is GD?

GD stands for Green Director, a program introduced in 2021 to cultivate agri-food finance experts. Participants in this program are involved in promoting high-quality agri-food enterprise specialized loans and engaging in activities related to agricultural finance.



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## NongHyup Bank for Agriculture & Rural Area

### Agriculture and Rural Support Products

Launch of savings, deposits, and cards linked to the Hometown Love Donation Program<sup>1)</sup>

NongHyup Bank launched the Hometown Love Donation Savings and Deposit product in January 2023. This product accumulates 0.1% of sales amount as a public interest fund and was selected as an excellent case<sup>2)</sup> in the 1st Win-Win Cooperation Financial New Product Excellence Case hosted by the Financial Supervisory Service in June 2023.



Public Interest Fund Accumulation Amounts for the Hometown Love Donation Program in 2023 and 2024

KRW **1** billion Each  
(maximum accumulable limit)

Through the 'zgm. To Hometown' card, a linked product of the Hometown Love Donation Program, 0.1% of usage amounts are accumulated as public interest funds and used for social contribution activities for agriculture, rural areas, and underserved populations. Additionally, customers participating in the Hometown Love Donation Program can earn up to 1.7% NH Points when using affiliated stores in donation areas on weekends as a preferential benefit. NongHyup Bank has produced printed advertisements to support business promotion related to the Hometown Love Donation Program, thereby enhancing brand awareness through business and marketing activities, and has strengthened promotional activities such as conducting promotional campaigns and awarding commendations to meritorious employees.

1) Hometown Love Donation Program: A system where donors contribute a certain amount to local governments other than their residential address to revitalize the local economy, and donors receive tax credits and hometown return gifts  
2) A system where the Financial Supervisory Service selects and awards excellent cases of financial products that share pain or share benefits with socially vulnerable groups and financial consumers

2023	Launch of Hometown Love Donation Savings and Deposit Products	<ul style="list-style-type: none"> <li>Accumulate 0.1% of sales amount as public interest fund (annual maximum limit of 1 billion KRW)</li> <li>Selected as an excellent case in the 1st Win-Win Cooperation Financial New Product Excellence Case by the Financial Supervisory Service</li> </ul>
	Launch of 'zgm.Hometown' Card	<ul style="list-style-type: none"> <li>Accumulate 0.1% of usage amount as public interest fund</li> <li>Earn up to 1.7% NH Points when using affiliated stores in donation areas on weekends</li> </ul>
2024	Strengthening business promotion and marketing	<ul style="list-style-type: none"> <li>Production of printed advertisements and enhancement of brand awareness</li> <li>Conduct promotional campaigns and award commendations to meritorious employees</li> </ul>

### Operation and Development of Agriculture and Rural Support Products

NongHyup Bank allocates a portion of product sales balances and card usage amounts to create funds dedicated to preserving our agriculture and rural communities. The generated public interest funds support various initiatives related to agriculture, rural areas, and social contributions, such as the Rural Love Movement fund.

**NH Plus and Sharing Deposits**

0.01% of the average annual balance is allocated to initiatives related to agriculture, rural areas, and social contributions.

**The NEW Rural Love Check Card**

0.1% of the merchant transaction volume is dedicated to supporting the Rural Love Movement projects.

**CASE** **Development of Products to Promote Rice Consumption**

Launched in September 2024, NH Deundeun-Babsim Time deposits is a product through which NongHyup Bank aims to promote national rice consumption and fulfill its mission of realizing sustainable agricultural values. As of the end of December 2024, a total of KRW 1,864.5 billion (54,554 accounts) had been subscribed. The savings operate in a manner where domestic rice is accumulated upon subscription, culminating in a donation of 100 tons of rice after the product sales period ends.

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## NongHyup Bank for Agriculture & Rural Area

### Support for Rural Children's Education for Future Generations

Creation of Child Happiness Spaces within Rural Schools: Green Ladder X Space Project

By newly promoting the Space Project within the existing Green Ladder programs (Green Ladder Camp and Green Ladder Credit Recovery Support), NongHyup Bank has contributed to expanding social contribution activities. The Green Ladder X Space Project is an educational environment improvement initiative that transforms unused spaces within rural elementary schools into child-friendly areas to support free and healthy growth. In November 2024, the completion ceremony for Space Area No. 1 was held at Hamtae Elementary School in Taebaek City, Gangwon-do, and Space Area No. 2 was completed at Namwon Jungang Elementary School in Namwon City, Jeollabuk-do, in March 2025.

#### 'Green Ladder Camp' Mentoring Program for Rural Elementary School Students

NongHyup Bank collaborates with the Korea Student Aid Foundation to operate the 'Green Ladder Camp,' a mentoring program for university and elementary school students. Through talent donations by university student mentors, it provides quality education to children from multicultural families and students in rural areas, contributing to bridging the educational gap between urban and rural regions. It also offers young talents opportunities to enhance their understanding of the value of agriculture and rural areas and to develop leadership skills. In 2024, a total of 223 mentors and 573 mentees participated in various activities such as career experiences, youth financial classes, and musical performances during the two sessions of the spring and summer camps. NongHyup Bank will continue to provide distinctive programs to ensure that children from multicultural families and rural students are not excluded from financial education.

1st Space Area, Hamtae Elementary School



Green Ladder Camp



### Enhancement of Welfare for Agriculture and Rural Areas

Specialized Volunteer Activities for Agriculture and Rural Areas

NongHyup Bank continues to actively engage in a variety of social responsibility activities to foster sustainable development in rural areas. In 2024, a total of 5,136 employees contributed 35,562 hours in activities such as assisting with rural labor, disaster support, and agricultural waste collection, providing tangible support to farms facing labor shortages. These initiatives have played a significant role in addressing labor shortages in rural areas and improving the quality of life for farmers. Moving forward, NongHyup Bank plans to conduct company-wide rural labor assistance activities annually and continue to expand collaborative efforts that promote mutual growth with farmers.



Specialized Volunteer Activities for Agriculture and Rural Areas

Participation by **5,136** employees,  
**35,562** hours



# Special Stories

## NongHyup Bank's Distinctive Digital Innovation

Under the vision of <Digital for All>, NongHyup Bank aims to lead the future of finance through digital innovation. Key focuses include enhancing platform execution (MORE ACTIVE), embedding digital DNA (MORE NATIVE), securing future capabilities (MORE SMART), and expanding strategic collaboration (MORE COLLABORATIVE). This approach supports the establishment of a customer-centric digital strategy, strengthens Biz-IT collaboration, expands AI services, and fosters partnerships with external ecosystems. In 2024, AI technology was recognized as innovative finance by the Financial Services Commission, and plans are underway to enhance AI-driven, customer-tailored financial services. NongHyup Bank remains committed to exploring financial innovations through AI.

**1 Digital for Customers**

NongHyup Bank enhances customer experience through convenience services like large-font banking and online document submission. Additionally, the bank provides tailored financial solutions by developing digital services for diverse customer segments, including youth, microenterprises, and pet owners.

**2 Digital Leading the Future**

By developing recommendation services utilizing deep learning technology, the bank aims to introduce AI-based innovative services and pursue future financial ventures involving STO business and blockchain technology.

**3 Digital Reinforcing Trust**

Through the establishment and operation of AI governance, the safety and reliability of AI technology are reinforced. Additionally, by building a customer-centric authentication infrastructure, the bank contributes to enhancing the stability of digital finance.

**4 Digital Proven by Performance**

Through NH AllOne Bank, diverse financial services, including asset management, consumption, and real estate, are integrated into a single platform. This innovation in financial services, including AI-based product recommendations, has led to recognition at the Asia Today Financial Awards in the Digital Division.

**Number of NH AllOne Bank Customers**

**11.68 million**

**5 Digital Driving Growth**

By establishing the BizPM program, the bank develops practical digital talent, and through organizing the RPA Big League, it supports the enhancement of employees' digital transformation capabilities.

**Cumulative Number of DT Master Certifications**

**755 persons**

**Biz-IT Mutual Understanding Workshop**

**1 time annually**

**Biz-PM Training Program**

**3 times annually**

<b>MORE ACTIVE</b>	<b>MORE NATIVE</b>	<b>MORE SMART</b>	<b>MORE COLLABORATIVE</b>
Enhancing Platform execution	Embedding Digital DNA	Securing Future Capabilities	Expanding Strategic Collaboration

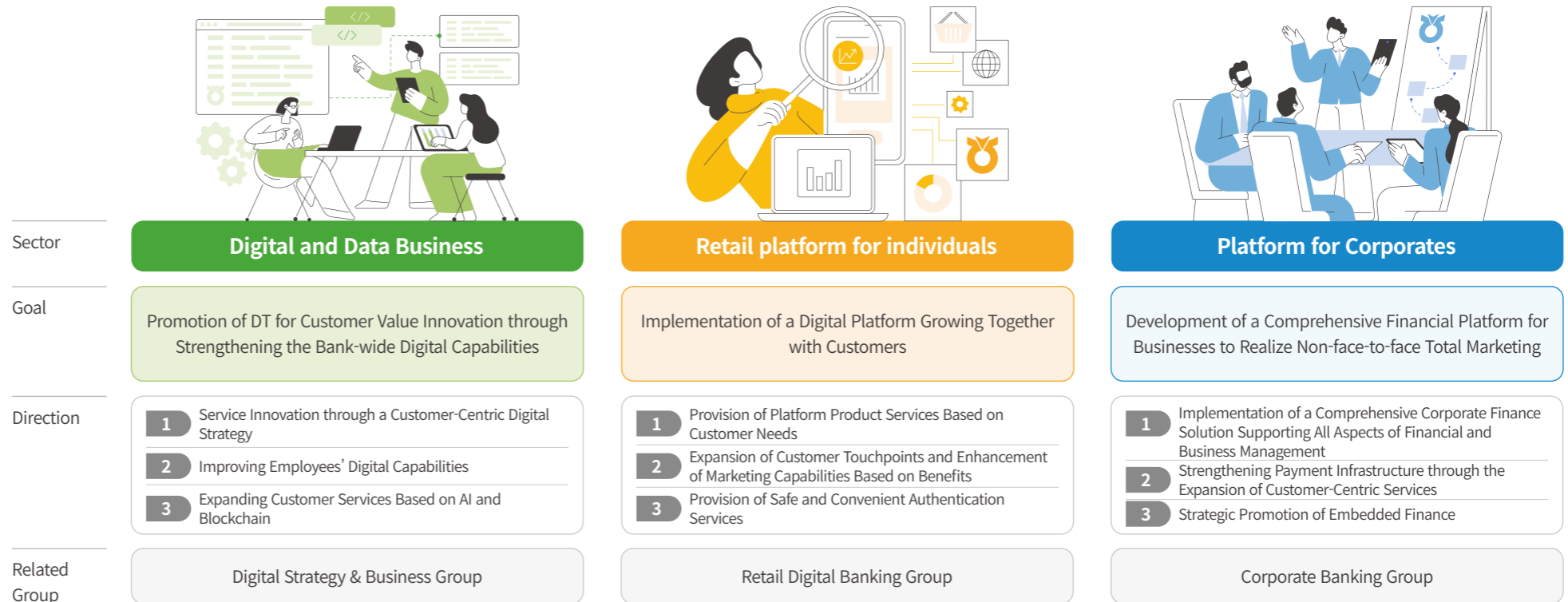
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## NongHyup Bank's Distinctive Digital Innovation

### Sector-Specific Digital Innovation Promotion Framework

Digital transformation has established itself as a core tool for sustainable management and is emerging as a pivotal aspect in realizing ESG values. NongHyup Bank aims to leverage digital technology to generate positive impacts across the ESG spectrum. To achieve this, the Digital Strategy & Business Group plays a crucial role by developing a comprehensive digital strategy for the bank, advancing data-related initiatives, and improving business processes. Additionally, the Retail Digital Banking Group and Corporate Banking Group strive to implement customer-centric digital platforms for individuals and corporations, driven by digital competitiveness, to deliver superior financial services. Moving forward, NongHyup Bank plans to strategically respond to ensure that digital innovation catalyzes the realization of effective ESG management.

### Digital Innovation Promotion Framework



# Special Stories

## NongHyup Bank's Distinctive Digital Innovation

### Digital for Customers

NongHyup Bank aims not only to apply innovative technology but also to operate digital finance in a manner that ensures and strengthens sustainability from an ESG perspective. By providing easy to use financial services, NongHyup Bank enhances customer convenience and financial accessibility. Additionally, through customer-centric authentication services, digital security is reinforced, thereby contributing to sustainable social development. Looking ahead, NongHyup Bank is committed to realizing people-centered digital finance and pursuing a sustainable financial ecosystem that harmonizes technology and society.

#### Enhancing Convenience of Non-Face-to-Face Channels for Digitally Vulnerable Groups

NongHyup Bank is providing various safety measures and guidance for accident prevention, such as large-font banking, electronic fraud prevention, and mistaken remittance refunds, to improve convenience for financially vulnerable and digitally marginalized customers. Additionally, the bank is continuously enhancing the usability and convenience of its non-face-to-face channels through services like slow speech telebanking and app accessibility improvements. In 2025, the large-font banking service for seniors will be expanded from selected menus to all menus, further strengthening accessibility.

#### Enhancing Customer Convenience by Expanding the Application of a Non-Face-to-Face Document Submission System

NongHyup Bank has established a non-face-to-face document submission system that utilizes Public MyData across both face-to-face and non-face-to-face credit operations, ensuring the promptness and reliability of submitted documents, thereby streamlining branch operations and enhancing customer convenience. In particular, in June 2024, the bank expanded channels, document types, and authentication methods, and in November 2024, it extended the service scope to include non-face-to-face and group loans, enabling non-face-to-face document submission through various means for all individual credit assessments.

#### Strengthening the Competitiveness of a Customer-Centric Corporate Banking Platform

NongHyup Bank has laid the groundwork for customer convenience by offering a one-stop service for non-face-to-face new enrollments and expanding business-specific management support services. The bank has enhanced convenience features, such as the introduction of simple (private) authentication and the integration of importing certificates. Additionally, by unifying the corporate-individual product enrollment process, internal development and operations have been improved efficiently, simplifying enrollment procedures and enhancing customer convenience.

CASE

### Enhancing Customer Convenience by Improving Non-Face-to-Face Identity Verification Services

NongHyup Bank has introduced the All One Bank's non-face-to-face passport authenticity verification service. This service expands the existing non-face-to-face identity verification options, which previously included resident registration certificates and driver's licenses. Moving forward, NongHyup Bank plans to continually expand the range of identification cards available for non-face-to-face identity verification to further enhance customer convenience.

2016	2022	2023	2024
<ul style="list-style-type: none"> <li>· Resident registration certificate</li> <li>· Driver's license</li> </ul>	<ul style="list-style-type: none"> <li>· Mobile driver's license (Smart Banking)</li> </ul>	<ul style="list-style-type: none"> <li>· Mobile driver's license (NH AllOne Bank)</li> </ul>	<ul style="list-style-type: none"> <li>· Domestic Passport (NH AllOne Bank)</li> </ul>

# Special Stories

## NongHyup Bank's Distinctive Digital Innovation

### Digital for Customers

NongHyup Bank offers tailored digital financial services that cater to the diverse needs of various customer segments, including youth, microenterprises, pet owners, and foreigners. This approach goes beyond merely diversifying services; it forms part of an ESG-based, customer-centric strategy that respects social diversity and inclusivity, contributing to improved quality of life. Through lifestyle-integrated product linkages and a data-driven personalized recommendation system, NongHyup Bank is evolving into an inclusive financial platform where technology and society harmonize.

### Advancement of customer-customized digital services

#### Strengthening youth-targeted services with the youth-specialized service 'Teens'



By strengthening services aimed at youth, who are the bank's future core customers, NongHyup Bank seeks to foster sustainable growth. In addition to providing financial convenience with prepaid electronic payment means that youth can subscribe to independently, the bank offers customized services that reflect current trends and interests, creating value even in non-financial specialized areas. These services enhance financial literacy and accessibility for young people and contribute to the bank's role as a responsible financial institution.



#### Launch of the Microenterprise specialized service, 'NH with Entrepreneurs'



Operating the 'NH with Entrepreneurs' service, tailored benefits are provided to microenterprises, offering specialized support according to the stages of business growth. This service includes discounted startup consulting coupons in the early stage, three months of free marketing solutions in the growth stage, six months of free HR and labor services in the maturity stage, and free M&A advisory and discounted service fees in the later stage.



#### Providing 「Pet Care」 financial and non-financial services



Reflecting the diverse needs of pet owners, NongHyup Bank operates a comprehensive pet care lifestyle service that encompasses both financial and non-financial aspects. This service aligns with the social shift in perception that treats pets as family members and strengthens NongHyup Bank's brand image of respecting diversity and realizing customer-centric values. By providing substantial convenience and satisfaction to customers, it contributes to creating positive experiences and building trust in NongHyup Bank.

Service Type	Main Content	Expected Effect
Financial Services	<ul style="list-style-type: none"> <li>Customized card and insurance products for pet owners</li> <li>Provision of various financial benefits</li> </ul>	<ul style="list-style-type: none"> <li>Supporting stable financial life for customers with pets</li> </ul>
Non-Financial Services	<ul style="list-style-type: none"> <li>AI-based automatic disease diagnosis</li> <li>Provision of pet healthcare services</li> </ul>	<ul style="list-style-type: none"> <li>Contributing to pet health management</li> </ul>
Other Services	<ul style="list-style-type: none"> <li>Utilization of public data</li> <li>Linkage of pet adoption and funeral information</li> </ul>	<ul style="list-style-type: none"> <li>Improving accessibility to necessary information for customers</li> </ul>

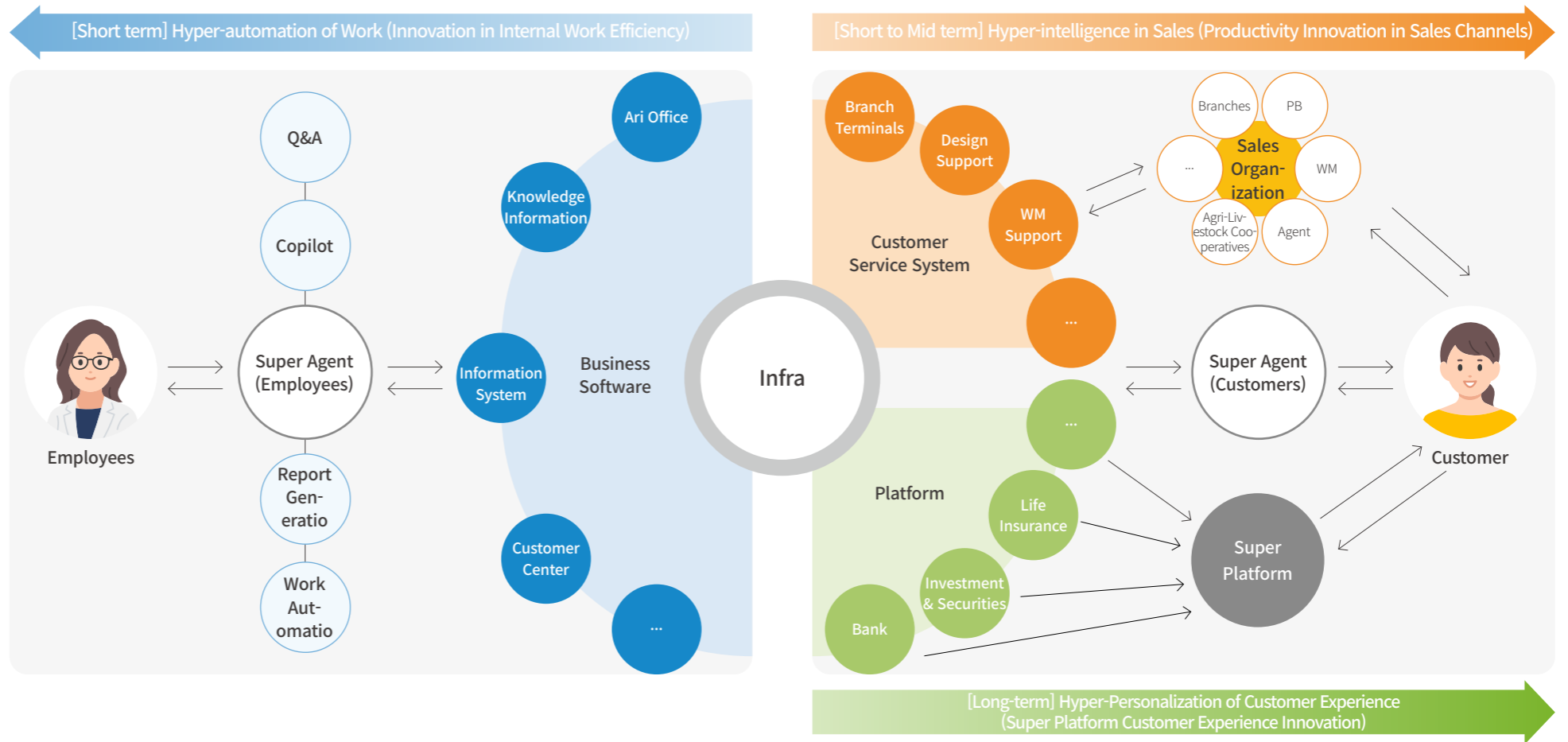
# Special Stories

## NongHyup Bank's Distinctive Digital Innovation

### Digital Leading the Future

#### Implementation of "NH Super Agent" through the Integration of Generative AI

As generative AI emerges as the next-generation technology following smartphones, NongHyup Bank has established strategies to integrate generative AI into business operations and is accelerating digital transformation through platform-based generative AI for internal work innovation and services. The bank aims to enhance employee work efficiency in the short term and provide customers with various services through a single super platform in the medium to long term. NongHyup Bank plans to proactively respond to technological advancement and market changes through digital innovation while establishing governance systems to ensure AI technology stability and reliability.



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# Special Stories

## NongHyup Bank's Distinctive Digital Innovation

### Digital Leading the Future

NongHyup Bank develops AI-based innovative financial services that offer customers a more personalized financial experience. This enables rapid and accurate responses to diverse customer needs, delivering an enhanced user experience. Additionally, through digital innovation, the bank aims to create new business opportunities while pursuing sustainable growth. These efforts contribute to leading the future of the financial industry and strengthening NongHyup Bank's competitiveness.

#### Implementation of AI-Based Innovative Finance Services

#### First in Banking Sector to Launch Real-Time AI Product Recommendation Service Based on Deep Learning

NongHyup Bank launched the first AI product recommendation service in the banking sector that accurately predicts customer needs through real-time deep learning technology. It developed the Serendipity Score<sup>1)</sup>, which recommends product groups to customers with potential needs who have no prior product subscription experience, proposing an optimal asset management portfolio. By utilizing Explainable AI (XAI)<sup>2)</sup> technology to enhance the explainability of product recommendations, customer satisfaction and trust were increased.

#### Development of Knowledge Information Search Service

By developing a knowledge information search service that analyzes vast financial data to locate necessary information, a foundation has been established for offering more accurate and reliable financial services.

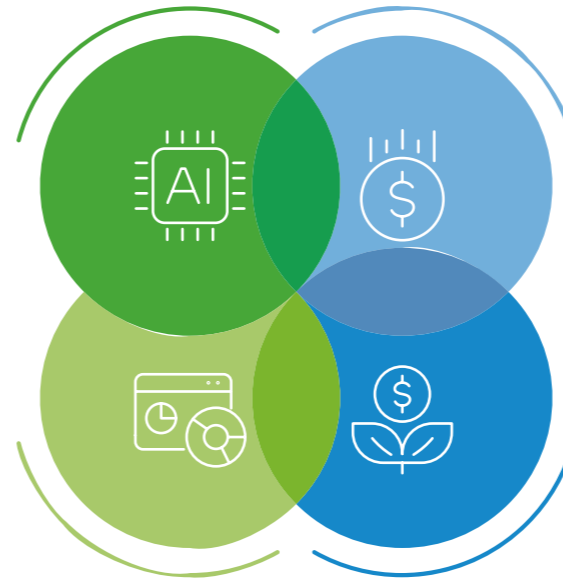
#### Advancing Future Business Initiatives through Digital Innovation

#### Foundation for Entering the STO (Security Token Offering) Business

To enter the STO<sup>3)</sup> business, NongHyup Bank formed the largest domestic STO consortium comprising 19 enterprises, including seven banks, eleven fractional investment companies, and one venture capital firm, leading discussions for joint promotion of distributed ledger projects. As the first domestic bank, it developed an Application Programming Interface (API) essential for issuing token securities and managing individual investor funds specifically for fractional investment operators, proactively responding to corporate clients' needs using NongHyup Bank's API. In 2024, the bank completed the establishment of a blockchain network (mainnet) necessary for tokenizing securitized fractional investment products and plans to proactively respond to future legal amendments.

#### Future Financial Innovation Using Blockchain Technology

To ensure safe and efficient financial services, services using blockchain technology are being developed. In 2024, business expansion is aligned with changes in digital asset regulations, taking a leading role particularly in the field of Security Token Offerings (STOs). Additionally, by participating in Central Bank Digital Currency (CBDC) tests, experiments such as token security subscriptions and carbon emission trading are being conducted, preparing for their utilization in future financial systems.



1) 'Serendipity' refers to 'fortunate discovery', quantified as a score indicating product attractiveness to potential customers

2) A process that enables users to understand and trust results and outputs generated by machine learning algorithms

3) STO (Security Token Offering): Refers to issuing securities through distributed ledger technology (tokenization) of physical assets, intangible assets, and financial products

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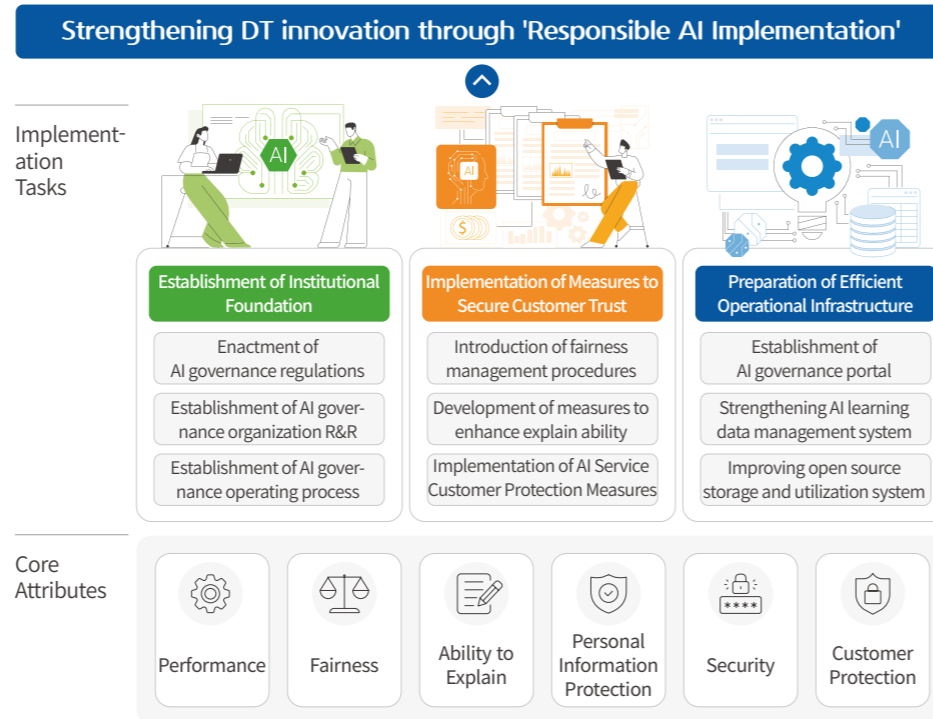
### Digital Reinforcing Trust

#### Enhancement of Safety and Reliability through AI Governance Establishment

NongHyup Bank operates an AI governance<sup>1)</sup> system to ensure the safety and reliability of AI technology, establishing a system to assess and manage risks associated with AI-based services. The bank plans to continuously explore various service models and ways to apply AI technology across all financial operations to further activate financial innovation using AI.

1) Management system including organization, policies, and processes to optimize AI use and secure customer trust

#### | Artificial Intelligence (AI) Governance Implementation Direction |



#### Evaluation of AI Governance Implementation Status and Operation of Councils

NongHyup Bank conducts thorough audits on the implementation status of AI Governance by evaluating the risk levels of AI services currently in operation, which affect customers directly or indirectly. To achieve this, the bank has developed a checklist of mandatory compliance items required during the development and operational phases, which is submitted by each department. The collected audit results are compiled and reported to the AI Governance Council, ensuring that the bank's AI policies are managed and improved more effectively on an organizational level.

#### Enhancing the Stability of the Digital Financial Journey through the Establishment of a Customer-Centric Authentication and Security Infrastructure

NongHyup Bank has established a customer-centric authentication and security infrastructure that seamlessly crosses both online and offline channels, ensuring that authentication services are both easy and secure to use. Centered around the NH Mobile Certificate, the bank has created an authentication system that can be conveniently used not only with its banking apps but also across 312 institutions, including the National Tax Service Hometax, Government 24, and the National Pension Service. Additionally, by advancing electronic financial fraud detection technology, more streamlined and secure authentication and security services have been implemented to enhance overall stability.

Authentication Method	Description	Use Cases
Facial Recognition Authentication	Introduction of Facial Recognition Process to Enhance the Stability of Financial Transactions	Enhancing Identity Verification Procedures by Utilizing for Non-Face-to-Face Account Openings and More
Palm Vein <sup>1)</sup> Authentication	First in the Financial Sector to Operate the Korea Airports Corporation's Easy Boarding Service	Supporting Quick Boarding with Palm Authentication at Airports

1) Palm Vein: Veins present in the palm

# Special Stories

## NongHyup Bank's Distinctive Digital Innovation

### Digital Proven by Performance

NongHyup Bank is recognized by the Financial Services Commission and Asia Today for its significant achievements in financial service innovation through data-driven approaches. As the first in the banking sector, it launched a deep learning-based AI product recommendation service, enhancing the accuracy of personalized financial product suggestions for customers. Additionally, with MyData services tailored to the MZ generation, the bank offers customized financial solutions for younger customers. The loan comparison service allows for the comparison of credit loan limits and interest rates among affiliated financial institutions, broadening customer choices. By opening up retail data, NongHyup Bank strengthens social responsibility and contributes to creating a transparent financial environment. These efforts play a crucial role in leading data-driven innovation and reinforcing customer-centric financial services.

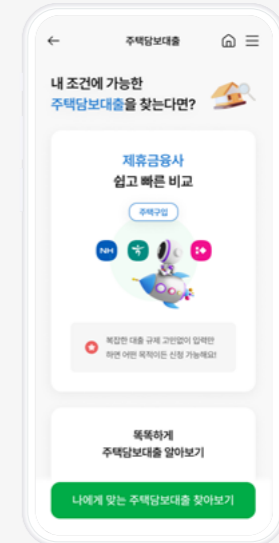
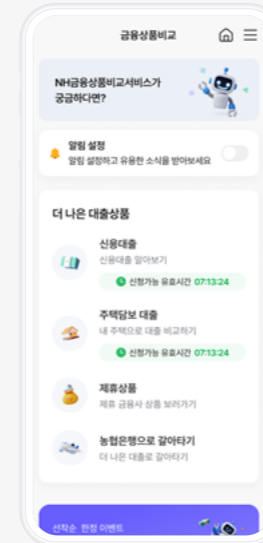
#### | Awarded the Grand Prize in the Digital Division at the 2024 Asia Today Financial Awards |



CASE

### Establishment of an Independent Financial Product Comparison Platform and Launch of Loan Comparison Service

In April 2024, the loan comparison service was launched. This service allows customers to compare the limits and interest rates of 30 credit loan products from 12 affiliated financial institutions at once, providing the most favorable loan conditions and ensuring a wide range of options for loan products.



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## NongHyup Bank's Distinctive Digital Innovation

### Digital Proven by Performance

NH AllOne Bank is advancing as NHFG's representative platform that resolves all customer financial life needs within a single app, covering not only banking services but also core services of affiliated companies and lifestyle services. In 2024, eight specialized areas based on MyData — loans, investments, consumption, real estate, mobility, healthcare, etc. — were newly established on the main screen to enhance the customer journey by enabling intuitive access to desired services. NH AllOne Bank provides an organic and complete customer experience by linking end-to-end financial and non-financial services necessary for customers, from real estate price inquiries to loan limit checks and contract safety assessments, as well as health status analysis for healthcare and tailored insurance product connections. Based on this, it received the 'Korea Prestige Brand Award in the comprehensive financial platform category' in 2024 and achieved 11.68 million customers.

#### | Key MyData Services of NongHyup Bank |

 Assets	<ul style="list-style-type: none"> <li>Manage and diagnose various types of assets such as deposits, loans, and insurance, and provide asset-specific management tips such as loan product recommendations</li> <li>VIP financial consulting with experts through mobile video consultation</li> <li>Credit management services that help improve credit scores</li> <li>Services for managing student loans and early retirement diagnostics, etc.</li> </ul>
 Consumption	<ul style="list-style-type: none"> <li>Analyze patterns compared to the previous month to manage regular expenses, compare card benefits, and recommend cards that fit spending tendencies</li> <li>New offering of card report services that allow comparison of consumption status with peer groups, etc. Newly offered card report service allowing comparison of consumption status with peer groups</li> </ul>
 Planner	<ul style="list-style-type: none"> <li>Maturity reminders and payments for holdings from all financial companies. Instant top-up reminders or loan product recommendations by comparing the balance against outgoings, such as payments</li> <li>Comprehensive management services related to housing bids, including account management, point calculation, and notification of announcements</li> </ul>
 Lifes	<ul style="list-style-type: none"> <li>Recommend tax-saving products through year-end simulations</li> <li>Provide healthcare services such as health screenings, reminders for hospital visits, and claims</li> <li>New services such as offering trend content based on big data analysis</li> </ul>




Recipient of the 'Korea Prestige Brand Award in the Comprehensive Financial Platform Category'

Achieved a Customer Base of **11.68** million

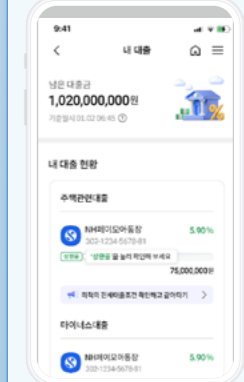
#### | NH AllOne Bank with embedded MyData in banking services |

Before



NH AllOne Bank

After



MyData

- ✓ Embedded My Data
- ✓ Establishment of sub-main for loans, investments, consumption, insurance, cards, real estate, automobiles, and healthcare
- ✓ Seamless service from the beginning to the end of the customer journey
- ✓ Strengthening synergy through the integration of NH Financial affiliates' services
- ✓ Laying the foundation for providing new services by linking non-financial information

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### Digital Driving Growth

NongHyup Bank plans to strengthen its internal capabilities through continuous education of digital specialists, securing talent, and innovating organizational culture and work practices. The establishment of BizPM training in 2024 will particularly aim to enhance employees' creativity and collaboration skills, thereby increasing the dynamism and efficiency of the entire organization.

#### Establishment of BizPM Capability Enhancement and Introductory Training to Strengthen Project Execution Capabilities

NongHyup Bank has launched the "Biz-IT Mutual Understanding" and "Biz-PM Training Program" to bolster employees' competencies in IT development projects. These programs are designed to nurture practical talent by allowing business department employees to lead the entire process of IT development projects. The step-by-step training process enhances accessibility. In the future, the bank plans to intensify the training system by increasing the number of sessions and segmenting course difficulty, thereby accelerating digital transformation and realizing sustainable management.

#### | Details of Biz-IT Mutual Understanding Workshop Execution |

Number of Workshops	1 Time Annually
Curriculum	Understanding Trends / Understanding IT Systems / Mutual Understanding Activities



#### | Details of the Biz-PM Training Program Execution |

Number of Workshops	3 Times Annually - Two Sessions for Skill Enhancement, One Introductory Session
Curriculum	Business Planning / Understanding IT Systems, Development Cases, Stakeholder Management, etc.



#### Hosting the RPA Big League to Enhance Employees' Digital Transformation Skills

NongHyup Bank has hosted the RPA Big League to promote the discovery of RPA projects and strengthen employees' digital transformation capabilities. As a result, in 2024, RPA was applied to 202 tasks across 42 departments, contributing to reducing the overall workload of the company. By utilizing RPA for various tasks, such as automatic notifications for loan repayment dates, operational efficiency was significantly increased. Competitions like the RPA Big League provide a valuable opportunity for employees to actively participate in and lead digital innovation, playing a crucial role in accelerating the company's digital transformation.

#### 'DT-Master' System for Internal Certification of Digital Specialists

NongHyup Bank operates the 'DT-Master' system to continuously cultivate digital talent and systematically manage its talent pool. The DT-Master system encompasses criteria like career experience, education, degrees, and certifications to manage qualifications for digital specialists. Employees certified as DT-Masters in various fields such as digital, data, and UI/UX are recognized as experts who combine both theory and practice, contributing to successful digital transformation (DT) initiatives. Certification and verification of DT-Master qualifications are conducted biannually, and as of the end of December 2024, the cumulative number of certified DT-Masters stands at 755.



Cumulative Number of DT Master Certifications

**755** persons

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Make the 'Green' Moment

# Environment

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# Make the 'Green' Moment

NongHyup Bank is continuously pursuing eco-friendly innovations for a sustainable future, seeking to identify new opportunities for business model innovation and value creation beyond merely responding to climate change. Guided by the 2050 carbon neutrality goal, the bank is implementing strategic actions that include managing climate risk, expanding green finance, and enhancing management systems, all aimed at fostering symbiosis between the economy and the environment. Through these efforts, the bank is leading the transition toward a sustainable society and realizing forward-thinking environmental management.



## Enhanced Climate Change Response Structure

NongHyup Bank is working towards 2050 carbon neutrality by establishing an ESG management system that monitors power usage and internal emissions for each business site. The bank actively reduces greenhouse gas emissions, including through the installation of solar power facilities. Additionally, by implementing a financed emission monitoring system and climate stress tests, NongHyup Bank manages risks associated with high-carbon industries while strengthening credit evaluations through ESG assessment guidelines.

	2024 Financed Emissions	<b>37.24</b> million tCO <sub>2</sub> eq
	2024 Internal Emissions	<b>91,650</b> tCO <sub>2</sub> eq
	2030 Goal for Internal Emissions	<b>54,173</b> tCO <sub>2</sub> eq

## Implementation of Eco-Friendly Management

NongHyup Bank is continuously striving to make a positive impact on the environment and society by participating in the NH-Recycling Day event, where a total of 2,993 kg of e-waste was donated, resulting in a reduction of 5,637 kg CO<sub>2</sub>eq in greenhouse gas emissions. The bank is also fostering a paperless work culture to minimize paper usage by implementing electronic office systems and digital signatures, thereby saving 77 million sheets annually. Through these efforts, NongHyup Bank is practicing environmental protection and sustainable management while enhancing operational efficiency, creating an environment that allows focus on high-value core business activities.

	Donation Amount of E-Waste	<b>2,993</b> kg
	Annual Paper Savings	<b>77</b> million sheets

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# Response to Climate Crisis

✔ **Key word**  
Financed Emissions Reduction  
Climate Change Scenario Analysis

✔ **Index**  
Financed Emissions: **37.24** million tCO<sub>2</sub>eq  
Korean Offset Credit(KOC): **1,419** tCO<sub>2</sub>eq Purchase

✔ **UN SDGs**

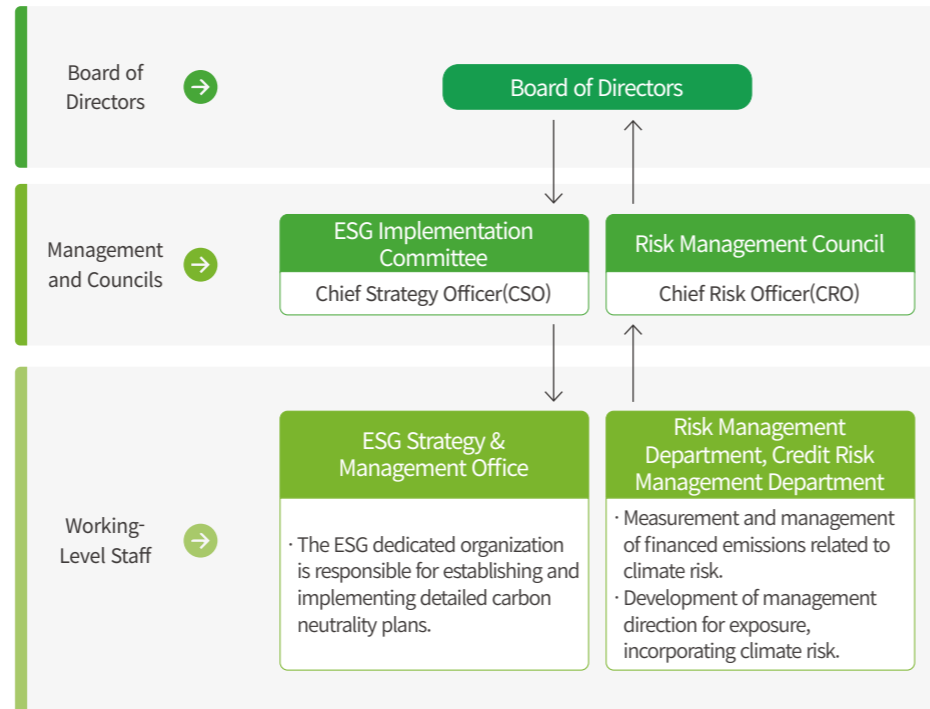


## Governance

To effectively address the intensifying climate change, NongHyup Bank established the ESG Strategy & Management Office in 2024 and operates the ESG Implementation Committee, an ESG-related council under its purview. Centered around the ESG Implementation Committee, the bank deliberates on ESG management policies and strategies, while sharing and managing relevant issues to proactively respond to climate change. In 2024, to comprehensively promote ESG management, the bank appointed the Public Relations Department Team Head and the IT Planning Department Team Head as new members of the committee. Additionally, in alignment with NHFG ESG performance evaluations, the bank conducts ESG evaluations of headquarters departments twice a year. It incorporates the results into performance rewards, systematically reviewing and managing the implementation of carbon neutrality strategies.

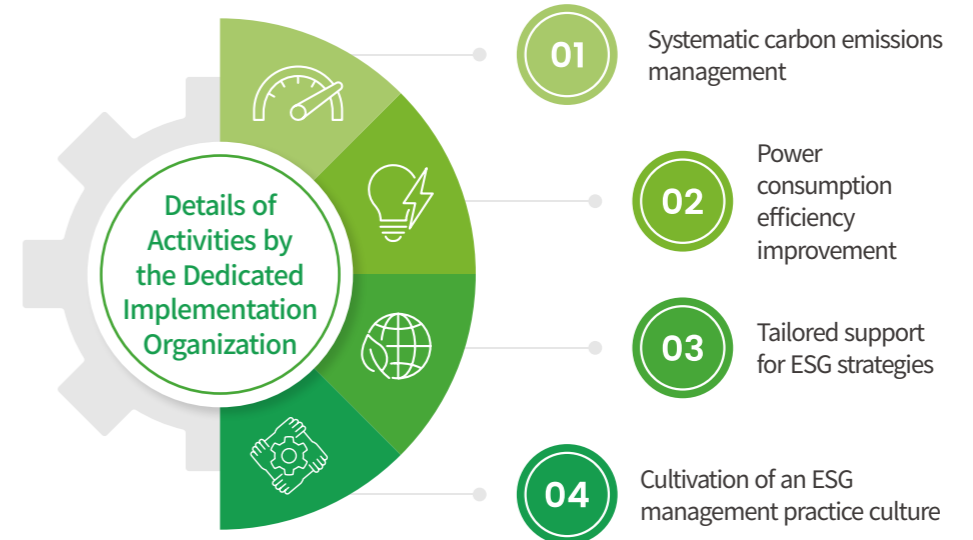
### Governance Structures and Roles

| Response to Climate Crisis Management Structures |



### Establishment of a Dedicated Organization for Reducing Carbon Emissions in the IT Sector

In January 2024, the Information Technology Group inaugurated the Carbon Emission Management Organization (IT Green Center Team) to systematically manage carbon emissions and provide tailored support for ESG strategies.



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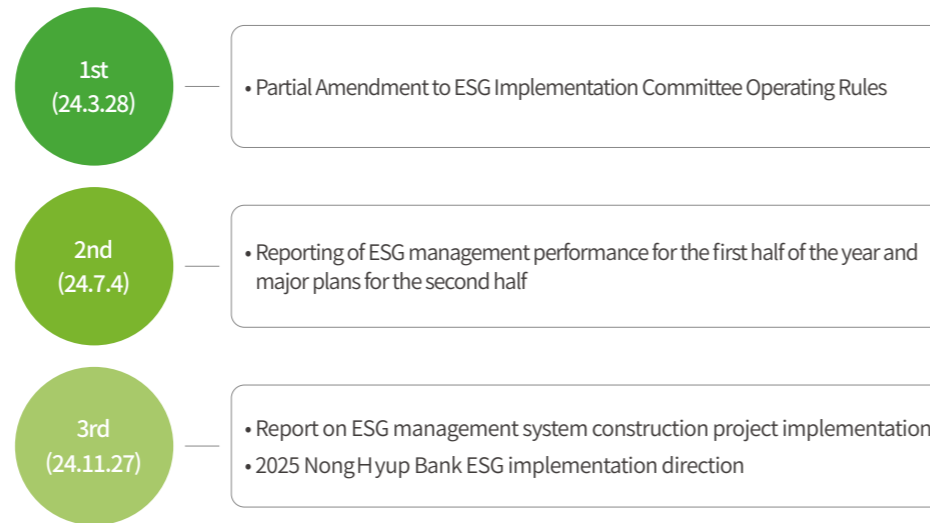
# Response to Climate Crisis

## Governance

### Climate-related Information Reporting Methods and Frequency

NongHyup Bank convenes the ESG Implementation Committee at least twice a year to discuss ESG strategies and plans, including responses to climate change, and these discussions are reported to the Board of Directors. This year, the ESG Implementation Committee was held three times, and key agenda items from both the ESG Implementation Committee and Risk Management Committee have been reported to the Board of Directors.

| **ESG Implementation Committee Agenda (Detailed information available on p.13)** |



| **Key Agenda Items Reported to the Board of Directors** |

Board Meeting Sessions	Date	Agenda
4th Board of Directors Meeting	2024.3.28	2024 NongHyup Bank ESG Implementation Plan Report
7th Board of Directors Meeting	2024.6.20	Mid-to-Long Term Climate Risk Management Strategy Report
13th Board of Directors Meeting	2024.12.19	2025 NongHyup Bank ESG Implementation Strategy Report

### Climate-related Evaluation and Compensation

NHFG includes climate-related items in the assessment of affiliates to achieve the carbon neutrality goal, linking these to the evaluation and compensation of affiliates' CEOs. From 2025, green loan management guidelines will be incorporated as new evaluation items, and points will be deducted for each case of non-compliance with the coal phase-out finance declaration, thereby strengthening the assessment system to enable a substantive evaluation of efforts addressing climate-related issues.

In conjunction with this, NongHyup Bank conducts ESG evaluations of headquarters departments twice a year, incorporating the results into performance rewards. This approach aims to broaden ESG management across departments and enhance the effectiveness of climate change response strategies.

**Affiliates' Carbon Neutrality-related Performance Evaluation Items**

- ✓ **Expansion of green finance investments:** Achievement of targets for expanding green finance investments
- ✓ **Activation of ESG strategic products:** Achievement rates of major ESG product targets
- ✓ **Management of carbon emissions and intensity:** Collaboration on carbon emissions measurement, reduction activities, and institutional reflection
- ✓ **Incorporation of green loan management guidelines:** Incorporation of green loan management guidelines and establishment of alignment review systems
- ✓ **Compliance with coal phase-out finance:** Adherence to coal phase-out finance declaration and implementation of post-management



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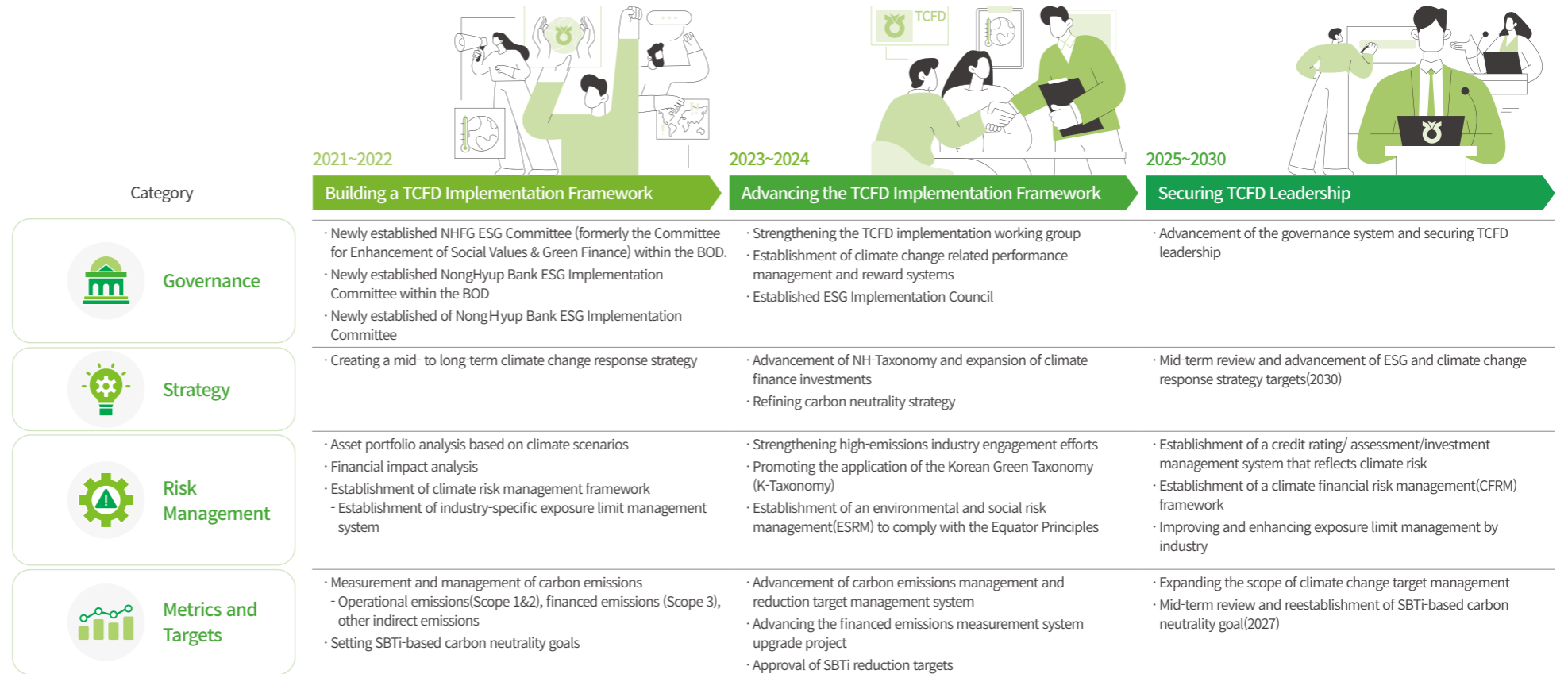
# Response to Climate Crisis

## Strategy

### Response to Climate Crisis Roadmap

#### NHFG and NongHyup Bank TCFD Implementation Roadmap

Climate change threatens human survival and the sustainable growth of enterprises. NHFG recognizes the climate crisis as both an immediate challenge and an opportunity for future growth, implementing the TCFD recommendations and transparently disclosing performance information to stakeholders. In October 2021, NHFG declared support for TCFD and established an action plan for implementing the TCFD recommendations, reporting progress to the ESG Committee (formerly the Committee for Enhancement of Social Values & Green Finance). Since 2021, it has been building and advancing the implementation system for climate change response, with plans to establish a more strengthened climate risk management system and targets by 2030. NongHyup Bank is also formulating and advancing strategies in alignment with this roadmap. The bank is committed to effectively managing risks associated with climate change and providing sustainable financial services.



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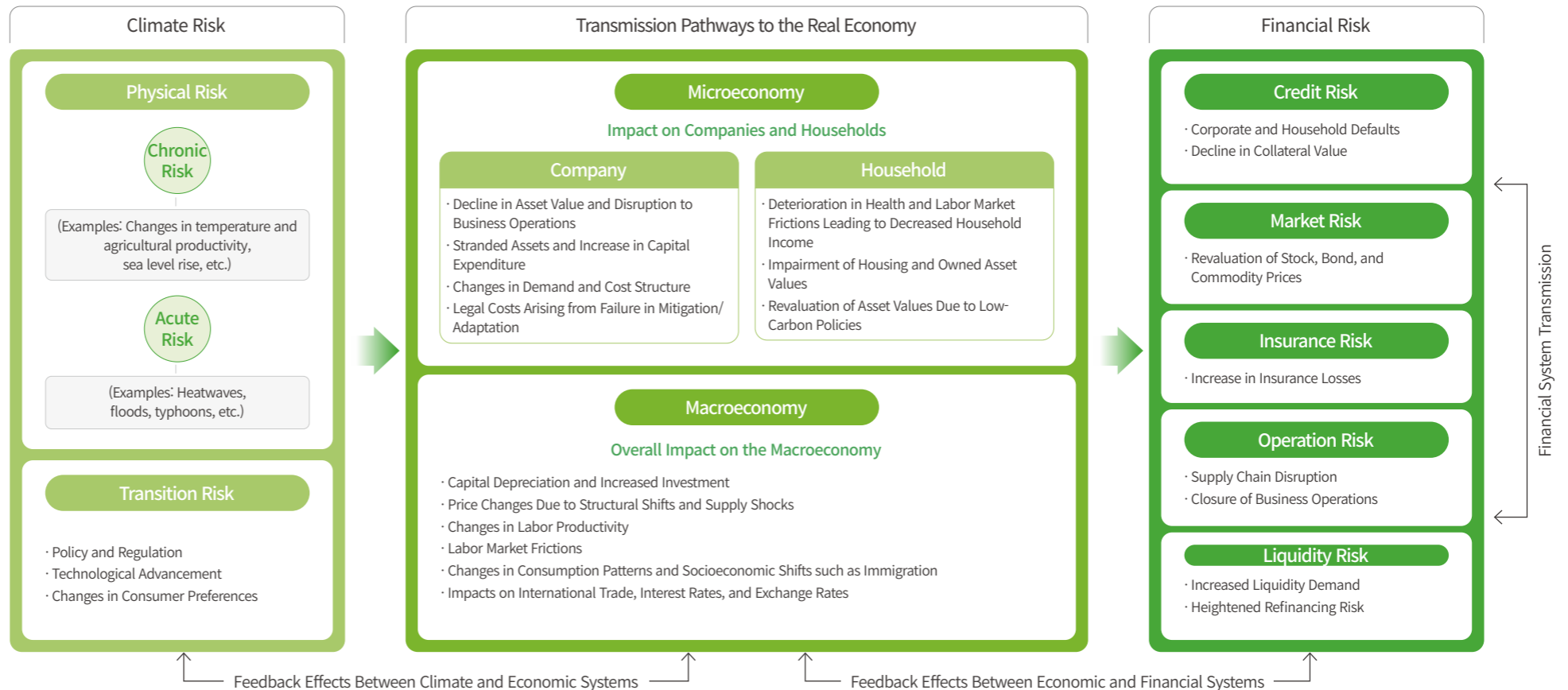
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# Response to Climate Crisis

## Strategy

Climate change encompasses various risk factors, posing particular threats to the stability of financial institutions due to their increased exposure to multiple risks. However, strategic responses to the climate crisis could transform climate change risks into opportunities for new growth. Many companies are already transitioning towards eco-friendly business models, creating new markets and opportunities for financial institutions. NongHyup Bank has identified both the risks and opportunities related to climate change, assessing their current and projected financial impacts on the bank. The bank analyzes these impacts by setting short-term, medium-term, and long-term periods.

### Climate Risk Transmission Pathways and Classification by the Network for Greening the Financial Systems(NGFS)<sup>1)</sup>



1) NGFS (Network for Greening the Financial System): A global forum for green finance, comprising central banks and supervisory authorities dedicated to advancing green finance initiatives

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## Strategy

### Identification of Climate Risks

NongHyup Bank recognizes the potential transmission of transition and physical risks caused by climate change into financial risks, and it systematically manages these by assessing their financial impacts. The bank identifies transition risks arising in its journey toward achieving carbon neutrality, as well as physical risks such as impairment of collateral value due to climate change. It reviews the financial impact of each risk across different time horizons—short-term, medium-term, and long-term.

[Financial Impact] ●: Moderate, ●: Slightly Important, ●: Very Important / [Impact Period] Short-term: 0-1 year, Medium-term: 1-5 years, Long-term: Over 5 years

Risk Category	Physical Risk	Transition Risk	Current and Expected Financial Impact	Actions	Impact Period		
					Short Term	Medium Term	Long Term
Credit Risk	<ul style="list-style-type: none"> <li>Decline in collateral asset value due to flooding, fires, etc., caused by extreme weather conditions</li> </ul>	<ul style="list-style-type: none"> <li>Increase in default rate (PD) and loss given default (LGD) due to deterioration of repayment ability of high-carbon companies</li> </ul>	<ul style="list-style-type: none"> <li>Deterioration of corporate trust and increased costs due to environmental litigation and fines</li> <li>Increased burden on borrowers to meet the high environmental and social risk standards set by financial holding companies</li> <li>Value fluctuations due to asset revaluation</li> <li>Decline in collateral value due to impairment of tangible assets</li> </ul>	<ul style="list-style-type: none"> <li>Adjustment of portfolio asset allocations due to financial transition</li> <li>Strengthened monitoring of high-carbon industries</li> <li>Strengthening climate risk management systems and supporting low-carbon industries</li> </ul>	●	●	●
Market Risk	<ul style="list-style-type: none"> <li>Decline in government bond prices due to deterioration of the national economic foundation caused by frequent extreme weather events</li> </ul>	<ul style="list-style-type: none"> <li>Sharp decline in the value of stocks and bonds issued by fossil fuel-producing companies</li> </ul>	<ul style="list-style-type: none"> <li>Costs incurred for preliminary efforts, such as conducting customer interest surveys to identify needs related to eco-friendly trends</li> <li>Additional waste generated if customer interest in eco-friendly financial products like low-carbon cards declines</li> <li>Decrease in demand for products and services</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of credit and investment related to climate response</li> <li>Promotion of transition finance, including support for enterprises' introduction of carbon reduction facilities and energy efficiency improvements</li> </ul>	●		
Operational Risk	<ul style="list-style-type: none"> <li>Impact on business continuity due to suspension of operations at headquarters and branches caused by extreme climate events</li> </ul>	<ul style="list-style-type: none"> <li>Reputation of the financial company among customers and other stakeholders regarding climate change response</li> </ul>	<ul style="list-style-type: none"> <li>Increase in operating costs due to greenhouse gas emission rights prices and regulations affecting high-carbon emission industries</li> <li>Asset impairment, depreciation, and early disposal of existing assets due to policy changes</li> <li>Increased operational risk resulting from the workforce being negatively impacted</li> <li>Costs for expanding eco-friendly equipment, such as electric vehicle charging stations and solar power facilities, along with increased operating costs due to higher energy usage at business locations</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of renewable energy use through participation in K-RE100</li> <li>Updating disaster data, such as floods and typhoons, and monitoring related portfolios</li> <li>Regular physical risk assessment applying new climate scenarios</li> </ul>	●	●	
Reputational Risk	<ul style="list-style-type: none"> <li>Withdrawal of deposits and decline in financial company stock prices due to reputational damage to the bank following shifts in market or consumer sentiment</li> </ul>		<ul style="list-style-type: none"> <li>Increased costs for low-carbon transition</li> <li>Increase in negative reputation among customers and investors due to inadequate response to the climate crisis</li> <li>Reduced capital availability</li> <li>Corporate image decline in case of greenwashing issues arising</li> </ul>	<ul style="list-style-type: none"> <li>Adjustment of portfolios for industries and enterprises with no carbon neutrality response, including industry-specific interest rate and limit adjustments considering carbon emissions, and incorporation of ESG factor evaluation items</li> </ul>	●	●	●

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### Identification of Climate Opportunities

The paradigm shift in industry due to climate change and climate response represent challenges the bank must face and risks the bank must actively address, as well as new opportunities that enable entry into new business areas. NongHyup Bank identifies these opportunities to discover new business possibilities and pursues various new ventures in the carbon market, aligning with government policies and institutional frameworks. Climate-related opportunities were analyzed based on TCFD recommendations, categorized into resource efficiency, energy sources, products and services, markets, and resilience. Short-term impacts from these opportunities are expected to include entry into new markets through the expansion of eco-friendly products and services, as well as a reduction in operating costs. Medium- to long-term impacts are expected to generate increased revenue through the adoption of new technologies and expanded participation in carbon markets.

[Financial Impact] ●: Moderate, ●: Slightly Important, ●: Very Important / [Impact Period] Short-term: 0-1 year, Medium-term: 1-5 years, Long-term: Over 5 years

Opportunity Category	Climate Change-Related Opportunities	Current and Expected Financial Impact	Actions	Impact Period		
				Short Term	Medium Term	Long Term
Resource Efficiency	<ul style="list-style-type: none"> <li>Reduction of energy consumption and expansion of recycling</li> <li>Expansion of renewable energy use and eco-friendly buildings</li> </ul>	<ul style="list-style-type: none"> <li>Reduced operating costs through energy efficiency</li> <li>Increased the value of tangible assets such as eco-friendly buildings</li> <li>Realized a circular economy through waste management and expansion of recycling</li> <li>Increased demand for funds from corporate customers due to the need for energy efficiency and resource circulation systems</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of resource consumption through promoting a paperless culture</li> <li>Promoting energy efficiency through LED lighting replacement and electricity usage monitoring across affiliates</li> </ul>	●	●	●
Energy Sources	<ul style="list-style-type: none"> <li>Use of eco-friendly sources of energy (low-carbon and new renewable)</li> <li>Use of new technologies and participation in carbon market</li> </ul>	<ul style="list-style-type: none"> <li>Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon</li> <li>Increased revenue through investment in low-carbon technologies and entering carbon market</li> <li>Expansion of investment in projects related to renewable energy</li> <li>Reduced carbon emissions through the expansion of renewable energy and transition to electric vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of renewable energy use such as affiliates' participation in K-RE100</li> <li>Pilot project for introducing the K-ETS (Korea Emission Trading System) entrusted trading system expanded investments and collaborations</li> <li>Transition of corporate vehicles to zero-emission vehicles</li> </ul>	●	●	●
Products and Services	<ul style="list-style-type: none"> <li>Expansion of eco-friendly goods and services</li> <li>Diversification of business model and shift in consumer preferences</li> </ul>	<ul style="list-style-type: none"> <li>Increased revenue through introducing low-carbon products and services</li> <li>Risk hedge through adopting new solutions on climate risk</li> <li>Strengthening competitiveness through new eco-friendly business models</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of eco-friendly products and services including products that encourage corporate carbon reduction target setting and implementation</li> <li>Strengthening loans and investments in renewable energy and related sectors</li> <li>Strengthening loans and investments in companies with green technologies</li> </ul>		●	●
Market	<ul style="list-style-type: none"> <li>Access to new markets</li> <li>Use of public-sector incentives</li> </ul>	<ul style="list-style-type: none"> <li>Increased revenue through access to new and emerging markets</li> <li>Increased diversification of business portfolio</li> <li>Reduced indirect operating costs by utilizing public sector eco-friendly transition incentives</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of funding support and investments in eco-friendly sectors such as climate technology, renewable energy, and circular economy</li> <li>Support for activation of external projects for agricultural sector emission trading</li> </ul>		●	●
Resilience	<ul style="list-style-type: none"> <li>Expansion of renewable energy and energy efficiency</li> <li>Resource diversification</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced corporate reliability through strengthening the resilience of the asset portfolio</li> <li>Increased inflow of investment funds due to the rise in corporate reputation</li> <li>Enhanced corporate image and secured sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Adjusting industry-specific interest rates and limits based on carbon emissions</li> <li>Incorporating ESG factors into credit assessment and asset management evaluation criteria</li> <li>Applying financial penalties to enterprises and individuals inactive in carbon reduction activities</li> </ul>		●	●

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### Climate Change Scenario Analysis

#### Introduction to Climate Scenario Analysis

Climate risks manifest in various ways and often follow patterns different from those observed in the past. Given these characteristics of climate risk, it is essential to conduct scenario-based risk analysis that assumes future conditions and incorporates a range of variables. NongHyup Bank analyzes potential factors and outcomes related to climate change to strengthen resilience against associated risks. In this process, the bank considers transition risks associated with the implementation of climate policies as well as physical risks arising from climate change, assessing the financial impacts of climate risk on assets.

**Transition Risk**

Potential financial losses may occur during the rapid transition of a country to a low-carbon society.

**Physical Risk**

Risks arise when physical damages in the real sector, caused by extreme weather conditions, affect the financial sector through insurance, loans, and other financial transactions.

#### NGFS Climate Change Scenarios

The NGFS (Network for Greening the Financial System) is an international consortium established for central banks and supervisory authorities to respond to climate change. In 2020, it first developed climate scenarios for assessing climate risks in various countries. Since then, NGFS has continuously improved evaluation models and response pathways, releasing the 4th climate change scenario in November 2023. The 4th NGFS climate crisis scenarios are divided into seven types, with newly added scenarios including Low Demand and Fragmented World.

#### | NGFS Climate Change Scenarios Applied by NH Nonghyup Bank |

Scenario	Definition	Temp. Increase <sup>1)</sup>
Net Zero 2050	Achieving carbon neutrality by 2050, limiting average temperature increase to below 1.5°C compared to 1900	1.4°C
Below 2.0°C	Reducing greenhouse gas emissions by 80% by 2050, limiting average temperature increase to below 2.0°C compared to 1900	1.7°C
Delayed Transition	No greenhouse gas reduction until 2030, followed by reductions targeting a 2.0°C goal after 2030	1.7°C
Current Policies	No greenhouse gas reduction, leading to intensified global warming	2.9°C

1) Global average temperature increase compared to the pre-industrial period (1850–1900)

#### IPCC<sup>1)</sup>Climate Change Scenarios

The Intergovernmental Panel on Climate Change(IPCC) is an intergovernmental body established to assess global risks associated with climate change and to facilitate international strategies. It publishes assessment reports on climate change scenarios based on greenhouse gas concentrations to support climate policy formation. The IPCC's Sixth Assessment Report, released in 2021, includes the Shared Socioeconomic Pathways(SSP)<sup>2)</sup> scenarios, which consider social and economic factors related to climate change, such as population size and energy usage.

#### | IPCC 6th SSP Scenarios Applied by NH Nonghyup Bank |

SSP1-2.6	<ul style="list-style-type: none"> <li>Development of renewable energy technologies and minimized use of fossil fuels, leading to environmentally sustainable economic growth</li> <li>Estimated rise in global average surface temperature by the end of the 21st century: between 1.3 and 2.4°C</li> </ul>
SSP2-4.5	<ul style="list-style-type: none"> <li>Moderate level of climate change mitigation and socioeconomic development</li> <li>Estimated rise in global average surface temperature by the end of the 21st century: between 2.1 and 3.5°C</li> </ul>
SSP3-7.0	<ul style="list-style-type: none"> <li>Passive approach to climate change mitigation policies resulting in delayed technological development and increased vulnerability to climate change</li> <li>Estimated rise in global average surface temperature by the end of the 21st century: between 2.8 and 4.6°C</li> </ul>
SSP5-8.5	<ul style="list-style-type: none"> <li>High fossil fuel use due to industrial technology development, leading to unchecked urban-focused development</li> <li>Estimated rise in global average surface temperature by the end of the 21st century: between 3.3 and 5.7°C</li> </ul>

1) IPCC(Intergovernmental Panel on Climate Change): An intergovernmental body focused on assessing climate change  
 2) SSP(Shared Socioeconomic Pathways): Pathways that account for changes in population, economy, energy use, etc., in future socioeconomic systems based on the strength of radiative forcing and levels of future climate change preparedness by the year 2100. Divided into five scenarios according to climate change mitigation and adaptation efforts (SSP1-2.6, SSP2-4.5, SSP3-7.0, SSP5-8.5)

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### Climate Change Scenario Analysis Methodology

Climate change scenario analysis involves risks that manifest over a long-term period due to climate change, leading to a time gap between the maturity of financial institution assets and the point of analysis. Moreover, the complexity of risk analysis increases because past patterns are unlikely to repeat due to changes in domestic and international climate policies and corporate responses. The channels and impacts of climate risks interact in complex ways across industries, economies, and markets, making scenario analysis essential for envisaging future situations. Various variables are set in climate change scenario analysis, and the propagation paths and impact levels of risks for each scenario are systematically derived. Using the end of December 2024 as a reference point, results were calculated for the years 2030, 2050, 2080, and 2100, with an analysis of the fluctuations in Credit Risk-Weighted Assets (RWA) and allowance for doubtful accounts (expected losses) in terms of credit risk.

Transition risks, which can result in financial losses during the adjustment process towards a sustainable economy due to changes in climate policies, technological advancements, and shifts in consumer and investor sentiments, were analyzed. Additionally, physical risks, encompassing economic costs and financial losses due to increased frequency of extreme weather events such as hurricanes, floods, or heatwaves, as well as long-term changes in climate patterns, were also examined.

#### | Climate Change Scenario Analysis Framework |



1) GCAM(Global Change Analysis Model): An integrated analysis model covering climate change, timing, economy, land use, and water resources

2) MAGICC(Model for the Assessment of Greenhouse Gas Induced Climate Change): A model for assessing the impact of climate change caused by greenhouse gases

3) CLIMADA(Climate Adaptation): Analysis of economic losses and response measures due to climate change for companies, financial institutions, and governments

4) Credit RWA (Risk-Weighted Assets): The asset value calculated by applying weights to assets exposed to credit risk among financial institutions

5) BIS Ratio(Bank for International Settlements Ratio): The ratio of capital to risk-weighted assets, used as an indicator of the appropriate level of capital held against risky assets

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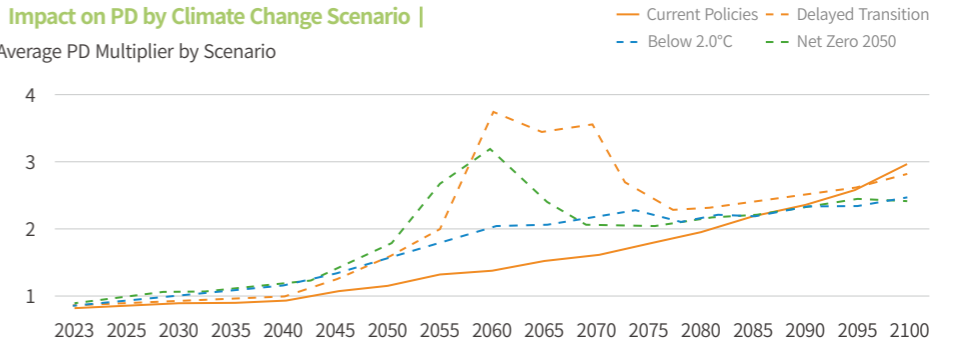
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### Changes in PD and LGD Rates by Climate Change Scenario

According to climate change analysis, in the Current Policies scenario, various economic and climate variables are expected to continue rising until 2100. This will affect GDP, carbon emission allowances, oil and power prices, value added by industry, and result in a gradual increase in the Probability of Default (PD) multiplier, reaching its highest levels. Conversely, in scenarios where climate regulatory measures are implemented, these variables are expected to rise until 2050 and then stabilize downward. Notably, in the Current Policies scenario, climate change is projected to lead to increased precipitation and significant rises in flood and typhoon damages after 2050. This could result in economic losses and social instability. Therefore, proactive responses to climate change are necessary, and stable economic growth should be pursued through climate regulation.

### | Impact on PD by Climate Change Scenario |

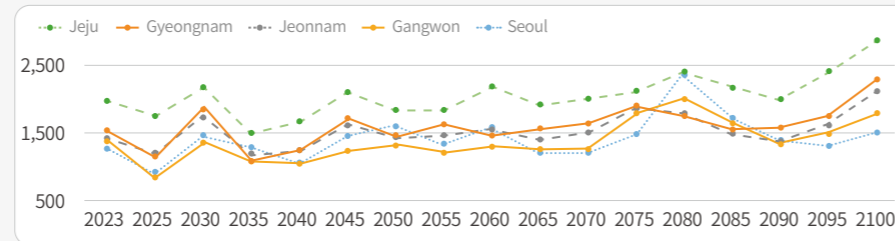
Average PD Multiplier by Scenario



### | Impact on LGD by Climate Change Scenario |

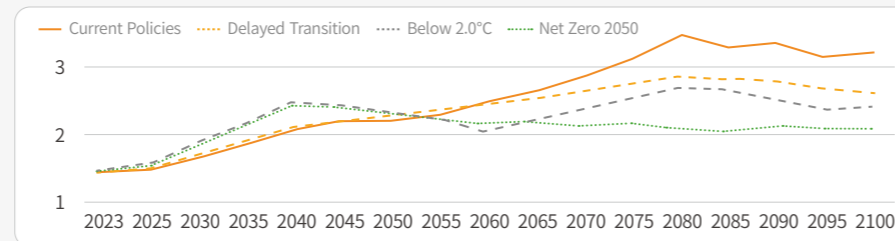
#### | Precipitation by Major Region |

(Unit: mm)

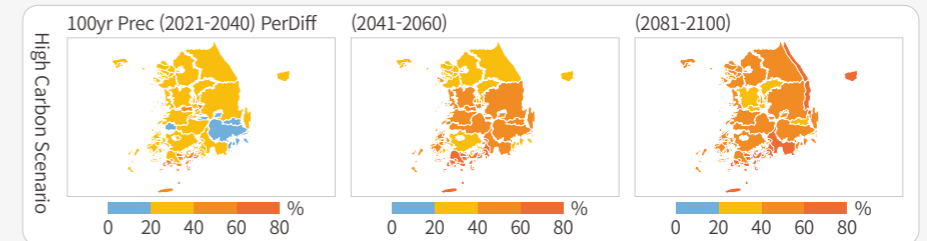


#### | Flood Damage Cost by Scenario |

(Unit: KRW trillion)

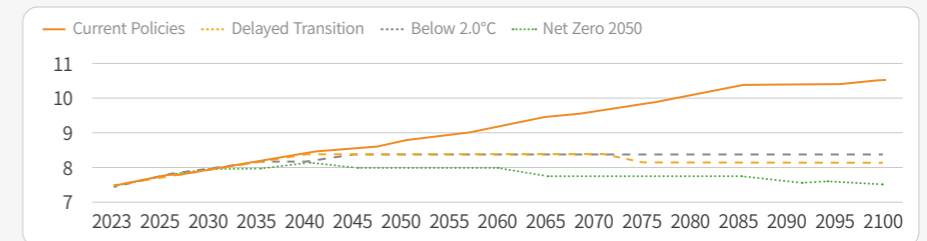


### | Difference in 100-year Extreme Precipitation Compared to Present |



### | Typhoon Damage Cost by Scenario |

(Unit: KRW trillion)



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### Climate Risk Analysis Results

Based on the NGFS 4th standard scenarios, NongHyup Bank analyzed four distinct and significant climate change scenarios within the 「Joint Climate Change Scenario for the Financial Sector」 : Net Zero 2050, Below 2.0°C, Delayed Transition, and Current Policies.

By utilizing variables such as GDP growth rate, market interest rates, carbon prices, and energy mix from the NGFS climate scenarios, the bank assessed the impacts on credit risk-weighted assets (RWA) and expected losses according to macroeconomic and carbon policy scenarios, analyzing total capital ratios up to 2100.

The Current Policies scenario, which assumes no additional climate change response, shows minimal impact on financial institutions in the short and medium term but significantly increases physical risks by 2100, considerably affecting financial institutions. Other scenarios indicate that transition risks would rise sharply around 2050 due to the shift towards a low-carbon society, with more moderate impacts extending to 2100. Therefore, achieving carbon neutrality by 2050 and transitioning to a low-carbon economy is essential for sustainable management.

#### | Climate Risk Analysis Results |



1) To ensure continuous capital enhancement and financial soundness for banks and holding companies, the minimum regulatory level for the BIS ratio, including countercyclical buffer capital, was raised to 12.5% starting in May 2024. Additionally, starting from December 2024, a certain level of stress buffer capital will be imposed

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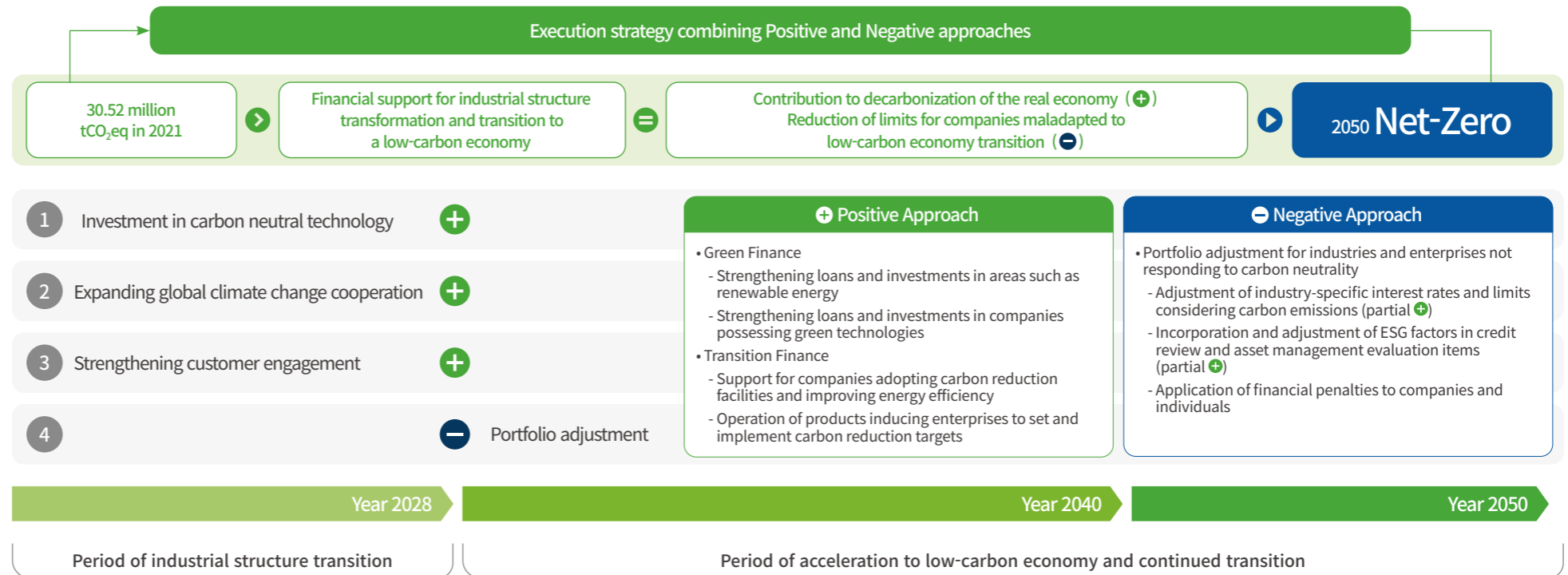
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### Carbon Neutrality Strategy

NongHyup Bank has established a carbon-neutral strategy to respond to climate change and create a sustainable future, with a medium- to long-term goal of achieving net-zero emissions by 2050. The bank is measuring greenhouse gas emissions based on Scope 1, 2, and 3 criteria. NHFG has obtained approval from the Science-Based Targets Initiative (SBTi) for its internal greenhouse gas emissions reduction goals (Scope 1 and 2) and those for Financed Emissions. To achieve carbon neutrality, NongHyup Bank is implementing both 'Positive' and 'Negative' strategies, which are aligned with national carbon neutrality and green growth policies. The 'Positive' strategy focuses on expanding loans and investments related to climate change response, strengthening eco-friendly finance for global climate project cooperation, and promoting transition finance to support companies in adopting carbon reduction facilities and improving energy efficiency. The 'Negative' strategy involves adjusting exposure limits to high-carbon industries and firms, and modifying interest rates and limits based on carbon emissions as part of a long-term strategy. For this, ESG factors are integrated into the loan review process, and products that encourage companies to set and implement carbon reduction targets are launched, with preferential treatment for businesses that practice ESG. Additionally, in fulfilling its primary mission, NongHyup Bank continues to discover companies with low-carbon agricultural technologies and supports the introduction of carbon reduction facilities to farms. NongHyup Bank plans to proactively address the climate crisis by investing in renewable energy sectors and providing financial support to low-carbon and carbon reduction companies and industries.



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### Carbon Neutrality Strategy Implementation Activities

#### Establishment of ESG Management System and Financed Emissions Measurement Framework

NongHyup Bank has established an ESG management system, providing a foundation for monitoring key indicators related to internal carbon emissions and green finance activities, with an expandable system capable of monitoring additional indirect emissions(Scope 3) in the future. The bank also supports a company-wide ESG participation culture by systematically providing various statistics and disclosing compliance statuses of key eco-friendly campaigns such as RE100 and EV100. Moreover, by utilizing the financed emissions measurement system, NongHyup Bank has established a monitoring framework for financed emissions and financial intensity, which includes managing exposure and limits by industry. This enhances the bank's ability to respond to risks. Looking ahead, NongHyup Bank plans to continue pursuing various ESG response strategies aimed at creating a sustainable financial ecosystem, and it will continuously improve system efficiency through regular reviews and enhancements.

#### Management of Limit Management carbon emissions

Automated APIs to minimize manual input, added management features for Scope 3

#### Centralized ESG-related data for one-stop access

ESG finance performance, external evaluations, RE100/EV100 progress, campaigns, etc

#### Generation of statistical data compliant with disclosure standards

Generation of statistical data according to international guidelines like GRI, and various visualization dashboards



#### Portfolio Adjustment by Industry and Company

NongHyup Bank incorporates ESG impact into the limit setting for each industry. If an industry is classified as positive, the bank allocates additional capacity. Conversely, for industries classified as negative in terms of ESG impact, existing limits are reduced. In the future, the bank plans to enhance measures for reducing carbon emissions and refine its management system by strengthening the relationship between each industry's efforts to reduce carbon emissions and their carbon reduction targets.

#### | Financed Emissions-Based Exposure Management Direction |

	Short-term By Industry	Mid- to Long-term By Individual Borrower
Overview	· Monitor and manage total GHG emissions at the industry level	· Monitor GHG emissions and manage reduction targets at the borrower level
Main Targets	· High-Exposure Industries Without Carbon Emission Disclosure · High-Exposure Industries Applying PCAF Emission Factors	· Borrowers Disclosing Carbon Emissions · Borrowers Establishing Reduction Targets
Management Direction	· Strengthen climate risk management at the borrower level by encouraging voluntary reduction target setting and carbon emission disclosure by borrowers  · Gradual Transition of Industry Portfolio · Encourage Borrowers to Set Carbon Reduction Targets	· Monitor whether borrower reduction targets meet NongHyup Bank's reduction pathway · Expand financing for borrowers meeting reduction pathways
	→ <b>Target Reduction</b> ←	← <b>Target Expansion</b> →
Limit Management	· Manage industry limits focusing on high carbon emission industries and industries related to SBTi <sup>1)</sup> reduction targets	· Reflect individual borrower limits (TE) as the number of carbon emission disclosure companies expands

1) SBTi (Science Based Targets initiative): Science-based target initiative for emission reductions

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### Carbon Neutrality Strategy Implementation Activities

#### 2040 NH-RE100 Roadmap Implementation

NongHyup Bank, after becoming the first financial institution to join K-RE100 in 2021, has established and is implementing the NH-RE100 Roadmap to achieve carbon neutrality by 2040. In 2024, approximately 21% of electric energy was converted to renewable energy through measures such as purchasing Green Premiums and RECs and installing self-consumption solar power facilities. The renewable energy transition target is increased by 5% annually and is being achieved accordingly. Additionally, efforts to reduce GHG emissions include installing elevator regenerative braking devices and converting business vehicles to zero-emission vehicles.

#### | NH Nonghyup Bank Annual Renewable Energy Conversion Plan |

Category	2021	2022	2023	2024	2025	...	2030	...	2040
Conversion Rate (%)	5	10	15	20	25	...	50	...	100

#### Expanding Solar Power Installation

NongHyup Bank is leading the way in eco-friendly management and achieving carbon neutrality by continuously expanding the installation of solar power systems, particularly in branches with ample sunlight and large rooftop areas. The bank also actively encourages the installation of solar facilities in new branch buildings to continuously increase the use of renewable energy. In 2024, installations will be completed at the branches in Uijeongbu-si and Boseong-gun, bringing the total to 9 branches operating these facilities. The projected annual power generation from these solar installations in 2024 is expected to reach 509 MWh, contributing to NongHyup Bank's renewable energy self-sufficiency. The bank plans to continue expanding solar power installations to further contribute to the spread of renewable energy, promote the transition to eco-friendly energy, and reduce carbon emissions.

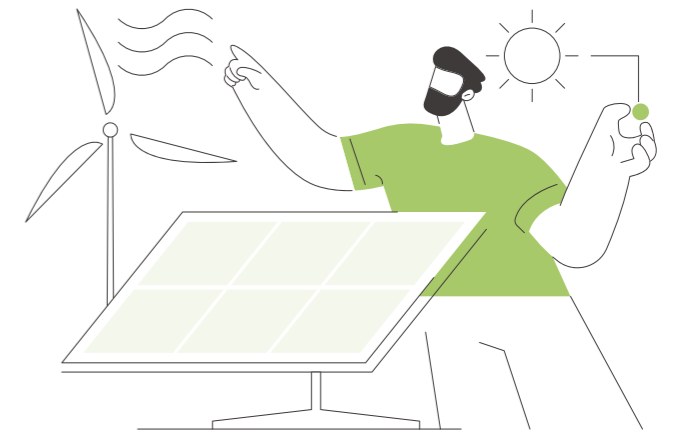


#### Installation of Regenerative Braking Systems in Elevators

As part of its plan to achieve carbon neutrality by 2040, NongHyup Bank has implemented the installation of regenerative braking systems in elevators. This eco-friendly technology converts the energy generated from the weight difference between the elevator and its counterweight into electricity, contributing to energy savings and carbon emission reductions. By recovering and reusing energy that would otherwise be wasted, the bank aims to reduce electricity consumption and achieve a decrease in carbon emissions. In 2024, a total of 16 regenerative braking systems were newly installed in six branches, with plans for additional installations every year. NongHyup Bank continues to explore and implement various measures for meaningful carbon emission reduction and is committed to expanding eco-friendly initiatives to achieve its carbon neutrality goals.

#### Reducing Power Consumption through Integrated Security Tab Equipment

Tab equipment assists in monitoring sent and received traffic on the network without affecting data flow. NongHyup Bank has increased operational efficiency by integrating 17 existing Tab devices into 2 units, expecting to reduce annual power consumption by approximately 8,804 kWh. Going forward, the bank plans to continue efforts to reduce power consumption by considering energy usage when adopting new information security solutions and equipment.



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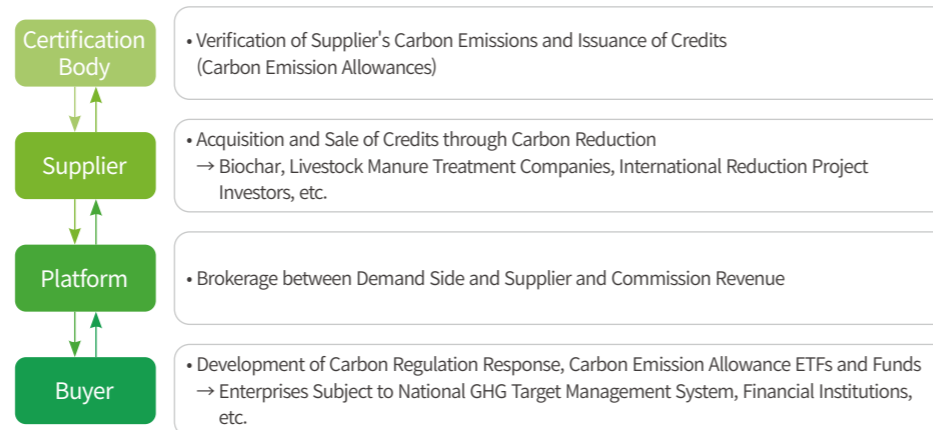
### Carbon Neutrality Strategy Implementation Activities

#### Response Direction Related to Carbon Emission Allowance and Government Systems

NongHyup Bank is aligning with government carbon emission allowance trading systems and voluntary markets for a sustainable future. Leading support for allowance trading and related financial product development, it also contributes to agricultural sector allowance trading and market formation. Through these efforts, it strives to achieve carbon neutrality goals and build a sustainable financial ecosystem.

Government Systems	NHFG Response Direction	
<p><b>Regulated Market</b></p> <p><b>KRX (Korea Exchange)</b></p> <ul style="list-style-type: none"> <li>• Carbon Emission Allowance External Project</li> <li>• Carbon Emission Allowance Trading System</li> </ul>	<ul style="list-style-type: none"> <li>• Support for Acquisition and Trading of Allowances Related to Korea Agricultural Technology Promotion Agency's 'Agricultural Sector Emission Trading External Project'</li> </ul>	<ul style="list-style-type: none"> <li>• Market Formation and Execution of Consignment Trading Business - Brokerage of Allowances for Allocated Entities, Development of Financial Products</li> </ul>
<p><b>Voluntary Market</b></p> <p><b>Platform</b></p> <ul style="list-style-type: none"> <li>• Credit Trading Market for Private Entities without Carbon Reduction Obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Voluntary Carbon Finance Ecosystem Development (Investment and Business Collaboration)</li> </ul>	

#### | Voluntary Carbon Market Structure |



#### Compliance with Greenhouse Gas Target Management and Emission Rights Management for Sustainable Strategy

As a management entity under the Greenhouse Gas Target Management System, NongHyup Bank proactively responds to government climate policies and institutional changes, strategically managing opportunities related to carbon emission reduction. The bank recognizes the expansion of emissions trading systems and related markets as key objectives of its ESG strategy, systematically managing associated risks through KOC trading and acquisition. By continuously monitoring policy changes and preparing for increased participation in the emissions market, NongHyup Bank aims to transform climate risks into opportunities, strengthening its role as a sustainable financial institution contributing to a transition to a carbon-neutral society.

**CASE**

#### Supporting External Emissions Trading Projects in Agriculture for Mutual Growth with Farmers

Following a partnership with the Korea Agricultural Technology Promotion Agency in 2023, NongHyup Bank has been purchasing Korean Offset Credits (KOC) annually as part of a mutually beneficial greenhouse gas reduction initiative. The bank actively promotes the excellence of low-carbon agricultural technologies by providing informational brochures about external emissions trading projects in agriculture at all branch offices. Additionally, the bank leads efforts to activate the relevant market by using carbon credits to offset greenhouse gas emissions in line with the government's Greenhouse Gas Target Management System.

#### | Initiatives for Purchasing Certified Results from External Projects in the Agricultural Sector (KOC) |

<b>NongHyup Bank</b>	<ul style="list-style-type: none"> <li>• Expanding the distribution of information about external projects in the agricultural sector to branch offices</li> <li>• Korean Offset Credit (KOC) 1,419 tCO<sub>2</sub> eq purchase</li> </ul>
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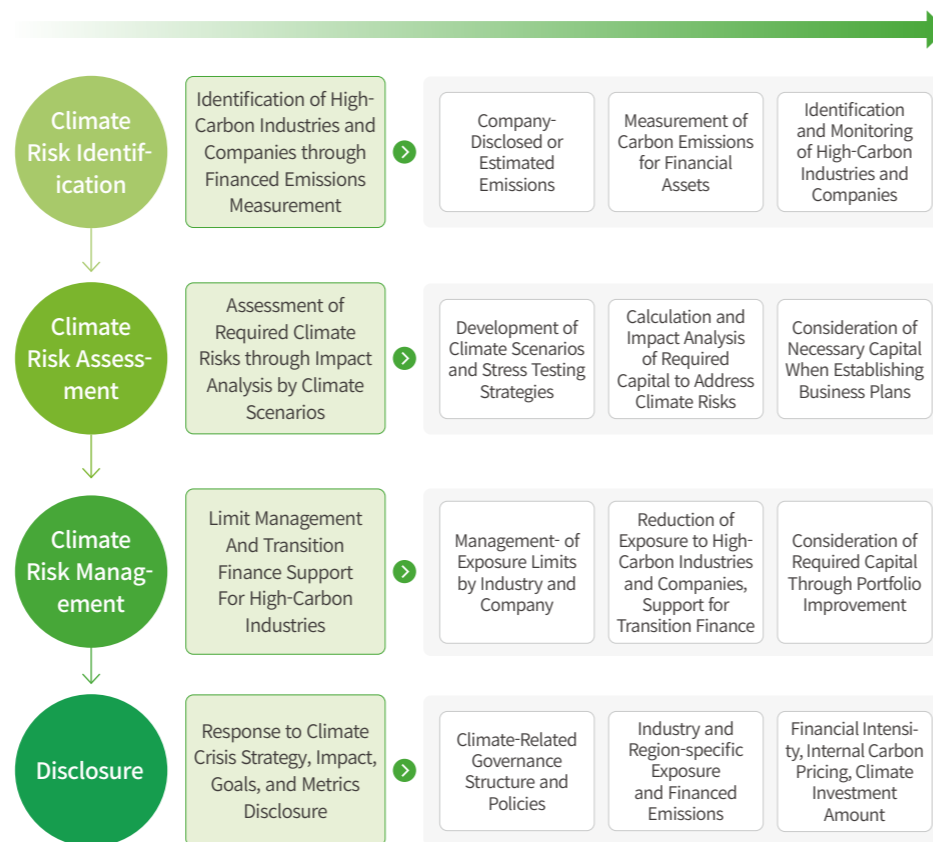
# Response to Climate Crisis

## Risk and Opportunity Management

### Climate Risk and Opportunity Management System

NongHyup Bank has established a climate risk and opportunity management framework to identify, assess, monitor, and manage climate risks and opportunities in response to climate change. Through climate change scenario analysis, the bank evaluates financial impacts and reviews resilience measures. Additionally, by measuring Financed Emissions, it identifies areas of climate change risk management and maintains continuous oversight. The bank also recognizes the socio-economic changes brought by climate change as future business opportunities and pursues sustainable growth through proactive climate change adaptation and mitigation efforts.

#### | Climate Risk Management Process |



#### | Climate Risk Management R & R |

Category	ESG Strategy & Management Office (ESG Overall)	Credit Risk Management Department (Overall Climate Risk Management)
Risk Identification	<ul style="list-style-type: none"> <li>Identification of Climate-Related Opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Identification of Climate-Related Risks</li> </ul>
Risk Assessment	<ul style="list-style-type: none"> <li>Establishment of Execution Strategies for Identified Opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Financed Emissions Measurement and Scenario Analysis</li> <li>Measurement of Internal Capital and Regulatory Capital (Upon Regulatory Introduction)</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>Setting and Monitoring Reduction Targets</li> <li>Strategy Development and Management for Achieving Reduction Targets</li> </ul>	<ul style="list-style-type: none"> <li>Measurement and Monitoring of Financed Emissions Carbon Intensity</li> <li>Selection and Management of High-Carbon Industries</li> <li>Setting and Management of Exposure Limits by Industry</li> </ul>
Disclosure, etc.	<ul style="list-style-type: none"> <li>Disclosure of ESG Management Report (Sustainability Report), TCFD Report, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Support for ESG Disclosure Tasks, Preparation of Climate Disclosure Materials</li> </ul>

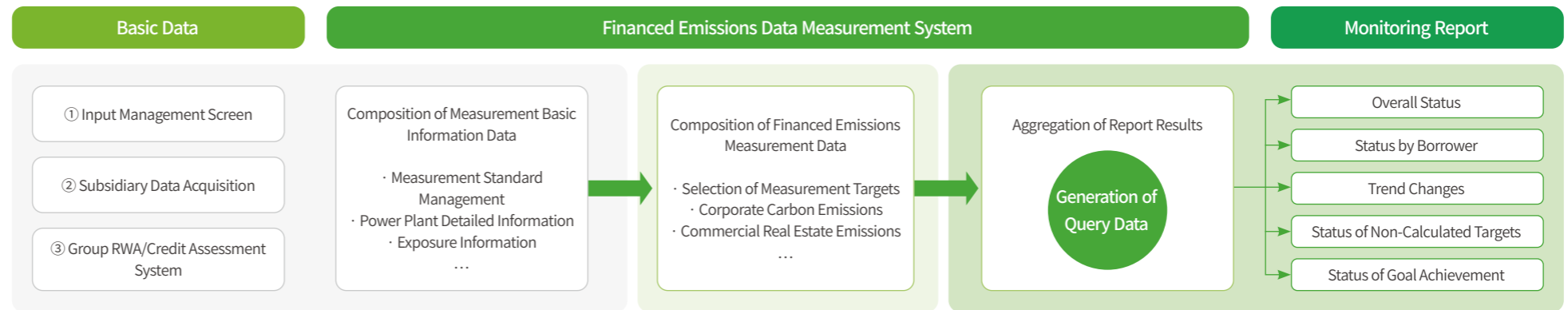
# Response to Climate Crisis

## Risk and Opportunity Management

### Advancing Climate Risk Management System

NongHyup Bank is actively engaging in various activities to achieve carbon neutrality by responding to supervisory authorities' policies related to climate risks and using a Scope 3 measurement system for financial asset carbon emissions, which was integrated by the holding company. This Financed Emissions measurement system calculates emissions in adherence with the PCAF (Partnership for Carbon Accounting Financials) methodology, which is approved by the international greenhouse gas emissions measurement standard, the GHG Protocol. The PCAF guide measures the carbon emissions of seven different asset classes—listed equities and corporate bonds, business loans and unlisted equities, project finance, commercial real estate, mortgages, auto loans, and government exposure (sovereign bonds)—by allocating emissions according to the financial institution's contribution to each asset class. Through this, NongHyup Bank monitors Financed Emissions across industries, clients, and assets to identify targets for transition finance and measure reduction performance. Additionally, by continuously monitoring Financed Emissions and financial intensity, the bank identifies high-carbon industries and companies to systematically manage exposure limits, thereby acknowledging and managing exposure to climate risks.

#### | Composition of Financed Emissions Measurement System |



#### Establishment of Climate Risk Management Manual

NongHyup Bank has prepared a manual that defines work processes for managing climate risks, based on the Financial Supervisory Service's climate risk management guidelines. This manual outlines the concept and management framework of climate risks, defines the process for monitoring Financed Emissions, and details procedures for managing climate risks, including transition risks and physical risks analysis based on climate change scenarios.

#### Participation in Climate Stress Test Task Force

NongHyup Bank participated in the 'Joint Climate Stress Test Task Force for the Financial Sector' led by the Financial Supervisory Service, conducting an in-depth analysis of the impact of climate change on credit risk and loan loss costs based on various climate scenarios over a long-term timeline from 2030 to 2100. Through this, NongHyup Bank systematically evaluates the impact of climate change on financial risk and continuously strengthens its climate risk impact analysis capabilities.

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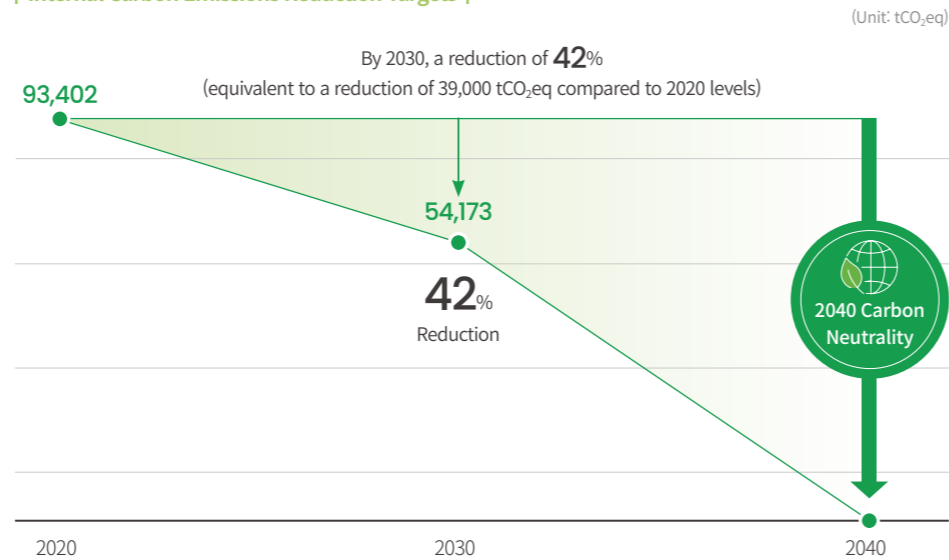
# Response to Climate Crisis

## Metrics and Targets

### Internal Carbon Emissions

NongHyup Bank has established a calculation manual that specifies measurement items based on the forms and methods of calculating internal carbon emissions and is actively measuring and managing these emissions. In 2024, NongHyup Bank's internal carbon emissions (Scope 1+2) amounted to a total of 91,650 tCO<sub>2</sub>eq, reflecting a decrease of 2,573 tCO<sub>2</sub>eq from the previous year. Key factors in this reduction included the purchase of Renewable Energy Certificates (RECs) and the expansion of electric vehicle adoption. The purchase of RECs resulted in a reduction of 3,424 tCO<sub>2</sub>eq, and the transition to electric vehicles contributed to a decrease of 164 tCO<sub>2</sub>eq. In 2024, NongHyup Bank established an ESG management system that allows for monthly monitoring of electricity usage and other factors. Through this system, the bank plans to continuously monitor the trends in emissions following the internal carbon emissions measurement manual and implement reduction measures based on this data, thereby actively reducing greenhouse gas emissions.

### Internal Carbon Emissions Reduction Targets



### Carbon Emissions Measurement Items

	Internal Carbon Emissions (Scope 1,2)	Other Indirect Emissions (Scope 3)
<b>Main Contents</b>	<ul style="list-style-type: none"> <li>Carbon Emissions from Building Energy Usage</li> <li>Carbon Emissions from Company Vehicle Usage</li> </ul>	<ul style="list-style-type: none"> <li>Product Purchases and Disposal, Capital Goods Purchases, Employee Commuting, etc., are individually measured by relevant departments for each category.</li> </ul>
<b>Measurement Items</b>	<ul style="list-style-type: none"> <li>Energy Consumption within Headquarters and Branch Buildings (Fixed Combustion, Electricity, etc.)</li> <li>Operational Vehicle Mileage and Fuel Usage</li> </ul>	<ul style="list-style-type: none"> <li>Purchase Volumes of Paper, Cards, Passbooks, Tap Water, Groundwater, etc.</li> <li>Purchase Volumes of Capital Goods such as Laptops, Monitors, IT Equipment</li> <li>Waste Treatment Volumes</li> <li>Employee Business Travel Distances by Transportation Mode</li> <li>Disposal Volumes of Products such as Cards and Passbooks</li> </ul>

### Carbon Emissions Performance<sup>1)</sup>

(Unit: tCO<sub>2</sub>eq)

Category	2022	2023	2024
<b>Internal Carbon Emissions (Scope 1,2)</b>			
Total <sup>2)</sup>	95,933	94,223	91,650
Scope 1	7,474	7,025	6,050
Scope 2	89,011	87,769	86,159
Carbon intensity (tCO <sub>2</sub> eq/persons) <sup>3)</sup>	5.9	5.8	5.7
<b>Other Indirect Emissions (Scope 3)</b>			
Total	34,557,430	37,429,588	37,240,467
1. Purchased goods and services	326	296	276
2. Capital goods	25	218	234
5. Waste generated in operations	83	111	81
6. Business travel	98	142	95
11. Use of sold products	679	596	534
12. End-of-life treatment of sold products	218	225	247
15. Investments	34,556,000	37,428,000	37,239,000

1) Recalculations in 2022 and 2023 due to the refinement of emission factors for other indirect emissions (Scope 3)  
 2) There may be differences between the emissions aggregated at the corporate level and the total emissions per greenhouse gas, and the sum of emissions by business location when rounded at the business unit level  
 3) Based on the number of employees

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## Metrics and Targets

### Financed Emissions

#### Results of Financed Emissions Measurement

In 2024, NongHyup Bank's Financed Emissions totaled 37.238 million tCO<sub>2</sub>eq, showing a decrease of 190,000 tCO<sub>2</sub>eq compared to the end of 2023. The financial intensity was 25.1 tCO<sub>2</sub>eq per KRW 100 million, which represents a decrease of 1.0 tCO<sub>2</sub>eq per KRW 100 million from the previous year. Examining by PCAF asset class, government exposure (sovereign bonds) decreased by 1.478 million tCO<sub>2</sub>eq, listed equities and corporate bonds by 1.343 million tCO<sub>2</sub>eq, and mortgages by 5,000 tCO<sub>2</sub>eq. Conversely, business loans and unlisted equities increased by 2.396 million tCO<sub>2</sub>eq, project finance by 233,000 tCO<sub>2</sub>eq, and commercial real estate by 8,000 tCO<sub>2</sub>eq.

#### | Status of Assets Subject to Financed Emissions Measurement |

(Unit: KRW trillion, %)

	2022 <sup>1)</sup>	2023	2024
Total Assets	383.8	397.0	412.8
Measured Assets	134.6	143.5	148.5
Ratio	35.1	36.1	36.0

1) Starting from 2022, government exposure is included in the calculation of Financed Emissions according to changes in the PCAF standards

#### | Results of Financed Emissions Measurement by Asset Class |

Category	2022			2023			2024		
	Balance	Financed Emissions	Intensity	Balance	Financed Emissions	Intensity	Balance	Financed Emissions	Intensity
Listed Stocks and Corporate Bonds	21.5	381.6	17.7	22.4	385.7	17.2	25.8	251.3	9.7
Corporate Loans and Unlisted Stocks	57.3	2,342.2	40.9	58.8	2,552.9	43.4	62.9	2,792.6	44.4
Project Finance	1.7	106.6	62.7	1.9	168.5	88.7	2.0	191.8	95.9
Commercial Real Estate	10.1	9.6	1.0	11.4	9.9	0.9	12.7	10.7	0.8
Mortgage	26.2	13.8	0.5	30.4	17.5	0.6	31.1	17.0	0.5
Auto Loans	0.01	0.1	10.0	0.01	0.1	10.0	-	0.1	12.9
Government Exposure	17.8	601.7	33.8	18.6	608.2	32.7	14.1	460.4	32.6
<b>Total</b>	<b>134.6</b>	<b>3,455.6</b>	<b>25.7</b>	<b>143.5</b>	<b>3,742.8</b>	<b>26.1</b>	<b>148.5</b>	<b>3,723.8</b>	<b>25.1</b>

#### Results of Financed Emissions Measurement by Industry

As of the end of December 2024, the balance of Financed Emissions in key sectors<sup>1)</sup> identified by SBTi is KRW 11.1 trillion, accounting for 7.5% of the total measured assets (KRW 148.5 trillion). The Financed Emissions by major SBTi sectors are highest sequentially in power generation (2.757 million tCO<sub>2</sub>eq), chemicals (4.470 million tCO<sub>2</sub>eq), steel (1.300 million tCO<sub>2</sub>eq), cement (1.326 million tCO<sub>2</sub>eq), aluminum (1.187 million tCO<sub>2</sub>eq), transportation (0.344 million tCO<sub>2</sub>eq), and paper (0.250 million tCO<sub>2</sub>eq).

#### | Status of Financed Emissions by SBTi Key Sectors (Key Sectors of Concern)<sup>1)</sup> |

(Unit: 10,000 tCO<sub>2</sub>eq)

Category	2022	2023	2024	
Key Industries	Power Generation	213.7	233.6	275.7
	Steel	139	110.6	130.0
	Cement	123.3	155.0	132.6
	Chemicals	385.5	440.9	447.0
	Paper	23.7	26.5	25.0
	Aluminum	93.5	87.2	118.7
Others	Transportation	30.6	27.9	34.4
	Finance	55.3	46.6	27.1
	Non-Finance	2,390.8	2,614.6	2,533.3
<b>Total<sup>2)</sup></b>	<b>3,455.6</b>	<b>3,742.8</b>	<b>3,723.8</b>	

1) SBTi Key Sectors (Key Sectors of Concern): Industries identified by the Science Based Targets initiative as major sectors for carbon emissions management

(Unit: KRW trillion, 10,000 tCO<sub>2</sub>eq, tCO<sub>2</sub>eq/KRW 100 million)

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# Response to Climate Crisis

## Metrics and Targets

### Financed Emissions

#### Financed Emissions Portfolio Management

NongHyup Bank aims to proactively mitigate transition risks while reducing financed emissions by strengthening monitoring of high-carbon industries and adjusting the asset proportions in its portfolio in response to financial transitions. To prepare for transition risks, the bank uses financial intensity and financed emissions as management indicators. While financed emissions serve as an absolute metric for assessing progress toward carbon neutrality, they tend to correlate with the size of the borrower's assets and revenues. Therefore, as relative comparisons by industry and borrower are challenging with Financed Emissions, the bank plans to manage its portfolio using financial intensity, which represents Financed Emissions per unit balance of financial assets. Additionally, NongHyup Bank seeks to contribute to decarbonization as a financial institution by expanding investments in eco-friendly, carbon-free power generation<sup>1)</sup> types and limiting investments in high-carbon industries. As of the end of December 2024, investments in carbon-free power generation project finance(PF) amounted to KRW 234.53 billion, representing approximately 23.8% of the total power generation PF balance. This includes investments of 168.56 billion KRW in solar power PF and KRW 65.97 billion in wind power PF. The avoided emissions<sup>2)</sup> resulting from carbon-free power generation PF investments amount to 138,000 tCO<sub>2</sub>eq as of the end of 2024.

#### | Status of Carbon-free Power Project Financing Investments |

	End of 2022	End of 2023	End of 2024
Total Avoided Emissions	56,000 tCO <sub>2</sub> eq	150,000 tCO <sub>2</sub> eq	138,000 tCO <sub>2</sub> eq
Carbon-free Power PF Balance	KRW 100.84 billion	KRW 234.43 billion	KRW 234.53 billion
Solar Power PF Balance	KRW 82.57 billion	KRW 185.06 billion	KRW 168.56 billion
Wind Power PF Balance	KRW 18.27 billion	KRW 49.37 billion	KRW 65.97 billion

1) Carbon-free power refers to eco-friendly power generation with no carbon emissions from sources such as solar, wind, nuclear power, and green hydrogen energy generation

2) Avoided emissions refer to GHG emissions voluntarily avoided or prevented through specific projects or investments such as carbon-free power PF; it represents the financed emissions that would have occurred if the same amount had been invested in high-carbon PF

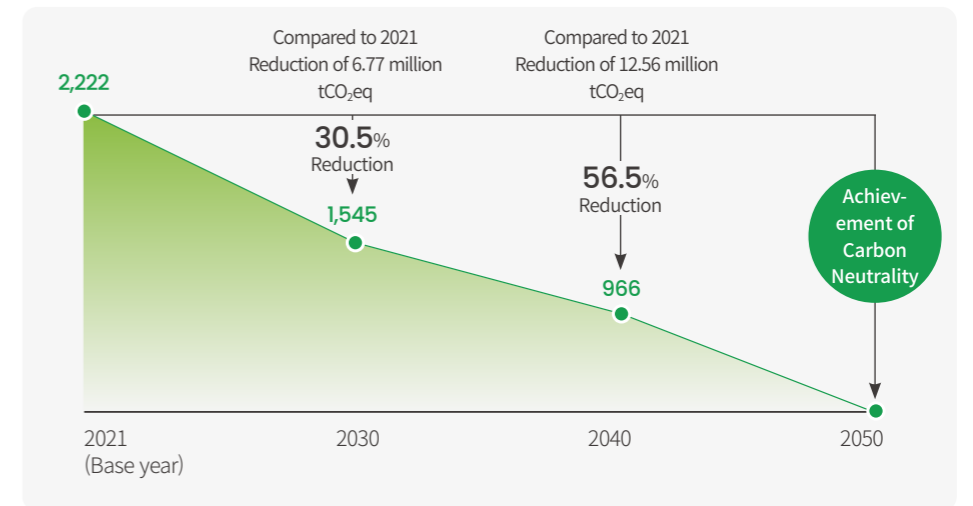
#### Establishing a Limit Management Framework through Financed Emissions Monitoring System

NHFG has reset the reduction targets for NHFG 's financed emissions by applying the annual total reduction rate from the Nationally Determined Contributions (NDC) to each subsidiary's financed emissions, targeting a 2030 reduction. NongHyup Bank has set its 2030 financed emissions target at 15.45 million tCO<sub>2</sub>eq, representing a reduction of 6.77 million tCO<sub>2</sub>eq (30.5%) compared to the baseline year 2021's financed emissions of 22.22 million tCO<sub>2</sub>eq, aiming for carbon neutrality by 2050.

To achieve the financed emissions reduction target, NongHyup Bank established a financed emissions and intensity monitoring system in June 2024, which can be used for exposure management, including industry-specific limit management. By enabling the identification of high-carbon industries and companies through various reports by industry, major corporations, and products, NongHyup Bank has laid the foundation for managing financed emissions.

#### | Financed Emissions Reduction Targets |

(Unit: 10,000 tCO<sub>2</sub>eq)



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# Eco-Friendly Management

✔ Key word  
ESG Campaign  
Paperless

✔ Index  
Donation of **2,993** kg of Waste Electronic Products  
Reduction of **77** million Sheets of Paper Annually

✔ UN SDGs



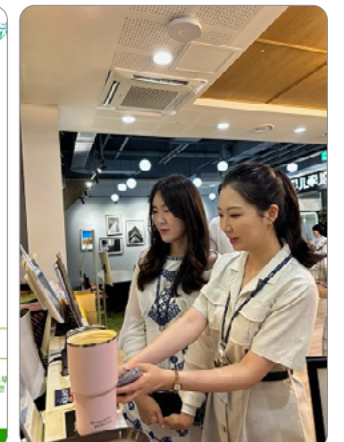
## Eco-Friendly Activities

### NongHyup 'Daily ESG Practice Campaign'

NongHyup Bank is practicing eco-friendly management through the group-wide 'Daily ESG Practice Campaign'. Each month, various themes are selected in the areas of Environment(E), Social Contribution(S), and Governance(G) to enhance ESG awareness. The bank conducts department-level plogging events to encourage voluntary participation from employees and promote environmental protection activities in daily life. As part of the group-wide ESG Week, NongHyup Bank also operates a Tumbler Day to reduce the use of disposable products and contribute to resource conservation.

#### | 2024 Monthly Themes for ESG Practice in Daily Life Campaign |

	E Eco-Friendly Activities	S Social Contribution Activities	G Ethical Awareness and Integrity Culture
January	Practicing Carbon Neutral Green Living	Welcoming the New Year of Gapjin	Understanding the Code of Ethics
February	Green Consumption Practice	Sharing Hearts for Lunar New Year	Prohibition of Inappropriate Private Acts
March	Water Conservation in Daily Life	Sharing Hearts for Spring	Prohibition of Private Use of Bank Property
April	Caring for Companion Plants on Arbor Day	Support for Farming Season Work	Prohibition of Private Monetary Loans
May	20 Billion Steps Walking Campaign	Family Day Sharing	Establishing a Healthy Culture for Congratulatory and Condolence Events
June	Participation in Green Consumption Week	Social Contribution Activities for the Month of Patriots and Veterans	Maintaining Employee Dignity
July	Energy Saving Practice in Daily Life	Safe Summer Season	Integrity in Contract Signing and Execution
August	Reducing Waste in Daily Life	Vacationing in Rural Areas	Prohibition of Receiving Money or Gifts
September	Energy Saving Practice	Sharing Hearts for Chuseok Holiday	Prohibition of Using Budget for Unauthorized Purposes
October	Proper Waste Separation Practice	Helping Hands during Harvest Season	Reporting External Lectures, etc.
November	Find the 'Green Leader'	Winter Togetherness	Prohibition of Personnel Solicitation, etc.
December	Reducing Digital Carbon Footprint	Warm Year-end Celebration	Prohibition of Violations of Work Discipline



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# Eco-Friendly Management

## Eco-Friendly Activities

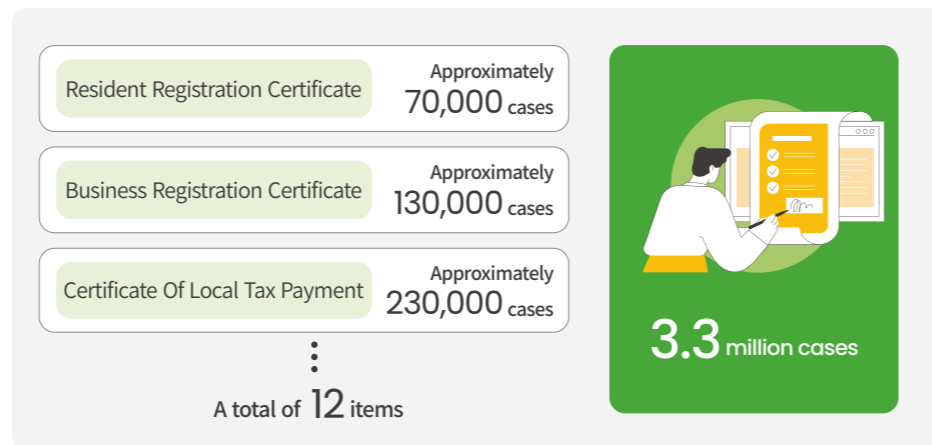
### Creating a Paperless Culture

NongHyup Bank is implementing a paperless work culture enterprise-wide to minimize paper usage and reduce carbon emissions. The bank has introduced electronic counter (PPR) systems, digital signatures, and electronic document management systems across business departments to reduce paper consumption. These initiatives enhance operational efficiency while contributing to environmental protection by digitalizing internal document operations and providing customers with digital services such as electronic statements. Through these efforts, NongHyup Bank leads in sustainable management and environmentally friendly society implementation.

### Implementing a Paperless Environment through Electronic Windows (PPR) for Practicing ESG Management

NongHyup Bank has expanded the application of the electronic window (PPR) process in personal credit operations, increasing its utilization through promotions, and thereby contributing to ESG management by saving approximately 77 million sheets of paper annually. Additionally, by standardizing business processes and digitizing 12 tasks, the bank is saving 30,000 work hours annually and has established a digital document repository to streamline electronic document management. This creates an environment that allows for focusing on high-value key tasks. Through these efforts, NongHyup Bank is leading the way in innovating work practices and implementing a paperless environment.

### | Status of Non-face-to-face Document Submission Usage |

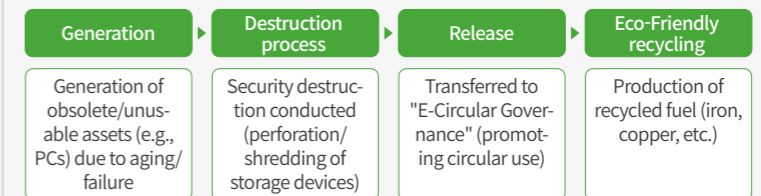


**CASE**

### Execution of 「E-Circulation Governance」 MOU and Cooperation Activities

On June 11, 2024, NHFG signed a memorandum of understanding (MOU) with E-Circulation Governance, a nonprofit public interest corporation approved by the Ministry of Environment, at its headquarters in Seoul to promote "resource circulation and ESG management practices." Under this agreement, NongHyup Bank actively contributed to a sustainable resource circulation cooperation system by transferring discarded electronic products to E-Circulation Governance.

### | Resource circulation system through cooperation with E-Circular Governance |



On the same day, to increase awareness of electronic product recycling and spread a circular economy culture, the bank held the 'NH-Ecycling Day', an employee event for donating discarded electronic products. NongHyup Bank participated by donating a total of 2,993 kg of discarded electronic products, including 380 office computer units and monitors and 50 small electronic devices. This effort led to a greenhouse gas reduction of 5,637 kgCO<sub>2</sub>eq, thus playing a leading role in promoting an ESG practice culture.



Donation Certificate



Conducting 'NH-Ecycling Day'

# Eco-Friendly Management

## Eco-Friendly Activities

### Expansion of Eco-Friendly Transportation Means

NongHyup Bank is continuously working to reduce greenhouse gas emissions from vehicle operation by transitioning its company vehicles to eco-friendly energy vehicles. In 2024, the bank added 38 eco-friendly vehicles and 20 charging stations, bringing the total to 151 eco-friendly vehicles and 70 charging stations in operation.

### Obtaining ISO 14001 Certification

ISO 14001 is an international standard for environmental management systems that can be applied globally. It is used by companies to systematically manage environmental management goals and performance according to their environmental management policies. NongHyup Bank has adopted ISO 14001 and maintains certification annually, thereby establishing and operating a globally recognized environmental management system.



## Enhancing Environmental Competencies of Employees

NongHyup Bank is operating a systematic training program to strengthen the competencies of employees, who are key agents in practicing ESG principles. ESG training is provided through online and offline channels, with online offerings including achievement evaluation-linked courses and the NH ESG Academy. Offline offerings include tailored ESG lectures by rank and climate finance education. In 2024, the online training provided via micro-learning involved 6,048 employees and achieved a high attendance rate of 94.5%. The intermediate course of the NH ESG Academy targeted 240 participants, recording a 94.1% attendance rate, thereby enhancing expertise. The offline training aimed at improving practical ESG management competencies was conducted for 270 newly appointed and prospective branch managers, as well as approximately 97 students at the NongHyup Bank Academy.

Training Program		Training Details
Performance Evaluation-Linked Training		<ul style="list-style-type: none"> <li>Operating microlearning online education linked to central headquarters performance evaluation</li> <li>Achieved a 94.2% attendance rate for 3,009 participants in the first half of the year</li> <li>Achieved a 94.8% attendance rate for 3,039 participants in the second half of the year</li> </ul>
New and Prospective Branch Managers Training		<ul style="list-style-type: none"> <li>ESG Offline training for 90 newly appointed branch managers</li> <li>ESG Offline training for 180 prospective branch managers</li> </ul>
Special Lecture on Climate Finance		<ul style="list-style-type: none"> <li>Conducted a special lecture on climate finance for 97 participants in collaboration with the NongHyup Human Resources Development Institute.</li> </ul>
NH ESG Academy	Beginner (All Employees)	<ul style="list-style-type: none"> <li>16 lectures<sup>1)</sup> covering ESG concepts, regulatory trends, and market trends for each ESG sector.</li> </ul>
	Intermediate (ESG Officers)	<ul style="list-style-type: none"> <li>24 lectures on ESG finance and related laws and regulations, financial products such as ESG funds, bonds, and investments, climate risk management, and ESG disclosure and certification.</li> </ul>

<sup>1)</sup> Climate Change, Carbon Neutrality, CSR, CSV, ESG Best Practices, etc.

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Make the 'Hope' Moment

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# Make the 'Hope' Moment

NongHyup Bank, as Korea's representative bank established with 100% domestic capital, pursues the happiness of farmers and citizens through ESG management and strives to create value through community and customer-centered management. Additionally, the bank supports executives and employees to demonstrate their potential by emphasizing respect for human rights and diversity, and work-life balance. Through this, the bank seeks to develop into a leading ESG company that fulfills its social responsibility.



## Maximizing Customer Value and Information Protection Experience and Information Security

The bank continuously strives to maximize customer value and experience by listening to customer voices to promptly resolve inconveniences and systematically managing VOC. Additionally, the bank enhances financial consumer protection capabilities through voice phishing prevention activities and mystery shopping programs, while ensuring comprehensive customer information protection through regular information security inspections and training. Through these comprehensive efforts, the bank is committed to providing customers with safer and more reliable financial services.

	Customer Satisfaction	<b>95.6</b> points
	Digital Finance Usage	<b>70.6%</b>

## Inclusive Cooperation with Local Communities

NongHyup Bank seeks to fulfill the social role and responsibility of finance by expanding various social contribution activities that foster future generations and strengthen mutual prosperity with local communities. The bank provides practical assistance for various rural issues through disaster recovery activities and farm labor support, while supporting education, mentoring, and talent development programs for the next generation. Additionally, the bank continuously conducts social contribution projects tailored to the specific needs of institutions including regional social welfare facilities, children's centers, and senior welfare centers.

	<b>KRW 206.4</b> billion		<b>12,729</b> persons		<b>60,514</b> hours
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## Increased Employee Satisfaction

NongHyup Bank is doing its best to cultivate professional personnel for sustainable growth. The bank operates various systems to strengthen executive and employee capabilities while actively enhancing welfare benefit systems to balance work and life. Additionally, the bank protects the safety and health of executives and employees through safety and health culture expansion and education, providing various welfare programs that support family and childcare to advance human rights management. Through these comprehensive efforts, NongHyup Bank ensures that executives and employees can work in a more satisfactory and safe environment.

<b>1</b>	Employee Psychological Counseling Program Usage Frequency	<b>394</b> times
<b>2</b>	Total Employee Training Hours	<b>1,759,394</b> hours
<b>3</b>	Collective Agreement Coverage	<b>94.9%</b>

# Customer

## Key word

Financial Consumer Protection

Personal Information Protection

## Index

2024 Customer Satisfaction **95.6** points

Information Security Incidents **0** case

## UN SDGs



## Customer-Centric Management

### Financial Consumer Protection Governance

NHFG has established a governance structure to protect the rights and interests of financial consumers centered on the "Financial Consumer Protection Council," composed of NHFG and affiliated companies' CCOs and Compliance Officers. In particular, a Consumer Protection Team within NongHyup Financial Group Inc. monitors compliance with the six major sales principles under the Financial Consumer Protection Act and the appropriateness of internal control activities across affiliated companies. Furthermore, the financial consumer protection index is incorporated into the performance evaluation criteria of affiliated companies to strengthen execution and enhance motivation.

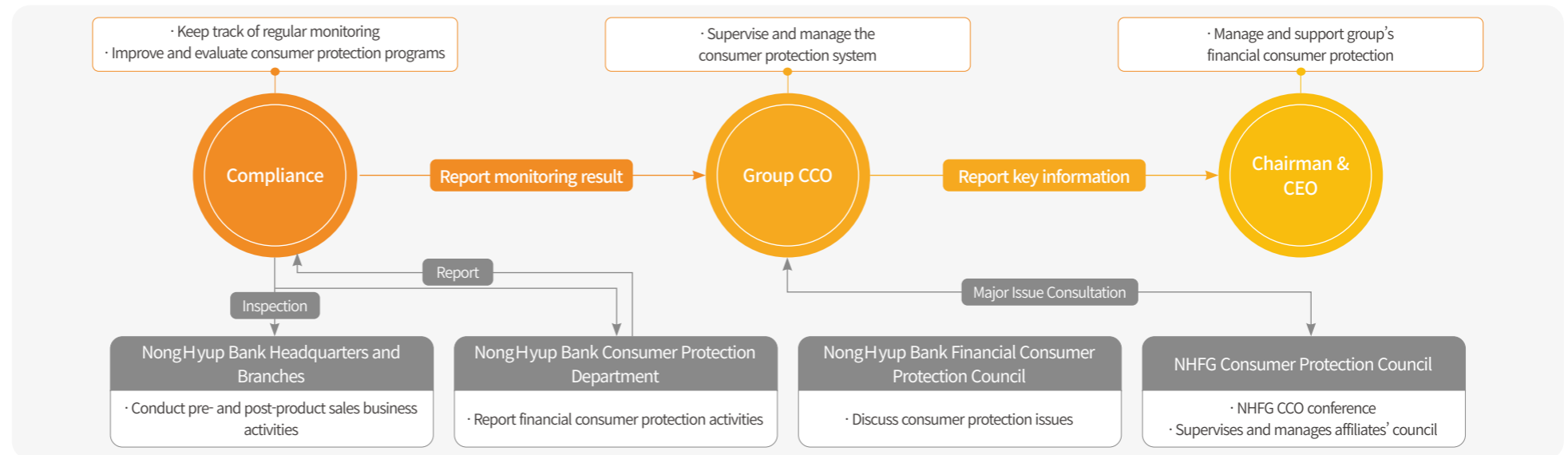
### Financial Consumer Protection Slogan

NongHyup Financial Group has selected the slogan 'Make Finance Simple, Make Consumer Protection Complete' to express its commitment to protecting financial consumers, utilizing it in document implementation and promotional materials.

### | NHFG Financial Consumer Protection Slogan |



### | Financial Consumer Protection Operating System |



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## Customer-Centric Management

### Financial Consumer Protection Governance

#### Financial Consumer Protection Council

NongHyup Bank establishes trust-based management as its primary objective from the customer perspective and operates the Financial Consumer Protection Council, chaired by the Chief Compliance Officer, implementing various initiatives.

The Bank convenes the Financial Consumer Protection Council at least once per quarter to review various consumer protection policies and issues periodically. The Financial Consumer Protection Council conducts reviews regarding consumer protection policy directions and basic plans. It performs reports and deliberations on financial consumer system improvement matters and processing measures for significant complaints. Through these activities, the Bank seeks to strengthen communication related to financial consumer protection and secure consistent financial consumer protection policies.

#### | Key Agendas of the 2024 Financial Consumer Protection Council |

<p><b>1st Council</b> (March 13, 2024)</p>	<ul style="list-style-type: none"> <li>• Results of 2023 Financial Consumer Protection Assessment and Future Strategic Plans</li> <li>• Status of Dormant Financial Assets for the Second Half of 2023 and Future Implementation Plans</li> <li>• 2023 Voice of Customer (VOC) Status and Future Management Strategies</li> <li>• 2023 Customer Complaint Status and Future Response Measures</li> <li>• Implementation Status of Facial Recognition System</li> </ul>
<p><b>2nd Council</b> (June 25, 2024)</p>	<ul style="list-style-type: none"> <li>• First Quarter 2024 Monitoring Status for Prevention of Unsuitable Sales Practices</li> <li>• Response Status to the Amendment and Implementation of the Telecommunications Fraud Damage Refund Act</li> <li>• First Quarter 2024 Customer Complaint Status and Future Response Measures</li> </ul>
<p><b>3rd Council</b> (September 23, 2024)</p>	<ul style="list-style-type: none"> <li>• First Half 2024 Hidden Financial Assets Status and Future Implementation Plans</li> <li>• First Half 2024 Monitoring Status for Preventing Mis-selling</li> <li>• First Half 2024 VOC Status and System Improvement Details</li> </ul>
<p><b>4th Council</b> (November 25, 2024)</p>	<ul style="list-style-type: none"> <li>• 2025 Financial Consumer Protection Management Direction</li> <li>• Q3 2024 Complaint Status and Future Response Measures</li> <li>• Non-face-to-face Individual IRP Sales Mystery Shopping Results and Improvement Plans</li> </ul>

#### Financial Consumer Protection Internal Control Committee

NongHyup Bank has established the Financial Consumer Protection Internal Control Committee as a decision-making body necessary to perform internal controls regarding financial consumer protection, coordinating and resolving important matters for financial consumer protection, including the performance of internal controls regarding financial consumer protection, the establishment of financial consumer protection management direction, and the strengthening of internal control operations.

The Financial Consumer Protection Internal Control Committee appoints the President as chairman and is composed of committee members, including the Chief Compliance Officer responsible for financial consumer protection, the Compliance Officer, and business execution officers. The committee convenes at least once per semi-annual period and holds a total of two sessions in 2024 to coordinate and resolve matters regarding financial consumer protection. The Bank actively reflects matters regarding financial consumer protection in its business operations by reporting the coordination and resolution results to the Board of Directors.

#### | Key Agendas of the 2024 Financial Consumer Protection Internal Control Committee |

<p><b>1st</b></p>	<ul style="list-style-type: none"> <li>• Results of Financial Consumer Protection Internal Control Reviews and Remedial Actions</li> <li>• Evaluation Report on Employee Performance Compensation Systems from a Financial Consumer Protection Perspective</li> <li>• Matters Relating to Financial Product Development and Sales Methods, and Procedures for Advertisement Production and Internal Review</li> <li>• Follow-up Actions on the Results of the 2023 Financial Consumer Protection Assessment</li> <li>• Status of Dormant Financial Assets for 2023 and Future Implementation Plans</li> <li>• Voice of Customer (VOC) Receipt Status for 2023 through First Quarter 2024 and Future Plans</li> </ul>
<p><b>2nd</b></p>	<ul style="list-style-type: none"> <li>• 2025 Management Direction for Financial Consumer Protection</li> <li>• Results of Financial Consumer Protection Internal Control Reviews and Remedial Actions</li> <li>• Response Results to Significant Customer Complaints and Disputes in 2024</li> <li>• Major Regulatory Changes Related to Financial Consumer Protection</li> </ul>

# Customer

## Customer-Centric Management

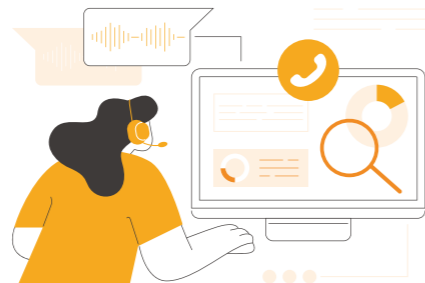
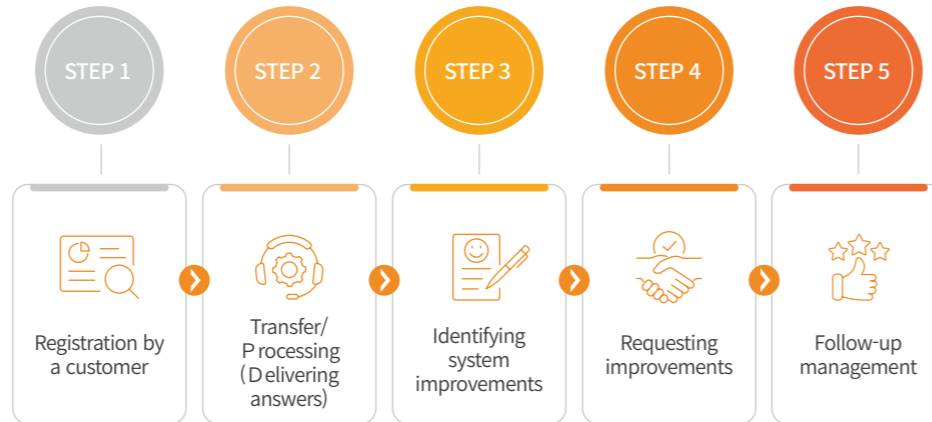
NongHyup Bank maintains various frameworks and communication channels to facilitate effective customer engagement and actively solicits customer feedback on material matters.

### Voice of Customers (VOC)

#### Digital VOC Management Process

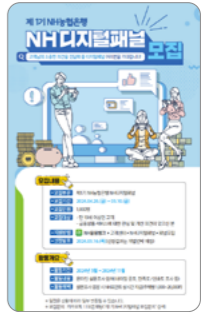
NongHyup Bank has implemented a digital Voice of Customer (VOC) management process to enhance customer communication, providing integrated management of the entire process from customer feedback receipt to response delivery. Additionally, the Bank conducts regular meetings for customer complaint management and provides employee training based on the "Complaint Handling Work Manual."

#### | VOC Management Process |



#### Operation of Customer Panel System

NongHyup Bank operates a customer panel system to enhance competitiveness through the implementation of consumer-centric management. Since 2013, the Bank has operated the 'NH Panel' consisting of customer panels and employee panels to provide customized services reflecting customer and field perspectives. In 2024, the Bank established the NH Digital Panel, recruiting 1,000 customers aged 19 and above. Through the quantitatively expanded NH Digital Panel, the Bank collects diverse customer opinions on financial product and service system improvements through idea competitions and marketing surveys, thereby driving customer satisfaction and trust.



#### 2024 Financial Consumer Protection Annual Awards Ceremony

NongHyup Bank held the 3rd 2024 Financial Consumer Protection Annual Awards Ceremony in March 2025 to enhance the rights and interests of financial consumers and prioritize the reflection of customer suggestions. The Bank presented awards across nine categories to 24 recipients, including outstanding proposal customers, institutions with excellent financial fraud prevention activities, offices with outstanding complaint prevention, and comprehensive outstanding offices. The ceremony was made more meaningful by the direct participation of outstanding proposal customers in the awards presentation.

#### | 2024 Financial Consumer Protection Annual Awards Ceremony |



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## Customer-Centric Management

### Increasing Customer Satisfaction

NongHyup Bank Customer Satisfaction Score<sup>1)</sup>

NongHyup Bank strives to improve service quality through regular customer satisfaction surveys. The Bank has enhanced customer convenience in satisfaction surveys by establishing a new system that allows customers to respond at their preferred times, departing from the existing one-time ARS telephone response method. NongHyup Bank will continue to listen more closely to the voice of customers and provide satisfactory customer experiences.

Customer Satisfaction (2024)



**95.6** points



Customer Satisfaction (Three-Year Average)

**95.7** points

1) Results from a survey of bank branch teller transaction customers

Customer Satisfaction Survey	Details	Implementation Frequency and Target
	<ul style="list-style-type: none"> <li>Next-day ARS satisfaction survey for counter transactions</li> <li>Introduction of kakaotalk-based response system</li> <li>Utilization of official channels for voice phishing prevention</li> <li>Development of scenarios for friendliness and expertise assessment</li> <li>Introduction of open-ended opinion submission function</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>For customers using sales offices</li> </ul>

### Support for CS Lectures for Public Institutions

NongHyup Bank provides CS lectures to public institutions located in rural areas, fulfilling the financial institution's social role for mutual prosperity with agriculture and rural communities.

Period	CS Lecture Support
First Half	Jeju City Hall, Cheongju Medical Center, Jeju National University, Korea Agro-Fisheries & Food Trade Corporation (aT), Ulsan Facilities Corporation
Second Half	Korea Institute of Planning and Evaluation for Technology in Food, Agriculture, and Forestry, Haman County Public Corporation, Wanju County Office, Cheongju Facilities Management Corporation, Gumi Urban Corporation

### Operation of Interest Rate Reduction Request System

NongHyup Bank actively implements the request system that allows consumers who have entered into loan contracts to make requests when their credit status is determined to have improved, such as through property increases, credit rating improvements, or personal credit score increases. In particular, NongHyup Bank recorded the highest levels among the 19 banks subject to Korea Federation of Banks disclosure in the household loan sector, with 49.7% in the first half of 2024 and 46.1% in the second half.



Loan Amount with Accepted Interest Rate Reduction Requests (2024 Basis)

**KRW 920.3** billion

### Operation of Interest Rate Reduction Request System<sup>1)</sup> |

(Unit: Cases, %)

Category	First Half of 2024	Second Half of 2024
Number of Applications	37,019	36,981
Number Accepted	18,056	16,797
Acceptance Rate	48.8	45.4

1) Based on total loans, including household and corporate loans

### Customer Satisfaction Enhancement

#### Customer Satisfaction Awards |

<p><b>KSQI Excellent Call Center Selection</b></p>	<p>Selected as an outstanding call center for 14 consecutive years in the Korea Service Quality Index (KSQI) call center category, recognized for customer-friendly efforts, including the introduction of AI consultation systems and companion service support.</p>
<p><b>Received 2024 Financial Consumer Protection Award</b></p> <p>- Financial Consumer Rights Grand Prize</p>	<p>Received the Financial Consumer Protection Award for introducing the first automated 112 voice phishing reporting system in the financial sector and implementing the first 24-hour monitoring of suspected voice phishing accounts in the banking sector. This recognition was given for contributing to the spread of consumer protection-centered corporate culture and enhanced employee consumer protection awareness.</p>

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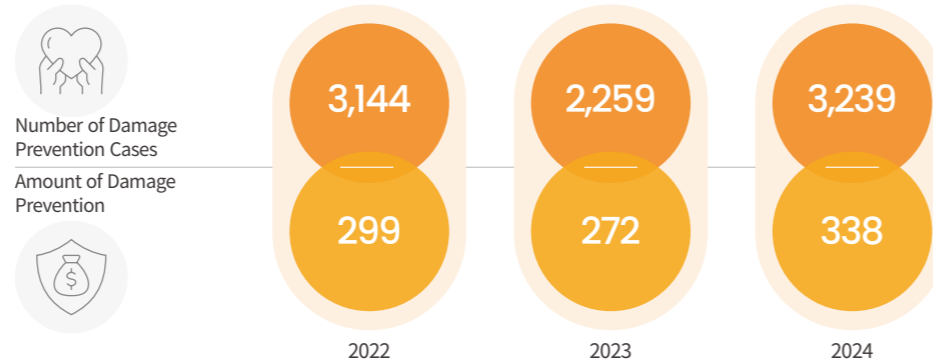
### Financial Fraud Prevention Activities

#### Voice Phishing Prevention Activities

NongHyup Bank has conducted 24-hour suspicious account monitoring since April 2023, the first in the banking industry for voice phishing prevention, and established the industry's most advanced monitoring system in December 2023. The system responds to new fraud methods and protects customer financial assets through swift pre-payment suspension when non-face-to-face financial incident risks are high. The bank also introduced the '112 Report Automation System,' the first in the banking industry, establishing a police hotline to quickly block branch damages. These efforts prevented 3,239 cases (KRW 33.8 billion) of damage during 2024.

#### Financial Fraud Prevention Cases and Amounts |

(Unit: Case, KRW 100 million)



#### Customer Voice Phishing Prevention Education

NongHyup Bank has telecommunications financial fraud prevention staff at each office directly visit various institutions and facilities to educate about damage cases and prevention methods to prevent financial fraud damage to financial consumers. The bank conducted education for 33,597 people across 790 sessions in 2024 and plans to continue this annually.

#### Strengthening Response to Social Issues and New Financial Transaction Types

NongHyup Bank shared issues, including suspected transactions related to drug trafficking, illegal gambling, financial crimes involving minors, and livelihood crimes targeting the elderly through the banking sector STR<sup>1)</sup> working group led by supervisory authorities. Through this collaboration, NongHyup Bank conducted proactive AML<sup>2)</sup> theme monitoring for relevant transactions.

1) STR: Suspicious Transaction Report

2) AML: Anti Money Laundering

### Financial Fraud Prevention Activities for Traditional Market Small Business Owners and Agricultural/Rural Communities

The bank expanded the Janggeum<sup>1)</sup> sisterhood program nationwide, supervised by the Financial Supervisory Service and Ministry of SMEs and Startups, signing agreements with 17 markets across 11 regions, significantly contributing to preventing financial fraud damage and improving financial service environments for traditional market merchants. Additionally, the bank partnered with the National Federation of Farm Women's Groups to conduct voice phishing prevention activities for female farmers in agricultural and rural areas, including free voice phishing compensation insurance enrollment and damage prevention education support, thereby strengthening financial consumer protection activities in rural areas.

1) Janggeum : A combined word consists of 'Jang' representing a market and 'Geum' meaning a financial institution

CASE

#### Received the Minister of SMEs and Startups Award for Excellence in Voice Phishing Damage Prevention in 2024

NongHyup Bank received the Minister of SMEs and Startups Award for nationwide expansion of the "Janggeumi 溫&溫" program to prevent financial fraud damage to traditional market small business owners and excellent voice phishing prevention activities targeting female farmers.



#### Strengthening Security Framework for Financial Consumer Protection

NongHyup Bank has introduced identity theft prevention services to focus on financial accident prevention. Additionally, the Bank is strengthening internal controls by expanding the application of biometric authentication to various terminals, including personal information handling terminals.

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### Prevention of Mis-Selling and Compensation Activities

#### Implementation of Enhanced Internal Control Inspection Activities for Financial Consumer Protection

NongHyup Bank has specified inspection standards that comprehensively reflect internal and external regulations related to financial consumer protection to ensure compliance with the Financial Consumer Protection Act and financial consumer protection internal controls, and improved internal control levels by expanding inspection targets and items related to financial product sales. Additionally, the Bank conducts thorough follow-up management by categorizing remedial actions into four levels based on inspection results: non-applicable, improvement, caution, and correction, with different action contents for each level. For offices with inadequate follow-up measures, the Bank has strengthened internal control implementation through measures such as expanded performance evaluation deductions.



#### Operation of Mystery Shopping System

Mystery shopping is a system where financial authorities or specialized company staff pose as customers to check whether financial companies comply with regulations during the financial product sales process. NongHyup Bank operates its own face-to-face and non-face-to-face mystery shopping systems to ensure employees comply with standard sales procedures. In 2024, two face-to-face and one non-face-to-face mystery shopping sessions were conducted. Furthermore, the inspection cycle for fund recordings and contract documents was shortened from annual to quarterly or monthly to strengthen mis-selling inspections. The bank also completed development of a 'Face-to-Face Product Sales Recording Analysis System,' supplying the system and recording infrastructure to all branches, supporting a complete sales environment and preventing mis-selling.

#### Mystery Shopping Face-to-Face



2 times

#### Mystery Shopping Non-Face-to-Face



1 time

#### Infrastructure Improvement for Complaint Prevention and Efficient Complaint Management

NongHyup Bank implemented various complaint management activities, including expanding channels for real-time notification of complaint processing procedures to enhance customer convenience, improving internal systems for prompt complaint resolution, and establishing disclosure standards to ensure objectivity in complaint disclosure. To reflect diverse opinions of financial consumers, NongHyup Bank continuously analyzes customer suggestions and complaints to provide customer-centric financial services and lead in improving financial consumer rights through prompt complaint processing via expanded complaint response personnel and system improvements.

#### Voluntary Adjustment for ELT Loss Accounts

NongHyup Bank initiated voluntary adjustments from May 21, 2024, to minimize social confusion caused by losses from the 'Hong Kong H Index ELS' and to restore customer trust and facilitate prompt dispute resolution. ELT voluntary adjustment is a private settlement procedure aimed at resolving disputes with customers based on a proportional balance between the seller's factors and the investor's principle of self-responsibility. As of the end of 2024, out of 31,553 total accounts subject to voluntary adjustment, 29,567 agreed to the adjustment ratio, achieving a consent rate of 93.7%.

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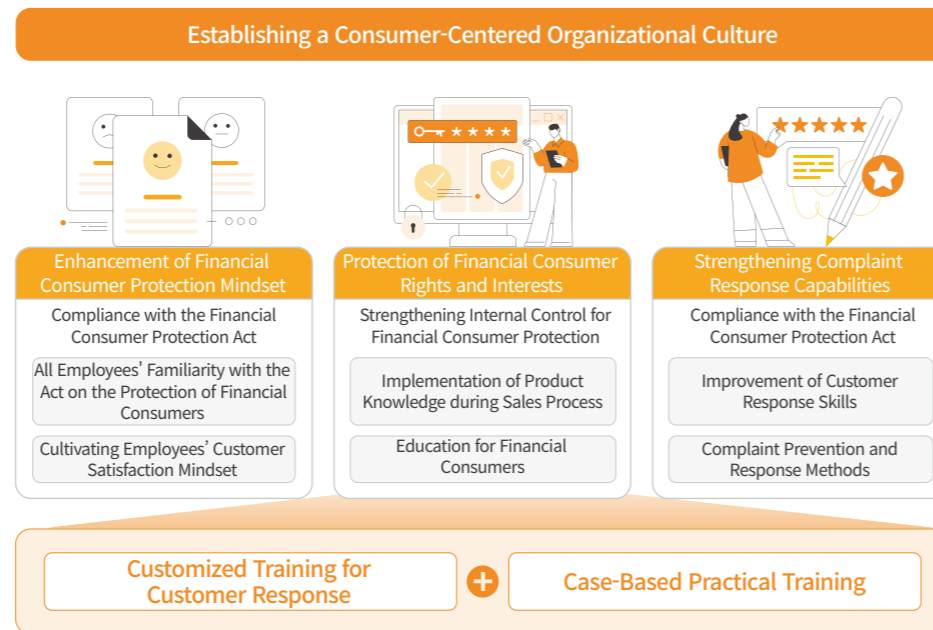
### Enhancing Employees' Financial Consumer Protection Capabilities

NongHyup Bank operates consumer protection training programs to raise awareness and strengthen the capabilities of employees regarding financial consumer protection. Furthermore, through online and offline education, it is building a consumer protection organizational culture. Through this consumer protection education, all employees have cultivated a mindset for full sales compliance and enhanced their complaint response capabilities.

#### Operation of 'Financial Consumer Protection Day'

NongHyup Bank designates the 15th of every month as 'Financial Consumer Protection Day.' It produces various educational materials related to financial consumer protection laws and systems, voice phishing prevention, and mis-selling prevention for all employees, supporting understanding and acquisition of the educational content through self-assessment. In even-numbered months, educational materials utilizing financial authorities' press releases are distributed, while in odd-numbered months, key press releases from the Financial Supervisory Service are collected and distributed.

#### | 2024 Financial Consumer Protection Education System |



#### 'Re-New-All: Renewal Project' for Enhancing Customer Service Capabilities

NongHyup Bank conducts "Renewal Project" training for employees, including on-site and video training, customized consulting, and document guidance on topics such as service mindset, customer response methods, and CS<sup>1)</sup> improvement processes. To strengthen service competitiveness, the Bank applies CS manuals tailored to the financial environment and customer needs, focusing on continuous employee education.

1) CS(Customer Satisfaction)

#### | 2024 Financial Consumer Protection Training Status |

Training Course	Re-mind CS!	New-member CS!	All-one CS!
Key Contents	Customer service CS reminder through intensified on-site training (CS consulting) concentration for all branches targeting customer response capabilities	Strengthening customer response capabilities and CS mindset through regional group training for new members hired within the past 2-5 years	Establishing complete sales and financial consumer protection awareness based on financial consumer protection laws through collaboration combining marketing education and new CS education (all-one) for all headquarters and branches
2024 Number of Training Sessions	56times	21times	6times

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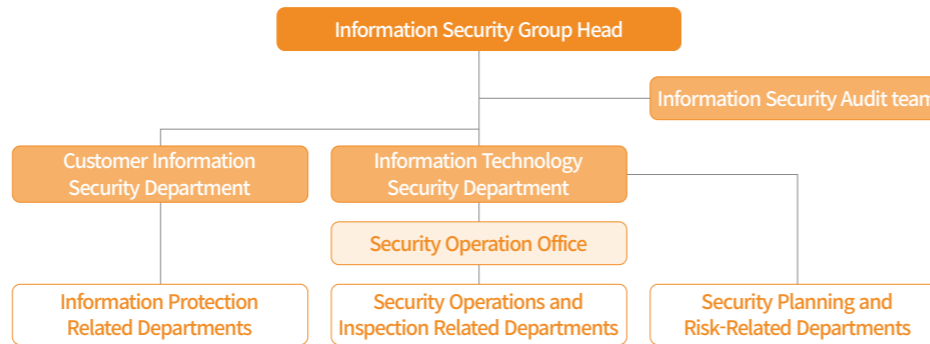
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## Information Security

### Information Security Governance

#### | Information Security Framework |



#### Dedicated Organization for Information Security

The Information Protection Division of NongHyup Bank serves as the central information protection organization, performing the duties of Chief Information Security Officer (CISO) under the Electronic Financial Transactions Act, CPO duties under the Personal Information Protection Act, CIAP duties under the Credit Information Act, and Customer Information Manager duties under the Financial Holding Company Act. Through information protection strategies, inspections, and system operations, the Bank has achieved the highest rating in "Information Protection Continuous Assessment" for three consecutive years and maintains ISMS-P, ISMS, and ISO27001 certifications. Information protection matters are reported to the Board of Directors annually.

#### | Reported Agenda to the Board of Directors on Information Security |

Agenda	Key description
2024 Results of inspection of personal credit information utilization and management	Report on the status of personal credit information management and protection in accordance with the 'Act on Use and Protection of Credit Information', etc.
2024 Report on provision and use of customer information within NHFG	Report on inspection results of processing status and regulatory compliance regarding the provision and use of customer information within NongHyup Financial Group in accordance with the "Financial Holding Company Act," "Financial Holding Company Supervisory Regulations," and internal regulations
2024 New York Branch Cybersecurity Activities	Submitted certification to the New York State Department of Financial Services after reporting to the Board of Directors on the New York Branch's 2024 cybersecurity regulatory compliance and activities in accordance with the New York State Department of Financial Services cybersecurity regulations

### Establishment of Mid- to Long-Term Information Security Strategy

NongHyup Bank continues to advance the medium-to-long-term strategy "Information Protection DREAM 2025" established in 2022, and strives to reduce security risks in various environments, including open source and cloud, to respond to new technologies. Additionally, the Bank develops comprehensive alternatives to prevent intelligent fraud and incidents for financial consumer protection, working to protect consumer assets.

#### Aiming to Become the "Digital Bank with the Best Information Protection Capabilities" Trusted by Customers

### Information Security DREAM 2025



Digital	Riskless	Evolution	Ability	Management
<p>Digital Transformation Partner</p> <ul style="list-style-type: none"> <li>Establishment of response and support system for digital new business</li> <li>Establishment of information security policies and management system in cloud environments</li> <li>Support for pseudonymized data utilization and integration, and improvement of business processes</li> <li>Strengthening security management for work tablets</li> </ul>	<p>Strengthen Risk Management</p> <ul style="list-style-type: none"> <li>Implementation of a security system without blind spots</li> <li>Implementation of open source software security management system</li> <li>Establishment of AI-based 4th generation security control system</li> <li>Establishment of customer terminal traceability and security incident response system for financial consumer protection</li> </ul>	<p>Work Efficiency and Innovation</p> <ul style="list-style-type: none"> <li>Redesigning future strategic security infrastructure</li> <li>Computerization of open source software security management system</li> <li>Automation of security tasks using RPA</li> <li>Strengthening the company-wide digital risk data management</li> </ul>	<p>Strengthen Capability</p> <ul style="list-style-type: none"> <li>Securing top-level security experts in the financial sector</li> <li>Spreading information security culture and establishing response system for new technologies and privacy convergence environments</li> <li>Strengthening external threat response based on specialized incident response organization</li> <li>Core of a trusted digital bank – Strengthening the information security organization</li> </ul>	<p>Management System Advancement</p> <ul style="list-style-type: none"> <li>Establishment of inspection system for the entire lifecycle of personal (credit) information</li> <li>Establishment of global information security and privacy management system</li> <li>Mitigation of third-party security risks</li> <li>Establishment of assessment system to enhance information security maturity</li> </ul>

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### Information Security Management

NongHyup Bank is establishing a systematic information security management system to strengthen customer personal information protection. The bank annually reports to the Board of Directors the inspection results on customer information provision and usage, as well as the inspection results on personal credit information management and protection status. The bank operates a three-type advisory system consisting of the Security Advisory Group, the Legal Advisory Group, and the Evaluation Committee to strengthen information protection expertise.

#### | Operation of a Three-part Advisory System for Information Security Expertise |



#### Information Security Management Policy

NongHyup Bank appropriately and transparently discloses matters regarding procedures and standards for personal information processing and protection as stipulated by laws and regulations in its personal information processing policy, managing them strictly. All personal information is lawfully processed within the scope of processing purposes, with use beyond intended purposes prohibited. Collected personal information is destroyed in compliance with the periods stipulated by applicable laws and regulations.

#### | Obligations for Compliance with Information Security-Related Laws and Regulations |

CASE	Category	Obligations / Key Contents	Frequency
Personal (Credit) Information Protection	Personal (Credit) Information Protection	Inspect processing status of personal (credit) information on a regular basis	Ad-hoc Theme Inspection
		Implementation of Personal (Credit) Information Trustee Inspection	Semi-annually
		Personal (Credit) Information Management System Inspection	Annually
IT Security	IT Security	Develop IT information security standards and plans	Annually
		Implement the Information Security Day	Monthly
Customer Information Management	Customer Information Management	Inspect the provision and use of customer information - Report the inspection results to the Board of Directors and the Financial Supervisory Service	Quarterly
		Notify the status of customer information provision	Annually

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### Information Protection Enhancement Activities

#### Information Protection Investment

NongHyup Bank continues to invest in information protection enhancement, including information protection system maintenance, to provide secure IT services. Additionally, the Bank enhances trust among external institutions and customers by pursuing, maintaining, and renewing domestic and international information protection certifications, including Information Security Management System (ISMS), ISO27001, and Personal Information & Information Security Management System (ISMS-P). The Bank operates a dedicated team annually for information protection management system establishment and evaluation, and plans to obtain additional My Data-related certifications in 2025.



1) Conducted as an initial audit due to additional expansion of the certification scope related to cloud systems



#### Internal Response System

NongHyup Bank has established internal response systems, including PC security, document encryption, internal and external network separation, and intelligent attack response systems to safely protect customer information. The Bank prevents information leakage security incidents through measures such as data center X-ray screening stations and control of unauthorized portable storage devices and computer equipment entry and exit. Additionally, NongHyup Bank has established related internal regulations, including Personal (Credit) Information Leakage Response Manual and Breach Incident Response Manual to minimize customer damage and respond promptly in case of customer personal information leakage incidents, and has established a rapid response system through leakage response simulation training. The Bank also focuses on post-incident management through damage remedy procedures, including damage compensation system establishment and enrollment in "Personal Information Protection Compensation Liability Insurance."

#### | Personal Information Leakage Response Manual and Procedures |



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## Information Security

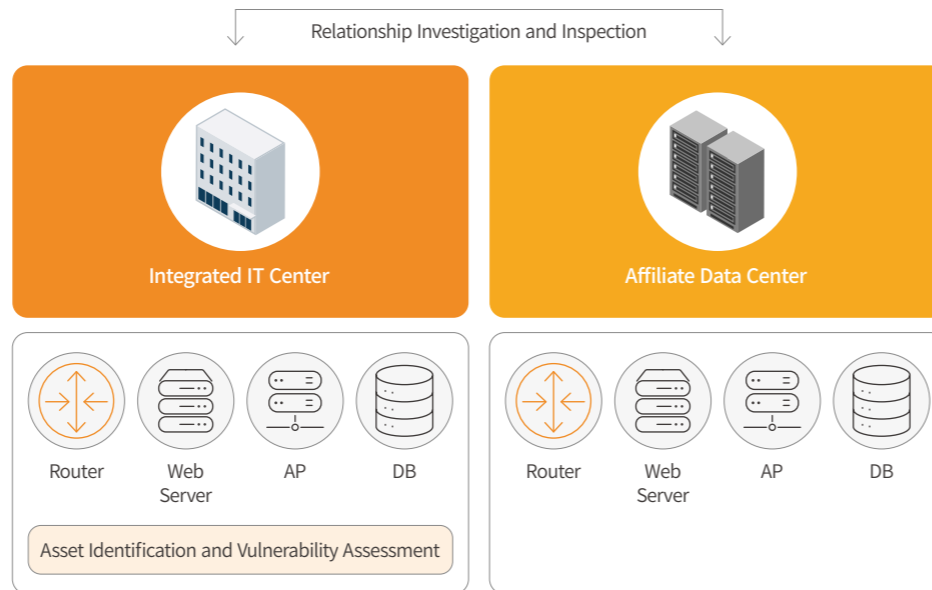
### Strengthening Information Protection Management

#### Strengthening Security Measures for Customer Information

NongHyup Bank safely protects customer information through the operation of internal control procedures that proactively verify and supervise all compliance requirements stipulated in personal information protection-related laws when processing business matters such as concluding outsourcing contracts involving personal information processing and revising personal information utilization consent forms.

#### Advancing an Intelligence-Based Security Threat Detection System

NongHyup Bank strengthens its security response framework by utilizing the latest cyber threat intelligence collected from external sources and has established a proactive security system capable of predicting and preemptively responding to threats. Additionally, the Bank introduces new technologies to overcome the limitations of traditional security equipment and effectively detects anomalous indicators by advancing web log analysis systems using artificial intelligence (AI). Through these measures, the Bank focuses on safely protecting customer information and financial assets.

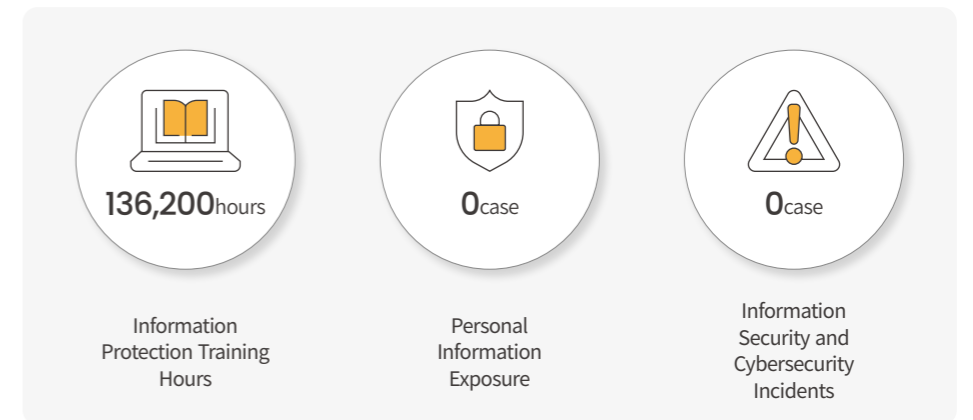
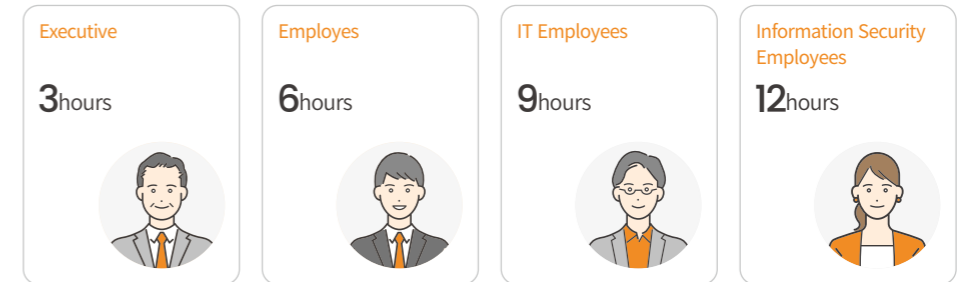


### Strengthening Employee Information Protection Capabilities

#### Information Security Training

NongHyup Bank designates information protection education as mandatory training for all employees and conducts it systematically on an annual basis. The Bank operates customized information protection education programs tailored to NongHyup Bank's characteristics and provides advanced training for IT staff and information protection personnel. The Bank establishes annual information protection education plans and fulfills legal mandatory education hours, reporting year-end education results to the Chief Information Security Officer (CISO) for approval to enhance the effectiveness of the training.

#### | Information Security Training Standards for All Employees |



# Social Contribution

## Key word

Social Contribution Activities  
Livelihood Finance Support  
Happy Chaeum Financial Class

## Index

Employee Volunteer Activities **60,514** hours  
Livelihood Finance Support KRW **217.7** billion  
Happy Chaeum Financial Class **3,018** sessions

## UN SDGs



## Social Contribution Strategic Framework

### Social Contribution Philosophy

NHFG reinvests and returns business profits to local communities through the NACF, contributing to balanced development among regions and national economic growth. NHFG also strives to fulfill its corporate social responsibility by building a society that thrives together through the practice of 'shared values'.

#### New NongHyup of Korea through Change and Innovation

- ✓ NongHyup loved by the people
- ✓ NongHyup for farmers
- ✓ NongHyup together with National Agricultural-Livestock Cooperative Federation
- ✓ Competitive Global NongHyup



### NongHyup Social Contribution Strategy

#### CSR Strategy

- 1 Build infrastructure for sustainability management by reforming organizations and systems
- 2 Reinforce global reputation by globalization of its social contribution activities
- 3 Engage in PR through various media and consolidate the NH identity
- 4 Create synergy by building a social contribution cooperation system among agricultural/livestock cooperatives, National Agricultural Cooperative Federation, holding company, and affiliates
- 5 Promote and create synergy for social contribution activities on agriculture and rural areas
- 6 Enhance cooperation with relevant institutions outside NH

### NongHyup Social Contribution Implementation System

NongHyup has established a comprehensive social contribution system aligned with the times, pursuing both social value and cooperative value to promote mutual growth with local communities.

#### Goal

Shared growth with the local community by simultaneously creating social and cooperative values

#### Operational Direction

#### Maximizing synergies in social contribution



#### Key Tasks



#### Dedicated Organization



#### NongHyup Bank Implementation Organization



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# Social Contribution

## Social Contribution Status and Activities

NongHyup Bank conducts annual social contribution activities to fulfill its social responsibility as a financial institution. Leveraging its financial expertise, the bank continues livelihood finance support programs including financial products for low-income households and SMEs, public interest products, and interest cashback support for small business owners, while expanding youth financial education and scholarship programs annually. Additionally, the bank strengthens its social responsibility management through continuous community support activities including agricultural and rural support through farm work assistance, disaster relief, environmental cleanup, global sponsorship, and various volunteer activities. Going forward, NongHyup Bank will lead efforts to improve benefits for the financially underserved and develop comprehensive social contribution activities combining finance with social contributions across various fields, contributing to a sustainable and inclusive society.

### | Social Contribution Performance Status |

(Unit: items, hours, persons, KRW 100 million)

	2022	2023	2024
Number of Items	4,736	5,924	6,012
Participation Hours	55,795	61,486	60,514
Number of Participants	9,973	12,713	12,729
Amount	1,086	1,863	2,064

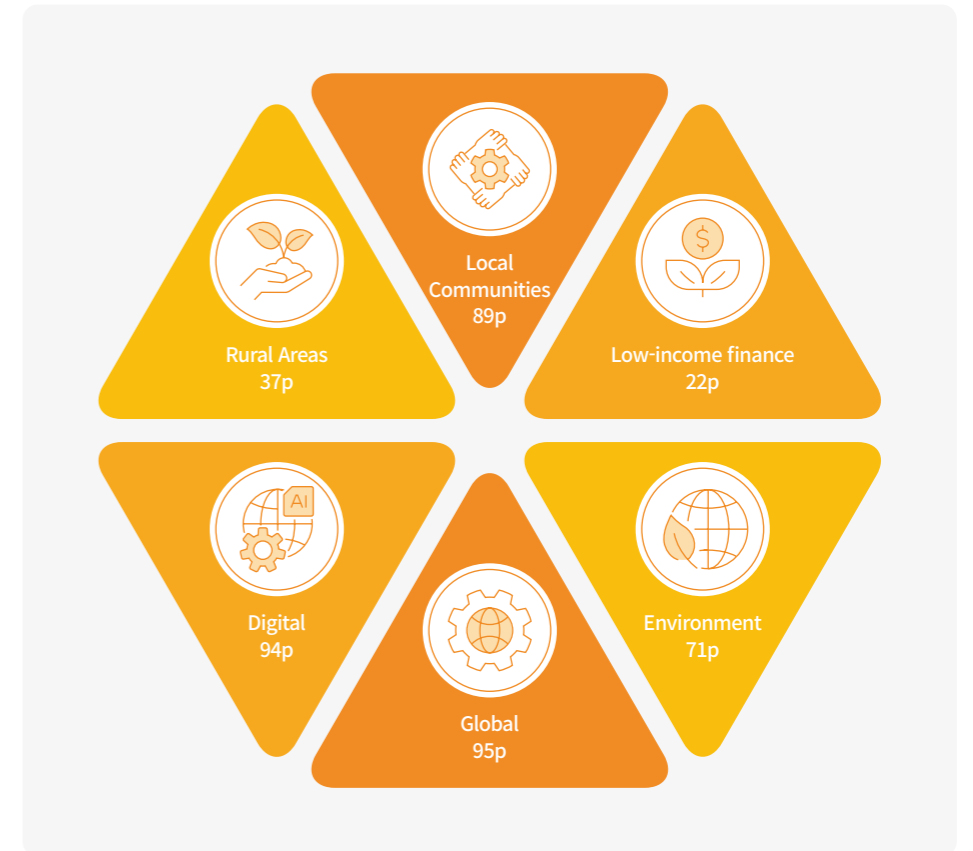
### Livelihood Finance Support Program

By the Korea Federation of Banks' banking sector livelihood finance support plan, NongHyup Bank implemented a loan interest cashback program to support self-employed individuals and small business owners facing difficulties due to rising interest rates and economic downturn following COVID-19. The Bank provided a total of KRW 216.4 billion in 2024 to individual business operators holding corporate loans based on specific criteria. Additionally, the Bank provided approximately KRW 1.3 billion through NongHyup Bank's autonomous program.

(Unit: KRW 100 million)

Category	Contents	Performance
Common Program	Microenterprise Loan Interest Cashback Program	2,164
Autonomous Program	Expanded Support for Low-Rate Loan Refinancing Program	1.6
	Interest Subsidy for 「New Start Hope Agriculture Win-Win Loan」	11.5
<b>Total</b>		<b>2,177.1</b>

### | Social Contribution Activity Classification |



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# Social Contribution

## Social Contribution Status and Activities

### Shared Growth with the Community

#### Participation in Government and Local Government Policy Projects

NongHyup Bank performs various public interest projects including government policy programs and subsidy distribution, strengthening its public role and value. The bank operates 37 public projects including voucher programs such as the National Happiness Card and subsidy programs like e-Nara Support, collaborating with 73 regions to provide voucher services for vulnerable populations requiring social support. Card-based vouchers are used across various fields including child meals, elderly welfare, special skills and aptitude programs, and treatment support. In 2024, the bank supported voucher usage for 257,763 people totaling KRW 238.7 billion. Additionally, the bank manages local love gift card operations for 90 local governments including five metropolitan cities such as Busan and Daejeon, and actively participates in various government policy projects including the Ministry of the Interior and Safety's Fair Price Business program and Chungcheongbuk-do's Cultural Consumption 365 project, contributing to regional economic revitalization.

#### Expansion of Social Contribution through Implementation of Point Donation Activation Marketing

In March 2024, NongHyup Bank delivered point donations accumulated by members through the activation of its Members business. The bank delivered approximately KRW 84 million in donations accumulated through the Members app to six organizations, including ChildFund Korea and Good Neighbors. Moving forward, the bank will make efforts to enable more members to participate in point donations to promote expanded social contribution.



#### Discovery and Promotion of Good Franchises



NongHyup Bank has developed the 'Become Me - Spend Right Campaign' under the 'Right Living Card' slogan to identify and support good franchises that positively impact local communities, including providers of free meals for underprivileged children, animal welfare facilities, and resource recycling enterprises. As part of this campaign, the Nong-Ca Discovery Team has developed YouTube content that selects and promotes good franchises with various themes annually to practice ESG management and expand ethical consumption. When customers use NongHyup Cards at good franchises identified by the Nong-Ca Discovery Team, the bank provides a 10% billing discount benefit, thereby encouraging easy participation in social contribution and environmental protection through daily consumption. Moving forward, NongHyup Bank will continue to collaborate with local communities to expand ethical consumption culture and practice ESG management, while consistently identifying and promoting good franchises that lead eco-friendly and resource recycling activities. Through these initiatives, the bank aims to enable customers to naturally participate in social contribution and environmental protection activities while using their cards.



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# Social Contribution

## Social Contribution Status and Activities

### Small and Medium Enterprises and Startup Growth Support

#### Management Consulting Services for Small and Medium Enterprises and Microenterprises

NongHyup Bank operates three corporate management consulting programs and a 'Franchise Sales and Commercial Area Analysis Service' system targeting SMEs and small business owners (self-employed). Through these, SMEs and small business owners receive support for various solutions arising in management activities such as business strategy, finance and taxation, and human resources organization.

 <b>NH Corporate Management Consulting</b>	Free management consulting service provided by professional consultants through on-site visits	69 Cases
 <b>NH Small Business (Self-Employed) Consulting</b>	For NH small business consulting, a 0.1% interest rate discount is applied upon completion of consulting	93 Cases
 <b>NH Small Business Win-win Academy</b>	Seminar-style group consulting providing essential business operation management knowledge and solutions for difficulties faced by small business owners	21 Participants

#### 2024 NH x Startup Kick-off Day Event

NongHyup Bank hosted the '2024 NH x Startup Kick-Off Day' to pursue collaboration with 20 startups. Representatives from NongHyup Bank affiliates, investment firms, and startups participated to share collaboration cases and conduct networking activities, which strengthened partnerships with startups and expanded practical investment opportunities.

#### Strengthening Startup Collaboration and Creating Open Innovation Ecosystem through NH Open Business Hub

NongHyup Bank is accelerating technological innovation by expanding collaboration with startups centered on NH Open Business Hub. Through these initiatives, the bank collaborates with innovative companies across various sectors, including generative AI, data, and financial services, while expanding the startup ecosystem through investment and networking. Moving forward, NongHyup Bank plans to strengthen its digital financial competitiveness by expanding new technology adoption and open innovation.

<b>Mentoring / Professional Education</b>	<ul style="list-style-type: none"> <li>Dedicated Mentoring, Stage-specific Collaboration Mentoring</li> <li>Professional Training for Corporate Growth, Capability Enhancement Seminars</li> <li>One-on-One Professional Coaching, Office Hour</li> </ul>	
<b>Business Matching</b>	<ul style="list-style-type: none"> <li>Collaboration meetups based on business theme proposals, NH Meetup Day</li> <li>Networking to discover mutual collaboration between enterprises</li> </ul>	
<b>Investment / IR Networking</b>	<ul style="list-style-type: none"> <li>Business introduction for partners, Partners Day</li> <li>IPO-related networking, investment meetup</li> </ul>	
<b>Open Business Day / Networking</b>	<ul style="list-style-type: none"> <li>Open Business Day : performance sharing and additional investment linkage event for selected companies</li> <li>Networking event supporting exchanges among resident companies</li> </ul>	

#### Hosting 2024 NH Open Business Day

NongHyup Bank held the '2024 NH Open Business Day' to share collaboration achievements with startups and support networking with investors. Four excellent startups presented, and activities included awarding commercialization support funds and presenting new collaboration proposals. NongHyup Bank achieved 101 collaborations with 194 companies and plans to continue discovering and supporting startup growth.

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# Social Contribution

## Social Contribution Status and Activities

### Support for Underserved Populations

#### Disaster Area Support

To respond promptly to ongoing natural disasters such as wildfires and floods, NongHyup Bank produced disaster relief kits worth KRW 30 million in February 2024 and donated them to the Korean Red Cross, while also donating KRW 100 million to the Community Chest of Korea Chungcheongnam-do Branch for fire damage recovery at Seocheon Market in Chungcheongnam-do. Additionally, NongHyup Bank employees provided labor assistance in Jinan, Jeollabuk-do, and Dangjin, Chungcheongnam-do to support farms affected by heavy rainfall in July 2024, with a total of 635 employees participating in disaster recovery volunteer activities for 4,585 hours in 2024.

#### | Disaster Area Support Details |

##### Employee Participation



**635** persons

##### Employee Participation Hours



**4,585** hours



#### Customer Happiness Center Companion Service

NongHyup Bank has been operating the Companion Service for 17 years since 2008. The Companion Service is a program where Customer Happiness Center counselors call elderly customers aged 70 and above or those living alone weekly to check their health status and concerns while providing companionship. The service not only serves as a conversation partner for daily discussions with the elderly but also guides safety, health, financial, and lifestyle information. Recently, the bank has been achieving financial crime prevention effects by explaining response methods for financial fraud, such as voice phishing. During hot summer months, Family Month, and holidays, counselors visit the elderly directly to deliver agricultural product packages and regularly check on their well-being while sharing warmth. In 2024, companion counselors conducted a total of 46,847 check-in calls annually (monthly average of approximately 3,904 cases) for an average of 687 elderly customers per month.

#### | Companion Service Details |

##### Monthly Average Participants

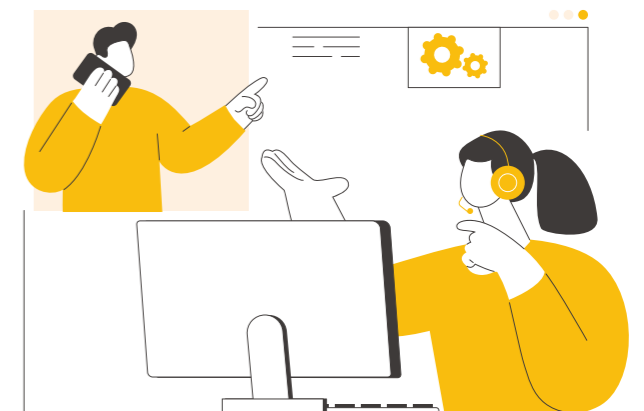


**687** persons

##### Monthly Average Participation Cases



**3,904** cases



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## Social Contribution Status and Activities


### Support for Underserved Populations

#### Customized Services for Foreign Workers

NongHyup Bank deployed Western Union remittance staff at major branches to provide interpretation services for foreign customers. Additionally, the bank produced guidance materials in nine languages, including Lao, Cambodian, and Vietnamese, to support financially underserved populations such as multicultural families and foreign workers. The bank plans to continuously pursue social contribution activities that assist stable settlement in local communities by developing foreign-exclusive services in connection with local government foreign recruitment projects, such as the Seoul Metropolitan Government's foreign domestic helper program and caregiving workforce program.

#### | Key Seasonal Worker Customized Services |

**Interpretation Service**



Deployment of Western Union staff at major branches to provide interpretation services

**Product Information Guide**



Production and distribution of information guides in nine languages including Lao, Cambodian, and Vietnamese at branches

#### | Financial Education on Foreign Account Opening and International Remittance Procedures |



#### Strengthening Service Accessibility for Financially Underprivileged

NongHyup Bank operates specialized consultation services for the financially vulnerable. In 2024, the bank provided a total of 51,965 consultation services for financially underprivileged groups, including Sign Language Consultation Service, Senior-Exclusive Consultation Service, and Foreign Language Consultation Service. Through the operation of a foreign language-dedicated call center, the bank provided 16,737 Foreign Language Consultation Services at the Customer Happiness Center and Western Union Customer Service Center, thereby improving financial service accessibility for customers using various languages. Moving forward, NongHyup Bank plans to continuously improve accessibility for the financially underprivileged and expand various programs and services.

#### | Status of Services Supporting Financially Marginalized Groups |

(Unit: Items)

	2021	2022	2023	2024
Sign Language Consultation Service	1,663	1,016	1,223	1,416
Senior-Exclusive Consultation Service <sup>1)</sup>	6,406	6,685	6,393	33,812
Foreign Language Consultation Service <sup>2)</sup>	-	-	16,676	19,609
<b>Total</b>	<b>8,069</b>	<b>7,701</b>	<b>24,292</b>	<b>54,837</b>

1) From August 2024, the addition of an ARS senior consultation number led to a significant increase in call volume

2) Foreign language consultation services added in 2023

# Social Contribution

## Social Contribution Status and Activities

### Future Generation Development

#### 'Happy Chaeum Financial Class' Realizing Education Without Financial Exclusion

NongHyup Bank operates the Happy Chaeum Financial Class, a continuous talent-sharing volunteer program, to create a happy world together with customers. In particular, the bank provides career education and financial fundamentals training to young people through 17 youth financial education centers, the highest number in the financial industry. In 2024, the bank operated a total of 3,018 educational programs to provide financial education to 71,846 young people, contributing to the development of sound financial knowledge and future talent development. Moving forward, NongHyup Bank plans to actively support the formation of healthy financial habits among young people through expanded financial education.

#### | Status of Happy Chaeum Financial Class |

	2022	2023	2024
Counts (Times)	2,260	2,584	3,018
Participants (Persons)	52,417	58,402	71,846



#### Financial Education for Children in Underserved Areas

As part of its participation in overcoming regional decline crisis and practicing socially responsible finance, NongHyup Bank conducts customized financial education, banking career experience programs, and practical financial education using financial equipment for young people in financially underserved areas through the bus-type mobile branch (NH Wings). Since its opening in September 2017, the bank has conducted a total of 26 educational sessions with 1,047 participants in financial education, and in 2024, the bank provided education to 165 students from four elementary schools located in Muju, Jeollabuk-do and Ongjin, Incheon.



#### CASE

#### NongHyup Bank Won an External Award for Happy Chaeum Financial Class

- The Financial Supervisory Services, Received One Company One School Financial Education Program Excellence Award
- 7 times recipient since the first award in 2016
- Strengthening position as a leading bank in financial education
- Ministry of Education, designated as a certified institution for career experience in education donation (Certification No. 4219, Article 19 of the Career Education Act)
- Selected as an excellent certified (mark) institution for education donation in Republic of Korea (Ministry of Education, Science and Technology Notice No. 2023-003)
- The 1st MoneyToday CEO Award in the Republic of Korea Financial Consumer Rights and Interests Awards (Consumer Education Division, July 6, 2023)
- Received the Consumer-created Newspaper Excellence Content Award twice (2021 and 2023)

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# Social Contribution

## Social Contribution Status and Activities

### Future Generation Development

#### 「Green Ladder」 Social Contribution Project Activation

NongHyup Bank expanded project beneficiaries and newly launched the Green Ladder x Space Project to activate the Green Ladder social contribution project, the bank's specialized social contribution initiative.



#### | Green Ladder Program Details |

Existing	Green Ladder Camp	Educational program where university students nationwide provide academic tutoring, creative experiential activities, and counseling mentoring to elementary school students in rural areas for approximately 20 days during vacation periods (p.38)
	Green Ladder Credit Support	Providing repayment burden relief and economic recovery opportunities for conscientious borrowers among young long-term delinquents of rural and fishing village educational loans
New	Green Ladder X Space Project	Supporting children's free and healthy growth by converting idle spaces within rural elementary schools into child-use facilities (p.38)

#### Implementation of Green Ladder Credit Recovery Support Project for Youth Comeback

NongHyup Bank operates the Green Ladder Credit Recovery Support Project that provides early repayment assistance to conscientious borrowers among long-term delinquents of rural and fishing village educational loans. In 2024, the bank provided KRW 1.1 billion in support to a total of 726 young people to provide practical assistance so they would not give up their dreams due to financial difficulties. Moving forward, NongHyup Bank will continue to support Korean youth in pursuing their dreams by assisting their economic recovery and stable entry into society.

#### | Enhanced Credit Support through Expanded Eligibility and Support Coverage |

Age Limit Elimination	Support for All Age Groups
Expanded Eligible Claims Coverage	Support provided even for delinquency on loans other than tuition fees
Repayment Rate Criteria Relaxation	Compensatory repayment rate 40% → 20%
Expanded Support Amount	Compensatory and repayment commitment: KRW 2 million → KRW 3 million, etc.

#### Youth Financial Coding Education

NongHyup Bank IT staff conducted 'Financial Coding Education and New Technology Experience Education' for nearby elementary school students as part of ESG practice activities utilizing their IT capabilities. The curriculum consisted of experiencing IT innovation technologies such as the metaverse and AI, block coding education using Entry (a programming language), and basic financial literacy education. In particular, the program received a great response from students by supporting an easy experience of digital currency and NFT issuance using blockchain technology, which could be somewhat difficult to understand. Moving forward, the bank will continue to expand financial education and programming experiences to support young people who are valuable talents who will lead future industries.

#### | Youth Financial Coding Education |



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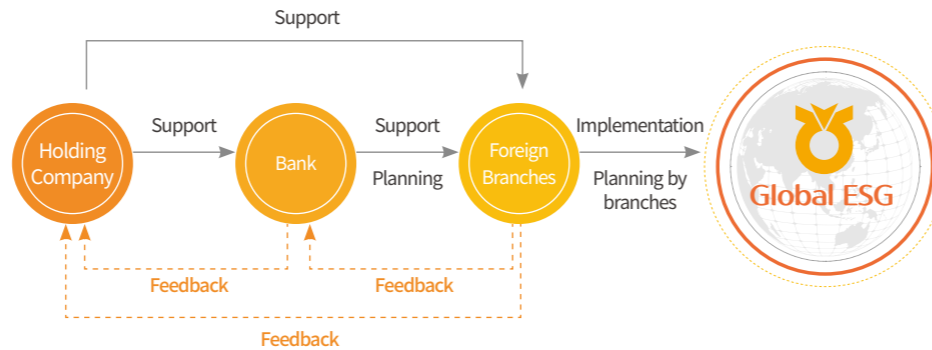
# Social Contribution

## Global Social Contribution

### Global Social Contribution Implementation Strategy

NongHyup Bank has established a global ESG social contribution implementation process through the Global Strategy Council, where the financial holding company is responsible for identifying and managing global social contribution support measures, and NongHyup Bank develops and implements detailed plans. Furthermore, the bank supports global ESG activities through the development and distribution of the 'NHFG Global ESG Guide'.

#### | Global ESG Social Contribution Implementation Process |



#### Key Roles

**Holding Company Global Strategy Department**

Making foundation and supporting Global ESG practices

**Bank Global Business Department**

Support for foreign branches' budget, planning at a Headquarters-level

**Overseas Corporations/ Branches/Offices**

Conducting ESG activities in each country, outreach to local media and authorities

### Expansion of Global Social Contribution for Sustainable Growth

NongHyup Bank consistently practices various social contribution activities for mutual growth with global communities beyond domestic boundaries. As part of these efforts, the bank conducted social contribution activities in Cambodia, Vietnam, and China in 2024. Moving forward, NongHyup Bank will actively participate in global sustainable growth by expanding customized support that local communities in each country need, centered on overseas branches.

**Educational supplies and daily necessities donation**

Donation of educational supplies and daily necessities for child trafficking prevention and protection of marginalized women in Cambodia

**Relief Donation Delivery**

Delivery of relief donations for local residents affected by large-scale typhoon damage in Hanoi, Vietnam

**University Scholarship Sponsorship**

Scholarship sponsorship to University of International Business and Economics in Beijing to contribute to future talent development and educational environment improvement in China

# Employee

✔ **Key word**

Digital and Global Professional  
Employee Psychological Counseling

✔ **Index**

Employee psychological counseling **394**sessions  
On-Maeum psychological counseling **445**sessions

✔ **UN SDGs**



## Empowering Employees

### Talent Management Policy and Strategy

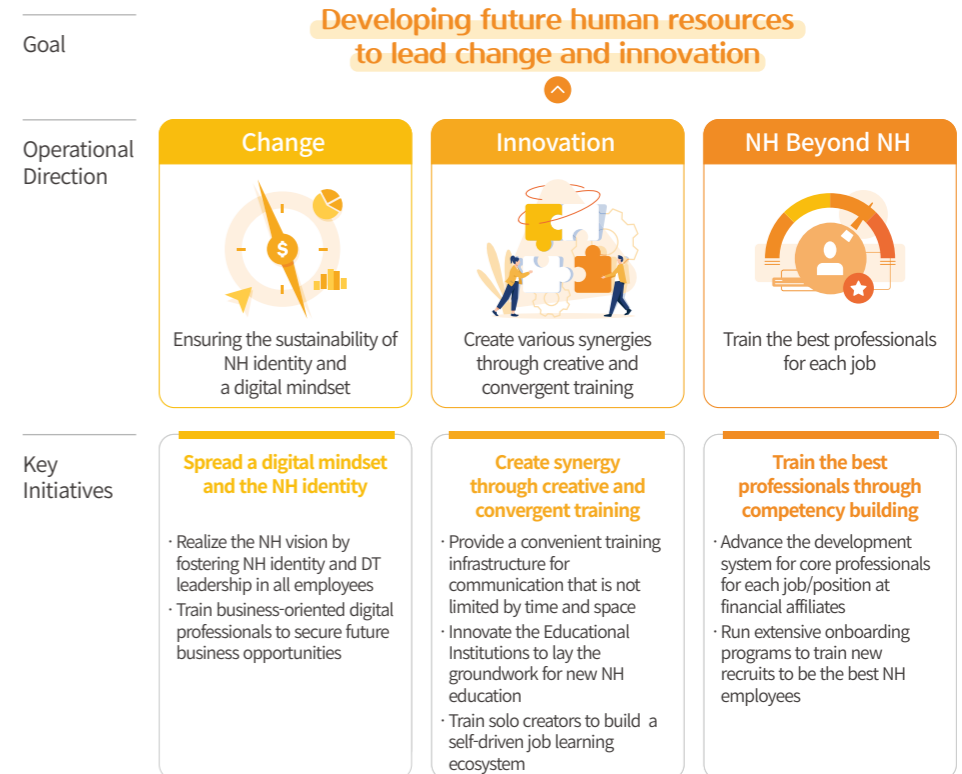
NongHyup Bank is establishing talent development plans based on the ideal talent qualities outlined below, with a focus on talent recruitment and capability enhancement. The bank is conducting capacity-building programs to foster top professionals by formulating a talent development strategy, spreading NongHyup identity and digital mindset, creating synergy through creative and convergence education, and strengthening job skills with the goal of 'Developing future human resources to lead change and innovation'.

**NongHyup Bank Ideal Talents**



<b>Top Financial Expert</b>	An individual with the necessary financial expertise, dedicated to delivering exceptional financial services.
<b>Effective Communicator and Team Player</b>	Someone who respects both customers and colleagues, leading by example in communication and collaboration.
<b>Socially Responsible</b>	A person who upholds their promises to customers with integrity, taking full responsibility based on ethical values.
<b>People that Leads Change</b>	An individual who embraces diversity and drives innovation by welcoming new ideas and changes.
<b>Customer-Centric Professional</b>	A person who consistently prioritizes customers and leads the way in ensuring their satisfaction.

**Talent Development Strategy**



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# Employee

## Empowering Employees

### Employee Training Programs

NongHyup Bank operates various courses such as identity education, leadership education, and job-specific professional education according to the NongHyup education system. To stay aligned with the latest trends and meet employee training needs, the bank has launched courses on generative AI and expanded long-term commissioned courses such as the 'Credit Review and Asset Management Specialist Training Course' and the 'NH-Financial MBA Course' to strengthen the capabilities of employees of affiliates.

**CASE**

**Advancement of the employee development system to improve training quality**

- 1 Operate an employee development system
  - After confirming each employee's competency level (L0~L3) through a job skill diagnosis, the system recommends courses and certifications to assist in establishing and executing training plans
- 2 Build a curriculum recommendation system by individual and level through AI modeling
  - AI models learners' education history and profile data to recommend personalized training content
- 3 Implement big data analysis-based education quality management for online courses
  - Establish and improve learning data-driven training content evaluation processes, including number of people completing training, satisfaction, etc.

### Expanding Digital Education Opportunities

NongHyup Bank is strengthening employee digital capabilities by providing various correspondence training and cyber training courses. Additionally, the bank operates master's degree programs and industry-academic cooperation programs for advanced professional development in various fields at leading domestic universities such as Seoul National University, Yonsei University, and KAIST. For rapidly changing new technologies, the bank regularly holds expert invitation lectures to internalize digital professional capabilities and has newly established a BizPM course to strengthen collaboration between business and development departments, thereby strengthening the IT development capabilities of business departments while expanding field and practice-linked customized courses. Through customized education related to departmental work, the bank has strengthened employee digital capabilities by implementing platform UX/UI and digital finance-related legal education.

### | Phased Training Programs |

	Beginner	Intermediate	Advanced
Target	All employees interested in digital finance and IT	Data scientists in training, preparing for innovation in digital finance	Data scientists to lead innovation in digital finance
Contents	Cultivating insights on digital finance issues and trends, introduction to data analysis programs	- Industry-academic cooperation programs with Seoul National University, Kookmin University, Dongguk University, and Sungkyunkwan University (under review for new establishment and expansion) - NH-MBA (Digital Finance), Seoul National University and Sungkyunkwan University Big Data programs, etc.	Master's degree programs at KAIST, Yonsei University, Korea University, Sogang University, Hanyang University, and Sungkyunkwan University

### Degree and Certification Acquisition Support

NongHyup Bank operates a self-development support system to improve individual employee development and quality of life. The bank provides tuition support when employees enter universities or graduate schools, and supports educational program costs and certification acquisition costs to strengthen necessary competencies according to job characteristics.

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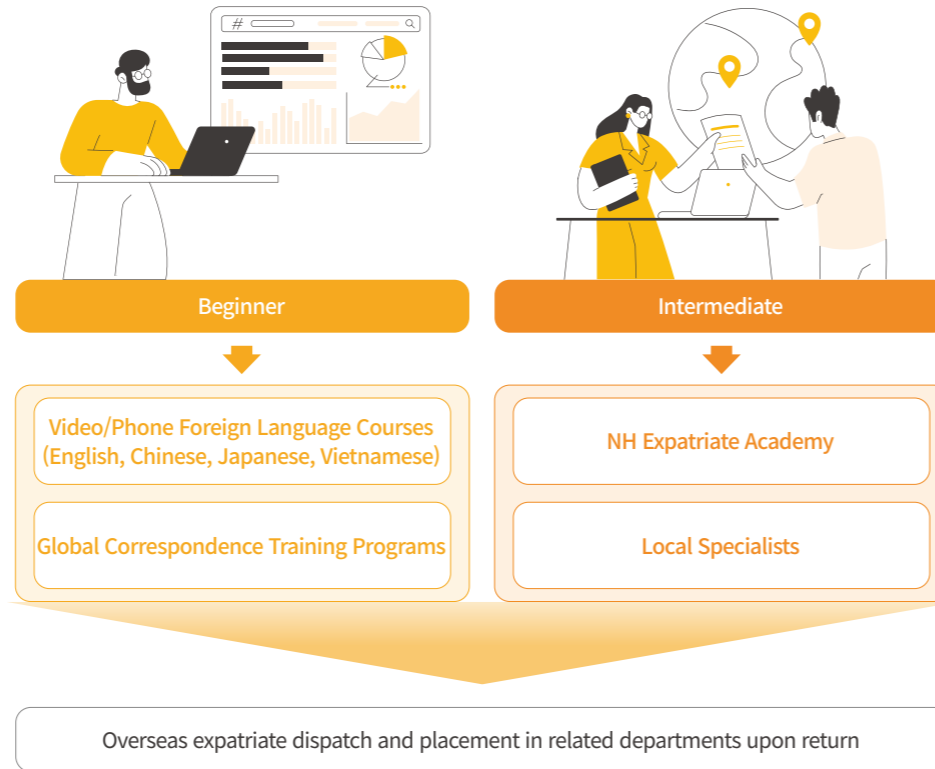
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# Employee

## Empowering Employees

### 'NH Expatriate Academy' for Training Global Professionals

In 2024, NongHyup Bank operates the 'NH Expatriate Academy' program to develop global professional talent and cultivate a talent pool for overseas assignments. The program consists of two tracks: 'Advanced Finance' covering investment finance and risk management, and 'Corporate Finance and Retail' focusing on corporate analysis and global internal controls.



### Award System to Enhance Employee Motivation

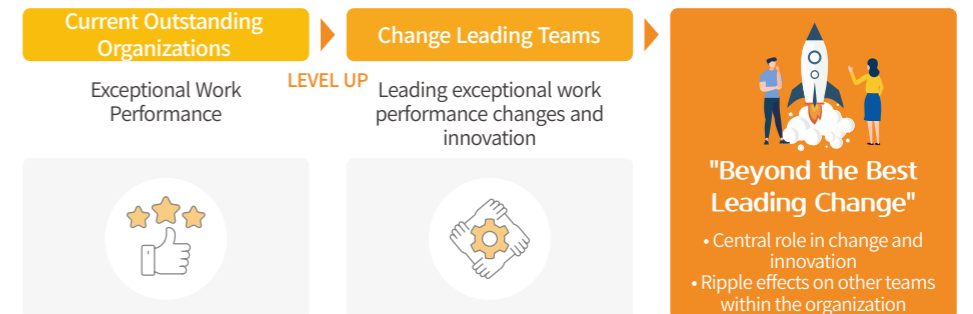
NongHyup Bank enhances pride and motivation by providing commendations and rewards to organizations and employees who achieve excellent performance and serve as role models annually. The bank operates the NH Best Banker system to improve employee marketing capabilities and a performance evaluation system for achieving target profit and loss goals and sound management. Additionally, the bank has introduced NH Change Leading Teams and NH Change Leaders as performance systems for excellent organizations that will lead the sustained growth and transformation, and innovation of NongHyup Bank, thereby driving change and innovation at NongHyup Bank.

#### | NH Best Banker System |



#### | NH Change Leading Teams |

— NH Change Leading Teams to drive transformation and innovation at NongHyup Bank —



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# Employee

## Employee Compensation

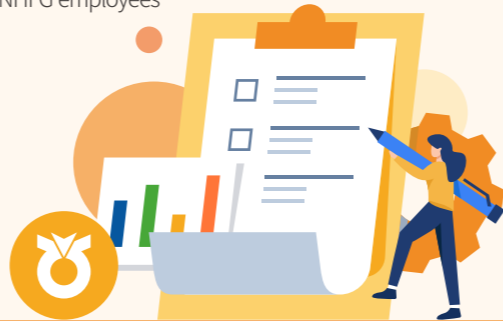
### Fair Performance Evaluation and Compensation

NongHyup Bank operates a 'compensation system based on performance (system for performance-based pay)' and 'Comprehensive Performance Evaluation' and '360-degree Evaluation' systems that consider a total of five evaluations, including Performance Review, Achievements, and Career Review, for employees to establish and spread a performance-oriented culture. In particular, the 'Comprehensive Performance Evaluation' system is operated fairly and rationally according to the Comprehensive Performance Evaluation guidelines. Through these multi-layered systems, the bank provides fair performance evaluation results and links them to employee compensation. Specifically, the bank applies differential performance pay rates according to performance evaluation results and evaluates work performance and achievements twice a year, divided into first and second halves. Additionally, the bank enhances fairness by having all subordinate employees of evaluation targets conduct multi-directional evaluations of the targets, and has developed and utilized a system that enables 360-degree evaluations through mobile platforms.

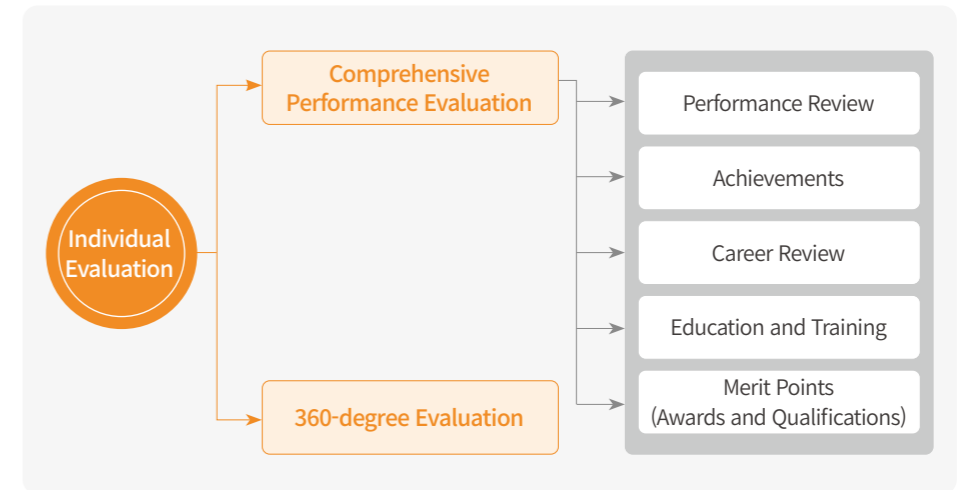
#### Comprehensive Performance Evaluation Guidelines

##### Article 1 (Purpose)

These guidelines aim to provide fair and rational basic data for personnel management by comprehensively evaluating the career, work performance, achievements, education, training, qualifications, and commendations of NHFG employees



#### | Comprehensive Performance Review and 360-Degree Evaluation System |



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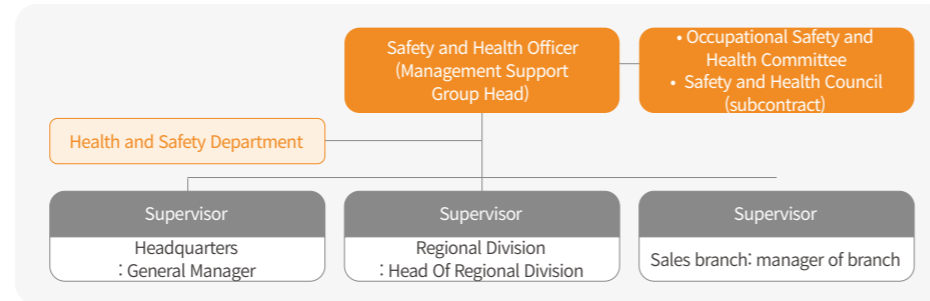
# Employee

## Employee Safety and Health

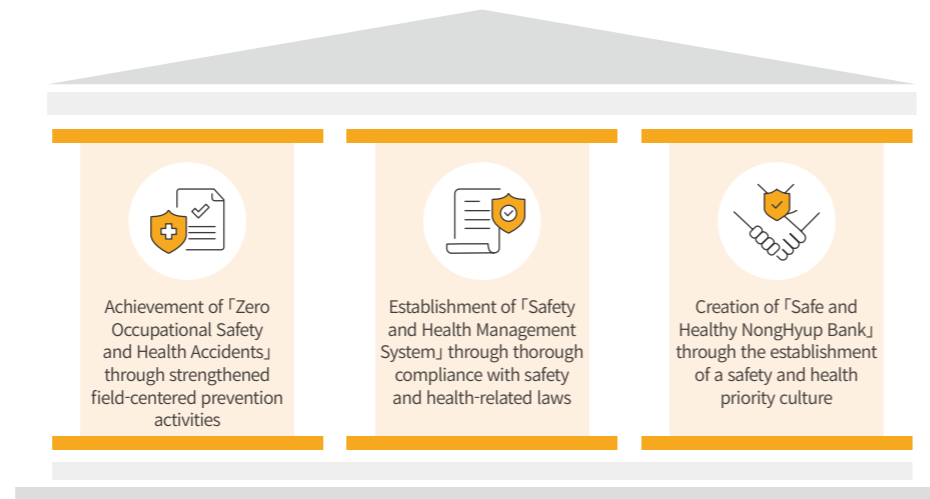
### Safety and Health Management

#### Safety and Health Management System

NongHyup Bank regularly operates the Occupational Safety and Health Committee Safety and Health Council, a statutory conference body, centered on the Safety and Health Officer. Additionally, the bank performs safety and health management duties under the supervision of supervisors at each workplace to implement improvement measures when deficiencies occur, thereby working to prevent serious accidents in advance.



#### Safety and Health Goal Establishment



#### Serious Industrial Accident Response Manual

NongHyup Bank has established a serious industrial accident response manual to protect employee safety through rapid and systematic responses when serious industrial accidents occur. The aforementioned manual applies to all workers, including NongHyup Bank employees and contractor staff, and operates through a total of six response process stages. Additionally, the bank conducts biannual inspections to verify compliance with this manual.

During Normal Operations	Stage 1	<ul style="list-style-type: none"> <li>Emergency contact network establishment and inspection</li> <li>Warning system establishment and inspection</li> <li>Evacuation guide placement and inspection</li> </ul>
When Accidents Occur or Risk of Accidents Exists	Stage 2	<ul style="list-style-type: none"> <li>Accident information dissemination through warning system activation</li> <li>Work suspension</li> <li>Worker evacuation and safety assurance</li> </ul>
	Stage 3	<ul style="list-style-type: none"> <li>Emergency transport request</li> <li>Victim relief measures</li> <li>- 119 paramedics, regional emergency medical centers, etc.</li> <li>- Emergency measures such as CPR when necessary</li> </ul>
	Stage 4	<ul style="list-style-type: none"> <li>Accident occurrence reporting (internal/external)</li> </ul>
	Stage 5	<ul style="list-style-type: none"> <li>Risk factor elimination</li> <li>Accident scene preservation</li> <li>- Risk factor elimination by accident type</li> <li>- Work commencement after ensuring worker safety</li> <li>- Prevention of secondary accidents through accident scene access prohibition</li> <li>- Continued until accident cause identification</li> </ul>
	Stage 6	<ul style="list-style-type: none"> <li>Additional damage prevention</li> <li>Recurrence prevention measures establishment</li> <li>- Serious industrial accident task force formation and operation</li> <li>- Accident cause investigation and accident occurrence content sharing</li> <li>- Worker psychological support program guidance, etc.</li> </ul>

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## Employee Safety and Health

### Promotion of Health and Safety Culture and Training

#### Promotion of Health and Safety Culture and Training

NongHyup Bank produced and distributed digital posters related to 'Serious Accident Prevention Safety Guidelines' and the at-a-glance 'NongHyup Bank Comprehensive Safety Management Annual Schedule' to spread employee safety and health awareness and prevent safety accidents, while conducting ongoing education using 'Occupational Safety and Health Training Videos' specifically designed for banking operations to strengthen employee safety and health capabilities.

#### | Safety Accident Prevention Digital Poster |



#### Serious Accident Prevention through Risk Assessment and Site Inspection

NongHyup Bank contributes to preventing safety accidents and ensuring employee safety and health by identifying and improving workplace hazards and risk factors through annual workplace risk assessments. Additionally, under the supervision of the safety and health management supervisor, the bank visits key safety and health management offices, including new construction sites and offices where accidents have occurred to proactively identify factors that could pose safety accident risks and implement improvements and support measures.



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## Enhancement of Welfare and Organizational Culture

### Welfare Programs for Families and Childcare

NongHyup Bank is actively committed to supporting the balance between work and family life by operating welfare programs for families and childcare.

 <p>Pregnancy</p>	<ul style="list-style-type: none"> <li>• Infertility leave and infertility treatment leave system operation</li> <li>• Menstrual and fetal examination leave provision</li> <li>• Infertility treatment cost support</li> </ul>
 <p>Childbirth</p>	<ul style="list-style-type: none"> <li>• Maternity leave provision</li> <li>• Spouse delivery leave usage</li> <li>• Spouse miscarriage leave usage</li> <li>• Child birth congratulatory money payment</li> <li>• Birth celebration gift provision, etc.</li> </ul>
 <p>Care and Educational Support</p>	<ul style="list-style-type: none"> <li>• Childcare leave (maternal protection before delivery or child rearing after delivery) system operation</li> <li>• Working hours reduction during childcare period system operation</li> <li>• Child education expense support</li> <li>• Childcare allowance payment for children with disabilities</li> <li>• Elementary school enrollment celebration gift provision</li> </ul>
 <p>Family</p>	<ul style="list-style-type: none"> <li>• Family care leave and family care vacation system operation</li> <li>• Family culture day event expense support</li> </ul>

### Systems for Work Environment Improvement

NongHyup Bank operates various flexible work systems such as flexible working hours, holiday substitution system, and flexible work arrangements to enhance job satisfaction and engagement, and has introduced the 'PC-OFF' system to comply with statutory working hours. Additionally, the bank creates a work environment that realizes work-life balance for employees by reducing simple repetitive tasks through robotic process automation (RPA) operations and implementing on-time departure for early establishment of reduced working hours.

### DT foundation establishment across the bank through new RPA portal and hyper-automation

NongHyup Bank has established a new RPA portal to advance business digitalization, creating an environment where all employees can implement work automation. In particular, the bank realized field-centered work automation through the introduction of modular RPA for branches and successfully hosted the participant-led 'RPA Big League' competition to strengthen employees' DT capabilities. As a result of these efforts, the bank applied RPA to 202 tasks across 42 departments as of 2024, achieving an annual work time replacement effect of 840,000 hours and contributing to enterprise-wide operational efficiency improvement. Additionally, the bank accelerated digital transformation by pilot-introducing generative AI-based hyper-automation as the first among domestic banks.

### Retiree Support Program

NongHyup Bank provides reemployment support education for workers aged 50 and above who are expected to change jobs or retire, by the 'Act on Prohibition of Age Discrimination in Employment and Elderly Employment Promotion' and other regulations. Additionally, the bank operates support systems for retired employees, including tax services, health services, funeral support, and training center services. These efforts aim to help retirees maintain stable lives after retirement, to provide multifaceted support for employees' futures.





2024 Reemployment Education Participants

**288** persons

## Employee Health Management

NongHyup Bank supports annual health examinations for all employees and their spouses to manage employee health. The bank operates an in-house fitness facility and a health office for disease prevention, physical fitness improvement, and continuous health management, while providing medical expense support through group accident insurance.

 <p>Employee health check-up</p>	<ul style="list-style-type: none"> <li>• Provide health check-up for employees and spouses(or one parent)</li> <li>• Conduct employee health check-ups and follow up care for individuals with abnormal findings                     <ul style="list-style-type: none"> <li>- Triage vulnerable individuals and request thorough self-care</li> </ul> </li> </ul>
 <p>Support for group accident insurance and medical expenses subsidies</p>	<ul style="list-style-type: none"> <li>• Employee group accident insurance to cover medical expenses for employees and their families</li> </ul>

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## Human Rights Management

### Human Rights Policy

NongHyup Bank supports the principles of human rights protection and respect of the UN Global Compact (UNGC). To this end, the bank has stipulated matters concerning employee welfare improvement and health enhancement in its welfare regulations and has codified in its ethical charter the commitment to strive for individual health and quality of life improvement.

### NongHyup Bank Ethics Charter

- We respect the dignity of each employee, do not discriminate, ensure equal opportunity and fair assessment, and strive to improve employees' health and quality of life.
- We comply with domestic laws and international regulations, respect the market order of free competition, and build cooperative community relationships with all stakeholders to pursue mutual prosperity.

### NongHyup Bank Code of Ethics

#### Chapter 5: Responsibility to Employees

The bank respects the personality of employees with trust and affection, creates a work environment where individual autonomy and creativity can be maximized, and does its best to improve the quality of life of employees.



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## Human Rights Management Activities

### Human Rights Risk Management Activities

NongHyup Bank regularly conducts human rights education to establish and internalize a human rights management culture. The bank operates mandatory educational courses for all employees, including violence prevention education such as sexual harassment prevention and workplace harassment prevention.

#### Human Rights Protection Activities by Stakeholders

NongHyup Bank identifies key human rights risks exposed to each interested party to establish and internalize a Human Rights Management culture and carries out response activities accordingly.

Stakeholders	Key Human Rights Areas	Response Activities	Related Page
Customer	Customer Personal Information Protection	<ul style="list-style-type: none"> <li>Information Security Maturity Assessment and Advancement of Management System</li> <li>Operation of Continuous Monitoring Security Control System</li> <li>Acquisition of Various Information Security Certifications such as ISMS and ISO27001</li> </ul>	83-86
	Financial Consumer Protection	<ul style="list-style-type: none"> <li>Operation of Consumer Rights Protection Committee</li> <li>Operation of Financial Consumer Protection Council</li> <li>24-hour Financial Transaction Continuous Monitoring System Operation</li> <li>Operation of Mystery Shopping System</li> </ul>	76-80
	Protection of Underserved Customers	<ul style="list-style-type: none"> <li>Provide tailored consultation services for individuals with disabilities, the elderly, and foreign nationals</li> <li>Introduce braille security cards and voice OTP methods for visually impaired customers</li> <li>Enhance accessibility of non-face-to-face channels</li> </ul>	41, 91-92
	Customer Complaint Handling	<ul style="list-style-type: none"> <li>Operation of Dedicated VOC Team for Prompt Complaint Handling</li> <li>Operation of Customer Panel System</li> <li>'Re-New-All Project' to Enhance Customer Service Capabilities</li> </ul>	78-82
Employees	Expansion and Respect for Diversity	<ul style="list-style-type: none"> <li>Leadership Training for Developing Female Leaders</li> <li>Support for Hiring Veterans</li> </ul>	105
	Guarantee of Basic Human Rights for Employees	<ul style="list-style-type: none"> <li>Regular Human Rights Management Education</li> <li>Operation of Employee Grievance Handling System</li> <li>Establishment of Anti-Discrimination Policy</li> <li>Operation of Employee Health and Safety Training Programs</li> <li>Welfare Programs for Family and Childcare</li> </ul>	100-105
Partner Companies	Protection of Emotional Labor Workers	<ul style="list-style-type: none"> <li>Strengthening Protection Activities for Customer Service Employees including Activation of Warm Heart Psychological Counseling Room Operation</li> </ul>	104
Community	Guarantee of Environmental Rights	<ul style="list-style-type: none"> <li>Equator Principles Membership and Implementation</li> </ul>	16

#### Reasonable Labor-management Relations

NongHyup Bank respects workers' rights guaranteed under the 「Act on the Promotion of Employees' Participation and Cooperation」 and holds quarterly labor-management councils for welfare improvement and sound corporate development. Additionally, the bank holds separate office-level labor-management meetings at least once per quarter for efficient business operations, employee grievance handling, and work environment improvement. In particular, the bank regularly consults on major labor-management issues through official and unofficial channels.

#### Warm Heart Psychological Counseling Room Operation Activation

NongHyup Bank operates a psychological counseling room with resident professional psychological counselors for counselor emotional management, with annual usage rates increasing and high satisfaction levels, leading to plans for expanded operations. Additionally, the bank practices ESG management through cooperation with Customer Happiness Center partners. Based on participation and cooperation between consigning and consigned companies, the bank promotes counselor welfare improvement and work environment enhancement, while operating the newly established 'Mutual Growth Council' as a mutual communication channel for counseling quality improvement. The Mutual Growth Council is held regularly twice a year, while the Mutual Growth Working Council is conducted monthly.



**Warm Heart Psychological Counseling Room Performance** | (Unit : Case)



#### Regular Human Rights Management Education Implementation

NongHyup Bank regularly conducts human rights education to establish and internalize a human rights management culture. The bank operates mandatory educational courses for all employees, including violence prevention education, such as sexual harassment prevention and workplace harassment prevention.

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## Human Rights Management Activities

### Human Rights Risk Management Activities

#### Employee Psychological Counseling Program Operation

NongHyup Bank operates a psychological health support program for employees' healthy and happy work life.

Category	Response Activities
Employee Psychological Counseling	Psychological Counseling EAP Program Continuously providing serotonin (happiness hormone) detox mindfulness mentoring educational programs for healthy daily life through the employee online education system
	Psychological Counseling EAP Program The bank supports consultation costs with professional counselors to assist efficient work performance by resolving stress from various sources experienced by employees. Consultation support is provided in various areas including job stress, interpersonal relationships, child rearing, and psychological testing  394 sessions provided
Employee Satisfaction Program	NH 休-Lounge Day Event Creating a happy work environment through employee morale enhancement and mindfulness by operating free one-day psychological counseling centers for employees through biannual events

### Respect for Diversity and Gender Equality

#### Diversity and Inclusive Talent Development

NongHyup Bank ensures employee diversity so that all members do not face discrimination due to external factors such as gender and disability. The bank strictly complies with related laws, including the Labor Standards Act and the Equal Employment Act, and applies a zero-tolerance policy when human rights violations related to discrimination occur. Additionally, the bank diversifies job functions and expands training opportunities to enhance the rights of female employees, while continuously expanding and implementing various welfare systems that enable work-life balance.

#### Corporate Finance Female Manager RM Level Up Training Operation

NongHyup Bank implemented customized training programs to strengthen corporate finance RM capabilities for female managers. This training aimed to help female managers further enhance their expertise in corporate finance and strengthen their capabilities as managers. Through these programs, the bank expands opportunities for female managers to perform leading roles in corporate finance and contributes to promoting diversity within the organization.

#### Support for Hiring National Veterans

NongHyup Bank conducts a special recruitment process recommending national veterans during annual new employee hiring to support their social independence and stabilize the livelihoods of veteran families. Additionally, it actively participates in veteran employment fairs to enhance employment competitiveness and expand hiring opportunities for national veterans. As a company fulfilling its social responsibility, NongHyup Bank will continue various social contribution activities supporting national veterans.

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# Make the 'Right' Moment

Sound corporate governance serves as an important metric that forms the foundation for the sustainable growth of enterprises. NongHyup Bank continuously strives to establish a transparent and ethical organizational culture based on sound corporate governance. The bank has established management processes centered on a Board of Directors with expertise and diversity, strengthened internal control management systems to eliminate unethical corporate conduct, and enhanced corporate value by strengthening trust with stakeholders through ethical compliance management and systematic risk management. Additionally, to implement transparent corporate governance, the bank actively discloses governance annual reports and governance-related business processing standards, procedures, and results on its website.



## Decision-making system centered on independent directors, based on independence and expertise

As of December 31, 2024, NongHyup Bank's Board of Directors consists of eight directors, of which four are independent directors with expertise and experience in various fields. The bank realizes responsible management through decision-making and execution centered on a Board of Directors with expertise and diversity and strengthens trust through the protection of stakeholder interests.



Attendance Rate of Independent Director

**100%**

## Advancing risk management system

NongHyup Bank supports sound and efficient decision-making by proactively responding to various risks through the advancement of its risk management framework. The Bank materializes its risk management strategy by establishing risk capital management plans, risk limits, and exposure limits annually. Additionally, the Bank conducts integrated risk management, operates recovery planning, and performs crisis scenario analysis, while operating various training programs to strengthen risk management expertise.



Integrated Risk Monitoring **2** Sessions a Year



Risk Management Best Practices

**Awards**

## Strengthening Ethics and Compliance Management

NongHyup Bank has established a Code of Ethics, Employee Ethics Charter, and Code of Conduct that contain the major principles of ethical management philosophy and policies to present desirable decision-making and behavioral standards. In particular, in 2024, the bank enhanced its external credibility through international standard certifications (ISO37301, ISO37001) including Anti-Corruption Management Systems, and strengthened efforts for the internalization of ethical management by introducing responsibility structure diagrams. For concrete ethical management practice, the bank conducts annual ethical practice pledges for all employees and selected monthly themes for employee code of conduct practice, conducting a total of 29 training sessions in 2024.



International Standard Certifications

**ISO 37301, 37001** Acquisition

# NongHyup Bank Governance

✔ **Key word**  
Board of Directors Composition  
Operations Director Appointment  
and Evaluation

✔ **Index**  
Board of Directors attendance rate  
100%



## Governance Structure

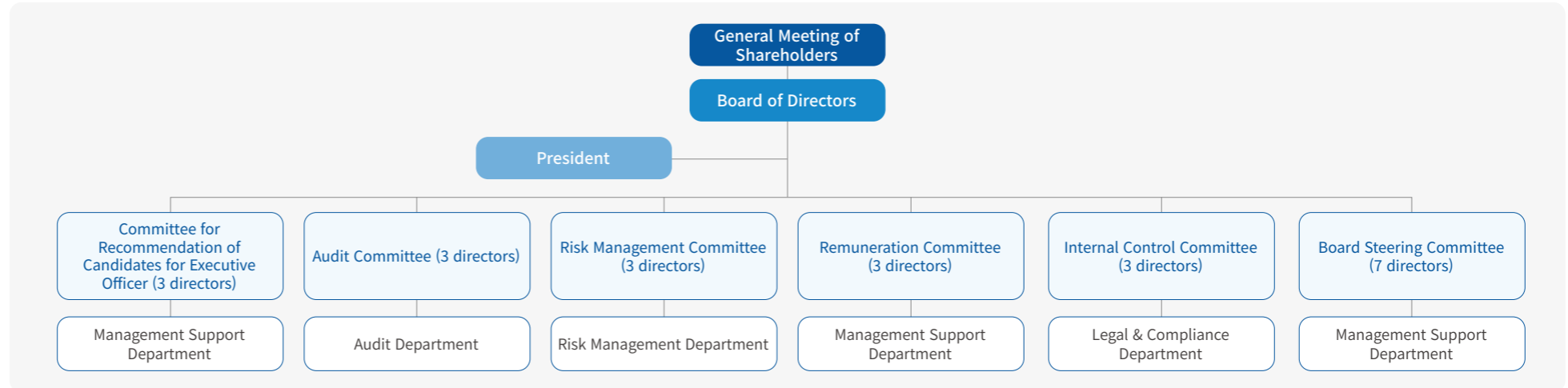
### Governance Principles

NongHyup Bank operates its Board of Directors and committees within the Board of Directors stably and soundly in accordance with relevant laws and regulations including the 「Act on Corporate Governance of Financial Companies」. The Board of Directors maintains independence in accordance with the Commercial Act and Corporate Governance Act and constitutes a majority of all committee members within the Board of Directors as independent directors. Additionally, the bank considers the expertise and diversity of directors in the director appointment process to enable efficient response to socio-economic environmental changes. Details regarding corporate governance are transparently disclosed through the corporate governance and annual reports below or through NongHyup Bank's website.

### Governance Members

The NongHyup Bank Board of Directors consists of 2 Executive Directors, 4 Independent Directors, and 2 Non-executive Directors as of the end of 2024 in accordance with Article 31 of the Articles of Incorporation. Independent Directors are appointed considering the bank's asset size, sophisticated banking characteristics, and independence for appropriate deliberation and resolution of important matters. NongHyup Bank appoints 4 out of 8 Board members as Independent Directors and selects the Chairman of the Board from Independent Directors. The bank has 6 committees within the Board: Committee for Recommendation of Candidates for Executive Officer, Audit Committee, Risk Management Committee, Internal Control Committee, Remuneration Committee, and Board Steering Committee. As of the end of 2024, the Board comprises 2 financial experts, 1 management expert, 1 legal expert, 1 digital expert, 1 ESG expert, 1 financial expert, and 1 consumer protection expert, ensuring important agenda items are not biased toward specific interests and optimal results are derived through expert views from various fields.

| Governance Organization Chart |



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# NongHyup Bank Governance

## NongHyup Bank Board Skill Matrix (Board Skill Matrix)<sup>1)</sup>

Category/ Position	Chairman / Independent Director	Independent Director	Independent Director	Independent Director	Executive Director /President	Executive Director/ Chief Audit Executive	Non-executive director	Non-executive director
Name	Cho, Yong Ho	Hahm, Yu Kun	Cha, Kyung Wook	Jang, In-Hwan	Lee, Seok Yong	Ko, Il Yong	Seo, Seok Jo	Ban, Chae Woon
Gender	Male	Male	Female	Male	Male	Male	Male	Male
Major Career	<ul style="list-style-type: none"> <li>Justice of the Constitutional Court</li> <li>Chair Professor at Konkuk University Law School (Current)</li> </ul>	<ul style="list-style-type: none"> <li>Instructor of Business Administration, Konkuk University (Current)</li> <li>President of the Korea Bigdata Society</li> </ul>	<ul style="list-style-type: none"> <li>Instructor of Consumer Science and Living Culture Industry, Sungshin Women's University (Current)</li> <li>President of the Korean Academic Society of Financial Planning (Current)</li> </ul>	<ul style="list-style-type: none"> <li>Vice Chair of Planning &amp; Public Relations, Hansun Foundation (Current)</li> <li>Administrator at the Office of Senior Presidential Secretary for Civil Affairs</li> </ul>	<ul style="list-style-type: none"> <li>NACF Planning and Coordination Division General Manager</li> <li>NongHyup Bank Head Of Seoul Regional Division</li> </ul>	<ul style="list-style-type: none"> <li>Chief Audit Executive of Lotte Card</li> <li>Financial Supervisory Service Banking Risk Management Department Director</li> </ul>	<ul style="list-style-type: none"> <li>Director at Nongmin Newspaper &amp; NBS</li> <li>President of Buk- Yeongdeok NongHyup Association (Current)</li> </ul>	<ul style="list-style-type: none"> <li>NongHyup Bank Chief Risk Officer (CRO)</li> <li>NongHyup Bank General Manager of Planning &amp; Co-ordination Dept</li> </ul>
Expertise	Law	Digital	Consumer Protection	ESG	Banking	Finance	Management	Finance
Board Tenure	'22.4.27. - '25.3.31.	'24.4.1. - '26.3.31.	'24.4.1. - '26.3.31.	'24.9.1. - '26.8.31.	'23.1.1. - '24.12.31.	'23.6.1. - '25.5.31.	'23.6.1. - '25.5.31.	'23.4.1. - '25.3.31.
Banking					●			●
Management							●	
Law	●							
Digital		●						
Consumer Protection			●					
ESG				●				
Finance						●		
Committee	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Remuneration Committee</li> <li>Board Steering Committee</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration Committee</li> <li>Committee for Recommendation of Candidates for Executive Officer</li> <li>Audit Committee</li> <li>Board Steering Committee</li> </ul>	<ul style="list-style-type: none"> <li>Committee for Recommendation of Candidates for Executive Officer</li> <li>Risk Management Committee</li> <li>Internal Control Committee</li> <li>Board Steering Committee</li> </ul>	<ul style="list-style-type: none"> <li>Risk Management Committee</li> <li>Internal Control Committee</li> <li>Board Steering Committee</li> </ul>	<ul style="list-style-type: none"> <li>Board Steering Committee</li> </ul>	<ul style="list-style-type: none"> <li>Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>Committee for Recommendation of Candidates for Executive Officer</li> <li>Internal Control Committee</li> <li>Board Steering Committee</li> </ul>	<ul style="list-style-type: none"> <li>Risk Management Committee</li> <li>Remuneration Committee</li> <li>Board Steering Committee</li> </ul>

1) As of December 2024

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# NongHyup Bank Governance

## Governance Operation

### Board of Directors Operations

NongHyup Bank Board of Directors is convened by the Chairman and holds regular Board of Directors meetings once per quarter. Additionally, temporary Board of Directors meetings are convened when the Chairman deems it necessary or when requested by directors or committees within the Board of Directors. When convening the Board of Directors, a notice of convocation including the purpose and date of the meeting is sent 7 days prior to the meeting, and related materials are shared to enable sufficient prior review of agenda items, with relevant department heads providing preliminary explanations when necessary to enhance directors' understanding.

### Board of Directors Activities Status

In 2024, a total of 14 Board of Directors meetings were held, discussing 112 agenda items.

Category	2022	2023	2024
Number of Board Meetings	16	14	14
- Resolved Agendas	61	46	62
- Reported Agendas	54	49	50
Average Board Attendance Rate (%)	98	99	100

### | Major Agenda of the Board of Directors |

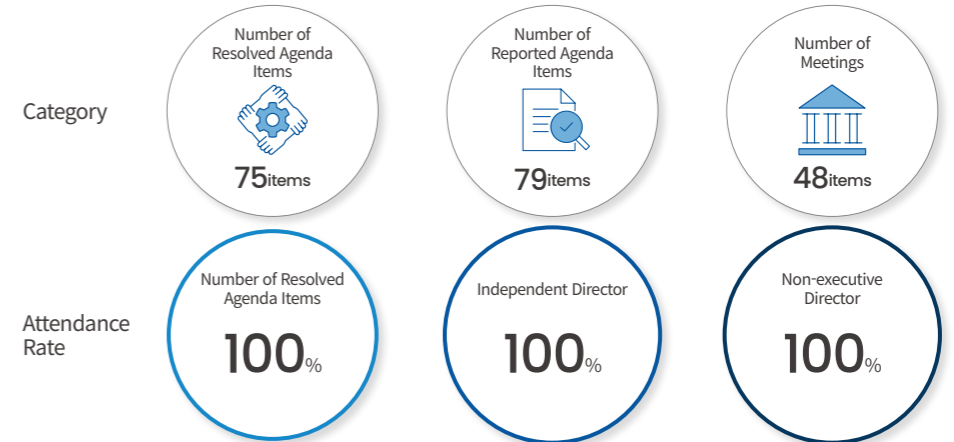
 Establishment and evaluation of management goals and strategies	 Articles of Incorporation Amendment	 Approval of the budget and settlement	 Significant organizational changes, such as dissolution or business transfer
 Establishment and evaluation of internal control standards	 Establishment and evaluation of risk management standards	 Establishment and evaluation of governance principles and policies	 Management and supervision of conflicts of interest

### Board of Directors Committee Operations

NongHyup Bank operates the Committee for Recommendation of Candidates for Executive Officer, Audit Committee, Risk Management Committee, Remuneration Committee, Internal Control Committee, and Board Steering Committee as committees under the Board of Directors. All six committees are composed with a majority of Independent Directors, and five committees excluding the Board Steering Committee have Independent Directors as chairpersons.

Category	Committee Roles	Number of Meetings Held (Times)	Number of Agenda Items (Items)
Committee for Recommendation of Candidates for Executive Officer	Recommend candidates for President, Members of Audit Committee, and independent directors to the shareholders' meeting	11	14
Audit Committee	Audit of management's business execution, audit, and evaluation of internal control systems	14	38
Risk Management Committee	Establish risk management policies considering management objectives and business strategies	14	86
Remuneration Committee	Monitor the design and operation of employee performance compensation systems, and independently establish compensation policies	4	7
Internal Control Committee	Deliberate and resolve matters related to internal control, inspect and evaluate internal control management measures, and report	3	5
Board Steering Committee	Deliberate and resolve Board of Directors and Board committee meeting schedules, evaluation activities, etc.	2	4

### | Status of Activities of Board of Directors Committees |



# NongHyup Bank Governance

## Transparency, Diversity, Independence, and Expertise of Governance

### Appointment Process of an Independent Director

NongHyup Bank appoints Independent Directors through a fair selection process considering expertise, diversity, and independence. To manage a pool of Independent Director candidates with guaranteed knowledge and independence, the bank receives recommendations for experts in various fields through channels including shareholders, external advisory institutions, support departments, directors, and management. Matters related to the management of Independent Director candidate pools are determined by resolutions of the Committee for Recommendation of Candidates for Executive Officer, and candidate pool management details must be reported to the Board of Directors at least once annually. When selecting candidate pools, the bank reviews not only legal requirements (「Act on Corporate Governance of Financial Companies」) but also NongHyup Bank's internally established requirements of ① expertise, ② fairness, ③ ethics and responsibility, and ④ loyalty to select and verify suitable candidates.

### | Criteria for Selecting Independent Director Candidates |

- ① Whether a candidate has sufficient practical experience or expertise in relevant fields such as finance, management, economics, law, accounting, consumer protection, and information technology to effectively perform their duties as an independent director.
- ② Whether a candidate can perform their duties impartially and without being bound by special interests.
- ③ Whether a candidate possesses the necessary ethical standards and sense of responsibility to serve as an independent director.
- ④ Whether a candidate can allocate sufficient time and effort to faithfully perform their duties as an independent director.

### Transparency of the Board of Directors

NongHyup Bank publishes an annual corporate governance and compensation system report on its website each year to ensure Board of Directors transparency. The main contents include Board of Directors status, activities of the Board of Directors and committees within the Board of Directors, and compensation systems, thereby ensuring the fairness and reliability of Board of Directors operations to shareholders and stakeholders and establishing standards for continuous governance improvement. Additionally, by providing objective data on the compensation determination process and compensation levels, the bank transparently discloses a fair compensation system based on management performance.

### Diversity of the Board of Directors

NongHyup Bank does not impose restrictions on the gender, age, nationality, or birthplace of Board of Directors members to ensure diversity within the Board of Directors. To secure diverse expertise of the Board of Directors, the bank manages candidate pools in 8 professional fields, including finance, management, economics, accounting, law, IT, consumer protection, and ESG, and currently pursues gender diversity of the Board of Directors by including 1 female Independent Director among Board of Directors members.

### Independence of the Board of Directors

NongHyup Bank is composed of Independent Directors with secured expertise and independence to strengthen the core function of the Board of Directors, which is the oversight role of management. As of December 2024, the ratio of Independent Directors is 50%. Additionally, an Independent Director serves as the Chairman of the Board to enable substantial management supervision functions. As of December 2024, the attendance rate of Independent Directors is 100%, demonstrating that Independent Directors are faithfully performing their oversight and monitoring functions.

### Expertise of the Board of Directors

NongHyup Bank focuses on whether candidates possess sufficient practical experience and expertise in fields related to the banking industry when appointing Independent Directors to secure expertise.

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# NongHyup Bank Governance

## Enhancing the Competence and Performance Evaluation of Governance Members

### Training for Independent Director

NongHyup Bank conducted Independent Director training and education programs to enhance understanding of NACF and banking business operations. Including educational courses on overall governance, economic and financial market trends, strategy, risk management, and trend changes, the bank conducted 15 internal and external training sessions for Independent Directors in 2024.

Date	Main Contents of Training
2024.01.23.	Anti-Money Laundering Training
2024.02.08.	Business Understanding Enhancement Briefing
2024.02.15.	Anti-Money Laundering Training
2024.03.28.	Anti-Money Laundering Training
2024.04.11.	New Director Orientation
2024.04.30.	Anti-Money Laundering Training
2024.06.20.	Chief Compliance Officer Training and Anti-Money Laundering Training
2024.07.25.	Financial Supervisory Service Independent Director Meeting and Anti-Money Laundering Training
2024.08.22.	Anti-Money Laundering Training
2024.09.03.	New Director Orientation
2024.09.26.	Agriculture and Rural Understanding Enhancement Workshop
2024.10.29.	Anti-Money Laundering Training
2024.11.14.	Business Understanding Enhancement Briefing
2024.11.28.	Chief Compliance Officer Training
2024.12.27.	Anti-Money Laundering Training

### Assessment of the Board of Directors

NongHyup Bank regularly inspects and evaluates whether the Board of Directors adequately performs the roles and responsibilities required by relevant laws and regulations. Under the supervision of the Board Steering Committee, the bank evaluates the composition and operation status of the previous year's Board of Directors at the beginning of each year, to ensure that the Board of Directors faithfully performs its role as an institution that makes major decisions for the Bank while overseeing management. The evaluation covers the roles and composition, independence, and appropriateness of the Board of Directors, and the 2024 Board of Directors evaluation result was 97.6 points, which was evaluated as generally excellent. The identified improvement items will be used as reference materials for more faithful Board of Directors operations in the future.

### Assessment of Independent Directors

NongHyup Bank conducts evaluations of the previous year's Independent Director activities under the supervision of the Board Steering Committee and reports the results to the Board of Directors annually. The 2024 evaluation consisted of an Independent Director self-evaluation, mutual evaluation, employee evaluation, Board of Directors (committee) participation evaluation, and training and other meeting participation evaluations. The evaluation results showed that all Independent Directors were evaluated as very excellent in expertise, fairness, loyalty, and responsibility. Specifically, all Independent Directors received the highest grade (Grade S) among the final evaluation grades of Grade S to Grade D (a total of 5 grades).

<b>Evaluation criteria</b>	Expertise, fairness (independence), ethics, responsibility, loyalty, contribution, other matters, etc.
<b>Evaluation metrics</b>	Board of Directors participation rate, training and education participation rate, other meeting participation rates, etc.

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# NongHyup Bank Governance

## Enhancing the Competence and Performance Evaluation of Governance Members

### Executive Performance Evaluation and Remuneration

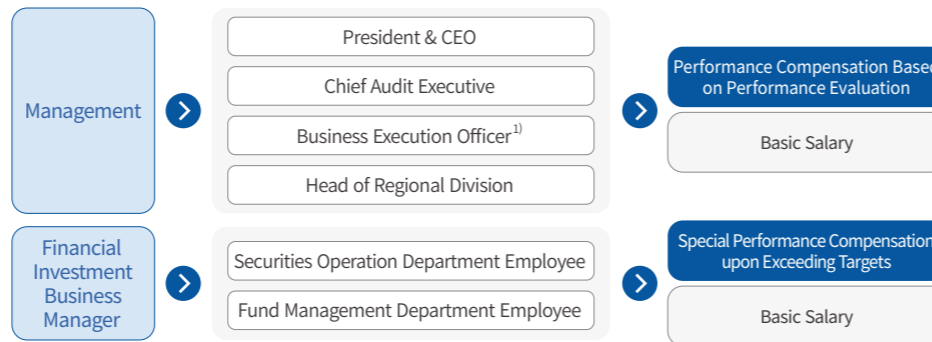
#### Compensation Structure

NongHyup Bank designs and operates its compensation system within a range that does not harm the bank's sustainability based on performance and risk balance. The Remuneration Committee establishes key compensation policies and supervises the compensation system design and operation, independently establishing compensation policies in accordance with the 「Remuneration Committee Regulations」. The 2024 compensation system strengthened core business competency evaluation to achieve 2024 management objectives and establish a performance-centered organizational culture. To secure future growth drivers, the bank expanded evaluation weight of digital capability enhancement, financial consumer protection, and ESG management activation-related sectors.

#### Executive Performance Indicators

Management, including the President, reflects evaluation results in performance bonus calculation and individual performance compensation through performance indicators such as departmental KPIs and qualitative evaluation. Financial Investment Managers receive incentives based on excess achievement against profit and loss targets. However, Chief Audit Executive, Chief Risk Officers, and Chief Compliance Officer undergo performance evaluation based on independent criteria to prevent conflicts with their duties.

Evaluation Type	Evaluation Items	Details
Short-term Performance Evaluation	Quantitative Indicators	Profitability, capital adequacy, asset soundness, strategic investment, medium to long-term growth indicators, etc.
	Non-quantitative Indicators	Profitability, productivity, efficiency, soundness, etc.
Long-term Performance Evaluation	Comprehensive management capability and key implementation tasks	



1) Including Chief Risk Officer and Chief Compliance Officer(CCO)

#### Criteria for Deferral, Adjustment, Clawback, and Finalization of Performance Remunerations

Of the payment amount calculated according to NongHyup Bank management's performance evaluation results, 40% to 60% is paid immediately in cash, while the remainder is deferred and paid in cash over three years. During the deferral period, if management causes losses to the financial company about their duties, compensation is adjusted by recalculating the performance compensation to be paid by reflecting the realized loss scale. However, by the 「Act on Corporate Governance of Financial Companies」, Chief Audit Executive, Chief Compliance Officer, and Chief Risk Officers are not subject to deferred payment, and for Financial Investment Managers, when residual risk volume increases or additional losses occur, this is converted to excess profit and deferred compensation amounts are adjusted and paid by the amount calculated by applying special performance bonus calculation criteria. Deferred payment amounts are operated with total limits set during the year's evaluation and payment unconfirmed, and unconfirmed amounts are determined for payment annually through long-term performance evaluation. For Financial Investment Managers, decisions are made based on increases and decreases in managed asset risk volume and whether fund management losses occurred in the relevant year.

#### Executive Remuneration

The President's total compensation for 2024 was 290 million won, with performance-based compensation of 100 million won. (based on payment amount)

#### Stock Ownership by Executives

NongHyup Bank has a single shareholder governance structure with NongHyup Financial Group Inc. holding 100% of shares. Accordingly, the President and executives do not hold company shares.

#### Stock Ownership<sup>1)</sup>

	Number of Shares	Equity Ratio(%)
NongHyup Financial Group Inc.	476,870,202	100

1) Number of shares held and shareholding ratio as of the end of 2024

# Risk Management

## Key word

Integrated Stress Testing  
Risk Management Training and  
Talent Development

## Index

2024 Risk Management Best Practices  
Award  
Integrated Stress Testing Twice Annually

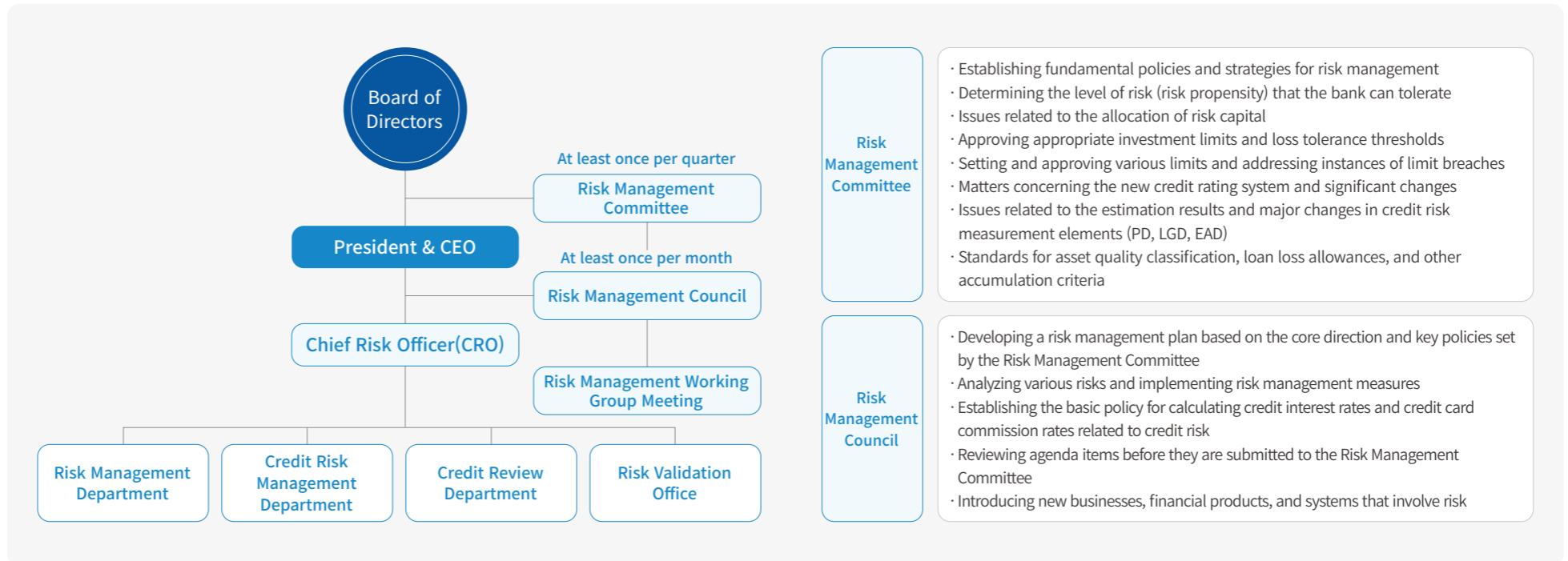
## UN SDGs



## Risk Management System

NongHyup Bank's risk management system aims to secure a foundation for sustainable growth by efficiently controlling and managing risks from all sectors that may arise in overall business activities to promote soundness and stability. The risk management organization consists of the 'Risk Management Committee' as the highest decision-making body, the 'Risk Management Council' as the policy execution body, the 'Risk Management Working Group Meeting' as the working-level meeting body, and the Risk Management Department, Credit Risk Management Department, Credit Review Department, and Risk Validation Office under the Chief Risk Officer. The Risk Management Committee establishes comprehensive risk management policies and standards for recognition, measurement, monitoring, and reporting of all important risks, while subordinate bodies establish practical management systems and perform related duties.

### | Risk Management Governance |



# Risk Management

## Key Risk Management

NongHyup Bank has established policies to hedge or mitigate significant risks, including credit risk, market risk, operational risk, and climate risk, and has developed monitoring strategies and procedures to manage them. In addition, NongHyup Bank systematically checks and appropriately manages risks according to established procedures, including measuring quantitative risk levels for each risk and setting risk-weighted capital limits.

### Risk Management Areas

#### Risk Areas



#### Credit Risk

- Set and manage allowable limits for different borrowers, products, and industries to prevent credit concentration
- Prepare for default risk in advance by accumulating allowances based on risk levels
- Separately review organizations from sales organizations to ensure independent reviews
- In case of default, improve soundness



#### Market Risk

- Manage risks arising from exposure of trading assets due to adverse market price fluctuations and prepare for the insolvency risk of marketable securities
- Establish and monitor limits for risk capital, loss limits, and stop-loss limits, and implement necessary actions through monitoring, analysis, and reporting



#### Operation Risk

- Set limits for risk capital and operational risks at affiliates, and report their progress against the limits to the management
- Collect and analyze loss events inside and outside the group
- Conduct risk control self assessment (RCSA) on a regular basis, and control and mitigate operational risks through key risk indicator (KRI) monitoring



#### Liquidity Risk

- Use liquidity coverages to prepare for severe liquidity deterioration and liquidity rates to determine the degree of future cash flow mismatch as early warning metrics, and set allowable limits to keep them above certain levels
- Calculate and monitor the level of concentration on key counterparties and products to prepare against liquidity risks



#### Interest Rate Risk

- Apply various interest rate volatility scenarios to interest-bearing assets and liabilities to assess and manage variations in economic profits and net asset values
- Set and manage risk capital limits by account to promote stability of economic profits and net asset value variations due to interest rate volatility
- Assess the impact of interest rates on assets and liabilities by period, and analyze term structures and product maturity structures to establish strategies



#### Climate Risk

- Measure and manage the risk that physical damage (physical risks) due to extreme weather events or the deterioration in business performance (transition Risks) that occurs during the transition to a low-carbon economy will transfer to the financial sector
- Analyze and report asset portfolio by industry/borrower based on financed emission measurement results
- Set and manage industry-specific exposure limits considering environmental factors
- Advance limit management strategies for identifying high-carbon industries/borrowers and achieving carbon neutrality
- Develop measurement and management plans for physical risks and transition risks through climate scenario analysis

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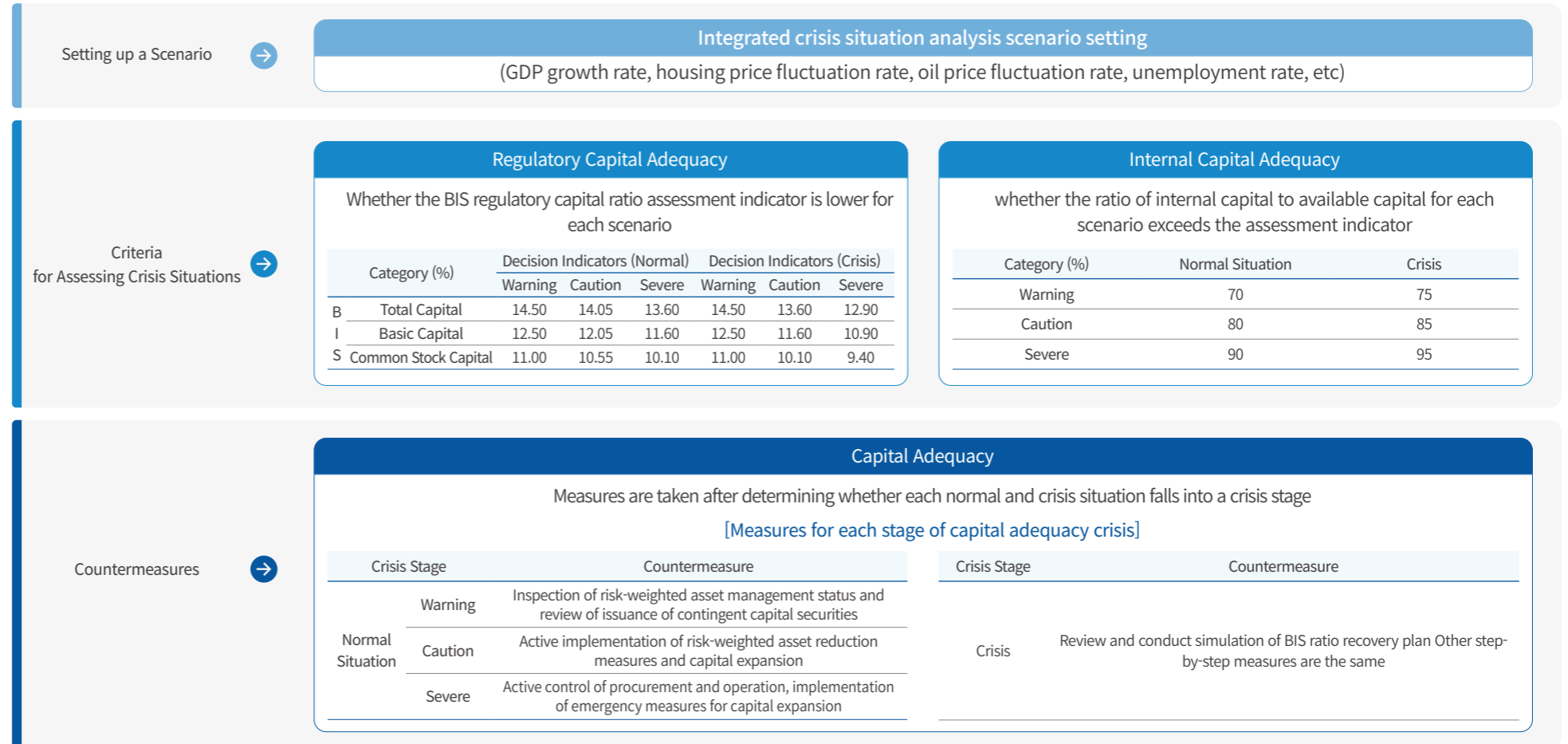
# Risk Management

## Integrated Risk Management System

### Integrated Crisis Situation Analysis

NongHyup Bank conducts Integrated Crisis Situation Analysis every half year based on Article 30, Paragraph 5 of the 「Regulation on Supervision of Banking Business」 to examine crisis response capabilities through impact analysis by crisis scenario. The Risk Management Committee deliberates and resolves on crisis scenarios and reviews stress testing results to analyze changes in financial companies' capital ratios and risk levels when unexpected risks occur in the overall economy, and supports the establishment of response plans when necessary.

\* Integrated Crisis Situation Analysis: Conducted every half year (twice annually)



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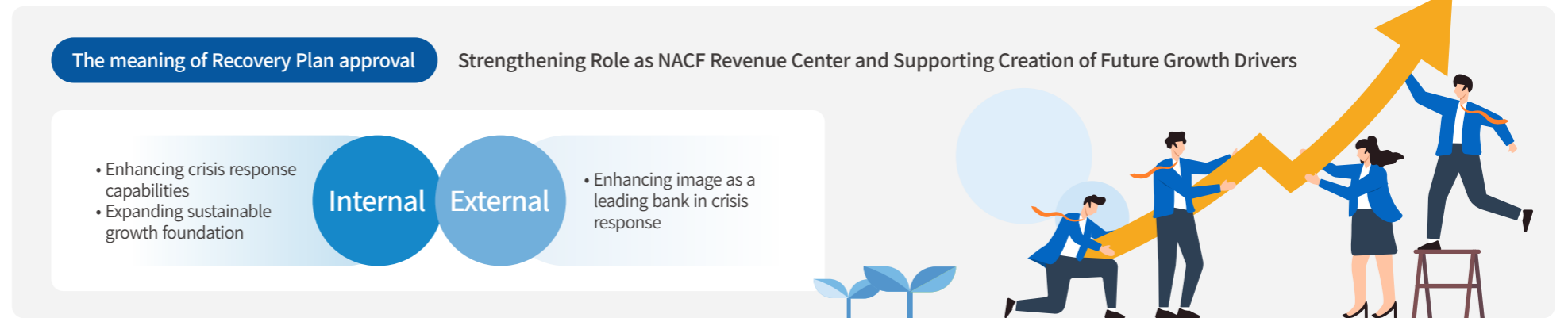
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# Risk Management

## Integrated Risk Management System

### Recovery Plan Development and Operation

NongHyup Bank has been establishing and submitting Recovery Plans annually and receiving approval from the Financial Services Commission since introducing the Recovery Plan system in June 2021, which is a self-rescue plan for financial institutions to recover soundness independently in financial crises. The Financial Services Commission approved NongHyup Bank's Recovery Plan submitted in 2024 in April 2025, through which NongHyup Bank enhanced its image as a leading bank in crisis response. NongHyup Bank operates a Recovery Committee chaired by the President and a Recovery Council chaired by the Chief Risk Officer(CRO) for the stable operation of the Recovery Plan, and monitors Recovery Plan activation indicators monthly.



### | Recovery Committee and Recovery Council Operations |

Council	Key Roles	Members	Meeting (Reporting) Cycle
Recovery Committee	<ul style="list-style-type: none"> <li>Overall responsibility for Recovery Plan preparation, management, and execution</li> <li>Reporting to the Board of Directors and supervisory authorities</li> <li>Recovery Plan-related decision-making (determining activation, major changes<sup>1)</sup>, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>(Chairman) President &amp; CEO</li> <li>(Members) All Business Execution Officers</li> </ul>	At least once annually
Recovery Council	<ul style="list-style-type: none"> <li>Recovery Plan preparation, management, and execution operations</li> <li>Supporting Recovery Committee decision-making</li> <li>Reporting activation indicator monitoring results</li> <li>Notifying working departments of Recovery Committee decisions</li> </ul>	<ul style="list-style-type: none"> <li>(Chairman) Chief Risk Officer(CRO)</li> <li>(Members) Planning &amp; Co-ordination Dept. General Manager, Risk Management Dept. General Manager, Credit Risk Management Dept. General Manager, Treasury Dept. General Manager, Public Relations Dept. General Manager</li> </ul>	At least once annually

1) Mergers and acquisitions of business units equivalent to 10% or more of total assets

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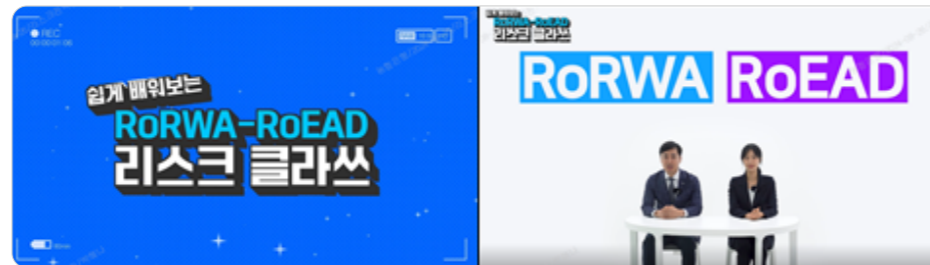
## Risk Management Capability Enhancement

### Risk Management Training and Talent Development

The Risk Management Department, which supports the operations of the NongHyup Bank Risk Management Committee, conducts education at least once per quarter to enhance committee members' understanding of banking business and risks.

Training Date	Key Training Contents
2024.03.07.	Understanding Climate Risk
2024.05.13.	Understanding Liquidity Risk
2024.06.20.	Second Half Risk Management Direction
2024.09.25.	Recovery Plan
2024.12.26.	Climate Risk Regulatory Trends and 2025 Risk Management Direction

Additionally, educational materials related to basic risk management concepts and Basel III risk management regulations, such as RWA and BIS, have been uploaded to the Bank's training system for all executives and employees to take at any time. The Bank plans to continue conducting education to enhance the practical risk management capabilities of executives and employees in the future.



**CASE**

### NongHyup Bank Wins Grand Prize at the 「2024 Risk Management Excellence Awards Ceremony」

NongHyup Bank has performed various risk management activities aimed at preventing corporate insolvency and minimizing losses amid increasing domestic and international economic uncertainties. To this end, the bank has conducted preliminary management by selecting high-risk assets and borrowers with delinquency concerns and strengthened management soundness by thoroughly examining real estate project financing loan risks. In particular, in 2024, NongHyup Bank Credit Review Department won the 'Grand Prize' at the NH Financial Group 2024 Risk Management Excellence Awards Ceremony for enhancing credit soundness through preemptive response to real estate PF risks. The Credit Review Department conducted comprehensive inspections of domestic real estate PF and took preemptive measures, such as establishing additional provisions for projects with insufficient profitability to enhance loss absorption capacity. These efforts were made as part of NongHyup Bank's initiative to establish preemptive risk management systems prepared for potential risks and encourage risk loss prevention activities. Going forward, NongHyup Bank will continue to share best practices with the entire organization to spread risk management culture and realize sustainable management by establishing preemptive and integrated risk management systems responsive to 2025 risk factors.



2024 Risk Management Excellence Awards Ceremony

# Ethics and Compliance Management System

✔ **Key word**  
Ethical Management System  
Compliance Monitoring Activities

✔ **Index**  
Establishment of Internal Control Committee  
Introduction of Responsibility Structure

✔ **UN SDGs**



## Ethical Management Policy

NongHyup Bank has established an ethical management system with 'Good Company - Realizing a Trusted NongHyup Bank' as its vision and goal to build trust through transparent management and lay the foundation for sustainable growth. Based on this, the bank seeks to fulfill its corporate social responsibility and become an exemplary company that grows together with farmers, customers, and local communities.

Vision and Goal

Ethical Management Strategy

Practicing Ethical Management

Evaluation and Feedback

### Good Company

Realizing a Trusted NongHyup Bank

Establishment of an ethical management strategy consistent with NongHyup Bank's vision and goals

Implementation of the ethical management practice program

<p><b>1</b></p> <p>Self-inspection of employee adherence to laws and regulations, including reporting on financial investment product sales by employees</p>	<p><b>2</b></p> <p>Monitoring of contract work, clean calls, and restrictions on the use of corporate(clean) cards for entertainment purposes</p>	<p><b>3</b></p> <p>Counseling center for employee behavioral guidelines, solicitation registration system, and external lecture reporting</p>
--	---	---

Integrity evaluation of executive staff, integrity evaluation of contract work, NongHyup Bank ethical level evaluation

### | Ethical Management Policy |

<p><b>Ethics Charter</b></p>	<p>...</p>	<p>The highest-level regulation in the ethical management system, applicable to all executives and employees of NongHyup Financial Group Inc. and its affiliates</p> <ul style="list-style-type: none"> <li>• Contribute to the growth of agriculture and rural communities and practice the customer-first philosophy</li> <li>• Prevent corruption and foster a clean work atmosphere</li> <li>• Comply with domestic laws and international regulations</li> <li>• Ensure equal opportunities and fair evaluation</li> <li>• Protect the environment</li> </ul>
<p><b>Code of Ethics</b></p>	<p>...</p>	<p>Stipulates the criteria for proper decision-making and ethical judgment to ensure compliance with the Ethics Charter, applicable to all executives and employees of NongHyup Bank</p> <ul style="list-style-type: none"> <li>• Protection of farmers and customer interests</li> <li>• Protection of shareholder and investor interests</li> <li>• Fair competition and transactions</li> <li>• Basic ethics of executives and employees</li> <li>• Responsibility for executives and employees</li> <li>• Responsibility to the nation and society</li> </ul>
<p><b>Employee Code of Conduct</b></p>	<p>...</p>	<p>Applies specific criteria and other details required for compliance with the Code of Ethics to NongHyup Bank employees</p> <ul style="list-style-type: none"> <li>• Fair job performance and prohibition of receiving improper benefits</li> <li>• Creating a healthy workplace atmosphere</li> <li>• Measures for violations, including consultation, reporting, and disciplinary actions</li> </ul>

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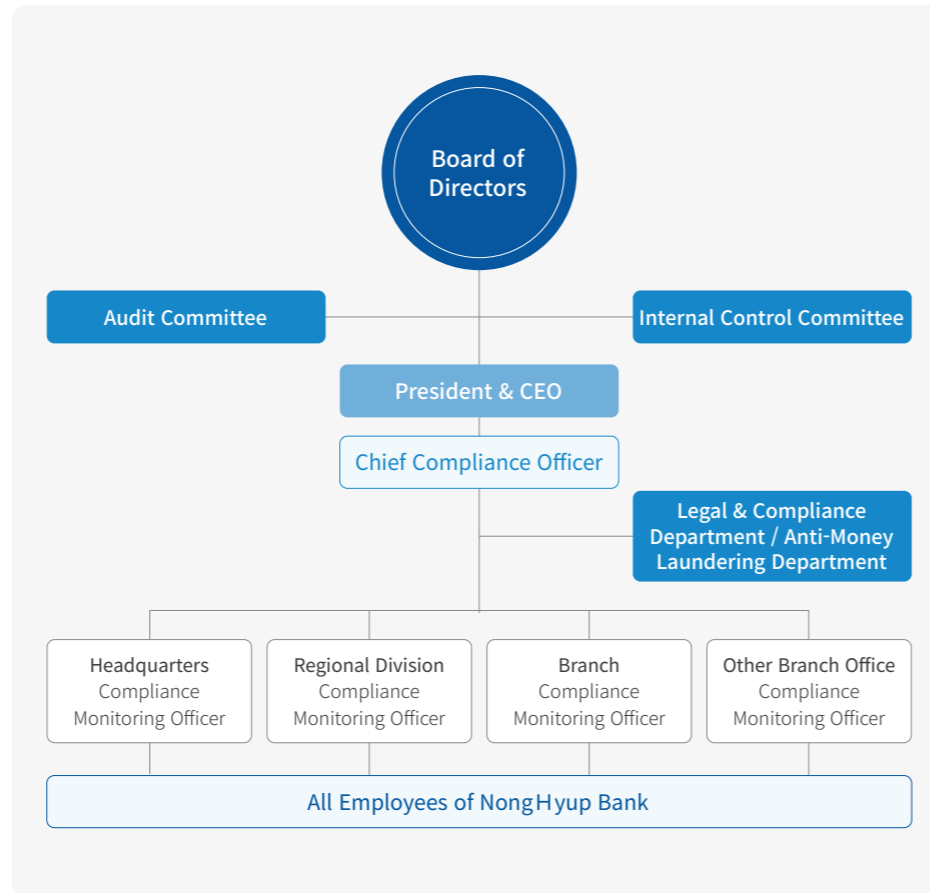
# Ethics and Compliance Management System

## Ethical Management System

### Ethical Management System

#### | NongHyup Bank Ethical Management System |

(as of December 31, 2024)



### Board of Directors Reporting Details

NongHyup Bank reports internal control-related agenda items to the Board of Directors through relevant departments for ethical management. In 2024, a total of 7 departments reported 11 agenda items to the Board of Directors.

Date	Key Contents
2024.02.15.	Report on Results of 「2023 Second Half Financial Consumer Protection Internal Control Committee」
2024.02.15.	Report on 2023 Internal Accounting Control System Operating Status
2024.02.15.	2023 Internal Control System and Operating Status Inspection Results
2024.02.15.	Report on 2023 Audit Implementation Results
2024.02.15.	Report on Operating Status of Products Excluded from Application of 「Bank Non-Deposit Product Internal Control Best Practices」
2024.03.07.	Climate Risk 2023 Property Interest Provision Status and Adequacy Inspection Results
2024.03.28.	2023 Personal Credit Information Utilization Management Status Inspection Results
2024.03.28.	Report on 2023 New York Branch Cybersecurity Activities
2024.08.22.	Report on Results of 2024 First Half Financial Consumer Protection Internal Control Committee
2024.10.29.	Report on 2024 Overseas Branch Anti-Money Laundering Activities
2024.12.19.	Report on 2024 Money Laundering and Terrorist Financing (ML/TF) Risk Assessment Results

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# Ethics and Compliance Management System

## Ethical Management System

### Internal Control Committee

NongHyup Bank's Board of Directors deliberates and resolves important matters regarding the establishment and supervision of internal control and risk management policies. The Bank also has an Internal Control Committee within the Board of Directors to ensure efficient internal control.

Key Roles

- 1 Establishment of basic policies and strategies for internal control
- 2 Establishment of measures to build an organizational culture that values professional ethics and the compliance spirit of executives and employees
- 3 Establishment and modification of governance internal regulations
- 4 Enactment and amendment of internal control standards
- 5 Inspection, evaluation, and improvement measure requirements for CEO and executive internal control management measure reports



### Internal Control System

NongHyup Bank has established internal control standards that Board of Directors members and all executives and employees must comply with and appoints Compliance Officers through Board of Directors resolutions, while ensuring fair job performance and independence. Internal control refers to a series of control processes that continuously manage executives and employees to comply with laws and internal control standards in performing their duties in order to comply with laws, maintain sound management and protect shareholders and depositors.

### Implementation of Ethics and Compliance Training for Executives

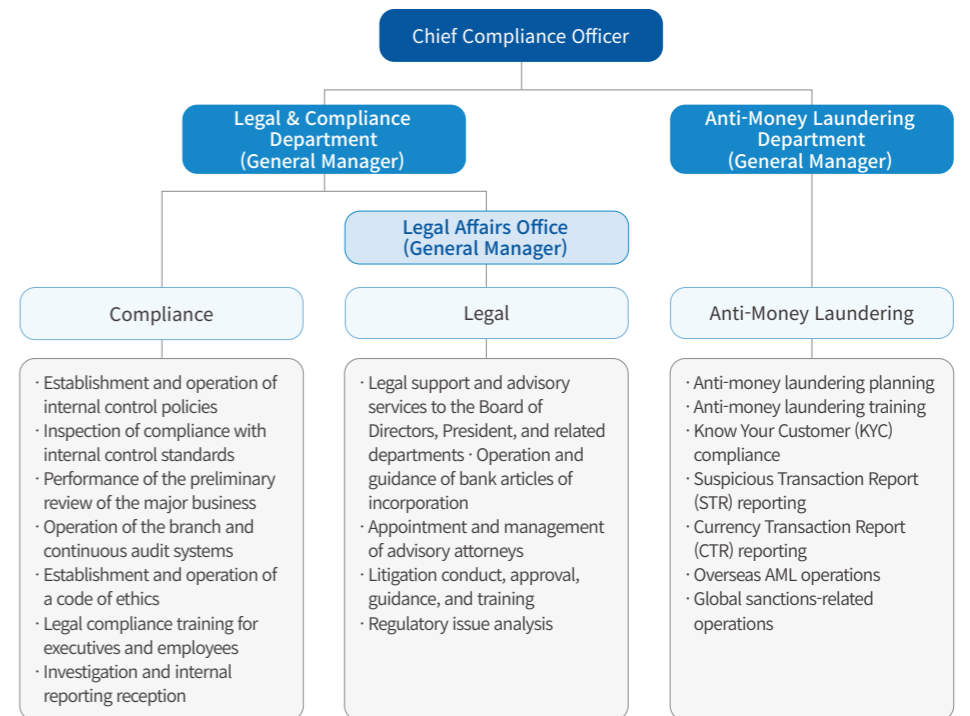
NongHyup Bank regularly conducts ethical management and compliance education annually for executives, including directors. In 2024, the bank conducted training on the revision of the Corporate Governance Act and the introduction of responsibility structure diagrams once each in the first and second half of the year.

### Compliance Monitoring System

NongHyup Bank Compliance Officer plays an overall role in internal control-related operations, including inspecting compliance with internal control standards and investigating cases of violation of internal control standards. Appointed by the Act on Corporate Governance of Financial Companies, the Compliance Officer establishes and implements specific guidelines for internal control and compliance standards for internal control. In addition, the Compliance Officer also performs duties including legal support and advisory services for the Board of Directors, President, and related departments, establishment and operation of the Employee Code of Ethics, and cooperation and support with supervisory authorities and the Audit Committee.

### Chief Compliance Officer Support Organization Personnel Status |

(as of December 31, 2024)



# Ethics and Compliance Management System

## Ethical Management System

### Introduction of the Responsibility Structure Diagram

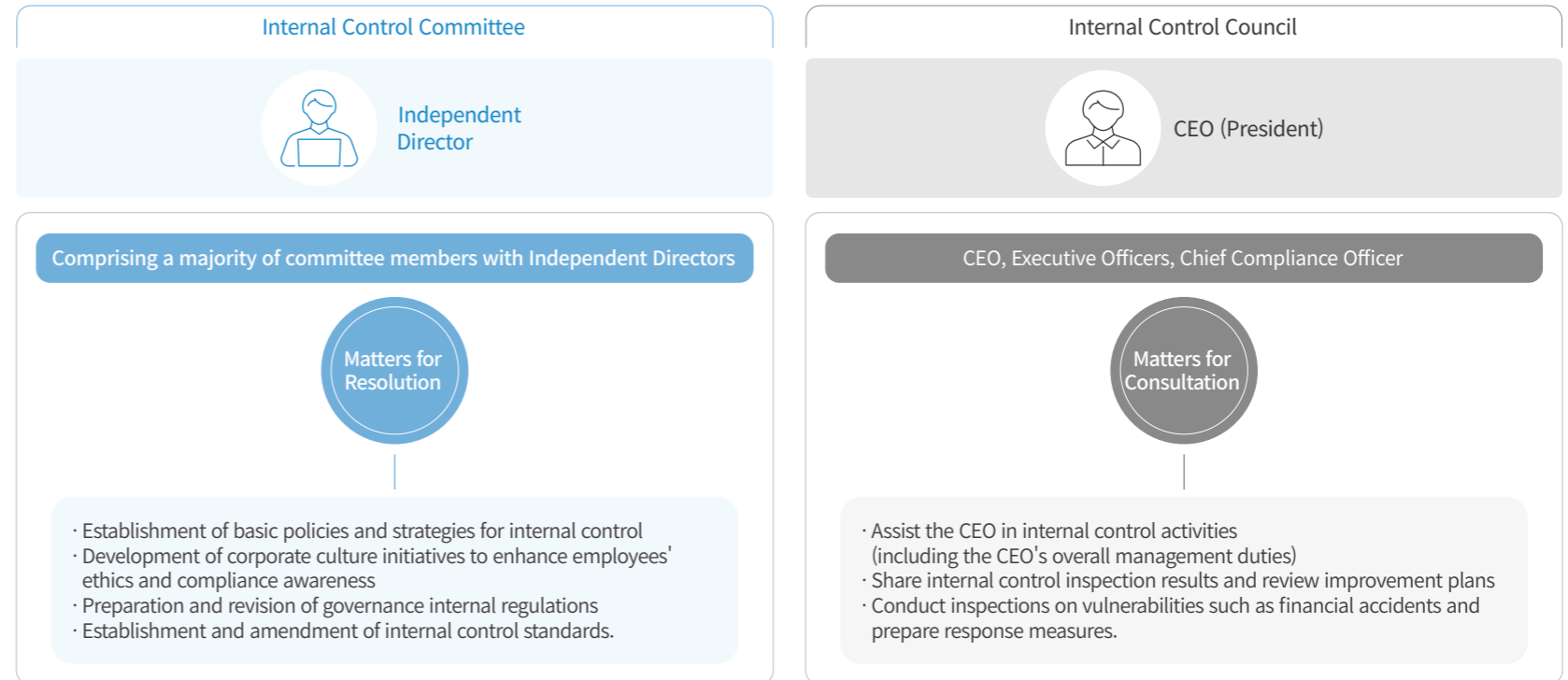
NongHyup Bank has submitted the Responsibility Structure Diagram to supervisory authorities promptly through Board of Directors resolution processes by the Act on Corporate Governance of Financial Companies, thereby strengthening the internal control system by clearly distinguishing responsibilities and roles by executive position. The Responsibility Structure Diagram consists of responsibility descriptions that detail responsibilities by executive and a responsibility system diagram that comprehensively shows the responsibility system, distributing responsibilities to the Board of Directors, Chairman, and President as Chief Executive Officer, Business Execution Officers, Chief Compliance Officer, and others. Through this, the bank clarifies each executive's responsibilities and ensures the effectiveness of internal control. In addition, to strengthen the internal control system, the bank has elevated the Internal Control Committee to strengthen its role as an internal control tower and established a CEO-led internal control council to maintain an effective internal control system.

Furthermore, NongHyup Bank operates a responsibility control system, which is a computer system for efficiently managing the Responsibility Structure Diagram and operating internal control, thereby enhancing the operational efficiency of the Responsibility Structure Diagram. This system consists of a responsibility specification system that can manage changes in responsibilities by executives on time and manage history, a responsibility management system that can effectively manage the fulfillment of responsibilities and management obligations and secure sufficient evidence materials, and a responsibility information system for systematic responsibility information collection and enhancing the understanding of executives and employees.

Chairperson

Composition

Key Roles



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# Ethics and Compliance Management System

## Internalizing Ethical Management

### Practicing Ethical Management

NongHyup Bank operates programs for practicing ethical management as follows to continuously improve ethical standards and establish them as corporate culture. Executives and employees diagnose their ethical management level themselves to derive causes of shortcomings and improvement measures, conduct annual ethical management self-assessments, and conduct Integrity Evaluation of executive staff once a year. In the 2024 Integrity Evaluation, a total of 1,216 people including Business Execution Officers, Head of Regional Divisions, and heads of each office were evaluated, resulting in an average score of 97.9 points in the areas of creating a healthy workplace culture, prohibiting receipt of improper benefits, fair job performance, and compliance with social responsibility, achieving the same result as the previous year.

 <p><b>Integrity Evaluation</b></p>	<p>The purpose of evaluating integrity among executive staff is to instill an integrity mindset in executives and employees and establish an integrity culture through leading by example. The bank aims to support autonomous improvement through systematic diagnosis of corruption levels and vulnerable areas by task, and enhance customer trust by becoming a friendly NongHyup Bank through evaluation.</p>
 <p><b>NH Ethics Practice Program</b></p>	<p>The bank practices ethical management by making compliance with relevant laws and internal regulations a part of daily life for executives and employees, and cultivating thorough professional ethics consciousness through employee legal compliance self-inspection, operation of holiday gift return centers, and external lecture and meeting reporting systems.</p>
 <p><b>Inspection of Internal Control Standards Compliance</b></p>	<p>The bank regularly inspects compliance with internal control standards through conducting continuous inspection activities including field visits for accident prevention, special inspections of overseas offices, and branch cash replacement audits and thematic audits.</p>
 <p><b>Conduct Ethical Management-Related Campaigns</b></p>	<p>The bank is making efforts to internalize ethical management by conducting various campaigns, including handwritten letter exchange campaigns between executives and employees during Chuseok holidays, through the operation of ethics empathy mailboxes, ethics empathy card sending campaigns, and NongHyup Bank Ethical Management Day events.</p> 

### Employee Ethics and Compliance Training



NongHyup Bank conducts ethics and compliance training annually for all executives and employees, providing education on NongHyup Bank-specialized content considering business characteristics by corporation and detailed compliance monitoring content. In 2024, the bank conducted a total of 29 ethics and compliance training sessions, providing education on the Financial Consumer Protection Act, the Responsibility Structure Diagram, and elderly investor protection systems. The bank shows a high completion rate of 98.7% on average, and training satisfaction is rated 4.5 out of 5 points.

#### | Training Contents |

Category	Contents
Video Content	<ul style="list-style-type: none"> <li>Realizing Ethical Management through Cooperation and Innovation</li> <li>Internal Protection System</li> <li>Corporate Account and Financial Account Management</li> </ul>
Card News	<ul style="list-style-type: none"> <li>[Gender Sensitivity Day] Break Out of the Man Box</li> <li>[Integrity Barometer] Unfair Promotion Requests</li> </ul>
Quiz	<ul style="list-style-type: none"> <li>Sequential Linked Quizzes per Session</li> </ul>

**CASE** **NongHyup 3 Actions, 3 Prohibitions Campaign**

NongHyup Bank conducts the <NongHyup 3Actions, 3Prohibitions Movement> campaign to enhance ethics and compliance awareness, consisting of three actions employees must practice and three behaviors to eradicate. Each affiliate holds resolution meetings for campaign practice, operates special reporting periods for violations of the '3 Prohibitions', conducts inspections, and carries out employee education for practicing the '3 Actions' to promote integrity.

 <p><b>3 Actions</b></p> <ul style="list-style-type: none"> <li>Integrity: playing by the rules</li> <li>Communication: acknowledging differences by sharing thoughts</li> <li>Respect: Treating others with respect and empathizing with their perspective</li> </ul>	 <p><b>3 Prohibitions</b></p> <ul style="list-style-type: none"> <li>Accident: Health and safety violations and prohibition of embezzlement</li> <li>Abuse: Prohibition of abusing a position of power</li> <li>Sexual Harassment: Prohibition of offensive sexual behavior or remarks</li> </ul>
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# Ethics and Compliance Management System

## Internalizing Ethical Management

### Building a Culture of Ethical Management

NongHyup Bank posts major enacted and revised regulations related to financial business monthly to support compliance with work-related regulations and strives to enhance the compliance awareness of executives and employees by conducting group training at least once annually on detailed matters such as the role and duties of the Chief Compliance Officer (CCO).

Category / Activity Name	Contents
<b>Activities</b> XYZ Thought Sharing Campaign	· 3,182 employees participated in overcoming generational differences and misunderstandings, sharing ideas to strengthen cooperation and communication within the organization.
NH Ethical Management Practice Contest	· 3,636 employees participated, sharing ethical management cases related to workplace harassment, bribery, sexual harassment, etc.
NH Red Face Overcoming Campaign	· 2,764 employees participated, sharing practical cases and responses regarding 3 Actions, 3 Prohibitions behaviors.
Ethical Management Events	· Designated November 2nd annually as Ethics Management Day; all employees Ethical Management Practice Pledge <sup>1)</sup> signed. · Annual employee ethics self-assessment conducted to enhance compliance awareness and derive improvement plans.
Executive Integrity Evaluation	· Integrity evaluation on 10 items, including unfair work orders and private use of public assets.
Monitoring System	· Employee financial investment product transaction reporting and pledge submission. · Corporate card and contract office monitoring. · Financial Intelligence Unit (KoFIU) system implementation evaluation monitoring <sup>1)</sup> .

1) KoFIU assess the extent of ML/TF risk exposure of financial companies and the level of implementing measures (semi-annually)

### Implementation of the 10 Commandments of Essential Principles to Follow

NongHyup Bank has established and implemented the "10 Commandments of Essential Principles to Follow" for executives and employees to enhance credibility through faithful business promotion according to regulations, strengthening internal control, and establishing discipline. This can be seen as expressing commitment to ethics and compliance practice and the will to implement a happy organizational culture based on this to create a workplace where fundamentals are properly established. To establish this as corporate culture, the bank implements "10 Commandments of Essential Principles Practice Pledge," practice education for all executives and employees, and campaigns.

#### | Fundamental Principles and Standards of Compliance |




<b>Principle 1</b>  Creating a Mutual Respect Organizational Culture Free from Abuse of Authority	<b>Principle 2</b>  Using Proper Titles in the Workplace	<b>Principle 3</b>  Creating a Workplace Free from Sexual Harassment and Sexual Assault	<b>Principle 4</b>  Prohibition of Spreading Rumors and False Information	<b>Principle 5</b>  Compliance with Commute and Lunch Time Schedules
<b>Principle 6</b>  Communicating with Considerate and Dignified Language	<b>Principle 7</b>  Prohibition of Personal Activities During Work Hours	<b>Principle 8</b>  Prohibition of Receiving Money, Goods, and Entertainment	<b>Principle 9</b>  Prohibition of Private Money Lending	<b>Principle 10</b>  Not Using Corporate Cards for Personal Use

# Ethics and Compliance Management System

## Anti-Corruption Policy

NongHyup Bank has established specific anti-corruption policies in the 'Employee Code of Conduct', including measures against conflicts of interest, bribery, and solicitation. This code applies to all employees of NongHyup Bank and outlines ethical judgment and behavioral standards for potential violations that may occur during the performance of their duties.

### | Anti-Corruption Policy in the NongHyup Bank Employee Code of Conduct |

<p><b>Perform the duties in a Fair manner</b></p> 	<ul style="list-style-type: none"> <li>• Prohibit executives and employees from giving orders violating the relevant laws or regulations for their own or others' benefit</li> <li>• Avoid conflicts of interest</li> <li>• Prohibit executives and employees from treating a certain person favorably on account of his/her academic background, blood relations, region of origin, or religion</li> <li>• Prohibit executives and employees from making improper solicitations for job positions, etc., to political figures, public officials, or political parties</li> </ul>
<p><b>Prohibit receiving unfair benefits</b></p> 	<ul style="list-style-type: none"> <li>• Prohibit executives and employees from using their positions for personal gain</li> <li>• Prohibit executives and employees from using job-related information for personal transactions or using company properties for personal purposes</li> <li>• Require corruption-free contract and performance</li> </ul>
<p><b>Promote a sound work atmosphere</b></p> 	<ul style="list-style-type: none"> <li>• Require executives and employees to report any honorarium or any other payment for external speeches or meetings under the internal processes</li> <li>• Prohibit executives and employees from borrowing money from persons or other executives or employees related to their duties</li> <li>• Prohibit executives and employees from accepting any condolence or congratulatory money exceeding the prescribed amount for family events to promote a sound family event culture</li> </ul>

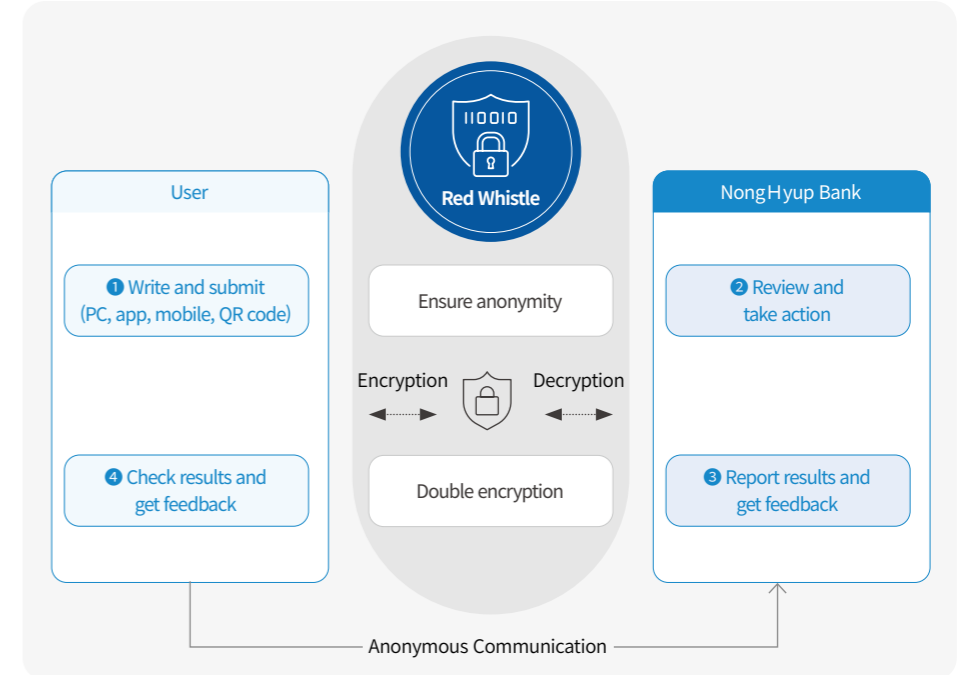
### Enhancing Ethical Management Transparency through ISO 37301, ISO 37001 Certification

The bank strengthened ethical management and transparency by demonstrating NongHyup Bank's commitment to preventing corruption internally and externally through obtaining international standard certifications. This means that NongHyup Bank's legal and ethical compliance system and management system for preventing corruption and bribery have been officially certified as meeting international standards. Going forward, the bank will continue to strive for ethical management by placing corporate ethics as the top priority value.

### Whistleblower Reporting System

NongHyup Bank receives reports on ethical management violations and other matters at any time through named reporting and anonymous reporting systems (Red Whistle). To ensure smooth operation of the internal reporting system, the bank has established "Internal Reporting Guidelines" and operates various channels, including website, mail, telephone, fax, visit, and email. Additionally, to activate reporting, the bank operates special internal reporting periods at least once annually and has established a reward system for reporting. The anonymous reporting system ensures anonymity by being operated through delegation to an independent third party.

### | Structure of the Internal Whistleblowing System |



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# Ethics and Compliance Management System

## Anti-Money Laundering and Fair Trade

### Anti-Money Laundering Framework

NongHyup Bank identifies, analyzes, and evaluates anti-money laundering risks based on anti-money laundering related laws and regulations, including the 「Act on Reporting and Using Specified Financial Transaction Information」 and has established and operates a money laundering risk assessment system that differentiates management levels according to risk levels. Additionally, the bank operates systems to prevent money laundering activities in advance and identify potential risks, including Know Your Customer (KYC) and Suspicious Transaction Reporting (STR) systems, and faithfully performs related duties, including overseas branch AML support and global sanctions response.

### | Major Anti-Money Laundering Systems |

 Customer Due Diligence	A system for identification and verification to ensure that financial products or services are not used for money laundering activities based on the 「Specified Financial Information Act」 and 「Regulation on Anti-Money Laundering and the Prohibition of Terrorism Financing」, etc
 Enhanced Due Diligence	A system for verifying the purpose of financial transactions and the source of transaction funds when classified as high risk based on risk assessment by the customer and transaction type
 Suspicious Transaction Report	A system for reporting to the Director of the Financial Intelligence Unit when there are reasonable grounds to suspect that the property received is illegal or that the counterparty to a financial transaction is engaged in money laundering activities
 Currency Transaction Report	Reporting system for cash transactions of KRW 10 million or more to the Financial Intelligence Unit
 Risk Based Approach	A system to measure the risk of money laundering by assessing the extent of the risk and the effectiveness of controls, and to manage the risk of money laundering through management activities.

### Anti-Money Laundering Activities and Achievements

NongHyup Bank achieved 1st place among all financial institutions in the anti-money laundering compliance assessment. The bank conducted comprehensive investigations of currency transaction data to prevent reporting omissions in advance and enhanced systems by automating suspicious transaction report preparation procedures to improve report quality. By demonstrating such excellent anti-money laundering capabilities internally and externally, the bank enhanced its status as a leading bank in AML risk management.



NongHyup Bank ranked among all financial institutions in the anti-money laundering compliance assessment

Achieved **1st place**

### Anti-Money Laundering Education

NongHyup Bank conducts a total of 12 training sessions on understanding anti-money laundering systems and Know Your Customer systems, and selects an anti-money laundering day each month to educate and guide anti-money laundering operations. Additionally, to systematically strengthen executives and employees' anti-money laundering operational capabilities, the bank has significantly expanded the number of participants in Korea Banking Institute AML-related courses to establish a foundation for cultivating anti-money laundering professionals and actively supports participation in specialized anti-money laundering education programs organized by external universities.

Session	Contents	Session	Contents
1	Understanding the Anti-Money Laundering System	7	Enhanced Due Diligence (EDD)
2	Laws Related to Anti-Money Laundering System	8	Suspicious Transaction Report (STR)
3	Internal Control for Anti-Money Laundering	9	STR Cases and Currency Transaction Report (CTR)
4	Risk Based Approach (RBA) for Anti-Money Laundering	10	Virtual Assets and Anti-Money Laundering System
5	Customer Identification System (1) General and Individual Customers	11	Electronic Financial Business Operators and Anti- Money Laundering System
6	Customer Identification System (2) Corporate Customers	12	Terrorist Financing Prohibition System

# Ethics and Compliance Management System

## Anti-Money Laundering and Fair Trade

### Fair Trade Principles

NongHyup Bank strictly adheres to the principles and regulations of fair trade, providing equal opportunities to all individuals and organizations during bidding and contract formation. Additionally, through the implementation of the Integrity Contract System, all contract officers, decision-makers, and contracting companies pledge to comply with relevant laws and regulations, ensuring that contracts are executed fairly and transparently according to procedures, and institutionalizing accountability for these commitments.

#### | Fair trade-related provisions in NongHyup Bank's code of ethics |

##### [Chapter 3 Fair Competition and Transactions]

The bank adheres to local laws and regulations in all its business and sales activities, aiming for mutual growth by fostering trust and cooperative relationships through transparent and fair transactions..

**Promoting Free Competition** : We respect the market's economic principles and engage in fair competition with our competitors, adhering to the principles of free competition.

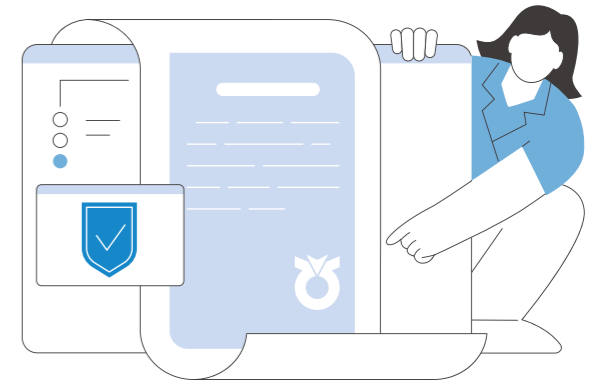
**Equal Opportunity** : All qualified companies are given equal opportunities for registration and selection as business partners in bidding and contracting processes for construction and services conducted by the bank.

**Practicing Fair Trade** : All transactions are conducted fairly, with no exploitation of our superior position for unfair advantage.

**Integrity Agreement Compliance** : When entering into contracts, we sign integrity agreements and strictly adhere to them to ensure transparent and ethical transactions.

### Contract Office Monitoring

NongHyup Bank conducts contract administrative monitoring every quarter to prevent cases of unfair contract condition coercion, demands for benefits such as money, goods, and entertainment, and abuse of authority. Additionally, the bank sends ethical management guidance to partner companies to enhance ethical awareness and guides reporting through anonymous reporting systems (Red Whistle) when unfair cases occur.



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# Stakeholder Engagement

## Stakeholder Engagement

NongHyup Bank works together with various stakeholders, including customers, agriculture & rural communities, local communities, shareholders and investors, employees, suppliers, and the government, to realize common values. Based on various communication channels, the bank listens to stakeholders' opinions and reflects them in its ESG strategy and specific initiatives.

	 Customers	 Agriculture & Rural Area	 Local Communities	 Shareholders and Investors	 Employee	 Partners	 Government
Key Concerns	<ul style="list-style-type: none"> <li>Quality and stability of financial products and services</li> <li>Improving customer experience</li> <li>Protecting customer information</li> <li>Transparent and fast communication</li> </ul>	<ul style="list-style-type: none"> <li>Promoting consumption of local agricultural products</li> <li>Farm loan interest subsidies</li> <li>Financial support for agribusinesses</li> <li>Distribution of agricultural machinery through agricultural and livestock cooperatives</li> </ul>	<ul style="list-style-type: none"> <li>Social contribution activities</li> <li>Financial support for low-income and vulnerable groups</li> <li>Protecting the local environment</li> <li>Revitalizing local economies</li> <li>Practicing inclusive finance for SMEs and microenterprise</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Improving shareholder value</li> <li>Transparent disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Work-life balance</li> <li>Fair performance evaluation and compensation</li> <li>Training and education for employees</li> </ul>	<ul style="list-style-type: none"> <li>Fair trade</li> <li>Support for partner companies</li> <li>Transparent communication</li> </ul>	<ul style="list-style-type: none"> <li>Policy and regulatory engagement</li> <li>Job creation</li> <li>Enhanced inclusiveness in finance</li> </ul>
Communication Channels	<ul style="list-style-type: none"> <li>Homepage and applications</li> <li>Voice of Customer (VOC)</li> <li>Social media channels</li> </ul>	<ul style="list-style-type: none"> <li>Agricultural and livestock cooperatives</li> <li>Community service centers</li> <li>Round-table sessions</li> </ul>	<ul style="list-style-type: none"> <li>Homepage</li> <li>VOC</li> </ul>	<ul style="list-style-type: none"> <li>Business and management disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Business strategy meeting</li> <li>Employee communication channels (once a quarter)</li> <li>Labor-management committee</li> </ul>	<ul style="list-style-type: none"> <li>Partner meetings</li> </ul>	<ul style="list-style-type: none"> <li>Policy agreement at the financial authorities</li> </ul>

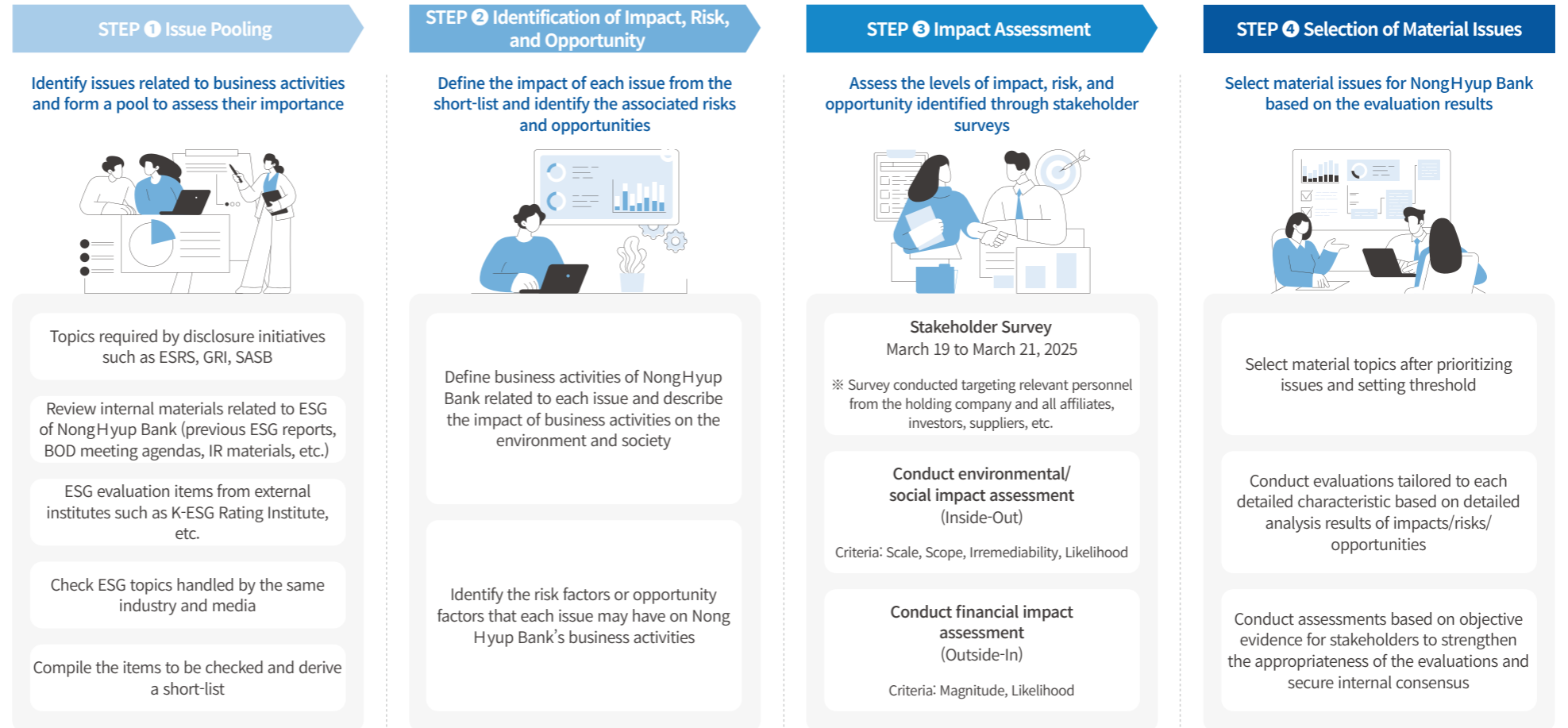
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# Double Materiality Assessment

## Double Materiality Assessment Process

NongHyup Bank conducted a Double Materiality Assessment (DMA) to identify Sustainability Management issues that significantly impact its business operations, as well as to determine the extent of financial impacts from external environments on NongHyup Bank and the effects of its business activities on the environment and society. The Evaluation Results of material issues are utilized through reports to the Board of Directors to establish future ESG strategies and set directions for Sustainability Management activities.



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# Double Materiality Assessment

## Double Materiality Assessment Results

NongHyup Bank assessed 14 highly relevant Sustainability Management topics considering environmental, social, and financial impacts, selecting six significant issues: 'Response to Climate Crisis (Across the entire value chain)', 'Expanding Green Finance', 'Enhancing Inclusive and Co-prosperity Finance', 'Conducting Strategic Social Contribution Activities', 'Expanding Digital Finance', and 'Enhancing Customer Privacy and Cybersecurity'.

Category	Issue Name	Type of Environmental/Social Impact	Environmental /Social Impact (Inside → Out)	Environmental/Social Impact Level Assessment	Characteristics of Financial Impact	Financial Impact (Outside →In)	Financial Impact Level Assessment	Material Issue
E Envi- ron- ment	Response to Climate Crisis (In terms of self-operation)	Positive- Actual	Provide financial support, such as credit assistance and deferment of insurance premium payments, to customers and farms affected by natural disasters caused by abnormal weather, contributing to the mitigation of the impact of these damages	●●	Risk	The decline in credit ratings of companies in high-carbon industries and the decrease in collateral value in certain regions due to intensified natural disasters lead to an increase in expected loss amounts and risk- weighted assets	●	✓
	Response to Climate Crisis (Across the entire value chain)	Negative - Actual	The use of electricity and thermal energy at business sites, along with direct and indirect greenhouse gas emissions resulting from financial support to high-carbon industries, contribute to the acceleration of climate change	●●●				
	Expanding Green Finance	Positive- Actual	Contribute to the mitigation of climate change by investing in environmentally friendly companies and companies with key technologies for carbon neutrality, as well as by developing new ESG (Environmental, Social, and Governance) products	●	Opportunity	1. An increase in the demand for eco-friendly products, such as low-carbon transitions and sustainable agriculture, leads to increased operating revenue and long-term contract sales 2. The rise in loans and investments related to eco-friendly projects results in an increase in the value of investment assets	●●●	✓
S Society	Enhancing Inclusive and Co-prosperity Finance	Positive- Actual	Improves financial service accessibility for underserved populations through maintaining branches in island and remote areas and providing financial support to vulnerable groups such as low- income, youth, and small business owners	●●●	Opportunity	1. Increase in market share and operating revenue through expansion of customized financial products/services for underserved populations 2. Reduction in operating costs (selling and administrative expenses) through government policies and incentives (tax benefits/support)	●●●	✓
	Strengthening Human Rights Management (In terms of self-operation)	Negative - Actual	Passive corporate policies on employing persons with disabilities reduce organizational diversity culture and limit economic independence and social participation of persons with disabilities	●	Risk	1. Burden due to failure to meet mandatory employment standards for persons with disabilities 2. Sales decline and reduced capital inflow due to negative reputation	●	
	Strengthening Human Rights Management (Across the entire value chain)	Positive- Actual	Enhancement of rights and quality of life of stakeholders through human rights protection activities for internal and external stakeholders	●	Opportunity	The implementation of human rights management through expanding workplace diversity and improving working conditions leads to: 1. Contribution to business transformation and innovation through employee diversity, facilitating revenue growth 2. Increased job satisfaction among employees, preventing member turnover, which results in a reduction of new recruitment and training costs	●	
	Conducting Strategic Social Contribution Activities	Positive- Actual	Contributes to revitalizing rural communities and developing local communities through social contribution activities such as urban-rural cooperation, financial support, and education for vulnerable groups	●●●	Opportunity	Expand sales by securing new customer segments and building a positive corporate image through social contribution activities for rural areas and communities	●●●	✓
Expanding Digital Finance	Positive- Actual	Enhancing customer convenience and satisfaction by developing digital financial services/products such as building big data-based platforms and utilizing AI	●●●	Opportunity	1. Reducing labor and other operating costs through automation of tasks using big data analysis and AI 2. Creating new revenue sources by developing fintech solutions integrated with AI technology	●●●	✓	

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# Double Materiality Assessment

## Double Materiality Assessment Results

Category	Issue Name	Type of Environmental/Social Impact	Environmental /Social Impact (Inside → Out)	Environmental/Social Impact Level Assessment	Characteristics of Financial Impact	Financial Impact (Outside →In)	Financial Impact Level Assessment	Material Issue
Society	Enhancing Customer Privacy and Cybersecurity	Negative - Potential	In case of inadequate management of information security system, customer personal information may be leaked, infringing consumer rights and causing financial damage	●●●	Risk	In case of personal information exposure or information security and cybersecurity incidents due to insufficient information security systems, 1. Sales decline from negative reputation 2. Occurrence of non-operating expenses such as litigation costs, fines/penalties, and compensation costs	●●	✓
	Financial Consumer Protection	Negative - Actual	When mis-selling occur due to insufficient explanation and confirmation procedures regarding financial product risk factors, customer asset damage and rights infringement result	●●	Risk	If mis-selling or unfair contracts occur due to inadequate explanation and confirmation of risk factors, 1. Non-operating expenses such as litigation costs, fines/penalties, and compensation costs arise 2. Sales decline and capital inflow decrease due to negative reputation	●●●	
Governance	Compliance with Ethical Management	Negative - Actual	In the event of embezzlement activities such as illicit lending, there is a risk of transferring financial burdens to general consumers and undermining the integrity of sound financial transactions	●●	Risk	In case of financial accidents such as breach of trust or embezzlement, 1. Non-operating expenses including litigation costs, fines/penalties, and compensation costs occur 2. Negative public opinion from financial accidents leads to sales decline and reduced capital inflow	●●	
	Establishing and Implementing ESG Management Strategy	Positive - Potential	Contributing to social value realization by establishing an enterprise-wide ESG governance operating system including ESG performance management system establishment and strategic framework setting	●●	Opportunity	Increasing customer/investor trust through ESG management practice and proactive ESG risk management, leading to investment attraction and increased capital inflow	●●	
	Strengthening Risk Management	Negative - Potential	Failure in risk management against internal and external uncertainties may cause deterioration of financial market soundness and economic instability	●	Risk	Direct costs (debt/equity issuance and interest expenses) and indirect costs (increased allowance for doubtful accounts, securing external capital) incurred to respond to legal regulations and economic instability	●●●	
	Securing Good Governance	Negative - Potential	Impairment of financial market transparency and weakening of overall corporate business ethics due to unhealthy Governance and deterioration of Internal Control	●●	Risk	Increase in selling and administrative expenses such as additional hiring for Board of Directors support activities to enhance transparency and independence, training expenses, and system maintenance costs to strengthen the Internal Control system	●	

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# Double Materiality Assessment

## Double Materiality Assessment Results

As a result of assessing the 14 Sustainability Management topics identified as highly relevant to NongHyup Bank by considering both the impact of corporate activities on the environment and society and the financial impact of these issues on the enterprise, six topics were selected as significant issues: 'Response to Climate Crisis (Across the entire value chain)', 'Expanding Green Finance', 'Enhancing Inclusive and Co-prosperity Finance', 'Conducting Strategic Social Contribution Activities', 'Expanding Digital Finance', and 'Enhancing Customer Privacy and Cybersecurity'.



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# Double Materiality Assessment

## NongHyup Bank Material Issues

For each identified material issue, NongHyup Bank has defined the issue, identified relevant stakeholders, and established response strategies. Management actions and their effectiveness concerning the impact of each material issue are reported on dedicated pages. 'Climate Change Response' has once again been selected as a material issue this year, serving as a foundation for NongHyup Bank's systematic management of climate change risks and continuous implementation of response plans. Moving forward, NongHyup Bank will continue to identify ESG management issues that significantly impact its business activities through materiality assessments and strive to incorporate the perspectives of various stakeholders.

Material Issues	Previous Year's Key Issue	Issue Definition	Relevant Stakeholders	GRI	SASB	Business Strategy (Response Approach)	Reporting Page
Response to Climate Crisis (Across the entire value chain)	✔	Corporate climate change response plans including mitigation and adaptation to climate change and management of environmental impacts related to energy consumption	Customers, Agriculture & Rural Area, Local Communities	GRI 302, 305		<ul style="list-style-type: none"> <li>A commitment has been declared to achieving Net Zero by 2050 and RE100 by 2040, with active efforts directed towards these goals. Initiatives being promoted include the installation of solar panels and the transition of company vehicles to zero-emission vehicles.</li> <li>To achieve targets for reducing financed emissions, a monitoring system for financed emissions is being established, and exposure across various industries is being managed.</li> </ul>	51, 62-73
Expanding Digital Finance	✔	Activation of green financial products and encouragement of customer participation in eco-friendly activities	Customers, Agriculture & Rural Area, Local Communities		SASB Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	<ul style="list-style-type: none"> <li>Efforts are being made to expand green finance in alignment with the six environmental objectives of the K-taxonomy. As of 2024, the cumulative green finance amount stands at 14.3 trillion KRW, and there are plans to continue increasing investment and support for companies transitioning to low-carbon solutions.</li> </ul>	18-20
Enhancing Inclusive and Co-prosperity Finance		Development and expansion of social financial services targeting low-income and financially marginalized groups, as well as small and medium-sized enterprises, and the community	Customers		SASB Index Financial Inclusion and Capacity Building	<ul style="list-style-type: none"> <li>Through the NH for NH project aimed at all employees, initiatives are being implemented to enhance support for inclusive finance and to strengthen internal consensus on inclusive financial practices.</li> <li>Efforts are underway to accelerate digital transformation across all aspects of operations, platforms, and services, with service planning focused on enhancing customer-tailored financial support through the utilization of AI.</li> </ul>	18, 21-23
Expanding Digital Finance		Company's capability to provide better customer experience through digital innovation-based improvement of customer information and service accessibility, and expansion of non-face-to-face services	Customers	GRI 417	SASB Selling Practices	<ul style="list-style-type: none"> <li>Efforts are underway to accelerate digital transformation across all aspects of operations, platforms, and services, with service planning focused on enhancing customer-tailored financial support through the utilization of AI.</li> <li>To prevent the digital marginalization of vulnerable groups amid rapid digital transformation, continuous efforts are being made to expand digital accessibility and provide digital education for future generations.</li> </ul>	39-48
Conducting Strategic Social Contribution Activities		Understanding and managing the economic, social, cultural, and environmental impact on the Community, and activities for Community development such as Social Contribution.	Agriculture & Rural Area, Local Communities	GRI 203	SASB Human Rights & Community Relations	<ul style="list-style-type: none"> <li>Financial education is being provided to young people, and educational environments are being improved through the 'Green Ladder X Space Project,' which utilizes unused spaces in rural elementary schools.</li> <li>Through the 'Companion Service' for the elderly, regular wellness checks and education on preventing financial fraud are conducted, aiming to strengthen protection and support for vulnerable populations.</li> </ul>	87-95
Enhancing Customer Privacy and Cybersecurity	✔	Impacts and management status related to customer personal information such as customer data loss and privacy violations	Customers	GRI 418	SASB Customer Privacy	<ul style="list-style-type: none"> <li>An information security management system is in operation, with annual assessments on the provision and use of customer information as well as the management and protection of personal credit information reported to the board of directors.</li> <li>A three-tier advisory system comprising a Security Advisory Panel, Legal Advisory Panel, and Evaluation Committee has been established to enhance expertise in information protection.</li> </ul>	75, 83-86

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# ESG Factbook

## ESG Finance

Category			Unit	2022	2023	2024
GHG Reduction	Low-carbon agriculture, carbon-neutral technology research and manufacturing, renewable energy, zero-emission transportation, green cities or buildings.	Loan	KRW 100 million	80,272	92,892	112,206
		PF	KRW 100 million	2,923	4,300	6,522
		Asset Management <sup>2)</sup>	KRW 100 million	7,516	9,528	9,720
	Subtotal (GHG Reduction)		KRW 100 million	90,711	106,720	128,448
Climate Change Adaptation	Manufacturing of materials, components, and equipment utilizing core technologies for climate change adaptation (such as the use of wastewater), as well as activities related to research and investigation, education, culture, and the arts, along with support for a just labor transition.	Loan	KRW 100 million	1,093	737	773
		PF	KRW 100 million	-	-	-
		Asset Management <sup>2)</sup>	KRW 100 million	-	-	-
	Subtotal (Climate Change Adaptation)		KRW 100 million	1,093	737	773
Sustainable Preservation of Water	Wastewater management, utilization of alternative water resources (such as seawater desalination), water demand management, water reuse, and ground-water purification.	Loan	KRW 100 million	1,089	980	1,895
		PF	KRW 100 million	656	700	884
		Asset Management <sup>2)</sup>	KRW 100 million	-	-	-
	Subtotal (Sustainable Preservation of Water)		KRW 100 million	1,745	1,680	2,779
Resource Circulation	Waste generation prevention, collection, recovery, sorting, and separation of waste resources, recycling of waste resources (reuse, remanufacturing, regeneration), pyrolysis, and methane/landfill gas capture, processing, and utilization.	Loan	KRW 100 million	7,453	8,137	9,674
		PF	KRW 100 million	224	246	168
		Asset Management <sup>2)</sup>	KRW 100 million	-	-	-
	Subtotal (Resource Circulation)		KRW 100 million	7,677	8,383	9,842
Pollution prevention and management	Facilities and equipment related to environmental pollution prevention, as well as the construction of environmental infrastructure such as sewage and wastewater systems.	Loan	KRW 100 million	190	210	263
		PF	KRW 100 million	-	-	-
		Asset Management <sup>2)</sup>	KRW 100 million	-	-	-
	Subtotal (Pollution prevention and management)		KRW 100 million	190	210	263
Conservation of bio-diversity	Protection and restoration of terrestrial, marine, and forest ecosystems, creation of carbon sinks within urban areas, and protection and conservation of species.	Loan	KRW 100 million	1,122	1,018	1,150
		PF	KRW 100 million	-	-	-
		Asset Management <sup>2)</sup>	KRW 100 million	-	-	-
	Subtotal (Conservation of biodiversity)		KRW 100 million	1,122	1,018	1,150
<b>Total</b>			<b>KRW 100 million</b>	<b>102,538</b>	<b>118,748</b>	<b>143,255</b>

Category			Unit	2022	2023	2024
Inclusive finance	Support for the poor <sup>2)</sup>	Loan	KRW 100 million	23,783	40,718	56,045
	Support for microenterprise <sup>3)</sup>	Loan	KRW 100 million	30,472	22,300	16,570
	Subtotal		KRW 100 million	54,255	63,018	72,615
Co-prosperity finance	Social enterprises <sup>4)</sup>	Loan	KRW 100 million	104	80	61
	Social responsibility <sup>5)</sup>	Asset Management <sup>10)</sup>	KRW 100 million	105,292	126,395	147,861
	Subtotal		KRW 100 million	105,396	126,475	147,922
Innovative finance	Technology finance <sup>6)</sup>	Loan	KRW 100 million	214,881	211,877	199,140
		Fund	KRW 100 million	179	100	199
	IP Finance <sup>7)</sup>	Loan	KRW 100 million	275	485	397
	Loans secured by movable assets <sup>8)</sup>	Loan	KRW 100 million	540	806	578
	Innovative/new technology enterprises <sup>9)</sup>	Loan	KRW 100 million	53,400	62,650	63,614
		Asset Management <sup>10)</sup>	KRW 100 million	1,889	2,094	2,339
	Subtotal		KRW 100 million	271,164	278,012	266,267
<b>Total</b>			<b>KRW 100 million</b>	<b>430,815</b>	<b>467,505</b>	<b>486,804</b>

1) Asset management includes bonds, funds, and ETFs  
 \* Applying NHFG's own classification system based on the six environmental goals of K-Taxonomy (① GHG reduction, ② climate change adaptation, ③ sustainable preservation of water, ④ resource circulation, ⑤ pollution prevention and control, ⑥ biodiversity preservation)  
 \*\* Year-over-year investment changes due to reclassification of certain records as a result of NH-Taxonomy advancement  
 2) Support for the underprivileged: Separate management based on product classification standards that specify 'support for the poor', such as low-income people, basic living recipients, single-parent families, and a child head of household  
 3) Support for microenterprises: Separate management based on product classification standards for microenterprise under the Microenterprise Act  
 4) Social enterprises: Separate management based on financial product classification for companies recognized as social enterprises and job creating companies  
 5) Social responsibility: Bonds, funds and ETFs composed of companies with outstanding social contribution performance. It is managed separately by product classification  
 6) Technology finance: Separately managed according to the product classification standards for companies according to the Financial Services Commission's 'Technology Finance Guidelines'  
 7) IP finance: Separately managed based on standards for loans secured by business property rights, copyrights, and new intellectual property rights  
 8) Loans secured by movable assets: Separately managed according to standards for loans secured by tangible assets, inventory, agricultural products, and receivables  
 9) Innovative/new technology enterprises: Separately managed based on loan and investment criteria for companies with R&D capabilities and companies operating in promising technology fields  
 10) Asset management includes bonds, funds, and ETFs

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## ESG Finance

### ESG Bonds<sup>1)</sup>

	Category	Unit	2022	2023	2024
ESG Bond	Green Bond	KRW 100 million	-	1,500	-
	Social Bond	KRW 100 million	9,700	10,700	11,200
	Sustainability Bond	KRW 100 million	-	-	-
<b>Total</b>		<b>KRW 100 million</b>	<b>9,700</b>	<b>12,200</b>	<b>11,200</b>

1) Based on global ESG bond institutions (ICMA, GBP, SBP) and Ministry of Environment Green Bond Guidelines standards

### ESG Investment (Sales) Products

	Category	Unit	2022	2023	2024
Investment (Sales) Products	ESG total	KRW 100 million	2,738	2,285	2,492
	Environment	KRW 100 million	347	272	249
<b>Total</b>		<b>KRW 100 million</b>	<b>3,085</b>	<b>2,557</b>	<b>2,741</b>

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## Environment

### Carbon Emissions

Category	Unit	2022	2023	2024
<b>Internal (Scope 1, 2) Carbon Emissions</b>				
Scope 1	tCO <sub>2</sub> eq	7,474	7,025	6,050
Scope 2	tCO <sub>2</sub> eq	89,011	87,769	86,160
Carbon intensity <sup>1)</sup>	tCO <sub>2</sub> eq/Persons	5.9	5.8	5.7
<b>Total (Scope 1 + Scope 2)<sup>2)</sup></b>	<b>tCO<sub>2</sub>eq</b>	<b>95,933</b>	<b>94,223</b>	<b>91,650</b>
<b>Other Indirect (Scope 3) Carbon Emissions<sup>3)</sup></b>				
1. Purchase goods and services	tCO <sub>2</sub> eq	326	296	276
2. Capital goods	tCO <sub>2</sub> eq	25	218	234
5. Waste generated in operations	tCO <sub>2</sub> eq	83	111	81
6. Business travel	tCO <sub>2</sub> eq	98	142	95
11. Use of sold products	tCO <sub>2</sub> eq	679	596	534
12. End-of-life treatment of sold products	tCO <sub>2</sub> eq	218	225	247
15. Investments	tCO <sub>2</sub> eq	34,556,000	37,428,000	37,239,000
<b>Total</b>	<b>tCO<sub>2</sub>eq</b>	<b>34,557,430</b>	<b>37,429,588</b>	<b>37,240,467</b>

1) Based on number of employees  
 2) The truncated emissions amount at the business unit level is aggregated to the enterprise level, which may result in discrepancies between the emission amounts per greenhouse gas, total emissions, and the sum of emissions per business unit  
 3) Data for 2022 and 2023 has been modified due to the refinement of carbon emission factors in Scope 3

### Financed Emissions(Scope 3 Category 15)

Category	Unit	2022	2023	2024
<b>Balance Total</b>	<b>KRW trillion</b>	<b>134.6</b>	<b>143.5</b>	<b>148.5</b>
Listed equities and corporate bonds	KRW trillion	21.5	22.4	25.8
Business loans and unlisted equities	KRW trillion	57.3	58.8	62.9
Project finance	KRW trillion	1.7	1.9	2.0
Commercial real estate	KRW trillion	10.1	11.4	12.7
Mortgages	KRW trillion	26.2	30.4	31.1
Vehicle loans	KRW trillion	0.0	0.0	0.0
Government exposure <sup>1)</sup>	KRW trillion	17.8	18.6	14.1
<b>Financed Emissions Total</b>	<b>10,000 tCO<sub>2</sub>eq</b>	<b>3,456</b>	<b>3,743</b>	<b>3,724</b>
Listed equities and corporate bonds	10,000 tCO <sub>2</sub> eq	381.6	385.7	251.3
Business loans and unlisted equities	10,000 tCO <sub>2</sub> eq	2,342.2	2,552.9	2,792.6
Project finance	10,000 tCO <sub>2</sub> eq	106.6	168.5	191.8
Commercial real estate	10,000 tCO <sub>2</sub> eq	9.6	9.9	10.7
Mortgages	10,000 tCO <sub>2</sub> eq	13.8	17.5	17.0
Vehicle loans	10,000 tCO <sub>2</sub> eq	0.1	0.1	0.1
Government exposure <sup>1)</sup>	10,000 tCO <sub>2</sub> eq	601.7	608.2	460.4
<b>Financial Intensity</b>	<b>tCO<sub>2</sub>eq/ KRW 100 million</b>	<b>25.7</b>	<b>26.1</b>	<b>25.1</b>
Listed equities and corporate bonds	tCO <sub>2</sub> eq/ KRW 100 million	17.7	17.2	9.7
Business loans and unlisted equities	tCO <sub>2</sub> eq/ KRW 100 million	40.9	43.4	44.4
Project finance	tCO <sub>2</sub> eq/ KRW 100 million	62.7	88.7	95.9
Commercial real estate	tCO <sub>2</sub> eq/ KRW 100 million	1.0	0.9	0.8
Mortgages	tCO <sub>2</sub> eq/ KRW 100 million	0.5	0.6	0.5
Vehicle loans	tCO <sub>2</sub> eq/ KRW 100 million	10.0	10.0	12.9
Government exposure <sup>1)</sup>	tCO <sub>2</sub> eq/ KRW 100 million	33.8	32.7	32.7

1) Since PCAF requires the inclusion of government exposure in financed emissions calculations, government exposures has been included in financed emissions measurement starting from 2022

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## Environment

### Energy Usage

Category	Unit	2022	2023	2024
Energy consumption	GJ	1,442,000	1,421,000	1,386,000
Energy intensity <sup>1)</sup>	GJ/Persons	89	88	86

1) Based on number of employees

### Water Intake

Category	Unit	2022	2023	2024
Water supply	ton	39,621	41,426	46,414

### Paper Usage

Category	Unit	2022	2023	2024
Paper consumption	ton	110.2	86.8	68.9

### Waste Treatment

Category	Unit	2022	2023	2024
General waste	ton	62	84.6	60.3
Recycled waste	ton	137	157.2	137.3
Total	ton	199	241.8	197.6

### Number of Environmental Violations

Category	Unit	2022	2023	2024
Violation of environmental laws/ regulations	Cases	-	-	-

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## Customer

### Customer Satisfaction

Category	Unit	2022	2023	2024
Customer satisfaction	Points	95.7	95.8	95.6

### Digital Finance Users

Category	Unit	2022	2023	2024
Subscribed customers <sup>1)</sup>	Persons	33,265,478	33,468,883	33,244,976
Web·mobile subscribed customers	Persons	18,323,842	22,434,884	23,482,409
Digital Finance usage rate	%	55.1	67.0	70.6

1) Subscribed Customers Are Based On Individual Customer Criteria

### Information Security<sup>1)</sup>

Category	Unit	2023	2023	2024	
Information security violations	Personal information leaks <sup>1)</sup>	Cases	-	-	-
	Information security or cybersecurity incidents	Cases	-	-	-
	Customers affected by information security violations	Persons	-	-	-
	Financial damage amount <sup>2)</sup>	KRW million	-	-	-
Information security and personal information protection training	Training hours	Hours	167,548	168,120	136,200
	Participants	Persons	16,737	16,794	16,759

1) Number of leaks confirmed by regulatory authorities

2) Fines and penalties paid for information security violations or cybersecurity incidents

### Customer Inquiries Handling<sup>1)</sup>

Category	Unit	2022	2023	2024
Customer inquiries received <sup>1)</sup>	Cases	2,133	2,760	4,134
Customer inquiries processed	Cases	2,133	2,760	4,134
Processing Rate	%	100	100	100

1) Change in complaint reception criteria due to Advancing of complaint handling standards

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## Agriculture & Rural Communities

### Agricultural Support Project Expenditure

Category	Unit	2022	2023	2024
Agricultural Support Project Expenditure	KRW 100 million	3,247	3,306	3,702

### Agricultural Finance

Category	Unit	2022	2023	2024	
Agricultural Policy Fund	New loans	KRW 100 million	86,491	91,737	90,264
	Balance	KRW 100 million	213,205	237,119	256,875
Agri-food Business Loan	Balance	KRW 100 million	290,007	295,731	296,805
Agri-food Fund Operation Scale	KRW 100 million	2,230	2,230	2,741	

### Agricultural Consultation Support

Category	Unit	2022	2023	2024
Agricultural finance consultation	Cases	264	336	311
Agribusiness loans consultation	Cases	32	31	38

## Local Communities

### Social Contribution<sup>1)</sup>

Category	Unit	2022	2023	2024
Social contribution programs	Times	4,736	5,924	6,012
Participation hours	Hours	55,795	61,486	60,514
Number of participants	Persons	9,973	12,713	12,729
Social contribution amount	KRW 100 million	1,086	1,863	2,064

1) Total of NongHyup Bank contributions to community support, academic education, cultural arts, and multicultural families support, etc

### Donations

Category	Unit	2022	2023	2024
Charitable donations	KRW 100 million	616	876	892
Local community investments	KRW 100 million	1,061	988	1,172

### Support for Financially Disadvantaged Groups

Category	Unit	2022	2023	2024
Sign language counseling service Performance	Cases	1,016	1,223	1,416
Counseling services for Seniors Performance	Cases	6,685	6,393	33,812
Foreign Language Counseling Service <sup>2)</sup>	Cases	-	16,676	19,609
Recipients of Economic and Financial Education	Persons	52,417	58,402	71,846

1) In August 2024, an ARS counseling number for seniors will be added, leading to a significant increase in call volume from September 2024 onwards

2) Foreign language counseling services will be added in 2023

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# ESG Factbook

## Employee

### Employee Status<sup>1)</sup>

Category		Unit	2022	2023	2024	
Total Number of Employees		Persons	20,048	20,167	20,224	
Total Number of Executives and Employees		Persons	16,186	16,143	16,144	
Gender	Male	Manager or higher	Persons	3,931	3,906	3,920
		Subtotal	Persons	7,693	7,495	7,397
		Female	Manager or higher	Persons	2,992	2,992
	Subtotal		Persons	8,493	8,648	8,747
	Executives		Male	Persons	20	21
		Female	Persons	3	3	2
Subtotal		Persons	23	24	24	
Contractual Types	Regular	Male	Persons	7,023	6,828	6,721
		Female	Persons	6,480	6,658	6,803
		Subtotal	Persons	13,503	13,486	13,524
	Contract	Male	Persons	650	646	654
		Female	Persons	2,010	1,987	1,942
		Subtotal	Persons	2,660	2,633	2,596
Residential Types	Full-time	Male	Persons	7,669	7,471	7,376
		Female	Persons	7,458	7,649	7,838
		Subtotal	Persons	15,127	15,120	15,214
	Part-time	Male	Persons	24	24	21
		Female	Persons	1,035	999	909
		Subtotal	Persons	1,059	1,023	930

Category		Unit	2022	2023	2024	
Age	Under 30	Male	Persons	700	640	610
		Female	Persons	2,058	1,972	1,888
		Subtotal	Persons	2,758	2,612	2,498
	30 to Under 50	Male	Persons	4,618	4,621	4,606
		Female	Persons	5,051	5,138	5,193
		Subtotal	Persons	9,669	9,759	9,799
	50 or older	Male	Persons	2,375	2,234	2,181
		Female	Persons	1,384	1,538	1,666
		Subtotal	Persons	3,759	3,772	3,847
	Workers who are not Employees		Persons	3,862	4,024	4,080

### Employee Diversity

Category		Unit	2022	2023	2024
Employees of National Merits	Total	Persons	720	689	679
	Male	Persons	458	421	409
	Female	Persons	262	268	270
Employees with Disabilities	Total	Persons	274	240	237
	Male	Persons	200	171	172
	Female	Persons	74	69	65

### Percentage of Female Talent<sup>1)</sup>

Category	Unit	2022	2023	2024
Executives	%	13	13	8
General managers (department heads to executives)	%	9	11	12
Managers (managers and deputy head)	%	47	47	47

1) The criteria for compiling managerial positions were refined, and the retrospective application of these criteria resulted in some changes to the proportion of total managers and middle management positions for 2022 and 2023

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## Employee

### New Hires<sup>1)</sup>

Category		Unit	2022	2023	2024	
Total Number of Employees		Persons	2,526	2,262	3,012	
Gender	Male	Persons	686	570	915	
	Female	Persons	1,840	1,692	2,097	
Contractual Types	Executives	Male	10	13	9	
		Female	1	1	1	
	Subtotal		Persons	11	14	10
	Regular	Male	Persons	356	229	594
Female		Persons	344	321	705	
Subtotal		Persons	700	550	1,299	
Age	Contract	Male	Persons	320	328	312
		Female	Persons	1,495	1,370	1,391
	Subtotal		Persons	1,815	1,698	1,703
	Under 30	Male	Persons	318	228	461
Female		Persons	1,054	872	1,202	
Subtotal		Persons	1,372	1,100	1,663	
30 to Under 50	Male	Persons	211	158	292	
		Female	Persons	624	615	704
	Subtotal		Persons	835	773	996
	50 or older	Male	Persons	157	184	162
Female		Persons	162	205	191	
Subtotal		Persons	319	389	353	

### Retirement<sup>1)2)</sup>

지표		단위	2022	2023	2024
Total Retirement Rate		%	11.4	10.7	11.7
Gender	Male	%	8.6	7.9	7.7
	Female	%	13.8	12.9	14.9
Age	Under 30	%	17.2	18.5	20.5
	30 to Under 50	%	6.9	6.1	7
	50 or older	%	17.5	15.7	16.6
Voluntary Retirement Rate		%	11.3	10.6	11.7
Gender	Male	%	8.5	7.8	7.6
	Female	%	13.7	12.9	14.8
Age	Under 30	%	17.2	18.4	20.5
	30 to Under 50	%	6.8	6.0	6.9
	50 or older	%	17.5	15.7	16.6

1) The criteria for compiling the number of retirees were refined, and the retrospective application of these criteria resulted in changes to the number of retirees and the retirement rate for 2022 and 2023  
 2) The methodology for calculating the retirement rate was changed from dividing the total number of retirees by the number of employees to dividing the total number of retirees by the sum of the number of retirees and the number of employees for the year

### Employee Tenure

Category	Unit	2022	2023	2024
Average tenure of male Employees	Years	14.0	13.8	13.7
Average tenure of female Employees	Years	12.0	11.9	11.9

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## Employee

### Safety and Health

Category	Unit	2022	2023	2024
Industrial accidents <sup>1)</sup>	Cases	3	5	3
Days missed due to industrial accidents <sup>2)</sup>	Days	74	54	76
Absence rate	%	0.2	0.1	0.2

1) Calculated based on the number of registered days of industrial accident leave  
 2) Absence days due to industrial accidents: based on the date of the accident as reported by the Korea Occupational Safety and Health Agency (including occupational diseases in the calculation of industrial accident personnel)

### Parental Leave

Category	Unit	2022	2023	2024
Employees Eligible for Parental Leave <sup>1)</sup>	Male	298	292	283
	Female	301	286	275
Employees who used parental	Male	46	54	63
	Female	360	361	347
Employees who returned after	Male	46	54	63
	Female	353	357	347
Employees who have worked for more than 12 months after returning from parental leave in the previous year	Male	21	24	44
	Female	285	312	352

1) Eligible employees for parental leave as of December 31 of the respective year, having children aged 9 or younger or in grade 3 or below in elementary school

### Collective Agreement

Category	Unit	2022	2023	2024
Employees covered by collective agreement	Number of eligible employees	11,411	11,230	11,854
	Number of covered employees	11,273	11,204	11,251
Collective agreement coverage	%	98.8	99.8	94.9

### Employee Training<sup>1)</sup>

Category	Unit	2022	2023	2024
Training Hours	Total training Hours	1,672,722	1,747,320	1,759,394
	Training Hours per Person	94.9	98.3	98.0

1) The criteria for the compilation of employee training in 2023 were refined, and the retrospective application of these criteria resulted in changes to the 2022 performance figures  
 \* Employee training includes all types of training for employees, such as statutory training, commissioned training, professional development training, and talent development

### Human Rights Management Training<sup>1)</sup>

Category	Unit	2022	2023	2024
Participating Employees	Persons	17,139	17,517	17,509
Training Hours	Total training Hours	425,391	449,319	340,544
	Training Hours per Person	24.8	25.7	19.5

1) The criteria for the compilation of human rights management training in 2023 were refined, and the retrospective application of these criteria resulted in changes to the 2022 performance figures

### Ethics and Compliance Training<sup>1)</sup>

Category	Unit	2022	2023	2024
Participating Employees	Persons	15,659	15,891	15,820
Training Hours	Total training Hours	90,822	79,455	75,936
	Training Hours per Person	5.8	5.0	4.8
Average Attendance	%	97.9	98.1	99.2

1) Ethics and compliance training includes topics such as anti-money laundering and employee ethics that are specific to the financial industry

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## Economy

### Summary Consolidated Statement of Financial Position

Category	Unit	2022	2023	2024
Total assets	KRW 100 million	3,876,677	4,013,254	4,161,493
Total liabilities	KRW 100 million	3,661,147	3,782,896	3,913,212
Capital	KRW 100 million	23,844	23,844	23,844
Total equity	KRW 100 million	215,530	230,358	248,281

### Summary Consolidated Statement

Category	Unit	2022	2023	2024
Operating profit	KRW 100 million	27,186	27,623	30,575
Net income	KRW 100 million	17,182	17,805	18,070

### Corporate Credit Rating

Category	Unit	2022	2023	2024
Korea Investors Service (KIS)	Rating	AAA	AAA	AAA
Korea Ratings (KR)	Rating	AAA	AAA	AAA
NICE Credit Service	Rating	AAA	AAA	AAA

### BIS Leverage Ratio

Category	Unit	2022	2023	2024
(Basel III) Tier1 Capital	KRW 100 million	198,173	216,307	234,341
(Basel III) Total Exposure	KRW 100 million	4,400,395	4,487,587	4,643,647
(Basel III) Leverage Ratio	%	4.48	4.82	5.05

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## Governance

### Board of Directors Operation

Category	Unit	2022	2023	2024
Board of Directors Meetings	Times	16	14	14
Board of Directors Agenda	Resolutions	61	46	62
	Reporting	54	49	50
Average Attendance	%	98	99	100

### Board Committees

Category	Unit	2022	2023	2024
Committee for Recommendation of Candidates for Executive Officer	Meetings	8	6	11
	Committee agendas	10	10	14
	Percentage of independent directors	67	67	67
	Attendance	100	94	100
Audit Committee	Meetings	17	14	14
	Committee agendas	44	39	38
	Percentage of independent directors	67	67	67
	Attendance	100	100	100
Risk Management Committee	Meetings	14	16	14
	Committee agendas	60	59	86
	Percentage of independent directors	67	67	67
	Attendance	100	98	100
Remuneration Committee	Meetings	4	3	4
	Committee agendas	6	5	7
	Percentage of independent directors	67	67	67
	Attendance	100	100	100

Category	Unit	2022	2023	2024
Internal Control Committee	Meetings	-	-	3
	Committee agendas	-	-	5
	Percentage of independent directors	-	-	67
	Attendance	-	-	100
Board Steering Committee	Meetings	2	2	2
	Committee agendas	3	3	4
	Percentage of independent directors	67	67	57
	Attendance	100	100	100

### Major Association Fee Payment<sup>1), 2)</sup>

Category	Unit	2022	2023	2024
Korea Federation of Banks	KRW million	2,536	2,833	2,980
Korea Credit Finance Association	KRW million	458	454	515
Korean Chamber of Commerce and Industry	KRW million	97	147	148
Korea Financial Investment Association	KRW million	57	53	53

1) NongHyup Bank strictly complies with the domestic Political Funds Act, which prohibits corporations or organizations from making suspended vehicle donations, and does not provide any political funds, election funds, or lobbying funds to specific political groups or parties that directly influence policy formation  
 2) The criteria for aggregating association fee payment have been refined, resulting in changes to the figures for 2022 and 2023

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# GRI Content Index

Standard Usage Statement	NongHyup Bank has reported in accordance with the GRI Standards for the reporting period (January 1, 2024, to December 31, 2024)
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Industry Standard	N/A

## Mandatory Reporting (GRI 2: General Disclosures 2021)

Metrics	Metric Content	Page	Additional Information
GRI 2: The organization and its reporting practices	2-1 Organizational detail	6-8	
	2-2 Entities included in the organization's sustainability reporting	2	
	2-3 Reporting period, frequency and contact point	2	
	2-4 Restatement of information	137, 139, 141, 142	
	2-5 External assurance	155-156	NongHyup Financial Group 2024 ESG Management Report, p.176-178
GRI 2: Activities and workers	2-6 Activities, value chain, and other business relationships	6	
	2-7 Employees	141-142	
	2-8 Workers who are not employees	141	
GRI 2: Governance	2-9 Governance and composition	108-109, 145	
	2-10 Nomination and selection of the highest governance body	111	
	2-11 Chair of the highest governance body	109	
	2-12 Role of the highest governance body in overseeing the management of impacts	110	
	2-13 Delegation of responsibility for managing impacts	13, 52	

Metrics	Metric Content	Page	Additional Information
GRI 2: Governance	2-14 Role of the highest governance body in sustainability reporting 2023	13	
	2-15 Conflicts of interest	-	
	2-16 Communication on critical concerns	13, 53, 77, 83, 100, 110, 114, 117, 120	
	2-17 Collective knowledge of the highest governance body (expertise)	109	
	2-18 Evaluation of the performance of highest governance body	112	
	2-19 Remuneration policies	113	
	2-20 Process to determine remuneration	113	
	2-21 Annual total compensation ratio	113	
	GRI 2: Strategy, policies and practices	2-22 Statement on sustainable development strategy	5
2-23 Policy commitments		11, 40, 87, 96, 103, 105, 113, 119, 125	
2-24 Embedding policy commitments		11, 40, 87, 96, 103, 105, 113, 119, 125	
2-25 Processes to remediate negative impacts		114, 116, 119-121	
2-26 Mechanisms for seeking advice and raising concerns		78, 104, 125	
GRI 2: Stakeholder engagement	2-27 Compliance with laws and regulations	-	
	2-28 Membership associations	145	
	2-29 Approach to stakeholder engagement	129-130	
	2-30 Collective bargaining agreements	143	

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# GRI Content Index

## Material Issue Report

Metrics	Metric Content	Page	Additional Information	
<b>Materiality Assessment</b>				
GRI 3: Material Topics 2021	3-1	Materiality assessment process	130	
	3-2	List of material topics	131-132	
	3-3	Management of material topics	134	
<b>Response to Climate Crisis</b>				
GRI 302: Energy 2016	302-1	Energy consumption within the organization	138	
	302-2	Energy consumption outside of the organization	Incomplete Information	
	302-3	Energy intensity	138	
	302-4	Reduction of energy consumption	64	
	302-5	Reduction in energy requirements of products and services	72	
	GRI 305: Emissions 2016	305-1	Direct(Scope 1) GHG emissions	137
		305-2	Energy indirect(Scope 2) GHG emissions	137
305-3		Other indirect(Scope 3) GHG emissions	137	
305-4		GHG emissions intensity	137	
305-5		Reduction of GHG emissions	68-70	
305-6		Emissions of ozone-depleting substances (ODS)	Not applicable	
305-7		Nitrogen oxides (NOx), sulfur oxides(SOx), and other significant air emissions	Not applicable	
<b>Local Community</b>				
GRI 413: Local Community 2016	413-1	Operations with local community engagement, impact assessments, and development programs	38, 91-93, 95	
	413-2	Operations with significant actual and potential negative impacts on local communities	Not applicable	
<b>Customer Privacy</b>				
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	139	

## Additional Report

Metrics	Metric Content	Page	Additional Information
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	6, 144
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investment and service supported	27-38, 87-95
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	138
GRI 306: Waste 2020	306-3	Waste generated	138
	306-4	Waste recycling	138
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	142
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	102
	401-3	Parental leave	143
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice period for regarding operational changes	-
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	100
	403-2	Hazard identification, risk assessment, and incident investigation	100
	403-3	Occupational health services	100
	403-5	Worker training on occupational health and safety	101
	403-6	Promotion of worker health	102
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	104-105
	403-9	Work-related Injuries	143
403-10	Work-related Illness	-	

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## Additional Report

Metrics	Metric Content	Page	Additional Information
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	143
	404-2	Programs for upgrading employee skills and transition assistance	96-98
	404-3	Percentage of employees receiving regular performance and career development reviews	-
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	109
	405-2	Ratio of basic salary and remuneration of women to men	-
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	- Not applicable
GRI 407: Freedom of Association and Collective Bargain 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	- Not applicable
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant high risk for incidents of child labor	- Not applicable

Metrics	Metric Content	Page	Additional Information
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	- Not applicable
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	- Not applicable
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	- Not applicable
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	- Not applicable
	414-2	Negative social impacts in the supply chain and actions taken	- Not applicable
GRI 415: Public Policy 2016	415-1	Political contributions	145
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of products and service categories	- Not applicable
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and service	- Not applicable

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# SASB Index

Topic	SASB Code	Detailed Indicator	Page
<b>Commercial Banks</b>			
Data Security	FN-CB-230a.1	(1) Number of data breaches, (2) Percentage related to Personally Identifiable Information (PII), (3) Number of affected account holders	139
	FN-CB-230a.2	Description of the approach to identifying and addressing data security risks	84-86
Financial Inclusion and Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	23-24
	FN-CB-240a.2	(1) Number and (2) amount of past due and non-accrual loans qualified to programs designed to promote small business and community development	Non-reported
	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Non-reported
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	22-24
Inclusion of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	Non-reported
	FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	11, 15-17
Financed Emissions	FN-CB-410b.1	(1) Absolute Total Financed Emissions Divided into Scope 1, (2) Scope 2, (3) Scope 3	69, 137
	FN-CB-410b.2	Commercial and industrial credit exposure, by industry	69, 137
	FN-CB-410b.3	Weighted average carbon intensity of commercial and industrial credit exposure	69
	FN-CB-410b.4	Description of the methodology used for calculating financed emissions	67
Business Ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Non-reported
	FN-CB-510a.2	Description of whistleblower policies and procedures	125
	FN-CB-550a.1	Global Systemically Important Bank(G-SIB) score, by category	Non-reported
Systemic Risk Management	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Non-reported
	Activity Indicator	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business
FN-CB-000.B		(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Non-reported

Topic	SASB Code	Detailed Indicator	Page
<b>Asset Management &amp; Custody Activities</b>			
Transparent Information and Fair Advice for Customers	FN-AC-270a.1	(1) Number and (2) Percentage of qualified employees and identified decision-makers with records related to investment-related research, customer complaints, private civil litigation, or other regulatory procedures	Non-reported
	FN-AC-270a.2	Total monetary losses due to legal proceedings related to the marketing and communication of financial product	Non-reported
	FN-AC-270a.3	Explanation of how information about products and services is provided to customers	78-82
Employee Diversity and Inclusion	FN-AC-330a.1	(a) Management, (b) Non-management, (c) Professionals, and (d) All other employees by (1) gender and diversity group representation percentages	140-142
Integration of Environmental, Social, and Governance Factors in Investment Management and Advisory	FN-AC-410a.1	Amount of assets under management by asset class that apply (1) integration of ESG issues, (2) sustainable theme investments, and (3) screening	134
	FN-AC-410a.2	Explanation of the approach to incorporating ESG factors into the investment or asset management process and strategy	15-17
	FN-AC-410a.3	Description of the policy and procedures for exercising voting rights and engaging with investee companies	25, 35
Financed Emissions	FN-AC-410b.1	(1) Absolute total financed emissions categorized by Scope 1, (2) Scope 2, (3) Scope 3	69, 136-137
	FN-AC-410b.2	Total Assets under management (AUM) included in the disclosure of financed emissions	69, 137
	FN-AC-410b.3	Percentage of total assets under management (AUM) included in the calculation of financed emissions	69, 137
	FN-AC-410b.4	Explanation of the methodology used to calculate financed emissions	67
Business Ethics	FN-AC-510a.1	Total monetary loss incurred due to legal proceedings related to fraud, insider trading, antitrust violations, anticompetitive behavior, market manipulation, breach of trust, or other relevant financial industry laws or regulations	Non-reported
	FN-AC-510a.2	Explanation of whistleblower policies and procedures	125
Activity Indicator	FN-AC-000.A	Total Assets under management (AUM)	69, 137
	FN-AC-000.B	Total assets under custody and supervision	69, 137

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# PRB Index

Principle	Metrics	Page
Principle 1:	We will align our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks	
	1.1 Describe your bank’s business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services	6-8
	1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society’s goals, as expressed in the Sustainable Development Goals(SDGs), the Paris Climate Agreement, and relevant national and regional frameworks	11
Principle 2: Impact and Target Setting	We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts	
	2.1 Impact Analysis: Identify the most important (potentially) positive/negative impact areas by considering the following factors: Scope: Core business scope, products/services provided by region Exposure Scale: Consider technical/geographical aspects by area Context and Relevance: Consider priorities related to national SDGs Scale and Intensity/Characteristics of Impact: Consider the scale, intensity, and characteristics of social/economic/environmental impacts arising from business activities and the provision of products/services	56-57
	2.2 Target Setting: Show that the bank has set and published a minimum of SMART targets Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. or regional frameworks and negative/positive impacts	62-64
	2.3 Plans for Target Implementation and Monitoring: Show that your bank has defined actions and milestones to meet the set targets and implement monitoring measures	68-70
	2.4 Progress on Implementing Targets: Describe the activities prior to achieving the goal, the reasons why the activity could not be performed, or the reasons and methods for adjusting the plan. Report on your bank’s progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the qualitative/quantitative impact your progress resulted in	68-73

Principle	Metrics	Page
Principle 3: Clients and Customers	We will work responsibly with our customers to encourage sustainable practices and enable economic activities	
	3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customer	78-82
	3.2 Describe how your bank has worked with and/or is planning to work with its customers to encourage sustainable economic activities and practices	78-82
Principle 4: Stakeholder	We will proactively consult, engage and partner with relevant stakeholders to achieve society’s goals	
	4.1 Describe the overview of the types of stakeholders engaged, measures for identifying stakeholders and problem solving/result derivation	129
Principle 5: Governance and Culture	Implementation of principles through effective governance and a culture of responsibility within the bank	
	5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative(potential) impacts and support effective implementation of the Principles	108, 114
	5.2 Describe the initiatives and measures your bank has implemented or is planning to implement including remuneration, performance management and communication to foster a culture of responsible banking among its employees	14, 112-113
	5.3 Governance Structure for Implementation of the Principles target-setting and actions to achieve targets set remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected	14, 112
Principle 6: Disclosure and Accountability	We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts caused by business activities	
	6.1 Show that your bank has progressed on implementing the six Principles over the last 12 months(up to 18 months in your first reporting after becoming a signatory). Describe best practices considered when implementing the Principles	9

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# IFRS S2 Index

Category	Metrics	Page
Governance	1. Information about the governance body or bodies with oversight of climate-related risks and opportunities, and information about management’s role in those processes	
	a) the name of the body or identity of the individual within a body responsible for oversight of climate-related risks and opportunities	52-53
	b) how the body’s responsibilities for climate-related risks and opportunities are reflected in the entity’s terms of reference, board mandates and other related policies	52-53
	c) how the body ensures that the appropriate skills and competencies are available to oversee strategies designed to respond to climate-related risks and opportunities	66, 114, 116
	d) how and how often the body and its committees(audit, risk or other committees) are informed about climate-related risks and opportunities	52-53
	e) how the body and its committees consider climate-related risks and opportunities when overseeing the entity’s strategy, its decisions on major transactions, and its risk management policies, including any assessment of trade-offs and analysis of sensitivity to uncertainty that may be required	52-53
	f) how the body and its committees oversee the setting of targets related to significant climate-related risks and opportunities, and monitor progress towards them, including whether and how related performance metrics are included in remuneration policies	66
Strategy	g) a description of management’s role in assessing and managing climate-related risks and opportunities, including whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee. The description shall include information about whether dedicated controls and procedures are applied to management of climate-related risks and opportunities and, if so, how they are integrated with other internal functions	52-53, 62
	1. Company strategy for addressing significant climate-related risks and opportunities	
	a) the significant climate-related risks and opportunities that it reasonably expects could affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term;	
	b) the effects of significant climate-related risks and opportunities on its business model and value chain	
	c) the effects of significant climate-related risks and opportunities on its strategy and decision-making, including its transition plans	56-57, 114, 116

Category	Metrics	Page
Strategy	2. [Climate-related risks and opportunities] Significant climate-related risks and opportunities that could reasonably be expected to affect the entity’s business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term	
	a) Description of significant climate-related risks and opportunities and each period (short, medium, or long term) reasonably expected to affect the enterprise’s business model, strategy, cash flows, access to finance, and cost of capital	56-57
	b) how it defines short, medium and long term and how these definitions are linked to the entity’s strategic planning horizons and capital allocation plans	-
	c) whether the risks identified are physical risks or transition risks. For example, acute physical risks could include the increased severity of extreme weather events, and examples of chronic physical risks include rising sea levels or rising mean temperatures. Transition risks could include regulatory, technological, market, legal or reputational risks	56
	2-1. Assessment of the current and anticipated effects of significant climate-related risks and opportunities on its business model	
	a) a description of the current and anticipated effects of significant climate-related risks and opportunities on its value chain	56-57
	b) a description of where in its value chain significant climate-related risks and opportunities are concentrated(for example, geographical areas, facilities or types of assets, inputs, outputs or distribution channels)	60
	3. [Strategy and decision-making] Effects of significant climate-related risks and opportunities on its strategy and decision-making, including its transition plans	
	a) how it is responding to significant climate-related risks and opportunities including how it plans to achieve any climate-related targets it has set	15-20
	i. information about current and anticipated changes to its business model	18-19
	ii. changes the entity is making in strategy and resource allocation to address the risks and opportunities identified in 2-1. Examples of these changes include resource allocations resulting from demand or supply changes, or from new business lines; resource allocations arising from business development through capital expenditures or additional expenditure on operations or research and development; and acquisitions and divestments	62-64
	iii. plans and critical assumptions for legacy assets, including strategies to manage carbon-energy- and water-intensive operations, and to decommission carbon-energy- and water-intensive assets	-
	iv. information about direct adaptation and mitigation efforts it is undertaking(for example, through changes in production processes, workforce adjustments, changes in materials used, product specifications or through introduction of efficiency measures)	62
v. information about indirect adaptation and mitigation efforts it is undertaking(for example, by working with customers and supply chains or use of procurement)	15-20	
vi. how these plans will be resourced	15-20	

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# IFRS S2 Index

Category	Metrics	Page
Strategy	b) information regarding climate-related targets for these plans including	62, 68, 70
	i. the processes in place for review of the target	63-65
	ii. the amount of the entity's emission target to be achieved through emission reductions within the entity's value chain	68, 70
	iii. the extent to which the targets rely on the use of carbon offsets	
	iv. whether the offsets will be subject to a third-party offset verification or certification scheme(certified carbon offset), and if so, which scheme, or schemes	
	v. the type of carbon offset, including whether the offset will be nature-based or based on technological carbon removals and whether the amount intended to be achieved is through carbon removal or emission avoidance	68
	vi. any other significant factors necessary for users to understand the credibility and integrity of offsets intended to be used by the entity (for example, assumptions regarding the permanence of the carbon offset)	
	c) quantitative and qualitative information about the progress of plans disclosed in prior reporting periods in accordance with a)-b)	
	<b>4. [Financial position, financial performance and cash flows] Information that enables users of general purpose financial reporting to understand the effects of significant climate-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term—including how climate-related risks and opportunities are included in the entity's financial planning</b>	
	a) how significant climate-related risks and opportunities have affected its most recently reported financial position, financial performance and cash flows	60-61
	b) information about the climate-related risks and opportunities for which there is a significant risk that there will be a material adjustment to the carrying amounts of assets and liabilities reported in the financial statements within the next financial year	60-61
	c) how it expects its financial position to change over time, given its strategy to address significant climate-related risks and opportunities, reflecting	60-61
	i. its current and committed investment plans and their anticipated effects on its financial position(for example, capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas and asset retirements)	60-61
ii. its planned sources of funding to implement its strategy	-	
d) how it expects its financial performance to change over time, given its strategy to address significant climate-related risks and opportunities (for example, increased revenue from or costs of products and services aligned with a lower carbon economy, consistent with the latest international agreement on climate change; physical damage to assets from climate events; and the costs of climate adaptation or mitigation)	60-61	
e) if the entity is unable to disclose quantitative information for a)-d), an explanation of why that is the case	-	

Category	Metrics	Page
Strategy	<b>5. [Climate resilience] Information that enables users of general purpose financial reporting to understand the resilience of the entity's strategy(including its business model) to climate-related changes, developments or uncertainties—taking into consideration an entity's identified significant climate-related risks and opportunities and related uncertainties (The entity shall use climate-related scenario analysis to assess its climate resilience unless it is unable to do so. If an entity is unable to use climate-related scenario analysis, it shall use an alternative method or technique to assess its climate resilience)</b>	
	a) the results of the analysis of climate resilience, which shall enable users to understand a-1) when climate-related scenario analysis is used	
	i. which scenarios were used for the assessment and the sources of the scenarios used	
	ii. whether the analysis has been conducted by comparing a diverse range of climate-related scenarios	
	iii. whether the scenario used is associated with performance risk or increased physical risk	
	iv. whether the entity has used, among its scenarios, a scenario aligned with the latest international agreement on climate change	
	v. an explanation of why the entity has decided that its chosen scenarios are relevant to assessing its resilience to climate-related risks and opportunities	58-59
	vi. the time horizons used in the analysis	
	vii. the inputs used in the analysis, including—but not limited to—the scope of risks(for example, the scope of physical risks included in the scenario analysis), the scope of operations covered(for example, the operating locations used), and details of the assumptions(for example, geospatial coordinates specific to entity locations or national-or regional-level broad assumptions)	
	viii. assumptions about the way the transition to a lower-carbon economy will affect the entity, including policy assumptions for the jurisdictions in which the entity operates; assumptions about macroeconomic trends; energy usage and mix; and technology	
	b) the results of the analysis of climate resilience	
	i. the implications, if any, of the entity's findings of r its strategy, including how it would need to respond to the effects identified in (a-1-viii or (a-2-v	
	ii. the significant areas of uncertainty considered in the analysis of climate resilience	60-61
iii. the entity's capacity to adjust or adapt its strategy and business model over the short, medium and long term to climate developments in terms of		
1. the availability of, and flexibility in, existing financial resources, including capital, to address climate-related risks, and/or to be redirected to take advantage of climate-related opportunities	61	
2. the ability to redeploy, repurpose, upgrade or decommission existing assets	-	
3. the effect of current or planned investments in climate-related mitigation, adaptation or opportunities for climate resilience	-	

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# IFRS S2 Index

Category	Metrics	Page
Risk Management	Process, or processes, by which climate-related risks and opportunities are identified, assessed and managed	
	a) the process, or processes, it uses to identify climate-related risks and opportunities	
	i. how it assesses the likelihood and effects associated with such risks (such as the qualitative factors, quantitative thresholds and other criteria used	
	ii. how it prioritizes climate-related risks relative to other types of risks, including its use of risk-assessment tools(for example, science-based risk assessment tools)	56-57
	iii. the input parameters it uses(for example, data sources, the scope of operations covered and the detail used in assumptions)	
	iv. whether it has changed the processes used compared to the prior reporting period	
	c) the process, or processes, it uses to identify, assess and prioritize climate-related opportunities	
	d) the extent and manner in which the processes for identifying, assessing, and managing climate-related risks and opportunities are integrated into the company's overall risk management processes	56-57, 63-65
Metrics and Targets	<b>1. How an entity evaluates its performance, including the measurement, monitoring, and management of its significant climate-related risks and opportunities, and progress against the targets set by the entity</b>	
	a) information relevant to the cross-industry metric categories	62
	b) industry-based metrics	62
	c) targets set by the entity to mitigate or adapt to climate-related risks or maximize climate-related opportunities	68, 70
	d) other metrics used by the board or management to measure progress towards the targets identified in (c)	53
	<b>2. Information related to cross-industry indicator categories</b>	
	a) greenhouse gas emissions—its absolute gross greenhouse gas emissions generated during the reporting period, measured in accordance with the Greenhouse Gas Protocol Corporate Standard, expressed as metric tons of CO <sub>2</sub> equivalent, classified as Scope 1, Scope 2, Scope 3 emissions	137
	b) for Scope 1 and Scope 2 emissions, the entity shall disclose emissions separately for (1) the consolidated accounting group (the parent and its subsidiaries); (2) associates, joint ventures, unconsolidated subsidiaries or affiliates not included in (1); and (3) the approach it used to include emissions for the entities included in (2) (for example, the equity share or operational control method in the Greenhouse Gas Protocol Corporate Standard)	-

Category	Metrics	Page
Metrics and Targets	c) transition risks—the amount and percentage of assets or business activities vulnerable to transition risks	
	d) physical risks—the amount and percentage of assets or business activities vulnerable to physical risks	
	e) climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities	56-61
	f) capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	
	g) internal carbon prices – the price for each metric ton of greenhouse gas emissions that the entity uses to assess the costs of its emissions; and an explanation of how the entity is applying the carbon price in decision-making(for example, investment decisions, transfer pricing and scenario analysis)	-
	h) remuneration - the percentage of executive management remuneration recognized in the current period that is linked to climate-related considerations; and a description of whether and how climate-related considerations are factored into executive remuneration	53
	<b>3. Activities and description related to Scope 3 Greenhouse Gas(GHG) Emissions</b>	
	a) upstream and downstream emissions in its measure of Scope 3 emission	137
b) categories included within its measure of Scope 3 emissions	137	
c) when the entity's measure of Scope 3 emissions includes information provided by entities in its value chain, it shall explain the basis for that measurement	68	
d) if the entity excludes those greenhouse gas emissions in (c), it shall state the reason for omitting them	-	
<b>4. Climate-related Targets</b>		
a) metrics used to assess progress towards reaching the target and achieving its strategic goal		
b) the specific target the entity has set for addressing climate-related risks and opportunities		
c) whether this target is an absolute target or an intensity target		
d) the objective of the target(for example, mitigation, adaptation or conformance with sector or science-based initiatives)		
e) how the target compares with those created in the latest international agreement on climate change and whether it has been validated by a third part		
f) whether the target was derived using a sectoral decarbonization approach		
g) the period over which the target applies		
h) the base period from which progress is measured		
i) any milestones or interim targets		

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# Major Awards

Category	Award Title	Organizations	Year of Award
NongHyup Bank	Grand Prize, 2024, Economic Daily ESG Management Awards, ESG Management Support Department Category	Economic Daily	Dec. 2024
	2024 Minister of SMEs and Startups Award for Distinguished Service in Voice Phishing Damage Prevention	7 organizations including the Ministry of SMEs and Startups and the Financial Supervisory Service	Dec. 2024
	2024 Speaker of the National Assembly Award at the Korea ESG Awards	ESG Awards Organizing Committee	Sep. 2024
	2024 Financial Consumer Protection Award at the Korea Financial Consumer Rights Awards	Money Today	Jul. 2024
	Grand Prize, 2024 Social Contribution Enterprise Awards, Underserved Communities Category	Korea Economic Daily	Jun. 2024
	FSS Governor's Award for Outstanding Financial Institution, Financial Education one to one School	6 organizations including Financial Supervisory Service and Korea Federation of Banks	Feb. 2024
	Minister of Environment Award, 2023 Carbon Neutral Competition	Ministry of Environment	Dec. 2023
	ESG Management Support Prize, 2023 Economic Daily ESG Management Awards	Economic Daily	Dec. 2023
	Excellent Support Award, Inclusive Finance	Financial Supervisory Service	Dec. 2023
	Financial Services Commission Chairperson Award, 2023 Voice Phishing Excellent Guardian	Financial Services Commission, Financial Supervisory Service	Dec. 2023
	Certified Company Award, 2023 Korea Sustainable Management Communication Awards	News Today	Nov. 2023
	Excellence Award, 2023 Metaverse ESG Award	IT Chosun	Oct. 2023
	Prime Minister's Award for Social Welfare Merit, 24th Social Welfare Day	Ministry of Health and Welfare	Sep. 2023
	Consumer Education Award, 1st Korea Financial Consumer Rights Awards	Money Today	Jul. 2023
	Top Prize, The 4th ESG Korea Awards & Forum	Hansbiz	May. 2023
	Excellent Call Center, Korea Service Quality Index (KSQI)	Korea Management Association Consultants	May. 2023
Leadership Award, 2023 Korea Leading Finance ESG Awards, Banking Sector	MoneyS	Apr. 2023	
FSS Governor's Award, 2022 Financial Education one to one School	Financial Supervisory Service	Feb. 2023	

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# Independent Assurance Statement

## To readers of NongHyup Bank 2024 ESG Report

### Introduction

Korea Management Registrar (KMR) was engaged to conduct an independent assurance of 2024 NongHyup Bank 2024 ESG Report for the year ending December 31, 2024. The preparation, information and internal control of the report are the sole responsibility of NongHyup Bank's the management. KMR's responsibility is to comply with the agreed engagement and express an opinion to NongHyup Bank's management.

### Subject Matter

The reporting boundaries included the performance and activities of sustainability-related organizations as described in NongHyup Bank's report:

- NongHyup Bank 2024 ESG Report

### Reference Standard

- GRI Standards 2021 : 2023 (GRI)

### Assurance criteria

KMR conducted the verification in accordance with the globally recognized standard AA1000AS v3 and KMR's assurance standard SRV1000 based on requirements of ISO 17029 and KMR EDV 01, and set the levels of assurance and materiality as below. Under AA1000AS v3, We assessed the adherence to the four principles presented in AA1000AP:2018—Inclusivity, Materiality, Responsiveness, and Impact—and evaluated the reliability and quality of the data and information using the GRI index specified in the report. Under SRV1000, we conducted a multidimensional review aimed at zero data errors, applying expert judgment to determine the materiality criteria.

- ISO 17029 : 2019, ISO 14065 : 2020, AA1000AS v3 : 2020 (AccountAbility), AA1000AP : 2018 (AccountAbility), SRV 1000 : 2022 (KMR), KMR EDV 01 : 2024 (KMR)
- Levels of assurance/materiality: AA1000AS v3 – Type 2/moderate

### Scope of assurance

The scope of our assurance included the verification of compliance with the reporting requirements of the GRI Standards 2021. We confirmed that the following indicators of material topics were identified through the materiality assessment process.

- GRI Standards 2021 reporting principles
- Universal Standards
- Topic Specific Standards
  - GRI 302: Energy
  - GRI 305: Emissions
  - GRI 413: Local Communities
  - GRI 418: Customer Privacy

As for the reporting boundary, the engagement excludes the data and information of NongHyup Bank's partners, suppliers and any third parties.

### KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- Evaluating the appropriateness of the reference standard used as a basis for preparing sustainability information and the reliability of the materiality assessment process and its findings
- Conducting inquiries to understand the data management and control environment, processes, and information systems (the effectiveness of controls was not tested);
- Evaluating the appropriateness and consistency of the methodology for estimation (note that the underlying data was not tested and KMR has not made any estimates);
- Visiting the headquarters, determining visit sites based on the site's contribution to sustainability and the possibility of unexpected changes since the previous period and sampling data, and carrying out due diligence on a limited number of source records at the sites visited;
- Interviewing people in charge of preparing the report;
- Considering whether the presentation and disclosures of sustainability information are accurate and clearly defined;
- Identifying errors through comparison and check against underlying information, recalculation, analyses, and backtracking; and
- Evaluating the reliability and balance of information based on independent external sources, public databases, and press releases.

### Limitations and Recommendations

The absence of generally accepted reporting frameworks or well-established practices on which to draw to evaluate and measure non-financial information allows for different measures and measuring techniques, which can affect comparability between entities. Therefore, our assurance team relied on professional judgment. The scope of this assurance included the confirmation of the truthfulness of claims regarding results that have already been obtained as stipulated by ISO 17029. However, the plausibility of intended claims of forecasts or hypotheses was not validated even if the related content was contained in the report.

A limited assurance evaluates the appropriateness of the criteria used by NongHyup Bank for preparing sustainability information on subject matters, the risk of material misstatement in the sustainability information, whether due to fraud or error, responses to risks, and disclosure of the sustainability information on subject matters. However, the scope of the risk assessment process and the subsequent procedures performed in response to assessed risks, including an understanding of internal controls, is more limited than that of a reasonable assurance.

Our assurance team conducted our work to a limited extent through inquiries, analysis, and limited sampling based on the assumption that the data and information provided by NongHyup Bank are complete and sufficient. To overcome these limitations, we confirmed the quality and reliability of the information by referring to independent external sources and public databases, such as DART and the National GHGs Management System (NGMS).

# Independent Assurance Statement

## To readers of NongHyup Bank 2024 ESG Report

### Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with NongHyup Bank on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report was prepared in accordance with the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

### Inclusivity

NongHyup Bank has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

### Materiality

NongHyup Bank has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

### Responsiveness

NongHyup Bank prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of NongHyup Bank's actions.

### Impact

NongHyup Bank identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

### Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of sustainability performance data, including promotion of eco-friendly management, carbon emissions, financed emissions measurement results, employee status, new hires, resignation status, employee tenure, energy consumption, waste generation, among others. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

### KMR's Competence, Independence, and Quality Control

Korea Management Registrar (KMR) is a verification body for the greenhouse gas emissions trading scheme, accredited by the Korea Laboratory Accreditation Scheme (KOLAS) under the National Institute of Technology and Standards of Korea for ISO/IEC 17029:2019 (Conformity Assessment - General principles and requirements for validation and verification bodies), ISO 14067, and additional accreditation criteria, ISO 14065. It is also recognized by the Korea Accreditation Board (KAB) for ISO/IEC 17021:2015 (Requirements for bodies providing audit and certification of management systems), and the National Institute of Environmental Research under the Ministry of Environment of Korea. Additionally, KMR maintains a comprehensive quality control system that includes documented policies and procedures of the KMR EDV 01:2024 (ESG Disclosure Assurance System) based on ISO/IEC 17029 requirements and compliant with IAASB ISQM1:2022 (International Standard on Quality Management 1 by the International Auditing and Assurance Standards Board). Furthermore, KMR adheres to the ethical requirements of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior in accordance with the IESBA Code:2023 (International Code of Ethics for Professional Accountants). Our assurance team consists of sustainability experts. Other than providing an independent assurance, KMR has no other contract with NongHyup Bank and did not provide any services to NongHyup Bank that could compromise the independence of our work.

### Limitations of Use

This assurance statement is made solely for the management of NongHyup Bank for the purpose of enhancing an understanding of the organization's sustainability performance and activities. We assume no liability or responsibility for its use by third parties other than the management of NongHyup Bank. The statement is valid as of the assurance date below. Certain events that may occur between the assurance date and the time of reading this report could have a material impact on the report, which may lead to revisions to this assurance statement. Therefore, we recommend visiting the NongHyup Bank website and verifying whether this is the latest version.

July 16, 2025  
Eun ju Hwang, CEO

