NH INVESTMENT & SECURITIES



Ensure Sustainable growth

2024 INTEGRATED REPORT

ABOUT THIS REPORT

Overview

Initiating sustainability reporting back in 2018, NH Investment & Securities (NHIS) has published our integrated reports each year since 2021 combining annual reports and sustainability reports to reach out to stakeholders accordingly. This report outlines our key activities, achievements, and future plans.

Reporting Standards

This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards. To incorporate key issues associated with specific industry characteristics, this report also discloses sustainability issues that may bring financial impact on our operations in line with the disclosure topics of the Investment Banking & Brokerage and Securities industries laid out by the SASB (Sustainability According Standards Board) as well as TCFD (Task Force on Climate-related Financial Disclosures) recommendations and in reference to the IR Framework of the IIRC (International Integrated Reporting Council).

Reporting Period and Scope

This report spans the period between January 1, 2023 and December 31, 2023, and this extends to the first quater of 2024 for some performance data. While this report covers NHIS' domestic operations including the head office and branches, it also reports on our subsidiaries - NH Futures and NH Hedge Asset Management – only for material issues. The scope of environmental performance data presented in this report is limited to the head office, and this extends to branches or overseas operations to report their activities and achievements when deemed necessary.

Independent Assurance

To establish the credibility and completeness of the reporting process and the data contained, this report was assured by the BSI (British Standards Institution) as an independent third-party assurance provider. For specifics on this assurance engagement and assurance findings, please see pages 149~151 of this report.



COVER STORY

The cover of the NHIS 2024 Integrated Report manifests its commitment to passing sustainable value onto future generations. This report aims to communicate our wholehearted efforts to emerge as an ESG leader in the financial industry.

2024 NH Investment & Securities Integrated Report

Reporting Organization NH Investment & Securities
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Publisher Yoon Byoung Un
Date June 2024
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LETTER FROM CEO



“At NH Investment & Securities, we stand strong as a financial investment firm leading the capital market while generating meaningful business outcomes on the back of our corporate culture prioritizing client value. Instead of basking in the satisfaction of our current status, we are preparing to leap forward into the upcoming decade.”

June 2024

Yoon Byoung Un
President & CEO, NH Investment & Securities

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Dear Stakeholders Who Accompany NH Investment & Securities,

Throughout 2023, we faced lingering concerns over tightening global financial conditions and the decelerating alternative asset market. In the face of business challenges characterized by the economic downturn and interest rate hikes that adversely affected investor sentiment, NH Investment & Securities (NHIS) stood strong to underpin our position as a financial investment firm leading the capital market while generating meaningful business outcomes on the back of our corporate culture prioritizing client value.

Instead of basking in the satisfaction of our current status, we at NHIS are preparing our leap forward into the upcoming decade. Ultimately, we aim to positively impact stakeholders and will do so by leveraging our capacity to flexibly navigate the dynamic nature of the market while nurturing trust-based relationships we established with our clients by delivering process-centric value. As we progress towards this goal, we vow to focus on the following priorities.

We will 'Value-Up' corporate value with sustainability management.

The persistence of the global climate crisis and the COVID-19 pandemic highlight the importance of sustainability management as the core value that virtually any company should uphold. NHIS is establishing our ESG governance and continues with our green, socially responsible investing while pursuing shared growth together with varying stakeholders.

To deliver greater stakeholder return, our dividend procedures were improved to first determine dividend amounts before setting the dividend record date, and our shareholder-friendly dividend policy allows us to maintain high dividend payout ratios, along with the retirement of treasury shares. Going forward, we will remain focused on exploring the mission of advancing sustainability management and make progress sincerely to this end, enhancing our corporate value in so doing.

Second, we will build client-focused investment practices along with digital transformation.

We are expanding the realm of differentiated digital financial services by bolstering our digital capabilities and competitiveness and harnessing big data and Artificial Intelligence. We bring diversity with fractional share trading and fractional investment, smartness with investor education and information, convenience with increased digital accessibility, and safety with anti-fraud activities to the investment experience of our clients to deliver satisfaction along the way.

Our overarching principle is to 'serve our clients', which we adhere to in our regular communication and our delivery of client-centered services. Our commitment as a company extends well beyond investment for the sake of mere profit, and we pride ourselves on helping create a culture of investment that truly enriches lives.

Third, we will become a trusted financial platform with our back-to-basics approach and principles.

We comply with effective internal control procedures to ensure robust ethical management and integrated risk management. We established well-aligned management systems to ensure compliance and anti-corruption, and minimize any risk that may affect our clients' investment assets through preemptive risk management practices that brace for even potential risks. Such endeavors will render our investment service operations more reliable and embed integrity into the services we provide. Ultimately, this will contribute to a sound and ethical financial market and position NHIS as a financial platform universally trusted by its stakeholders.

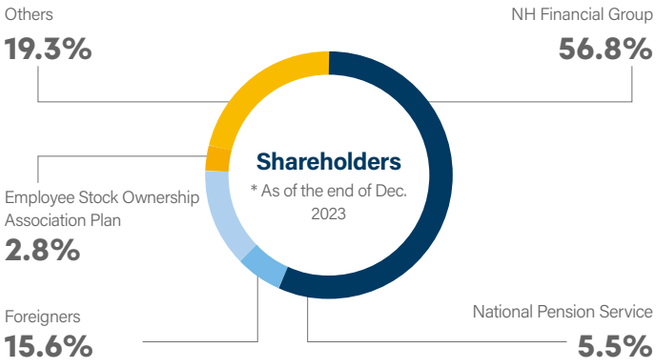
Not only do we assume our inherent role in connecting supply and demand in the capital market, we will also put to use our clarity and ability to identify sustainable value to help steer our clients and the whole of society towards a more flourishing future. As a corporate citizen, we will also ceaselessly explore ways to pursue win-win partnerships with wide-ranging stakeholders. We look forward to your continued support and encouragement along this journey ahead.

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COMPANY PROFILE

OVERVIEW

Since our foundation in 1969, NH Investment & Securities has been growing together with clients for the past 50 years. Our focus on client value as our top priority in advancing client-centered management enabled us to build an overwhelming competitive edge across all business divisions, positioning us as Korea's leading financial investment firm. Navigating the rapidly-evolving financial landscape, we vow to deliver differentiated services and build all-encompassing portfolios to cement our status as a comprehensive financial investment firm representing the capital market.





AT A GLANCE

* As of the end of Dec. 2023

Date of establishment
Jan. 1969

Number of employees
3,105

Number of domestic branches
59 excluding 3 separate sub-branches

Number of overseas locations
8

Total assets
KRW 56.7 trillion

Shareholders' equity
KRW 7.6 trillion

Operating income
KRW 725.8 billion

Net income
KRW 553 billion

Credit rating
A3 Moody's A- S&P AA+ Domestic

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HISTORY

1969-2000 | 2001-2019 | 2020-2023

Jan. 1969
- Established Hanbo Securities

Jul. 1975
- Merged with Sengbo Securities, renamed into Daebo Securities

Nov. 1983
- Merged with Lucky Securities, renamed into Lucky Securities

Mar. 1995
- Renamed into LG Securities

Oct. 1995
- Merged with LG Merchant Bank, renamed into LG Investment & Securities

Dec. 2004
- Change in largest shareholder (LG Group → Woori Financial Group)

Apr. 2005
- Merged with Woori Securities, renamed into Woori Investment & Securities

Jun. 2014
- Change in largest shareholder (Woori Financial Group → NH Financial Group)

Dec. 2014
- Merged with NH Securities, launched NH Investment & Securities

Jan. 2015
- Issued new shares of NH Investment & Securities

Apr. 2015
- Declared the NH Investment & Securities Vision

May 2015
- Completed IT integration with Woori Investment & Securities

Jan. 2016
- Launched QV as a multifaceted wealth management service

Apr. 2016
- Completed the integration of HR systems and labor unions

Jul. 2016
- Acquired a 10% stake in K-bank, an online bank

Aug. 2016
- Launched the industry's first hedge fund in Korea (NH Absolute Return 1)

Dec. 2016
- Certified for Consumer Centered Management (CCM) for the first time in the industry

Aug. 2017
- Named Good Securities Firm by Consumers (Korea Finance Consumer Federation)
- Launched NAMUH (industry's first mobile-based wealth management brand) and held lifetime free trading offer

Nov. 2017
- Named a mega-sized IB (KRW 4 trillion and more in shareholder's equity)

Jan. 2018
- Acquired a 100% stake in Vietnamese subsidiary

Jun. 2018
- FSC granted NHIS a license to run a short-term financing business including the issuance of promissory notes

Jul. 2018
- Commenced issuing promissory notes
- Selected as the exclusive OCIO for the National Housing and Urban Fund by the Ministry of Land, Infrastructure and Transport

May 2019
- Declared a new brand vision "Investment Culture Creator"

Oct. 2019
- Published the inaugural ESG Report as the first in the Korean securities industry

Nov. 2019
- Ranked 1st in the securities category of the KCSI Survey

Dec. 2019
- Established NH Hedge Asset Management as a hedge fund management subsidiary

Feb. 2020
- Signed an MOU for digital innovation and AI application with Kakao Enterprise

Apr. 2020
- Established the UX Design Lab Center with KAIST

May 2020
- Opened Culture Salon as a multi-cultural space embodying our brand vision

Jul. 2020
- Signed an MOU to conduct joint research on MyData use with the Graduate School of Data Science, Seoul National University

Aug. 2020
- Introduced Kakao Pay Certification
- Opened Smart Store to promote sustainable growth of agricultural community income

Oct. 2020
- Launched PB Service for high net-worth clients (over KRW 3 billion)

Dec. 2020
- Launched Open Banking Service

Mar. 2021
- Opened NH Super Stock Market as a pop-up store for millennial/Gen Z clients

Nov. 2021
- Signed an MOU with Timo, the largest internet bank platform in Vietnam

Dec. 2021
- Received the Presidential Award at the Korea Digital Management Innovation Awards
- Reached KRW 1 trillion in annual operating income

Apr. 2022
- Established NHIS Europe as a subsidiary in London

May 2022
- Re-selected as the 3rd-time OCIO for the the National Housing and Urban Fund by the Ministry of Land, Infrastructure and Transport
- Established the ESG Committee

Jul. 2022
- Achieved the ISO 14001, an international standard certification for an environmental management system

Aug. 2022
- Launched the Tax Center

Oct. 2022
- Commenced fund custody business

Dec. 2022
- Launched NH All-One Account as an integrated wealth management platform

Feb. 2023
- Launched STO Vision Group as an inter-company security token council
- Pursued voluntary biochar-based carbon credit business as the industry's first to do
- Provided 24/7 US stock trading services as the industry's first to do so
- Launched the Direct Indexing service as the industry's first to do so

Mar. 2023
- Signed an MOU to jointly pursue global GHG emissions reduction business with SK forest

Apr. 2023
- Opened 'Seed' as an app tech investing service as the industry's first to do so

Aug. 2023
- Launched 'Investment Contract Securities All-in-One Service' to support piece investment businesses
- Achieved the ISO 45001 international health and safety management standard certification

Sep. 2023
- Signed an MOU with Instinet Europe, a global securities brokerage firm
- Formed a consortium for security token offerings

Oct. 2023
- Achieved the ISO/IEC 27701, an international standard certification for data privacy

Nov. 2023
- Opened non-listed stock trading services
- Joined K-RE100
- Opened the 'TAX Platform' service as the industry's first to do so

Dec. 2023
- Changed the dividend record date (determine dividend amounts first before setting the dividend record date)

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VISION & CORE VALUES

In April 2015, a year after the merger to become NH Investment & Securities, we announced our core value 'ORIGIN' along with our new vision 'Beyond the First, New History, We are NHIS.'
ORIGIN is the acronym derived by combining the English initials for Orientation, Responsibility, Innovation, Global, Intelligence, and Network, and embodies the commitment of each and every one at NHIS to defining new norms in their given roles and serving as the benchmark in the capital market.
Our goal at NHIS is to gain the trust of clients through responsible business conduct, deliver satisfaction to clients through creative innovation and unrivaled financial expertise, and continue with business expansion to create greater values and open a new chapter in history, emerge as Korea's leading financial investment firm along the way.

VISION

Beyond the First
New History We are NHIS

CORE VALUES

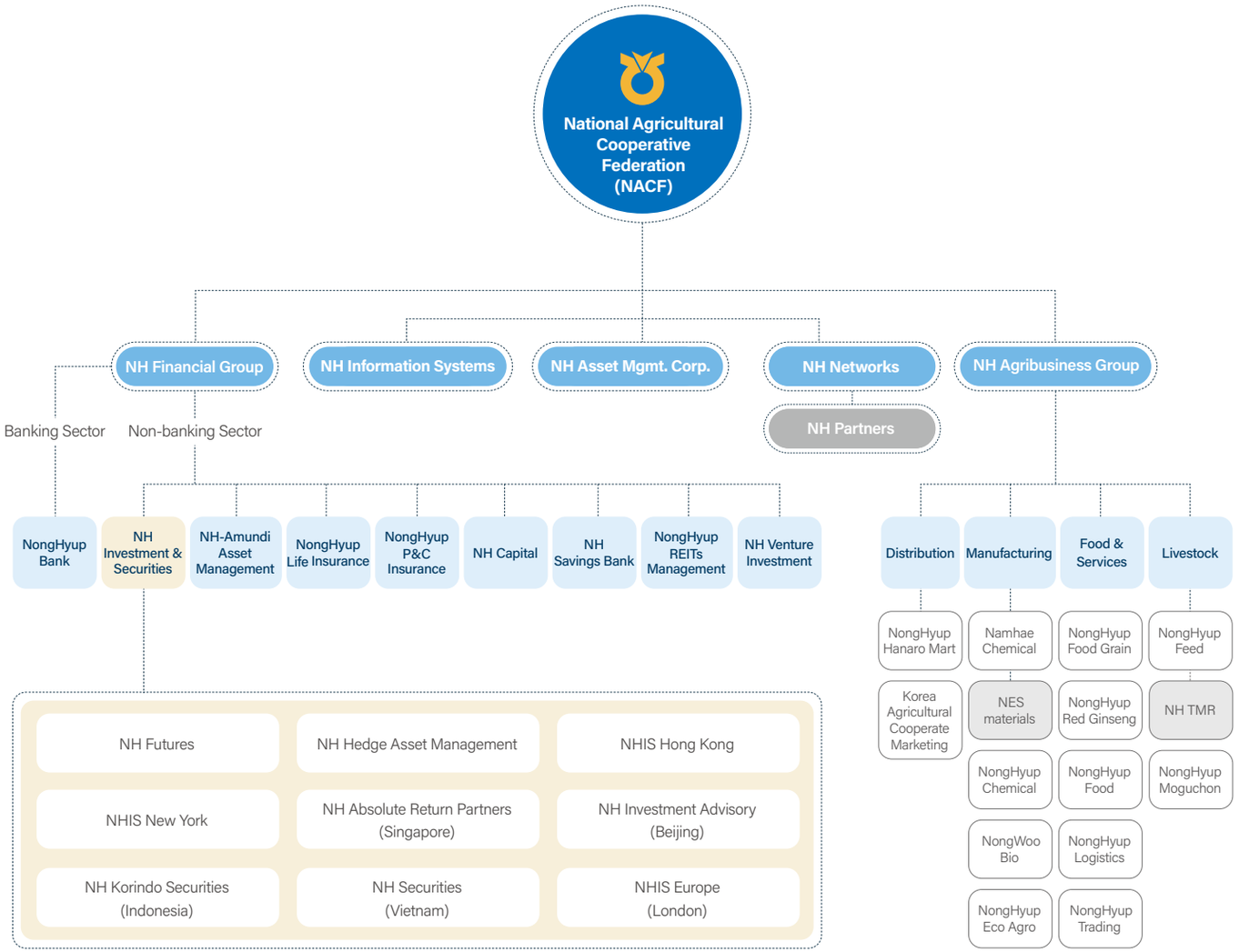
O	R	I	G	I	N
					
Orientation	**Responsibility**	**Innovation**	**Global**	**Intelligence**	**Networks**
Our clients' interests always come first	We build trust through strong responsibility	We innovate through creative thinking	We create opportunities through global perspective	We provide financial solutions based on superior expertise	We work together to generate synergy

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ABOUT NH FINANCIAL GROUP

As Korea's representative cooperative led by farmers, NongHyup has continuously aligned its organization and business operations since its foundation to contribute to the advancement of the nation's agricultural industry and community. In March 2012, the National Agricultural Cooperative Federation separated its credit and economic operations to reshuffle the business structure and create subsidiaries including NH Financial Group and NH Agribusiness Group.
NH Agribusiness Group supports a wide array of economic activities from production and distribution to processing and consumption to ensure farmers confidently engage in their farming work while NH Financial Group positions itself as Korea's leading financial institution offering a broad range of financial services in addition to securing the funds and profits necessary to fulfill NH's inherent roles.

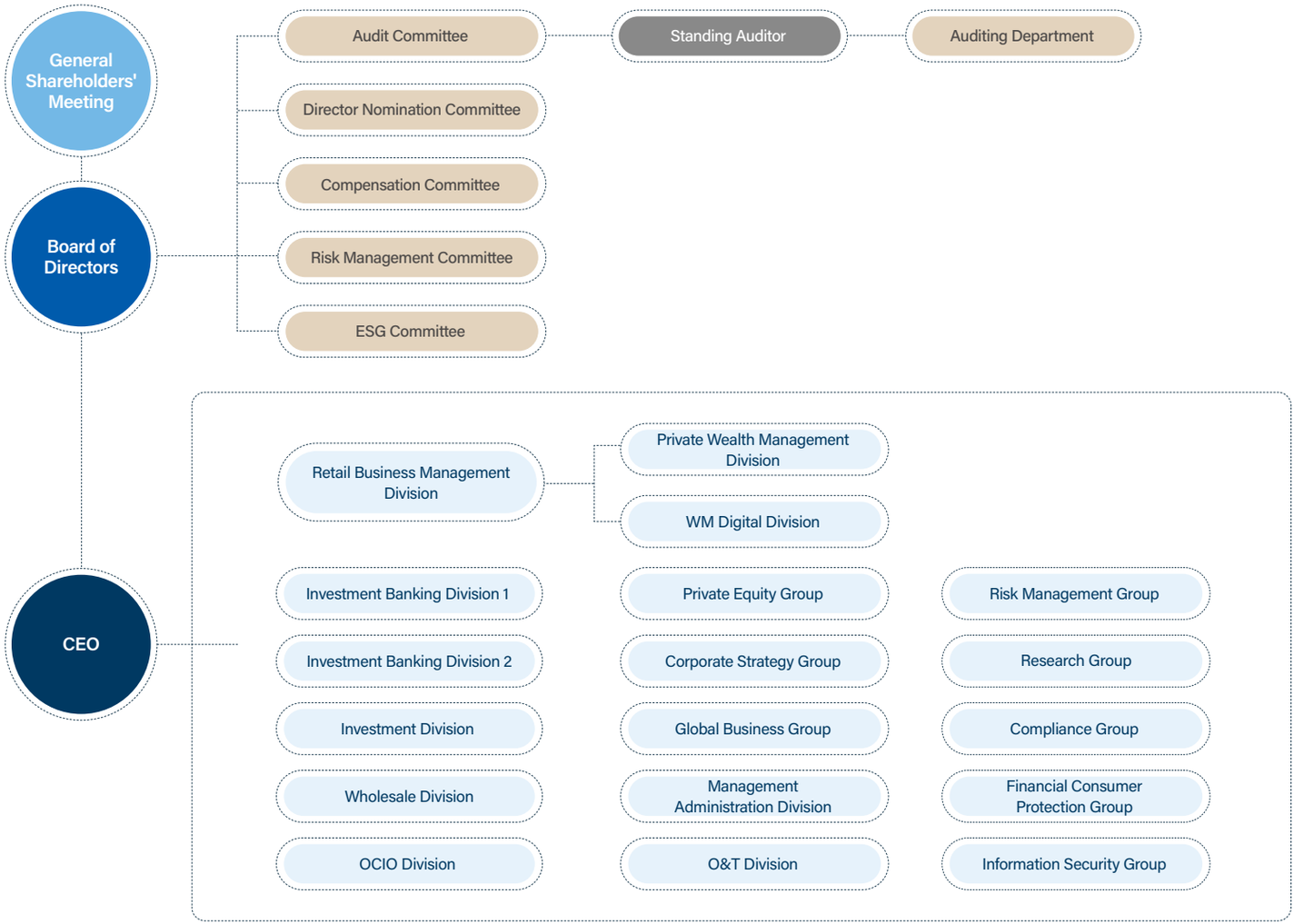
* As of the end of Dec. 2023



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* As of the end of Dec. 2023

NHIS ORGANIZATION

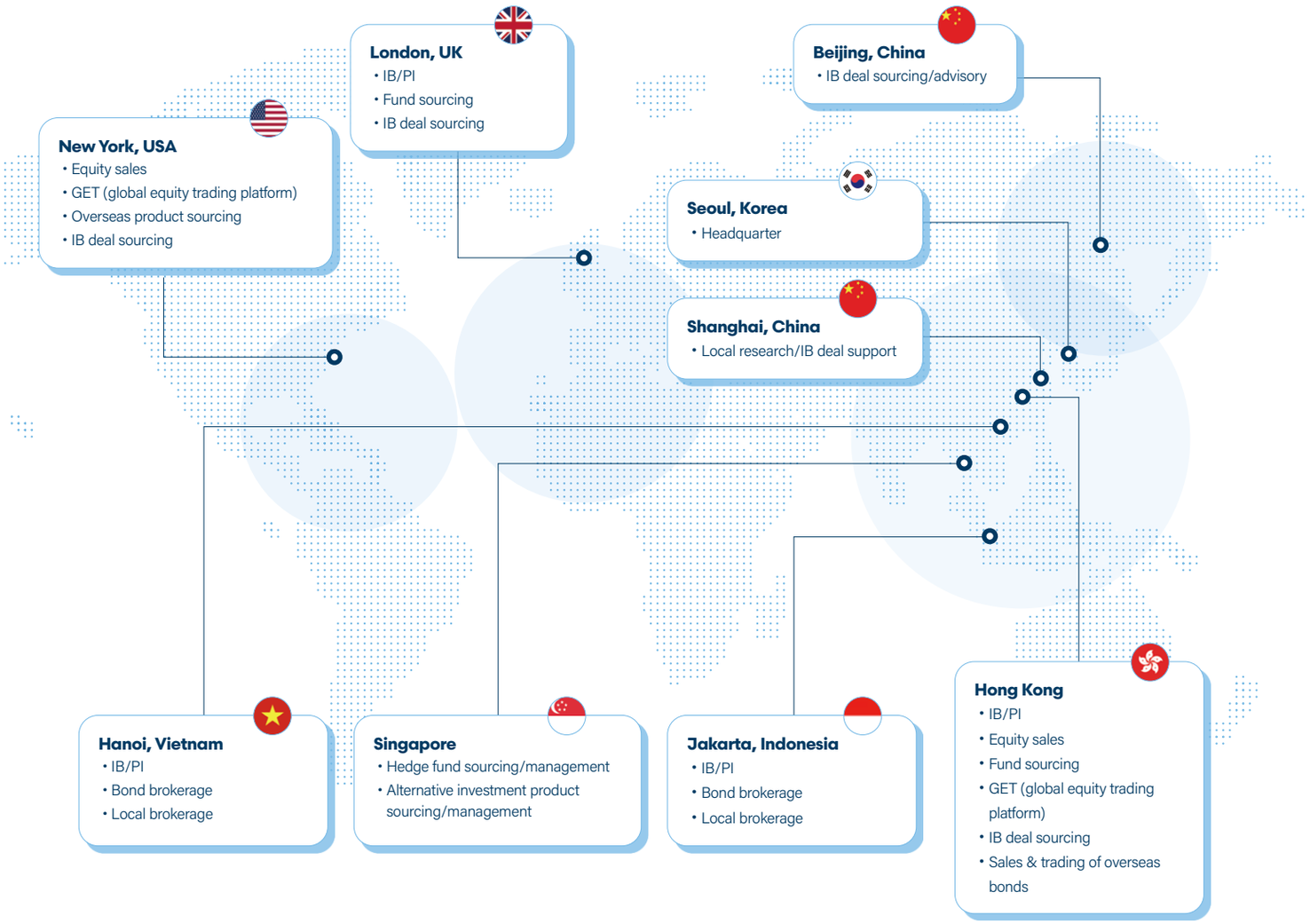


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GLOBAL NETWORK

Going global by establishing our presence in New York in 1992, NH Investment & Securities has built a network of eight locations across seven countries as of the end of 2023. While our global operations initially focused on stock brokerage, this has evolved to successfully establish a global business portfolio encompassing IB, overseas bonds, global product sourcing, and overseas stock brokerage. Drawing on our digital business capabilities at the head office, we are also broadening our presence across the Southeast Asian market including Vietnam and Indonesia.

Building on our differentiated competitive edge accumulated over the years, NHIS aims to pursue both the quantitative and qualitative growth of our global operations, and to solidify our position as a top-tier securities firm and a global business leader in the Korean securities industry.



Global Network Profile

Region/Country	Established	Type of Business
New York (US)	1992	Local subsidiary
Hong Kong	1994	Local subsidiary
Singapore	2008	Asset management company
Jakarta (Indonesia)	2009	Local subsidiary
Hanoi (Vietnam)	2009	Local subsidiary
Beijing (China)	2011	Local subsidiary
London (UK)	2022	Local subsidiary
Shanghai (China)	1996	Representative office

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NHIS BUSINESS

Retail Business Management Division

Private Wealth Management Division



Business Overview

To improve client satisfaction with our wealth management services, we integrated the Premier Blue Head Office and the Wealth Management Division to launch the Private Wealth Management Division. The Private Wealth Management Division provides retail clients with wealth management solutions with advisors playing a primary role in offering personal services. The Division focuses on diversifying clients' asset portfolio to increase the quality of their assets while working with the Private Equity Group, the Investment Banking Division and other divisions to offer corporate clients a range of asset management solutions such as block deals, bond/CB issuance, and PF arrangement. The Division also strengthened the operational system of the Family Office service launched for clients whose deposited assets exceed KRW 10 billion to deliver consulting on family business succession, donations, and the establishment and operation of foundations, enlarging the realm of client experience in so doing.

Business Approach

The Private Wealth Management Division plans to further focus on reinforcing tangible and intangible services primarily for (Ultra) High Net Worth clients. By dualizing personal service channels, the Division will deliver professional, specialized, ultra-personalized services through large-scale/financial centers while engaging in activities at local centers to improve access to investment opportunities for clients not yet familiar with investment.

To pursue the qualitative improvement of client asset portfolios, more fixed-interest rate products will be made available while diverse financial products will be supported through strengthened vehicle-type solutions. Working with other divisions, the Private Wealth Management Division will provide IB-specialized product offerings and pension solutions while expanding corporate fund management consulting and delivering proactive wealth management solutions in sync with changing markets and policies, boosting its competitive edge along the way.

Ranked 1st in the 'Overall Satisfaction' category in the survey measuring clients' satisfaction with their main securities companies

Opened the industry's first 'Tax Center' as a dedicated tax consulting organization

* As of the end of Dec. 2023

Total client assets

* Including entrusted assets and financial product assets

KRW 339.4 trillion

Number of clients with KRW 100 million and more

209,257 persons

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NHIS BUSINESS

Retail Business Management Division

WM Digital Division



Business Overview

The WM Digital Division consists of the Digital Strategy Group and the Digital Platform Group. The Digital Strategy Group sets client strategies and a mid/long-term business roadmap for digital channels, and engages in digital marketing using internal/external channels to expand our client base. The Digital Platform Group plays a role in planning services, improving UI/UX, and developing content for platform users. Specifically, the AI Solution Group was created to cater to the rapidly-evolving big data and AI technologies and focus on AI-assisted asset management solutions. Meanwhile, the WM Digital Division ensures that our platforms serve versatile functionalities to expand client experience into more diverse areas and delivers differentiated client experiences through blurring the boundaries between daily life and financial investment through our easy-to-use, convenient mobile wealth management platform NAMUH.

Business Approach

To stay ahead of the curve amid the rapidly-expanding investment spectrum of clients, efforts are underway to gain competitiveness in substantive content (products/services) and launch new businesses to advance digital finance. A wide range of services are made available–'NAMUH Members' as a subscription-based service combining content and investment, 'Seed' as the securities industry's first app-tech investment service, 'Monthly NAMUH' providing personalized investment albums, and 'Community Service' to allow for exchange of investment information–to deliver valuable experience to clients using our platforms. We also launched the STO Vision Group comprising piece investment businesses, blockchain technology companies, and underlying asset appraisers to build our dominance in the security token market, cementing our status as an opinion leader in creating a healthy security token ecosystem. Continuing with our efforts to broaden client services and content with the help of new digital technology, we will provide differentiated client experience while solidifying our position as the primary securities firm chosen by clients.

NAMUH Securities won the Grand Prize at the Korea Mobile Awards 2023

24

Launched the industry's first 24/7 US stock trading service

* As of the end of Dec. 2023

Number of digital clients

* Cumulative, in non-face-to-face, for both NAMUH/QV

4,836,603persons

Percentage of millennials and Gen Z[1] out of NAMUH MTS uses

(NAMUH MTS users: 1,249,501 persons)

54.7%

1) Born between 1981 and 2010

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NHIS BUSINESS

Investment Division



Business Overview

The Investment Division consists of the Global Fixed Income Trading Group, the Client Solution Group, the Strategic Trading Group, and the Trust Group. The Global Fixed Income Trading Group primarily engages in bond business, including bond management and brokerage, and has been reorganized into departments dedicated to client book and prop book operations according to their operational purpose to pursue stability and expertise in investment operations in consideration of the nature of funds involved. The Client Solution Group mainly handles the trading of derivative-linked securities such as ELS/DLS and over-the-counter products including swap. The Strategic Management Group invests in wide-ranging areas with our proprietary capital including stocks, mezzanines, and beneficiary certificates while engaging in arbitrage, IPO, pre-IPO, and algorithmic trading to deliver returns outstripping market performance and contribute to improving our net profit. The Trust Group is in charge of developing and managing money trust products and handling property trust operations, and specifically seeks the diversification of retail products to expand its asset management business.

Business Approach

The 2024 market landscape will be characterized by diverse changes as bond management conditions are expected to improve due to projected interest rate cuts while the decline in the Hong Kong H Index dampened the demand in the ELS market. Taking into account changing client needs, the Investment Division will focus on developing diverse products and solutions, and stay agile in responding to evolving market conditions through meticulous market research and monitoring. The Division will also pursue the structural stability of its internal management process to achieve steady, sustainable performance.

Chosen as the Best Primacy Dealer by the Ministry of Economy and Finance in H1/H2 2023

Elected as the Chair of Primary Dealer in 2024

* As of the end of Dec. 2023

Sales & trading of fixed income in 2023

KRW 13.7 trillion

Market share ranking in the trust market in 2023

28% (market share)

No.1

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NHIS BUSINESS

Investment Banking Division 1/2



Ranked 1st or 2nd in the traditional IB revenue sources of DCM and ECM as of the end of 2023

Established the industry's 1st PEF dedicated to real estate institutions

Business Overview

The Investment Banking (IB) Division 1 was ranked first or second in DCM (Debt Capital Market) and ECM (Equity Capital Market) as of the end of 2023 to maintain its top-tier position for these traditional revenue sources. Drawing on its accumulated know-how in corporate advisory and acquisition financing and its robust client network, the IB Division 1 retains its market-leader status in the Korean corporate financing market. The IB Division 2 leverages its alternative asset sourcing know-how to serve as a leading player armed with expertise in domestic and overseas alternative asset markets. In 2023, the IB Division 2 executed real estate deals in multiple areas, including Sampyo Remicon site development in Seongsu-dong, Seoul and Parc1 multi-use complex refinancing in Yeouido-dong, Seoul. The Division also became the first in the industry to establish and manage PEF (Private Equity Fund) dedicated to real estate institutions covering the entire project lifecycle from deal sourcing to planning, financing, management, and liquidation.

Business Approach

The IB Division will commit to fulfilling its role as a total financial solution provider in sync with the corporate growth cycle, from financing to governance improvement. In traditional IB business (DCM, ECM), proactive network expansion and preemptive solution proposal will help reinforce its market position, and efforts will be made to broaden corporate financing services for small/mid-sized businesses. Meanwhile, the IB Division will maintain its current position in the domestic acquisition financing market while playing a pioneering role in exploring overseas acquisition financing and investment opportunities via its overseas subsidiaries to diversify revenue sources. Robust risk management will allow the Division to pursue selective acquisition and proactive sell-down on acquisition deals to continue sustainable profit growth. Delivering financial and advisory services in each phase of the real estate and alternative asset investment lifecycle, the IB Division will buttress its position as the best-in-industry financial partner.

* As of the end of Dec. 2023

Ranking in lead arrangement[1)] for corporate bonds SB

19.7% (market share) No.1

1) Excluding ABS and FB

Ranking in IPO arrangement

15.3% (market share) No.2

Ranking in lead arrangement for financial bonds

28.4% (market share) No.1

Ranking in underwriting and arrangement for rights offering

19.7% (market share) No.1

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NHIS BUSINESS

Wholesale Division



Business Overview

The Wholesale Division conducts business on the back of its extensive network comprising major public/private asset management firms in Korea, pension funds, financial management institutions, overseas long funds & hedge funds, and global IB. The Division's Equity Sales Group is responsible for brokerage operations for domestic and overseas institutional investors, and established a solid domestic/international network based on the long-term, trust-based relationships it has built with institutional investors. The Passive Solution Group provides advanced passive solutions to cater to passive market funds. The Group offers liquidity for most of the ETFs listed on the exchange, and also plays a role as a broker for passive funds and as a market-maker for low-liquidity stocks or derivatives. The Prime Brokerage Group has added direct custody to its scope of work since 2023 in addition to signing the exclusive contract for PBS (Prime Brokerage Service) and serving as a broker for private equity funds, extending credit lines, making swap transactions, and engaging in securities lending & borrowing.

Business Approach

The Wholesale Division launched the Block Deal Team under the Equity Sales Group at the end of 2023 to expand the stagnant institutional brokerage sales with an aim to facilitate block deals and treasury stock sales targeting general companies, VCs and PEs and to lay the basis for expanding unlisted stock brokerage and division-level synergy activities. In 2023, the Division succeeded in developing an online overseas futures option system available for all our clients including retail investors, and initiated online overseas futures option trading at scale starting from 2024. For passive solutions business, the Division focuses on bank trust ETFs and bank retirement pension ETFs in bolstering relevant infrastructure and sales capabilities while striving to expand its AUM for hedge funds, including custody business, and generate synergy capitalizing on custody assets. While the ban on short sale transactions imposed by the nation's financial authorities may bring adverse impact in 2024, the Wholesale Division will commit to boosting the competitive edge of its existing business and expanding new business opportunities to pursue sustainable growth.

Launched a company-wide online overseas futures option service

Ranked 1st in active M/S and 1st in overseas equity M/S among domestic institutions in 2023

* As of the end of Dec. 2023

Surpassed KRW 5 trillion in custody

KRW 5.7 trillion

Hedge fund AUM and M/S ranking

29.4% (market share)

No.1

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NHIS BUSINESS

OCIO Division



Business Overview

The OCIO (Outsourced Chief Investment Officer) Division provides OCIO solutions, financial product solutions, and overseas alternative investment solutions to meet the needs of varying clients, from large-cap financial institutions to mid/small-cap businesses and individuals. The close collaboration between the management organization consisting of the Fund Management Group and the OCIO Management Department and the OCIO Solution Group responsible for client sales (Relationship Manager) and product sourcing (Product Manager) bolsters the Division's efforts to boost its competitive edge in OCIO business. The Division also ensures the reliable management of client funds through proactive risk management while providing wide-ranging advisory services. Efforts are also made to broaden its network with top-tier global asset managers and acquire diverse alternative product lineups to strengthen its overseas alternative sales.

Business Approach

Our OCIO Division has accumulated extensive experience in OCIO management serving large-scale funds such as the National Housing and Urban Fund (NHUF) and performance compensation funds along with mutual aid associations, public institutions, university funds, general corporations, and family offices, developing a deep understanding on client funds. While attracting OCIO deals from large-sized funds, the Division will also provide solutions to corporations and HNW individuals whose OCIO needs are different from those of public institutions to further broaden its client base. The Division commits to sharpening its competitive edge by continuously building product lineups that suit the diverse needs of clients and improving its capabilities to offer financial solutions. Furthermore, the Division will make the business opportunities it uncovers available for all other divisions to create diverse value.

Rated 'Excellent' in NHUF assessment and selected as the OCIO for the Korea Exchange

Expanded the global GP network and overseas alternative fund sourcing

* As of the end of Dec. 2023

Institutional clients' financial product balance

KRW 74.6 trillion

Value of our OCIO portfolio

KRW 9.4 trillion

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VALUE CHAIN

NHIS conducts business in a way that enhances stakeholder value throughout our entire operations, and acts responsibly to make a positive difference in our society, environment and the wider world.

INPUT

FINANCIAL CAPITAL

Financial capital of stakeholders that lays the foundation for our business operations

- Total assets KRW 56.6979 trillion • Shareholders' equity KRW 7.6134 trillion
- Controlling shareholders' equity KRW 7.6118 trillion

HUMAN CAPITAL

Agents working together to drive sustainable growth

- Number of employees 3,105 persons • New hires 127 persons

INTELLECTUAL CAPITAL

Technologies and ideas for the advancement of financial products and services

- Investment in digital innovation KRW 23 billion
- Collaboration with partners to enhance digital capabilities (industry-academia partnerships, MOUs) 19 cases

SOCIAL CAPITAL

Mutual growth with local communities and partner companies

- Participants in social contribution activities 6,521 persons
- Crowdfunding to nurture small/mid-sized farms: 4,802 cases (24 farms supported)
- Number of farms supported through live commerce for small/mid-sized farms 8 farms
- Key partners for win-win growth[1] 25 companies

1) Selected according to the nature of the contract and company size

NATURAL CAPITAL

Finance to ensure environmental sustainability

- Establish ESG governance including operating the ESG Committee and promoting the Carbon Finance Team to the Carbon Finance Department
- Establish ESG investment principles

MANUFACTURED CAPITAL

Establishing a global network

- Domestic branches 59 locations (3 sub-branches)
- Overseas local subsidiaries 8 locations (1 representative office)

NHIS CORE COMPETITIVENESS



OUTPUTS&OUTCOMES

FINANCIAL CAPITAL

OUTPUTS Creating drivers for economic and sustainable growth

OUTCOMES
- Net income KRW 553 billion • Controlling shareholders' net income KRW 556.4 billion
- Dividends paid to shareholders KRW 280.8 billion • Interest paid to clients KRW 821 billion
- Corporate taxes paid KRW 167.7 billion

HUMAN CAPITAL

OUTPUTS Nurturing professionals and ensuring the diversity of human resources

OUTCOMES
- Average training hours per employee 78 hours • Percentage of female employees 42.3%
- Percentage of female managers 30.8%

INTELLECTUAL CAPITAL

OUTPUTS Strengthening products and services for digital financial innovation and launching industry-first services harnessing the power of digital technology

OUTCOMES
- Industry-first services launched based on big data, AI, and mobile platforms: 5 services[1]
- Operate cloud big data platforms and the Tech Board to strengthen data-based research and internal capabilities

1) NAMUH NH Card (Private Level Credit Card), investment contract securities All-in-One service, 'Seed,' absolute return swap, stock discovery service, etc.

SOCIAL CAPITAL

OUTPUTS Advancing sustainable finance and creating value for local communities

OUTCOMES
- Social contribution expenses: KRW 6.58 billion • Support for the Angel Fund: KRW 150 million
- Number of towns benefited through the Building Community Town project: 31 towns
- Crowdfunding raised to nurture small/mid-sized farms: KRW 148 million
- Value of live commerce to nurture small/mid-sized farms: KRW 22 million
- Economic value distributed to key partners (contract value): KRW 21.5 billion

NATURAL CAPITAL

OUTPUTS Creating the environment for sustainable finance and identifying and investing in projects for carbon credit business

OUTCOMES
- ESG investment: KRW 928.5 billion
- Designation as a market-maker for the K-ETS (Emissions Trading System)
- Industry-first, biochar-based carbon credit project investment

MANUFACTURED CAPITAL

OUTPUTS Creating value by building a global business portfolio and expanding regional offline centers

OUTCOMES
- Capital expansion: KRW 7.2 trillion in 2022 →KRW 7.6 trillion in 2023
- Opening of financial centers: 10 centers in 2020 →15 centers in 2023 (+5 locations)

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NHIS ESG INFRA

NHIS is establishing our decision-making system and principles to drive sustainable growth. Navigating the rapidly-evolving financial landscape, we will enhance client value and create social value to serve as a sustainable finance platform that paves the way towards a better tomorrow.

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ESG STRATEGY

Stakeholders are increasingly raising their voice for ESG along with heightened interest with regards to business conduct in the areas of combating climate change and strengthening socially responsible management among others. This emerging trend targets all industries, and the financial industry is specifically facing the need to advance ESG management in its own distinctive ways. This prompted NH Investment & Securities to set our ESG vision and strategic directions to enhance client value and create social value through sustainable growth with a goal of becoming a sustainable finance platform that paves the way for a better tomorrow. Our ESG strategic directions span each of the environmental, social, and governance areas to drive our evolution into an ESG company bringing positive impact to society.

ESG VISION



Enhance client value and create social value through sustainable growth centered around environment and society

NHIS, a sustainable finance platform that paves the way towards a better tomorrow

ESG STRATEGIC DIRECTION

Advance green management strategies to achieve net zero

- Advance the operation of the environmental management system
- Establish business strategies that align with the net zero initiative
- Create market value based on green finance

Strengthen socially responsible management based on trust from clients and society

- Expand ESG management based on social value
- Enhance value for financial consumers
- Expand the social value of diversity, inclusion, and human rights

Operate transparent governance for sustainable growth

- Ensure transparent ESG disclosure and respond to ESG assessments
- Advance ESG governance
- Protect shareholder rights and improve BOD operations

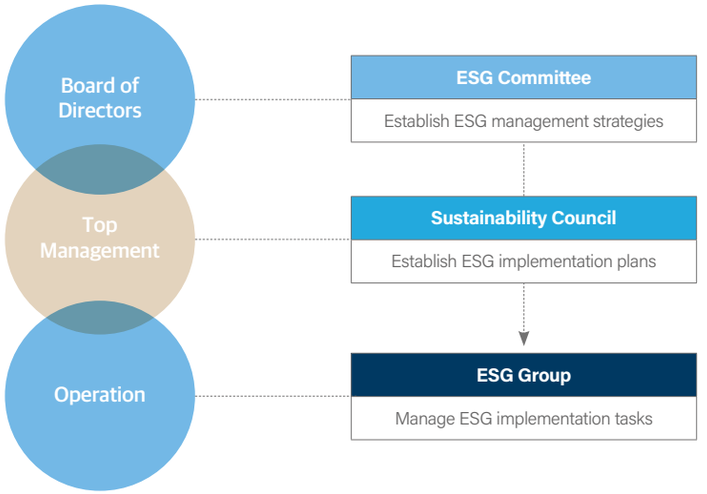
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ESG GOVERNANCE

ESG GOVERNANCE

Recognizing the Board of Directors' responsibility for overseeing ESG management, NHIS established the ESG Committee under the Board to reinforce management accountability with the Board playing a central role. The ESG Committee serves to establish our company-wide ESG management strategies and review their implementation, and we operate the Sustainability Council to develop specific action plans and discuss key ESG issues. In 2024, we established the ESG Group within the Management Administration Division, and created the ESG Department and the PR Office under the ESG Group to advance our ESG system and bolster its alignment with external communications.

ESG GOVERNANCE SYSTEM



ESG COMMITTEE AND SUSTAINABILITY COUNCIL

NHIS launched the Sustainability Council composed of the Head of the Management Administration Division and executives in division head positions, along with external members chosen for their expert knowledge in ESG management strategy and ESG-related finance. In 2023, the Council met three times in total to discuss the development of ESG implementation plans and strategies and our performance generated in acting on these plans.

In March 2022, we created the ESG Committee to set ESG management strategies and directions and to deliberate and decide on ESG policies. Currently, the ESG Committee consists of four members with extensive ESG expertise and experience to contribute to our ESG management with their diverse feedback. The ESG Committee convened three times in 2023 and reported the results of its meetings to the Board of Directors.

To establish our ESG management system, the ESG Committee approved a total of nine policies in 2023 – Human Rights Policy, Diversity, Equity & Inclusion Policy, Safety and Health Management Policy, Corporate Social Responsibility Policy, Environmental Management Policy, Environmental and Social Investment Policy, Board of Directors Independence Policy, Board of Directors Diversity Policy, and Business Partners Code of Conduct. The Committee also discussed ESG materiality assessment results and ESG implementation tasks to set the course head in implementing ESG management activities. In particular, the 3rd ESG Committee meeting convened in November 2023 served to report on the current status of carbon finance business initiated to respond to climate change, our declaration to endorse K-RE100, and (draft) plans to establish a business partner ESG management system in an effort to establish and implement our company-wide ESG management strategies.

Operation of the ESG Committee

Date of Meeting	Agenda
Mar. 30, 2023	Appoint the Chair of the ESG Committee
	Approve (draft) ESG policies
	Report ESG materiality assessment results and ESG implementation tasks
Jun. 29, 2023	Approve (draft) ESG policies
	Report the status of ESG management implementation
Nov. 23, 2023	Report on carbon finance business
	Report the K-RE100 declaration
	Report (draft) plans to establish a business partner ESG management system

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ESG FINANCE

ESG INVESTMENT PRINCIPLES

We set forth ESG investment principles in line our Environmental and Social Investment Policy to fulfill social responsibility and proactively manage environmental and social risks in developing our business plans covering investment activities and conducting business accordingly. In making investments involving ESG risks, we follow our ESG investment principles to initiate the 3-step review process along with financial analysis. Our ESG investment principles and our ESG review process enable us to pursue sustainable investing amid the shifting ESG landscape and drive our efforts to seek sustainable development together with stakeholders.

ESG Investment Review Process

Step 1 Monitoring
- Make investment exclusions through negative screening
- Monitor items with high ESG sensitivity in environmental and social aspects

Step 2 Goal review
- Verify investments for their alignment with our ESG goals in compliance with the UN SDGs

Step 3 Process integration
- Conduct ESG performance reviews to make investment proposals and review risks and opportunities
- Assign grades based on scores and integrate them into our integrated risk management process

Negative Screening

1. Immediate Exclusion
In principle, we discontinue investment if the business of the company to receive investment falls under any of the following.

a. Product Exclusion	b. Behavioral Exclusion
· **Weaponry** Produce, sell, or purchase equipment intended for the purpose of capital punishment, torture, or other inhuman or cruel punishment or acts as specified in the EU Regulations on the List of Prohibited Exports · **Coal** Projects related to the construction of new coal-fired power plants · **Areas of Significance** Tobacco, gambling, alcohol, and adult entertainment classified as areas of significance to monitor their impact	Provision of financing linked to serious human rights violations, serious climate change and environmental damage, or gross acts of corruption is immediately excluded. - Acts that seriously affect the terrestrial ecosystem, such as illegal logging, illegal wildlife trafficking, and the development of national wildlife zones - Destruction of marine ecosystems such as fishing activities using dynamite and chemicals as well as illegal discharge of harmful substances

2. Gradual Exclusion
While we apply production exclusions and behavioral exclusions in step with our ESG implementation, we will progressively extend the scope of these exclusions going forward.

a. Product Exclusion	b. Behavioral Exclusion
- Areas of significance including tobacco, gambling, alcohol and adult entertainment	- Animal testing and export of live animals - Modern slavery and child labor

FACILITATING THE ESG BOND MARKET

In February 2021, we established our ESG bond management system and issued KRW 110 billion KRW-denominated ESG bonds as the first securities firm to do so. The proceeds raised as such went to support renewable energy and green building business and relevant job creation projects. In addition to ESG bond issuance, we continue to scale up our ESG bond underwriting and investment operations to help mitigate climate change and create greater social value, establishing a self-reinforcing cycle to further revitalize the ESG bond market.

ESG Bond Underwriting in 2023

Unit: KRW 100 million

Bond	Type of Bond	Date of Issuance	Acquisition
Kyobo Life Insurance Hybrid Securities 4	Sustainable bond	May 12, 2023	2,500
POSCO FUTURE M 20-1	Green bond	Apr. 27, 2023	1,200
LG Energy Solution 2-2	Green bond	Jun. 29, 2023	1,000
SK On 4-2	Green bond	Oct. 31, 2023	850
POSCO FUTURE M 21-1	Green bond	Sep. 26, 2023	700
Hanwha 247-1	Green bond	Sep. 19, 2023	600
LG Energy Solution 2-1	Green bond	Jun. 29, 2023	600
POSCO FUTURE M 19-1	Green bond	Feb. 23, 2023	520
Hyundai Commercial 485-1	Sustainable bond	Sep. 20, 2023	300
Woori Card 224-2	Social bond	Apr. 13, 2023	300
JB Woori Capital 465-4	Sustainable bond	Feb. 7, 2023	300

ESG Bond Investments in 2023

Unit: KRW 100 million

Bond	Number of Trading	Trading Amount
Green bonds	9	1,100
Social bonds	21	2,537
Sustainable bonds	25	2,700
Total	55	6,337

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SPECIAL PAGE

ESG Product Operation

E Developing ESG-theme Indices and Issuing ETNs

Drawing on our insightful research capabilities, NHIS integrates ESG with our asset management and trading. We are the first in the industry to publish a report in 2019 to analyze key 15 companies in Korea through ESG-based corporate analysis, and have been at the forefront of developing indices and products to facilitate ESG investing in Korea. We also launched the industry's first 'ESG Holding Company Index' to create a portfolio of holding companies heavily influenced by their ESG reputation and the 'iSelect-WG Green Energy ESG ETN' designed to track the indices consisting of environmentally friendly energy companies.

In 2023, we developed indices related to batteries and rechargeable batteries that play an essential role in the green transition of transportation, and listed them as ETN and ETF products respectively. The 'QV iSelect Battery Recycling Top10 ETN' that we launched in June 2023 tracks the 'iSelect Battery Recycling Top10 Index' composed of companies ranked at the top based on their proportion in our battery recycling index. The 'KBSTAR Rechargeable Battery Top10 ETF' and the 'BNK Rechargeable Battery Cathode ETF' also follow the iSelect Rechargeable Battery Top10 Index' and the 'iSelect Rechargeable Battery Cathode Index.'

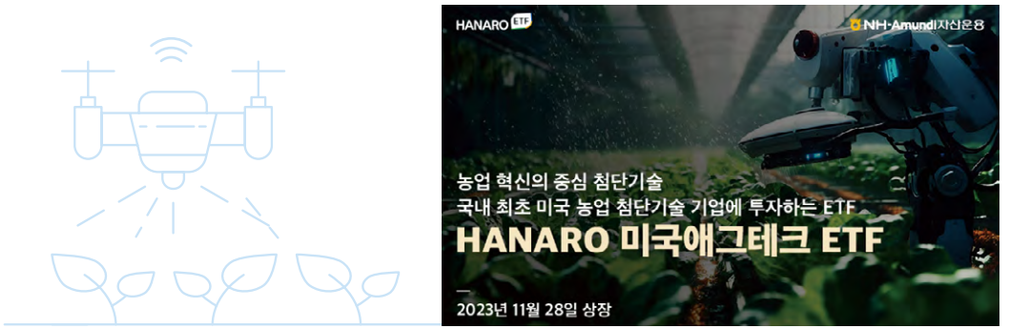
Going forward, NHIS will harness our expert knowledge in conducting corporate ESG analysis to provide investors with quality information and develop relevant indices and products, doing our part in creating an ESG investing ecosystem.

S NongHyup-wide Agtech ETF

The heightened uncertainties over the supply of agricultural products amid the aggravating climate crisis and emerging food security issues give rise to the growing trend of developing agriculture into an advanced future industry.

On the back of the synergy we generate with NH-Amundi Asset Management, an affiliate of NongHyup Financial Group, we listed the HANARO US Agtech ETF on November 28, 2023 to invest in advanced agricultural technology companies in the US. The word ag-tech, created by combining agriculture and technology, represents advanced agricultural technology that integrates bioengineering, artificial intelligence, robotic automation and other diverse modern technologies with the traditional agricultural industry. The indices that we develop by drawing on our research capabilities serve to provide investors with the opportunity to invest in key players seeking ag-tech and agricultural innovation in the advanced US market, and we leverage these indices in partnering with NH-Amundi Asset Management for ETF issuance and management.

NHIS remains committed to acquiring the driver to transform agriculture into a cutting-edge future industry and building an investment ecosystem to pursue mutually-beneficial innovation with the agroindustry.



Listing the HANARO US Agtech ETF

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JOURNEY TO SUSTAINABILITY

OUR HISTORY OF SUSTAINABILITY

Since our founding in 1969, NH Investment & Securities has continued with our journey towards sustainability management. As the leading platform player putting client value first in the capital market, we will commit to maximizing the interest of all our stakeholders and advancing responsible business conduct.

2011
Joined the UN Global Compact

2017
Joined the Carbon Disclosure Project

2018
Published the inaugural sustainability report

2019
Published the ESG Report as the first Korean securities firm to do so

2020
Developed the MK-iSelect AI ESG Index

2021
- Launched the ESG Team
- Established the Sustainability Council
- Published the Integrated Report
- Certified to the ISO 37001 anti-corruption management system standard and the ISO 37301 compliance management system standard
- Issued KRW-denominated ESG bonds as the first Korean securities firm to do so
- Developed the Win-Win Bond Trust System

2022
- Promoted the ESG Team to the ESG Department
- Launched the ESG Committee
- Declared our endorsement for the TCFD
- Certified to the ISO 14001 environmental management system standard and the ISO/IEC 27001 information security management system standard
- Contributed to the NH Nonghyup Ag-tech Win-Win Innovation Fund
- Recognized for excellence in achieving work-life balance by the Ministry of Employment and Labor
- Developed the 'iSelect-WG Green Energy ESG Index' and the 'iSelect-WG Net Zero ESG Index'

2023
- Established key ESG policies
- Created the Carbon Finance Department
- Joined K-RE100
- Signed a REC purchase agreement
- Certified to the ISO 45001 health and safety management system standard and the ISO/IEC 27701 privacy information management system standard
- Named a family-friendly business by the Ministry of Gender Equality and Family
- Engaged with 4EN to acquire carbon credits through biochar production
- Engaged with SK forest to reduce GHG emissions through the distribution of high-efficiency cook stoves in East Timor

2024
- Established the ESG Group
- Selected as a market-maker for the Korean Emissions Trading System by the Ministry of Environment
- Selected as the exclusive participant in the emissions trading brokerage system pilot introduction project by the Ministry of Environment

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2023 ESG HIGHLIGHTS

Environmental

KRW 30 million

Donated for ecosystem protection

Digital

Most Excellent Prize

Received at the Korea Mobile Awards hosted by the hankyung.com

Social

Family-friendly corporation

Certified as a family-friendly business by the Ministry of Gender Equality and Family

Governance

Determine dividend amounts first before setting the dividend record date

Implemented a shareholder-friendly dividend policy

Social

ISO/IEC 27701

Achieved the international privacy information management standard certification

Digital

Opening of 'Seed'

App-tech service

Social

Named an Excellent Overseas Research Securities Firm

Co-hosted by Chosun Ilbo and FnGuide

Environmental

Joined K-RE100

Korean renewable energy transition initiative

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Social

Achieved the highest rating

Personal credit information use and management assessments

Governance

Created the ESG Group

Working-level ESG organization

Environmental

Pursued global GHG emissions reduction and carbon credit acquisition business

Pursued business opportunities to reduce GHG emissions and acquire carbon credits in Korea and abroad in collaboration with SK forest and 4EN

Social

ISO 45001

Achieved the international health and safety management standard certification

Digital

Surpassed 1 million in subscribership

YouTube channel 'Invest Login'

Social

Ranked 1st for 2 straight years

Korea Brand Recommendation Index published by the Korea Management Association Consultants

Governance

ESG Integrated Rating 'A'

Korea Institute of Corporate Governance and Sustainability

Digital

Opening of the Tax Platform

Tax management service

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NH Investment & Securities prioritizes issues that rank at the top in advancing sustainable business operations and transparently discloses our efforts towards sustainability management. We will continue to heed the voice of stakeholders and create sustainable value to bring a thriving future for our next generations.

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ISSUE 1

Climate Change Response

Not only does climate change bring immense environmental impact, but it is also revolutionizing how the financial market and businesses operate. NH Investment & Securities strives to provide transparent and reliable climate information to stakeholders.



ISSUE 2

Competitive Digital Finance and Platform

Recognizing the importance of digital finance, NH Investment & Securities is bolstering our internal capabilities to lead the future financial market while delivering a range of digital financial services to clients.



ISSUE 3

Ethics and Compliance

The financial industry, for its potential to bring tremendous impact on the capital market, faces the need to take a more rigorous approach to ethical management than other industries. Hence, NH Investment & Securities is committed to strengthening our ethical management and internal control system.



ISSUE 4

Robust Information Security

In the era of digital finance, financial institutions are required to assume stronger responsibility for information security. NH Investment & Securities is establishing the necessary systems to safeguard clients' personal information and provide secure financial transaction services, along with rigorous risk management.



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Climate Change Response

TCFD Special Report

In the wake of the Paris Agreement, green finance is gaining greater importance to prioritize green considerations in making financing and financial investment decisions, along with the net zero efforts to respond to climate change. As such, investors demand that companies disclose their GHG emissions data, climate crisis response strategies, and the potential impact of climate change on their business operations. To keep abreast of the global community's efforts for climate change response, NHIS identified climate-related risks and opportunities in line with the TCFD (Task Force on Climate-related Financial Disclosures) recommendations and defined our 2030 TCFD roadmap.



GOVERNANCE

Organizational System for Climate Change Response

In 2022, we established the ESG Committee under the Board of Directors to reinforce our oversight of ESG management at the Board level. The ESG Committee meets at least twice a year, and is tasked with developing our company-wide ESG management strategies and managing and overseeing their implementation process. In particular, we recognize the importance of the Board's management and oversight responsibilities for climate change and net zero issues, and review climate-related risks and opportunities across our entire business areas.

The Sustainability Council serves to review climate-related issues at all levels, assign strategic tasks, and monitor their implementation. Specifically, the Council allocates climate change strategic tasks, from measuring and managing internal carbon emissions to pursuing new climate change business opportunities and undertaking green CSR activities while assessing their performance and reporting key pending issues to the ESG Committee.

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STRATEGY

Response Plans for Climate-related Risks and Opportunities

We identify climate-related risks and opportunities over the short/mid/long-term horizons and integrate them into our business strategies. We categorized risks and opportunities based on their potential financial impact and timeline in line with TCFD recommendations, and consider them as an opportunity for business expansion and explore relevant strategies.

This prompted our decision to create the Carbon Fianance Departrment to advance into the carbon credit market, and we are broadening our business territories into net zero and energy transition among others to expand green finance company-wide. We aim to reduce our internal carbon emissions to reach net zero by recognizing climate-related risks and opportunities, and take a step further to continue with our efforts to calculate and manage financed emissions.

Climate Change Response Strategy

Opportunity		Potential Financial Impact	Short term	Mid term	Long term
Resource efficiency	▪ Increased energy efficiency ▪ Increased use of green transportation ▪ Improvement in the circular economy management system	▪ Reduction in financial expenses resulting from increased energy efficiency ▪ Increasing financing needs in line with improved resource efficiency and circular economy transition	●	●	●
Energy source	▪ Increased use of green/low-carbon energy sources ▪ Participation in carbon market	▪ Increasing financing needs in line with renewable energy transition and increased use of renewable energy ▪ Acquisition of new asset classes amid the growing carbon market	●	●	●
Products and services	▪ Expansion in green business strategy ▪ Products and solutions developed for climate change adaptation	▪ Growing demand for green investment products ▪ Increased delivery of client solutions for carbon reduction	●	●	●
Markets	▪ Expanding green finance market ▪ Diversifying asset portfolios	▪ Increasing opportunities for climate change response, net zero implementation, and green business investment ▪ Increased diversification of revenue streams through green asset portfolios	●	●	●
Resilience	▪ Increased renewable energy efficiency for climate change response ▪ Asset portfolio engagement	▪ Increased revenue through financial products and financing related to ensuring resiliency ▪ Increased resilience through ESG capacity support provided to companies included in asset portfolios		●	●

Risk			Potential Financial Impact	Short term	Mid term	Long term
Physical risk	Acute	▪ Increased abnormal climatic conditions and severity of extreme weather events	▪ Asset damages and declining collateral value resulting from climate disasters	●	●	●
	Chronic	▪ Rising mean temperatures ▪ Protracted and chronic abnormal climatic conditions	▪ Prolonged economic slowdown and decreasing profitability resulting from abnormal climatic conditions			●
Transition risk	Policy and legal	▪ Tightening carbon regulations and renewable energy systems, increasing carbon prices ▪ Enhanced emissions-reporting obligations	▪ Increased financial burden resulting from increased procurement costs of carbon credits and renewable energy ▪ Declining profitability of asset portfolios in the event of clients and investors falling short of carbon credits and exposure to environmental regulations	●	●	●
	Technology	▪ Incurring costs to transition to green, low-carbon technology ▪ Substitution in technology investment to improve energy efficiency and reduce emissions	▪ Change in financial performance resulting from asset portfolio companies introducing green/low-carbon technology ▪ Increased risk from declining credibility over the mid/long-term for the lack of proper eco-conscious response on the part of asset portfolio companies		●	●
	Market	▪ Changing customer behavior ▪ Increasing uncertainties resulting from changing market conditions	▪ Diminishing preference for traditional cash flow assets amid the increasing proportion of green portfolio assets ▪ Shifting preference for securities services and financing among clients and investors in line with environmentally		●	●
	Reputation	▪ Shift in client preferences ▪ Negative feedback from stakeholders	▪ Degrading corporate reputation resulting from increased negative feedback from stakeholders ▪ Declining ESG ratings resulting from the green washing issues raised in line with ESG management	●	●	●

※ Short-term: Within 1 year, mid-term: 1- 5 years, long-term 5 years and beyond

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RISK MANAGEMENT

Climate Risk Management Process

NHIS is operating a risk management process to identify and assess climate-related risks. We engage in negative screening in line with our environmental and social investment policy, and conduct environmental evaluation in reviewing ESG performance to assess whether our investment transactions involve any climate change response factors. We also define product and behavioral exclusions in environmental and social aspects and set areas of significance for a portion of our investments. We perform more rigorous reviews on carbon-intensive industries for climate change risk management, and are advancing our industry-specific exposure management system. In the event climate-related risks occur, this is reported to the ESG Committee to ensure systemic risk management at the company-wide level. NHIS will analyze financial impact and minimize long-term risks in line with the NGFS (Network for Greening the Financial System) recommendations and RCPs (Representative Concentration Pathway) and other climate change scenarios.

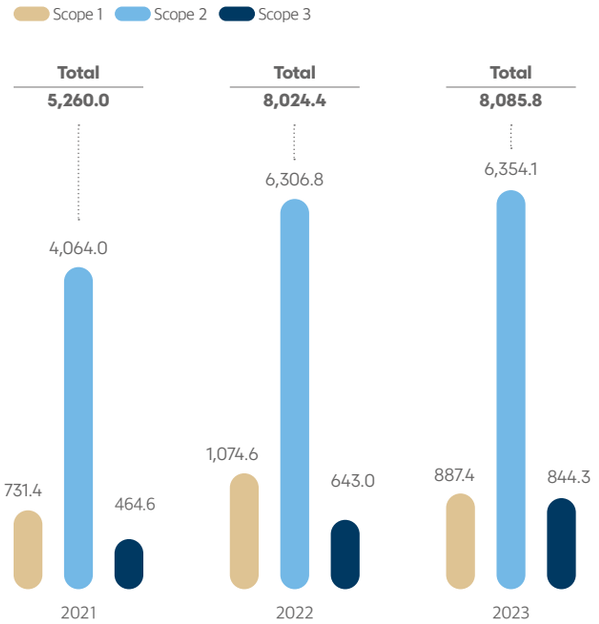
METRICS & TARGETS

Carbon Emissions Management Plan

We keep track of our company-wide carbon emissions to reduce internal carbon emissions. We joined K-RE100 to transition to 100% renewable energy by 2040 and mitigate our Scope 2 emissions in so doing. We also plan to progressively shift to low-emission vehicles for the vehicles we use for business purposes. Being a financial company, our Scope 3 financed emissions are inherently greater than Scope 1 and 2 internal emissions. In response, we will follow the PCAF methodology to calculate and manage emissions from our asset portfolios. In tandem with this, NH Financial Group and its affiliates set the 2030 Green Finance Goal in consideration of their carbon emissions for climate change performance management. To attain this goal, NHIS has set a goal of reaching KRW 5 trillion in cumulative ESG investments by 2030, and this will drive our efforts to achieve net zero in asset management as well.

Overview of GHG Emissions

Unit: tCO_2eq



※ Calculated GHG emissions from branches, the Human Resources Center, and the in-house daycare center since 2022

※ For further details on GHG emissions, please see GHG Emissions – Environment – ESG Data in the Appendix section of this report.



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2030 TCFD Roadmap

	2023~2024	2025~2027	2028~2030
Governance	• Strengthen the working-level ESG organization • Establish a climate-related performance management system	• Ensure response and implementation for ESG and climate disclosure	• Advance the ESG governance system and establish ESG leadership
Strategy	• Expand ESG financial investment • Advance the ESG taxonomy	• Expand the renewable energy sourcing and carbon credit business • Expand green investment in accordance with the K-Taxonomy	• Advance strategic goals for ESG and climate change response
Risk Management	• Reinforce engagement activities towards carbon-intensive industries • Upgrade the industry-specific exposure management system	• Analyze the impact of climate-related financial risks • Advance the exclusions and areas of significance management in line with the environmental and social investment policy	• Establish a review/investment management system in reflection of climate risks • Establish a climate-related financial risk management system
Metric and Targets	• Advance the carbon emissions management and reduction target management system	• Establish a financed emissions management system • Continue to progress towards RE100 to reduce internal carbon emissions	• Extend the scope of climate-related goal management • Implement plans to perform interim reviews on net zero goals and achieve these goals

Net Zero Plan

Governance	Foundation	Implementation Strategy	Engagement Strategy	Metric and Targets
ESG manager (Green Leader)	Asset portfolio goals	Invest KRW 1 trillion in low-carbon/green industries	Engage with investors and stakeholders	Expand investments in green industries
ESG Department	Establish a climate risk management system		Communicate with clients and collect their feedback	
Sustainability Council	Define our ESG vision in reflection of climate risks			
ESG Committee	Set 2040 net zero strategies			

Climate Change Initiatives

NHIS is undertaking environmental initiative activities to achieve net zero as a way to advance sustainability management. In September 2022, we publicly endorsed the TCFD to proactively tackle climate change issues, and have since transparently disclosed our climate change response efforts. As a member of the Korean TCFD Alliance, we engage in its working group activities to advance the climate finance system, build stronger TCFD capabilities, and reinforce scenario analysis capabilities. In 2023, we attended subcommittee meetings on three occasions to upgrade our TCFD management.

We joined initiatives to further drive net zero implementation and participate in their activities. Following our joining K-RE100 (Korea Renewable Electricity 100%) in November 2023, we have purchased RECs (Renewable Energy Certificate) to initiate our transition to renewable energy, and also became a member of the CoREi (Corporate Renewable Energy Initiative) in February 2024 to continue with our capacity-building efforts to voluntarily set and progress towards renewable energy transition goals.



K-RE100 certificate

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ISSUE 2.

Competitive Digital Finance and Platform

Digital Finance System

The advancement of digital finance is driving new, innovative growth through financial innovation, emergence of new industries, and cross-industry convergence, and is leading to the mainstreaming of financial platforms. NH Investment & Securities is embracing a suite of digital-themed services and technologies to enhance our digital capabilities and competitiveness and evolve into a leading securities firm pioneering the digital finance market.



GOVERNANCE

Organizational System Structured around Digital Finance

To keep abreast of the growing reliance on digital channels, we operate the Digital Strategy Group and the Digital Platform Group under the WM Digital Division. The Digital Strategy Group focuses on expanding our platform client base in line with our digital channel client strategy and mid/long-term business roadmap while the Digital Platform Group is involved in platform user service planning, UI/UX improvement, and content development.

We launched the AI Solution Department to respond to the rapidly-evolving big data and AI technology and provide relevant client services, and remain focused on developing AI-assisted asset management solutions.

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STRATEGY

Digital Finance and Platform Strategy

To remain agile in catering to the rapidly-evolving investment spectrum of clients, we strive to expand the realm of customer experience into diverse, cross-cutting areas and unlock the potential of our platforms to fulfill versatile purposes. Specifically, our 'NAMUH Members', a subscription-based service which delivers high-quality content to make investment a part of our clients' everyday life and our PLCC (Private Level Credit Card) offerings that combine consumption and investment, help us provide differentiated client experiences seamlessly integrate daily routines and investing.

In the face of the increasingly competitive market environment characterized by intensifying fee competition, the advancement of new players and the rapid emergence of big-tech players, NHIS will cement our positioning as a platform player in the capital market on the back of our distinctive 'client-centric platform' strategy.

RISK MANAGEMENT

Responding to System Outages

To deliver reliable digital financial services, we ensure systemic risk management throughout the process from service planning to operation and inspection. In opening new systems and services, we engage in preliminary change deliberation to go over potential risks concerning their operational impacts, implementation plans, and recovery measures to ensure sufficient reliability before releasing services. After launching systems and services, real-time monitoring is performed on service failures that may occur during operation, and regular preventive maintenance is conducted to minimize the likelihood of outages occurring. This is paired with disaster recovery drills that we perform twice a year to build swift and accurate recovery capabilities. Going forward, we will ensure company-wide prevention, maintenance, and response to minimize the risk of outages affecting our digital financial services, and do our utmost to provide our clients with reliable digital financial services.

METRICS & TARGETS

Digital System Stabilization

We engage in a range of activities for system stabilization to prevent digital service disruptions before they occur and establish an outage prevention system for prompt response and recovery. This includes day/nighttime daily system maintenance and quarterly preventive system maintenance. To ensure swift recovery in the event of made/natural disasters and minimize service disruptions in so doing, we conduct disaster recovery drills on a half-yearly basis. This serves to verify the normal operation of our disaster recovery system and data consistency to improve service continuity and stability. As we are keenly aware that reliability and stability form the cornerstone of digital finance, we will continue to pursue system maintenance and upgrade for digital system stabilization and become a leading securities firm in the digital finance market.

Digital Finance Risk Management Process



- Operate the preliminary change deliberation process in planning new systems and services
- Identify risks that may occur throughout the process

- Perform real-time monitoring on outages
- Promptly recover and minimize client damage in the event of outages

- Perform regular preventive maintenance
- Secure recovery capabilities through disaster recovery drills

Digital System Stabilization Activity and Cycle

	Category	Cycle
Regular maintenance	Day/night time maintenance (domestic/overseas stock)	Daily
	Preventive system maintenance (Preventive Maintenance)	Quarterly (reboot semi-annual or once a year per system)
Disaster recovery drill		Semi-annual

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Digital Finance Innovation

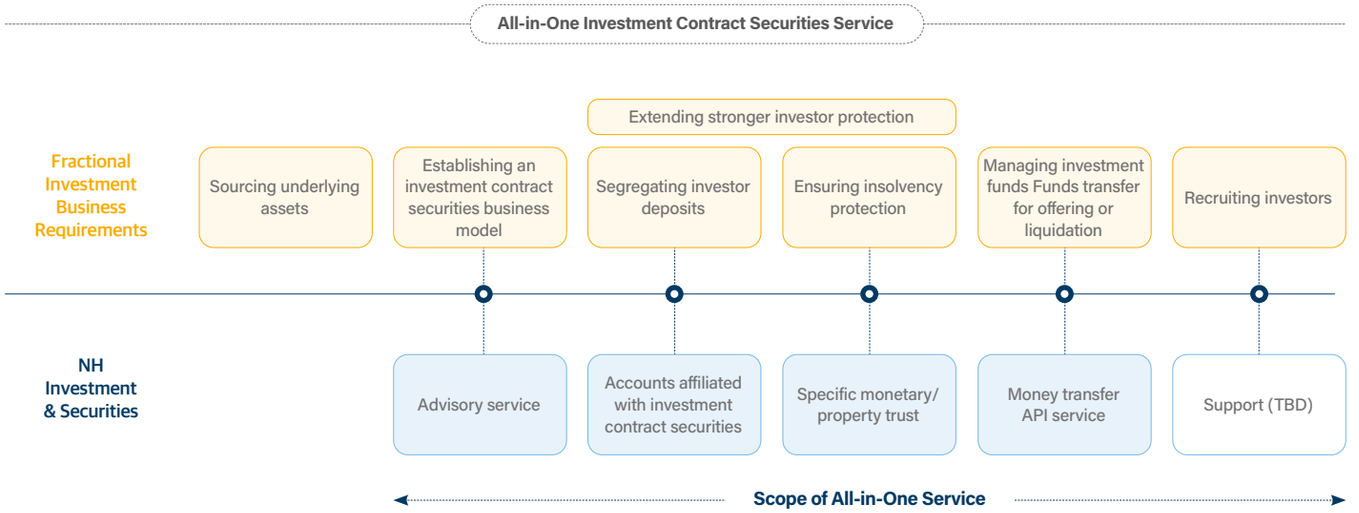
All-in-One Investment Contract Securities Service

Today's investors are increasingly interested in 'fractional investing' which allows them to invest a small amount of money in emerging asset classes, from artworks to real estate, premium Korean beef and music. In fact, NHIS is the first in the securities industry to launch All-in-One Service to support fractional investment business.

This essentially provides overall advisory services leveraging our own digital, IB, trust, and retail capabilities for product design and structuring and for the preparation of securities registration statements. In the investment phase, we provide accounts affiliated with investment contract securities to ensure the secure management of customer deposits and transparent offering/liquidation operations. In January 2024, we formed an exclusive partnership with Together Art, a fractional investment operator specializing in artworks, to successfully support its offering of investment contract securities with Yayoi Kusama's "Pumpkin (2002)" as the underlying asset, solidifying our position as the pioneer in the hybrid securities issuance market. We will continue to build a pool of hybrid securities issuers and broaden the base of client investment.



Investment contract securities based on Yayoi Kusama's "Pumpkin (2002)" as the underlying asset



Security Tokens

Following the Financial Services Commission's announcement of the 'Security Token Issuance/Distribution Guidelines' in February 2023, the competition is accelerating mainly among securities firms to build dominance in the security token market. With a goal of creating a sound security token ecosystem, NHIS launched the STO Vision Group in March 2023, consisting of financial firms, fractional ownership firms, blockchain technology companies, and underlying asset valuation firms. The STO Vision Group started with eight companies and has grown to include 14 members, collecting diverse industry feedback and assuming a leader role for security token systems and their operation. Furthermore, we formed a consortium of securities firms dealing with security tokens (NH-KB-Shinhan) to share infrastructure and discover synergistic business models. In establishing this three-party consortium together with highly credible securities firms, we aim to provide issuers and clients with reliable security token issuance and distribution services.



Launching the STO Vision Group for Security Token Offerings

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Stock Picking Service

Our Stock Picking analysis service shows the relationships among different stocks and their up-to-date information in graph format, and is made possible with keyword extraction and natural language processing technology which we adopted for the first time in the securities industry, along with Bloomberg's Graph Data Base (GDB) technology integrating supply chain data to derive information on inter-company relationships.

This service provides investors with access to responsive graphs illustrating stock-specific keywords that reflect market conditions and in-depth information on industry ecosystems while allowing them to directly explore competitive relationships and partnerships of different companies, the latest issues, and thematic information to gain their own investment insights. We will continue with our efforts to deliver content made available through the integration of cutting-edge technologies to meet client needs.

Seed App-tech Service

As the app-tech service NHIS launched for the first time in the securities industry, 'Seed' allows users to perform specific missions within the app, from clicking banners to making subscriptions, to earn points and redeem them as seed money for their investment. This is available either through the NAMUH securities app or the QV app, and points could be collected by engaging in activities in varying types and difficulty levels, including simple clicks and action-driven missions. Users may use the NH Points they earned to engage in fractional share trading to invest in Korean or overseas stocks or convert them to cash. Our Seed app-tech service provides clients who open their account with us for the first time, including minors, with the opportunity to invest with the points they earn without making separate deposits, mainstreaming the practice of investing in the process.

AI-enabled Absolute Return Swap

NHIS unveiled a structured product leveraging artificial intelligence technology as the first to do so in the Korean financial investment industry. This product is based on the Solactive Qraft AI-Generated US Equities Long Short Select Index as the underlying asset, an AI index jointly developed by Qraft Technologies, an AI solution provider, and BNP Paribas. This Absolute Return Swap (ARS) offering implements long-short equity based on Equity Linked Bonds (ELB), making it the first-of-its-kind in Korea and globally. Its operational approach is to invest in bonds and allocate a portion of its assets in the US stock market by implementing a long-short investing strategy as recommended by AI-generated algorithms to seek excess returns, and is expected to generate interest income comparable to market bond rates on an annual basis. As an ARS yielding returns irrespective of market conditions, this product is garnering much attention among super-rich individuals pursuing low-risk, moderate returns and institutional investors mandated to ensure stable asset management in the domestic market.

Honored with the Most Excellent Prize at the Korea Mobile Awards 2023

NAMUH Securities, recognized for ever-broadening impact across society as a convenient and useful service, was awarded at the Most Excellent Award at the Korea Mobile Awards 2023. This platform gained high scores in respective categories of the consumer survey performed, to position itself as a trend-setter in the mobile securities sector. Users may subscribe to this investment app in non-face-to-face, which features a convenient user interface and emotionally-appealing designs to target millennial and Gen Z clients who is entry-level investor. Going forward, NAMUH Securities will evolve as a partner facilitating the further growth of investors and a platform sharing clients' success stories.









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ISSUE 3.

Ethics and Compliance

Ethical Management System

Any lack of ethics awareness may give rise to sizeable risk in the financial industry, which highlights the need for our entire team of employees to abide by the set principles with a strong sense of ethics. To raise and disseminate ethics awareness, we established our ethical management organization and system to ensure robust internal control.



GOVERNANCE

Ethical Management Governance

To fulfill our economical, legal, and social responsibilities as a company, we set forth principles of ethical conduct and commit to advancing transparent and responsible management. We adopted the NH Financial Group Ethics Charter as the standards for proper value judgement and as behavioral principles for all employees to abide by to bolster ethical management, and specified our ethical norms in the Ethics Charter, the Code of Ethics, and the Code of conduct for employees.

We also established an ethical management organization system to ensure efficient internal control. The Internal Control Committee chaired by the CEO serves to go over areas lacking internal controls within the organization and develop appropriate response measures. The Compliance Department engage in activities to prevent conflicts of interest and unfair trade and perform internal control assessment to establish ethical management.

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NongHyup Financial Group Ethics Charter

1

We, NongHyup Financial Group, are a proud agricultural cooperative financial group that has contributed to the development of agriculture and rural areas by efficiently conducting financial businesses for farmers.

2

With this pride and self-esteem, we seek to develop into Asia's leading global cooperative financial group that receives the affection and trust of farmers and clients through ethical management and compliance management.

3

We therefore strive to achieve our mission with a creative mindset and challenger spirit, handle work with integrity based on high ethical values, and endeavor to prevent corruption and establish an ethical work atmosphere.

4

We provide farmers and clients with the best products and services, and put farmers and clients first through their satisfaction and new value-creation management.

5

We comply with domestic laws and international regulations, respect the market order of free competition, and establish community relations in which we engage in mutual cooperation with all stakeholders in pursuit of joint prosperity.

6

We respect the personality of our employees and do not discriminate against them. We also promote fair opportunities and fair evaluations, and strive to improve employees' health and quality of life.

7

We take active part in promoting public interest as a member of society, and contribute to development of the nation and society by continuously creating new value.

8

We respect life and take the lead in protecting nature and the environment to make utmost efforts to secure the natural environment for future generations.

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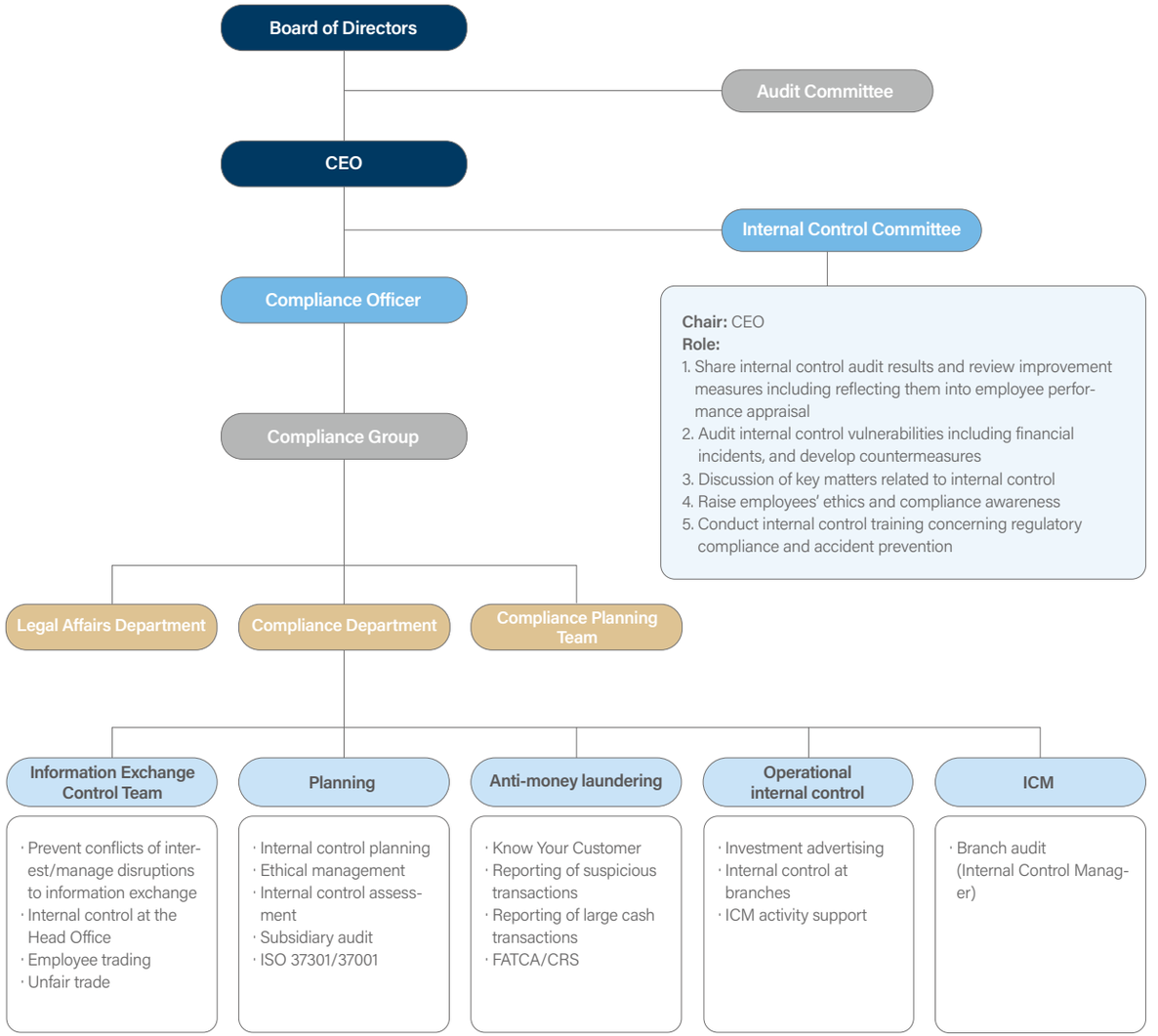
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NHIS' Internal Control Organization System



STRATEGY

Establishing and Operating an Ethical Management System

At NHIS, an ethical management system is up and running to ensure the systemic implementation of ethical management. Specifically, we were certified to the ISO 37301 international compliance management system standard and the ISO 37001 international anti-corruption management system standard by successfully clearing the audits performed by professional third-party auditors in the areas of organizational activity/legal/regulatory risk audits, compliance management system and anti-bribery, and ethical management system establishment among others. Building such an advanced internal control system enables us to prevent compliance and corruption risks before they occur, and we will improve our management system continuously to earn greater trust from consumers and investors.



ISO 37301/37001 certificate

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RISK MANAGEMENT

Fair Trade Implementation

We follow transparent and fair procedures throughout the contract signing and execution process. We set clear standards in selecting partners in accordance with our regulations governing contract operations, and implement the electronic bidding system to handle the entire contract process from bidding to payment. For sensitive intellectual assets such as IT assets, they are handled through the NongHyup-wide integrated IT procurement system operated by the National Agricultural Cooperative Federation. As to companies hiring our former employees who left NHIS within the past three years, they are excluded from bidding pursuant to Article 14 of our rules governing contract operations (Measures to Ensure Transparency and Fairness in Contract Operations).

We also commit to establishing and embedding transparency into our contract operations. In signing a contract, responsible personnel are required to sign the pledge for anti-corruption, and separate ethics training is provided to contract personnel once a year.

METRICS & TARGETS

Internal/External Whistleblowing System

We operate independent and fair internal/external whistleblowing system that can be used to raise concerns over regulatory non-compliance, issues with our corporate systems or programs, corruptive practices involving our employees, or non-compliance with our Code of conduct for employees among others. The identity of whistleblowers remains strictly confidential, and a range of channels are open for reporting, from in-person counseling, post, phone, fax, and the whistleblowing center on our website. Once a report is submitted, the Compliance Officer launches investigation to verify the facts. If the concern is substantiated, the offender is referred to the HR Department and the Auditing Department to receive stern disciplinary measure. If the issue at hand is related to the systemic issue of the company, we develop measures to prevent its reoccurrence or engage in activities to make necessary improvements.

We operate special whistleblowing periods twice a year, and accept special reports for unethical issues or serious social issues associated with human rights on a year-round basis. In 2023, we continued to operate special internal whistleblowing periods to swiftly discover factors that may give rise to corruption and raise employees' ethics awareness.



Building Transparency into Our Business Culture

Ethics and Anti-corruption Programs

At NHIS, a range of anti-corruption programs are up and running to advance ethical management and build a culture of integrity. All our employees pledge to uphold ethics and compliance and to abide by employee trading regulations and the Anti-graft Act, committing themselves to thoroughly observing ethics regulations. For employees responsible for construction, outsourcing, and procurement contracts that are instrumental in ensuring ethical management, we make them additionally sign and submit the contractual integrity pledge on a semi-annual basis. Meanwhile, we conduct an annual ethical awareness self-assessment on all our employees. This provides an opportunity for individual employees to reflect on and review areas where they could make further improvements in terms of ethics to contribute to creating the value of transparency and a wholesome business culture.

Ethics Training

We provide various training programs to raise employees' ethics awareness and strengthen their commitment to legal compliance. Every Thursday, we conduct video-based ethics and compliance training along with brief quizzes to help them integrate ethics awareness into their daily routine while holding regular ethics and compliance training to enhance their ethics awareness and commitment to legal compliance. To establish a culture of fair trade, we provide employees in charge of construction, outsourcing, and procurement contracts with annual ethics training led by the Compliance Officer.

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ISSUE 4.

Robust Information Security

Information Security Management System

NHIS remains committed to safeguarding customer rights and interests and delivering a secure financial transaction environment. We ensure our information security management system operates on par with high standards, and receive regular assessments and external certification audits to objectively verify our information security system for risk management.



GOVERNANCE

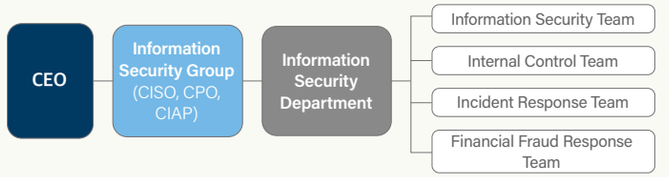
Information Security Management Organization

To develop information security measures that cover the entire client service delivery process, we implement company regulations governing information security and data privacy stipulated by embodying the firm commitment of our leadership. To ensure the effectiveness of these regulations, the Information Security Group is under the direct leadership of the CEO, and leaders responsible for information security and data privacy - the Chief Information Security Officer (CISO), the Chief Privacy Officer (CPO), and the Credit Information Administrator & Protector (CIAP) - all operate under the Information Security Group to establish integrated company-wide information security governance.

Information Security Committee and Council

Category	Information Security Committee	Personal Credit Information Protection Council
Chair	Chief Information Security Officer (CISO)	Chief Privacy Officer (CPO)
Member	Heads of departments related to IT/information security/compliance/platform	Heads of departments handling key client personal information and compliance operations
Role	Deliberate and decide on important matters associated with internal information security	Share and consult on key matters associated with personal information processed for the purpose of providing client services
Cycle	Year-round	Quarterly

Information Security Management Governance



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STRATEGY

Information Security and Data Privacy Operational Strategies

With a goal of providing 'reliable electronic financial services', we established our information security and data privacy strategies in line with the 'Privacy by Design' principle, and systematically implemented these strategies. Activities undertaken for each of these strategies are managed by our internal control system through all-encompassing audits, monitoring, and multi-layered analysis covering our employees and partners.

Information Security and Data Privacy Operational Strategies

Establishing a reliable environment for customers

Company-wide information security training	Training for outsourcing companies	Constant notices on information security	Company-wide information security campaigns	Continuous awareness-raising and change management for employees and outsourcing staff
Inspection on outsourcing company employees	Self-audits on Information Security Day	Simulation hacking for vulnerabilities	Infrastructure inspections	Risk-based data privacy and information security audits
Personal information protection	Technical protection	Physical protection	Managerial protection	Establish information security and data privacy management systems and achieve relevant certifications
Integrated information security portal for data privacy and information security				Big data-based, integrated control system for information security and e-financial fraud
Information technology protection solutions	Personal information protection solutions	Financial fraud prevention and response solutions		Security solutions to reduce personal information breaches to zero and protect client assets

Information security to support secure financial transactions

Establish information security strategies and plans	Establish information security goals and annual business plans	Operate the Information Security Committee
Establish information security policies and a management system	Review compliance with regulations	Evaluate risks
	Establish and implement information security policies and protection measures	
	Establish and amend information security regulations and rules	
Internal control management for information security	Personnel control	System control
	Employees/ partner companies inspection	Security assessment and review/Vulnerability review and analysis

(credit) Data privacy along the entire client journey

Establish (credit) data privacy strategies and plans		
Establish (credit) data privacy goals and annual business plans		
Personal Information Protection Council	Assess information protection on a constant basis	
Establish (credit) data privacy policies and a management system	Review compliance with regulations	Issues raised to the Personal Information Protection Council
	Establish and implement (credit) data privacy policies and protection measures	
	Establish and amend (credit) data privacy regulations and rules	
Internal control management for (credit) data privacy	Internal control · Excessive access to personal information · Monitoring of personal data transferred/printed out · Register book of personal information management · Credit rating inquiry history review	External control · Management of personal information consignment/ provision contracts · Training and inspection of personal information consignee companies · Confirmation of personal information destruction

Training and public relations	Response to audits and inspections by supervisory authorities	Information security system establishment and operation	Information security control monitoring

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RISK MANAGEMENT

Inspecting and Verifying the Information Security Management System

Our 'Information Security Supporter' program aims to ensure the personal information of our clients is safely processed throughout their entire client service journey, from service planning to closure. This program is attended by information security personnel and helps us objectively assess the stability of services that we currently provide and improve the trust our internal/external stakeholders place in our services.

Achieving Domestic/Overseas Information Security and Data Privacy Management System Certifications

Since achieving the Information Security Management System (ISMS) certification in 2015, we have been certified to the Personal Information & Information Security Management System (ISMS-P) standard which also covers data privacy in 2021, establishing an integrated security system spanning the entire spectrum of information security and data privacy. We moved on to certify our operations to the ISO/IEC 27001 international information security standard in 2022 and to the ISO/IEC 27701 international data privacy standard in 2023, fully abiding by requirements of domestic and overseas compliance and supervisory authorities and performing objective verifications each year to bolster our information security and data privacy capabilities.


DNV
MANAGEMENT SYSTEM CERTIFICATE
NH Investment & Securities
ISO/IEC 27001:2013
DNV
MANAGEMENT SYSTEM CERTIFICATE
NH Investment & Securities
ISO/IEC 27701:2019

ISO/IEC 27001 and ISO/IEC 27701 certificates

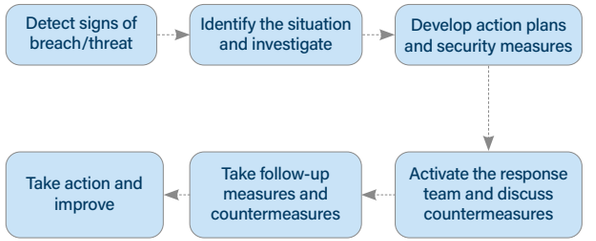
Vulnerability Assessment and Mock Hacking

We periodically engage in mock hacking exercises on our key services (HTS, MTS, WTS), website, and work systems, and partner with external organizations to assess vulnerabilities year-round to minimize risks. Our electronic financial infrastructure is analyzed and assessed for vulnerabilities once a year, and our website is subject to vulnerability assessment and mock hacking twice a year to perform proactive inspections and brace for malicious hacking attempts from the outside. Identified vulnerabilities are addressed by developing action plans and reviewing the implementation of such plans to minimize any blind spots that may arise during service operations.

Mock Drills to Respond to Cyber Threats

Our security breach response system enables us to prevent, detect, analyze, and respond to a host of malicious external attempts, from hacking to DDoS, to ensure secure service delivery for clients. In partnership with external organizations, we perform a range of drills, including annual public server hacking response drills, annual DDoS attack response drills, and quarterly e-mail intrusion response drills, to proactively respond to cyber threats. We also operate 24/7/365 security control to safeguard information assets that are essential to our service delivery.

Security Breach Response Process



Security Breach Mock Drills by Type

Public server hacking response drill
Launch vulnerability attacks on public servers and train on procedures to detect and block such attacks

DDoS response drill
Perform detection and response drills under the scenario where a large volume of traffic overwhelms public web servers leading to resource shortages

E-mail intrusion response drill
Send socially-engineered malicious e-mails to all employees, new hires and randomly selected employees, and perform detection/response drills

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ISSUE 1. Climate Change Response

ISSUE 2. Competitive Digital Finance and Platform

ISSUE 3. Ethics and Compliance

ISSUE 4. Robust Information Security

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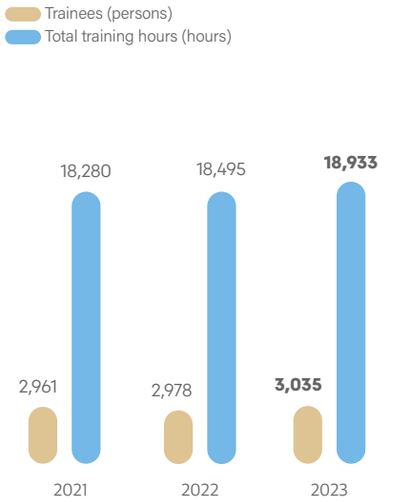
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METRICS & TARGETS

Raising Awareness of Information Security

We apply more stringent standards than the ones specified in pertinent laws in conducting information security training for employees. We open training courses tailormade to specific job needs of employees in consultation with training institutions specializing in the financial industry, and provide differentiated training by job function. Separate data privacy training is provided to personnel in charge of outsourcing companies processing personal data as well as personnel from management departments, and such training is made available for partners to disseminate awareness on information security. We also invite external instructors on an as-needed basis to provide training focused on case studies. Apart from training, we publish monthly information security magazines and post internal notices to encourage employees to be better aware of information security. The Clean Desk Activity launched each quarter to inspect office spaces ensures that information security is embedded into the fabric of our corporate culture.

Information Security and Data Privacy Training Provided to Employees



Specialized Training Provided to Responsible Personnel and Training Provided to Partners

Category	Specialized training for responsible personnel	Training for partners
Period	Jan. ~ Dec. 2023	Oct. ~ Nov. 2023
Participant	15 persons	162 persons
Training hours	488 hours	921 hours
Training institute	Financial Security Institute	Financial Security Institute, Korea Financial Investment Association
Method	Offline training	Online training
Course	• Protecting personal credit information in the financial industry • Cloud security practices • Digital finance and the regulatory system of the Electronic Financial Transactions Act	Practices on data privacy (credit) concerning financial custody operations

Robust Data Privacy

Principles in Handling Personal Information

As to the personal information of all our clients who use NHIS services, we collect minimum required personal information and do not use such information for purposes other than those agreed upon nor share such information with third-parties. In accordance with our personal information processing principles, personal information initially collected is retained for the set durations from the time of consent, and will be immediately destroyed in a way that makes its recovery or reproduction impossible once its intended purpose is fulfilled. To help our clients better understand matters on personal information handling, we provide a simplified version of our privacy policy.

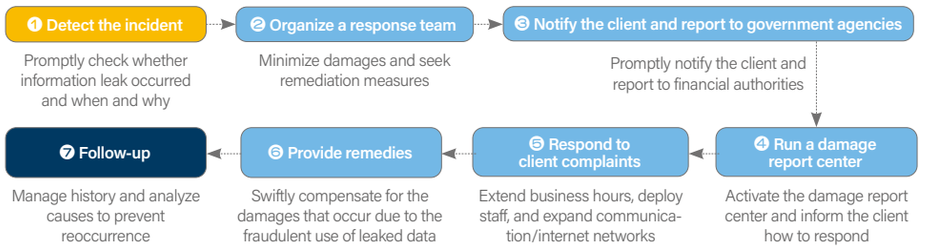
Data Privacy Performance Management

We perform regular inspections and monitoring on our employees processing personal information and third-party outsourcing companies processing personal information to keep track of our data privacy performance. Regular inspections are made on departments at the head office and branches handling personal information: this helps identify employees who excessively access clients' personal data, including their account information, balance, and transactions made, on a monthly basis to prevent any privileged use of client data that may lead to data leaks and data misuse. We also conduct on-site inspections on outsourcing companies once a year to make doubly sure there are no blind spots left unnoticed in ensuring data privacy for clients.

Responding to Personal Information Leaks

In the event that our clients' personal data is leaked despite our best efforts for rigorous management and control, we develop manuals to respond to personal information leaks and established a process to address such breaches by notifying the client of the incident and reporting to relevant authorities as specified in pertinent laws and regulations.
To immediately respond to personal information leaks, we engage personnel from key departments handling personal data in performing mock drills against personal information breaches in the first and second half of the year, bolstering our capabilities to effectively cope with such contingencies.

Process to Handle Personal Information Leaks



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NH INVESTMENT & SECURITIES

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ENVIRONMENTAL

We duly recognize the responsibility finance bears in combating climate change and stay at the forefront of creating an ecosystem for net zero finance. We also establish environmentally friendly policies and an environmental management system to minimize the impact of our business operations on the planet earth.



SOCIAL

We prioritize human rights management as our core value to protect the rights of financial consumers, create a corporate culture which does not tolerate discrimination, and pursue mutual benefits with partners and communities. We will take this journey alongside our stakeholders through wide-ranging CSR initiatives.



GOVERNANCE

We build transparency and expertise into our governance to prioritize stakeholders in our decision-making process. Our aim is to advance ethical management and improve shareholder value to become a financial institution trusted by all stakeholders.

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Net Zero Finance

NET ZERO FINANCE SYSTEM

Coal-Free Finance Declaration

Globally, investments associated with coal-fired power generation are classified as entailing extremely high climate risks. This raises the increasing need for financial institutions to assume a more proactive responsibility in limiting or withdrawing from coal-related investments all while expanding renewable investments. NH Financial Group declared its commitment to coal-free finance in February 2021 to lead the charge in pursuing sustainable, net zero growth.

To join forces with this initiative, NHIS also stipulated in our Environmental and Social Investment Policy that investing in projects related to coal-fired power plant construction is included on our list of immediate exclusions. This essentially prohibits any participation in project financing or underwriting new bonds for the purpose of building coal-fired power plants in Korea and abroad, and will help us fulfill our role in raising ESG awareness across the capital market by fully supporting coal-fired power plants to make a switch to renewable energy business.

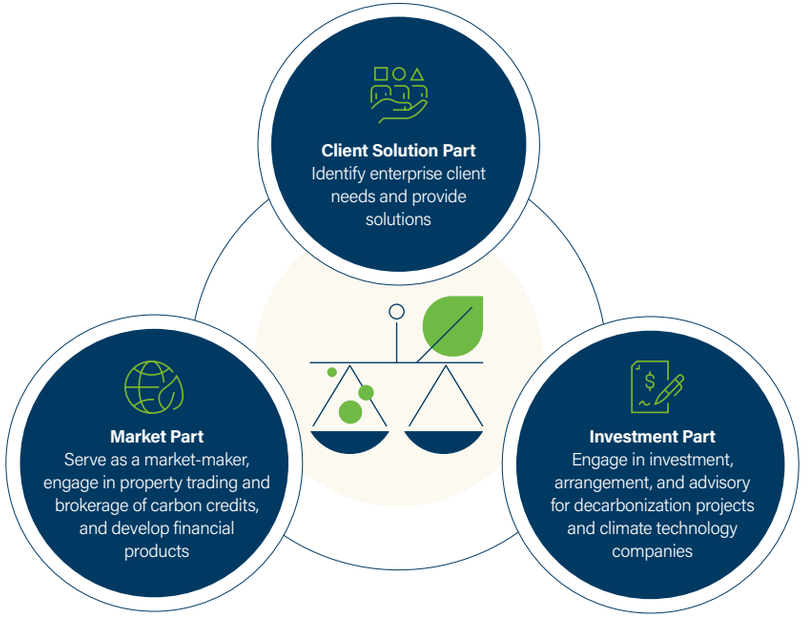


Operating the Carbon Finance Department

NHIS promoted the Carbon Finance Team created in December 2022 to the Carbon Finance Department in September 2023 to create momentum for carbon finance as key to our future business operations. In this regard, we invested in a biochar-based carbon credit business as the first securities firm to do so, and was designated as a market-maker for the nation's GHG Emissions Trading System in 2024, accelerating our efforts to drive new carbon finance business.

The Carbon Finance Department aims to assist our clients in bolstering their regulatory response capabilities in step with the tightening GHG emissions regulations across the world and to deliver optimal solutions to support their net zero and ESG management goals. Drawing on our unrivaled market competitive edge, the Carbon Finance Department will ensure the timely supply of carbon credits for clients while exploring and providing opportunities to invest in high-quality carbon emissions reduction projects to proactively cater to client needs.

Business Implementation Organization of the Carbon Finance Department



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NET ZERO FINANCE ACTIVITY

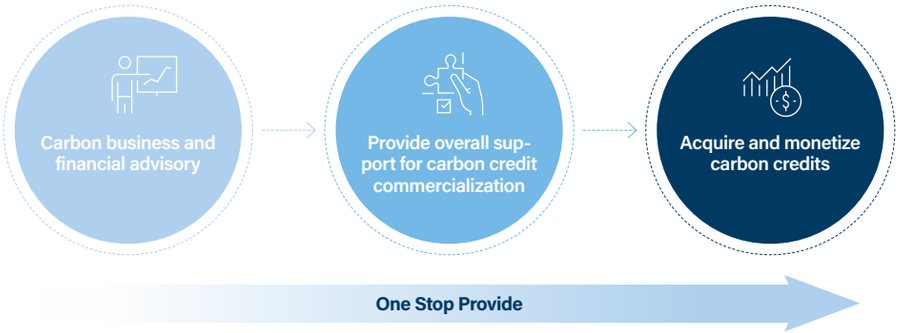
Pursuing a Biochar Carbon Credit Platform in Korea

Building on our experience in investing in biochar-based carbon credits in 2023, we are pursuing a 'carbon credit commercialization one-stop support platform' business for the Korean biochar industry. While the global demand for biochar carbon credits is surging for its exceptional carbon sequestration and storage performance, most biochar businesses in Korea find it difficult to pursue credit business on their own as they either lack understanding or the necessary scale to seek carbon credit business. This prompted us to leverage our carbon credit business experience and know-how to establish a platform for biochar businesses to jointly commercialize carbon credits, facilitating the domestic biochar industry and providing effective solutions to clients aiming to achieve their net zero goals.

Signing an MOU to Promote Joint Efforts for GHG Emissions Reduction

In December 2023, NHIS signed the public-private MOU to pursue Green Transformation (GX) in the financial industry for small/mid-sized venture companies, hosted by the Ministry of SMEs and Start-ups. Under this agreement, NHIS will harness its capabilities specializing in carbon credit markets to create an ecosystem for Korean SMEs to voluntarily reduce carbon emissions and explore partnership opportunities to expand climate fund investments.

One-stop Support Process for Carbon Credit Commercialization



ESG FOCUS

Acquiring Credits through Emissions Reduction Business in Korea and Abroad

Distributing High-efficiency Cookstoves in East Timor

In partnership with SK forest, NHIS is distributing 100,000 units of high-efficiency cookstoves across East Timor as a way to reduce GHG emissions. These high-efficiency stoves use firewood and charcoal to cook food, and are capable of cutting down on fuel consumption by up to 50% against conventional cooking equipment, contributing to reducing GHG emissions as a result. NHIS plans to secure carbon credits through the distribution of these cookstoves for the next five years. Moreover, East Timor and its adjacent countries face the dire need for forest conservation amid the accelerating depletion of natural resources. We expect that our carbon credit business in the country will help improve the quality of life for local people as well as advance the sustainable development of East Timor.

Acquiring Carbon Credits through Biochar Production

NHIS has teamed up with 4EN, a green venture company, to pursue carbon credit acquisition business through biochar production. Biochar, a combination of the words 'biomass' and 'charcoal,' was created as an eco-friendly material possessing properties in the middle spectrum between organic matters and charcoal. Adding biochar to the soil results in reduced carbon concentrations in the air, and this carbon sequestration and storage capability motivated the IPCC (Intergovernmental Panel on Climate Change) to recognize biochar as a negative emission technology. NHIS and 4EN completed a biochar production facility in Anseong, Gyeonggi-do, Korea, and this investment business will enable NHIS to secure high-quality voluntary carbon credits.

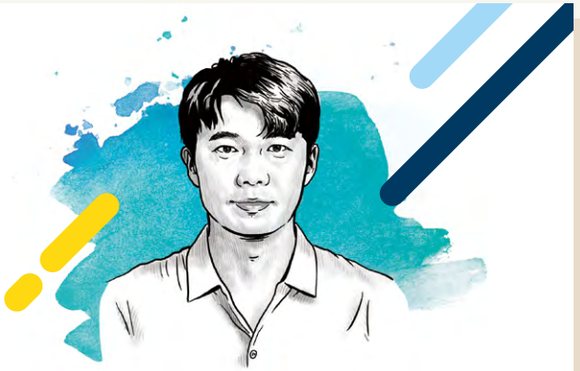


(left) Completion of the carbon neutral biochar plant in Anseong (right) Biochar

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INTERVIEW

We vow to assist our clients along their net zero journey all while pursuing a sustainable future for NHIS.



General Manager **Choi Hyun-Jun** Carbon Finance Department

Please introduce us the Carbon Finance Department.

A. The Carbon Finance Department was first created as a task force in May 2022 to help NHIS explore its role as a financial institution in combating the climate crisis and build related business. The task force became the Carbon Finance Team in December that year, and was promoted to its official departmental status in August 2023.
The Carbon Finance Department aims to provide companies and institutions with overall net zero solutions based on carbon credit trading and investment. Specifically, our business operations are subdivided into carbon credit trading, carbon credit/climate-tech investment, and client services.

What makes carbon finance activities instrumental to the sustainable development of the financial industry?

A. Previously, securities firms mostly focused on IRR (Internal Rate of Return) or MOIC (Multiple on Invested Capital) in conducting investment business as profitability served as a barometer of sustainability in the financial industry. Today, environmental issues that normally affected the manufacturing industry are gaining prominence in the financial industry. Financial companies are increasingly mandated to calculate and disclose Scope 3 financed emissions covering the entire portfolio which refer to carbon emissions that result from the provision of financial capital, and are required to disclose in detail climate-related financial risks to stakeholders.
In short, carbon finance activities play an essential role for financial businesses to attract investments and seek sustainable growth and development. This high-priority agenda is not just for us at the Carbon Finance Department but for the whole of the business operations at NHIS to progressively scale down investments in carbon-intensive companies and industries while expanding net zero finance spanning renewable energy, green industries, and transition finance.

Tell us about the ongoing carbon finance activities and achievements.

A. NHIS is currently operating as a market-maker and a trading intermediary member of the Korean Emissions Trading System (K-ETS). The K-ETS will be open for various investors through securities firms starting from next year. Designated as the exclusive pilot operator by the Ministry of Environment in early 2024 to build a carbon credit brokerage system, NHIS will engage in this pilot project for the next two years. We expect even more opportunities in the upcoming ETS market, and will actively participate in this market by developing financial products backed by emissions credits and responding to the launching of futures markets. We also focus on generating and acquiring carbon credits by undertaking carbon emissions reduction projects in Korea and overseas. For instance, we signed an agreement with 4EN, a green venture company producing biochar, to voluntarily purchase carbon credits valued at over 160,000 tons by 2029, and established a joint venture with SK forest to distribute cookstoves in East Timor to secure carbon credits.

What business activities do you plan for the future?

A. Our short-term goal is to build and organize carbon credit business. Currently, we are drawing on our proprietary capital to own carbon credits or invest in relevant businesses, and will capitalize on the capital that our diverse pool of clients provides to expand the scale and scope of our business and provide carbon finance solutions that meet client needs. Over the long haul, we are exploring ways to integrate carbon finance business with our varied business areas. Carbon credits have the potential for application and expansion into our wide-ranging business areas, spanning trading and brokerage, custody and safekeeping, investment and advisory, and derivative product development. Scaling up carbon finance in a way that aligns with our consistent policy goals will provide us with the much-needed growth driver to achieve sustainable growth at NHIS. As the head of the Carbon Finance Department, I will make sure that NHIS evolves into a leading securities firm pioneering carbon finance and environmental business.

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Environmentally Friendly Management

ENVIRONMENTAL MANAGEMENT SYSTEM

Establishing and Operating an Environmental Management System

NHIS stipulated and announced our company-wide Environmental Management Policy to publicly commit to responding to climate change and protecting the planet earth.

We are also building a company-wide organizational system for the effective implementation of environmental management. The ESG Committee and the Sustainability Council establish and oversee environmental management strategies and plans while the ESG Group assumes working-level roles in developing specific action tasks, conducting performance assessments, and planning environmental management campaigns to implement environmental management strategies. In June 2022, we were certified with an international standard on environmental management systems (ISO 14001), receiving acknowledgement that it established and operating a systematic environmental management system.

Environmental Disclosure

We manage key environmental data on GHG emissions, waste, and energy consumption through our GHG management system, and are extending the scope of our environmental disclosure from the HQ to branches nationwide. Environmental indicator performance is compiled on a semi-annual basis for monitoring, and most of the waste we generate is recycled through contracting with outsourcing companies. We also provide our carbon emissions data through our CDP (Carbon Disclosure Project) reporting to transparently disclose data and respond to climate change accordingly.

Green Procurement

In purchasing office supplies, we prioritize energy efficiency and environmental friendliness. We plan to install the dimming control system for the machine rooms at the NH Human Resources Center as well as at the HQ office building to switch to LED lights that automatically adjusts brightness according to indoor light levels, and to measure and verify periodic electricity consumption through the use of meters for power consumption management.

When the need arises for branch construction to relocate, merge, or open financial centers, we opt for high-efficiency LED lights to achieve cost savings over the long-term. We also adopted eco-friendly construction and finishing materials for our Gwangju Financial Center, Bundang Financial Center, and Mokdong WM Center.



ISO 14001 certificate



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Environmental Training for Employees

Our Smart Training Center provides a 24/7 learning environment for employees to internalize ESG capabilities and conduct business accordingly. In 2023, we provided online courses that employees themselves apply for to further enhance their skills or learn new skills. This enabled a large number of employees to complete a range of training courses on ESG environmental management, and about 760 employees attended ESG-related courses through micro learning-format self-initiated training.



Online ESG training content

Environmental Training Provided to Employees

Target	Course Name	Training Hours	Trainees
Executives	Legal studies on specialty areas provided by Seoul National University(ESG compliance course)	60	1
	ESG leadership	40	1
All employees	[Financial Academy] ESG Finance, from start to practice	5	4
	Protection of emotional laborers for ESG management	5	4
	Prepare for the era of net zero and ESG	2	4
	[H Pick+Cell] EBS Climate Crisis, ESG amid the Great Transformation	6	2
	ESG is the trend! Sustainability management response strategy	6	2
	[Book Learning] ESG Branding Workbook	3	1
	[Book Learning] ESG right now! ESG practice guide for all employees	3	1
	ESG revolution strategy – Training for all employees	17	1
	ESG, sustainable business strategy to drive the future	6	1
	Alpha and omega of ESG	2	1
	61 self-learning courses including our challenges to establish ESG management	107	759

ECO-FRIENDLY WORKPLACE

Operating the Gray Water System

Parc.1 Tower 2 where NHIS is headquartered operates a gray water system to protect water resources. The water from washrooms is filtered and treated multiple times to be reused for toilet flushing. The water recycled as such amounts to over 40,000 tons per year, accounting for nearly 59% of the annual water consumption of 67,000 tons at our HQ office building.

59%

Percentage of using recycled water at the HQ building

Reclaiming Coffee Capsules

While coffee capsules are recyclable, they often pose challenges in the sorting process. To resolve this issue, we have been teaming up with Nespresso since 2022 to launch the 'Coffee Capsule Green Moment' campaign. This ensures that all coffee capsules used at our in-house coffee machines are gathered at the dedicated capsule-only collection box on each floor and reclaimed collectively, and recycling coffee capsules as such helps raise employees' awareness on resource circularity and create an eco-friendly working environment. For the year of 2023, 37,400 coffee capsules were collected at our HQ office building, and the GHG emissions reduced accordingly totaled 141kgCO_2eq. The collected coffee capsules are recycled into compost, fertilizers, or industrial inputs.


Reclaiming Coffee Capsules

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Creating an Eco-friendly Office Environment

We installed a total of 13 tumbler washers at the cafeteria on each floor of our HQ office building (5th~17th floor). Difficulties in washing and sanitizing tumblers often diverted our employees from using personal tumblers to using single-use cups. These tumbler washers were intended to address this issue, and installing 13 of them helped avoid over 100,000 single-use cups, tantamount to reducing approximately 4 tons of carbon emissions. NHIS will set cultural settings that encourage employees to use fewer disposables and directly participate in reducing carbon emissions, advancing environmental management in so doing.

Installing EV Chargers

We have installed a total of 36 EV chargers at our HQ office building to make it convenient to charge EVs. In addition, we installed two chargers at the parking lot of our Gwangju office building, and will install three EV chargers at the NH Human Resources Center in the first half of 2024.

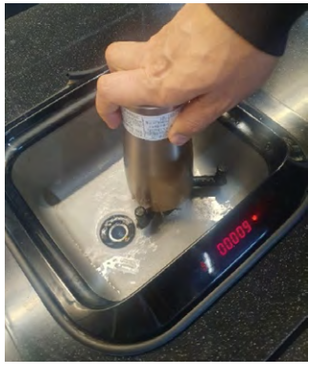
Expanding Eco-friendly Transport

We are transitioning to EVs for corporate fleet vehicles to reduce GHG emissions generated from vehicle use.
In 2023, we made this switch for 14 of our corporate fleet vehicles, and are actively pursuing EV rentals in line with our continued green transition plans.
Furthermore, vehicles fueled by green energy sources such as EVs and hybrid cars amount to 37 units in total to outnumber internal combustion engine cars whose number stands at 36 currently. We will continue with our transition to vehicles powered by eco-friendly energy.

Corporate Fleet Vehicles Owned

Unit: Vehicles

Category	2021	2022	2023
Gasoline cars	62	62	30
Diesel cars	4	4	6
Hybrid cars	0	0	20
EVs	3	3	17
Total	69	69	73



Tumbler washer



EV charger at the Gwangju office building



EVs used at the HQ

17 vehicles

Eco-friendly Energy Vehicles (EVs) Owned

20 vehicles

Eco-friendly Energy Vehicles (hybrid cars) Owned

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SPECIAL PAGE

Green Campaigns Engaging Employees

With Green Energy Idea Contest

NHIS is keenly aware of the severity of global warming and the climate crisis, and is committed to reducing GHG emissions and energy consumption. In 2023, we hosted the With Green Energy idea contest to build consensus on energy conservation at all levels of the company. This company-wide event served to collect energy-saving ideas that are readily actionable in one's daily routine, during working hours, commuting, and internal activities. Out of 82 ideas submitted, five finalists were chosen through employee voting. We are putting these ideas into action to continue with energy-saving activities.

With Green Energy Idea Contest Results

Award	Winner
Grand Prize	Launch Monitor Exercise
Most Excellent Prize	Exchange reusable cups with evidence for ESG pledging and e-mail inbox emptying
	Plogging together with IG activity
Excellent Prize	Volunteering to collect, disassemble, and assemble discarded toys
	Install unmanned cup return machines

Toy Disassembly Campaign

A significant portion of discarded toys are not properly recycled and are incinerated or landfilled to eventually turn into carcinogens or microplastics, causing environmental pollution. In an effort to join hands for environmental protection and resource circularity, we partnered with TRU (Toy Recycled Unio), an NGO and a private foundation created to resolve plastic issues through toys as the medium, to volunteer for toy disassembly. In November 2023, nearly 80 NHIS employees attended a lecture on environmental issues such as climate change and microplastics, and went on to break down 120kg of toys. This served to reduce 360kg of carbon emissions, which equals planting 39, 30-year-old pine trees.



Employees participating in the toy disassembly campaign

160,633km
Total number of steps taken converted into distances

21,000kg
Carbon emissions reduced

174,318kWh
Energy savings achieved

5,085
Equivalent to planting 30-year-old pine trees

With Green Walking x Plogging Campaign

To encourage our employees to participate in green activities, we launched the With Green Walking x Plogging campaign through the Big Walk application. Participating employees made donations matching the number of steps they took in their daily lives, and when their steps reached the set goal, the donations were provided to environmental conservation organizations. For the month of May in 2023, 1,393 employees joined this campaign to donate 229,475,070 steps, equivalent to reducing 21 tons of carbon emissions, saving 174,318kWh of energy, or planting 5,085 30-year-old pine trees at most.

In tandem with this, we launched the plogging campaign to engage employees in picking litter while walking together. This plogging campaign took place on 2,007 occasions with 665 employees participating, reaping a notable success as an environmental protection activity involving employees. KRW 30 million was raised by employees who reached their set goal of steps taken, and this went to the Environment Action Association to protect ecosystems for biodiversity. The donations will be used to eliminate the plants disrupting ecosystems, rescue and protect wild animals, and feed wild animals to safeguard ecosystems and promote biodiversity.

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Diversity, Equity, and Inclusion (DEI)

Win-Win Management

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Client-centric Management

CLIENT-CENTRIC MANAGEMENT SYSTEM

Client-centric Management Organization

At NHIS, the Financial Consumer Protection Group operates under the direct leadership of the CEO to advance client-centric management. The Chief Consumer Officer (CCO) heads our consumer protection organization and operations. The Financial Consumer Protection Group engages in various activities to protect the rights and interests of financial consumers and heed their feedback, along with internal control activities associated with consumer protection. Specifically, these activities include launching financial consumer protection campaigns, establishing a sales system protecting financial consumers, operating and managing the VOC (Voice of Customer) system, and preventing and handling complaints. Going forward, NHIS will commit to safeguarding the rights and interests of financial consumers and maintaining trust-based relationships with consumers.

CLIENT SATISFACTION PREDICTION/MANAGEMENT

Client Satisfaction Prediction Model

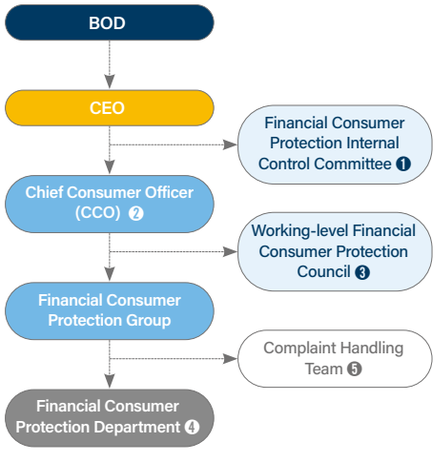
To improve client satisfaction, we established our 'Client Satisfaction Prediction Model' analyzing client characteristics – investment preferences and owned assets – and big data models based on client communication data such as CRM[1)] and STT[2)], and are deploying this model in managing our face-to-face advisor services. Our client satisfaction prediction model predicts clients requiring change in advisor service activities and notifies this to advisors on a monthly basis to proactively and effectively manage individual clients.

1) CRM: Client Relationship Management
2) STT: Speech to Text (automatic speech recognition)

2023 Client Satisfaction Survey

To advance client-centric management, we have been conducting regular client satisfaction surveys since 2019. We also gauge client satisfaction with center advisor services and operational services year-round, and survey clients for their satisfaction with our investment information and counseling services each quarter to collect client feedback. This was paired with semi-annual surveys to measure client satisfaction with digital care services and QV MTS, our key platform, to improve client satisfaction. We will continue with our efforts to deliver even greater satisfaction to clients.

Organizational Chart for Consumer-centric Management



❶ **Chairperson: CEO**
- A meeting body that consults on policy direction, fundamental plans, and institutional improvements for the protection of financial consumer rights and interests

❷ **Chief Consumer Officer (CCO)**

❸ **Chairperson: CCO**
- A meeting body for interdepartmental working-level consultations on financial consumer protection issues

❹ **Independent organization directly under the CCO**
- Carrying out internal control activities to protect financial consumer
- Reviewing the aspects of financial consumer protection prior to launch new financial products
- All activities for the complete sales of financial products

❺ **Independent organization directly under the CCO**
- Preventing, handling, and managing clients' complaints
- Handling VOCs

Client Satisfaction Prediction Model Process



Selecting prediction-targeted clients at the end of the month

Performing monthly client satisfaction prediction through algorithms

Categorizing predicted clients' characteristics

Suggesting advisors with differentiated services for each client on the first Monday of each month

Client Satisfaction by Type of Service

* As of H2, 2023

Type of Service		Client Satisfaction
In-person	Advisor service	86.5points
	Operational service	94.5points
In non-face-to-face	Digital care service	70.8points
	Investment information and counseling service	69.3points
Platform	QV MTS	70.9points

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CLIENT SATISFACTION IMPROVEMENT SERVICE

Tax Platform

We launched the industry's first Tax Platform service to help clients with tax management. This service broadens the realm of our wealth management service which previously focused on investment returns into tax management, providing end-to-end wealth management service from checking clients' income and taxes to filing taxes on their behalf and offering tax counseling. Clients using this platform may access a variety of information required for tax verification and tax-saving, from their financial income, capital gains, and pension income to their current subscription to tax-saving products and their tax-saving effects, along with the latest tax-saving content. Building upon our Tax Platform service, we will extend our existing tax management service from HNWIs to non-face-to-face channel clients to advance digitally-based, self-initiated tax management.

Investment Information Services and Education

We provide our clients with investment information on the strength of our analytic capabilities and insights on investment assets, regarding global investment strategy, promising overseas stocks, global REITs, and global bond analysis. The content we offer our clients spans a variety of areas, including ChatGPT, aerospace, defense industry, and security token, to help clients understand emerging future industries and structural changes. NHIS is raising our profile as a content provider offering investment information differentiated for client characteristics and needs amid the shifting financial landscape, and making our content more accessible both online and offline through investment seminars and in-person consulting to reach out ever closer to clients. We also assist clients in enhancing their investment capabilities through report partnerships with US-based investment research firms and proactive mobile platform content.

Expanding In-person Services at Financial Centers

To provide high-quality in-person services to clients in need of specialized asset management with the help of advisors, we expanded regional offline financial centers from 10 at the end of 2022 to 15 at the end of 2023. These centers were equipped with more STMs (Smart Teller Machine) to quickly support client's simple tasks, along with expanded counseling rooms offering one-stop services from counseling to task handling to deliver greater convenience for clients.

We are also expanding seminar spaces for each center to enhance our in-person services. The Gwangju Financial Center which opened in October 2023 houses a 40-seat large-sized Creator Hall to provide a variety of in-person services, from hosting investment/cultural events to providing financial education for local communities and making spaces available for free, in addition to seminars.



Tax Center


Creator Hall at the Gwangju Financial Center

Personalized Asset Management Service

My Asset Diagnostics Service

My Asset Diagnostics is our asset analysis service leveraging the power of MyData. By linking accounts from other companies to the client's NHIS account as the hub, this service provides an at-a-glance view of the client's asset allocation status and specific information on their products. Four types of services are available – NH account analysis, comparative analysis of investment returns, asset allocation analysis, and financial product analysis.

My Asset Diagnostics Service: Type and Description

Type of Service	Description
NH account analysis	Analyze changes in asset allocation such as investment returns, transaction history, and dividends & interest and provide such information by account and time period
Comparative analysis of Investment returns	Generate personalized indices based on the historical investment return data available from the client's account and perform simulations to compare them against the investment returns of various stock indices, stocks, and financial products
Asset allocation analysis	Perform multi-angle analysis of the asset allocation status of the client's accounts held at NHIS and other companies using MyData and provide the data
Financial product analysis	Perform detailed analysis on the client's domestic/overseas stockholding and provide an overview analysis on the client's portfolio

Pension Preparedness Analysis and Pension Product Pick Service

For pension account clients, we launched the Pension Preparedness Diagnosis and Pension Product Pick services that leverage MyData. The former provides information on the expected pension entitlements after retirement among others, and the latter proposes individual products that match their pension investment goals as well as various tailor-made pension portfolios, assisting clients in preparing their retirement assets through increased pension returns.

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MOBILE ASSET MANAGEMENT PLATFORM

NAMUH Securities, Mobile Wealth Management Platform

We launched NAMUH Securities as our mobile wealth management platform to make stock trading easier and more convenient for clients. We re-branded this platform in April 2022 in five years into an 'investment platform shifting the everyday life and investing of clients' to provide a range of services including NAMUH Members, a subscription-based service to deliver high-quality investment content and benefits, NAMUH PLCC connecting consumption and investment, and fractional stock trading service facilitating micro-investment, blurring the boundary between daily routine and investment to provide differentiated client experience.

NAMUH Securities features a User Interface tailormade to foldable phones to significantly improve client convenience, and was honored with the Overall Excellence Prize at the 11th Best MTS Awards hosted by Money Today in November 2023.

Direct Indexing Service

NHIS unveiled the NH Direct Indexing service as the first Korean financial investment firm to do so. This novel investment platform allows investors to create their own indices that suit their investment goals and preferences based on various market indices and build a personalized investment portfolio.

Using NH Direct Indexing, our clients may directly track their chosen index or customize their index by adjusting the weights of different components. Once selecting the benchmark index, clients may apply their desired investment strategy by specific theme, industry, or style and adjust the weights, and may choose from the NH i-Select Index internally developed by NHIS as well as such basic indices as the KOSPI and the KOSDAQ. Moreover, clients could check their index performance and details to engage in trading, and manage risks through regular rebalancing.

Community and Namuh Pang Service

Staying ahead of the curve in releasing new client-centric content and services in the mobile environment, we ensure that the MTS moves beyond a simple means of stock trading to become a platform delivering diverse experiences to clients.

In January 2024, we opened the 'Community' service within the NAMUH app to facilitate information exchange and communication among investors. Unlike stock discussion boards on portal websites, our community is distinguished in that users display their shareholder status and verify stockholding information, making it possible to share more constructive and in-depth investment insights, along with improved credibility and convenience.

We also launched the 'Namuh Pang' game inspired by the Watermelon game popular among millennials and Gen Zs, drawing enthusiastic response from clients. Players drop company logos, and when the same identical logos merge together, this turns into larger market-cap companies to earn points. Going forward, we will continue with innovative efforts to provide beneficial and enjoyable services to clients using our platform.



Community (left) and Namuh Pang (right)

ESG FOCUS

Launching Monthly QV and Monthly NAMUH

We launched 'Monthly QV' and 'Monthly NAMUH' for clients to review their monthly investment activities along with music. These services visualize the client's investments made on a monthly basis and present the data together with AI-curated music reflecting the market conditions of the month. This ensures that an investment activity means much more than a mere act of profit making but a joyful and positive experience for clients. Monthly QV and Monthly NAMUH provide information across the three themes of activity, investment, and trade. The activity category informs clients of their in-app activities, including the number of visits they made and the time they spent on the app, and the investment category shows asset trajectories, investment performance, and stock picks of the month among others. The trade category displays the history of trading and returns. Clients may combine all such information to summarize their investment activities and check their ranking by comparing their performance against that of other clients. Monthly NAMUH Playlist also allows investors to revisit their 6-month data to reflect on their investment activities. We collect user feedback and continuously improve data application plans and services, delivering more satisfactory investment experiences to clients in the process.



Monthly NAMUH service

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CLIENT-CENTRIC COMMUNICATION

NH Mentors Client Panel Program

We operate 'NH Mentors' as a client panel group to heed and collect client feedback on the various products and services that we provide. In 2023, nine online quantitative surveys and two client experience group sessions were held on 11 topics in total, and the client feedback we gather through NH Mentors is fully reflected in our service and system improvement efforts.

In 2023, we identified the requirements of existing and prospective clients by surveying how they use retirement pension default options, performing a comparative survey of digital advisors' counseling capabilities, and conducting brand awareness surveys on NAMUH Securities. This is followed by the process of review necessary improvements to address client requirements and inconveniences and take action accordingly.

NH Mentors Operation Process

Select survey topics
- Request from working-level departments
- Selected based on client satisfaction survey results

↓

Survey
- Survey design
- Survey/Analysis

↓

Reflect client feedback and make improvements
- Share survey results
- Develop and implement improvement/ application plans

Measure
- Post/Share

- Verify improvement effects through client satisfaction measurement

NH Mentors Client Panel Program Operation in 2023

Category	Status
Online quantitative surveys	9 occasions
Client experience groups	2 occasions

Chatbot Noah

Our Chatbot 'Noah' provides assistance across a broad array of tasks, including paid subscription, customized guidance on shareholder rights including notice of objection, and changing one's transaction password required for IPO subscription in addition to addressing simple inquiries on investment information, current stock price inquiries, event information, and notices. Since its launching in September 2022, Noah's utilization rate has been on the steady rise to date. The average cases of use more than doubled from 1,582 in 2022 to 3,239 in 2023, and clients' return rate also rose from 27% to 45%. In 2023, we held two survey events for users to improve its service efficiency, which resulted in enhanced convenience by launching personalized dividend information service in reflection of client feedback. Moving forward, NHIS will continue to upgrade Noah to strengthen our virtual client communication capabilities.



Landing Page of the Chatbot 'Noah'

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VOC

Under the Financial Consumer Protection Group is our complaint and VOC team up and running to swiftly go over and resolve consumer complaints and feedback. In principle, we respond to complaints within 14 business days from the day of submission, and within 2~7 business days for VOC. We ensure prompt and appropriate response to issues requiring compensation or feedback pinpointing necessary improvements.



VOC Handling

Unit: Cases, %

Category	2022	2023	Change	
			Cases	Increase/Decrease
Inquiries	8,072	7,617	△455	△5.64%
Suggestions	1,362	1,576	214	15.71%
Complaints	1,409	2,368	959	68.06%
Compliments	847	2,276	1,429	168.71%
Total	11,690	13,837	2,147	18.37%

ESG FOCUS

Ranked 1st for 2 Straight Years in the Securities Firm Category of 'Korea Brand Recommendation Index'

NHIS ranked 1st for two straight years in the securities firm category of 'Korea Brand Recommendation Index' survey conducted by Korea Management Association Consulting (KMAC). This recognizes our commitment to become an advisor trusted by clients as the leading platform player in the capital market.

We have committed to creating client value by building service infrastructure from the perspective of clients. Guided by our brand slogan 'Investment, Becomes a Culture', we move beyond investing just to pursue profit for economic ends to establishing an investing culture where investments become cultural practices for a flourishing and thriving life. We vow to keep rising to new challenges and pushing the boundary to this end.



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SPECIAL PAGE

Expanding Financial Access

Temporal Accessibility

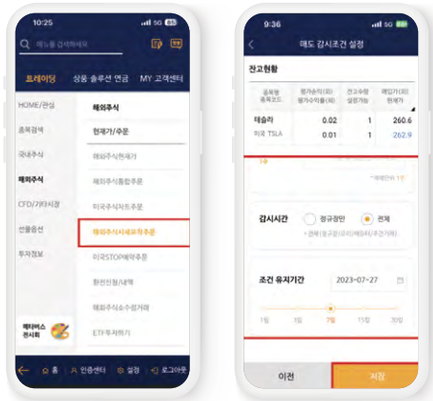
Launching automated trading for overseas stocks

Our automated trading for overseas stocks service executes orders when the price of the chosen overseas stocks meets the set conditions. Users register and execute their monitoring and order conditions, and trades are executed automatically when price conditions are satisfied. Currently, this service is available for the US, China, Hong Kong, and Japan, and users may set 24/7 monitoring conditions for the US market beyond regular trading hours.

This service provides a range of functionalities, such as monitoring other stocks, adding new stocks, and placing simultaneous buy & sell orders as well as executing buy and sell orders, and the monitoring period can be set for up to 30 days. Delivering services that meet the diverse needs of clients who find it challenging to monitor overseas stock prices due to time zone differences in their hectic life, NHIS will further sharpen the competitive edge of our overseas stock platforms.

Functionalities of Automated Trading for Overseas Stocks

Functionality	Description
Monitor other stocks	Design trading strategies by leveraging the correlation among stocks to monitor both stocks to buy and other stocks and indices to execute trades
Add new stocks	Pre-set sell conditions for stocks not owned yet to automatically sell them according to the pre-set conditions after their buying order is executed
Buy&Sell	Set both buy and sell conditions simultaneously for the same stock to methodically execute trades according to the set target sell & buy prices



Use case of automated trading for overseas stocks (QV)

Accessibility for Vulnerable Groups

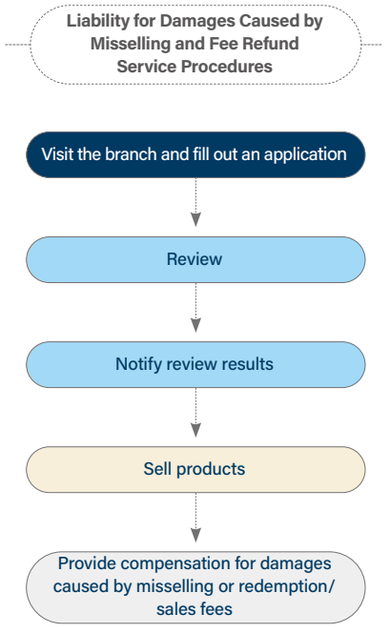
Account number auto-recognition service for senior clients and providing tailor-made data for clients with disabilities

We provide various specialized services to improve accessibility for vulnerable financial consumers such as seniors and people with disabilities. Our 'account number auto-recognition service' supports senior clients using Automated Response Service (ARS) by recognizing their client number and immediately directing them to counselors. While most ARSs provide the two options of 'text-based ARS' and 'voice-recognition ARS' and require users to listen to the entire message before selecting the desired menu by touch or voice, our service streamlines the whole process by quickly connecting senior clients to counselors, improving the usability of our service for elderly clients who are not familiar with virtual services.

We also provide specialized services for clients with disabilities. Our guides and security cards are made available in braille for visually-impaired clients to conveniently use our financial services. For clients with hearing or speech impairments, we provide branch consultations in partnership with the sign language center of the National Information Society Agency. To ensure we leave no clients behind in accessing our financial information and services, we will continue to explore ways to increase accessibility for vulnerable individuals and improve related services.

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Protecting the Rights and Interests of Financial Consumers



FINANCIAL CONSUMER PROTECTION SYSTEM

Following the enforcement of the Financial Consumer Protection Act, we have bolstered our internal control system in line with the tightening financial consumer protection policy. Our Board of Directors establishes basic guidelines on the development and operation of the financial consumer protection system and approves relevant strategies while operating the Financial Consumer Protection Internal Control Committee chaired by the CEO. The Committee mandated the participation of external members to strengthen its expertise and objectivity to establish an effective consumer protection system.

We operate the consumer protection system that spans the entire process from product development to sales and post-sales monitoring, along with compensation services made available for clients who suffered damages in the sales process. We provide liability for damages caused by misselling to compensate clients for the damages they experience due to misselling: individual clients fill out their service application form and may receive compensation after review. Our fee refund service ensures that clients requesting redemption or cancellation within five business days after their product subscription could redeem their funds along with sales fees.

Establishing a Consumer Protection System throughout the Entire Sales Process

1 Development Stage

Prior consultation process
- Departments developing financial products and heading consumer protection operations engage in prior consultations and use the checklist to prevent any disadvantages to financial consumers

2 Pre-sales Stage

Pre-sales consumer protection
- Acquire sales licenses and conduct product-level training
- Establish a complete sales process, conduct training, and develop financial product sales forms and electronic systems
- Mandate consultation for senior investors at account openings systems

3 Sales Stage

Principle of suitability and appropriateness
- Identify investor information before product subscription to recommend financial products that suit their preferences

Duty to explain
- Provide consumers with full information and establish procedures to verify their level of understanding

Consumer rights protection
- Establish and inform consumer rights including the right to withdraw subscriptions, the right to terminate illegal contracts, and the right to access information

Obligation to provide contract documents
- Establish procedures to provide contract-related documents for consumers to verify the details of their contract

Other financial consumer protection measures
- Establish procedures to provide a grace period, record communications, and engage in door-to-door sales for highly-sophisticated financial investment products
- Provide the trusted supporter system and the designated representative system for senior investors, and notify the family members of senior investors before trading
- Fill out the sales checklist to verify the investments made by super-aged investors

4 Follow-up management

Post-sales monitoring
- Check the appropriateness of the financial product sales process and address deficiencies

Internal control inspection
- Correct deficiencies by inspecting financial product sales procedures

The liability for damages caused by misselling
- Reimburse the principle investment when determined as misselling

Fee refund service
- For clients requesting redemption within 5 business days after subscribing to specific financial products, refund the redeemed funds along with sales fees that NHIS collected

Operation of complaint-handing and VOC systems
- Operate a counter to receive inquiries, suggestions, compliments, complaints, grievances, and whistleblowing reports from financial consumers

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Code of Financial Consumer Protection

NHIS stipulated the Code of Financial Consumer Protection to embody our commitment to putting client value first and becoming a financial institution growing together with clients. Each year, we designate Day of Financial Consumer Protection and sign the pledge to renew our commitment and take specific actions to keep financial consumers safe at all levels of the company. We also inform consumers of their rights specified in the Financial Consumer Protection Act – the right to withdraw subscriptions, the right to terminate illegal contracts, and the right to access information – on our website to support the protection of consumer rights.

Product Approval Committee

Before selling financial investment products such as collective investment securities, derivative-linked securities, wrap accounts, and money market trusts, NHIS operates a process to comprehensively analyze and review product-related risks and the appropriateness of financial product sales to determine whether to approve the sale of such products. In particular, the multi-phase deliberation process implemented by the Product Approval Committee and the Product Approval Council ensures that we reinforce the objectivity and expertise of our product approval process. In 2023, the Product Approval Committee and the Council reviewed and approved 31 and 21 agenda items respectively. As such, NHIS strives to ensure objectivity and expertise through enhanced employee competency.

Product Deliberation Process

At NHIS, departments that engage in the sale of financial products are required to review their compliance with the Rules for Pre-inspection of New Product and Financial Consumer Protection Internal Control Regulations to ensure adherence to internal/external regulations and manage compliance issues prior to product deliberations. This is followed by the meticulously-designed product deliberation procedures to determine the sale of financial products. The product deliberation process is subdivided by method of product management and type of assets invested into Product Approval Committee approval, Product Approval Council approval, CRO agreement, responsible department agreement, general agreement, and simplified approval.

Product Selection Oversight Committee

We operate the Product Selection Oversight Committee for clients referred to by NongHyup Bank, an affiliate of NongHyup Financial Group, to review, and if necessary, restrict high-risk or potentially disputable products. The Committee selects products to introduce through the product pre-selection process and protects the rights and safety of clients in so doing. This also ensures that consumer protection personnel at both companies veto proposed agendas for the purpose of protecting financial consumers to support clients in selecting safe and reliable investment products. The Committee convenes each quarter, and designated 16 products as restricted products as of December 2023. The Product Selection Oversight Committee will help champion our efforts to identify and provide appropriate products to clients and manage product risks to enhance client trust in investments.

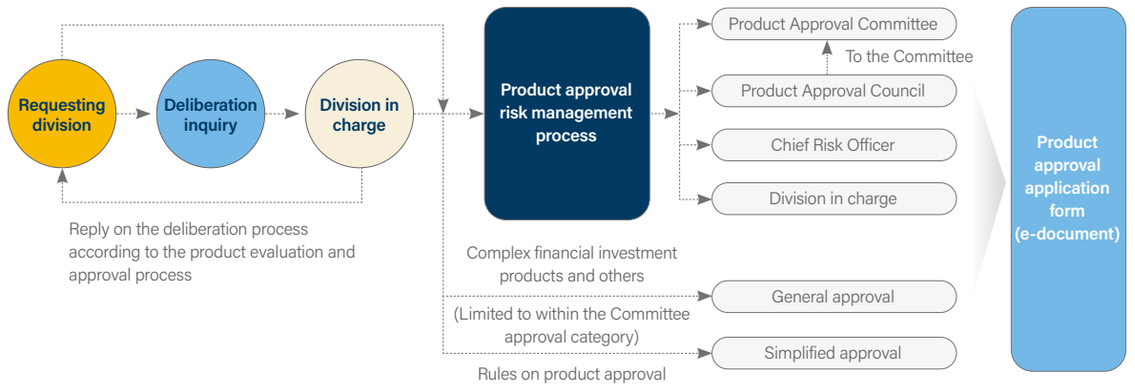
Code of Financial Consumer Protection

Employees at NH Investment & Securities put client satisfaction as the top priority and practice the following in order to realize a comprehensive financial investment company that grows with the success of financial consumers.

One, we prioritize the value of financial consumers and act accordingly.
One, we take the lead in protecting financial consumers by strengthening the ethical awareness of our employees.
One, we value and protect the information of financial consumers.
One, we handle financial consumers' complaints promptly and address compensation for damages fairly.
One, we provide financial product information transparently.
One, we broaden financial consumers' choice by providing product diversity.

Putting client value first, we will make NHIS a trusted and beloved choice.

Product Deliberation Process



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SYSTEMIZING FINANCIAL ETHICS

Abiding by the Financial Consumer Protection Act

The Financial Consumer Protection Act aims to protect financial consumers and raise the sense of responsibility for financial institutions, regulating financial institutions to provide fair and transparent services all while safeguarding consumers to fully understand and use such services.

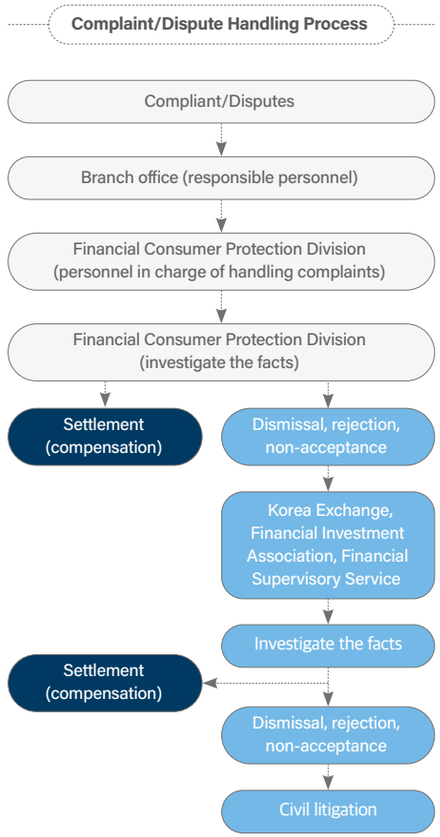
In response, NHIS abides by the strengthened six principles governing the sale of financial products, and bolstered our consumer protection system by embracing the right to withdraw subscriptions, the right to terminate illegal contracts, and the right to access information.

To ensure our adherence to the Financial Consumer Protection Act, we provide employees with training on financial consumer protection and complete sales procedures each year. The Financial Consumer Protection Group operates the internal control inspection team to verify our compliance with the Act and report audit results to the Internal Control Committee to address identified deficiencies.

NHIS engages in such diverse activities to enhance trust among financial consumers and deliver more ethical and reliable financial services.

Consumer Compensation Organization and Procedures

To swiftly receive consumer feedback and improve consumer convenience, we operate virtual channels (website, MTS) to collect complaints and VOCs. The complaint submission and handling procedures are made available on our website. Once a complaint is submitted, we notify the client who raised the concern and proceed with investigation, review, and determination, and communicate the handling outcomes to the client.



FINANCIAL CONSUMER PROTECTION ACTIVITY

Providing Investment Education Content

We provide a broad range of investment education content to support clients with their efforts to increase assets. Our Longevity Research Institute specifically serves to assist middle-aged clients for their retirement asset management. In 2023, we published THE100 Report on four occasions and THE100 Magazine on five occasions, along with the Retirement Pension Whitepaper and the Agricultural Household Wealth Management Report. The 'Pension The 100 age' series featured on our YouTube channel also provided a range of pension asset management information.

We offer various investment education opportunities through on/offline channels to support entry-level investors to develop investment competencies based on accurate investment information. The web seminar titled 'Secrets to Successful Investment' held in May 2023 provided successful stock investment stories, chart-based technical stock analysis, and methods to invest in profitable companies. For overseas stock investors, we published the e-book titled 'Global Stock Playlist' in partnership with Millie's Library.



THE100 Magazine

Operating the Risk Alert System for Stock Manipulation

In response to the increasing number of clients affected by a series of stock manipulation incidents, NHIS is sending risk alerts through big data analytics to take the lead in client risk management. This is done by identifying commonalities among stocks that were subject to forced selling due to stock manipulation to single out suspicious companies and sending text messages to clients investing in such companies.

Criteria for determining risk exposures include clients who took out margin loans within one month after opening an account, stocks whose current price is 80% or higher from their 52-week high, exclusion of KOSPI 200 stocks for which short-selling is prohibited, stocks below KRW 30 billion in capital, and stocks below KRW 15 billion in average trading volume. In fact, some stocks involved in stock price manipulation met these criteria to trigger the sending of alert messages to clients investing in such stocks, and 38% of these clients sold the suspicious stocks, which contributed to effective risk management. Presently, we use the automated system to send risk alert messages to over 300 clients per day to proactively minimize damages from stock manipulation.



Screenshot of a warning message sent by NHIS

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Complete Sales Training for Employees

To comply with the sales procedures pursuant to the Financial Consumer Protection Act, NHIS provides employees with complete sales training through diverse formats including group, on-site, and virtual training. In 2023, we conducted complete sales training on 110 occasions while distributing the leaflet titled 'Things You Should Remember for Door-to-Door Sales' and providing model scripts to ensure compliance with the door-to-door sales procedures which took effect on December 8, 2022. To take stock of our internalization of complete sales procedures, we conducted internal blind mystery shopping year-round and scored 94.8 points on average, demonstrating most of our employees were fully aware of complete sales procedures. For employees who fell short of the set standard, re-training and re-assessment were provided to help them internalize complete sales capabilities.

Financial Fraud Prevention

To prevent financial fraud including voice phishing and the use of ghost accounts, we implement 24/7/365 surveillance through the fraud detection system (FDS) and the suspicious account monitoring system. We also provide malicious app detection solutions that can be downloaded on the client's device to issue alerts when voice phishing apps are installed, doing our part in safeguarding clients' assets.

For employees interacting with clients at our client support centers and branches, we conduct regular training on the latest trends of financial scams and relevant client response tips. This ensures that we identify and prevent suspicious transactions involving frequent transaction clients that might be difficult to prevent through the monitoring system.

NHIS engages in such robust financial fraud prevention activities to minimize any blind spots that go unnoticed in preventing financial fraud.

Financial Fraud Cases Prevented and Their Value in 2023

34 cases

Damages prevented

KRW 2.1 billion

Damages prevented in monetary value

Financial Fraud Prevention System



Education and promotion to raise awareness on financial fraud prevention

Monitoring of suspected use of ghost accounts through the fraud detection system (FDS)

Fraud relief reimbursement and handling of appeals

ESG FOCUS

Receiving the Grand Prize in the Financial Consumption Innovation Category at the 2023 Financial Securities Awards

NHIS was honored with the Grand Prize in the financial consumption innovation category at the 2023 Financial Securities Awards hosted by Aju Business Daily. We scored high in establishing a diversity-conscious internal control system and creating a dedicated consumer protection organization. While the internal control committee is generally composed of internal members in the securities industry, NHIS mandated the appointment of one external member with legal expertise to enhance the diversity and expertise of the committee.

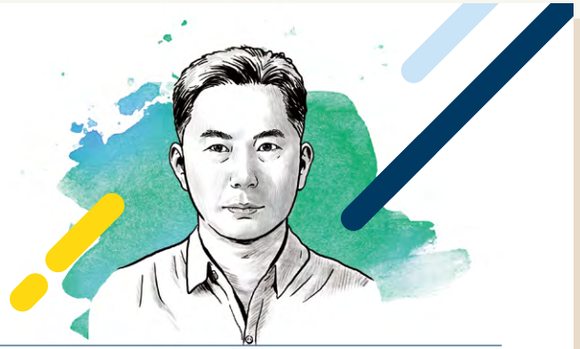
We were also recognized for establishing a dedicated financial consumer protection organization and managing relevant personnel. NHIS has stipulated rigorous internal procedures to verify Chief Consumer Officer candidates for any disqualifications specified in our internal control regulations in appointing the CCO operating under the direct leadership of the CEO. We were positively reviewed for our well-structured systems and communication methods as well.

At NHIS, we develop work manuals for financial consumer protection covering Know Your Customer regulations, senior investor protection procedures, and investor grace periods while updating them on an ongoing basis so that we keep our operations up to date as the top priority in advancing financial consumer protection. In addition, we collect and integrate the voice of financial consumers in the financial product development process to render our systems more investor-friendly.

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INTERVIEW

Financial consumer protection plays an essential role in ensuring the sustainable survival of financial companies.



General Manager **Kim Yong-Min** Financial Consumer Protection Division

Please introduce us the Financial Consumer Protection Division.

A. NHIS established the Financial Consumer Protection Group under the direct leadership of the CEO for financial consumer protection operations, and under the Group are the Complaint Handling Team and the Financial Consumer Protection Division. Our Division not only engages in various activities to disseminate a culture of financial consumer protection, but also is involved in building a consumer protection system for financial product sales, performing prior consultations in launching products, conducting training on financial consumer protection and complete sales procedures, performing post-sales monitoring, and verifying the appropriateness of product sales procedures.

What makes the activities to protect the rights and interests of financial consumers crucial to the sustainable development of the financial industry?

A. In the past, some financial institutions failed to meet the set sales procedures just to reach their performance targets, which resulted in immense client damages. This drove many financial consumers out of the market, which in turn degraded the performance of financial companies to force them to shut down their business. Financial businesses depend on the trust of clients for their sustainable survival and growth. For financial institutions to earn trust from financial consumers showing that they serve the interest of clients, they should faithfully protect the rights of financial consumers. Product recommendations and sales should be based on their appropriateness and the ability to meet client needs, rather than for the sake of attaining employees' performance goals. In the sales process, clients should be provided with explanations to fully understand the details of financial products and the risks involved along with the verification of their understanding in accordance with the sales procedures stipulated by applicable laws. A financial institution trusted by clients for their commitment to protecting the rights and interests of financial consumers may eventually achieve lasting growth alongside clients.
NHIS is also progressing towards our goal of being a financial company of choice for clients and pursuing mutual growth with clients while serving as the most trusted platform in the capital market.

Can you share with us the on-going activities and achievements made in protecting the rights and interests of financial consumers?

A. We implement systemic financial consumer protection activities in conformity with the management plans for financial consumer protection approved by the Internal Control Committee and the Board of Directors each year. The Financial Consumer Protection Group has established procedures to make consultations prior to product releases and approve their prospectus, and is building a complete sales process through the digital system to prevent any regulatory non-compliance. To raise awareness of employees who directly interact with clients, we actively conduct financial consumer protection training. In 2023, financial consumer protection and complete sales procedure trainings were conducted on 110 occasions in total through online, on-site, and other varying formats. We also conduct mystery shopping for internal inspection, and our score was 94.8 points on average in 2023, which proves that most of our employees fully understand complete sales procedures and that these procedures are properly internalized. Amid the recent surge in digital finance and non-face-to-face transactions, we established a financial consumer protection system in alignment with the Financial Services Commissions' guidelines on the duty to explain for non-face-to-face channels.

What business activities do you plan for the future?

A. In the short-term, we are working to improve our interface to safeguard financial consumers using our mobile app or website in line with the increasing transactions made through virtual channels. As mentioned previously, we made improvements in relation to the screen configuration, support for understanding, and verification of understanding in engaging in non-face-to-face financial product transactions by referring to the Commission's guidelines, and plan to render relevant procedures more client-friendly down the road. Over the mid- to long-term, we will strengthen financial training for employees and advance our sales review process to establish and disseminate a culture of financial consumer protection. The recent issues including private equity fund scandals and embezzlement by employees working at financial institutions have wrecked havoc on the credibility of financial businesses. Gaining trust from clients and building on this to acquiring clients are the essential prerequisite to ensuring the sustainable growth of financial institutions. To this end, we will provide financial consumer protection events that directly engage employees and tailormade trainings while improving relevant assessment criteria to make sure financial consumer protection is embedded into our corporate culture.

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Diversity, Equity, and Inclusion (DEI)

EMPLOYEE DIVERSITY

DEI Policy

Following the announcement of our Diversity, Equity, and Inclusion (DEI) Policy in 2022, we have been building a corporate culture where all employees feel belonged and respected. In line with our HR guidelines that promote equal employment and respect for human rights, we prohibit discrimination on the grounds of gender, race, ethnicity, nationality, religion, disability, and political/religious orientation while providing equal opportunities in relation to recruitment, promotion, training, wage, and welfare & benefits. To act on the value of diversity, equity, and inclusion, NHIS will respect individual employees' set of values and provide the optimal working environment to help them unlock their full potential.

Increasing the Diversity of Employees

We recognize employee diversity as an instrumental pillar in bolstering our corporate competitiveness. In this respect, we recruit and manage a diverse workforce with a focus on competency and performance, without discrimination on the grounds of gender, nationality, place of origin, or disability. In particular, we improve fair performance assessment and childbirth/childcare programs to assist female talent in unleashing their full potential within their organization. Such efforts resulted in a steady increase in our female workforce for the past three years, with female employees accounting for 42.3% of total and female managers 30.8% of total.

Recruiting Diverse Outstanding Talent and Employment Security

We prioritize acquiring diverse talent and providing employment security. We hire area-specific experts year-round to meet out staffing needs, and provided hands-on internships to undergraduates in 2023 to secure high-potential talent early on. All our employees have equal access to welfare & benefits including leave, tuition support, healthcare, and family event support to improve their job satisfaction and ensure secure job tenure and employment.

Percentage of Female Employees

Unit : %



1) Managers: Including employees in manager and higher positions and executives

ESG FOCUS

Bravo Beaver – Supporting Employment for People with Disabilities through Equity Investment

NHIS is investing in Bravo Beaver to fulfill our responsibility for creating jobs for people with disabilities. Bravo Beaver, a standard worksite for people with disabilities established through equity investment, is a social company joined by multiple companies making joint investments to promote employment for people with developmental disabilities who often find it difficult to land a job. NHIS made a 12% equity investment in Bravo Beaver Incheon and another 10% equity investment in Bravo Beaver Gyeonggi, and also acquired a 16% stake in Bravo Beaver Busan in January 2024. To ensure the stable operation of these Bravo Beaver sites, we purchased products worth KRW 260 million in 2023 alone, of which products valued at KRW 250 million were donated to the Autism Society of Korea, adolescent self-reliance organizations, and local welfare centers. We were named 'Autism Friendly Company' by the Autism Society of Korea on World Autism Awareness Day in 2024 in recognition of our efforts to support and encourage people with developmental disabilities and their families. Going forward, NHIS will build upon the equity investments made in these inclusive workplaces to provide jobs for people with disabilities and create social value to ensure employment security for such challenged individuals.



(top) Bravo Beaver Incheon
(bottom) Ceremony of making donations to the Autism Society of Korea

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EMPLOYEE EQUITY

Fair Employment and Evaluation

Fair Employment

We hire talented individuals based on their job competency, without discrimination on the grounds of region, education, or gender. This involves personality tests, written tests, and interviews to verify applicants' job competency while ensuring personal traits irrelevant to job competency do not adversely affect our hiring decisions. We also engage external evaluators to boost fairness in the recruitment process.

Fair Evaluation

To ensure reasonable and fair evaluation, we employ a variety of evaluation methods, including semantic evaluation grading, KPI-based performance management, and hybrid performance evaluation. This is paired with the evaluations, feedback system to prevent unfair evaluations, and employees may raise objections to their evaluation results through our appeals system to ensure evaluations are made in a reasonable and impartial manner.

We recognize employees for their contribution to our corporate development by naming them THE STARS 100 or ORIGIN, creating a corporate culture that further motivates employees and recognizes their hard work.



ORIGIN Awards ceremony

EMPLOYEE INCLUSION

Human Rights Policy

NHIS respects the rights of all employees, including employees, clients, and partners, and discloses our human rights policy on our website and integrated reports for all stakeholders to access. Furthermore, we abide by the UN Guiding Principles on Business and Human Rights to advance human rights management. We will discover possible improvements to identify and prevent human rights/labor-related risks that may arise in our business operations, and continue with our efforts to prevent human rights violation.

Human Rights Training

We conduct regular human rights training to protect the human rights of employees and raise their awareness in this respect. Specifically, we provide mandatory training courses specified by pertinent laws on the prevention of sexual harassment, improvement in perceptions on disability, and the prevention of workplace bullying. We will actively promote the importance of respecting and protecting human rights through training and internalize such awareness into our corporate culture to set cultural settings where all employees respect each other.

Employee Grievance Handling System

To heed the grievances of employees, we operate the HR grievance counseling request system and the Communication and Empathy bulletin board.

Our employees may use the in-house HR management system to request counseling on their personal grievances concerning health, family, and financial status as well as work-related grievances for co-worker relationships, their job duties, relocation, and corporate culture. Employees are also free to access the Communication and Empathy section of our website operated as a direct communication channel between the CEO and employees to raise grievances or present work-related feedback to share a variety of issues.

Grievance Handling Channel Performance

Unit: Cases

Category	2021	2022	2023
HR grievance counseling within the HR management system	31	33	51

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EMPLOYEE COMPETENCY ENHANCEMENT

Expanding Employee Training

We support employees to enhance their individual competency and pursue growth through our wide-ranging training programs and content. In particular, a range of internal/external training programs are made available to nurture digital convergence talent. Not only do we provide internal courses such as digital competency enhancement for new hires and Figma, Python, and Tableau courses for all employees, we operate data science professional training through pan-NongHyup industry-academia courses.

To internally nurture core convergence talent, we select employees to participate in our master's degree program and support them to earn digital/IT/data-related degrees at KAIST, Yonsei University, and other institutions.

Supporting Executives to Complete Specialized ESG Courses

To ensure our executives enhance their ESG expertise and competency, we fully support them in taking specialized ESG courses. In 2023, the head of our Client Solution Group completed an area-specific legal studies course led by Seoul National University (ESG compliance course), and the head of the Corporate Strategy Group attended the ESG leadership course operated by the K-Green Foundation, which the head of our ESG Group is currently taking in 2024. NHIS will help employees improve their ESG competency and expertise to ultimately boost our organizational ESG management performance.

Expert Development Training

We support a wide range of training courses for employees to enhance their job competency and evolve into job experts in their own area. This includes competency enhancement courses for HQ employees, tailor-made courses for retail operations, and general competency courses, which ensures that our employees strengthen expertise required in their job function and nurture differentiated human resources.

NH Book Concert

To provide employees with insights on the latest trends and knowledge covering wide-ranging areas, we host NH Book Concert by inviting authors to give our employees lectures on their books.

In 2023, topics such as 'how to communicate based on know-how on language and conversation', 'the present and the future of metaverse seen through the CES 2023', 'the future of finance to be set by artificial intelligence in the age of ChatGPT', and 'Trend Korea 2024' were addressed, and employees were supported to gain knowledge through the lectures provided by authors and remind themselves of the content of the lecture through reading.

Overview of Expert Development Training

HQ profession course	General profession course	Tailor-made course for retail operations	Employee competency and expert enhancement course
• Practical IB course/practical pension course • Practical OCIO course • Middle and back office course • Practical wholesale operations	• Planning expert • Coaching	• Pension expert • ETF investment guide • Stock expert • Stock investment consultation • Advisor team leader/member performance management • Public MyData	• Competency enhancement for new hires • Required employee competency development • Employee competency level-up course



NH Book Concert

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COMMUNICATION CULTURE IN THE WORKPLACE

Labor Union Operation

At NHIS, communication channels are up and running year-round to build reasonable and communication-driven labor relations. In addition to annual negotiations to sign wage and collective agreements, the Labor-Management Council and the Industrial Safety and Health Committee convene each quarter to make consultations and decisions to improve working conditions for employees. Apart from the Labor-Management Council and other official consultative bodies, we maintain dialogue on an ongoing basis to collect feedback from the labor union on the operation and improvement of our HR systems. As of the end of 2023, all 1,926 employees eligible for labor union membership joined the union and continue with labor-management communication.

Providing a Flexible Working Environment

We support flexible work arrangements to help employees improve their quality of life and boost corporate productivity.
This includes 'staggered hours schemes' to choose from the multiple options we provide in starting and ending one's work and 'alternative work schedules' to flexibly choose when to start and end work while complying with standard working hours to provide a flexible working environment where employees engage in their work more efficiently.

Welfare System

Supporting Employees with Company Stock Ownership

We encourage our employees to own company stock to help them earn dividend income, build assets, and develop a sense of responsibility towards the Company. We do so by paying for deposit fees, stamp taxes, purchase fees and a portion of the interest paid on stock acquisition loans for employees. To ensure employees keep owning company stock unaffected by stock price fluctuations, we provide additional collateral to make up for shortfalls if employees' loan collateral valuation amount falls below 70%. We will continue to operate our employee stock ownership plan to enhance the economic and social status of our employees all while increasing shareholder value.

Providing Welfare Programs to Support Childbirth, Childcare, and Maternity Protection

We continue to develop policies to support childbirth, childcare, and maternity protection while operating relevant welfare programs to contribute to resolving the social challenge of low birth rates. Our employees may take a total of 24 months of parental leave and are guaranteed a set amount of pay for the entire parental leave period. We also provide 20-day paid paternity leave to support much-needed stability right after childbirth, along with reduced work hours for employees whose children entered elementary school to work two hours less a day, creating a family-friendly working environment where employees can strike the right work-life balance.

Operating Support Programs for Employee Health and Retirement Life Planning

To provide a stable working environment, we operate programs to support employees' health and voluntary retirement planning. Each year, we offer welfare cards with a set amount of limit to assist employees in using sports facilities for physical fitness while offering health checkup expense support to fully support health care for employees and their families. In line with the increasing lifespan, we allow retiring employees a 6-month paid leave before their retirement to voluntarily plan their post-retirement life.

ESG FOCUS

Family-friendly Corporation Certification

NHIS was named a 'Family-friendly Corporation' in recognition of our efforts for work-life balance. This certification program recognizes companies and organizations for their pioneering role in operating exemplary family-friendly systems. We provide a range of welfare & benefits and HR programs to fully support our employees to engage in their work while taking care of their family. These programs cover family counseling, family healthcare expense support, tuition support for employees' children, and the in-house daycare center to support employees' childbirth and childcare in various ways. Over the past three years, a whopping 94.3% of our employees continued to work after returning to work from parental leave. Such efforts allowed us to receive the Minister of Gender Equality and Family Award as a 'company where working women are happy' and the Minister of Employment and Labor Award as a 'company with excellence in work-life balance' last year. As promoting work-life balance is both a national challenge and a key to building corporate competitiveness, NHIS will continue to expand family-friendly programs so that our employees improve their work efficiency while leading a flourishing life.


가족친화인증서

기 업 명 : 한국투자증권(주)
소 재 지 : 서울특별시 영등포구 [illegible]
유효기간 : 2023.12.01~2026.11.30

위 기업은 '가족친화 사회환경의 조성 촉진에 관한 법률' 제15조 제1항에 따라 우수한 가족친화경영 운영체계를 구축하고 가족친화제도를 운영함으로써 근로자의 일 · 생활 균형을 지원하고 국가경쟁력 향상에 기여하였기에 가족친화기업으로 인증합니다.

2023년 12월 01일

여성가족부장관

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INDUSTRIAL SAFETY AND HEALTH

Safety & Health Policy

We announced our Safety & Health Management Policy to prioritize and guarantee the health and safety of all employees as our utmost value. We ensure all our employees abide by health and safety norms that align with domestic laws and international standards, and provide health checkup and psychological health programs to prepare for work-related illnesses. We will strive to create a safe working environment that protects the health and safety of employees.

ISO 45001 Certification

We achieved the ISO 45001 international health and safety management system standard certification in recognition of our performance in predicting and preventing a range of risks that may arise in the workplace and systematically managing organizational health and safety. We roll out health and safety activities in accordance with pertinent domestic laws and international standards, such as firefighting drills, to ensure safety across our working environment. Over the past three years, there were zero occupational injuries or safety incidents at NHIS. Going forward, we vow to upgrade our safety and health management system and establish an advanced culture of health and safety to provide a safe working environment.

Industrial Safety and Health Committee

To create the optimal working environment and protect the workers' right to health, we convene the Industrial Safety and Health Committee each quarter. The Committee consists of six labor members and six employer members, and deliberates and decides on matters related to health and safety management at NHIS.
We will continue to engage in the Industrial Safety and Health Committee to collect health and safety feedback from employees and consistently improve the safety of our workplace.

Mental Health Support for Employees

We pursue various activities to promote the psychological health of employees. A case in point is the EAP (Employee Assistance Program) which allows employees to receive counseling on their grievances that arise in the diverse areas of their daily life, spanning family, personal, and work-related matters. The EAP is available for employees and their spouses and children, and they may access its dedicated website or mobile app to conveniently book services or make self-diagnosis. In particular, face-to-face counseling, phone counseling, and other diverse formats are supported to increase employees' accessibility and help employees deal with their mental issues conveniently. Every Friday, we send the EAP Letter under various topics to ensure employees take care of their mental health amid their hectic daily routine.



ISO 45001 certificate

Industrial Safety and Health Committee Meetings Held in 2023

Quarter	Date	Key Decision Agendas
Q1.	Mar. 22, 2023	Review 2022 health and safety activity results
Q2.	Jun. 23, 2023	Discuss health issues related with cooling/heating
Q3.	Sep. 26, 2023	Discuss company support to guarantee the right to health
Q4.	Nov. 16, 2023	Discuss 2024 Health and safety (draft) plans

Employee Psychological and Emotional Health Program

Area	Description
Family	Understanding one's family, psychological development evaluation for children, children's behavioral and emotional issues, and conflict with family members, etc.
Personal	Emotional and psychological issues, personal understanding and growth, difficulties with social relationships
Work	Personal psychological issues related to work, organizational culture and system, relationships at work

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Win-Win Management

CONTRIBUTION TO LOCAL COMMUNITY

Social Contribution Philosophy and Policy

We aspire to create a world of universal happiness while fostering a culture of shared growth alongside client success. Our social contribution slogan 'Bright World, Together' means that we help clients build the foundation for their joyful and free life and that we accompany them in the contemporary era as their friendly neighbor and partner. While fulfilling our economic responsibility for creating profit, we will also actively assume our ethical and social responsibility based on the heritage of NongHyup Financial Group's Sharing Management, doing our part in creating a flourishing future for underprivileged individuals.

Social Contribution Group

As a member of NongHyup Financial Group, NHIS prioritizes the value of win-win partnership and cooperation, and undertakes social contribution activities to pursue the advancement of agriculture as the nation's key foundational industry and the happiness of farmers. The Social Contribution Group has been up and running since 2024 under the direct leadership of the ESG Group, and a total of 37 in-house volunteer groups are operating. In 2023, 6,521 employees volunteered nearly 29,294 hours for social contribution activities, and we make donations that match the voluntary donations of employees for the benefit of less-privileged individuals in our society. We also arrange a community on our website to disclose our social contribution activities and share individual volunteering experiences to disseminate a culture of sharing at all levels. Going forward, NHIS will continuously expand our social contribution activities in line with systemic social contribution plans.



Direction of Social Contribution Activities



Conduct sponsorship activities that align with the distinctive characteristics of securities business by raising financial resources at the company level



Create opportunities to give back to society along with NHIS based on their advanced citizenship



Engage in volunteer activities and share from the heart as the representatives of NHIS

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Key Social Contribution Activities

Angel Fund

The Angel Fund is our flagship CSR program launched in 2005 to support vulnerable individuals and children in partnership with NGOs. Our employees voluntarily donate a set amount of their monthly wage to raise sponsorship funds and choose their preferred program out of numerous support programs.

NHIS makes a set amount of donations on top of the funds raised through employee donations, and provided KRW 146.4 million in total in 2023 for marginalized groups, children, and medically-underserved areas.

Love Sharing Blood Donation

We launch the Love Sharing Blood Donation event for employees three times a year. Our entire team of employees, including the CEO, actively participates in this blood drive activity each year.

As the year 2021 witnessed a rapid decline in blood donors in Korea after the outbreak of COVID-19, our employees voluntarily joined these blood donation events to help address the shortage of blood supply.

Financial Education for Adolescents

We provide adolescents, the future leaders of our society, with a range of education programs designed to strengthen their financial competency by learning proper investment practices and protecting themselves from illegal private lending scams. Instructors are chosen among volunteering employees, and education sessions are followed by the survey conducted through the Financial Supervisory Service's QR code to ensure high-quality financial education. In 2023, we forged ties with four schools and provided education on 66 sessions across 25 schools. In recognition of our achievements in undertaking financial education activities, some employees were honored as the Excellent Company's Employee Leading One Company, One School Financial Education in 2023.

Scholarship Support for Teens from Low-income Families

We have been supporting teens from low-income families to continue their education since 2005. Each year, we select 40 outstanding high school students from low-income families and offer them KRW 3 million in scholarships per person and iPads to assist their learning. A total of 720 students have benefited from this program as of 2023, and we also provide KRW 2 million when beneficiaries enter university to encourage them to continue their learning journey. Moving forward, NHIS will support teens under challenging conditions to dream a brighter future and create social value in so doing.

KRW 146.4 million

Donations made through the Angel Fund in 2023

Financial Education Provided in 2023

Category	2021	2022	2023
Ties forged (center/school)	57 centers (63 schools)	60 centers (65 schools)	56 centers (69 schools)
Education (school/session)	3 schools (5 sessions)	26 schools (48 sessions)	25 schools (66 sessions)
Students who received education	559 persons	3,489 persons	3,388 persons

Financial Education Awards Received in 2023

Award	Category	Awardee	Department
Financial Supervisory Service Governor Awards	Employees at excellent financial institutions	Jin Kyoung-Ah	Financial Consumer Protection Division
Financial Supervisory Service Governor Awards	Employees at excellent financial institutions	Kang Ae-Ryeon	PB Dogok Center
Korea Financial Investment Association Chairman Award	Employees at excellent financial institutions	Pyun Deuk-Hyun	Financial Consumer Protection Division

720 persons

Teens from low-income families benefited from our scholarship program



Scholarship support under the Hope Tree program

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Support for Rural Village Communities

We have been supporting rural village communities, including community halls and senior citizen centers, since 2019. Between 2019 and 2021, we donated 1,263 electric stoves, and have started donating refrigerators that have set durability periods among electronic appliances installed at senior citizen centers since 2022. In the first half of 2023, we provided 33 refrigerators in Bongwha-gun, North Gyeongsang, 106 in Goheung-gun, South Jeolla, and 59 in Goesan-gun, North Chungcheong. In the second half of that year, we donated 36 in Hoengseong-gun, Gangwon, 106 in Buan-gun, Jeonbuk State, and 20 in Yeoncheon-gun, Gyeonggi. All in all, we installed 360 refrigerators in total for the year of 2023, creating social value worth nearly KRW 450 million in so doing.

KRW 450 million

Social value created through support for rural villages in 2023

Crowdfunding Support for Agrifood Products to Nurture Young Farmers

We have engaged in crowdfunding for agrifood products since 2017 to nurture young farmers and help raise income for farming households. Such funding projects are undertaken on the Naver Happybean platform for young farmers and outstanding farmers chosen by the NongHyup Start-up Agriculture Support Center of the National Agricultural Cooperative Federation.

NHIS fully shoulders the funding execution costs to assist young farmers in expanding their digital sales routes and increase the value of agricultural villages as a result. In 2023, we supported 24 farms, and attracted KRW 147.67 million in total investment. Leveraging digital platforms in promoting farm brands and providing product sales opportunities, we do our part in boosting the self-reliance and competitiveness of farming households.

KRW 147.7 million

Crowdfunds raised for agrifood products in 2023

Operating Live Commerce for Agrifood Products

We support graduates from the NongHyup Young Farmers' Academy with live commerce broadcasts to sell their agrifood products online. In 2023, eight farms joined the two broadcasts which were aired in a way that enabled real-time communication between farmers and consumers to serve as a promotion channel tailor-made for virtual consumption trends and an effective sales tool. This also provided direct sales routes for agrifood products by streamlining complicated distribution steps, helping farmers increase their income and laying the basis for stable farming business.

Live Commerce Performance for Agrifood Products in 2023

Category	Date	Agrifood Products Sold	Proceeds (KRW)
1st session	Apr. 25	Egg, cherry tomato, apple liquid, honey	13,711,000
2nd session	Sep. 19	Blueberry jam, fermented bean paste, honey, ssam salad	8,691,600

Planting Trees in Areas Affected by Wildfire in Gangwon

In 2023, we planted 8,000 trees in areas affected by the wildfire in Gangwon where a national disaster was declared in March 2022. The funds required for tree planting were raised through the Ladies' Champions Golf Tournament, and the Love Tree Campaign was launched as part of the offline pop-up event held on NAMUH brand day to promote our tree planting activity among clients and raise their interest in forestation efforts.

8,000 trees

Trees planted in areas affected by wildfire



Refrigerator donation for rural village communities



Crowdfunding for agrifood products



Live commerce for agrifood products


Planting trees in wildfire-affected areas

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SHARED GROWTH

Partner Management System

We recognize partners as our collaborators, and strive to maintain transparent and ethical relationships with them based on mutual cooperation. In signing contract, we ensure our partners sign the contractual integrity pledge to fulfill their responsibility for mutual cooperation based on anti-corruption obligations, and survey them when the contract terminates to verify working-level compliance with pertinent laws and procedures to prevent and manage corruption in the work process. In addition, we stipulated the partner code of conduct in the areas of business ethics, labor & human rights, diversity, equity & inclusion, health & safety, and environmental protection to pursue win-win partnerships and shared growth with partners.

Partner Training

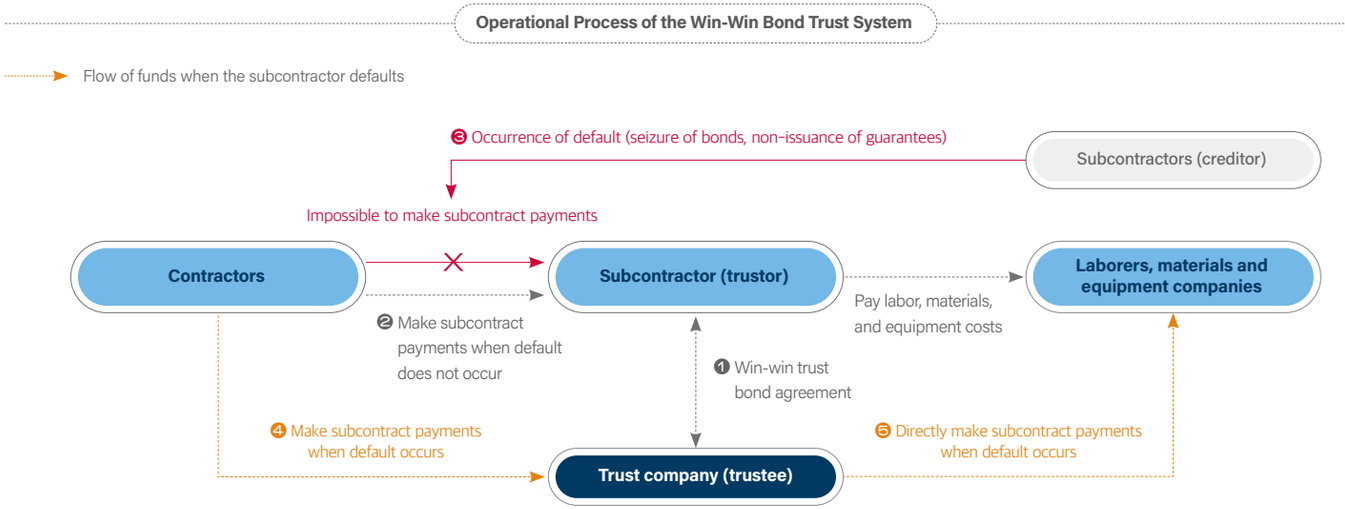
In line with the mounting importance of business ethics and data privacy, we engage in various activities to disseminate a culture of ethics and information security among partners. Each year, we send the Compliance Officer Letter to partners to share the fundamentals of our ethical management, and provide data privacy training to partner employees in charge of information security once a year to proactively prevent risks associated with client data privacy.

We will continue to improve our risk management capabilities on the basis of sound relationships and close cooperation with partners.

Operating the Win-Win Bond Trust System

Due to the limitations inherent in the current laws and systems governing the construction industry, certain restrictions imposed on construction payment bonds may cause overdue payments affecting lower-tier construction companies. NHIS is operating the win-win bond trust system to address such shortcomings. Under this system, subcontract payments held by subcontractors are entrusted to a trust company so that construction payments are deposited and managed in the trust account to ensure various payments are made smoothly without delays. In 2023, we applied this system to construction payment bonds for joint ventures to provide solutions to the violation of cost-sharing obligations shouldered by joint venture members. Special provisions for reconciliation appraisal, essentially serving as a reconciliation dispute mediation mechanism, also ensures that disputes arising among construction companies over construction payment reconciliation are swiftly and amicably resolved. In so doing, NHIS protects construction companies that are at relative disadvantages while eliminating the risk of process delays resulting from wage arrears, ultimately contributing to the residential stability of the general public.

Operational Process of the Win-Win Bond Trust System



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SUPPORT FOR SMES

Open Innovation

We pursue collaboration with startups owning exceptional technology and innovative ideas towards the goal of shared growth with clients and society to develop new services and products. In 2023, we identified 58 companies in total to discuss key services, business models, and partnership initiatives while exploring ideas and technologies required for new service development. For companies that could potentially generate collaborative synergies with NHIS, we work with them to combine each other's capabilities to deliver new services to clients or delve into innovative business models together. In addition, we publish monthly fin-tech trend data to provide opportunities to review collaboration or investment opportunities with various internal departments. We closely collaborate with the NH Digital Challenge+ program, a fin-tech incubation program operated by NongHyup Bank, to contribute to the development of the startup ecosystem on multiple fronts.

Ag-tech Youth Startup Campus

In line with the emerging needs for introducing smart farming in Korea, NHIS launched Ag-tech Youth Startup Campus to contribute to fostering startups in the cutting-edge ag-tech sector. This education program led by the Korea Youth Foundation and Nonghyup affiliates, serves to establish a communication network among industry peers and hold events to attract investors to support youth with their employment and startup efforts. This program was selected for the youth support ESG program of the Ministry of Employment and Labor in 2023, its inaugural year. In 2024, we will separate basic education for employment and startups (NH Seed) and advanced startup consulting education (NHarvest X) to further upgrade this education program. NHIS vows to help continuously bring youth with new technology and ideas to the agricultural industry and foster them to young entrepreneurs, facilitating the agrifood startup ecosystem in the process.



NH Digital Challenge+ program



Launching ceremony of the Ag-tech Youth Startup Campus

ESG FOCUS

Investing in Startups

NH Digital Alliance Fund

NH Digital Alliance Fund is a strategic investment fund raised to create an ecosystem of digital innovative finance, and is co-managed by NHIS and NH Venture Investment with NongHyup Bank and NH Capital participating as investors. Formed as a new technology business investment association, this fund invests in startups with innovative technology and in leading digital companies such as prospective unicorns and platform operators. In 2023, the fund invested in four companies including Soldoc (digital healthcare company) and Travel Wallet (mobile currency exchange platform linked to physical cards). NHIS will assume its expert role in investing in such digital transformation areas as fin-tech, big data, and deep-tech, doing our part in creating an ecosystem of digital innovative finance.

Investing in Quantec

NHIS made a KRW 9 billion equity investment in Quantec, an AI-assisted automatic investment platform. We have already collaborated with the company for robo-advisor services in the areas of retirement pension and pension savings, and made this investment decision based on the company's ability to generate high returns through far-reaching strategies customized for diverse investor preferences and its independent risk management system. NHIS will combine Quantec's robo-advisor capabilities with our financial platform to deliver client services that set us apart from the competition in retirement pension and virtual hybrid wealth management.

Ag-tech Win-Win Innovation Fund

Making joint investments with the National Agricultural Cooperative Federation and NongHyup Bank, we raised a fund to invest in state-of-the-art ag-tech. Merging IoT, big data, and other cutting-edge technologies with the entire agricultural process from crop cultivation to distribution, ag-tech is emerging as a promising future industry with over KRW 7 trillion in global investment value as of 2020. This fund allows us to identify and invest in high-tech startups working on AI-enabled agricultural product sorters and autonomous driving agricultural machinery. We will continue to invest in startups developing labor-saving agricultural technology to bring tangible, greater benefits to farmers.

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Sound Governance

IMPROVING THE TRANSPARENCY AND DIVERSITY OF GOVERNANCE

Independence and Transparency of the Board of Directors

At NHIS, the Board of Directors decides on and controls key pending issues to protect the interests of stakeholders and enhance corporate value. The Board consists of two inside directors, five outside directors, and one non-executive director, with outside directors accounting for more than a majority of total. The Board is chaired by one of our outside directors to maintain its independence. Directors serve two years and their appointment can be renewed. We stipulated that outside directors may serve up to six years at NHIS and up to eight years including their tenure served at affiliates. Specifics on the operation of the Board operation, concerning its composition, activities of Board committees, and key governance regulations, are disclosed on our website, and are also made fully available in our integrated reports, annual governance reports, and business reports.

Operational Status of the Board of Directors

The Board of Directors convenes regularly each quarter, and may do so more often when the need arises. In 2023, the Board met 13 times in total to address 67 agenda items, including 33 decision items and 34 reporting items. Regular Board meetings served to receive reports on key issues, including matters requiring Board approval each quarter, business performance, matters delegated by the General Shareholders' Meeting, and details of the execution of sustainability management while making decisions on relevant key issues. Directors are provided with related materials prior to Board meetings so that they sufficiently review and deepen their understanding of agenda items.

Board of Directors Activity in 2023

Unit: Items, %

Category		Activity
Number of decision items		33
Number of reporting items		34
Board meetings held		13
Attendance rate	Inside director	100.0
	Outside director	93.7
	Non-executive director	100.0

Composition of the Board of Directors in 2024

Director	Name	Gender	Tenure	Career	Expertise
Inside director	Yoon Byoung-Un (CEO)	Male	Mar. 27, 2024 ~ Mar. 1, 2026	• Head, IB Division, NH Investment & Securities • Current) CEO, NH Investment & Securities	Finance and management
	Lee Bo-Won (Standing Auditor)	Male	May 18, 2022 ~ Mar. 1, 2025	• Head and Deputy Chief, Asset Management Supervision Department, Corporate Disclosure Department, Planning and Coordination Department, Financial Supervisory Service • Chief of Public Affairs, Financial Supervisory Service • Current) Standing Auditor NH Investment & Securities	Finance and accounting
Outside director	Park Hae-Sik (Chair of the Board of Directors)	Male	Mar. 23, 2022 ~ Mar. 1, 2025	• Member, Advisory Council, National Economic Advisory Council • Director, Financial Trend Center, Korea Institute of Finance • Director, International Finance Research Division, Korea Institute of Finance • Current) Vice President, Korea Institute of Finance • Current) Member, Financial Development Council	Finance and economy
	Suh Jung-Won (Chair of the Audit Committee)	Male	Mar. 23, 2023 ~ Mar. 1, 2025	• Research Fellow, SK Economic Research Institute • Member of the Corporate Audit Committee, KOSDAQ HQ, Korea Exchange • Current) Professor, Business School, Sungkyunkwan University	Management and accounting
	Jung Tae-Yong (Chair of the ESG Committee)	Male	May 15, 2023 ~ Mar. 1, 2025	• Climate Change Specialist, Asian Development Bank (ADB) • Deputy Director, Global Green Growth Institute (GGGI) • Current) Professor, Graduate School of International Studies, Yonsei University	ESG and economy
	Min Seung-Kyu (Chair of the Risk Management Committee)	Male	Mar. 27, 2024 ~ Mar. 1, 2026	• First Vice Minister of Agriculture, Food and Rural Affairs • Vice President, Samsung Economic Research Institute (Director of Economic Policy), Advisory Role • Current) Distinguished Professor, Sejong University	Economy
	Kang Ju-Young (Chair of the Compensation Committee)	Female	Mar. 27, 2024 ~ Mar. 1, 2026	• Director (Editor-in-Chief), Korea Bigdata Society • Current) Director (Vice President), Korea Intelligent Information Systems Society • Current) Professor, Department of e-Business, School of Business, Ajou University	Management and IT/digital
Non-executive director	Moon Yeon-Woo	Male	Mar. 23, 2023 ~ Mar. 1, 2025	• Chief Risk Officer, NongHyup Property & Casualty Insurance • Vice President, NongHyup Property & Casualty Insurance	Finance and management

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Expertise and Diversity of the Board of Directors

Our Board of Directors is composed of experts who have built their career across diverse areas. They bring their subject matter knowledge on finance, economy, management, law, accounting, consumer protection, and ESG to enable reasonable decision-making and professional management oversight. We also provide them with continuous training through our dedicated organization to help them understand the financial industry as well as our overall business operations.

We appointed one female outside director to ensure the diversity of the Board. We will strive to establish the expertise and diversity of the Board to promote diverse perspectives and experiences at the Board of Directors.

Board of Directors Performance evaluation and Compensation

Each year, the Board of Directors and the Compensation Committee establish the remuneration system for our senior management to provide remuneration fairly and transparently. Inside directors are evaluated for their attainment of annual management goals and KPIs by the Compensation Committee while outside directors and non-executive directors are evaluated through 360-degree feedback including survey-based self-evaluation, mutual evaluation, and employee evaluation, along with their participation in Board activities. Each year, directors receive evaluation to ensure they appropriately fulfilled their roles and responsibilities as stipulated by pertinent laws and internal regulations, and the evaluation results are reported to the Board and disclosed through our annual corporate governance reports. We plan to engage an external organization to evaluate outside directors who serve another term of two or more years, and such an organization will be chosen through fair procedures.

Strengthening Competencies of the Board of Directors

The competency and expertise of members are extremely crucial to ensure the Board of Directors efficiently fulfill its mandate for management oversight. NHIS provides training to outside directors each year to enhance expertise at the Board level: 132 hours of training were conducted on six occasions on a cumulative basis in the areas of strategy, risk management, consumers, and accounting.

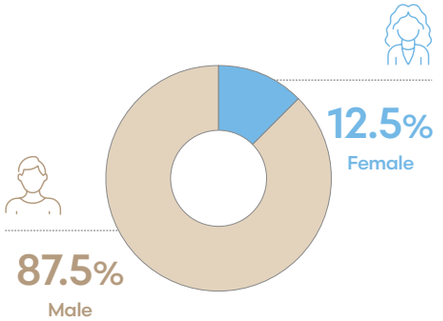
In 2023, we participated in the financial institution outside director program led by the Korea Banking Institute to bolster sustainability capabilities of our directors. This supported directors to keep current with the essential knowledge and the latest trends required to fulfill their role as outside director at financial institutions spanning the roles and responsibilities of the board of directors, governance and performance compensation for financial institutions, risk management for financial institutions, and supervisory directions of financial authorities. Such training was made available in diverse formats including online training.

Director Appointment Process

NHIS follows fair and transparent procedures in appointing directors. Candidates for the CEO, outside directors, and auditors are recommended by the Director Nomination Committee and appointed at the General Shareholders' Meeting (GSM). Final candidates for the CEO are recommended within 40 days after reporting the initiation of the succession process. The Director Nomination Committee is responsible for selecting, pooling together, and assessing candidates to verify their qualifications and select preliminary and final candidates. For outside directors, the Committee selects and recommends candidates for their ability to fulfill outside director roles fairly and independently drawing on their expertise and experience.

Currently, we have a pool of 47 CEO candidates and 135 outside director candidates in line with our management succession plan to maintain the soundness of our governance principles.

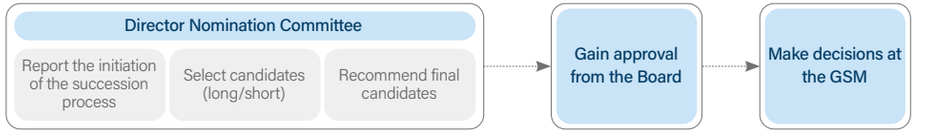
Diversity at the Board of Directors



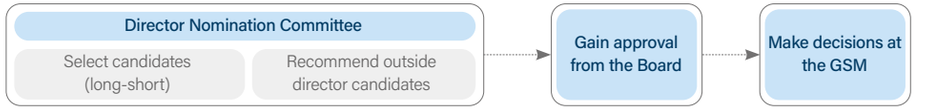
Training Provided to Outside Directors in 2023

Area	Training	Date
Strategy	Management plans for each business division	Feb. 1
Risk management	Anti-money-laundering systems that financial professionals should know (online)	May 8 Jun. 23
	Status and outlook of the real estate market	Jun. 29
	Explanation of anti-money-laundering systems	Nov. 28
Consumer	Financial institution outside director program (Korea Banking Institute)	Jun. 20 ~ Jul. 18
Accounting	Overview of the internal accounting control system	Aug. 24

CEO Appointment Process



Outside Director Appointment Process



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BOARD OF DIRECTORS COMMITTEES

To improve the expertise and efficiency of Board operations, we established and operate five committees under the Board. When key issues requiring reviews arise, directors bring their expert knowledge to their associated committee in extensively going over and making decisions on such issues, thereby reinforcing the expertise of the Board in carrying out its given duties.

Director Nomination Committee

The Director Nomination Committee serves to recommend candidates for CEO, outside director, and auditor roles. The Committee consists of four members including three outside directors, and is mandated to identify, manage, and recommend candidates. To ensure transparency and fairness in the executive candidate recommendation process, the Committee takes into account expertise, fair conduct in job execution, ethics, and diversity in reviewing and selecting candidates.

Audit Committee

The Audit Committee is up and running to audit the Company's overall accounting and business operations and to audit and improve the appropriateness of the internal control system. The Committee consists of three members including two outside directors pursuant to the regulations stipulating two-thirds or more of the three-member committee should be outside directors, enhancing the independence of its internal audit function in the process. The Committee meets regularly each quarter and convenes ad-hoc meetings more often as the need arises to oversee the decision-making of top management and hold them in check.

Committees under the Board of Directors

Committee	Composition	Role	Decision Items	Reporting Items	Meetings Held	Attendance
Director Nomination Committee	▪ Consist of 3 or more directors, and a majority of outside directors ▪ Members appointed and/or dismissed by the Board ▪ Chair appointed among outside directors through the decision made by the Committee	▪ Recommend candidates for the CEO, outside directors, and auditors to be appointed at the GSM	8	-	6	100.0
Audit Committee	▪ Consists of 3 or more directors, and a two-thirds or more of outside directors ▪ Members appointed and/or dismissed by the GSM ▪ Chair appointed among outside directors through the decision made by the Committee	▪ Evaluate and improve the appropriateness of the internal control system and business performance	14	9	7	100.0
Compensation Committee	▪ Consist of 3 or more directors, and a majority of outside directors ▪ Members appointed and/or dismissed by the Board ▪ Chair appointed among outside directors through the decision made by the Committee ▪ 1 member of the Committee associated with the Risk Management Committee	▪ Set and evaluate performance goals for leadership and establish a remuneration system	7	-	5	94.4
Risk Management Committee	▪ Consist of 3 or more directors, and a majority of outside directors ▪ Members appointed and/or dismissed by the Board ▪ Chair appointed among outside directors through the decision made by the Committee	▪ Establish and manage policies to address risks that may occur during business conduct	5	11	7	95.0
ESG Committee	▪ Consist of 3 or more directors, and a majority of outside directors ▪ Members appointed and/or dismissed by the Board ▪ Chair appointed among outside directors through the decision made by the Committee	▪ Establish ESG management strategies	3	5	3	100.0

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Compensation Committee

The Compensation Committee was established to ensure the objectivity and transparency of director compensation. The Committee is composed of four outside directors, and is mandated to include one member of the Risk Management Committee to review the alignment between the remuneration system and the Company's financial status and risk factors. The Committee serves to set and evaluate the performance goals of our leadership, and review and decide on compensation-related matters concerning the remuneration system and payment methods.

Risk Management Committee

The Risk Management Committee was established under the Board of Directors to brace for a range of risks that may occur during business operations. The Committee consists of four members including three outside directors, and its members are chosen for their expertise in the areas of economy, management, finance, and risk. The Committee plays a role in establishing our basic principles and strategies for integrated risk management and comprehensively managing risks at all levels, including managing risk capital. To strengthen the Committee's risk management capabilities, we keep providing members of the Committee with relevant training with an aim to enhance the expertise of the Risk Management Committee on an ongoing basis.

ESG Committee

In line with the growing importance of ESG management, NHIS is operating the ESG Committee to manage, oversee, and internalize ESG management. The Committee is mandated to establish our ESG-related management strategies and manage and oversee their implementation. The Committee also makes decisions on matters related to establishing ESG management strategies, and receives reports on the progress made and the results achieved in implementing ESG management. The ESG Committee consists of four members including three outside directors, and serves to set the overall course ahead in advancing ESG management, including the development of ESG management strategies at the governance level.



ENHANCING SHAREHOLDER VALUE

Establishing a Transparent Disclosure System

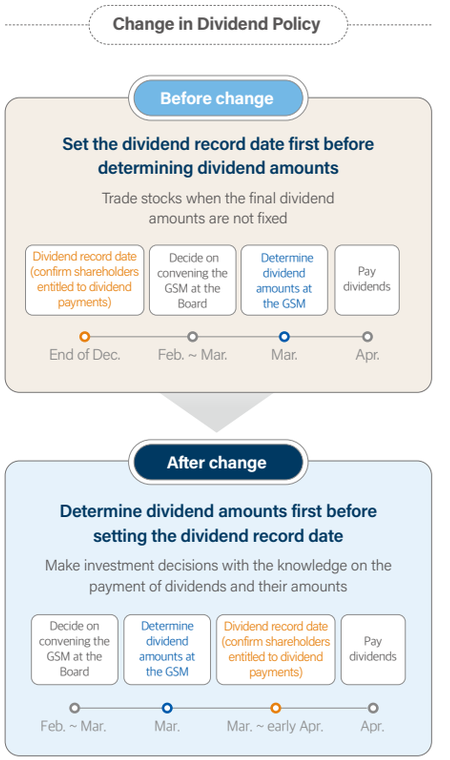
Pursuant to Article 42 of the Securities Market Disclosure Regulations, NHIS stipulated our disclosure information management regulations and ensures centralized management of our internal information and appropriate disclosure activities.
The overall operations associated with the disclosure control system are led by our CEO, and the disclosure officer heads the design and operation of our disclosure control system. In addition, disclosure personnel within the department in charge of disclosure operations provide disclosure-related training to working-level disclosure staff at respective business departments as well as information on mandatory disclosure requirements and relevant systems that are created or updated in order to ensure disclosures are made in an accurate and timely manner.

Electronic Voting System

We have adopted electronic voting and electronic proxy since the General Shareholders' Meeting for the 2014 fiscal year to take the lead in protecting shareholder rights. This allows minority shareholders to access the electronic voting system through the internet or mobile platforms to exercise their voting rights without physically attending the GSM.

Shareholder-friendly Dividend Policy and Procedures

To facilitate shareholders' dividend investment, we proactively introduced dividend procedures that align with international standards. Previously, investors had to make their investment decisions without any knowledge on the dividend amounts to be paid. Our decision to determine dividend amounts first before setting the dividend record date will enable investors to make informed investment decisions after confirming whether dividends will be made and the dividend amounts. This new practice was applicable to the dividends paid for the 57th term in 2024 following the amendment of our Articles of Incorporation in March 2023 (56th GSM).



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Integrated Risk Management

RISK MANAGEMENT GOVERNANCE

Risk Management Organization

To manage and prevent risks that may occur during business conduct, we regularly report risk management status by type of risk to the Risk Management Committee and top management. The Risk Management Group, a dedicated risk management organization, operates directly under the CEO to plan risk management and manage risk limits, manage regulatory ratios, and perform review and supervision work.

Establishing the Custody Deliberation Committee

NHIS advanced into the custodian service market to contribute to the smooth functioning of the capital market experiencing immense disruptions due to the lack of custody companies. In particular, we prioritize risk management as the key to the custody operation of securities firms and strive to ensure proactive risk response. Specifically, we operate the Custody Deliberation Committee to verify risks in advance before collective investment vehicles make custody decisions while reviewing the overall custody work process. In the custody deliberation process, feedback from relevant departments – IB Divisions and the Risk Management Division – is reflected to deliver advanced securities custody services.



Risk Management Decision-making Bodies

- **Board of Directors** → **Risk Management Committee**
  - **Chair:** Outside director
  - **Role**
  - Establish basic guidelines and strategies for risk management
  - Set and allocate risk capital across the board
- **CEO**
- **Head of the Risk Management Group** → **Risk Management Council**
  - **Chair:** Head of the Risk Management Group
  - **Role**
  - Set and manage risk limits
  - Agree on transactions involving credit risks
- **Investment Business Council**
  - **Chair:** Head of the Risk Management Group
  - **Role**
  - Deliberate in advance on transactions involving credit risks

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RISK PREVENTION

Operating Business Continuity Plans

We establish Business Continuity Plans (BCP) against contingencies for risk prevention to provide normal services even in the event of IT system failures, outbreak of infectious diseases, fires, earthquakes, and other unexpected emergencies. When an emergency situation occurs, a Contingency Committee is operated pursuant to BCP emergency manuals to ensure essential business continuity and stability.

We specifically developed an emergency response plan for the loss of personnel responsible for IT operations and other key functions to respond to the increasing non-face-to-face transactions. Such measures help us promote the continuity and security of our operations to thoroughly prevent risks in advance.

Risk and Opportunity

Increases in Overseas and Alternative Asset Investments

The diversifying investment appetite of clients is giving rise to the growing demand for overseas and alternative assets. In response, NHIS is strengthening our assessment capabilities for relevant assets. We do this by proactively reinforcing the credibility of product structures to pursue the stability of our profit structure while setting exposure limits by type of asset and country to prevent and manage excessive increases in overseas and alternative assets. We also operate a dedicated department for credit risk management to systematically control risks that may occur in overseas and alternative asset investments.

Increased Financial Market Volatility

We are witnessing an increased market volatility in bond and stock markets due to the possible change in financial authorities' operation of benchmark interest rates. The growing volatility of market interest rates resulted in increased risks in the bond market while concerns over the global economic slowdown and expectations for reduced inflationary pressure lead to greater volatility across stock markets. Mounting market volatility may adversely impact the operation and hedging of derivative products. In response, NHIS proactively manages the issuance volume of derivatives in sync with changing market conditions through the ELS·DLS Issuance Council.

Increased Real Estate and PF Credit Risks

Financial supervisory authorities are tightening regulations in preparation for the spread of credit risks in the real estate PF market. This prompted us at NHIS to set a ceiling on real estate PF business size through consultations with NongHyup Financial Group, and our real estate PF assets are relatively smaller in size compared to other large securities firms. We also conduct regular follow-up supervision by type of asset to contain the spread of liquidity or credit risks that may be triggered by real estate PF insolvency.

Risk Management Vehicle and Processes

Market Risk Management

We minimize risks of unexpected losses occurring due to market fluctuations. This is achieved by measuring maximum potential losses over a specific period (1 day) at a given confidence level (99%) through daily VAR (Value at Risk) measurements, and performing sensitivity analyses for the risk of value changes attributable to changing market risk factors such as stock prices, interest rates, exchange rates, and volatility. We also conduct stress tests to set unusual scenarios, such as market crises, and measure and manage potential losses that may occur under such scenarios.

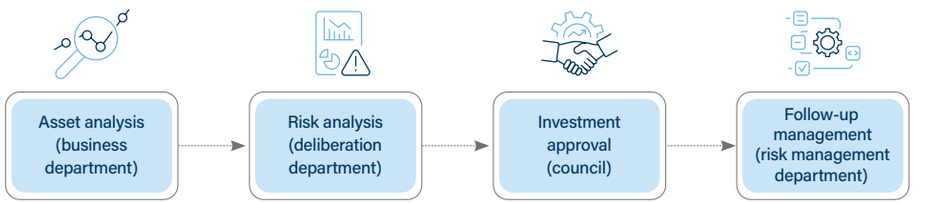
Credit Risk Management

We manage the risk of economic losses occurring due to counterparties failing to fulfill their repayment or settlement obligations. We measure the risk of all credit risk exposures, loans, investment securities, and derivatives, and set credit exposure limits by counterparty, affiliate, and book to manage concentration risks. In addition, we implement rigorous evaluations and approval processes based on credit rating assessments along with monitoring of potential default factors and credit reviews to maintain a systemic follow-up management system to enhance the quality of our assets.

Risk Management Vehicle

Vehicle	Description
Sensitivity analysis	Measure changes in value according to changing market risk factors such as stock prices, interest rates, exchange rates and volatility
Stress test	Measure potential losses that may occur in the event of unexpected events such as market crises
Risk appetite	Ratio of risk capital[1] against available capital: 45.2% in risk appetite in 2023 (as of the end of Dec.) 1) Capital allocated for potential asset loss compensation

Credit Risk Management Process



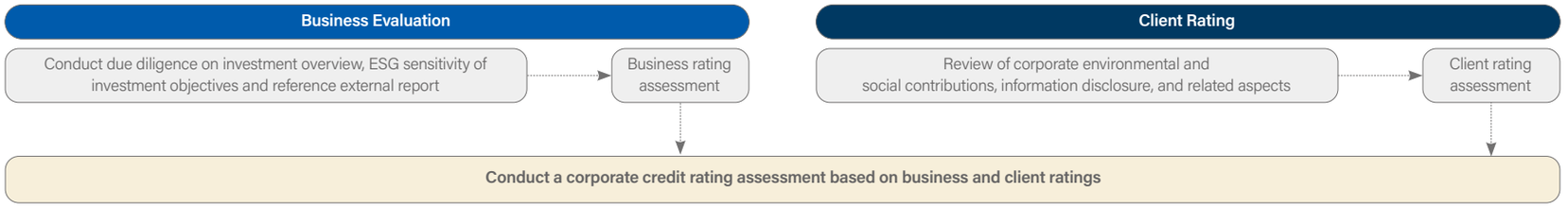
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Financial and Non-financial Risk Management

Category	Type of Risk	Description	NHIS' Management Plan
Financial risk	Market risk	Losses occur as the value of investment assets declines due to changes in interest rates, stock prices, or exchange rates among others.	▪ Verify the derivative product models used for value assessment and risk measurement on an ongoing basis ▪ Minimize the risk of distortions affecting profit/loss and risk measurements
	Credit risk	Risks occur due to counterparty default, credit rating downgrades, or contractual breaches.	▪ Assign differential credit limits according to the credit rating and transactional volume of counterparties ▪ Improve the quality of assets by differentiating the decision-making process by credit rating and transactional volume
	Liquidity risk	Issues may occur for external payments due to the shortage of asset liquidity.	▪ Include all assets and liabilities in the scope of risk management to analyze daily positions of assets, liabilities, and off-balance-sheet transactions to measure liquidity and interest rate risks ▪ Finance and risk management departments engage in company-wide liquidity monitoring and control while analyzing and reporting on crisis situations ▪ Categorize liquidity management into three levels to establish a phase-specific response system
Non-financial risk	Operational risk	Economic losses may occur due to inappropriate or inadequate internal procedures, personnel, systems, or external events during the course of operations.	▪ Establish a company-wide Operating Risk Management System (ORMS) ▪ Organizational risk managers perform regular daily/monthly risk control self-assessments and manage key risk indicators ▪ Perform organizational regular risk level reviews and control potential operational risks
	Environmental risk	Financial and non-financial corporate losses may occur due to environmental issues.	▪ Control equity investments or loans for businesses and companies involved in such non-environmentally friendly operations as power plants and coal terminals
	ESG risk	Risks may arise in the three areas of environment, society, and governance.	▪ Provide training to all employees to elevate their ESG understanding ▪ Introduce ESG criteria and set limits in making business/client evaluations ▪ Establish a series of client business rating assessment procedures in the deal evaluation process, ranging from reviewing ESG-related disclosures to referring to external specialist reports and conducting mandatory due diligence ▪ Design and establish an ESG-conscious evaluation process ▪ Apply ESG factors to the corporate credit rating assessment system and identify improvement plans and non-financial assessment items

Building ESG-related Corporate Credit Rating System



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Stakeholder Engagement

STAKEHOLDER COMMUNICATION

NHIS defines key stakeholders who directly/indirectly affect our business operations as shareholders & investors, employees, clients, local communities, and governments & related agencies. We arrange a host of channels to transparently communicate with stakeholders to heed their voice, and fully reflect their feedback into our business operations. NHIS aims to build trust-based relationships with stakeholders to move towards sustainable development.

Stakeholders and Main Communication Channels

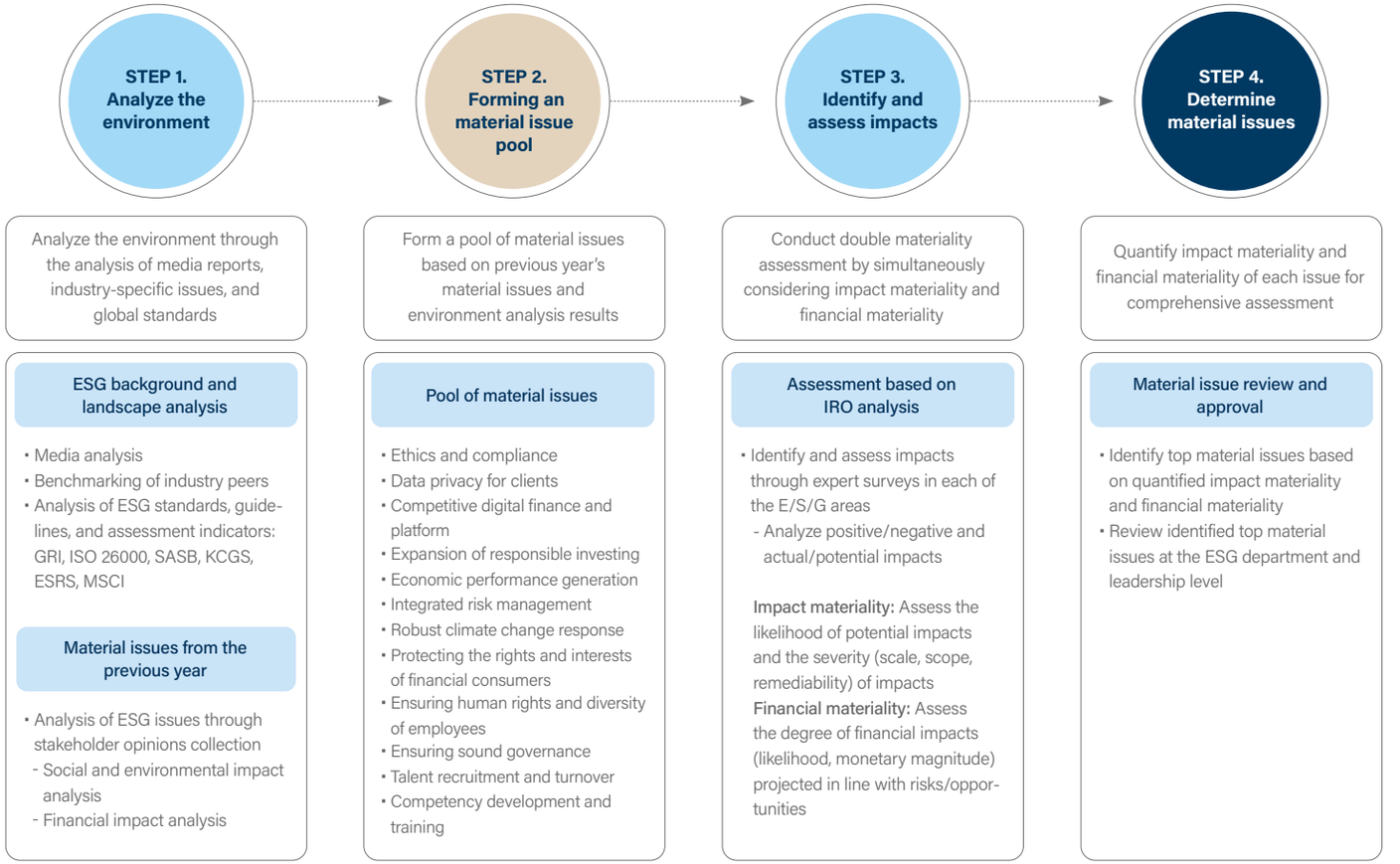
Category	Communication Channel and Response Activity	Cycle	Key Issue of Interest	Key Performance
Shareholders and investors	• General Shareholders' Meeting • Management disclosure • Seminars and presentations • IR activities • Website • Phone calls	Annual Quarterly As-needed Year-round Year-round Year-round	• Ensure sound governance • Integrated risk management • Ethics and compliance • Generating economic performance	• Introduced the advanced practice of determining dividend amounts first before setting the dividend record date • Implemented electronic voting • Operated the ESG Committee under the Board of Directors
Employees	• Management strategy meetings • Internal broadcasts • Intranet • Employee satisfaction survey • Labor-Management Council • Industrial Safety and Health Committee	Monthly Monthly Year-round Annual Quarterly Quarterly	• Fair performance assessment and compensation • Recruitment of top talent and competency development • Improving employee welfare and corporate culture • Occupational health and safety for employees • Ensuring human rights and diversity of employees	• Supported job creation for people with disabilities through equity investment • Certified as Family-friendly Business by the Ministry of Gender Equality and Family • Operated psychological and emotional health support programs for employees
Clients	• VOC, Chatbot Noah • Client satisfaction survey • NHIS branches • Seminars and presentations • Social media • Mobile applications	Year-round As-needed Year-round As-needed Year-round Year-round	• Data privacy for clients • Client communication • Protecting the rights and interests of financial consumers • Client relationships and satisfaction management	• Ranked 1st for 2 straight years in the securities firm category of the Korea Brand Recommendation Index published by the Korea Management Association Consultants (KMAC) • Won the Grand Prize in the financial consumption innovation category at the 2023 Financial Securities Awards hosted by Aju Business Daily • Implemented the stock manipulation risk alert system for high-risk investment stocks
Local communities	• Social Contribution Group • Website • Measurement of social contribution activity performance	Year-round Year-round Year-round	• Enhanced financial assistance for the general public and vulnerable populations • Advancing inclusive finance for SMEs and micro enterprises • Community involvement and social contribution	• Provided crowdfunding and live commerce support for farms to increase their income • Supported socially-underprivileged groups through the Angel Fund • Provided scholarships to teens from low-income families
Governments and related agencies	• Press releases • Public hearings • Seminars and meetings • Financial Supervisory Service	As-needed As-needed As-needed As-needed	• Fair trade • Response to changing government policies and regulations	• Conducted ethics training for employees • Provided disclosure-related training to working-level personnel • Fulfilled tax-paying obligations

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DOUBLE MATERIALITY ASSESSMENT

NHIS conducted double materiality assessment to reflect internal/external business environment analysis results and stakeholder's feedback and to identify material issues that impact our sustainable development as a company. We requested subject matter experts to perform IRO (Impact, Risk, Opportunity) analysis based on the results of the survey we performed on internal/external stakeholders the previous year in order to assess both impact materiality and financial materiality. This essentially allowed us to comprehensively delve into each issue for their positive/negative impact, risk, and opportunity from the social-environmental and financial aspects to identify top four material issues.



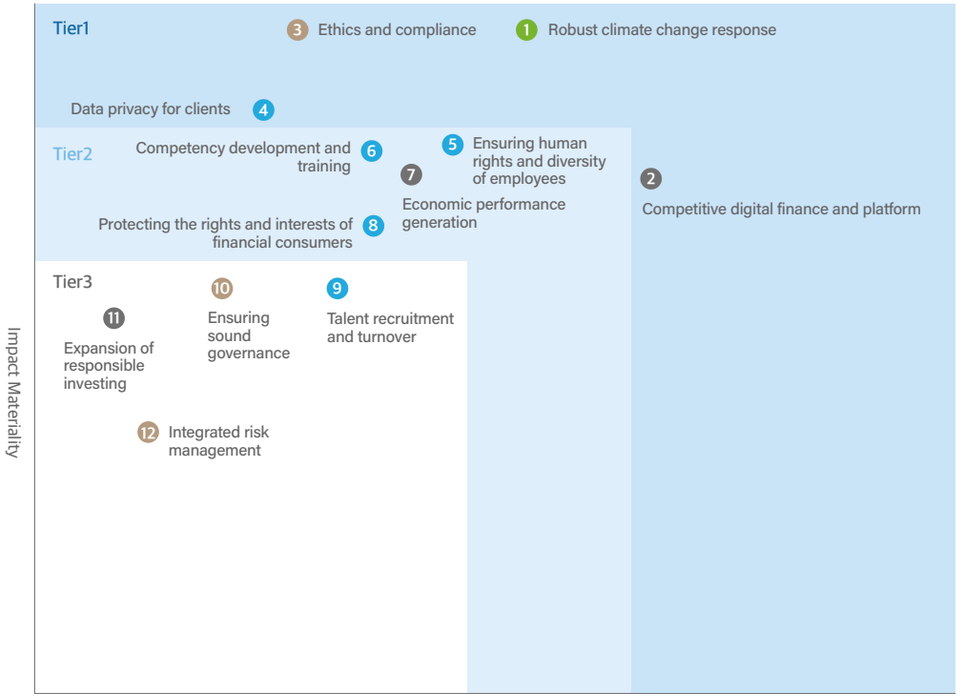
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DOUBLE MATERIALITY ANALYSIS RESULTS

Taking into account impact materiality and financial materiality, we selected four tier-1, high-impact issues as key material issues out of 12 issues. In this report, NHIS focused on these four key material issues in line with ISSB's four disclosure areas of governance, strategy, risk management, and metrics & targets. We also ensured transparent disclosure is provided on our activities, achievements, and future plans for the remaining eight reporting issues.

2023 Material Issue Matrix for NHIS



2023 Material Issues of NHIS

Key Material Issue			GRI Index	Page	Y-o-Y Change in Ranking
Tier1	E	1 Robust climate change response	GRI 302-1, GRI 302-3, GRI 305-1~5	30~33p, 109~110p	▲ 6
	-	2 Competitive digital finance and platform	-	34~37p, 119p	▲ 1
	G	3 Ethics and compliance	GRI 205-2~3	38~41p, 120~121p	▼ 2
	S	4 Data privacy for clients	GRI 418-1	42~45p, 117p	▼ 1

Reporting Issue			GRI Index	Page	Y-o-Y Change in Ranking
Tier2	S	5 Ensuring human rights and diversity of employees	GRI 405-1	68~69p, 116p	▲ 3
	S	6 Competency development and training	GRI 404-1~2	70p, 116p	New
	-	7 Economic performance generation	GRI 201-1~2	19p, 100~108p	▼ 2
	S	8 Protecting the rights and interests of financial consumers	-	63~66p, 119p	=
Tier3	S	9 Talent recruitment and turnover	GRI 401-1~3	68~69p, 114~115p	New
	G	10 Ensuring sound governance	-	79~82p, 120~123p	=
	-	11 Expansion of responsible investing	-	23p, 134p	▼ 7
	G	12 Integrated risk management	-	83~85p, 135p	▼ 6

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Positive (+) Negative (-) Actual (V) Potential (?) Risk (!) Opportunity ($) Increase (↑) Decrease (↓)

Material Issue	Financial Company Activity to Address the Issue	Impact Materiality					Financial Materiality			
		Impact	Impact Characteristics			Magnitude of Impact	Impact	Risk/Opportunity Characteristics		Anticipated Financial Effects
			Positive/ Negative	Actual/Potential (Likelihood)				Risk/ Opportunity	Financial Increase/ Financial Decrease	
Robust climate change response	Generate GHG emissions from operating owned corporate fleet vehicles and consuming energy at HQ and branch buildings	Accelerating climate change resulting from carbon emissions generated by business activities	-	V	-	●●●○○	Increased costs for businesses resulting from enhanced relevant regulations	!	↓	●●●●○
	Generate financed emissions stemming from financial products, services, and exposures	Increased national carbon emissions resulting from the flow of funds into carbon-intensive companies and assets	-	V	-	●●●●○	Decreased asset value of investment portfolios resulting from climate change risks (transition/physical)	!	↓	●●●●○
	Reduce organizational energy consumption by switching to EVs for corporate fleet vehicles and improving efficiency in power consumption	Contributing to achieving organizational net zero and country-specific NDCs through reduced GHG emissions	+	V	-	●●○○○	Decreased expenses for energy use	$	↑	●●○○○
	Conduct carbon credit trading business and serve as a market-maker for emissions trading markets	Efficient carbon emissions reductions in line with the market economy principle through ETS facilitation	+	?	Almost Certain	●●●●○	Laying the basis for new business opportunities and mid/long-term profit generation	$	↑	●●●●○
Economic performance generation	Maintain unstable economic performance due to frequent changes in new investment targets	Unstable economic performance leading to increased risk of financial losses for shareholders and investors	-	V	-	●●○○○	Decreased trading performance and corporate value resulting from the churn of existing investors and difficulties in recruiting new investors	!	↓	●●●●○
	Increased size of long-term receivables	Socioeconomic losses and uncertainties resulting from delays in recouping shareholder/investor investments	-	?	May happen	●●●●○	Aggravating financing and cash flow conditions stemming from the continued expansion of long-term receivables and the resulting decline in corporate value and credit ratings	!	↓	●●●○○
	Diversification of profit structure by bring in new businesses considering market conditions	Reduced risk of asset losses for shareholders and investors	+	V	-	●●●○○	Enhanced corporate competitiveness and financial performance generation through a diversified profit structure	$	↑	●●○○○
	Maintain a stable profit structure by generating balanced profits across existing business areas	Enhanced shareholder interests stemming from increased shareholder and investor dividends	+	V	-	●●●○○	Increased opportunity to secure capital through enhanced shareholder/investor trust and stable business operations through distributed business risks	$	↑	●●●○○

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			Positive/ Negative	Actual/Potential (Likelihood)			Risk/ Opportunity	Financial Increase/ Financial Decrease	
Data privacy for clients	Increases in voice phishing and emerging financial fraud exploiting simplified financial transactions	Financial fraud resulting in client inconvenience and monetary losses	-	V	-	Incurring costs to pay penalties and compensate for client damages in line with expanded voluntary compensation	!	↓	●●○○○
	Leakage of clients' personal data due to system outages and errors and hacking attacks	Increased risk of exploiting leaked personal data and the resulting damages to clients	-	V	-	Declining trust in corporate systems leading to client churn and decreasing operating profit	!	↓	●●●○○
	Bolster the information security management system and achieve relevant certifications	Well-structured data privacy system to prevent information security breaches and consumer damages	+	V	-	Prevented decline in corporate value by meeting external certification requirements and enhancing regulatory response capabilities	$	↑	●●●○○
	Conduct information security training, cyber threat drills, and employee awareness-raising campaigns	Reduced likelihood of security incidents and protected shareholder/ investor interests through bolstering effective security capabilities	+	V	-	Incurring costs resulting from increased training sessions	!	↓	●●●○○
Expansion of responsible investing	Launch and sell green-washed products exaggeratedly or falsely labeled as eco-friendly	Potential consumer damages resulting from misselling	-	?	May not happen	Increased stakeholder distrust in product selection procedures and internal control capabilities, likelihood of incurring penalties and litigation costs	!	↓	●●○○○
	Tolerate corruptive practices such as non-compliance with the principle of price determination in the market	Weakened commitment of businesses to honoring market principles and fair trade, lost function of the capital market to enable fair and efficient trade	-	?	May happen	Long-term likelihood of legal/regulatory risks resulting in declining reputation and operating profit, short-term likelihood of facilitating sales and increasing operating profit	$	↑	●○○○○
	Execute ESG-conscious investments by issuing ESG bonds and expanding investments in green/ social companies	Support for vulnerable groups and social contribution activities made available through facilitating the low-carbon economy and investing in social enterprises	+	V	-	Increased investment costs resulting from additional investment conditions, expected improvement in business performance resulting from a surge in demand for ESG bonds	!	↓	●●●○○
	Apply negative screening to rule out investments in specific industries/companies in line with ESG policy	Undermined growth of industries or companies that bring adverse environmental/social impact	+	V	-	Restricted investment targets in the short-term resulting in reduced opportunity to generate investment returns	!	↓	●●●○○

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		Impact	Impact Characteristics			Magnitude of Impact	Impact	Risk/Opportunity Characteristics		Anticipated Financial Effects
			Positive/ Negative	Actual/Potential (Likelihood)				Risk/ Opportunity	Financial Increase/ Financial Decrease	
Competitive digital finance and platform	Digital system failures (errors in trade execution or price quotation) and electronic system outages	Direct damage to client assets according to the duration of failure and market volatility	-	V	-	●●●○○	Negative financial impact resulting from incurring costs for client damage compensation and from customer churn caused by lost trust and reputation	!	↓	●●●○○
	Reduced offline in-person services due to digitalized and virtual financial services	Reduced access to financial services and transactional convenience for digitally-underprivileged individuals	-	?	May happen	●○○○○	Decreased rental and labor costs required to provide offline services	$	↑	●●○○○
	Strengthen digital financial service and mobile platform capabilities	Increased access to and efficiency of financial transactions for clients, diversified digital services for enhanced client experience	+	V	-	●●●●○	Possible to establish cost-effective business conditions over the mid-to long-term when attracting digital finance clients and investing in early-phase system deployment	$	↑	●●●●●
	Provide personalized digital services through demand prediction powered by AI and big data analytics	Specialized, personalized services to meet client needs and deliver increased satisfaction	+	V	-	●●●●○	Increased client service satisfaction resulting in greater sales competitiveness and financial profit	$	↑	●●●●●
Protecting the rights and interests of financial consumers	Fail to fulfill internal control obligations for consumer protection	Wide-ranging damages to financial consumers	-	V	-	●●●○○	Aggravating financial impact resulting from legal sanctions and lost consumer trust and reputation	!	↓	●●●●○
	Sale of financial products taking advantage of information asymmetry (high interest rate products designed to lure in consumers)	Damages to financial consumers resulting from misselling, including non-compliance with including non-compliance with duty to product explain	-	?	May not happen	●●●○○	Possible profit increases in the short-term, coupled with eventual negative financial impact due to reputation risk and compensation for losses	!	↓	●●●●○
	Activities to protect the rights and interests of financial consumers in compliance with the consumer protection system such as product screening	Prevented and protected financial consumers' monetary damages	+	V	-	●●●○○	Enhanced capabilities to respond to regulations governing consumer protection and prevented loss of reputation	$	↑	●●○○○
	Provide training content to prevent investment/financial fraud to raise financial consumers' awareness	Increased investment returns for financial consumers and reduced financial damages	+	?	May not happen	●○○○○	Facilitated client financial activities and investments through financial consumer education resulting in long-term revenue growth	$	↑	●○○○○

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		Impact	Impact Characteristics			Magnitude of Impact	Impact	Risk/Opportunity Characteristics		Anticipated Financial Effects
			Positive/ Negative	Actual/Potential (Likelihood)				Risk/ Opportunity	Financial Increase/ Financial Decrease	
Talent recruitment and turnover	Unfair recruitment practices such as gender-based discrimination and recruitment corruption	Aggravating social inequalities and deprivation	-	V	-	●●○○○	Decreased corporate value stemming from controversy over fairness and the resulting reputation damage	!	↓	●●●○○
	Increases in temporary, contract positions due to workforce downsizing	Worsening employment instability and increasing social costs for employment promotion	-	?	May happen	●●●○○	Increased employee turnover resulting in reduced corporate competitiveness and productivity, decline capabilities for stable operations	!	↓	●●●○○
	Efforts to acquire top talent through internships and others	Contributing to reducing unemployment by fulfilling corporate responsibility for recruitment	+	V	-	●●●○○	Established pool of talent resulting in reduced costs of talent acquisition and increased operational stability	$	↑	●●○○○
	Pay reasonable wages	Contributing to economic growth through boosting consumption	+	?	May not happen	●●○○○	Increased fixed expenses, financial risk occurring when the proportion of labor costs increases	!	↓	●●●○○
Ensuring human rights and diversity of employees	Non-compliance with the obligation to hire people with disabilities and other labor laws	Instable labor markets, incurring social costs to promote employment for people with disabilities	-	V	-	●●●○○	Regulatory non-compliance resulting in costs of paying penalties and employment surcharges, tarnished reputation resulting in restrictions in attracting top talent	!	↓	●●●○○
	Discriminate against employees on the grounds of gender, education, nationality, and disability among others	Aggravating social inequalities, potential indirect damage to consumers resulting from labor disputes	-	?	May not happen	●●○○○	Reduced productivity resulting from employee turnover, financial losses occurring due to tarnished reputation	!	↓	●●●○○
	Support female talent, including the appointment of female outside directors	Contributing to resolving gender-based social inequalities	+	?	May happen	●●●○○	Increased efficiency in talent utilization and enhanced capabilities for inclusive decision-making	$	↑	●●●○○
	Create a family-friendly workplace through parental leave and reduced work hours	Contributing to reducing social costs and increasing birth rates for career continuation of female workers	+	?	May happen	●●●○○	Improved production stability/efficiency resulting from attracting top talent and preventing their turnover	$	↑	●●●○○

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Material Issue	Financial Company Activity to Address the Issue	Impact Materiality: Impact	Impact Materiality: Impact Characteristics: Positive/ Negative	Impact Materiality: Impact Characteristics: Actual/Potential (Likelihood)		Impact Materiality: Magnitude of Impact	Financial Materiality: Impact	Financial Materiality: Risk/Opportunity Characteristics: Risk/ Opportunity	Financial Materiality: Risk/Opportunity Characteristics: Financial Increase/ Financial Decrease	Financial Materiality: Anticipated Financial Effects
Competency development and training	Lack of employees' competency development for new business	Decreased service quality and customer satisfaction resulting from the failure to adapt to external business conditions	-	V	-	●○○○○	Aggravating financial impact resulting from decreased business competitiveness, client churn, and reduced market share	!	↓	●●●○○
	Operate employee training programs only for the sake of formality	Risk of shifting the burden of damage to consumers due to the failure to fully understand key training details (product training, ethics training, etc.)	-	?	May happen	●●○○○	Spended unnecessary direct/indirect costs and reduced efficiency in human resources operation	!	↓	●●●○○
	Provide specialized employee competency training in sync with job functions and levels	Contributing to service innovation and industrial/economic development in line with enhanced employee expertise	+	?	May happen	●●●○○	Improved operating profit and corporate investment value resulting from strengthened competitiveness in core business	$	↑	●●●○○
	Develop in-house training platforms and contents in reflection of learner needs	Increased productivity in the domestic labor market due to improved motivation and learning outcomes and the resulting enhancement in employee capabilities	+	V	-	●●○○○	Improved business competitiveness and financial performance resulting from employee competency development	$	↑	●●○○○
Ensuring sound governance	Lack of independence at the Board of Directors, including appointing related parties as outside directors	Concerns over shareholder and investor losses resulting from reduced transparency and fairness in decision-making	-	V	-	●●○○○	Lost corporate reputation and investment value, undermined business growth resulting from making decisions biased towards the interests of specific groups	!	↓	●●●○○
	Failure to evaluate the Board of Directors	Concerns over shareholder and investor losses due to the weakened independence of the Board of Directors	-	?	May not happen	●○○○○	Concerns over indirect decline in corporate value resulting from the weakened functionality of the Board of Directors	!	↓	●○○○○
	Enhance expertise of the Board of Directors by appointing directors equipped with experience and knowledge across diverse areas	Protected shareholder and investor interests through decision-making that prevents management's unilateral decision-making while improving corporate value	+	V	-	●●○○○	Improved corporate financial value resulting from making expertise-based business decisions	$	↑	●●○○○
	Transparent disclosure of Board of Director activities	Protected right to know for shareholders and stakeholders	+	V	-	●●●●○	Improved corporate value over the long-term resulting from enhanced capabilities to review and improve governance	$	↑	●●●○○

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		Impact	Impact Characteristics			Magnitude of Impact	Impact	Risk/Opportunity Characteristics		Anticipated Financial Effects
			Positive/ Negative	Actual/Potential (Likelihood)				Risk/ Opportunity	Financial Increase/ Financial Decrease	
Ethics and compliance	Corruption and unethical business practices involving employees	Concerns over unfair trade practices and embezzlement/loss of client assets	-	V	-	●●●○○	Short-term losses in operating profit resulting from tarnished corporate image and lost client trust, long-term decline in corporate value	!	↓	●●●○○
	Ethics-related regulatory and legal non-compliance	Increased socioeconomic instability results from reduced transparency and trust in the financial system	-	V	-	●●●●○	Decreased corporate value resulting from expenses for penalties/litigation costs and chronic reputation risks	!	↓	●●●○○
	Stipulate codified ethics norms, such as a code of ethics and action guidelines	Indirectly contributing to improving ethics in the financial market and maintaining social trust	+	?	Rare	●○○○○	Prevented damage to corporate reputation and financial profit caused by ethical non-compliance	$	↑	●●○○○
	Operate ethics and anti-corruption programs	Contributing to investor protection through an ethical corporate culture and awareness-raising	+	?	May happen	●●●○○	Prevented damage to corporate reputation and financial profit by raising employees' ethics awareness	$	↑	●●○○○
Integrated risk management	Lack of flexibility in organizational systems	Decreased continuity in business operation resulting from lack of timely response to risk, increased instability across the financial market and society at large	-	?	May happen	●●○○○	Decreased corporate value resulting from reduced investment attractiveness	!	↓	●○○○○
	Lack of effective systems to identify, manage, and respond to risks	Damage to investor profits due to decreased business competitiveness caused by risk impacts	-	V	-	●●●○○	Decreased revenue and credit ratings resulting from client churn	!	↓	●●○○○
	Establish a risk management system and a dedicated organization	Contributing to a stable financial market through protection of investor interests and continuity in business operation	+	?	Almost Certain	●●●○○	Prevented decline in corporate financial profit by securing risk response capabilities	$	↑	●●●●○
	Discover new business opportunities by strategically managing risks resulting from digital transition, carbon finance, and other societal changes	Facilitation of the development of the financial market and creation of positive social/environmental impact	+	?	May happen	●●○○○	Strengthened business competitiveness and increased client acquisition	$	↑	●●○○○

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FINANCIAL STATEMENTS

Independent Auditor's Report

To the Board of Directors and Shareholders of
NH Investment & Securities Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of NH Investment & Securities Co., Ltd. and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of NH Investment & Securities Co., Ltd. and its subsidiaries as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Group's Internal Control over Financial Reporting for consolidation purposes as at December 31, 2023, based on Conceptual Framework for Designing and Operating Internal Control over Financial Reporting, and our report dated March 6, 2024 expressed an unqualified opinion.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of Over-The-Counter Derivatives Classified as Level 3

Why it is determined to be a key audit matter:

Majority of the fair values of over-the-counter derivatives classified as Level 3 in the consolidated financial statements is calculated using an internally developed valuation system. For valuation of the Group's over-the counter derivatives, there is an uncertainty of accounting estimates as results of measurement may significantly change depending on the management's determination on the valuation techniques and unobservable inputs, and complexity in nature of the valuation. Derivative assets amounting to ₩ 97,184 million, derivative liabilities amounting to ₩ 516,063 million, derivatives-linked securities of the securities at fair value through profit or loss amounting to ₩ 118,188 million, and derivative-linked securities sold of the financial liabilities designated at fair value through profit or loss amounting to ₩ 6,530,380 million were measured based on unobservable inputs, and therefore, were classified as level 3 as at December 31, 2023 (Note 9.1).

We focused on this area because management's assumptions and judgments are involved in the evaluation of OTC derivatives classified as fair value Level 3 and it may result in significant impacts on the consolidated financial statements.

How our audit addressed the key audit matter:

We obtained an understanding and evaluated processes and controls in relation to fair value measurement. Our focus was particularly on the accuracy of underlying transaction data used and mathematical calculation in accordance with management's internal valuation methodologies.

We assessed design and tested operating effectiveness of controls over accuracy and completeness of key inputs such as underlying transaction data used in management's determination of estimated fair value. We tested transaction data used in the valuation by examining contracts and trade confirmations. We also tested the controls over periodic verification of management's internal valuation system, verification of input data, and verification of output data to ensure the accuracy of over-the-counter derivative valuation. We involved our derivative valuation specialist to independently estimate fair values utilizing independent valuation models and variables to see if management's valuation is outside our ranges.

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2. Appropriateness of recognition of fee and commission income from non-regular way transactions

Why it is determined to be a key audit matter:

With regard to the Group's fee and commission income arising from non-regular way transactions of the Group for the year ended December 31, 2023, underwriting commissions were ₩ 58,114 million, commissions on merger and acquisition were ₩ 17,446 million, and financial guarantee fee were ₩ 202,243 million (Note 27). The fees and commissions incurred from non-regular way transactions have a high risk of early recognition of fee and commission income in order to achieve performance and others, and their payment conditions are determined for each contract in various and complex transactions. Accordingly, it is probably high for management's judgement to be involved in the process of determining the timing and the amount of revenue recognition, and it was included as a key audit matter.

How our audit addressed the key audit matter:

We obtained an understanding and evaluated processes and controls in relation to the timing and the amount of revenue recognition of fee and commission income from non-regular way transactions established by management.

To review timing and amount of recognition of commission income, we tested controls relevant to identification of performance obligation and determination of the amount of consideration and timing of the commission income.

We tested appropriateness of the timing of revenue recognition and the recognized revenue amount per each performance obligation and verified the occurrence of the transaction and relating amounts, through review of the relevant evidence, such as contract, on a sampling basis.

Other Matter

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is SooYeon Jeong, Certified Public Accountant.

Samil PricewaterhouseCoopers

Seoul, Korea
March 6, 2024

This report is effective as of March 6, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

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Consolidated Statements of Financial Position

December 31, 2023 and 2022

NH Investment & Securities Co., Ltd. and Subsidiaries

Unit: in millions of Korean won

	Notes	2023	2022
Assets			
Cash and cash equivalents	39,41	₩ 2,175,480	₩ 1,967,234
Financial assets at fair value through profit or loss ("FVTPL")	4,5,8,9,10,11,12,41,42	27,336,579	24,979,378
Derivative assets (hedging)	5,9,10,41,42	-	908
Financial assets at fair value through other comprehensive income ("FVOCI")	6,9,10,11,12,42	7,009,191	8,433,851
Financial assets at amortized cost, net	7,8,9,10,12,41,42	19,134,898	17,213,773
Investments in associates and joint ventures	13,41	336,846	398,244
Property and equipment, net	12,14,41	182,713	182,138
Investment properties, net	12,15	259,459	57,318
Intangible assets, net	16,41	65,379	63,911
Right-of-use assets	17,41	93,175	46,684
Current tax assets		9,235	12,593
Deferred tax assets	37	19,490	10,550
Other assets	18,41,42	75,448	61,685
Total assets		**₩ 56,697,893**	**₩ 53,428,267**
Liabilities			
Deposits due to customers	9,19,41,42	₩ 7,177,425	₩ 5,600,415
Financial liabilities at fair value through profit or loss ("FVTPL")	5,9,10,20,41,42	12,754,976	13,915,709
Derivative liabilities (hedging)	5,9,10,41,42	-	313
Borrowings	9,10,11,21,39,42	18,919,143	18,026,331

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Unit: in millions of Korean won

	Notes	2023	2022
Debentures	9,21,39,42	2,914,953	3,517,735
Other financial liabilities	9,10,22,39,41	6,882,009	4,739,266
Provisions	23,40	54,385	88,496
Current tax liabilities		160,887	41,787
Deferred tax liabilities	37	5,705	85,289
Other liabilities	24,25,41	214,982	184,870
Total liabilities		**₩ 49,084,465**	**₩ 46,200,211**
Equity			
Equity attributable to equity holders of the parent	26		
Capital stock		₩ 1,782,560	₩ 1,782,560
Capital surplus		1,867,180	1,867,583
Other components of equity		377,373	299,187
Retained earnings (The beginning balances of regulatory reserve for credit loss as at December 31, 2023 and 2022, were ₩ 85,902 million and ₩ 89,773 million, respectively. The amounts estimated to be transferred into (reversed from) regulatory reserve for credit loss as at December 31, 2023 and 2022, were ₩ 32,378 million and ₩ (3,871) million, respectively.)		3,584,666	3,274,063
		7,611,779	7,223,393
Non-controlling interests		1,649	4,663
Total equity		**₩ 7,613,428**	**₩ 7,228,056**
Total liabilities and equity		**₩ 56,697,893**	**₩ 53,428,267**

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Consolidated Statements of Comprehensive Income

Years Ended December 31, 2023 and 2022

NH Investment & Securities Co., Ltd. and Subsidiaries

Unit: in millions of Korena won, except per share amounts

	Notes	2023	2022
Net fee and commission income	27,41,44		
Fee and commission income		₩ 1,039,083	₩ 1,030,882
Fee and commission expense		249,803	246,767
		789,280	784,115
Net interest income	31,41		
Interest income			
Interest income calculated using the effective interest method		1,058,439	714,217
Interest income on financial instruments at fair value through profit or loss		553,845	518,916
		1,612,284	1,233,133
Interest expense		820,967	557,608
		791,317	675,525
Net loss on financial instruments at fair value through profit or loss	28	(20,184)	(317,893)
Net loss on financial assets at fair value through other comprehensive income	29	(15,182)	(1,971)
Net gain on financial assets at amortized cost	32	68	9,024
Provision of credit losses	33	(110,013)	(36,144)
Gain on foreign exchange transaction		78,180	59,156
General and administrative expenses	34,41	(952,720)	(845,076)
Other operating revenue	35,41	165,011	194,621
Operating income		725,757	521,357
Non-operating income	36	95,107	44,345
Non-operating expenses	36	100,135	125,487
Profit before income taxes		720,729	440,215
Income tax expense	37	167,681	137,287

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Unit: in millions of Korena won, except per share amounts

	Notes	2023	2022
Profit for the year		**₩ 553,048**	**₩ 302,928**
Net profit attributable to the equity holders of the parent (adjusted profit after regulatory reserve for credit loss for the years ended December 31, 2023 and 2022, amounted to ₩ 524,061 million and ₩ 307,290 million, respectively)		₩ 556,440	₩ 303,418
Net loss attributable to the non-controlling interests		(3,392)	(490)
Other comprehensive income, net of tax			
Items that may be subsequently reclassified to profit or loss			
Gain (loss) on valuation of financial assets at FVOCI (Debt securities)		₩ 100,542	₩ (86,760)
Loss on valuation of derivative instruments (hedging)		(1,015)	(750)
Gain on overseas business translation		10,990	49,677
Other comprehensive income attributable to the non-controlling interests		(25)	2
		110,492	(37,831)
Items that will not be reclassified to profit or loss			
Gain on valuation of financial assets at FVOCI (Equity securities)		21,811	44,735
Adjustment of credit risk of financial liabilities measured at FVTPL		(24,293)	14,076
Remeasurement of the defined benefit plan		(29,849)	13,626
		(32,331)	72,437
Total other comprehensive income		78,161	34,606
Total comprehensive income		**₩ 631,209**	**₩ 337,534**
Comprehensive income attributable to the equity holders of the parent		₩ 634,626	₩ 338,022
Comprehensive loss attributable to the non-controlling interests		(3,417)	(488)
Basic earnings per share (in Korean won)	38	₩ 1,588	₩ 881
Diluted earnings per share (in Korean won)	38	₩ 1,588	₩ 881
Basic earnings per share (preferred stock) (in Korean won)	38	₩ 1,638	₩ 931

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Consolidated Statements of Changes in Equity

Years Ended December 31, 2023 and 2022

NH Investment & Securities Co., Ltd. and Subsidiaries

Unit: in millions of Korean won

	Capital stock	Capital surplus	Other components of equity	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interes	Total equity
Balance at January 1, 2022	₩ 1,609,400	₩ 1,641,600	₩ 264,584	₩ 3,302,570	₩ 6,818,154	₩ 5,151	₩ 6,823,305
Transactions with owners:							
Dividend paid	-	-	-	(331,926)	(331,926)	-	(331,926)
Capital increase with consideration	173,160	225,983	-	-	399,143	-	399,143
Total comprehensive income:							
Profit (loss) for the year	-	-	-	303,419	303,419	(490)	302,929
Other comprehensive income							
Loss on valuation of financial assets at FVOCI	-	-	(42,025)	-	(42,025)	-	(42,025)
Gain on changes in credit risk of financial liabilities at FVTPL	-	-	14,076	-	14,076	-	14,076
Remeasurement of the defined benefit plan	-	-	13,626	-	13,626	-	13,626
Loss on valuation of derivative instruments	-	-	(750)	-	(750)	-	(750)
Gain on overseas business translation	-	-	49,676	-	49,676	2	49,678
Balance at December 31, 2022	**₩ 1,782,560**	**₩ 1,867,583**	**₩ 299,187**	**₩ 3,274,063**	**₩ 7,223,393**	**₩ 4,663**	**₩ 7,228,056**

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Unit: in millions of Korean won

	Capital stock	Capital surplus	Other components of equity	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interes	Total equity
Balance at January 1, 2023	₩ 1,782,560	₩ 1,867,583	₩ 299,187	₩ 3,274,063	₩ 7,223,393	₩ 4,663	₩ 7,228,056
Transactions with owners:							
Dividend paid	-	-	-	(245,841)	(245,841)	-	(245,841)
Effect of consolidated tax payment by subsidiaries	-	-	-	4	4	-	4
Changes in the Group (changes in non-controlling interests)	-	(403)	-	-	(403)	403	-
Total comprehensive income:							
Profit (loss) for the year	-	-	-	556,440	556,440	(3,392)	553,048
Other comprehensive income							
Gain on valuation of financial assets at FVOCI	-	-	122,353	-	122,353	-	122,353
Loss on changes in credit risk of financial liabilities at FVTPL	-	-	(24,293)	-	(24,293)	-	(24,293)
Remeasurement of the defined benefit plan	-	-	(29,849)	-	(29,849)	-	(29,849)
Loss on valuation of derivative instruments	-	-	(1,015)	-	(1,015)	-	(1,015)
Gain (loss) on overseas business translation	-	-	10,990	-	10,990	(25)	10,965
Balance at December 31, 2023 ₩ ₩	**₩ 1,782,560**	**₩ 1,867,180**	**₩ 377,373**	**₩ 3,584,666**	**₩ 7,611,779**	**1,649**	**7,613,428**

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Consolidated Statements of Cash Flows

Years Ended December 31, 2023 and 2022

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Unit: in millions of Korean won

	Notes	2023	2022
Cash flows from operating activities			
Profit for the year		₩ 553,048	₩ 302,928
Other adjustments to reconcile net income to net cash used in operating activities	39	(774,160)	(405,265)
Changes in operating assets and liabilities	39	(1,866,852)	6,161,705
Interest income received		1,519,274	1,099,978
Interest expense paid		(770,416)	(538,328)
Dividend received		338,991	297,505
Income taxes paid		(153,931)	(289,758)
Net cash inflow (outflow) fromoperating activities		(1,154,046)	6,628,765
Cash flows from investing activities			
Acquisition of financial assets at FVOCI		(4,465,908)	(6,780,462)
Disposal of financial assets at FVOCI		6,097,174	3,261,142
Acquisition of investments in associates		(132,386)	(90,896)
Disposal of investments in associates		178,049	67,176
Disposal of investment properties		-	1,032
Acquisition of property and equipment		(41,213)	(56,645)
Disposal of property and equipment		73	265
Acquisition of intangible assets		(4,557)	(4,770)
Disposal of intangible assets		207	676
Increase in deposits		(19,149)	(22,271)

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	Notes	2023	2022
Decrease in deposits		39,926	12,614
Net cash inflows due to changes in consolidation scope		13,827	-
Net cash outflows due to changes in consolidation scope		-	(35,924)
Net cash inflow (outflow) from investing activities		1,666,043	(3,648,063)
Cash flows from financing activities			
Net increase (decrease) in borrowings		590,982	(2,559,178)
Increase in debentures		6,115,838	34,727,215
Decrease in debentures		(6,734,000)	(34,665,000)
Decrease in lease liabilities		(36,701)	(32,174)
Increase in deposits received		135	116
Decrease in deposits received		(529)	(1,250)
Increase in non-controlling liabilities		-	59,640
Decrease in non-controlling liabilities		(3,751)	-
Capital increase with consideration		-	399,143
Dividend paid		(245,841)	(331,926)
Net cash outflow from financing activities		(313,867)	(2,403,414)
Net increase in cash and cash equivalents		198,130	577,288
Effect of exchange rate changes on cash and cash equivalents		10,116	41,201
Cash and cash equivalents at the beginning of the year	39	1,967,234	1,348,745
Cash and cash equivalents at the end of the year	39	**₩ 2,175,480**	**₩ 1,967,234**

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ESG DATA

Economy

Economic Value Creation and Distribution

Category			Unit	2021	2022	2023
Economic value created and distributed	Direct economic value created	Operating income	KRW 100 million	12,939.5	5,213.6	7,257.6
	Economic value distributed	Employees (wages and bonuses)	KRW 100 million	5,992.1	4,067.3	4,813.5
		Employees (welfare and benefits)[1]	KRW 100 million	1,058.4	1,178.1	1,258.4
		Shareholders (dividends and interest expenses)[2]	KRW 100 million	4,401.9	8,895.3	10,668.1
		Government and public agencies (corporate income taxes)	KRW 100 million	3,706.0	1,372.9	1,676.8
		Government and public agencies (penalties)	KRW 100 million	0.0	46.1	37.4
		Donations made to the Social Contribution Group	KRW 100 million	100.4	31.6	65.8
		Social contribution fund	KRW 100 million	0.8	1.6	0.7

1) Pension, insurance, corporate vehicle allowances, personal health insurance, interest-free housing loans, support for public transport, educational subsidies, etc.
2) Dividends paid to shareholders and interest on debt and borrowings

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Environmental

Energy

Category			Scope of Calculation	Unit	2021	2022	2023
Energy consumption within the organization[1]	Indirect fossil energy consumption	Electricity	Head office	GJ	17,146.2	16,486.5	17,201.9
			Branches, Human Resources Center, In-house daycare center	GJ	N/A	20,196.4	20,417.4
			IDC	GJ	13,995.3	12,559.7	11,973.7
		City gas (LNG)	Head office	GJ	6,576.2	6,817.6	4,548.9
			Branches, Human Resources Center	GJ	N/A	5,778.3	5,228.2
		Steam	Head office[2]	GJ	2,497.0	N/A	N/A
			Branches	GJ	N/A	350.0	363.4
	Mobile combustion	Gasoline, Diesel	Head office	GJ	5,906.0	5,788.4	5,362.4
		Electricity	Head office	GJ	0.5	14.5	28.4
Energy	Total energy consumption			GJ	46,121.2	67,991.4	65,124.4
	Consumption of purchased renewable energy			GJ	N/A	N/A	262.8
Energy consumption intensity[3]	Scope 1		Head office	GJ/m²	0.2349	0.2188	0.1752
	Scope 2		Head office	GJ/m²	0.3142	0.2865	0.3037

1) Have calculated GHG emissions from branches, the Human Resources Center, and the in-house daycare center since 2022
2) Have not used steam at the head office since relocating to the new eco-friendly office building (Parc.1) in 2021
3) Calculated energy intensity based on the contracted areas of the head office building

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GHG Emissions (Scope 1 + Scope 2 + Scope 3)[1)]

Category			Scope of Calculation	Unit	2021	2022	2023
Direct GHG emissions	Scope 1 emissions	City gas (LNG)	Head office	tCO_2eq	333.3	391.9	249.0
			Branches, Human Resources Center	tCO_2eq	N/A	293.3	265.4
		Gasoline	Mobile combustion	tCO_2eq	370.9	381.9	367.7
		Diesel	Mobile combustion	tCO_2eq	27.3	7.5	5.3
		Total		tCO_2eq	731.4	1,074.6	887.4
Indirect GHG emissions	Scope 2 emissions	Electricity (location-based)	Head office	tCO_2eq	2,188.1	2,103.9	2,195.2
			Branches, Human Resources Center, In-house daycare center	tCO_2eq	N/A	2,577.3	2,605.6
			IDC	tCO_2eq	1,786.0	1,602.8	1,528.0
			Mobile combustion	tCO_2eq	0.1	1.9	3.6
		Steam	Head office[2)]	tCO_2eq	89.8	N/A	N/A
			Branches	tCO_2eq	N/A	20.9	21.7
		Total[3)]		tCO_2eq	4,064.0	6,306.8	6,354.1
Other indirect GHG emissions	Scope 3 emissions[4)]	Water	Company-wide	tCO_2eq	11.3	11.7	13.9
		Paper	Company-wide	tCO_2eq	86.3	76.0	65.9
		Bank book[5)]	Company-wide	tCO_2eq	0.5	N/A	N/A
		Card	Company-wide	tCO_2eq	0.3	0.2	0.1
		Waste	Head office	tCO_2eq	163.6	205.3	236.3
		Business travel	Head office	tCO_2eq	202.6	323.8	492.5
			Branches[6)]	tCO_2eq	N/A	26.0	35.6
		Total		tCO_2eq	464.6	643.0	844.3
Sum of GHG emissions[3)]				tCO_2eq	5,260.0	8,024.4	8,085.8
GHG emissions intensity[7)]	Scope 1		Head office	tCO_2eq/m^2	0.0134	0.0136	0.0108
	Scope 2		Head office[8)]	tCO_2eq/m^2	0.0417	0.0366	0.0382

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1) Calculated in accordance with the 「emissions reporting and verification guidelines in line with the GHG Emissions Trading System」 and 'GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard', and have calculated GHG emissions from branches, the Human Resources Center and the in-house daycare center since 2022
2) Have not used steam at the head office since relocating to the new eco-friendly office building (Parc.1) in 2021
3) Include location-based emissions stemming from electricity consumption through the national power grid under the domestic Emissions Trading System. 2023 market-based emissions which reflect the purchase of electricity (REC) generated through renewable energy (PV power generation) was 6,320.6tCO_2eq to bring total GHG emissions (Scope 1+2+3) to 8,052.3tCO_2eq
4) Calculated Scope 3 emissions for water based on actual and estimated consumption (area), for paper based on printer consumption, for credit cards based on the issuance of corporate cards and debit cards, for waste based on the proportion of treatment methods of nationwide mixed waste discharges (recycling, incineration, landfill), and for business travel based on employees' business travel records. Calculated emissions from the use of water, card, paper, waste by applying Environmental Product Declaration carbon emission factors, calculated emissions from business travel in accordance with GHG Protocol's standards
5) Have stopped issuance of paper bank book at the company-wide level since 2022
6) Have expanded the scope of calculation to include branches since 2022
7) Calculated GHG emissions intensity based on the contracted areas of the head office building
8) 2023 market-based emissions intensity: 0.0376tCO_2eq/m^2

Water and Wastewater

Category		Scope of Calculation	Unit	2021	2022	2023
Water withdrawal[1]	Water withdrawn	Head office	m^3	47,706.0	30,506.9	36,446.2
		Branches[4]	m^3	N/A	18,775.9	22,118.0
Water discharge[1]	Water discharged	Head office	m^3	47,706.0	30,506.9	36,446.2
		Branches[4]	m^3	N/A	18,775.9	22,118.0
Water consumption[2]	Water consumed	Head office	m^3	0.0	0.0	0.0
		Branches[4]	m^3	N/A	0.0	0.0
Gray water consumption[3]	Gray water consumed	Head office	m^3	16,910.0	10,387.5	12,830.2

1) Calculated the amount of water entering the new office building (Parc.1) (withdrawal) and the amount of discharge (wastewater) based on supply water consumption
2) Calculated water consumption based on the water withdrawal and wastewater guidelines laid out by the CDP (Carbon Disclosure Project)
3) Have calculated gray water consumption since 2021 when we relocated to the new eco-friendly office building (Parc.1)
4) Have collected branch data since 2022

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Waste

Category		Scope of Calculation	Unit	2021	2022	2023
Waste generation[1]	Total waste generated	Head office	ton	199.5	249.6	287.7
Waste recycling	Recycling outsourcing	Head office	ton	80.0	108.5	126.7

1) All waste generated is general waste

Paper Use

Category	Scope of Calculation	Unit	2021	2022	2023
Paper use	Company-wide	ton	77.1	67.9	58.8

Eco-friendly Investment

Category		Scope of Calculation	Unit	2021	2022	2023
Eco-friendly vehicles	Number of eco-friendly vehicles owned	Head office	Vehicles	3	3	37
	Percentage of eco-friendly vehicles owned	Head office	%	4.4	4.4	50.7

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Social

Employment

Category			Unit	2021	2022	2023
Total employees	Male		Persons(%)	1,780(58.1)	1,821(58.1)	1,791(57.7)
	Female		Persons(%)	1,284(41.9)	1,315(41.9)	1,314(42.3)
	Total		Persons	3,064	3,136	3,105
	By region	Domestic	Persons(%)	3,058(99.8)	3,130(99.8)	3,102(99.9)
		Overseas	Persons(%)	6(0.2)	6(0.2)	3(0.1)
Temporary employees[1]	Male		Persons	617	675	674
	Female		Persons	241	258	255
	Total		Persons(%)	858(28.0)	933(29.8)	929(29.9)
Permanent employees[2]	Male		Persons	1,163	1,146	1,117
	Female		Persons	1,043	1,057	1,059
	Total		Persons(%)	2,206(72.0)	2,203(70.2)	2,176(70.1)

1) Include executives, annual salary contract employees, sales professionals, short-term contract employees, and part-timers
2) Include regular employees and indefinite contract employees

Workers Who Are Not Employees

Category		Unit	2021	2022	2023
Workers who are not employees in the workplace[1]	Male	Persons	145	158	154
	Female	Persons	110	111	100
	Total	Persons	255	269	254

1) Workers who are not employees primarily assume financial and insurance positions, security and guard positions, cleaning and other personal service positions, and driving and transportation positions

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Collective Bargaining Agreement

Category		Unit	2021	2022	2023
Collective bargaining agreement status	Number and percentage of employees covered by collective bargaining agreement[1]	Persons(%)	1,927(62.9)	1,913(61.0)	1,926(62.0)
	Percentage of employees who joined a labor union subject to collective bargaining agreement	%	100.0	100.0	100.0

1) Employees covered by the collective agreement are general employees in principle in accordance with labor-management agreement (excluding some employees including those at the HR department)

Employment and Parental Leave

Category			Unit	2021	2022	2023
New hires and turnover	Number of new hires by age group	Below 30	Persons	108	122	76
		30 ~ below 50	Persons	116	135	69
		50 and over	Persons	13	15	9
	Percentage of new hires by age group	Below 30	%	45.6	44.9	49.4
		30 ~ below 50	%	48.9	49.6	44.8
		50 and over	%	5.5	5.5	5.8
	Number of new hires by gender	Male	Persons	116	165	104
		Female	Persons	121	107	50
	Percentage of new hires by gender	Male	%	49.0	60.7	67.5
		Female	%	51.1	39.3	32.5
	Number of turnover and retirement by age group	Below 30	Persons	24	38	27
		30 ~ below 50	Persons	141	101	101
		50 and over	Persons	53	66	53
	Percentage of turnover and retirement by age group	Below 30	%	11.0	18.5	14.9
		30 ~ below 50	%	64.7	49.3	55.8
		50 and over	%	24.3	32.2	29.3
	Number of turnover and retirement by gender	Male	Persons	158	129	131
		Female	Persons	60	76	50
	Percentage of turnover and retirement by gender	Male	%	72.5	62.9	72.4
		Female	%	27.5	37.1	27.6

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Category			Unit	2021	2022	2023
New hires and turnover	Number of employees who voluntarily left[1]		Persons	134	112	90
	Percentage of employees who voluntarily left		%	4.4	3.6	2.9
Parental leave	Number of employees who took parental leave	Male	Persons	5	11	4
		Female	Persons	84	64	85
	Number of employees who returned to work after parental leave	Male	Persons	1	3	7
		Female	Persons	46	65	49
	Number of employees who returned and worked 12 months after parental leave	Male	Persons	2	1	3
		Female	Persons	63	45	65
	Percentage of employees who returned and worked 12 months after parental leave	Male	%	66.7	100.0	100.0
		Female	%	96.9	97.8	100.0

1) Include employees who left the organization for job-related or other personal reasons in the scope of calculating voluntary turnover

Employee Health and Safety

Category			Unit	2021	2022	2023
Support for employee health and safety	Support for employees' health checkups	Employees who received health checkups (number of employees)[1]	Persons	4,504(2,819)	4,696(2,898)	4,934(2,987)
	Employee health and safety status	Occupational injury rates	%	0.0	0.0	0.0
	Employee mental health programs usage status	Number of psychological counseling cases	Cases	1,035	1,160	1,395
		Number of employees who received counseling	Persons	207	212	361
		Satisfaction (on a scale of five)	Points	4.6	4.8	4.7

1) Assist employees and their families in receiving health checkups

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Employee Training

Category			Unit	2021	2022	2023
Average training hours for employees	Average training hours per employee		Hours	70	76	78
	Average training hours per employee (by gender)	Male	Hours	68	72	75
		Female	Hours	71	79	83
	Average training hours by type of worker	Branch sales	Hours	104	126	127
		Branch operations	Hours	74	115	114
		Head office sales	Hours	49	45	51
		Head office support	Hours	60	57	62
Average training expenses per employee			KRW 10 thousand	40	40	53
Human rights training	Prevention of sexual harassment		Persons	3,191	3,088	3,040
	Prevention of workplace harassment		Persons	3,191	3,088	3,040
	Improvement in awareness of disability		Persons	3,191	3,088	3,040
Ethics and compliance training	Regular ethics and compliance training	All CMs and leaders	Times	2	2	1
	Invitation of external instructors	Employees from relevant departments	Times	0	0	1
	On-demand training	New employees, Departmental requests, etc.	Times	32	49	29
Information security training	Employees who attended data privacy training		Persons	2,961	2,978	3,035
	Data privacy training hours		Hours	18,280	18,495	18,933

Employee Diversity and Equal Opportunity

Category			Unit	2021	2022	2023
Governance by category and employees composition	Composition of the Board of Directors (by gender)	Male	%	88.9	87.5	87.5
		Female	%	11.1	12.5	12.5
	Composition of the Board of Directors (by age group)	Below 30	%	0.0	0.0	0.0
		30 ~ below 50	%	0.0	0.0	0.0
		50 and over	%	100.0	100.0	100.0
	Composition of employees (by gender)	Male	Persons(%)	1,780(58.1)	1,821(58.1)	1,791(57.7)
		Female	Persons(%)	1,284(41.9)	1,315(41.9)	1,314(42.3)

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Category			Unit	2021	2022	2023
Governance by category and employees composition	Composition of employees (by age group)	20s	Persons(%)	331(10.8)	353(11.3)	353(11.4)
		30s	Persons(%)	1,054(34.4)	988(31.5)	877(28.2)
		40s	Persons(%)	1,025(33.5)	1,077(34.3)	1,105(35.6)
		50 and over	Persons(%)	654(21.3)	718(22.9)	770(24.8)
	Composition of employees (diversity)	Percentage of high school graduates	%	7.8	7.5	7.4
		Percentage of employees of national merit	%	2.8	2.7	2.8
		Percentage of employees with disabilities[1]	%	1.5	1.5	2.2
Composition of employees	Employees by job level	Executives	Persons(%)	64(2.1)	66(2.1)	65(2.1)
		Manager positions[2]	Persons(%)	1,940(63.3)	2,017(64.3)	2,037(65.6)
		Staff	Persons(%)	1,060(34.6)	1,053(33.6)	1,003(32.3)
Female leadership	Manager positions	Percentage of females among all managers positions[3]	%	26.1	28.2	30.8
	By contract type	Percentage of females among all contract employees	%	30.8	30.6	27.4
		Percentage of females among all regular employees	%	46.6	47.1	48.7

1) Based on reporting to the Korea Employment Agency for Persons with Disabilities
2) Manager positions: Manager and above positions, excluding executives
3) All manager positions: Manager and above positions, including executives

Protection of Clients' Data Privacy

Category		Unit	2021	2022	2023
Substantiated complaints concerning breaches of customer privacy and losses of customer data	Personal data leaks	Cases	451[1]	0	0

1) Leaks attributable to open banking system failures, not to any hacking or system intrusion

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Social Contribution Activities

Category			Unit	2021	2022	2023
Social contribution activities[1]	Total number of employees who participated in social contribution activities		Persons	4,992	5,910	6,521
	Total hours of participating in social contribution activities		Hours	24,974	28,744	29,294
Building Community Town project	Building Community Town project activities	Number of villages	Villages	31	31	31
		Visits to rural villages	Times	33	34	26
		Number of participating employees (cumulative)	Persons	437	964	998
		Participation rate	%	15	32	46
Love Sharing Blood Donation	Love Sharing Blood Donation events	1st time participants	Persons	73	101	98
		2nd time participants	Persons	141	89	98
		3rd time participants	Persons	111	75	94
Support small and medium-sized farms	Crowdfunding	Farms supported	Farms	24	22	24
		Funding	Cases	6,495	4,605	4,802
		Target value	KRW million	28	24	19
		Funds raised	KRW million	208	174	148
		Achievement rate	%	743	725	765
	Live commerce[2]	Farms supported	Farms	N/A	N/A	8
		Funds raised	KRW million	N/A	N/A	22

1) On a cumulative basis
2) Initiated live commerce in 2023

Operation of Work-life Balance Systems

Category		Unit	2021	2022	2023
Flexible working hours[1]	Number of eligible employees[2]	Persons	3,000	3,070	3,040
	Number of employees who used flexible working hours	Persons	611	712	754
	Percentage	%	20.4	23.2	24.8
Mom's Lounge	Number of eligible employees[3]	Persons	134	113	103
	Number of employees who used Mom's Lounge	Persons	27	38	57
	Percentage	%	20.2	33.6	55.3

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Category		Unit	2021	2022	2023
Family care leave	Number of eligible employees	Persons	3,000	3,070	3,040
	Number of employees who took family care leave	Persons	164	182	196
	Percentage	%	5.5	5.9	6.4

1) Exclude reduced work hours available during pregnancy or for childcare
2) All employees excluding executives
3) Employees who took prenatal checkup leave, maternity leave, or miscarriage leave between the preceding year and the end of the current year (head office and all branches)

VOC Operation

Category	Unit	2021	2022	2023
VOCs received	Cases	24,808	13,837	13,837
VOCs handled	Cases	24,716	13,837	13,837
Handling rate	%	99.6	100.0	100.0

Financial Fraud Prevention

Category	Unit	2021	2022	2023
Cases of damages prevented	Cases	46	72	34
Damages prevented converted in monetary value	KRW million	590.0	814.9	215.9

Digital Financial Service Use

Category	Unit	2021	2022	2023
Number of digital financial service[1] users	Persons	3,958,288	4,449,329	4,836,603

1) Cumulative non-face-to-face use of NAMUH and QV

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GOVERNANCE

Legal and Regulatory Compliance

Category		Unit	2021	2022	2023
Legal and regulatory non-compliance which occurred during the current reporting period	Total cases of fines imposed	Cases	1	1	3
	Amount of fines	KRW million	1.4	56.8	1,975.2
Legal and regulatory non-compliance which occurred during the previous reporting period	Total cases of fines imposed	Cases	0	2	5
	Amount of fines	KRW million	0	4,556.0	1,769.7

Annual Total Compensation Ratio

Category		Unit	2021	2022	2023
Annual total compensation ratio	Total compensation for the highest-paid individual	KRW million	2,373.0	3,162.0	3,161.0
	Median total compensation for all employees except the highest-paid individual	KRW million	147.5	164.9	132.1
	Annual total compensation ratio	Times	16.1	19.2	23.9
Annual total compensation increase ratio	Percentage increase in annual total compensation for the highest-paid individual	%	43.6	33.2	0.0
	Median percentage increase in annual total compensation for all employees except the highest-paid individual	%	17.3	11.8	-19.9
	Annual total compensation increase ratio	Times	2.5	2.8	0.0

Executive Compensation

Category		Unit	2021	2022	2023
Total compensation[1]	Registered directors[2]	KRW million	578	2,538	1,359
	Outside directors[3]	KRW million	197	142	70
	Members of the Audit Committee	KRW million	361	523	482
Average compensation per person	Registered directors[2]	KRW million	289	1,269	329
	Outside directors[3]	KRW million	65	47	13
	Members of the Audit Committee	KRW million	120	104	52

1) Include compensation paid to executives appointed or resigned during the term
2) Exclude outside directors and members of the Audit Committee
3) Exclude members of the Audit Committee

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Anti-corruption

Category			Unit	2021	2022	2023
Notices and trainings on anti-corruption policies and procedures	Number of Board directors who received notices or trainings		Persons	9	8	8
	Percentage of Board directors who received notices or trainings		%	100.0	100.0	100.0
	Number of employees who received notices or trainings		Persons	2,766	2,827	2,881
	Percentage of employees who received notices or trainings		%	94.2	94.9	99.3
	Number of partners who received notices or trainings		Partners	102	65	173
	Percentage of partners who received notices or trainings		%	100.0	100.0	70.3[1]
Confirmed incidents of corruption and actions taken	Number of cases of corruption	Internal whistleblowing reports	Cases	6	2	2
		External whistleblowing reports	Cases	28	15	2
	Number of cases where employees were dismissed or disciplined	Number of actions taken against internal whistleblowers[2]	Cases	5	2	0
		Number of actions taken against external whistleblowers[3]	Cases	5	0	0
		Percentage of actions taken against internal whistleblowers	%	83.3	100.0	0.0
		Percentage of actions taken against external whistleblowers	%	17.9	0.0	0.0
	Cases of contracts with partners that were terminated or not renewed due to corruption		Cases	0	0	0
Special periods operated for internal whistleblowing			Times	2	2	2

1) We compile the list of contracted companies semiannually and send them the Compliance Officer Letter, and will send the Compliance Officer Letter in July 2024 for 73 companies compiled in the second half of 2023 (29.7%).
2) Whistleblowing reports that were substantiated and for which actions were taken against employees
3) Refer to whistleblowing reports which resulted in actual investigations into concerns raised for employees' non-compliance with the code of conduct, and classify others as complaint reports

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Tax

Category	Unit	2021	2022	2023
Profit and loss before tax	KRW 100 million	13,020.6	4,402.2	7,207.3
Corporate income taxes paid in cash	KRW 100 million	2,042.8	2,897.6	1,539.3
Corporate income taxes arising from current profit and loss	KRW 100 million	3,706.0	1,372.9	1,676.8

Board of Directors Operation

Category		Unit	2021	2022	2023
Number of agendas	Number of decision items	Items	44	36	33
	Number of reporting items	Items	32	39	34
Number of Board meetings held		Meetings	18	13	13
Attendance Rate	Inside directors	%	100.0	100.0	100.0
	Outside directors	%	98.9	96.9	93.7
	Non-executive directors	%	100.0	100.0	100.0

Board of Directors Committees Operation

Category			Unit	2021	2022	2023
Operational status of the Director Nomination Committee	Number of decision items		Items	2	11	8
	Number of reporting items		Items	0	1	0
	Meetings held		Meetings	2	7	6
	Attendance Rate	Inside directors	%	100.0	100.0	N/A[1]
		Outside directors	%	100.0	100.0	100.0
		Non-executive directors	%	100.0	100.0	100.0

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Category			Unit	2021	2022	2023
Operational status of the Audit Committee	Number of decision items		Items	15	17	14
	Number of reporting items		Items	10	10	9
	Meetings held		Meetings	6	7	7
	Attendance Rate	Inside directors	%	100.0	100.0	100.0
		Outside directors	%	100.0	100.0	100.0
Operational status of the Compensation Committee	Number of decision items		Items	4	6	7
	Number of reporting items		Items	1	1	0
	Meetings held		Meetings	4	4	5
	Attendance Rate	Inside directors	%	100.0	100.0	N/A[2]
		Outside directors	%	100.0	100.0	94.4
		Non-executive directors	%	100.0	100.0	100.0
Operational status of the Risk Management Committee	Number of decision items		Items	4	3	5
	Number of reporting items		Items	5	9	11
	Meetings held		Meetings	5	8	7
	Attendance Rate	Inside directors	%	100.0	100.0	N/A[3]
		Outside directors	%	100.0	95.8	95.0
		Non-executive directors	%	N/A	N/A	100.0
Operational status of the ESG Committee[4]	Number of decision items		Items	N/A	1	2
	Number of reporting items		Items	N/A	3	6
	Meetings held		Meetings	N/A	2	3
	Attendance Rate	Inside directors	%	N/A	100.0	100.0
		Outside directors	%	N/A	83.3	100.0
		Non-executive directors	%	N/A	100.0	100.0

1) Have excluded inside directors from the Director Nomination Committee since the 2022 GSM
2) Have excluded inside directors from the Compensation Committee since the 2022 GSM
3) Have excluded inside directors from the Risk Management Committee since the 2022 GSM
4) Have operated the ESG Committee since 2022

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Operational Status of the Gift Return Center[1)]

Category	Unit	2021	2022	2023
Gifts returned	Cases	14	0	0
Gifts donated	Cases	3	0	2

1) Aggregated operational results from the gift return center during the holidays of the concerned year

Global Network[1)]

Category	Established	Type	Unit	2021	2022	2023
New York(US)	1992	Local subsidiary	KRW 100 million/persons	196/11	353/14	484/16
Hong Kong	1994	Local subsidiary	KRW 100 million/persons	6,971/28	7,321/27	7,394/30
Singapore	2008	Asset management company	KRW 100 million/persons	36/5	40/5	43/5
Jakarta(Indonesia)	2009	Joint venture	KRW 100 million/persons	121/199	55/180	416/176
Hanoi(Vietnam)	2009	Local subsidiary	KRW 100 million/persons	666/76	702/73	717/109
Beijing(China)	2011	Local subsidiary	KRW 100 million/persons	101/7	93/7	88/7
London(UK)	2022	Local subsidiary	KRW 100 million/persons	N/A	375/5	367/7
Shanghai(China)	1996	Representative office	KRW 100 million/persons	-/2	-/2	-/2

1) Annual value represents equity capital (KRW 100 million)/employees (persons)

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Status Overview

Employment

Category		Unit	NHIS			NH Futures			NH Hedge Asset Management		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
Total employees[1]	Male	Persons	1,780	1,821	1,791	56	55	64	30	31	28
	Female	Persons	1,284	1,315	1,314	25	29	24	15	17	19
	Total	Persons	3,064	3,136	3,105	81	84	88	45	48	47
Temporary employees[2]	Male	Persons	617	675	674	7	6	7	23	23	20
	Female	Persons	241	258	255	3	2	1	3	3	5
	Total	Persons	858	933	929	10	8	8	26	26	25
Permanent employees[3]	Male	Persons	1,163	1,146	1,117	49	49	57	7	8	8
	Female	Persons	1,043	1,057	1,059	22	27	23	12	14	14
	Total	Persons	2,206	2,203	2,176	71	76	80	19	22	22

1) Based on full-time employees for NH Hedge Asset Management
2) Include executives, annual salary contract employees, sales professionals, short-term contract employees and part-timers for NH Investment & Securities, and include contract employees (front desk staff) for NH Hedge Asset Management
3) Include regular employees and indefinite contract employees for NH Investment & Securities

Employee Diversity and Equal Opportunity

Category		Unit	NHIS			NH Futures			NH Hedge Asset Management		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
Composition of employees by age group	Below 30	Persons	331	353	353	18	26	17	0	3	3
	30 ~ below 50	Persons	2,079	2,065	1,982	51	46	54	41	39	39
	50 and over	Persons	654	718	770	12	12	17	4	6	5

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ISSUE 1. Robust Climate Change Response

Energy

Category		Scope of Calculation	Unit	NHIS[1]			NH Futures			NH Hedge Asset Management[2]		
				2021	2022	2023	2021	2022	2023	2021	2022	2023
Indirect fossil energy consumption	Electricity	Head office	GJ	17,146.2	16,486.5	17,201.9	1,836.0	2,061.0	2,101.0	91.4	128.9	131.6
		Branches, Human Resources Center, In-house daycare center	GJ	N/A	20,196.4	20,417.4						
		IDC	GJ	13,995.3	12,559.7	11,973.7						
	City gas (LNG)	Head office	GJ	6,576.2	6,817.6	4,548.9	N/A	N/A	N/A	N/A	N/A	N/A
		Branches, Human Resources Center	GJ	N/A	5,778.3	5,228.2						
	Steam[3]	Head office	GJ	2,497.0	N/A	N/A						
		Branches	GJ	N/A	350.0	363.4						
Mobile combustion	Gasoline, Diesel	Head office	GJ	5,906.0	5,788.4	5,362.4	502.0	470.0	419.0			
	Electricity	Head office	GJ	0.5	14.5	28.4	N/A	N/A	N/A			
Total energy consumption			GJ	46,121.2	67,991.4	65,124.4	2,338.0	2,531.0	2,520.0	91.4	128.9	131.6

1) Have calculated GHG emissions from branches, the Human Resources Center, and the in-house daycare center since 2022
2) Refer to the electricity consumed for the areas we lease at Parc.1 based on the electricity usage billed to NH Investment & Securities on a monthly basis
3) Have not used steam at the head office since relocating to the new eco-friendly office building (Parc.1) in 2021

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GHG Emissions[1)]

Category			Scope of Calculation	Unit	NHIS[2)]			NH Futures[3)]			NH Hedge Asset Management[3)]		
					2021	2022	2023	2021	2022	2023	2021	2022	2023
Direct GHG emissions	Scope 1 emissions	City gas (LNG)	Head office	tCO_2eq	333.3	391.9	249.0	33.7	31.6	28.2	N/A	N/A	N/A
			Branches, Human Resources Center	tCO_2eq	N/A	293.3	265.4						
		Gasoline	Mobile combustion	tCO_2eq	370.9	381.9	367.7						
		Diesel	Mobile combustion	tCO_2eq	27.3	7.5	5.3						
		Total		tCO_2eq	731.4	1,074.6	887.4						
Indirect GHG emissions	Scope 2 emissions	Electricity	Head office	tCO_2eq	2,188.1	2,103.9	2,195.2	89.2	98.7	100.6	11.7	16.5	16.8
			Branches, Human Resources Center, In-house daycare center	tCO_2eq	N/A	2,577.3	2,605.6						
			IDC	tCO_2eq	1,786.0	1,602.8	1,528.0						
			Mobile combustion	tCO_2eq	0.1	1.9	3.6						
		Steam[4)]	Head office	tCO_2eq	89.8	N/A	N/A						
			Branches	tCO_2eq	N/A	20.9	21.7						
		Total		tCO_2eq	4,064.0	6,306.8	6,354.1						
Total GHG emissions				tCO_2eq	4,795.4	7,381.3	7,241.5	112.9	130.3	128.8	11.7	16.5	16.8

1) Calculated GHG emissions in accordance with ISO 14064-1:2018 and the GHG Protocol:2004
2) Have calculated GHG emissions from branches, the Human Resources Center, and the in-house daycare center since 2022
3) Scope 1 emissions stem from mobile combustion (gasoline), and Scope 2 emissions refer to GHG emissions generated from electricity consumption at the head office
4) Have not used steam at the head office since relocating to the new eco-friendly office building (Parc.1) in 2021

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ISSUE 2. Competitive Digital Finance and Platform

Digital Financial Service Use

NHIS[1]					NH Futures					NH Hedge Asset Management
Category	Unit	2021	2022	2023	Category	Unit	2021	2022	2023	
Number of digital financial service[1] user	Persons	3,958,288	4,449,329	4,836,603	Derivative transaction service	Persons	21,736	23,060	24,389	N/A

1) Cumulative non-face-to-face use of NAMUH and QV

ISSUE 3. Ethics and Compliance

Legal and Regulatory Compliance

Category		Unit	NHIS			NH Futures			NH Hedge Asset Management		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
Legal and regulatory non-compliance which occurred during the current reporting period	Total cases of fines imposed	Cases	1	1	3	0	0	0	0	0	0
	Amount of fines	KRW million	1.4	56.8	1,975.2	0	0	0	0	0	0

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Anti-corruption

Category		Unit	NHIS			NH Futures			NH Hedge Asset Management		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
Substantiated cases of corruption and actions taken	Number of cases of corruption reports	Cases	34	17	4	0	0	0	0	0	0
	Number of cases where employees were dismissed or disciplined	Cases	10	2	0	0	0	1	0	0	0
Special periods operated for internal whistleblowing		Times	2	2	2	0	1	1	0	0	0

ISSUE 4. Robust Information Security

Protection of Clients' Data Privacy

Category		Unit	NHIS			NH Futures			NH Hedge Asset Management		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
Complaints substantiated as breach of clients' data privacy and/or loss of client data	Personal data leaks	Cases	451[1)]	0	0	0	0	0	0	0	0

1) Leaks attributable to open banking system failures, not to any hacking or system intrusion

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GRI CONTENT INDEX

GRI Content Index (2021)

Statement of use	NH Investment & Securities has reported in accordance with the GRI Standards for the period between January 1 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	N/A

GRI Standard		Disclosure	Location
GRI 2: General Disclosures 2021			
The organization and its reporting practices	2-1	Organizational details	2p, 6~11p
	2-2	Entities included in the organization's sustainability reporting	2p
	2-3	Reporting period, frequency and contact point	2p
	2-4	Restatements of information	108~129p
	2-5	External assurance	149~151p
Activities and workers	2-6	Activities, value chain, and other business relationships	12~17p, 18~19p
	2-7	Employees	113p
	2-8	Workers who are not employees	113p
Governance	2-9	Governance structure and composition	80~82p, 2023 Governance and Compensation System, Annual Report 3~4p, 11~14p
	2-10	Nomination and selection of the highest governance body	80~81p, 2023 Governance and Compensation System, Annual Report 25~28p
	2-11	Chair of the highest governance body	79p, 2023 Governance and Compensation System, Annual Report 24p
	2-12	Role of the highest governance body in overseeing the management of impacts	22p, 82p, 2023 Governance and Compensation System, Annual Report 132~135p
	2-13	Delegation of responsibility for managing impacts	21~22p, 82p, 122p, 2023 Governance and Compensation System, Annual Report 132~135p
	2-14	Role of the highest governance body in sustainability reporting	22p
	2-15	Conflicts of interest	79p, 2023 Governance and Compensation System, Annual Report 9p

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GRI Standard		Disclosure	Location
Governance	2-16	Communication of critical concerns	79p, 122p, 2023 Governance and Compensation System, Annual Report 14~22p
	2-17	Collective knowledge of the highest governance body	80p, 2023 Governance and Compensation System, Annual Report 87p
	2-18	Evaluation of the performance of the highest governance body	80p, 2023 Governance and Compensation System, Annual Report 97~99p
	2-19	Remuneration policies	80p, 2023 Governance and Compensation System, Annual Report 100~105p, Business report 626~630p
	2-20	Process to determine remuneration	82p
	2-21	Annual total compensation ratio	120p
Strategy, policies and practices	2-22	Statement on sustainable development strategy	4~5p
	2-23	Policy commitments	136~145p, 146p
	2-24	Embedding policy commitments	21p, 69p
	2-25	Processes to remediate negative impacts	65p, 69p
	2-26	Mechanisms for seeking advice and raising concerns	41p, 61p, 119p
	2-27	Compliance with laws and regulations	120p, Business report 650~653p
	2-28	Membership associations	154p
Stakeholder engagement	2-29	Approach to stakeholder engagement	87p
	2-30	Collective bargaining agreements	114p
Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	88p
	3-2	List of material topics	89~95p
Economic Performance			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	108p
	201-2	Financial implications and other risks and opportunities due to climate change	31p
Indirect Economic Impacts			
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	18~19p, 73~75p
	203-2	Significant indirect economic impacts	18~19p, 73~75p

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GRI Standard		Disclosure	Location
Ethics and Compliance			
GRI 3: Material Topics 2021	3-3	Management of material topics	38~41p
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	41p, 121p
	205-3	Confirmed incidents of corruption and actions taken	121p
Tax			
GRI 207: Tax 2019	207-1	Approach to tax	142p
	207-2	Tax governance, control, and risk management	142p
	207-4	Contry-by-country reporting	122p
Climate Change Response			
GRI 3: Material Topics 2021	3-3	Management of material topics	30~32p
GRI 302: Energy 2016	302-1	Energy consumption within the organization	109p
	302-3	Energy intensity	109p
Water and Effluents			
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	111p
	303-4	Water discharge	53p, 111p
	303-5	Water consumption	53p, 111p
Emissions			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	110~111p
	305-2	Energy indirect (Scope 2) GHG emissions	110~111p
	305-3	Other indirect (Scope 3) GHG emissions	110~111p
	305-4	GHG emissions intensity	110~111p
	305-5	Reduction of GHG emissions	53~54p
Waste			
GRI 306: Waste 2020	306-3	Waste generated	112p
	306-4	Waste diverted from disposal	112p

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GRI Standard		Disclosure	Location
Employment			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	18~19p, 68p, 114~115p
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	71p, 72p, 118~119p
	401-3	Parental leave	114~115p
Occupational Health & Safety			
GRI 403: Occupational Health & Safety 2018	403-1	Occupational health and safety management system	72p, 137p
	403-2	Hazard identification, risk assessment, and incident investigation	72p
	403-4	Worker participation, consultation, and communication on occupational health and safety	72p
	403-6	Promotion of worker health	72p
Organization-specific indicators	-	Occupational injury rates	115p
Training and Education			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	116p
	404-2	Programs for upgrading employee skills and transition assistance programs	70p
Diversity and Equal Opportunity			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	80p, 116~117p
Robust Information Security			
GRI 3: Material Topics 2021	3-3	Management of material topics	42~45p
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	117p
Competitive Digital Finance and Platform			
GRI 3: Material Topics 2021	3-3	Management of material topics	34~35p
Organization-specific indicators	-	Digital Financial Service Use	119p

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Topic	Code	Accounting Metric	Unit of Measure	NHIS Response
Employee Diversity & Inclusion	FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	%	113p, 116~117p
Incorporation of ESG Factors in Investment Banking & Brokerage Activities	FN-IB-410a.1	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of ESG factors, by industry	(1) Number of products, (2) KRW million	See table below
	FN-IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of ESG factors, by industry	(1) Number of products, (2) KRW million	See table below
	FN-IB-410a.3	Description of approach to incorporation of ESG factors in investment banking and brokerage activities	N/A	23p
Business Ethics	FN-IB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anticompetitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	KRW	120p
	FN-IB-510a.2	Description of whistleblower policies and procedures	N/A	41p
Professional Integrity	FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	N/A	38~41p

Category		Number of Products	Amount
Underwriting and arrangement	GHG emissions reduction	12	888,800
	Resource circularity	2	39,650
ESG fund sales	New Deal	10	25,788
	ESG	19	35,575
	SRI	3	33

Category		Number of Products	Amount	Corporate credit facilities		Bonds		Collective investment securities		ETF	
				Number of Products	Amount	Number of Products	Amount	Number of Products	Amount	Number of Products	Amount
Green Finance	GHG emissions reduction	104	1,167,389	23	589,993	16	68,021	27	470,104	38	39,271
	Resource circularity	8	65,918	2	60,000	2	1,626	4	4,292	0	0
CSR	Public services, including healthcare and education	54	297,914	8	173,586	0	0	29	101,893	17	22,434
	Public infrastructure	4	35,974	0	0	0	0	4	35,974	0	0
	Excellent ESG company	13	22,295	0	0	0	0	3	12,900	10	9,395

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Topic	Code	Accounting Metric	Unit of Measure	NHIS Response
Systemic Risk Management	FN-IB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Basis points(bps)	N/A
	FN-IB-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	N/A	NHIS conducts an integrated crisis analysis on a half-yearly basis. Our integrated crisis analysis consists of five steps: "scenario setting-risk estimation-profit and loss analysis-capital ratio analysis-reporting and utilization." The analysis results are reported to the Risk Management Committee and applied to business management/capital/fund and risk management plans.
Employee Incentives & Risk Taking	FN-IB-550b.1	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	%	In order to prevent the performance-based compensation of the executive in charge of risk from being linked to the company's operational performance, a deferred portion (50%-60%) is being paid in cash[1].
	FN-IB-550b.2	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	%	NHIS has established regulations concerning performance-based compensation measures applicable to all executives (there is no separate ratio exclusive to MRTs), and in the event that deductions or recovery measures are necessary, they are carried out through the resolution of the Compensation Committee.
	FN-IB-550b.3	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities[2]	N/A	NHIS sets evaluation criteria for financial products and applies them for risk identification and evaluation to manage risks, including financial products retained by the company and trading positions[3]. The division in charge of evaluation chooses input variables used for financial product evaluation, evaluation models, and other information used for evaluation by holding discussions with trading divisions and regularly updating them. The division responsible for evaluation can change the fair value level based on its own decision depending on changes in the market where market information is traded and the degree of significance to fair value. In case of previously-issued products, the level can be changed after reviewing rationality through an agreement with the finance division.
Activity Metric	FN-IB-000.A	Number and value of transactions (classification by underwriting/advisory/securitization transactions)	Number of cases, KRW 100 million	

Category	Number of Products	Amount
IPO underwriting	16	6,253
Lead underwriting of corporate bonds	114	98,580
Rights issues underwriting	9	14,821
Financial advice on corporate acquisition/sale	2	23,317

1) Regular executives are compensated in correlation with the company's stock price
2) Level 3 assets and liabilities: Assets and bonds whose values are determined according to the company's subjective judgment because value measurement is difficult due to extremely low liquidity or the absence of a vitalized market of the product
3) Trading position: Refers to the positions of financial products owned with a trading intent or for other trading position hedging

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POLICY BOOK

Human Rights Policy

Commitment to human rights is integral to the identity and business of NH Investment & Securities Co., Ltd. (the "Company"). The Company embraces the principles enshrined in the United Nations' Universal Declaration of Human Rights and recognizes the corporate responsibility to protect human rights, as articulated in the United Nations' Guiding Principles on Business and Human Rights.

1. While complying with all applicable laws and regulations, the Company strives to protect and promote human rights by setting its own policies, standards, and practices. These norms apply to all of the Company's business units and subsidiaries around the world.

2. The Company promotes and supports strengthening of human rights at all levels of the Company's work processes and activities, including employment matters and engagement with suppliers and business partners.

3. The Company is devoted to fostering a workplace in which the human rights of each and every member of the Company are protected. The Company seeks to provide equal employment opportunity to all qualified persons and ensure a work environment free from discrimination and harassment of all kinds.

4. The Company recognizes its role in advancing human rights in its business and throughout its supply chain. The Company expects its suppliers and other business partners to enact and implement appropriate policies to ensure that they are not complicit in human rights abuses, including but not limited to forced labor, child labor and human trafficking.

The Company cherishes human rights and appreciates that commitment to human rights requires ongoing attention and action. As a responsible corporate citizen, the Company will continue to respect and support human rights globally.

Diversity, Equity & Inclusion Policy

NH Investment & Securities Co., Ltd. (the "Company") is committed to Diversity, Equity and Inclusion ("DEI") at every level of the Company and in every country where the Company operates. NHIS believes a diverse workforce, equitable institutions, and an inclusive culture are key to the Company's success.

1. Diverse Workforce

The Company aspires to bring together a workforce that reflects the diversity of the broader society in which it operates. A diverse workforce would represent the diversity of gender, educational background, place of birth, religion, language, ethnicity, ability, socioeconomic status, sexual identity, and more. NHIS believes that diverse perspectives enhance decision-making and ought to be reflected at every level of the Company.

2. Equitable Institutions

The Company is committed to providing fair access to advancement opportunities for everyone at the Company. The Company is committed to the career development of employees from the very start of their time at NHIS. The Company offers a range of trainings and programs to enable and empower each person to carve a path to success at the Company.

3. Inclusive Culture

The Company recognizes the importance of fostering an inclusive culture. At NHIS, all constituents should feel comfortable with voicing their opinions and feel that they are integral members of the teams in which they participate.

In addition, the Company recognizes its role in responding to business partners' and clients' needs around DEI and supporting DEI-related initiatives that serve local communities. The Company will strive to achieve DEI at the Company, in the broader economy and in the society in which it operates.

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Safety and Health Management Policy

NH Investment & Securities Co., Ltd. (the "Company") recognizes that the lives, well-being, safety and health of its members and clients are the top priority for its management and promotes the establishment of a safety and health management system and the development of a mature safety and health culture. The Company hereby declares the following safety and health management policy with the aim of advancing the well-being and happiness of its members and creating a pleasant working environment.

1. The Company shall set safety and health goals to create a safe workplace; establish and operationalize specific, detailed plans to achieve such goals; and continue to improve on those plans;

2. The Company shall continuously check and strictly comply with relevant laws and regulations regarding safety and health matters;

3. The Company shall identify in advance potential risks that could affect the safety and health of its members and clients and continuously take actions to mitigate such risk factors;

4. The Company shall set up a safety and health team dedicated to creating a safe workplace and improving working environments and shall support the allocation of sufficient workforce and budget to these efforts; and

5. The Company shall raise awareness of issues related to the safety and health of its members and make a concerted effort to expand an autonomous safety culture.

Corporate Social Responsibility Policy

NH Investment & Securities Co., Ltd. (the "Company") fully recognizes the importance of its Corporate Social Responsibilities ("CSR"). The Company hereby declares as follows, with the aim of contributing to the creation of a world in which its clients and individuals who constitute the society in which the Company operates are able to look forward to a bright future and promoting general social welfare:

1. The Company, as a responsible corporate citizen, shall actively take the lead in carrying out sustainable CSR activities;

2. The Company shall devise and implement specific and systematic plans to facilitate the execution of CSR activities;

3. The Company shall endeavor to establish a corporate-wide culture intended to support the promotion officers' and employees' voluntary CSR activities;

4. The Company, in carrying out its CSR activities, shall seek to strengthen its solidarity with a wide array of stakeholders, including clients, residents of local communities, and relevant civic groups; and

5. The Company shall make efforts to provide accurate and transparent information about its CSR activities.

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Environmental Management Policy

NH Investment & Securities Co., Ltd. (the "Company") recognizes the need to establish a suitable environmental management system to properly respond to climate change, to carry out its social responsibilities regarding environmental preservation, and to pursue sustainable management. In order to strengthen its own Environmental, Social, and Governance ("ESG") capacity and simultaneously take the lead in protecting the environment, the Company hereby declares its environmental management policy as follows:

1. The Company shall establish an adequate environmental management system and continuously make improvements thereto in order to reduce any negative impact on the environment or risk of environmental accidents associated with its investment activities and provision of customer services related to the Company's operations.

2. The Company shall comply with relevant laws and regulations relating to environmental protection.

3. The Company shall continuously monitor relevant managerial activities in an effort to create eco-friendly management and corporate culture and thereby pursue sustainable development.

4. The Company shall provide education and training to relevant officers and employees on the environmental management policy, which aims to prepare such officers and employees on responses to climate change and preservation of the environment, and shall also continuously make efforts to aid the understanding of other stakeholders, including clients and partners, on these issues.

5. The Company shall disclose management policy and information relating to the environment in a trans parent manner.

Environmental and Social Investment Policy

I. Objective

NH Investment & Securities Co., Ltd. (the "Company") seeks to pursue eco-friendly and sustainable development in cooperation with a wide array of stakeholders, including clients, employees and business partners as well as the state, local governments, and civic groups. The Company aims to realize such development by performing its corporate social responsibilities as a corporate citizen, actively managing environmental and social risks, and encouraging stakeholders to promote Environment, Social and Governance ("ESG") values throughout the entire process of establishing and implementing business plans, including those for investment activities.

II. Scope of Application and Procedure

The Company shall apply this policy to all levels of its management activities. In executing investments, the Company shall make comprehensive investment decisions through non-financial analysis based on the ESG standards set forth by the Company, along with conventional industry, business and financial analysis.

III. Negative Screening

Negative screening is a responsible investment strategy that excludes certain industries/companies from investment portfolios based on the ESG standards.
The Company's negative screening can be further divided into immediate and gradual exclusion. The scope of exclusion is further divided into exclusion based on product and on conduct.
Product exclusion includes excluding companies and projects that manufacture, sell and distribute war-related weapons as well as new coal-related projects. Conduct exclusion means excluding companies and projects involving conduct that causes serious environmental, social and ethical harm.

1. Immediate Exclusion

The Company shall, as a matter of principle, cease to invest in a target company if the target company's business falls under any of the following cases:

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a. Product Exclusion

- Weapons

This exclusion applies to companies that produce, sell or purchase equipment which could be used for "capital punishment, torture, or other inhumane or cruel treatment or punishment" as set forth in EU Council Regulation No 1236/2005 (EU regulation concerning the list of products subject to export prohibition). Companies involved in distributing and storing weapons prohibited under international conventions, including cluster munitions, anti-personnel mines, biochemical weapons and nuclear weapons, are also excluded.

- Coal

This exclusion applies to projects related to the construction of new coal-fired power plants because burning coal for power generation emits large amounts of carbon dioxide and fine particulates, which significantly contribute to air pollution.

- Red Flags

Tobacco, gambling, alcoholic beverages and adult entertainment may cause social and ethical issues. Therefore, the Company shall classify them as areas that require particular attention and shall monitor their impacts.

Notwithstanding the foregoing, the Company may make investments if there are justifiable reasons, including the application of new technology, business model conversion, policy consideration or engagement through a responsible investment organization, and other business purposes.

b. Conduct Exclusion

This exclusion applies to companies that have violated international norms and conventions, such as the United Nations Global Compact or that are subject to sanctions under anti-money laundering and anti-terrorism financing laws of competent authorities. Serious human rights violation, severe climate change-related or environmental damage and serious corruption are included in this category.

In the case of biodiversity, the provision of financing connected to the following acts shall be immediately excluded:

- Acts that involve seriously damaging terrestrial ecosystems, including illegal logging, illegal wildlife trafficking, and development of national wildlife sanctuaries; and
- Acts that involve destroying marine ecosystem, including fishing using dynamite or chemicals and illegal discharge of harmful substances.

2. Gradual Exclusion

Both product and conduct exclusion shall be applied according to progress in ESG, but the scope of application shall be gradually expanded in the future.

Targets of products exclusions are to be immediately excluded, and exclusions shall be applied in stages where red flag areas, including tobacco, gambling, alcoholic beverages and adult entertainment, are concerned, with consideration given to the proportion of sales.

Targets of conduct exclusion are to be immediately excluded. Animal testing, export of live animals, modern slavery and child labor are also subject to conduct exclusion.

If other issues arise, exclusion shall be determined based on policy considerations or engagement through a responsible investment organization.

IV. Continuous Risk Management for Investment Targets

1. The Company shall continue to monitor the transaction trends of investment targets even after the Company's initial investment and shall make best efforts to timely review the performance of the Company's corporate social responsibilities in addition to operational activities and financial changes.
2. If the Company determines that the operation and management activities of investment targets are likely to cause ESG-related harms, it shall, in principle, propose devising plans to address these harms; track the implementation status of such plans; and re-evaluate whether to continue transactions.

V. ESG Investment Goals

In order to achieve the Sustainable Development Goals ("SDGs") promulgated by the United Nations, the Company shall strive to prioritize making investments that are consistent with sustainable goals as enumerated below:

1. No Poverty

- Expand social services for the poor and vulnerable
- Ensure access to financial services, including appropriate new technology and microfinance

2. Zero Hunger and Sustainable Agriculture

- Ensure access for the vulnerable to food
- Create jobs in rural areas
- Expand eco-friendly agricultural projects
- Support research into food commodity market social infrastructure and secure safety of their derivatives

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3. Good Health and Well-Being
- Prevent and take care of chronic and infectious diseases
- Expand and improve access to health-care services
- Improve sanitation
- Prevent air, water and soil pollution caused by hazardous substances

4. Quality Education
- Provide quality education services
- Support education for the vulnerable
- Expand education facilities
- Build safe education infrastructure

5. Gender Equality
- Increase female employment and end discrimination
- Provide information and education on pregnancy and childbirth
- Provide women with leadership opportunities at all levels of decision-making
- Give women equal rights to ownership of land, other forms of property, financial services and natural resources

6. Clean Water and Sanitation
- Supply safe drinking water
- Supply water and sewage systems to farming and fishing villages
- Improve water quality
- Restore ecological waters
- Increase sewage recycling and ensure the supply of sustainable fresh water

7. Energy
- Improve energy efficiency
- Generate renewable energy
- Increase the proportion of renewable energy
- Provide winter heating to energy have-nots

8. Decent Work and Economic Growth
- Create decent jobs
- Increase support for entrepreneurship and innovation and access to financial services
- Support youth employment
- Create safe working environment
- Promote sustainable industries

9. Innovation and Infrastructure
- Develop sustainable social infrastructure and expand access to finance and technology
- Increase access for the vulnerable to digital information
- Increase access for small- and medium-sized companies to financial services
- Provide support related to finance, technology and infrastructure to developing countries

10. Reduced Inequalities
- Eliminate discriminatory laws, policies and practices and ensure equal rights of all interested parties
- Increase the income of persons in the low-income bracket
- Reduce the gap in employment rates between groups by gender, age and disability

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11. Sustainable Cities and Communities
- Supply safe and affordable housing and basic services
- Improve transport systems and mobility convenience
- Safeguard cultural and natural heritage
- Reduce the adverse environmental impact of cities, such as fine particulates and waste
- Secure parks, green spaces and public spaces tailored to users

12. Sustainable Consumption and Production
- Promote eco-friendly consumption and boost the competitiveness of green products in the market
- Ensure sustainable management and efficient reuse of resources
- Minimize the loss of sustainability in production, distribution and disposal processes
- Establish a foundation for education on sustainable development
- Develop a virtuous cycle system for plastics and other products

13. Climate Action
- Strengthen resilience and adaptive capacity to address climate-related hazards and natural disasters
- Build capacity for climate change mitigation, adaptation, impact reduction and early warning
- Reduce greenhouse gas emissions

14. Life below Water
- Protect and improve the marine environment
- Prevent marine waste, pollution and acidification
- Expand foreshore ecosystem restoration projects
- Support small-scale fishing
- Increase marine technology R&D

15. Life on Land
- Develop and manage forest resources and restore forests
- Protect endangered wild animals
- Halt deforestation and prevent desertification
- Preserve terrestrial and inland freshwater ecosystems

16. Peace, Justice and Strong Institutions
- Prevent all forms of violence, including violence against children and sexual violence; prevent related deaths and protect victims
- Reduce illegal funds and arms trade
- Reduce corruption and bribery
- Ensure public access to information
- Reinforce digital human rights

17. Partnerships for the Goals
- Enhance policy coherence for sustainable development
- Strengthen the capacity of developing countries to implement SDGs
- Build global partnerships to achieve sustainable development goals

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Tax Policy

NHIS understands that compliance with tax laws and responsible, transparent tax payments that go beyond observance of laws is an important factor in contributing to national finance, enhancing shareholder value, and maximizing stakeholder profits, and that it is a fundamental condition that needs to be met for the company's long-term growth. We have therefore established tax rules and policy, and pursue cooperative, constructive relations with taxation authorities for faithful implementation of our tax policy. We make transparent tax payments and disclose relevant information according to the following rules.

Principles on Tax

- We recognize that compliance with tax laws and transparent tax payments are important parts of management.
- We faithfully report and pay taxes in accordance with responsible tax rules.
- We do not abuse differences in tax laws among countries to avoid taxes.
- We evaluate the adequacy of transfer price in accordance with the arm's length principle in transactions with persons with special relationship.
- We avoid use of tax structures for the purpose of avoiding taxes, and do not manage a legal entity at tax havens where sharing of tax information is impossible and where we do not have any economic activity.
- We make utmost efforts to fulfill cooperation obligations that are stipulated in tax laws to maintain constructive and cooperative relations with taxation authorities.
- We conduct preemptive management and monitoring to reduce tax risks.
- We document and store tax reports, documentary evidence, and materials related to decision-making on accounting issues.

Disclosure of Tax Payment Information

In Korea, we responsibly disclose income tax-related details through an audit report which is available on the Financial Supervisory Service's electronic official notice system (Dart.fss.or.kr). Disclosed content includes the following.

1. Accounting criteria for calculating income taxes
2. Deferred tax asset and liability details
3. Composition details regarding temporary differences
4. Income tax expense composition details and tax rate information

In addition, through our annual Integrated Report and Auditors' Report, we disclose revenue and tax payment amount information by country, the difference between the valid tax rate and statutory tax rate of income taxes, and the reason for this difference.

Tax Management Organization

Tax issues are constantly monitored at the working level across all businesses. When an issue is identified, an additional review is conducted by the financial department with expertise for a CFO report process. For any significant tax issues, a prudent review process after an outside expert's advice is carried out, and the issue may be brought in to the BOD if necessary.

Base Erosion and Profit Shifting

Global tax regulation is tightened due to increased frequency of international trade and the resulting growing global interest in transfer of taxable income among countries which bears possible cases of tax avoidance. NHIS has a higher tax risk regarding transfer price (arm's length price) of international transactions amid increasing transactions with overseas local subsidiaries. NHIS became keenly aware of the need to review (TP Study) transfer prices in case of international trade with overseas local subsidiaries in 2012. Accordingly, we received professional legal advice in 2014 and carried out an overall review on the transfer prices on overseas trade that occurred between NHIS and overseas local subsidiaries.

Whenever there is a new service contract with an overseas local subsidiary, NHIS' Global Business Planning Department and IB Business Planning Department, which oversee contracts with local subsidiaries, conduct a TP Study in the form of receiving a transfer price review report from a law firm and accounting firm for each contract. In accordance with the international direction and flow of transfer price-related policy, we review transfer prices again for previous contracts if needed. We use the review results as the reference to calculate commissions to reduce domestic tax risks while observing the OECD Transfer Pricing Guidelines. We also promote the appropriate fulfillment of tax obligations based on local tax laws.

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Board of Directors Independence Policy

NH Investment & Securities Co., Ltd. (the "Company") Board of Directors (the "BOD") shall perform functions independently from management and controlling shareholders for the continuous growth of the Company and the rights and interests of stakeholders. To this end, the BOD is composed of a majority of outside directors to supervise and keep check of the management decision-making process, and an outside director is appointed to serve as the BOD chairperson. In addition, relevant laws and regulations, such as the Act on Corporate Governance of Financial Companies, are complied with in order to verify the independence of each director.

1. The Company shall not fall under any of the Subparagraphs of Article 5 (Qualifications for Executive Officers) Paragraph 1 of the Act on Corporate Governance of Financial Companies
2. The Company shall not fall under any of the Subparagraphs of Article 6 (Qualifications of Outside Directors) Paragraph 1 of the same Act

Board of Directors Diversity Policy

NH Investment & Securities Co., Ltd. (the "Company") Board of Directors (the "BOD") is comprised of directors with diverse backgrounds and expertise who are committed to upholding high ethical standards and responsibility. The BOD shall strive to enhance the value of shareholders, financial consumers, and stakeholders.

1. Diversity

Gender: In order to enhance gender diversity of the BOD, the Company shall not discriminate on the basis of gender, and ensure that the BOD is composed of both genders.

Experience and Background: While considering the nature of a financial company, the Company shall avoid being biased towards a specific background or origin.

Other: The Company shall take into consideration the diversity of nationality, race, religion, and cultural backgrounds.

2. Expertise

The BOD shall consist of directors who have professional knowledge or sufficient work experience in fields such as finance, economics, management, accounting, law, information technology, and consumer protection to ensure that their specialties are not concentrated in particular occupations.

Act on Corporate Governance of Financial Companies

Article 5 (Qualifications for Executive Officers)

① The following persons shall be disqualified from being executive officers of a financial company:

1. A minor, a person under adult guardianship, or a person under limited guardianship;
2. A person declared bankrupt but not yet reinstated;
3. A person in whose case five years have not yet passed since imprisonment without labor or heavier punishment to which he/she was sentenced was completely executed (or is deemed to have been completely executed) or was remitted;
4. A person who was sentenced to the suspension of imprisonment without labor or heavier punishment, and is still in the period of suspension;
5. A person in whose case five years have not yet passed since a fine or heavier punishment to which he/she was sentenced under this Act or any other finance-related statutes was completely executed (or is deemed to have been completely executed) or was remitted;
6. A person who serves or served as an executive officer or an employee of a financial company in which case five years have not yet passed since any of the following measures was taken against the company (limited to persons specified by Presidential Decree as directly liable for the cause of such measures or those reasonably responsible for such measures):

(a) Revocation of permission or authorization for, or registration, etc. of, business under a finance-related statute;
(b) A measure of timely correction under Article 10 Paragraph 1 of the Act on the Structural Improvement of the Financial Industry;
(c) An administrative disposition under Article 14 Paragraph 2 of the Act on the Structural Improvement of the Financial Industry;

7. A person in whose case the period specified by Presidential Decree not exceeding five years for each category of sanctions has not yet passed since a sanction (including a notice equivalent to the relevant measure, in cases of an executive officer or an employee who has already retired or resigned from office) was taken against him/her under any finance-related statute for his/her conduct as an executive officer or an employee;
8. A person specified by Presidential Decree, by whom public interest and sound management of the relevant financial company or credit order are likely to be undermined.

② If a person appointed as an executive officer of a financial company falls within any category of Paragraph 1 Subparagraphs 1 through 8, the person shall forfeit his/her position: Provided, that a person who falls within the category specified in Paragraph 1 Subparagraph 7 shall not forfeit his/her position in cases specified by Presidential Decree.

Article 6 (Qualifications for Outside Directors)

① The following persons shall be disqualified from being an outside director of a financial company: provided, that a person may be qualified as an outside director, if the person becomes a specially related person of the largest shareholder under Subparagraph 1 when he/she becomes an outside director:

1. The largest shareholder or a specially related person of the largest shareholder (referring to an executive officer or an employee of a corporation, if the largest shareholder or the specially related person of the largest shareholder is a corporation);
2. A major shareholder and the spouse or a lineal ascendant or descendant of a major shareholder (referring to an executive officer or an employee of a corporation, if the major shareholder is a corporation);
3. A person who serves as a full-time executive officer or employee or a non-executive director of the relevant financial company or its subsidiary (referring to a subsidiary defined by Article 2 Subparagraph 12 of the Monopoly Regulation and Fair-Trade Act; hereafter the same shall apply) or who served as a full-time executive officer or employee or a non-executive director during the preceding three years;
4. The spouse or a lineal ascendant or descendant of an executive officer of the relevant financial company;
5. A full-time executive officer or employee of the company for which an executive officer or employee of the relevant financial company serves as a non-executive director;
6. A person who serves as a full-time executive officer or employee of a corporation that has an important business relationship defined by Presidential Decree or a competitive or cooperative business relationship with the relevant financial company or who served as a full-time executive officer or employee of such corporation during the preceding two years;
7. A person who has served as an outside director of the relevant financial company for at least six years or who has served as an outside director of the relevant financial company or its subsidiaries for at least nine years in total;
8. A person specified by Presidential Decree, on any other ground, as a person who has difficulties in performing his/her duties faithfully as an outside director of the financial company or who is likely to influence the management of the relevant financial company.

② If a person who has become an outside director of a financial company falls within any category of Paragraph 1, the person shall forfeit his/her position.

③ An outside director of a financial company shall be a person specified by Presidential Decree, among persons who have abundant expertise or practical experience in finance, economy, business administration, law, accounting, etc.

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Business Partners Code of Conduct

Preface

NH Investment & Securities Co., Ltd. (the "Company") has established a Code of Conduct for Business Partners for the fulfillment of social responsibilities as a member of the nation and society, sustainable development with the stakeholders, and for the win-win and mutual growth between the Company and Business partners (corporate or individual entities that provide goods or services to the company or conclude a contract for other transactions).

Business Partners Code of Conduct recommends the best operation in each sector such as business ethics, labor and human rights, diversity/equity and inclusion, safety and health, and environmental protection in addition to thorough compliance management.

The Company respects the personalities of its Business partners and employees, and requires that they carry out relevant activities in accordance with the Code of their own accord, and not by coercion. In case of any contradiction between the contents recommended in Business Partners Code of Conduct and the law, the law shall take precedence in application.

1. Business Ethics

1) Transparent Management

Business Partners shall disclose all information related to business management in accordance with relevant laws and industrial practice so that it can be made known by employees and shareholders and the general public, and shall carry out transparent decision-making.

2) Anti-Corruption

Business Partners shall present policies and standards regarding anti-corruption and anti-bribery, and manage and supervise so that employees strictly comply with them.

3) Fair Trade

Business Partners shall promote mutual growth with their own affiliates, and prevent and supervise acts that hinder the market order through unfair trade practices, such as taking advantage of their superior position in trade.

2. Labor and Human Rights

Business Partners shall protect the human rights of workers, and ensure that they are legally employed and treated with dignity.

1) Humane Treatment

Business Partners shall respect the privacy of employees, and shall not engage in inhumane treatment such as sexual harassment, corporal punishment, mental and physical coercion, verbal abuse, intimidation, and unreasonable restrictions.

2) Voluntary Work

The work of all workers of Business Partners must be voluntary, and the Business Partners shall not demand the transfer of identification cards, passports and work visas issued by the government as a condition of employment.

3) Prohibition of Child Labor and Protection of the Vulnerable

Business Partners shall not, under any circumstances, employ a child worker under the age of 15. Minors under 18 shall be employed in compliance with labor relations and laws, and shall not engage in dangerous or harmful work. Vulnerable groups, including women and the disabled, shall be protected.

4) Work Hours

Business Partners shall not exceed the number of working days and working hours stipulated in relevant laws.

5) Freedom of Association

Business Partners shall guarantee the workers' freedom of association and right for collective bargaining, and shall not give any unfavorable treatment for reasons of organizing, joining, or participating in a labor union.

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3. Diversity, Equity and Inclusion

1) Respect for Diversity

Business Partners shall respect the diversity of their workers when performing tasks such as gender, educational background, place of birth, religion, language, race, ability, social/economic status, and gender identity.

2) Provide Fair Opportunity

Business Partners shall provide an equal opportunity for promotion for all members, and employees shall endeavor to develop their careers from the beginning of their employment.

3) Open Organizational Culture

Business Partners shall create an open organizational culture where all members can respect and accept each other's opinions.

4. Safety and Health

1) Establishment and Implementation of Safety and Health Plans

Business Partners shall establish safety and health goals and detailed plans to create a safe workplace, and shall carry out and improve its implementation continuously.

2) Prevention of Occupational Incidents and Diseases

Business Partners shall establish a procedure and system for preventing, managing, tracking and reporting occupational incidents and diseases, and shall continuously manage them by providing rest and personnel placement to prevent occupational incidents and diseases.

3) Hygiene and Cleanliness Management

Business Partners shall manage the hygiene and cleanliness of housing facilities for workers such as dormitories, washrooms, and restaurants.

4) Safety and Health Education

Business Partners shall conduct relevant activities such as education to raise members' awareness on safety and health and spread the autonomous safety culture.

5. Environmental Protection

1) Environmental Management Practices

Business Partners shall make efforts to respond to climate change, protect the global environment, and put environmental management into action and shall carry out continuous improvement activities through education.

2) Compliance with Environmental Laws

Business Partners shall comply with all laws and regulations related to environmental protection.

3) Disclosure of Environmental Management Information

Business Partners shall transparently disclose management policies and information related to the environment.

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UNGC COMPLIANCE

Un Global Compact Implementation in 2023

In September 2011, NHIS joined the United Nations Global Compact (UNGC) to support and ensure compliance with the Ten Principles set in four areas: human rights, labour, environment, and anti-corruption. The activities we engaged in for each principle are disclosed in the pages below.

Area	Ten Principles	Page
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	69p
	Principle 2: make sure that they are not complicit in human rights abuses.	69p
Labor Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	71p
	Principle 4: the elimination of all forms of forced and compulsory labour;	69p
	Principle 5: the effective abolition of child labour; and	69p
	Principle 6: the elimination of discrimination in respect of employment and occupation.	68~69p
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	30~33p, 49~55p
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	23~24p, 30~33p, 49~55p
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	23~24p, 30~33p, 49~55p
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	38~41p

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UN SDGs

UN SDGs Implementation in 2023

NH Investment & Securities is conducting business in consideration of the UN Sustainable Development Goals (SDGs).
Out of the 17 UN SDGs, we focus on those goals that closely align with our business in disclosing our activities and achievements, and contribute to the sustainable development of the global community in so doing.

Category		Principles	NHIS Activities	Page
	Goal 1	End poverty in all its forms everywhere	• Operated the Social Contribution Group • Undertook the Building Community Town program	73~75p
	Goal 2	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture	• Engaged in social contribution activities for rural areas • Supported small/mid-sized farms with crowdfunding and live commerce	75p
	Goal 3	Ensure healthy lives and promote well-being for all at all ages	• Implemented family-friendly programs • Established a health and safety system and operated mental health programs for employees	71~72p
	Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	• Forged ties for One Company One School financial education and provided financial education to teenagers • Operated Lifelong Education University	65p, 74p
	Goal 5	Achieve gender equality and empower all women and girls	• Pursued increased diversity of employees • Ensured fair recruitment and assessment	68~69p
	Goal 7	Ensure access to affordable, reliable, sustainable and modern energy	• Listed the Green Energy ESG ETN • Completed a production plant to pursue a biochar-based carbon credit business	24p, 50p
	Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	• Ensured employment security and talent acquisition • Provided a range of employee welfare and benefits programs	68p, 71p

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Category		Principles	NHIS Activities	Page
	Goal 9	Build resilient foundation, promote inclusive and sustainable industrialization, and foster innovation	• Expanded service accessibility for the digitally-underserved • Operated the NH Digital Alliance Fund	62p, 77p
	Goal 10	Reduce inequality within and among countries	• Distributed high-efficiency cook stoves in East Timor • Supported rural village communities and helped increase income for farming households	50p, 75p
	Goal 12	Ensure sustainable consumption and production patterns	• Expanded the proportion of socially responsible investing including ESG bonds • Developed and pursued carbon credit business	23p, 49~50p
	Goal 13	Take urgent action to combat climate change and its impacts	• Conducted investment business in accordance with ESG investing principles • Stipulated coal-free finance	23p, 49p
	Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels.	• Bolstered the ethical management system in line with the Ethics Charter • Operated internal/external whistleblowing mechanisms	38~39p, 41p
	Goal 17	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	• Pursued global GHG emissions reduction business • Joined the UN Global Compact (UNGC)	50p, 146p

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THIRD-PARTY ASSURANCE STATEMENT

To: The Stakeholders of NH INVESTMENT & SECURITIES CO.,LTD.

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the "Assurer") was requested to verify the NH INVESTMENT & SECURITIES 2024 Integrated Report (hereinafter referred to as the "Report"). The Assurer is independent of the NH INVESTMENT & SECURITIES and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the NH INVESTMENT & SECURITIES report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the NH INVESTMENT & SECURITIES and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

NH INVESTMENT & SECURITIES is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to NH INVESTMENT & SECURITIES only.

The Assurer is responsible for providing NH INVESTMENT & SECURITIES management with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of NH INVESTMENT & SECURITIES. The Assurer shall not bear any other responsibility, including legal responsibility, to any third party other than NH INVESTMENT & SECURITIES in providing the assurance opinion and shall not be liable to any other purpose, purpose or stakeholders related thereto for which the assurance opinion may be used.

Scope

The scope of engagement agreed upon with NH INVESTMENT & SECURITIES includes the following:

- Reporting contents during the period from January 1st to December 31st 2023 included in the report, some data included the first quarter of 2024.
- ESG Data related to key material issue of NH Futures and NH Hedge Asset Management in Appendix.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- In Accordance with the four principles of AA1000 AccountAbility in the report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the report.

The following contents were not included in the scope of assurance.

- Financial information in Appendix.
- Index items related to other international standards and initiatives other than the GRI.
- Other related additional information such as the website, business annual report.

Assurance Level and Type

The assurance levels and types are as follows;

- Moderate level based on AA1000 AS and Type 2 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report.)

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the assurer reviewed the following Disclosures based on the sampling of information and data provided by NH INVESTMENT & SECURITIES.

[Universal Standards]

2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies, and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

[Topic Standards]

201-1, 203-1, 203-2, 205-2, 205-3, 207-1, 207-2, 207-4, 302-1, 302-3, 303-3, 303-4, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 306-3, 306-4, 401-1, 401-2, 401-3, 403-1, 403-2, 403-4, 403-6, 404-1, 404-2, 405-1, 418-1

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Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities;

- A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
- Discussion with managers and staffs on organization's approach to stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures where available
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).
- Visit of the HQ of NH INVESTMENT & SECURITIES to confirm the data collection processes, record management practices.

Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Competency and Independence

BSI (British Standards Institution) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with NH INVESTMENT & SECURITIES. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Opinion Statement

The assurer was carried out by a team of sustainability report assurors in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that NH INVESTMENT & SECURITIES's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI standards were fairly stated.

On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). The detailed reviews against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards are set out below.

Inclusivity: Stakeholder Engagement and Opinion

NH INVESTMENT & SECURITIES defined shareholders/investors, clients, local communities, employees and governments and related agencies as a Key Stakeholder Groups. In order to collect opinions by each stakeholder groups in the context of sustainability, operated the stakeholder engagement process. NH INVESTMENT & SECURITIES was conducting a review of the stakeholder engagement process at the governance level in order to reflect the major issues derived through the stakeholder engagement process in sustainability strategy and goals. NH INVESTMENT & SECURITIES disclosed the results related to the process in the Report.

Materiality: Identification and reporting of material sustainability topics

NH INVESTMENT & SECURITIES implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. In the materiality evaluation, NH INVESTMENT & SECURITIES conducted an analysis of issues and ESG issues for the previous reporting year, and conducted an expert IRO (Impact, Risk, Opportunity) analysis to derive the impact and financial materiality. NH Investment & Securities derives 4 key material issues (Tier 1) through the process. NH INVESTMENT & SECURITIES derived 4 key material issues through the relevant process, and disclosed GRI topic standards disclosures related to material issues in the Report.

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Responsiveness: Responding to material sustainability topics and related impacts

NH INVESTMENT & SECURITIES operated a management process for key material issues in the context of sustainability derived from the materiality assessment. The NH INVESTMENT & SECURITIES established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. NH INVESTMENT & SECURITIES disclosed the process including policy, indicator, activity and response performance on key material issues in the Report and Web homepages.

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

NH INVESTMENT & SECURITIES identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the key material issues reported. NH INVESTMENT & SECURITIES established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities for key material issues, disclosed mid- to long-term plans and strategic system in the Report.

Findings and conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, the following disclourse were carried out in a assurance Type 2 based on the information and data provided by the reporting organization. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, processing, and management were verified through interviews with the responsible department, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the report were not found through assurance processes. The reporting organization manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance. Errors and unclear expressions found during the assurance process were corrected during the assurance process and prior to the publication of the report, and the assurer confirmed the final published report with the errors and expressions corrected.

- GRI Topic Standards: 201-1, 203-1, 203-2, 205-2, 205-3, 207-1, 207-2, 207-4, 302-1, 302-3, 303-3, 303-4, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 306-3, 306-4, 401-1, 401-2, 401-3, 403-1, 403-2, 403-4, 403-6, 404-1, 404-2, 405-1, 418-1

Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance;

- NH Investment & Securities operates an advanced financial performance indicator management system and is operating strengthen internal control process. It may be helpful to advance the sustainability management system by integrating the management system of major sustainability performance indicators and financial performance indicators, including the environment and social, and securing consistency and comparability of data related to sustainability performance by upgrading management methodology.

GRI-reporting

NH INVESTMENT & SECURITIES provided us with their self declaration of compliance within GRI Standards. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index. The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the Universal Standards and Topic Standards Indicators based on the data provided by NH INVESTMENT & SECURITIES and the sector standard was not applied.





Jungwoo Lee, Lead Assurer, ACSAP

Seonghwan Lim, Managing Director of BSI Korea

Issue Date: 13/05/2024

For and on behalf of BSI (Brithish Standards Institution):

BSI representative

BSI Group Korea Limited: 29, Insa-dong 5-gil, Jongno-gu, Seoul, South Korea
Hold Statement Number: SRA 807466

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GHG ASSURANCE STATEMENT

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by NH Investment & Securities Co., Ltd. ("Company") to perform third party verification for the Company's Greenhouse Gas Inventory Report ("the report") in the calendar year 2023. The Company is responsible for the preparation of the GHG emissions data on the basis set out within the 'ISO 14064-1:2018, WRI/WBCSD GHG Protocol:2004' and 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard.' Our responsibility in performing this work is to the management of the Company only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance opinion.

Objectives and scope of verification

The purpose of this verification is to present an independent verification opinion on the company's greenhouse gas emissions, and the scope of verification is as follows;

- Organizational Boundary: Headquarters and Branches (incl. IDC center, Human Resource Institute and company daycare center)
- Operational Boundary: Scope 1 (Direct emissions), Scope 2 (Indirect emissions), Scope 3 (Other indirect emissions)
- Reporting period: 2023.01.01 ~2023.12.31

Verification Approach

The verification has been conducted in accordance with the verification principles and tasks outlined in the 'ISO 14064-3:2019,' based upon a limited level of assurance. We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO_2 equivalent. As part of the verification process, we have reviewed as follows;

- Process to generate, aggregate and report the emissions data
- The data and information supporting the report were based on historical in nature. These may include partially hypothetical and projected data and information (refer to the report for details)

Conclusions

Based on the process and procedures conducted, there is no evidence that the GHG statement is not materially correct and is not a fair representation of GHG data and information;

- DNV presents an 'Unmodified' opinion on Greenhouse Gas Emissions

Greenhouse Gas Emissions of NH Investment & Securities for Yr 2023

Unit: ton CO_2 equivalent

NH Investment & Securities	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Other Indirect emissions (Scope 3)	Total emissions
KOREA (Location-based)*	887	6,354	844	8,085
KOREA (Market-based)**		6,321		8,052

* 'Location-based' includes GHG emissions from Scope 2, which reflects the consumption of electricity from the national grid
** 'Market-based' includes GHG emissions from Scope 2, which reflects the purchase of RECs (renewable energy certificates)
※ In order to report the GHG emissions as an integer, the rounded number on the opinion might be different from the number on the system with ± 1 tCO_2eq

7th May 2024

Jang-Sub Lee
Country Representative
DNV Business Assurance Korea



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Date of Award	Host	Award Category
Dec. 27, 2023	Aju Business Daily	Grand Prize in the financial consumption innovation category - 2023 Financial Securities Awards
Dec. 6, 2023	Seoul Economic Daily	Grand Prize in the retirement pension and OCIO category - 2023 Korea Securities Awards
Dec. 5, 2023	Asia Economy	Grand Prize in the retirement pension (DC) category - 2023 Asia Capital Investment Awards
Nov. 22, 2023	E-Today	Excellence Award in the innovative finance category - 13th Market Leader of the Year Awards
Nov. 17, 2023	Ministry of Economy and Finance	Outstanding PD Commendation for H2 2022
Nov. 17, 2023	Ministry of Economy and Finance	Outstanding PD Commendation for H1 2023
Nov. 17, 2023	Money Today, Korean Academy of Financial Consumers	Excellence Award in the financial investment category, 12th 100-Year Life Financial Awards
Oct. 31, 2023	Herald Business	Best Analysis Awards (overseas) in the investment information category - 2023 Herald Investment Awards
Oct. 30, 2023	Seoul Shinmun	Gold Prize in the securities category - 1st Seoul Win-Win Finance Awards
Oct. 26, 2023	Asia Economy	Excellence Award in the technology category - 2023 Asia Smart Trading System Awards
Oct. 23, 2023	Money Today	Overall Excellence Award - 11th Best MTS Awards
Sep. 22, 2023	Asia Today	Best Prize for Risk Management in the capital market category - 2023 Asia Today Financial Awards
Jul. 18, 2023	Hankyung Business	Excellence Award at 2023 1H Best Securities Firm Awards
Jul. 10, 2023	Korea Derivatives Association (KDA)	Derivatives House of the Year - KDA Korean Derivatives Awards 2023
Jul. 6, 2023	Money Today	Financial Consumer Protection Award - 2023 Korea Financial Consumer Rights and Interest Awards
Jun. 14, 2023	MTN	2nd Grand Prize, small-cap, 14th Korea Analyst Awards
May 31, 2023	Hankyung.com	Grand Prize in the securities category - 2023 Korea Mobile Awards
May 2, 2023	Herald Business	Digital Frontier Award - 2023 Herald Capital Market Awards
Mar. 28, 2023	Maeil Business Newspaper	Gold Prize (new product development) - 2023 Maekyung Securities Awards
Mar. 14, 2023	Newspim	Best Innovation Award - 11th Newspim Capital Market Awards
Mar. 14, 2023	Daehan Economy	Financial Arrangement Award - 2023 Daehan Economy Best Real Estate IB
Feb. 23, 2023	Asia Economy	Best Seller Award - 14th Asia Fund Awards
Feb. 16, 2023	Money Today	Best DCM Lead Management Award - 20th Korea IB Awards

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Date of Award	Host	Award Category
Feb. 15, 2023	Korea Economic Daily, Market Insight	Awarded in the bond issuance category, 14th Korea IB Awards
Feb. 1, 2023	Dealsite	Best House Award in the rights offering underwriting category, 1st IB Awards
Feb. 1, 2023	Chosun Ilbo, FnGuide	Excellent Overseas Research Award - 2022 Research Excellence Securities Firms and Best Analysts
Jan. 27, 2023	thebell	Best Rights Offering House, Best Financial Bond House, Best Bond Deal(SB), Best Rights Offering - 2023 Korea Capital Markets thebell League Table Awards
Jan. 10, 2023	Hankyung Business	Grand Prize, Best Securities Firm in H2 2022

Association Membership

American Chamber of Commerce in Korea	Association of Compliance Officers	Retirement Pension Development Council	Korea Securities Law Association
Federation of Middle Market Enterprise of Korea	Company Audit Association	SEOUL IB FORUM	The Institute of Internal Auditors
Korean Pension Association	Korea Developer Association	Korea Bigdata Society	Seoul Finance Forum
KOREA FOREX CLUB	UN GLOBAL COMPACT	Audit Manager of Securities	Global Finance Society
Insolvency Law Institute of Korea	KRX ETS	Korea Enterprises Federation	Seoul FX Market Operation Council
Korea Capital Market Institute	Korea Emissions Market Association	Baby Bond Members Council	Korea PEF Association
Korea Investor Relations Service	The Korea Society of Management Information Systems	Securities Friday Group	Korea Exchange
Seoul Economist Club	GHG International Reduction Industry Association	Korea Listed Companies Association	Korea Venture Capital Association
Korea Association of Real Estate Investment Trusts	The Federation of Korean Industries		

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December 31, 2023 and 2022

1. GENERAL INFORMATION

1.1 NH Investment & Securities Co., Ltd.

NH Investment & Securities Co., Ltd. (the "Controlling Company" or the "Company"), was incorporated on January 16, 1969, to engage investment management. The Company listed its shares in the Korea Exchange in accordance with Financial Investment Services and Capital Markets Act. The Controlling Company operates through its head-quarters and fifty-nine domestic branches, three domestic offices and one overseas office.

The Controlling Company merged with LG Merchant Bank Co., Ltd. on October 1, 1999, and changed its name to LG Investment and Securities Co., Ltd. from LG Securities Co., Ltd. , the Company's original company name. On March 31, 2005, the Controlling Company merged with Woori Securities Co., Ltd. and changed its name again to Woori Investment & Securities Co., Ltd. on April 1, 2005. On December 30, 2014, the Controlling Company merged with Nonghyup Invest-ment & Securities Co., Ltd. and finally changed its name to NH Investment & Securities Co., Ltd. on December 31, 2014.

The Controlling Company's capital stock as at December 31, 2023, is ₩ 1,683,205 million for common share and ₩ 99,355 million for preferred stock. Major shareholders as at December 31, 2023, are as follows:

	Number of shares		Percentage of ownership (%)	
	Common share	Preferred stock	Common share	Preferred stock
Nonghyup Financial Group Inc.	188,452,535	-	56.82	-
Others	143,213,38	18,870,968	43.18	100.00
	331,665,921	18,870,968	100.00	100.00

1.2 Consolidated Subsidiaries

The consolidated financial statements as at December 31, 2023 and 2022, include the following subsidiaries:

Subsidiaries	Main business	Location	Financial statements prepared as at	2023	2022
				Percentage of ownership (%)	Percentage of ownership (%)
NH Investment & Futures Co., Ltd	Securities investments	Korea	2023-12-31	100.0	100.0
NH Investment & Securities Trust[1]	Trust business	Korea	2023-11-30	-	-
NH Investment & Securities (H.K.) Ltd	Securities business	China	2023-12-31	100.0	100.0
NH Absolute Global Opportunity Fund	Securities investments	Cayman	2023-11-30	100.0	100.0
NH Absolute Return Investment Strategies Fund	Securities investments	Cayman	2023-11-30	100.0	100.0
NH Securities Vietnam Co., Ltd	Securities business	Vietnam	2023-12-31	100.0	100.0
NH Investment & Securities America, Inc.	Securities investments	USA	2023-12-31	100.0	100.0
NH Absolute Return Partners Pte. Ltd	Securities investments	Singapore	2023-12-31	100.0	100.0
PT. NH Korindo Securities Indonesia[7]	Securities investments	Indonesia	2023-12-31	98.6	92.7
NH Investment Advisory Co., Ltd (Beijing)	Securities investments	China	2023-12-31	100.0	100.0
NH Investment & Securities Europe Ltd.	Securities investments	UK	2023-12-31	100.0	100.0
NH Absolute Return Hedge Fund[4,7]	Hedge fund	Korea	2023-12-31	40.2	41.6
NH New Growth Partnership PEF[2]	Other financial business	Korea	2023-12-31	18.2	18.2
GnM Holdings Co., Ltd[8]	Other financial business	Korea	2023-12-31	78.2	78.2
GnM Performance Co., Ltd (formerly, Makeulike Co., Ltd)[8]	Advertising agency	Korea	2023-11-30	100.0	100.0
GranMonster Co., Ltd[8]	Advertising agency	Korea	2023-11-30	100.0	100.0
NH Hedge Asset Management Co., Ltd	Trust and collective investment	Korea	2023-12-31	100.0	100.0
EIP Investment Infrastructure No.1 PEF	Other financial business	Korea	2023-12-31	99.6	99.6
NH Sea I Fund[4,7]	Beneficiary certificates	Singapore	2023-09-30	66.5	66.4
Tiger Private Fund No.61[4]	Beneficiary certificates	Korea	2023-12-31	99.4	99.4
GEN-NH Sub-Fund II[8]	Beneficiary certificates	Singapore	2023-09-30	100.0	-
ARA Korea Private Real Estate Fund No.10[4]	Beneficiary certificates	Korea	2023-12-31	99.0	99.0
Pacific Private Real Estate Fund No.63-1[4,5]	Beneficiary certificates	Korea	-	-	90.0
NH-Amundi Global Infra Fund No.6[4]	Beneficiary certificates	Korea	2023-12-31	99.9	99.9
PIA Infrastructure Private Equity Fund No.4[4]	Beneficiary certificates	Korea	2023-12-31	99.9	99.9
NH Absolute Mezzanine Private Equity Fund No.2[4]	Beneficiary certificates	Korea	2023-12-31	33.3	33.3
NH Absolute Kosdaq Venture Mezzanine Alpha Private Equity Fund No.1[4]	Beneficiary certificates	Korea	2023-12-31	33.3	33.3
Eugene Avitation Private Equity Fund No.9[4]	Beneficiary certificates	Korea	2023-12-31	100.0	100.0
Absolute Lion Private Fund No.1[4,7]	Beneficiary certificates	Korea	2023-12-31	96.9	83.4
Tiger Active Long Biased No.3 Private Fund[4,9]	Beneficiary certificates	Korea	2023-12-31	65.2	-
Absolute dividend & initial public offering Private Investment Trust 1[4,9]	Beneficiary certificates	Korea	2023-12-31	55.7	-
NH Absolute Kosdaq Venture Mezzanine Private Equity Fund No.1[4,8]	Beneficiary certificates	Korea	2023-12-31	15.0	15.0
NH Absolute Equity Multi General Private Placement Investment Trust No.1[4,7,8]	Beneficiary certificates	Korea	2023-12-31	49.6	18.2

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				Percentage of ownership (%)	Percentage of ownership (%)
NH Absolute Equity Multi General Private Placement Investment Trust No.2[4,8]	Beneficiary certificates	Korea	2023-12-31	11.7	-
NH Absolute Project On Plus General Private Placement Investment Trust[4,8]	Beneficiary certificates	Korea	2023-12-31	85.0	85.0
EIP Solar One[8]	Other financial business	Cayman	2023-12-31	100.0	100.0
Suimei LP[7,8]	Other financial business	Canada	2023-09-30	99.6	99.5
FIP Acquisition GK[8]	Other financial business	Japan	2023-09-30	100.0	-
TAI TCI DIME REIT LLC[8]	Other financial business	USA	2023-09-30	100.0	-
TAI TCI DIME JV LLC[8]	Other financial business	USA	2023-09-30	64.5	-
TAI TCI DIME Owner LLC[8]	Other financial business	USA	2023-09-30	100.0	-
Cube 5th Co., Ltd[3,5]	Asset securitization	Korea	-	-	-
TL Independence Co., Ltd[3,5]	Asset securitization	Korea	-	-	-
War Machine 10th Co., Ltd[3,5]	Asset securitization	Korea	-	-	-
Merigogo 4th Co., Ltd[3,5]	Asset securitization	Korea	-	-	-
ParkCity First Co., Ltd[3,5]	Asset securitization	Korea	-	-	-
Yongintechnologis No1.,Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
Song Am Park 2nd[3]	Asset securitization	Korea	2023-12-31	-	-
Mi Mi Day 1st Co., Ltd[3,5]	Asset securitization	Korea	-	-	-
Mi Mi Day 3rd Co., Ltd[3,5]	Asset securitization	Korea	-	-	-
Newstart Yeonsinnae 2nd[3]	Asset securitization	Korea	2023-12-31	-	-
Mi Mi Day 2nd Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
Cheongju Express D-Two Co.,Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
New World Myeongji Tres Co.,Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
Smart Kamsam 2nd Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
PV Landscape Co.,Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
YRD 1st Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
Pinemilkthree Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
Uncas The Second[3]	Asset securitization	Korea	2023-12-31	-	-
Uncas The First[3]	Asset securitization	Korea	2023-12-31	-	-
Industry Kimhae 1st Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
Industry Kimhae 2nd Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-

Subsidiaries	Main business	Location	Financial statements prepared as at	2023	2022
				Percentage of ownership (%)	Percentage of ownership (%)
PLN 5th Co.,Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
Hey YS 1st Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
Galaxy Yeouido Co.,Ltd[3,5]	Asset securitization	Korea	-	-	-
Cube Culture First Co.,Ltd[3,5]	Asset securitization	Korea	-	-	-
MJ Hangdong 5th Co., Ltd.[3]	Asset securitization	Korea	2023-12-31	-	-
MJ Hangdong 4th Co., Ltd.[3]	Asset securitization	Korea	2023-12-31	-	-
MJ Hangdong 3rd Co., Ltd.[3]	Asset securitization	Korea	2023-12-31	-	-
Blue Sea Jinhae Co., Ltd.[3]	Asset securitization	Korea	2023-12-31	-	-
RA 2nd Co., Ltd.[3]	Asset securitization	Korea	2023-12-31	-	-
The Sharp Gwangyang Ma-dong Inc.[3]	Asset securitization	Korea	2023-12-31	-	-
RA 3rd Co., Ltd.[3]	Asset securitization	Korea	2023-12-31	-	-
Modern Beta Co., Ltd.[3]	Asset securitization	Korea	2023-12-31	-	-
RA 4th Co., Ltd.[3]	Asset securitization	Korea	2023-12-31	-	-
Cloud 1st Co., Ltd.[3]	Asset securitization	Korea	2023-12-31	-	-
Prima Nonhyun Charlie Co., Ltd.[3]	Asset securitization	Korea	2023-12-31	-	-
Busan Minam 2nd Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
Busan Minam 1st Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
NH Hunin 2nd Co., Ltd[3,5]	Asset securitization	Korea	-	-	-
NewworldGeol-dong 1st Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
NewworldGeol-dong 2nd Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
Newforest 2nd Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
Newforest 3rd Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
GyeongsanLogis 3rd Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
GoyangLogis 1st Co., Ltd[3]	Asset securitization	Korea	2023-12-31		
CubeSkyline Co., Ltd[3]	Asset securitization	Korea	2023-12-31		
RASupyo 1st Co., Ltd[3]	Asset securitization	Korea	2023-12-31		
Galaxy All-one 1st Co., Ltd[3,5]	Asset securitization	Korea	-		
RAHaeundae 4th Co., Ltd[3]	Asset securitization	Korea	2023-12-31		
NewWorld Jeonbang 4th Co., Ltd[3]	Asset securitization	Korea	2023-12-31		

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				Percentage of ownership (%)	Percentage of ownership (%)
BestEH 1st Co., Ltd[3,5]	Asset securitization	Korea	-	-	-
Gangreung Mono 1st Co., Ltd[3]	Asset securitization	Korea	2023-12-31	-	-
NewWorld Echo 3th.[3,9]	Asset securitization	Korea	2023-12-31	-	-
TEUWIN STEA 1ST CO.,LTD.[3,5,9]	Asset securitization	Korea	-	-	-
Grid Ocean 1st Co.,Ltd.[3,5,9]	Asset securitization	Korea	-	-	-
Newworld Yonggye 5th[3,9]	Asset securitization	Korea	2023-12-31	-	-
Bluepatio namcheon[3,9]	Asset securitization	Korea	2023-12-31	-	-
MIR ONE 9TH CO.,LTD.[3,9]	Asset securitization	Korea	2023-12-31	-	-
NH GEOMDAN 1ST CO.,LTD.[3,9]	Asset securitization	Korea	2023-12-31	-	-
Wood Rose First Co.,Ltd.[3,9]	Asset securitization	Korea	2023-12-31	-	-
CUBE INTHE CO.,LTD.[3,9]	Asset securitization	Korea	2023-12-31	-	-
J On Pro Co., Ltd.[3,9]	Asset securitization	Korea	2023-12-31	-	-
Newworld IP 6th[3,9]	Asset securitization	Korea	2023-12-31	-	-
Exit Sixth Co., Ltd.[3,9]	Asset securitization	Korea	2023-12-31	-	-
Landmark Yeoido No.2[3,9]	Asset securitization	Korea	2023-12-31	-	-
YonginSeocheonNH[3,9]	Asset securitization	Korea	2023-12-31	-	-
CUBE SP CO.,LTD.[3,9]	Asset securitization	Korea	2023-12-31	-	-
NHHunin 3rd Co., Ltd.[3,9]	Asset securitization	Korea	2023-12-31	-	-
MMT[6]	Securities investment	Korea	2023-12-31	-	-

1. Classified as a trust under Financial Investment Services and Capital Markets Act and included in the consolidation scope. Though the Controlling Company is not a majority shareholder, the Controlling Company
   1) has the power over the investee; 2) is exposed, or has rights, to variable returns from its involvement with the investee and 3) has the ability to use its power to affect its returns.
2. Included in the consolidation scope, for the Controlling Company, as a general partner, exercises majority of voting rights in decision making and participates in decision making related to the investee's operating policies.
3. Classified as a structured entity for the purpose of asset securitization and included in the consolidation scope though the Controlling Company is not a majority shareholder, since the Controlling Company 1) has the power over the investee; 2) is exposed, or has rights, to variable returns from its involvement with the investee and 3) has the ability to use its power to affect its returns.
4. Classified as a structured entity for the purpose of securities investments and included in the consolidation scope, considering the Controlling Company 1) has the power over the investee; 2) is exposed, or has rights, to variable returns from its involvement with the investee and 3) has the ability to use its power to affect its return.
5. Excluded from the consolidation scope for the year ended December 31, 2023, due to decrease in ownership and expiration and others.
6. Included in the consolidation scope for the Controlling Company is exposed to variable returns from its involvement with the investee ("MMT") and has the ability to use its power to affect its returns.
7. Percentage of ownership changed due to additional investment and disposal (repurchase) for the year ended December 31, 2023.
8. Controlled by a subsidiary of the Controlling Company.
9. Included in the consolidation scope for the year ended December 31, 2023, due to acquisition and credit enhancement.

The summarized financial information of subsidiaries whose financial information is included in the consolidated financial statements as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

Subsidiaries	As at and for the year ended December 31, 2023				
	Assets	Liabilities	Operating revenue	Profit (loss) for the year	Comprehensive income (loss)
NH Investment & Futures Co., Ltd	₩ 808,067	₩ 607,812	₩ 60,896	₩ 14,348	₩ 17,306
NH Investment & Securities Trust	78,624	78,094	4,097	-	-
NH Investment & Securities (H.K.) Ltd	970,509	177,094	133,513	49,191	61,328
NH Absolute Global Opportunity Fund	9,499	55	1,067	706	847
NH Absolute Return Investment Strategies Fund	52,833	405	1,878	593	1,474
NH Securities Vietnam Co., Ltd	142,487	70,820	14,099	2,246	1,512
NH Investment & Securities America, Inc.	51,511	3,094	26,424	12,693	13,146
NH Absolute Return Partners Pte. Ltd	4,485	198	1,420	209	277
PT. NH Korindo Securities Indonesia	82,886	41,308	10,337	(1,997)	(2,934)
NH Investment Advisory Co., Ltd (Beijing)	9,232	450	721	(517)	(506)
NH Investment & Securities Europe Ltd.	37,845	1,102	1,863	(1,456)	(783)
NH Absolute Return Hedge Fund	746,313	6,370	169,904	52,008	52,008
NH New Growth Partnership PEF	232,582	2,783	-	7,977	7,977
GnM Holdings Co., Ltd	59,695	8,724	-	(305)	(305)
GnM Performance Co., Ltd (formerly, Makeulike Co., Ltd)	20,372	21,927	20,949	(6,918)	(6,918)
GranMonster Co., Ltd	24,121	24,310	19,120	(3,615)	(3,615)
NH Hedge Asset Management Co., Ltd	69,863	10,534	18,009	6,835	6,756
EIP Investment Infrastructure No.1 PEF	60,158	16	16	2,981	2,981
NH Sea I Fund	11,155	127	174	(215)	(215)
Tiger Private Fund No.61	53,611	1,099	3,724	2,710	2,710
GEN-NH Sub-Fund II	4,026	145	360	274	204
ARA Korea Private Real Estate Fund No.10	103,706	2,993	10,656	2,508	2,508
NH-Amundi Global Infra Fund No.6	2,673	33	3,616	(25,281)	(25,281)
PIA Infrastructure Private Equity Fund No.4	71,013	23	46,692	5,324	5,324
NH Absolute Mezzanine Private Equity Fund No.2	23,202	205	3,979	1,739	1,739

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Subsidiaries	As at and for the year ended December 31, 2023				
	Assets	Liabilities	Operating revenue	Profit (loss) for the year	Comprehen-sive income (loss)
NH Absolute Kosdaq Venture Mezzanine Alpha Private Equity Fund No.1	16,767	206	7,221	2,128	2,128
Eugene Aviation Private Equity Fund No.9	16,844	21	2,044	767	767
Absolute Lion Private Fund No.1	3,660	391	1,170	395	395
Tiger Active Long Biased No.3 Private Fund	6,116	1,205	2,024	304	304
Absolute dividend & initial public offering Private Investment Trust 1	3,788	1	218	196	196
NH Absolute Kosdaq Venture Mezzanine Private Equity Fund No.1	65,043	679	59,464	7,215	7,215
NH Absolute Equity Multi General Private Placement Investment Trust No.1	8,700	2,553	8,717	716	716
NH Absolute Equity Multi General Private Placement Investment Trust No.2	24,231	6,842	1,815	184	184
NH Absolute Project On Plus General Private Placement Investment Trust	52,874	25	4,408	3,030	3,030
EIP Solar One	42,567	-	-	(5)	(1,875)
Suimei LP	64,122	34,627	-	(2,745)	(4,093)
FIP Acquisition GK	64,734	64,995	-	(223)	(217)
TAI TCI DIME REIT LLC	50,932	15	2,407	1,145	1,843
TAI TCI DIME JV LLC	79,871	89	4,213	3,901	5,296
TAI TCI DIME Owner LLC	208,418	132,481	-	925	2,296
Yongintechnologis No1.,Ltd	9,637	10,202	1,228	(312)	(312)
Song Am Park 2nd	9,969	10,181	707	(40)	(40)
Newstart Yeonsinnae 2nd	17,905	20,643	1,986	(1,952)	(1,952)
Mi Mi Day 2nd Co., Ltd	12,258	13,242	1,558	(764)	(764)
CheongJu Express D-Two Co.,Ltd	21,633	22,265	2,006	43	43
New World Myeongji Tres Co.,Ltd	9,463	10,011	976	(301)	(301)
Smart Kamsam 2nd Co., Ltd	21,794	23,517	1,607	(232)	(232)
PV Landscape Co.,Ltd	5,309	3,915	-	(586)	(586)
YRD 1st Co., Ltd	29,408	31,048	2,277	622	622
Pinemilkthree Co., Ltd	9,635	10,179	1,788	79	79
Uncas The Second	24,860	25,639	4,215	714	714
Uncas The First	23,514	24,203	2,094	(198)	(198)
Industry Kimhae 1st Co., Ltd	3,795	3,915	337	65	65

Subsidiaries	As at and for the year ended December 31, 2023				
	Assets	Liabilities	Operating revenue	Profit (loss) for the year	Comprehen-sive income (loss)
Industry Kimhae 2nd Co., Ltd	9,850	10,159	1,071	96	96
PLN 5th Co.,Ltd	9,915	10,661	900	(1,049)	(1,049)
Hey YS 1st Co., Ltd	100,224	100,368	7,191	2,995	2,995
MJ Hangdong 5th Co., Ltd.	7,065	7,361	584	(39)	(39)
MJ Hangdong 4th Co., Ltd..	15,652	16,283	915	160	160
MJ Hangdong 3rd Co., Ltd.	20,946	21,915	874	(336)	(336)
Blue Sea Jinhae Co., Ltd.	349	12,229	355	(11,283)	(11,283)
RA 2nd Co., Ltd.	9,400	9,540	2,747	(24)	(24)
The Sharp Gwangyang Ma-dong Inc.	24,659	26,461	1,969	133	133
RA 3rd Co., Ltd.	149,912	163,596	969	(3,957)	(3,957)
Modern Beta Co., Ltd.	7,042	10,990	770	(3,321)	(3,321)
RA 4th Co., Ltd.	16,650	18,019	1,262	(918)	(918)
Cloud 1st Co., Ltd.	20,214	20,815	1,547	(86)	(86)
PrimaNonhyun Charlie Co., Ltd	12,357	12,722	2,840	145	145
Busan Minam 2nd Co., Ltd	9,743	10,738	1,083	(240)	(240)
Busan Minam 1st Co., Ltd	9,454	10,450	877	(239)	(239)
NewworldGeol-dong 1st Co., Ltd	2,995	3,044	264	(2)	(2)
NewworldGeol-dong 2nd Co., Ltd	3,001	3,050	324	(2)	(2)
Newforest 2nd Co., Ltd	10,601	12,220	1,826	(1,424)	(1,424)
Newforest 3rd Co., Ltd	6,229	7,177	1,415	(830)	(830)
GyeongsanLogis 3rd Co., Ltd	9,853	10,147	1,033	(47)	(47)
GoyangLogis 1st Co., Ltd	12,810	13,269	1,223	(69)	(69)
CubeSkyline Co., Ltd	50,441	50,577	2,647	(63)	(63)
RASupyo 1st Co., Ltd	30,107	30,579	2,573	(196)	(196)
RAHaeundae 4th Co., Ltd	30,346	31,247	4,526	696	696
NewWorld Jeonbang 4th Co., Ltd	40,441	40,616	3,907	(181)	(181)
Gangreung Mono 1st Co., Ltd	9,390	10,172	662	(525)	(525)
NewWorld Echo 3th	2,548	3,130	207	(582)	(582)
Newworld Yonggye 5th	23,457	23,249	2,215	207	207
Bluepatio namcheon	19,899	21,240	1,589	(1,342)	(1,342)

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	Assets	Liabilities	Operating revenue	Profit (loss) for the year	Comprehen-sive income (loss)
MIR ONE 9TH CO.,LTD.	51,431	50,992	3,930	(84)	440
NH GEOMDAN 1ST CO.,LTD.	35,331	37,127	2,011	(1,796)	(1,796)
Wood Rose First Co.,Ltd.	52,780	51,101	3,411	1,679	1,679
CUBE INTHE CO.,LTD.	31,756	30,500	1,856	1,256	1,256
J On Pro Co., Ltd.	10,308	10,465	256	(156)	(156)
Newworld IP 6th	7,912	8,087	181	(175)	(175)
Exit Sixth Co., Ltd	5,912	5,916	369	(5)	(5)
Landmark Yeoido No.2	36,784	36,979	970	(195)	(195)
YonginSeocheonNH	61,440	66,787	1,542	(5,348)	(5,348)
CUBE SP CO.,LTD.	72,629	76,838	12	(4,209)	(4,209)
NHHunin 3rd Co., Ltd..	122,118	124,899	186	(2,781)	(2,781)
MMT	300,001	-	1	1	1
	₩ 6,102,267	₩ 2,734,526	₩ 733,084	₩ 102,973	₩ 119,251

The summarized financial information of subsidiaries whose application of the consolidation has been discontinued due to disposal, etc. as at December 31, 2023, are excluded.

(in millions of Korean won)

Subsidiaries	As at and for the year ended December 31, 2022				
	Assets	Liabilities	Operating revenue	Profit (loss) for the year	Comprehen-sive income (loss)
NH Investment & Futures Co., Ltd	₩ 955,183	₩ 772,238	₩ 49,951	₩ 6,386	₩ 8,310
NH Investment & Securities Trust	77,591	77,061	2,037	-	-
NH Investment & Securities (H.K.) Ltd	857,027	124,939	111,918	(13,369)	34,979
NH Absolute Global Opportunity Fund	8,650	54	185	(342)	241
NH Absolute Return Investment Strategies Fund	51,528	575	1,799	(841)	2,517
NH Securities Vietnam Co., Ltd	184,184	114,030	10,885	1,617	3,603
NH Investment & Securities America, Inc.	37,956	2,684	27,825	14,558	15,644
NH Absolute Return Partners Pte. Ltd	4,152	141	1,132	187	431
PT. NH Korindo Securities Indonesia	49,931	44,469	9,214	(6,697)	(6,665)
NH Investment Advisory Co., Ltd (Beijing)	9,513	225	2,058	255	(20)
NH Investment & Securities Europe Ltd.	38,608	1,083	1,720	(503)	1,684

Subsidiaries	As at and for the year ended December 31, 2022				
	Assets	Liabilities	Operating revenue	Profit (loss) for the year	Comprehen-sive income (loss)
NH Absolute Return Hedge Fund	694,712	28,004	151,618	(23,390)	(23,390)
NH New Growth Partnership PEF	253,823	11,301	-	53,554	53,554
GnM Holdings Co., Ltd	57,212	5,935	-	(141)	(141)
GnM Performance Co., Ltd (formerly, Makeulike Co., Ltd)	30,991	29,127	28,404	(3,102)	(3,102)
GranMonster Co., Ltd	31,019	27,593	22,311	473	473
NH Hedge Asset Management Co., Ltd	61,904	9,331	17,950	3,295	3,452
EIP Investment Infrastructure No.1 PEF	57,729	567	8	3,525	3,525
NH Sea I Fund	5,601	-	-	-	(39)
ARA Korea Private Real Estate Fund No.10	100,952	24	12,985	4,330	4,330
Pacific Private Real Estate Fund No.63- 1	21,266	16	1,266	1,250	1,250
NH-Amundi Global Infra Fund No.6	26,047	30	8,230	1,331	1,331
PIA Infrastructure Private Equity Fund No.4	68,223	1,539	66,217	4,242	4,242
NH Absolute Mezzanine Private Equity Fund No.2	35,580	134	661	(2,068)	(2,068)
NH Absolute Kosdaq Venture Mezzanine Alpha Private Equity Fund No.1	16,615	63	5,439	(693)	(693)
Eugene Aviation Private Equity Fund No.9	18,542	20	4,307	1,289	1,289
NH Absolute Kosdaq Venture Mezzanine Private Equity Fund No.1	57,912	602	21,411	(3,498)	(3,498)
Tiger Private Fund No.61	52,771	687	15,684	(1,266)	(1,266)
Absolute Lion Private Fund No.1	3,353	1	2,257	(247)	(247)
NH Absolute Equity Multi General Private Placement Investment Trust No.1	17,434	359	706	439	439
NH Absolute Project On Plus General Private Placement Investment Trust	54,186	16	14,277	14,260	14,260
EIP Solar One	44,034	-	-	(4)	(3,506)
Suimei LP	67,362	34,183	-	(2,216)	(13,782)
Cube 5th Co., Ltd	20,794	20,468	1,219	71	71
TL Independence Co., Ltd	20,327	21,070	1,167	(362)	(426)
War Machine 10th Co., Ltd	29,757	29,800	1,781	(2,203)	(1,743)
Merigogo 4th Co., Ltd	93,569	101,200	4,612	(11,032)	(8,691)
ParkCity First Co., Ltd	11,893	12,156	1,221	32	32
Yongintechnologis No1.,Ltd	10,016	10,269	1,041	(72)	(72)
Song Am Park 2nd	8,301	8,473	532	(16)	(16)

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Subsidiaries	As at and for the year ended December 31, 2022				
	Assets	Liabilities	Operating revenue	Profit (loss) for the year	Comprehen-sive income (loss)
Mi Mi Day 1st Co., Ltd	3,318	3,333	918	18	18
Mi Mi Day 3rd Co., Ltd	6,554	6,688	428	63	63
Newstart Yeonsinnae 2nd	20,004	20,790	1,617	(444)	(444)
Mi Mi Day 2nd Co., Ltd	13,024	13,244	1,363	112	112
CheongJu Express D-Two Co.,Ltd	21,579	22,254	1,508	(1,909)	(1,909)
New World Myeongji Tres Co.,Ltd	9,761	10,008	870	(62)	(62)
Smart Kamsam 2nd Co., Ltd	23,680	25,171	1,463	(1,549)	(1,549)
PV Landscape Co.,Ltd	5,715	3,735	-	(388)	(388)
YRD 1st Co., Ltd	30,251	32,513	4,157	167	167
Pinemilkthree Co., Ltd	9,519	10,142	1,042	(131)	(131)
Uncas The Second	59,426	60,919	6,703	(1,125)	(1,125)
Uncas The First	21,622	22,112	2,622	(327)	(327)
Industry Kimhae 1st Co., Ltd	3,732	3,917	225	(120)	(120)
Industry Kimhae 2nd Co., Ltd	9,758	10,162	858	(135)	(135)
PLN 5th Co.,Ltd	11,313	11,011	1,583	846	846
Hey YS 1st Co., Ltd	97,231	100,371	4,387	(4,225)	(4,225)
Galaxy Yeouido Co.,Ltd	24,266	25,785	1,819	(715)	(715)
Cube Culture First Co.,Ltd	19,763	20,142	1,058	(428)	(428)
MJ Hangdong 5th Co., Ltd.	7,080	7,338	1,352	(257)	(257)
MJ Hangdong 4th Co., Ltd..	15,476	16,266	2,019	(791)	(791)
MJ Hangdong 3rd Co., Ltd.	15,538	16,172	1,956	(634)	(634)
Blue Sea Jinhae Co., Ltd.	11,792	12,389	1,709	(597)	(597)
RA 2nd Co., Ltd.	4,516	4,632	1,673	(116)	(116)
The Sharp Gwangyang Ma-dong Inc.	20,040	21,975	1,638	(1,934)	(1,934)
RA 3rd Co., Ltd.	156,335	166,062	10,063	(9,727)	(9,727)
Modern Beta Co., Ltd.	10,138	10,765	476	(627)	(627)
RA 4th Co., Ltd.	17,504	17,955	1,558	(451)	(451)
Cloud 1st Co., Ltd.	20,218	20,733	1,106	(515)	(515)
PrimaNonhyun Charlie Co., Ltd	30,130	30,640	1,709	(510)	(510)
Busan Minam 2nd Co., Ltd	10,152	10,906	484	(755)	(755)
Busan Minam 1st Co., Ltd	9,742	10,499	395	(757)	(757)
NH Hunin 2nd Co., Ltd	49,419	50,813	1,151	(1,394)	(1,394)
NewworldGeol-dong 1st Co., Ltd	3,062	3,109	146	(47)	(47)
NewworldGeol-dong 2nd Co., Ltd	3,095	3,142	176	(47)	(47)
Newforest 2nd Co., Ltd	11,889	12,084	660	(195)	(195)
Newforest 3rd Co., Ltd	6,949	7,066	485	(117)	(117)
GyeongsanLogis 3rd Co., Ltd	9,907	10,154	1,303	(247)	(247)
GoyangLogis 1st Co., Ltd	12,951	13,340	1,032	(389)	(389)
CubeSkyline Co., Ltd	50,666	50,740	1,211	(74)	(74)
RASupyo 1st Co., Ltd	30,650	30,926	3,240	(276)	(276)
Galaxy All-one 1st Co., Ltd	19,063	20,222	358	(1,159)	(1,159)
RAHaeundae 4th Co., Ltd	62,280	63,877	3,710	(1,598)	(1,598)
NewWorld Jeonbang 4th Co., Ltd	40,622	40,616	1,048	6	6
BestEH 1st Co., Ltd	135,011	134,762	1,010	249	249
Gangreung Mono 1st Co., Ltd	9,977	10,235	445	(258)	(258)
MMT	820,360	-	360	360	360
	₩ 6,231,326	₩ 2,690,182	₩ 679,122	₩ 5,823	₩ 53,083

The summarized financial information of subsidiaries whose application of the consolidation has been discontinued due to disposal, etc. as at December 31, 2022, are excluded.

Subsidiaries included in and excluded from the consolidation scope for the year ended December 31, 2023, are as follows:

Subsidiaries included in the consolidation scope for the year ended December 31, 2023, are as follows:

Name of Subsidiary	Reason
Tiger Active Long Biased No.3 Private Fund	Newly acquired
GEN-NH Sub-Fund II	Newly acquired
Absolute dividend & initial public offering Private Investment Trust 1	Newly acquired
NH Absolute Equity Multi General Private Placement Investment Trust No.2	Newly acquired
TAI TCI DIME REIT LLC	Changes in consolidation scope
TAI TCI DIME JV LLC	Changes in consolidation scope

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Name of Subsidiary	Reason
TAI TCI DIME Owner LLC	Changes in consolidation scope
PTR Public Offering Stock Multi Private Fund No.1	Changes in consolidation scope
FIP Acquisition GK	Changes in consolidation scope
NewWorld Echo 3th	Credit enhancement etc.
TEUWIN STEA 1ST CO.,LTD.	Credit enhancement etc.
Grid Ocean 1st Co.,Ltd.	Credit enhancement etc.
Newworld Yonggye 5th	Credit enhancement etc.
Bluepatio namcheon	Credit enhancement etc.
MIR ONE 9TH CO.,LTD.	Credit enhancement etc.
NH GEOMDAN 1ST CO.,LTD.	Credit enhancement etc.
Wood Rose First Co.,Ltd.	Credit enhancement etc.
CUBE INTHE CO.,LTD.	Credit enhancement etc.
J On Pro Co., Ltd.	Credit enhancement etc.
NEW WORLD IP 6TH CO.,LTD.	Credit enhancement etc.
Exit Sixth Co., Ltd	Credit enhancement etc.
Landmark Yeoido No.2	Credit enhancement etc.
YonginSeocheonNH	Credit enhancement etc.
CUBE SP CO.,LTD.	Credit enhancement etc.
NHHunin 3rd Co., Ltd.	Credit enhancement etc.

Subsidiaries excluded from the consolidation scope for the year ended December 31, 2023, are as follows:

Name of Subsidiary	Reason
Pacific Private Real Estate Fund No.63-1	Loss of control due to decrease in ownership
PTR Public Offering Stock Multi Private Fund No.1	Liquidation
Cube 5th Co., Ltd	Termination of duty of credit offering
Mi Mi Day 1st Co., Ltd	Termination of duty of credit offering
Mi Mi Day 3rd Co., Ltd	Termination of duty of credit offering
TL Independence Co., Ltd	Termination of duty of credit offering
War Machine 10th Co., Ltd	Termination of duty of credit offering
Merigogo 4th Co., Ltd	Termination of duty of credit offering
Galaxy Yeouido Co.,Ltd	Termination of duty of credit offering
BestEH 1st Co., Ltd	Termination of duty of credit offering
TEUWIN STEA 1ST CO.,LTD.	Termination of duty of credit offering
Grid Ocean 1st Co.,Ltd.	Termination of duty of credit offering
ParkCity First Co., Ltd	Termination of duty of credit offering
Galaxy All-one 1st Co., Ltd	Termination of duty of credit offering
Cube Culture First Co.,Ltd	Termination of duty of credit offering
NH Hunin 2nd Co., Ltd	Termination of duty of credit offering

The non-controlling interests related to the subsidiaries in which non-controlling shareholders are significant as at December 31, 2023 and 2022, are as follows:

Accumulated non-controlling interests as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

		2023		2022
PT. NH Korindo Securities Indonesia	₩	1,649	₩	4,663

Net loss attributable to non-controlling interests for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

		2023		2022
PT. NH Korindo Securities Indonesia	₩	(3,392)	₩	(490)

The financial support provided to the consolidated structured entities:

As at December 31, 2023, the nature and intent of the contractual agreements including the Controlling Company's financial support with consolidated structured entities are as follows:

	Contractual arrangements for provision of financial support	Intentions of providing financial or other support
Yongintechnologis No1.,Ltd	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by Yongintechnologis No1.,Ltd as at the maturity date of asset backed securities (limited to ₩ 10,000 million).	Enhance the credit through securitization plan
Song Am Park 2nd	The Controlling Company is required to take over private placed bond issued in size equivalent to the loss by Song Am Park 2nd as at the maturity date of asset backed securities (limited to ₩ 10,000 million).	Enhance the credit through securitization plan
Newstart Yeonsinnae 2nd	The Controlling Company is required to take over private placed bond issued in size equivalent to the loss by Newstart Yeonsinnae 2nd as at the maturity date of asset backed securities (limited to ₩ 20,000 million).	Enhance the credit through securitization plan
Mi Mi Day 2nd Co., Ltd	The Controlling Company is required to take over private placed bond issued in size equivalent to the loss by Mi Mi Day 2nd Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 13,000 million).	Enhance the credit through securitization plan

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	Contractual arrangements for provision of financial support	Intentions of providing financial or other support
CheongJu Express D-Two Co.,Ltd	The Controlling Company is required to take over private placed bond issued in size equivalent to the loss by CheongJu Express D-Two Co.,Ltd as at the maturity date of asset backed securities (limited to ₩ 22,000 million).	Enhance the credit through securitization plan
New World Myeongji Tres Co.,Ltd	The Controlling Company is required to take over private placed bond issued in size equivalent to the loss by New World Myeongji Tres Co.,Ltd as at the maturity date of asset backed securities (limited to ₩ 10,000 million).	Enhance the credit through securitization plan
YRD 1st Co., Ltd	The Controlling Company is required to take over private placed bond issued in size equivalent to the loss by YRD 1st Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 29,208 million).	Enhance the credit through securitization plan
Pinemilkthree Co., Ltd	The Controlling Company is required to take over private placed bond issued in size equivalent to the loss by Pinemilkthree Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 10,000 million).	Enhance the credit through securitization plan
Uncas The Second	The Controlling Company is required to take over private placed bond issued in size equivalent to the loss by Uncas The Second as at the maturity date of asset backed securities (limited to ₩ 25,000 million).	Enhance the credit through securitization plan
Uncas The First	The Controlling Company is required to take over private placed bond issued in size equivalent to the loss by Uncas The First as at the maturity date of asset backed securities (limited to ₩ 25,000 million).	Enhance the credit through securitization plan
Industry Kimhae 1st Co., Ltd	The Controlling Company is required to take over private placed bond issued in size equivalent to the loss by Industry Kimhae 1st Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 3,800 million).	Enhance the credit through securitization plan
Industry Kimhae 2nd Co., Ltd	The Controlling Company is required to take over private placed bond issued in size equivalent to the loss by Industry Kimhae 2nd Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 10,000 million).	Enhance the credit through securitization plan
PLN 5th Co.,Ltd	The Controlling Company is required to take over private placed bond issued in size equivalent to the loss by PLN 5th Co.,Ltd as at the maturity date of asset backed securities (limited to ₩ 10,000 million).	Enhance the credit through securitization plan
MJ Hangdong 5th Co., Ltd.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by MJ Hangdong 5th Co., Ltd. as at the maturity date of asset backed securities (limited to ₩ 7,000 million).	Enhance the credit through securitization plan
MJ Hangdong 4th Co., Ltd.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by MJ Hangdong 4th Co., Ltd. as at the maturity date of asset backed securities (limited to ₩ 15,000 million).	Enhance the credit through securitization plan
MJ Hangdong 3rd Co., Ltd.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by MJ Hangdong 3rd Co., Ltd. as at the maturity date of asset backed securities (limited to ₩ 57,894 million).	Enhance the credit through securitization plan
RA 2nd Co., Ltd.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by RA 2nd Co., Ltd. as at the maturity date of asset backed securities (limited to ₩ 32,000 million).	Enhance the credit through securitization plan
The Sharp Gwangyang Ma-dong Inc.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by The Sharp Gwangyang Ma-dong Inc. as at the maturity date of asset backed securities (limited to ₩ 30,000 million).	Enhance the credit through securitization plan
RA 4th Co., Ltd.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by RA 4th Co., Ltd. as at the maturity date of asset backed securities (limited to ₩ 17,500 million).	Enhance the credit through securitization plan
Cloud 1st Co., Ltd.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by Cloud 1st Co., Ltd. as at the maturity date of asset backed securities (limited to ₩ 20,000 million).	Enhance the credit through securitization plan
Prima Nonhyun Charlie Co., Ltd.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by Prima Nonhyun Charlie Co., Ltd. as at the maturity date of asset backed securities (limited to ₩ 12,500 million).	Enhance the credit through securitization plan
Busan Minam 2nd Co., Ltd	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by Busan Minam 2nd Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 10,000 million).	Enhance the credit through securitization plan
PV Landscape Co.,Ltd	The Controlling Company provides a loan agreement to PV Landscape Co.,Ltd (limited to ₩ 390 million).	Enhance the credit through securitization plan
NewworldGeol-dong 1st Co., Ltd	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by NewworldGeol-dong 1st Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 3,000 million).	Enhance the credit through securitization plan
NewworldGeol-dong 2nd Co., Ltd	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by NewworldGeol-dong 2nd Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 3,000 million).	Enhance the credit through securitization plan
Newforest 2nd Co., Ltd	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by Newforest 2nd Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 12,000 million).	Enhance the credit through securitization plan
Newforest 3rd Co., Ltd	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by Newforest 3rd Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 7,000 million).	Enhance the credit through securitization plan
GyeongsanLogis 3rd Co., Ltd	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by GyeongsanLogis 3rd Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 10,000 million).	Enhance the credit through securitization plan
GoyangLogis 1st Co., Ltd	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by GoyangLogis 1st Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 13,000 million).	Enhance the credit through securitization plan
CubeSkyline Co., Ltd	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by CubeSkyline Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 51,000 million).	Enhance the credit through securitization plan
RASupyo 1st Co., Ltd	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by RASupyo 1st Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 30,000 million).	Enhance the credit through securitization plan
RAHaeundae 4th Co., Ltd	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by RAHaeundae 4th Co., Ltd as at the maturity date of asset backed securities (limited to ₩ 30,000 million).	Enhance the credit through securitization plan
Newworld Yonggye 5th	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by Newworld Yonggye 5th as at the maturity date of asset backed securities (limited to ₩ 23,000 million).	Enhance the credit through securitization plan
Bluepatio namcheon	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by Bluepatio namcheon as at the maturity date of asset backed securities (limited to ₩ 20,000 million).	Enhance the credit through securitization plan
MIR ONE 9TH CO.,LTD.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by MIR ONE 9TH CO.,LTD. as at the maturity date of asset backed securities (limited to ₩ 52,000 million).	Enhance the credit through securitization plan
NH GEOMDAN 1ST CO.,LTD.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by NH GEOMDAN 1ST CO.,LTD. as at the maturity date of asset backed securities (limited to ₩ 32,250 million).	Enhance the credit through securitization plan
Wood Rose First Co.,Ltd.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by Wood Rose First Co.,Ltd. as at the maturity date of asset backed securities (limited to ₩ 51,000 million).	Enhance the credit through securitization plan
CUBE INTHE CO.,LTD.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by CUBE INTHE CO.,LTD. as at the maturity date of asset backed securities (limited to ₩ 30,500 million).	Enhance the credit through securitization plan
NEW WORLD IP 6TH CO.,LTD.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by NEW WORLD IP 6TH CO.,LTD. as at the maturity date of asset backed securities (limited to ₩ 8,000 million).	Enhance the credit through securitization plan
Exit Sixth Co., Ltd.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by Exit Sixth Co., Ltd. as at the maturity date of asset backed securities (limited to ₩ 10,000 million).	Enhance the credit through securitization plan

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YonginSeo-cheonNH	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss YonginSeocheonNH as at the maturity date of asset backed securities (limited to ₩ 60,000 million).	Enhance the credit through securitization plan
CUBE SP CO.,LTD.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by CUBE SP CO.,LTD. as at the maturity date of asset backed securities (limited to ₩ 82,000 million).	Enhance the credit through securitization plan
NHHunin 3rd Co., Ltd.	The Controlling Company is committed to take over private placed bond issued in size equivalent to the loss by NHHunin 3rd Co., Ltd. as at the maturity date of asset backed securities (limited to ₩ 110,000 million).	Enhance the credit through securitization plan
NH Investment & Securities Trust	The Controlling Company provides principal and interest payment agreements and principal preser-vation agreements to certain products in trust products. As a result of the operation of trust products, NH Investment & Securities Co., Ltd requires the Group to maintain the deficit in case of insufficient principal or principal.	Credit enhancement for money management of trust account

Interests in the unconsolidated structured entities

The nature and purpose of the Group's unconsolidated structure entities are as follows:

	The nature and the purpose
Asset securitiza-tion	The unconsolidated structured entities issue asset backed securities (ABS) and redeem the principal and interest or distribute dividends on ABS with profits made from collection of cash flows or sale of securitized assets. The Group, as a secondary guarantor, provides purchase commitments for its ABS or guarantees to such asset securitization and recognizes commission revenue or interest revenue related to the commitment or guarantees. Therefore, the Group would be exposed to risks of purchasing or paying back ABS issued by the unconsolidated structured entities when a primary guarantor fails to provide the financing asset securitization vehicles.
Structured finance	Structured finance includes investments in project financing on real estates, social overhead capital (SOC), infrastructure and shipping (aircraft) finance. They are formed as special- purpose entities by funding through equity investments and loans from various investors. Investment decisions are made by the Group based on business outlook of such projects. In relation to such investments, the Group recognizes interest revenue on loans, gains or losses on valuation of equity investments or dividend revenue. The structured finance is secured by additional funding agreements, guarantees or credit facilities. However, the structured financing project would fail to return the capital of equity investments or the principal of loans to the Group if it is discontinued or did not achieve business goal.
Investment funds	Investment funds include trusts and private equity funds. The trust is operated by a manager engaged for the trust and distributes proceeds from sales of investments to the investors. A private equity fund is established in order to acquire ownership interests to implement financial and operational restructuring of the Group and the generated proceeds are distributed to the investors. The Group recognizes gains or losses on valuation of equity investment and dividend revenue in proportion of its ownership. The Group would be exposed to risks of loss when the value of the principal decreases.

The total assets of the unconsolidated structured entities, the carrying value of the related items recorded, the maximum exposure to risks and the loss recognized as at December 31, 2023 and 2022, and for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		
	Asset securitization	Structured finance	Investment funds
Total assets of the unconsolidated structured entities	₩ 11,205,624	₩ 73,857,677	₩ 104,713,449
Assets recognized in the consolidated financial statements related to the unconsolidated structured entities	1,559,587	2,296,666	3,671,876
Financial assets at FVTPL	1,272,575	498,199	3,325,567
Financial assets at FVTOCI	287,012	-	-
Associates	-	-	324,679
Financial assets at amortized cost	-	1,798,467	21,630
Liabilities recognized in the consolidated financial statements related to the unconsolidated structured entities	120,185	4,874	85
Maximum exposure to risks:	1,559,587	2,983,932	4,165,796
Investments	1,559,587	2,296,666	3,671,876
Purchase agreements	-	151,800	493,920
Credit facilities	-	535,466	-
Loss recognized in unconsolidated structured entities	23,734	43,593	207,170

(in millions of Korean won)

	2022		
	Asset securitization	Structured finance	Investment funds
Total assets of the unconsolidated structured entities	₩ 2,886,334	₩ 32,219,738	₩ 39,468,174
Assets recognized in the consolidated financia statements related to the unconsolidated structured entities	1,249,143	1,810,662	3,421,635
Financial assets at FVTPL	1,249,143	-	3,003,403
Associates	-	-	383,837
Financial assets at amortized cost	-	1,810,662	34,395
Liabilities recognized in the consolidated financial statements related to the unconsolidated structured entities	216,568	3,265	37
Maximum exposure to risks:	1,272,943	2,137,078	3,855,669
Investments	1,249,143	1,810,662	3,421,635
Purchase agreements	23,800	99,148	434,034
Credit facilities	-	227,268	-
Loss recognized in unconsolidated structured entities	2,160	12,851	135,958

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Consolidated Financial Statements Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea in accordance with the Act on External Audit of Stock Companies.

2.2 Material Accounting Policies

2.2.1 Changes in Accounting Policies and Disclosures

2.2.1.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2023.

(a) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments to Korean IFRS 1001 should be applied for annual periods beginning January 1, 2023. The amendments have impacts on accounting information to be disclosed in the financial statements, although the entire accounting policies are not changes as itself.

The amendments require to disclose material accounting policies, not significant accounting policies. In addition, it makes the Group to provide information for entity-specific accounting policies users of financial statements should understand, by providing guide to apply materiality to disclosure of accounting policies.

The Group's management reviewed the accounting policies, and made updates for material accounting policies in accordance with the amendment. The amendments do not have a significant impact on the financial statements.

(b) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of gain or loss on valuation of financial liabilities subject to adjustment of exercise price

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments do not have a significant impact on the financial statements.

(c) Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments do not have a significant impact on the financial statements.

(d) Korean IFRS 1012 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments of Korean IFRS 1012 should be applied for the annual periods beginning January 1, 2023. The amendments exclude a transaction that gives rise to equal taxable and deductible temporary differences at the time of the transaction (e.g, lease, post-management and provisions for restorations) from the exemption to initial recognition of deferred tax. The deferred tax assets and liabilities for all the taxable and deductible temporary differences related to post-management and provisions for restorations are recognized at the commencement date for the earliest comparative periods, and the cumulative effects of initial application are adjusted in retained earnings or other components of equity at the date. The amendments should be applied to all the transactions occurred on the commencement date or after the earliest comparative periods. The amendments do not have a significant impact on the consolidated financial statements.

In accordance with the amendments, the Group recognized deferred tax assets and liabilities for the lease liabilities and right-of-use assets, respectively. However, it met requirements of offset of deferred tax assets and liabilities under Paragraph 74 of Korean IFRS 1012 Income Taxes, accordingly, it does not have impacts on the Group's consolidated statements of financial position, and on the beginning balance of retained earnings on January 1, 2022.

(e) New Standard: Korean IFRS 1117 Insurance Contract

Korean IFRS 1117 Insurance Contracts replaces Korean IFRS 1104 Insurance Contracts. This Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This standard does not have a significant impact on the financial statements.

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(f) Korean IFRS 1012 Income Taxes – International Tax Reform – Pillar Two Model Rules

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc.
The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Since the Pillar Two legislation is scheduled to be effective from January 1, 2024, the Group has no current tax expense related to Pillar Two. The Group is in review for the impact of the global minimum tax.

2.2.1.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations that have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group.

(a) Amendments to Korean IFRS 1001 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

2.2.2 Basis of consolidation

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

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

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

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions and related assets and liabilities, income and expenses are eliminated in full during the consolidation.

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

When the Controlling Company loses control of a subsidiary, a gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Controlling Company had directly disposed of the relevant assets (i.e., reclassified to profit or loss or

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transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under Korean IFRS 1109 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.2.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with Korean IFRS 1012 Income Taxes and Korean IFRS 1019 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Korean IFRS 1102 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with Korean IFRS Non- current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of: a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's previously held equity interest in the acquiree (if any); over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of: a) the consideration transferred; b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Korean IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement-period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement-period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement-period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with Korean IFRS 1109 Financial Instruments as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

2.2.4 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not in control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed-upon sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

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

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

When the Group reduces its ownership interest in an associate or a joint venture, but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. In addition, the Group applies Korean IFRS 1105 to a portion of investment in an associate or a joint venture that meets the criteria to be classified as held for sale.

If there is an objective evidence of impairment for the investment in an associate or a joint venture, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Korean IFRS 1036 Impairment of Assets by comparing its recoverable amount (higher of value in use and fair value, less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with Korean IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

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

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

2.2.5 Goodwill

Goodwill resulting from an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash- generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. The Group's policy for goodwill resulting from the acquisition of an associate is described at Note 2.2.4.

2.2.6 Accounting for foreign currencies translations

The individual financial statements of each entity of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity of the Group are expressed in Korean won, which are the functional currency of the Group and the presentation currency for the consolidated financial statements.

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

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

- Foreign exchange differences arising from transactions for hedging certain foreign currency risks (See Note 2.2.8 for accounting policies on hedge.) and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

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

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognized, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e., no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests in equity and are not recognized in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognized in equity.

2.2.7 Cash and cash equivalents

Cash and short-term deposits in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.2.8 Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of recognized assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations (net investment hedges).

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

2.2.8.1 Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2.2.8.2 Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items.

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2.2.8.3 Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The changes in the fair value of the hedging instrument and the changes in the hedged item attributable to the hedged risk are recognized in the line of the consolidated statements of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

2.2.8.4 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the income statement as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

2.2.8.5 Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss in the same way as exchange differences relating to the foreign operation.

2.2.9 Property and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is directly attributable to their purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of an asset or as an asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Estimated useful lives
Buildings and structures	40 years
Delivery equipment or vehicles	4 years
Equipment	4 years

If each part of an item of property, plant and equipment has a cost that is significant in relation to the total cost of the item, it is depreciated separately.

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

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

2.2.10 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses.

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Subsequent costs are recognized in the carrying amount of an asset or as an asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. And, the parts transferred due to the subsequent costs Routine maintenance and repairs are expensed as incurred.

Amongst the investment properties, land is not depreciated. However, investment properties other than land are depreciated over 40~53 years of their useful lives using the straight-line method.
The depreciation method, residual value and useful lives of investment properties are reassessed or reviewed at the end of each annual reporting period, and any changes from them are treated as change in accounting estimates.

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

2.2.11 Lease

2.2.11.1 The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight- line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

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

The lease liability is presented as 'other financial liabilities' in the consolidated statements of financial position.

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

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under Korean IFRS 1037. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statements of financial position.

The Group applies Korean IFRS 1036 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the accounting policies for 'Impairment of tangible and intangible assets other than goodwill' (Note 2.2.13).

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Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, Korean IFRS 1116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.2.11.2 The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of Korean IFRS 1109, recognizing an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Group applies Korean IFRS 1115 to allocate the consideration under the contract to each component.

2.2.12 Intangible assets

2.2.12.1 Intangible assets acquired separately

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

2.2.12.2 Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.2.12.3 Derecognition of intangible assets

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

2.2.13 Impairment of tangible and intangible assets other than goodwill

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

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

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

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

2.2.14 Bonds under resale or repurchase agreements

Bonds purchased under resale agreements are recorded as loans and bonds sold under repurchase agreements are recorded as borrowings when the Group purchases or sells securities under resale or repurchase agreements.

Interests incurred on resale or repurchase agreements are reported as interest income or expense.

2.2.15 Securities in short position

The Group has short-selling transactions. When the Group borrows securities, the Group recognizes borrowed securities and when the Group sells the securities, the securities are recognized as securities in short position. The difference between the selling price and the buying price when buying and redeeming is recognized as gain or loss on disposals of financial liabilities held for trading. Also, the difference between the fair value and the carrying value of the securities in short position is recognized as gain or loss on valuation of securities in short position.

2.2.16 Employee benefits

2.2.16. 1 Short-term employee benefits

The Group recognizes the undiscounted amount of short-term employee benefits expecting payment in exchange for the services, when employee renders services. Also, the Group recognizes expenses and liabilities in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences. Though the Group may have no legal obligation to pay a bonus, considering some cases, the Group has a practice of paying bonuses. In such cases, the Group has a constructive obligation, and thus the Group recognizes expenses and liabilities when the employees render service.

2.2.16. 2 Other long-term employee benefits

The Group's net obligation in respect of other long-term employee benefits that are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

2.2.16. 3 Retirement benefits

The Group operates various types of retirement benefit plans. The Group generally provides retirement benefits by making payments, regularly computed using actuarial calculation, to the fund managed by trustee or insurance company.

For defined benefit retirement plans, the retirement benefit obligation recognized in the statements of financial position represents the present value of the defined benefit obligation, less fair value of plan assets and adjustment for unrecognized past service cost.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statements of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are composed of service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income), and remeasurement.

The Group presents the service cost and net interest expense (income) components in profit or loss, and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

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

2.2.16. 4 Termination benefits

Termination benefits are paid at the earlier of an involuntary terminataion by the Company before the norminal retirement date or the acceptance of retirement by an employee in exchange for benefits.

2.2.17 Share-based payments

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The fair value of liability is remeasured annually until the liability is settled. Any changes in the fair value of the liability are recognized as employee benefits in profit or loss.

2.2.18 Current tax payable and deferred tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

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2.2.18.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because of items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period

2.2.18.2 Deferred tax

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

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

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

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

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

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

2.2.18.3 Current and deferred tax for the year

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

2.2.19 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as borrowing cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

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2.2.20 Recognition of interest income and expenses

The Group recognizes interest income and expenses from financial instruments measured at amortized cost on an accrual basis using the effective interest method.

Effective interest method is the method of calculating the amortized cost of financial assets or liabilities and allocating the interest income or expense over the relevant period. The effective interest rate reconciles the expected future cash in and out through the expected life of financial instruments or shorter period if appropriate, and net carrying value of financial assets or liabilities.

2.2.21 Earnings per share (EPS)

Basic EPS is calculated by earnings subtracting the dividends paid to holders of preferred stock and hybrid securities from the net income attributable to ordinary shareholders from the statements of comprehensive income and dividing by the weighted-average number of common shares outstanding. Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of all dilutive potential common shares.

2.2.22 Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

2.2.22.1 Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see 2.2.22.1.3 below); and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see 2.2.22.1.4 below).

2.2.22.1 .1 Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. Except for financial assets that are credit-impaired at the time of acquisition, effective interest rate is the rate at which the present value of the expected future cash receipts, including the fees and points paid or received (if appropriate) and the principal component of the effective interest rate, transaction costs and other premiums or discounts is exactly the same as the gross carrying amount at initial recognition, without taking into account ECLs.

For financial assets that are credit-impaired at the time of acquisition, the credit-adjusted effective interest rate is calculated by discounting the present value of expected cash flows taking into account ECLs to amortized cost at initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments that are subsequently measured at amortized cost and fair value through other comprehensive income. Except financial assets that are impaired from acquisition, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (except financial assets that are impaired after acquisition).

For financial asset that are impaired after acquisition, interest income is recognized using the effective interest rate at the amortized cost of the financial asset.

If the credit risk of the credit-impaired financial instrument improves in subsequent reporting periods and the financial asset is no longer impaired, interest revenue is recognized by applying the effective interest rate to the total carrying amount of the financial asset.

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For financial assets that are impaired from acquisition, interest income is recognized from initial recognition by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset. Even though the financial asset is no longer impaired due to the improved credit risk of the financial asset, subsequently, the calculation of interest revenue is not changed to the gross carrying amount.

Interest income is recognized in profit or loss and is included in the "interest income applied at effective interest rate" line item (Note 31).

2.2.22.1.2 Debt instruments classified as at FVTOCI

Fair value is determined by the method described in Note 9. At initial recognition, the debt instrument is measured by adding transaction costs to its fair value. Subsequent changes in the carrying amount of the debt instrument are recognized in profit or loss as a result of foreign currency translation gains and losses (returns) and interest income calculated under the effective interest method. The amount recognized in profit or loss is the same amount that would have been recognized in profit or loss if the debt instrument had been measured at amortized cost. Except this, all changes in the carrying amount of the debt instrument are recognized in other comprehensive income and are accumulated in accumulated valuation gains and losses. When a debt instrument is derecognized, the cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss.

2.2.22.1.3 Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with Korean IFRS 1109, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'other operating revenue' line item (Note 35) in profit or loss.

The Group designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition (Note 6). The Group classifies equity instruments, not held for trading with the objective of generating a profit through investment, as financial assets at FVTOCI (Note 6).

2.2.22.1.4 Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see 2.2.22.1.3 above).
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see 2.2.22.1.1 and 2.2.22.1.2 above) are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). Dividends obtained from financial assets at FVTPL are included in the 'other operating revenue' line item (Note 35), and interest income is recognized in profit or loss (Note 31). Fair value is determined in the manner described in Note 9.

2.2.22.2 Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the 'other gains and losses' line item. As the foreign currency element recognized in profit or loss is the same as if it was measured at amortized cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognized in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses' line item as part of the fair value gain or loss (Note 28); and
- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

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2.2.22.3 Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12- month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2.2.22.3.1 Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

2.2.22.3.2 Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

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Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2.2.22.3.3 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see 2.2.22.3.2 above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

2.2.22.3.4 Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty, such as bankruptcy, compulsory execution, dissolution, business closure, and it is not possible to recovery due to the debtor's death, disappearance, or unknown whereabouts, or there is no realistic prospect of recovery even by the legal procedures or any other ways to recover. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

2.2.22.3.5 Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with Korean IFRS 1116 Leases.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

2.2.22.3.4 Derecognition of financial assets

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

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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2.2.23 Financial liabilities and equity instruments

2.2.23.1 Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of financial liability and an equity instrument.

2.2.23.2 Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2.2.23.3 Compound instruments
The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognized in equity will be transferred to other equity. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method.

2.2.23.4 Financial liabilities
All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

2.2.23.5 Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Korean IFRS 1109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'gains and losses on financial instruments at FVTPL' line item (Note 28) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

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Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognized in profit or loss.

Fair value is determined in the manner described in Note 9.

2.2.23.6 Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

2.2.23.7 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instruments.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with Korean IFRS 1109 (see financial assets above); and
- the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with Korean IFRS 1115 the revenue recognition policies set out above.

2.2.23.8 Foreign exchange gains and losses

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in 'gain or loss on foreign exchange transaction' line item in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges, or are attributable to monetary part of the net investment in a foreign operation.

2.2.23.9 Derecognition of financial liabilities

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

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other non-operating income and expenses.

2.2.24 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Korean IFRS 1102 Share- based Payment, leasing transactions that are within the scope of Korean IFRS 1116 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Korean IFRS 1002 Inventories or value in use in Korean IFRS 1036 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Levels 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 : inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 : inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 : inputs are unobservable inputs for the asset or liability.

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2.2.25 Business transfer under the corporate governance of the same ultimate controlling company

The companies accounted for a business transfer under the corporate governance of the same ultimate controlling company on a book value basis. As of the date of the business transfer, the assets and liabilities of an acquired company were recognized at book value, and a difference between a transfer price and an acquired interest was reflected in equity.

2.2.26 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed Asset-related grants are recognized as a deduction from assets and are recognized in profit or loss in a manner that reduces depreciation over the useful life of the related asset.

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

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may be different from those estimates.

The estimates and underlying assumptions are continuously reviewed. The changes in accounting estimates are recognized in the period in which the estimate is changed if the change affects only that period, or in the period of change and future periods if the change affects both current and future periods.

3.1 Impairment of goodwill

The Group performs impairment test of goodwill annually or more frequently when there is indication that a CGU may be impaired. Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the Group's management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

3.2 Fair value of financial instruments

Described in Note 9, the Group recognizes an impairment loss on financial instruments by using valuation technique with observable inputs not based on market information. Note 9 provides details of major assumptions used to determine fair value of financial instruments and related sensitivity analysis. The management believes that valuation technique and assumptions used to determine the fair value of financial instruments are adequate.

3.3 Impairment loss on financial assets

The Group assesses whether objective evidence of impairment exists individually for the financial assets or collectively evaluates the impairment for the set of financial assets with similar characters. Impairment of financial assets are calculated by discounting the expected future cash flows and comparing the resultant present value with the carrying amount of financial assets. The estimation of future cash flows requires management judgment.

3.4 Defined benefit plan

The Group's defined benefit obligation is determined based on the actuarial valuation carried out at the end of each annual reporting period. Actuarial assumptions are the Group's best estimates of the variables in determining the cost of providing postretirement benefits such as discount rates, rates of expected future salary increases and mortality rates. Significant estimation uncertainty is likely to persist in making such assumptions due to the long-term nature of postretirement benefit plan.

3.5 Income tax

The Group recognizes current tax and deferred tax through the best estimating for tax effects expected to be incurred in the future as a result of operating activities until the end of the reporting period. However, the final tax outcome may not equal to the relevant assets and liabilities recognized, and such differences may have impacts on the current tax and deferred tax assets/liabilities at the time in which the final tax effects are determined.

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4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

Details of financial assets at FVTPL as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Securities at FVTPL:		
Equity securities	₩ 1,349,041	₩ 1,279,115
Debt securities	11,447,376	12,498,861
Beneficiary certificates	5,049,472	4,736,142
Derivatives-linked securities	121,347	115,958
Repurchase of bonds under repurchase agreements	1,913,214	413,985
Reserve for claims of customers' deposits (trust)	3,541,205	2,641,097
Commercial paper securities	1,960,957	1,053,310
Other securities in foreign currency	9,155	-
Other	722,617	840,395
	26,114,384	23,578,863
Loan receivables	601,866	524,210
Derivative assets (trading)[1]	620,329	876,305
	₩ 27,336,579	₩ 24,979,378

1. See Note 5.

Securities at FVTPL (excluding derivative assets (trading)) as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Equity securities:		
Marketable securities	₩ 479,737	₩ 310,585
Non-marketable securities	404,217	418,739
Equity securities in foreign currency	174,235	200,203
Loaned securities	-	420
Other equity securities	290,852	349,168
	1,349,041	1,279,115

	2023	2022
Debt securities:		
Government bonds	2,752,196	3,547,934
Financial bonds	816,824	914,187
Corporate bonds	7,075,985	6,608,248
Debt securities in foreign currency	802,371	1,394,651
Loaned securities	-	33,841
	11,447,376	12,498,861
Beneficiary certificates:		
Beneficiary certificates unsold	469	51
Beneficiary certificates (equity funds)	2,029,559	1,738,886
Beneficiary certificates (others)	2,473,019	2,441,592
Beneficiary certificates in foreign currency	527,016	536,523
Loaned securities	19,409	19,090
	5,049,472	4,736,142
Derivatives-linked securities:		
Equity-linked securities	76,689	78,415
Other derivatives-linked securities	42,509	37,543
Exchange Traded Notes	2,149	-
	121,347	115,958
Other securities:		
Repurchase of bonds under repurchase agreements	1,913,214	413,985
Reserve for claims of customers' deposits (trust)	3,541,205	2,641,097
Commercial paper securities	1,960,957	1,053,310
Other securities in foreign currency	9,155	-
Others	722,617	840,395
	8,147,148	4,948,787
Loan receivables:		
Loan receivables	601,866	524,210
	₩ 26,716,250	₩ 24,103,073

The Group does not own any financial assets designated at FVTPL as at December 31, 2023 and 2022.

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5. DERIVATIVES

The Group does not have any hedged items as at December 31, 2023.

Details of the Group's hedged items as at December 31 2022, is as follows:

(in millions of Korean won)

Classification			Carrying value of the hedged item	Changes in fair value for the year ended December 31, 2022	Hedged reserve
Types of hedging	Hedged risk	Hedged item			
Cash flow hedge	Interest rate risk	Floating rate bonds	₩ 151,400	₩ (2,736)	₩ 799
Net investment hedge[1]	Exchange rate risk	Net assets of overseas subsidiaries	8,597	4,616	(8,639)

The Group does not have any hedging instruments as at December 31, 2023.

Details of the Group's hedging instruments as at December 31, 2022, is as follows:

(in millions of Korean won)

Classification			Nominal amount of hedging instruments	Statement of financial position		Changes in fair value for the year ended December 31, 2022
Types of hedging	Hedged risk	Hedged item		Derivative instruments assets	Derivative instruments liabilities	
Cash flow hedge	Interest rate risk	Interest rate swap	₩ 150,500	₩ 908	₩ 109	₩ 2,736
Net investment hedge	Exchange rate risk	Currency swap	8,871	-	204	(4,623)

The gains and losses on valuation of hedged items and hedging instruments recognized by the Group for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Type of hedging	Hedged item	2023				
		Gain (loss) related to hedged items	Gain (loss) related to hedging instruments	The ineffective portion recognized as current gain or loss[1]	Hedged reserve reclassified to net income	The way to set hedging rate and the source of the ineffective portion of hedging
Cash flow hedge	Floating rate bonds	₩ 799	₩ (799)	₩ -	₩ -	-
Net investment hedge	Net assets of overseas subsidiaries	282	(282)	-	-	-

1. The ineffective portion of hedging is recognized as profit or loss in gain or loss on valuation of derivative (hedging).

(in millions of Korean won)

Type of hedging	Hedged item	2022				
		Gain (loss) related to hedged items	Gain (loss) related to hedging instruments	The ineffective portion recognized as current gain or loss[1]	Hedged reserve reclassified to net income	The way to set hedging rate and the source of the ineffective portion of hedging
Cash flow hedge	Floating rate bonds	₩ (2,736)	₩ 2,736	₩ -	₩ -	Interest rate swap
Net investment hedge	Net assets of overseas subsidiaries	4,616	(4,623)	(6)	-	The difference between the net currency amount of the currency forward/ hedged item and the hedging instrument derivative amount

1. The ineffective portion of hedging is recognized as profit or loss in gain or loss on valuation of derivative (hedging).

Details of derivative assets and derivative liabilities as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Nominal amount	Assets		Liabilities	
		For hedging	For trading	For hedging	For trading
Interest rate:					
Forwards	₩ 7,557,999	₩ -	₩ 192,198	₩ -	₩ 204,725
Swaps	96,297,747	-	105,911	-	670,864
Long options	116,705	-	1,790	-	-
Short options	347,364	-	-	-	15,673
	104,319,815	-	299,899	-	891,262
Currency:					
Forwards	7,673,083	-	73,682	-	49,892
Swaps	616,232	-	8,319	-	52,614
Short options	13,104	-	-	-	189
	8,302,419	-	82,001	-	102,695
Equity:					
Long options	1,572,092	-	10,662	-	-
Short options	5,537,241	-	-	-	44,121
Swaps	3,251,867	-	101,352	-	189,024
	10,361,200	-	112,014	-	233,145

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	2023				
	Nominal amount	Assets		Liabilities	
		For hedging	For trading	For hedging	For trading
Credit:					
Swaps	5,439,353	-	35,315	-	4,268
Commodity:					
Short options	1,109	-	-	-	61
Swaps	527,027	-	14,074	-	13,457
	528,136	-	14,074	-	13,518
Others:					
Interest rate futures	4,882,729	-	1,284	-	5,324
Currency futures	1,585,912	-	-	-	-
Equity futures	659,846	-	2,162	-	463
Commodity futures	45,847	-	1,474	-	192
	7,174,334	-	4,920	-	5,979
Adjustment of valuation of derivatives:					
Adjustment of valuation of credit risk	-	-	(755)	-	(20)
Adjustment of valuation of day 1 profits and losses	-	-	72,861	-	(100,188)
	-	-	72,106	-	(100,208)
	₩ 136,125,257	₩ -	₩ 620,329	₩ -	₩ 1,150,659

(in millions of Korean won)

	2022				
	Nominal amount	Assets		Liabilities	
		For hedging	For trading	For hedging	For trading
Interest rate:					
Forwards	₩ 2,140,000	₩ -	₩ 241,049	₩ -	₩ 83,865
Swaps	105,065,587	908	245,841	109	857,486
Long options	438,413	-	26,008	-	-
Short options	386,038	-	-	-	25,635
	108,030,038	908	512,898	109	966,986
Currency:					
Forwards	4,439,244	-	133,161	204	89,084
Swaps	560,364	-	23,447	-	63,142
	4,999,608	-	156,608	204	152,226
Equity:					
Long options	1,026,287	-	20,362	-	-
Short options	3,765,012	-	-	-	97,349
Swaps	3,224,704	-	122,128	-	338,410
	8,016,003	-	142,490	-	435,759
Credit:					
Swaps	6,628,348	-	59,828	-	8,133
Commodity:					
Short options	305	-	-	-	12
Swaps	458,736	-	5,455	-	7,304
	459,041	-	5,455	-	7,316
Others:					
Interest rate futures	3,093,444	-	1,504	-	1,390
Currency futures	1,415,313	-	1,493	-	-
Equity futures	933,200	-	1,142	-	1,819
Commodity futures	36,201	-	632	-	1,068
	5,478,158	-	4,771	-	4,277
Adjustment of valuation of derivatives:					
Adjustment of valuation of credit risk	-	-	(1,504)	-	(50)
Adjustment of valuation of day 1 profits and losses	-	-	(4,241)	-	(171,793)
	-	-	(5,745)	-	(171,843)
	₩ 133,611,196	₩ 908	₩ 876,305	₩ 313	₩ 1,402,854

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6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

Details of financial assets at FVOCI as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		
	Book amount	Gross unrealized gain (loss)[1]	Provisions for losses[1]
Equity securities:			
Non-marketable securities	₩ 698,644	₩ 514,958	₩ -
Other equity securities	398,725	(9,343)	-
	1,097,369	505,615	-
Debt securities:			
Government bonds	492,180	(10,510)	-
Financial bonds	1,498,281	1,624	282
Corporate bonds	3,018,519	(1,688)	1,773
Debt securities in foreign currency	802,315	6,851	531
Other debt securities	100,527	(302)	-
Discounts	-	(3,797)	-
	5,911,822	(7,822)	2,586
	₩ 7,009,191	₩ 497,793	₩ 2,586

1. Amount before directly subtracting deferred tax from unrealized gains or losses

(in millions of Korean won)

	2022		
	Book amount	Gross unrealized gain (loss)[1]	Provisions for losses[1]
Equity securities:			
Non-marketable securities	₩ 713,842	₩ 530,376	₩ -
Other equity securities	694,587	(53,480)	-
	1,408,429	476,896	-
Debt securities:			
Government bonds	1,300,515	(47,628)	-
Financial bonds	1,686,681	(16,327)	639
Corporate bonds	3,422,419	(53,407)	1,621
Debt securities in foreign currency	557,216	(13,487)	297
Other debt securities	58,591	(13,632)	-
	7,025,422	(144,481)	2,557
	₩ 8,433,851	₩ 332,415	₩ 2,557

1. Amount before directly subtracting deferred tax from unrealized gains or losses

Details of financial assets designated at FVOCI as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		
	Book amount	Fair value	Dividends[1]
Equity securities:			
Non-marketable securities	₩ 698,644	₩ 698,644	₩ 12,660
Other equity securities	398,725	398,725	28,095
	₩ 1,097,369	₩ 1,097,369	₩ 40,755

1. Dividends arising from the equity securities that were derecognized due to disposal and others amount to ₩6,386 million for the year ended December 31, 2023.

(in millions of Korean won)

	2022		
	Book amount	Fair value	Dividends[1]
Equity securities:			
Non-marketable securities	₩ 713,842	₩ 713,842	₩ 13,503
Other equity securities	694,587	694,587	22,202
	₩ 1,408,429	₩ 1,408,429	₩ 35,705

1. Dividends arising from the equity securities that were derecognized due to disposal and others amount to ₩1,124 million for the year ended December 31, 2022.

The Group designates investments as financial assets at FVOCI if the Group holds the investment for strategic purpose and not capital gains through investment, and otherwise classifies the investment as financial assets at FVTPL.

The Group has disposed of securities at FVOCI amounting to ₩ 431,286 million (2022: ₩ 106,963 million) for the year ended December 31, 2023. The cumulative gain on equity instruments is ₩ 77 million (2022: loss of ₩ 37 million), as at the disposal date and no other comprehensive income has been transferred to retained earnings for the years ended December 31, 2023 and 2022.

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Details of provisions for losses on debt securities at FVOCI for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not impaired	Impaired	
Beginning balance	₩ 2,557	₩ -	₩ -	₩ 2,557
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Provision	35	-	-	35
Others	(6)	-	-	(6)
Ending balance	₩ 2,586	₩ -	₩ -	₩ 2,586

(in millions of Korean won)

	2022			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not impaired	Impaired	
Beginning balance	₩ 1,006	₩ -	₩ 2,557	₩ 1,006
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Provision	1,492	-	-	1,492
Others	(1)	-	-	(1)
Ending balance	₩ 2,557	₩ -	₩ -	₩ 2,557

Details of changes in the amount of total book amount of debt securities at FVOCI for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not impaired	Impaired	
Beginning balance	₩ 7,025,422	₩ -	₩ -	₩ 7,025,422
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Purchase, disposal and redemption	(1,239,907)	-	-	(1,239,907)
Foreign currency translation	(3,363)	-	-	(3,363)
Others	129,670	-	-	129,670
Ending balance	₩ 5,911,822	₩ -	₩ -	₩ 5,911,822

(in millions of Korean won)

	2022			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not impaired	Impaired	
Beginning balance	₩ 3,977,641	₩ -	₩ -	₩ 3,977,641
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Purchase, disposal and redemption	3,173,598	-	-	3,173,598
Foreign currency translation	(19,077)	-	-	(19,077)
Others	(106,740)	-	-	(106,740)
Ending balance	₩ 7,025,422	₩ -	₩ -	₩ 7,025,422

Details of unrealized gains or losses on financial assets at FVOCI for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	Beginning balance	Gain (loss) on valuation	Realization by disposal	Ending balance
Equity securities:				
Non-marketable securities	₩ 392,681	₩ (10,698)	₩ -	₩ 381,983
Other equity securities	(39,308)	32,508	(77)	(6,877)
	353,373	21,810	(77)	375,106
Debt securities:				
Government bonds	(35,058)	19,772	7,540	(7,746)
Financial bonds	(12,037)	13,238	-	1,201
Corporate bonds	(39,254)	38,012	-	(1,242)

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	2023			
	Beginning balance	Gain (loss) on valuation	Realization by disposal	Ending balance
Debt securities in foreign currency	(9,913)	10,754	4,201	5,042
Other debt securities	(10,019)	10,364	(567)	(222)
Discounts	-	(2,795)	-	(2,795)
	(106,281)	89,345	11,174	(5,762)
	₩ 247,092	₩ 111,155	₩ 11,097	₩ 369,344

(in millions of Korean won)

	2022			
	Beginning balance	Gain (loss) on valuation	Realization by disposal	Ending balance
Equity securities:				
Non-marketable securities	₩ 308,466	₩ 84,215	₩ -	₩ 392,681
Other equity securities	135	(39,480)	37	(39,308)
	308,601	44,735	37	353,373
Debt securities:				
Government bonds	(3,321)	(27,734)	(4,003)	(35,058)
Financial bonds	(2,732)	(9,305)	-	(12,037)
Corporate bonds	(7,448)	(4,533)	(31,806)	(10,712)
Debt securities in foreign currency	(4,533)	(10,712)	5,332	(9,913)
Other debt securities	(381)	(9,738)	100	(10,019)
	(18,415)	(89,295)	1,429	(106,281)
	₩ 290,186	₩ (44,560)	₩ 1,466	₩ 247,092

7. FINANCIAL ASSETS AT AMORTIZED COST

Details of financial assets at amortized cost as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Deposits:		
Reserve for claims of customers' deposits	₩ 1,579,931	₩ 864,437
Deposits for securities lending and borrowing	-	450,000
Deposits for exchange-traded derivatives transactions	94,619	69,367
Clearing margin for exchange-traded derivatives transactions	328,638	472,893
Guarantee deposits for stock borrowings from KSFC	1,335	3,848
Guarantee deposits for KSFC trading	250,000	270,000
Deposits for opening of a cheque account	47	47
Others	1,322,459	1,908,117
	3,577,029	4,038,709
Loan receivables:		
Broker's loan	3,470,800	3,179,920
Bonds purchased under resale agreements	1,639,800	1,761,393
Other loans	28,401	27,439
Loan receivables	3,470,201	2,768,103
Loans purchased	216,924	189,120
Advances for customers on guarantees	3,262	3,265
Privately placed bonds	16,540	15,806
Other securitization loans	1,032,045	1,066,398
Discounts	(805)	(362)
Deferred loan origination fees and costs	(11,616)	(14,105)
	9,865,552	8,996,977
Account receivables:		
Securities receivables	3,574,239	2,442,885
Others	1,628,322	1,171,570
	5,202,561	3,614,455
Accrued income:		
Accrued fees and commissions income	80,739	75,643
Accrued interest income	344,264	266,744
Accrued dividends income	613	224
Accrued distribution income	2,869	160
Others	888	485
	429,373	343,256
Other receivables:		
Deposits	79,901	83,048
Others	308,118	388,085

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	2023	2022
Discounts	(4,248)	(1,857)
	383,771	496,276
Provisions	(323,388)	(248,900)
	₩ 19,134,898	₩ 17,213,773

The provision for loss for financial assets at amortized cost as at December 31, 2023 and 2022, consists of the following:

(in millions of Korean won)

	2023	2022
Deposits	₩ 2,306	₩ 1,969
Loan receivables	229,842	174,788
Account receivables	80,478	70,856
Accrued income	10,762	1,287
	₩ 323,388	₩ 248,900

Changes in the provision for loss for financial assets at amortized cost for the years ended December 31, 2023 and 2022, were as follows:

(in millions of Korean won)

	2023			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not impaired	Impaired	
Beginning balance	₩ 48,709	₩ 26,795	₩ 173,396	₩ 248,900
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	(5,345)	5,345	-	-
Transfer to credit-impaired financial assets	(3,880)	(17,185)	21,065	-
Provision	22,445	6,913	80,074	109,432
Write-off	-	-	(35,083)	(35,083)
Repayment	-	-	4,728	4,728
Unwinding effect	-	-	(6,601)	(6,601)
Foreign currency translation and other	15	-	1,997	2,012
Ending balance	₩ 61,944	₩ 21,868	₩ 239,576	₩ 323,388

(in millions of Korean won)

	2022			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not impaired	Impaired	
Beginning balance	₩ 34,951	₩ 8,352	₩ 260,351	₩ 303,654
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	(1,800)	1,800	-	-
Transfer to credit-impaired financial assets	(63)	-	63	-
Provision	15,316	16,643	5,057	37,016
Write-off	(30)	-	(62,321)	(62,351)
Repayment	-	-	48	48
Unwinding effect	-	-	(714)	(714)
Foreign currency translation and other	336	-	(29,089)	(28,753)
Ending balance	₩ 48,710	₩ 26,795	₩ 173,39	₩ 248,900

Changes in total book amount of financial assets at amortized cost for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not impaired	Impaired	
Beginning balance	₩ 16,913,803	₩ 352,073	₩ 196,797	₩ 17,462,673
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	(136,817)	136,817	-	-
Transfer to credit-impaired financial assets	(95,727)	(222,546)	318,273	-
Purchase, disposal and redemption	2,037,934	(41,950)	8,685	2,004,669
Write-off	-	-	(35,083)	(35,083)
Foreign currency translation and other	25,593	-	434	26,027
Ending balance	₩ 18,744,786	₩ 224,394	₩ 489,106	₩ 19,458,286

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(in millions of Korean won)

	2022			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not impaired	Impaired	
Beginning balance	₩ 16,491,496	₩ 159,702	₩ 289,752	₩ 16,940,950
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	(103,540)	103,540	-	-
Transfer to credit-impaired financial assets	(1,989)	-	1,989	-
Purchase, disposal and redemption	456,475	88,831	(32,623)	512,683
Write-off	(30)	-	(62,321)	(62,351)
Foreign currency translation and other	71,391	-	-	71,391
Ending balance	₩ 16,913,803	₩ 352,073	₩ 196,797	₩ 17,462,673

Broker's loans

The Group finances stock acquisition funds for customers in credit transactions and the margin to customers from the transactions is financed by borrowings from Korea Securities Finance Co. and the Group's capital, and the annual interest rate ranges from 5.4% to 9.9% (annual overdue interest rate ranges annual interest rate+3%, maximum from 11.0% to 13.0%). The Group records this transaction as margin to customers.

The Group provides loans secured by securities; the annual interest rate ranges from 5.0% to 10.0% (annual overdue interest rate ranges annual interest rate+3%, maximum from 11.0% to 13.0%) and such rate can be readjusted depending on the market condition.

For margin loans, an amount equivalent to from 140% to 170% of loans in the form of securities or cash is set to be pledged as collateral and the amount is calculated by summing margins to customers and loans. The securities purchased by the customers using such loans are pledged as collateral.

8. RESTRICTED USE OF DEPOSITS AND OTHERS

Details of restricted use of deposits and others as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Financial assets at FVTPL:		
Reserve for claims of customers' deposits(trust)[1]	₩ 3,541,205	₩ 2,641,097
Financial assets at amortized cost - Deposits:		
Reserve for claims of customers' deposits[1]	1,579,931	864,437
Deposits for securities lending and borrowing	-	450,000
Deposits for exchange-traded derivatives transaction	51,443	21,176
Clearing margin for exchange-traded derivatives transaction	328,638	472,893
Guarantee deposits for stock borrowings from KSFC	1,335	3,848
Guarantee deposits for KSFC trading	250,000	270,000
Deposits for opening of a checking account	47	47
Others (deposits)	617,340	793,670
	2,828,734	2,876,071
	₩ 6,369,939	₩ 5,517,168

1 Pursuant to the Financial Investment Services and Capital Markets Act, the Group is required to deposit with the Korean Securities Finance Corporation ("KFSC") for the payment of its customers' deposits and those amounts are recalculated daily.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following three levels are used to classify fair value measurements.

1) Level 1

Unadjusted quoted prices in active markets for identical assets or liabilities

2) Level2

Inputs other than quoted prices that are observable for the asset or liability either directly (that is, prices) or indirectly (that is, derived from prices).

3) Level 3

Inputs that are not based on observable market data.

If the financial instruments are traded in active markets, best estimate of fair value is the quoted price (Level 1). Quoted prices are easily available on a regular basis through exchanges, seller, broker, group of industry, rating agencies or regulatory agencies, and if that price represents any actual market transaction between independent parties, then it is considered that the price of the financial instrument is presented in an active market. If there is no active market for the financial instrument, the fair value is measured using valuation techniques. The Group maximizes the use of market information and minimizes the use of the Group's internal information when applying the chosen valuation technique.

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The valuation techniques include all the elements that participants will consider when determining the price. The Group periodically uses similar financial instrument's observable current market price with same valuation techniques (i.e. not modified or restructured), or reviews the validity based on observable market data.

9.1 Financial Instruments Measured at Fair Value

The fair value and the related hierarchy of financial instruments measured at fair value as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Book amount	Fair value	Level 1	Level 2	Level 3
Financial assets:					
Securities at FVTPL[1]	₩ 26,114,384	₩ 26,114,384	₩ 6,916,807	₩ 14,514,534	₩ 4,683,043
Loans at FVTPL	601,866	601,866	-	-	601,866
Derivative assets (trading)	620,329	620,329	13,409	509,736	97,184
Financial assets at FVOCI	7,009,191	7,009,191	1,055,357	5,255,190	698,644
	₩ 34,345,770	₩ 34,345,770	₩ 7,985,573	₩ 20,279,460	₩ 6,080,737
Financial liabilities:					
Financial liabilities at FVTPL	₩ 3,613,287	₩ 3,613,287	₩ 3,613,287	₩ -	₩ -
Financial liabilities designated at FVTPL	7,991,030	7,991,030	350,654	1,109,996	6,530,380
Derivative liabilities (trading)	1,150,659	1,150,659	49,396	585,200	516,063
	₩ 12,754,976	₩ 12,754,976	₩ 4,013,337	₩ 1,695,196	₩ 7,046,443

1. Securities at FVTPL include derivative-linked securities, of which the amount classified as Level 3 is ₩ 118,188 million.

(in millions of Korean won)

	2022				
	Book amount	Fair value	Level 1	Level 2	Level 3
Financial assets:					
Securities at FVTPL[1]	₩ 23,578,863	₩ 23,578,863	₩ 6,037,410	₩ 12,571,838	₩ 4,969,615
Loans at FVTPL	524,210	524,210	-	-	524,210
Derivative assets (trading)	876,305	876,305	23,119	757,067	96,119
Derivative assets (hedging)	908	908	-	908	-
Financial assets at FVOCI	8,433,851	8,433,851	1,359,053	6,360,956	713,842
	₩ 33,414,137	₩ 33,414,137	₩ 7,419,582	₩ 19,690,769	₩ 6,303,786
Financial liabilities:					
Financial liabilities at FVTPL	₩ 4,635,934	₩ 4,635,934	₩ 4,635,934	₩ -	₩ -
Financial liabilities designated at FVTPL	7,876,921	7,876,921	10,522	1,150,748	6,715,651
Derivative liabilities (trading)	1,402,854	1,402,854	101,637	559,251	741,966
Derivative liabilities (hedging)	313	313	-	313	-
	₩ 13,916,022	₩ 13,916,022	₩ 4,748,093	₩ 1,710,312	₩ 7,457,617

1. Securities at FVTPL include derivative-linked securities, of which the amount classified as Level 3 is ₩ 115,895 million.

Changes in the financial assets and liabilities measured at fair value, classified in Level 3, for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023						
	Beginning balance	Profit or loss	Other comprehensive income	Purchase/ issuance	Settlement	Others[1]	Ending balance
Financial assets:							
Securities at FVTPL	₩ 4,969,615	₩ (86,211)	₩ -	₩ 1,303,329	₩ (1,432,589)	₩ (71,101)	₩ 4,683,043
Loans at FVTPL	524,210	(14,065)	-	1,740,409	(1,648,688)	-	601,866
Derivative assets (trading)	96,119	25,858	-	2,973	(27,766)	-	97,184
Financial assets at FVOCI	713,842	-	(15,198)	-	-	-	698,644
	₩ 6,303,786	₩ (74,418)	₩ (15,198)	₩ 3,046,711	₩ (3,109,043)	₩ (71,101)	₩ 6,080,737
Financial liabilities:							
Financial liabilities designated at FVTPL	₩ 6,715,651	₩ 630,357	₩ -	₩ 4,900,124	₩ (5,715,752)	₩ -	₩ 6,530,380
Derivative liabilities (trading)	741,966	(186,656)	-	35,308	(74,555)	-	516,063
	₩ 7,457,617	443,701	₩ -	₩ 4,935,432	₩ (5,790,307)	₩ -	₩ 7,046,443

1. The changes in levels for the financial instruments occurred due to the change in the availability of observable market data.

(in millions of Korean won)

	2022						
	Beginning balance	Profit or loss	Other comprehensive income	Purchase/ issuance	Settlement	Others[1]	Ending balance
Financial assets:							
Securities at FVTPL	₩ 4,069,772	₩ 65,968	₩ -	₩ 1,872,816	₩ (1,365,735)	₩ 326,794	₩ 4,969,615
Loans at FVTPL	572,998	(535)	-	2,926,956	(2,975,209)	-	524,210
Derivative assets (trading)	123,450	12,917	-	2,599	(42,847)	-	96,119
Financial assets at FVOCI	605,272	-	108,570	-	-	-	713,842
	₩ 5,371,492	₩ 78,350	₩ 108,570	₩ 4,802,371	₩ (4,383,791)	₩ 326,794	₩ 6,303,786

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	2022						
	Beginning balance	Profit or loss	Other comprehensive income	Purchase/ issuance	Settlement	Others[1]	Ending balance
Financial liabilities:							
Financial liabilities designated at FVTPL	₩ 7,147,808	₩ (541,079)	₩ -	₩ 4,725,143	₩ (4,616,221)	₩ -	₩ 6,715,651
Derivative liabilities (trading)	185,917	588,138	-	18,544	(50,633)	-	741,966
	₩ 7,333,725	₩ 47,059	₩ -	₩ 4,743,687	₩ (4,666,854)	₩ -	₩ 7,457,617

1. The changes in levels for the financial instruments occurred due to the change in the availability of observable market data.

The Group recognizes transfers between levels at the date of an event or a circumstance causing the transfer occurs.

Changes in significant unobservable input variables are subject of a sensitivity analysis, which measures the impact on the fair value of financial instruments classified as Level 3. The amount of impact reported as favorable and unfavorable changes for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Book amount	Profit or loss		Other comprehensive income(loss)	
		Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:					
Securities at FVTPL[1]	₩ 4,683,043	₩ 23,040	₩ (8,364)	₩ -	₩ -
Loans at FVTPL[2]	601,866	14,837	(13,606)	-	-
Derivative assets (trading)[3]	97,184	9,156	(16,299)	-	-
Financial assets at FVOCI[4]	698,644	-	-	47,449	(25,096)
	₩ 6,080,737	₩ 47,033	₩ (38,269)	₩ 47,449	₩ (25,096)
Financial liabilities:					
Financial liabilities designated at FVTPL[5]	₩ 6,530,380	₩ 28,157	₩ (19,340)	₩ -	₩ -
Derivative liabilities (trading)[3]	516,063	12,635	(14,453)	-	-
	₩ 7,046,443	₩ 40,792	₩ (33,793)	₩ -	₩ -

1. Fair value changes of securities at FVTPL are calculated based on the increase or decrease in the discount rate, the major unobservable input. Fair value changes of derivatives-linked securities are calculated by an increase or decrease in the correlation (Correlation between two or more underlying assets) and variability, the major unobservable inputs, by 10%.
2. Fair value changes of loans at FVTPL are calculated by an increase or decrease in the interest rate and stock price/variability of the major unobservable inputs by 1%p and 10%.
3. Fair value changes of derivatives related to stock, interest rate, credit, currency and commodity are calculated by an increase or decrease in the correlation (Correlation between two or more underlying assets) and variability, the major unobservable inputs, by 10%.
4. Fair value changes of stocks are calculated by the increase or decrease in the growth rate by -1~1%p and discount rate by -1~1%p, the major unobservable inputs.
5. Fair value changes of financial liabilities designated at FVTPL are calculated by the increase or decrease in the correlation (Correlation between two or more underlying assets) and variability, the major unobservable inputs, by 10%.

(in millions of Korean won)

	2022				
	Book amount	Profit or loss		Other comprehensive income(loss)	
		Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:					
Securities at FVTPL[1]	₩ 4,969,615	₩ 19,447	₩ (13,222)	₩ -	₩ -
Loans at FVTPL[2]	524,210	5,683	(6,112)	-	-
Derivative assets (trading)[3]	96,119	6,513	(5,327)	-	-
Financial assets at FVOCI[4]	713,842	-	-	56,655	(40,465)
	₩ 6,303,786	₩ 31,643	₩ (24,661)	₩ 56,655	₩ (40,465)
Financial liabilities:					
Financial liabilities designated at FVTPL[5]	₩ 6,715,651	₩ 36,439	₩ (25,770)	₩ -	₩ -
Derivative liabilities (trading)[3]	741,966	22,669	(32,616)	-	-
	₩ 7,457,617	₩ 59,108	₩ (58,386)	₩ -	₩ -

1. Fair value changes of securities at FVTPL are calculated based on the increase or decrease in the discount rate, the major unobservable input. Fair value changes of derivatives-linked securities are calculated by an increase or decrease in the correlation (Correlation between two or more underlying assets) and variability, the major unobservable inputs, by 10%.
2. Fair value changes of loans at FVTPL are calculated by an increase or decrease in the interest rate and stock price/variability of the major unobservable inputs by 1%p and 10%.
3. Fair value changes of derivatives related to stock, interest rate, credit, currency and commodity are calculated by an increase or decrease in the correlation (Correlation between two or more underlying assets) and variability, the major unobservable inputs, by 10%.
4. Fair value changes of stocks are calculated by the increase or decrease in the growth rate by -1~1%p and discount rate by -1~1%p, the major unobservable inputs.
5. Fair value changes of financial liabilities designated at FVTPL are calculated by the increase or decrease in the correlation (Correlation between two or more underlying assets) and variability, the major unobservable inputs, by 10%.

As at December 31, 2023 and 2022, the Group measured the beneficiary certificates whose fair values do not exist in the active market and underlying assets are foreign alternative investments, based on unobservable inputs using the best information available; and used the same valuation techniques in the assessment of derivatives-linked securities (financial liabilities designated at fair value through profit or loss) whose underlying assets are those beneficiary certificates. In addition, as at December 31, 2023, the Group measured the beneficiary certificates related to Optimus Asset Management Funds, whose fair values do not exist in the active market, based on unobservable inputs using the best information available.

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Fair value measurement methods and input variables for each type of financial instruments measured at fair value, classified at Level 2, are as follows:

	Fair value measurement methods	Input variables
Financial assets:		
Securities at FVTPL	DCF, NAV method	Interest rate, discount rate, exchange rate
Derivative assets (trading)	DCF, Closed Form, FDM,Monte Carlo Simulation	Underlying asset price, interest rate, credit spread, exchange rate, dividend rate (yield), volatility of stock price, discount rate
Derivative assets (hedging)		
Financial assets at FVOCI	DCF, NAV method	Interest rate, discount rate, exchange rate
Financial liabilities:		
Financial liabilities designated at FVTPL	DCF, Closed Form, FDM, Monte Carlo Simulation	Underlying asset price, interest rate, credit spread, exchange rate, dividend rate (yield), volatility of stock price, discount rate
Derivative liabilities (trading)		
Derivative liabilities (hedging)		

Fair value measurement methods, input variables, and significant unobservable inputs for each type of financial instruments measured at fair value, classified at Level 3, are as follows:

	Valuation technique	Significant unobservable inputs	Range (weighted average) (%)	Sensitivity of the input to fair value
Financial assets:				
Financial assets at FVTPL	DCF, NAV method, Binomial model, Closed Form, FDM, Monte Carlo Simulation, Hull-White model	Discount rate	3.78~667.08	Decrease in the discount rate would result in increase in fair value
		Growth rate	0.00~1.00	Increase in the growth rate would result in increase in fair value
		Correlation of interest rate	15.20~95.21	Increase in the correlation of interest rate would result in decrease in fair value
		Historical volatility	0.79~127.44	Increase in the volatility would result in increase or decrease in fair value
		Correlation	-99.59~97.36	Increase in the correlation would result in increase in fair value
		Swaption volatility	0.51~1.38	Increase in the volatility would result in increase or decrease in fair value
Derivative assets (trading)	DCF, Closed Form, FDM, Monte Carlo Simulation, Hull-White model	Correlation of interest rate	15.2~95.21	Increase in the correlation of interest rate would result in decrease in fair value
		Historical volatility	0.79~127.44	Increase in the volatility would result in increase or decrease in fair value
		Correlation	-99.59~97.36	Increase in the correlation would result in increase in fair value
		Swaption volatility	0.51~1.38	Increase in the volatility would result in increase or decrease in fair value
Financial assets at FVOCI	DCF, NAV method, Comparable company analysis	Discount rate	8.52~15.70	Decrease in the discount rate would result in increase in fair value
		Growth rate	0.00~1.00	Increase in the growth rate would result in increase in fair value
Financial liabilities:				
Financial liabilities designated at FVTPL	DCF, NAV method, Closed Form, FDM, Monte Carlo Simulation, Hull-White model	Correlation of interest rate	15.2~95.21	Increase in the correlation of interest rate would result in decrease in fair value
		Historical volatility	0.79~127.44	Increase in the volatility would result in increase or decrease in fair value
Derivative liabilities (trading)		Correlation	-99.59~97.36	Increase in the correlation would result in increase in fair value
		Swaption volatility	0.51~1.38	Increase in the volatility would result in increase or decrease in fair value

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9.2 Financial Instruments Not Measured at Fair Value for which Fair Value is Disclosed

Fair value hierarchy of financial instruments disclosed as fair value though it cannot be measured as fair value as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets:					
Financial assets at amortized cost	₩ 19,134,898	₩ 18,861,357	₩ -	₩ 6,578,140	₩ 12,283,217
Financial liabilities:					
Deposits due to customers[1]	7,177,425	7,177,425	-	-	7,177,425
Borrowings	18,919,143	18,919,625	-	7,376,416	11,543,209
Debentures	2,914,953	2,903,723	-	2,903,723	-
Other financial liabilities[2]	6,882,009	6,882,009	-	-	6,882,009
	₩ 35,893,530	₩ 35,882,782	₩ -	₩ 10,280,139	₩ 25,602,643

1. Most deposits have maturity of less than a year so that the book amount was used as proxy of fair value.
2. Accrued expenses and accounts payables are short-term debt so that book amount was used as reasonable proxy of fair value.

(in millions of Korean won)

	2022				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets:					
Financial assets at amortized cost	₩ 17,213,773	₩ 16,916,476	₩ -	₩ 6,829,012	₩ 10,087,464
Financial liabilities:					
Deposits due to customers[1]	5,600,415	5,600,415	-	-	5,600,415
Borrowings	18,026,331	18,034,292	-	7,617,218	10,417,074
Debentures	3,517,735	3,457,692	-	3,457,692	-
Other financial liabilities[2]	4,739,266	4,739,266	-	-	4,739,266
	₩ 31,883,747	₩ 31,831,665	₩ -	₩ 11,074,910	₩ 20,756,755

1. Most deposits have maturity of less than a year so that the book amount was used as proxy of fair value.
2. Accrued expenses and accounts payables are short-term debt so that book amount was used as reasonable proxy of fair value.

Fair value measurement methods and input variables for each type of financial instruments recorded at amortized cost and classified in level 2 and 3 are as follows:

	Fair value measurement methods
Financial assets at amortized cost	The fair value is measured by discounting the projected cash flows of loan products by applying the market discount rate that has been applied to a proxy company that has similar credit rating to the debtor. For lines of credit and loans that have a short- term maturity (less than six months), it is assumed that the carrying amounts approximate to their fair value.
Deposits due to customers and borrowings	The fair value is measured by discounting the projected cash flows of debt products by applying the market discount rate that is reflecting credit rating of the Group. However, if the carrying value is not significantly different from the fair value, it assumes that the carrying amounts approximate to the fair value.
Debentures	Borrowings are measured by discounting expected future cash flows using current market rate.
Other financial liabilities	For other financial liabilities that consist of suspense accounts derived from various transactions, and whose maturity is relatively short or indeterminable, the carrying value is considered as fair value.

9.3 Day 1 Profits and Losses

Changes in deferred day 1 profits and losses for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Beginning balance	₩ 72,342	₩ 92,467
New transactions	34,090	28,387
Amounts recognized in profits or loss	(43,564)	(48,512)
Ending balance	₩ 62,868	₩ 72,342

In the case that the Group measured the fair value of financial instruments with unobservable inputs, the Group recognized the fair value of the instrument at the transaction price if the fair value at initial measurement is different from the transaction price. The difference between the fair value at initial measurement and the transaction price is deferred and amortized using a straight-line method until the maturity of the instrument. However, in the case where inputs of the valuation techniques become observable in markets, the remaining deferred difference is immediately recognized as gain or loss. The table above shows the detailed differences yet to be recognized in gain or loss during the years ended December 31, 2023 and 2022.

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10. OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities that are subject to offsetting, enforceable master netting agreements and similar agreements as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023					
	Recognized financial assets	Financial liabilities set off	Net amounts of financial assets presented	Related amounts not set off in the statement of financial position		Net amounts
				Financial instruments	Financial collateral received/ pledged	
Derivative assets[1,2]	₩ 684,668	₩ -	₩ 684,668			
Receivable spot exchange[3]	1,020,052	-	1,020,052	1,433,527	7,846	263,347
Bonds sold under repurchase agreements (loans)[3]	1,639,800	-	1,639,800	1,639,800	-	-
Loaned securities[3]	19,409	-	19,409	19,409	-	-
Account receivable[4]	7,725,635	3,774,165	3,951,470	2,390,831	-	1,560,639
	₩ 11,089,564	₩ 3,774,165	₩ 7,315,399	₩ 5,483,567	₩ 7,846	₩ 1,823,986

1. Includes parts of derivatives assets used for trading purpose, derivative assets for hedging and financial assets at FVTPL.
2. Certain OTC derivatives are traded under ISDA (International Swaps and Derivatives Association) master netting agreements. Based on the agreement, all derivatives contracts between the parties are cancelled provided that credit accident occurs. In that event, net amounts after deducting the related receivables or payables determined at the time of termination are settled.
3. Similar netting agreements are also entered into with the transactions of reverse repurchase, spot, securities and others.
4. Includes receivables and payables in accordance with settlement of exchange-traded securities and presents as net amount in the statement of financial position for the transactions which has an enforceable right to offset and are settled on a net basis.

(in millions of Korean won)

	2022					
	Recognized financial assets	Financial liabilities set off	Net amounts of financial assets presented	Related amounts not set off in the statement of financial position		Net amounts
				Financial instruments	Financial collateral received/ pledged	
Derivative assets[1,2]	₩ 897,401	₩ -	₩ 897,401			
Receivable spot exchange[3]	622,409	-	622,409	804,945	10,485	704,380
Bonds sold under repurchase agreements (loans)[3]	1,761,393	-	1,761,393	1,761,393	-	-
Loaned securities[3]	53,351	-	53,351	53,351	-	-
Account receivable[4]	4,819,797	2,043,649	2,776,148	1,477,923	-	1,298,225
	₩ 8,154,351	₩ 2,043,649	₩ 6,110,702	₩ 4,097,612	₩ 10,485	₩ 2,002,605

1. Includes parts of derivatives assets used for trading purpose, derivative assets for hedging and financial assets at FVTPL.
2. Certain OTC derivatives are traded under ISDA (International Swaps and Derivatives Association) master netting agreements. Based on the agreement, all derivatives contracts between the parties are cancelled provided that credit accident occurs. In that event, net amounts after deducting the related receivables or payables determined at the time of termination are settled.
3. Similar netting agreements are also entered into with the transactions of reverse repurchase, spot, securities and others.
4. Includes receivables and payables in accordance with settlement of exchange-traded securities and presents as net amount in the statement of financial position for the transactions which has an enforceable right to offset and are settled on a net basis.

Financial liabilities that are subject to offsetting, enforceable master netting agreements and similar agreements as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023					
	Recognized financial liabilities	Financial assets set off	Net amounts of financial liabilities presented	Related amounts not set off in the statement of financial position		Net amounts
				Financial instruments	Financial collateral received/ pledged	
Derivative liabilities[1,2]	₩ 3,792,482	₩ -	₩ 3,792,482			
Payable spot exchange[3]	1,019,863	-	1,019,863	₩ 3,707,872	₩ 24,647	₩ 1,079,826
Bonds sold under repurchase agreements[3]	7,020,436	-	7,020,436	7,020,436	-	-
Borrowed securities[3]	3,613,287	-	3,613,287	3,613,287	-	-
Account payables[4]	7,837,208	3,774,165	4,063,043	2,390,831	-	1,672,212
	₩ 23,283,276	₩ 3,774,165	₩ 19,509,111	₩ 16,732,426	₩ 24,647	₩ 2,752,038

1. Includes parts of derivatives liabilities used for trading purpose, derivative liabilities for hedging and financial liabilities designated at FVTPL.
2. Certain OTC derivatives are traded under ISDA (International Swaps and Derivatives Association) master netting agreements. Based on the agreement, all derivatives contracts between the parties are cancelled provided that credit accident occurs. In that event, net amounts after deducting the related receivables or payables determined at the time of termination are settled.
3. Similar netting agreements are also entered into with the transactions of reverse repurchase, spot, securities and others.
4. Includes receivables and payables in accordance with settlement of exchange-traded securities and presents as net amount in the statement of financial position for the transactions which has an enforceable right to offset and are settled on a net basis.

(in millions of Korean won)

	2022					
	Recognized financial liabilities	Financial assets set off	Net amounts of financial liabilities presented	Related amounts not set off in the statement of financial position		Net amounts
				Financial instruments	Financial collateral received/ pledged	
Derivative liabilities[1,2]	₩ 4,159,177	₩ -	₩ 4,159,177			
Payable spot exchange[3]	622,731	-	622,731	₩ 2,588,776	₩ 650	₩ 2,192,482
Bonds sold under repurchase agreements[3]	6,692,291	-	6,692,291	6,692,291	-	-
Borrowed securities[3]	4,635,934	-	4,635,934	4,635,934	-	-

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	2022					
	Recognized financial liabilities	Financial assets set off	Net amounts of financial liabilities presented	Related amounts not set off in the statement of financial position		Net amounts
				Financial instruments	Financial collateral received/ pledged	
Account payables[4]	4,905,497	2,043,649	2,861,847	1,477,923	-	1,383,924
	₩ 21,015,630	₩ 2,043,649	₩ 18,971,980	₩ 15,394,924	₩ 650	₩ 3,576,406

1. Includes parts of derivatives liabilities used for trading purpose, derivative liabilities for hedging and financial liabilities designated at FVTPL.
2. Certain OTC derivatives are traded under ISDA (International Swaps and Derivatives Association) master netting agreements. Based on the agreement, all derivatives contracts between the parties are cancelled provided that credit accident occurs. In that event, net amounts after deducting the related receivables or payables determined at the time of termination are settled.
3. Similar netting agreements are also entered into with the transactions of reverse repurchase, spot, securities and others.
4. Includes receivables and payables in accordance with settlement of exchange-traded securities and presents as net amount in the statement of financial position for the transactions which has an enforceable right to offset and are settled on a net basis.

11. TRANSFERS OF FINANCIAL ASSETS

Details of financial instruments in bonds sold under repurchase agreement, that are disposed under the condition that the securities held by the Group shall be repurchased at confirmed prices and thus do not meet the condition to be excluded as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Transferred assets:		
Financial assets at FVTPL	₩ 4,584,990	₩ 2,688,934
Financial assets at FVOCI	2,868,072	3,454,894
	₩ 7,453,062	₩ 6,143,828
Related liabilities:		
Bonds sold under repurchase agreements	₩ 7,020,436	₩ 6,692,291

In the case of lending securities held by the Group, ownership of the securities is transferred, but the securities are returned when the period expires. As the Group holds most of the risks and rewards of these securities, the Group continues to recognize the entire securities lent. The details of transferable financial assets in which the entire loan securities have not been removed are described in Note 12.

As at December 31, 2023, the structured entity subject to consolidation issued asset-backed securities using loans and corporate bonds held by the Group, and the Controlling Company bears related risks through credit offerings. The carrying amounts of financial assets and related liabilities recognized related to the asset- backed securities as at December 31, 2023 are ₩ 834,662 million (2022: ₩ 970,074 million) and ₩ 947,808 million (2022: ₩ 1,000,657 million), respectively.

12. PLEDGED ASSETS AND ASSET HELD BY EXECUTING PLEDGE

Details of pledged assets as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Collateral provided to	Pledged assets	2023	2022	Reason for collateral
Samsung Asset Management Co., Ltd, etc.	Financial assets at FVTPL (Equity securities)	₩ 34,634	₩ 269,279	OTC derivatives transaction, etc.
Korea Securities Depository etc.	Financial assets at FVTPL (Equity securities)	594,054	1,501,595	Securities lending and borrowing
Korea Securities Depository etc.	Financial assets at FVTPL (Beneficiary certificates)	613,007	903,917	Securities lending and borrowing
Korea Investment & Securities Co., Ltd etc.	Financial assets at FVTPL (Beneficiary certificates)	-	9,796	Margins on exchange traded derivatives, etc.
Mirae Asset Global Investments Co., Ltd, etc.	Financial assets at FVTPL (Beneficiary certificates)	868,281	443,656	OTC derivatives transaction, etc.
Credit Suisse, etc.	Financial assets at FVTPL (Debt securities)	864,323	1,470,064	CSA agreement collateral, etc.
Korea Securities Finance Corp.	Financial assets at FVTPL (Debt securities)	2,414,236	3,223,041	Securities lending and borrowing
Korea Securities Depository etc.	Financial assets at FVTPL (Debt securities)	1,719,320	2,116,815	Securities lending and borrowing
Samsung Futures etc.	Financial assets at FVTPL (Debt securities)	13,152	48,980	Margins on exchange traded derivatives
Korea Securities Depository etc.	Financial assets at FVTPL (Debt securities)	4,584,990	2,688,934	RP collateral[1]
Korea Exchange	Financial assets at FVTPL (Debt securities)	70,013	126,858	Margins on exchange traded derivatives
Korea Exchange	Financial assets at FVTPL (Debt securities)	233,989	194,281	Guarantee trading deposits for OTC-CCP, etc.
Korea Securities Finance Corp.	Financial assets at FVTPL (Debt securities)	189,982	29,686	Distribution loan guarantee loan, etc.
Korea Securities Finance Corp.	Financial assets at FVTPL (Certificate of deposit)	9,500	47,500	Securities lending and borrowing
Korea Securities Finance Corp., etc.	Financial assets at FVTPL (Commercial papersecurities)	944,998	186,032	Securities lending and borrowing
Korea Securities Finance Corp.	Financial assets at FVOCI (Equity securities)	42,181	40,004	Mortgage arrangement
Korea Securities Depository etc.	Financial assets at FVOCI (Debt securities)	2,868,072	3,454,894	RP collateral[1]
Korea Securities Finance Corp.etc.	Financial assets at FVOCI (Debt securities)	843,449	631,087	CSA agreement collateral, etc.

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Collateral provided to	Pledged assets	2023	2022	Reason for collateral
Korea Securities Finance Corp.	Financial assets at FVOCI (Debt securities)	728,875	964,771	Securities lending and borrowing
Korea Securities Finance Corp.	Financial assets at FVOCI (Debt securities)	182,955	266,526	Distribution loan guarantee loan
Korea Securities Depository	Financial assets at FVOCI (Debt securities)	152,257	756,005	Securities lending and borrowing
Korea Exchange	Financial assets at FVOCI (Debt securities)	97,356	59,427	Margins on exchange traded derivatives and others
Korea Exchange	Financial assets at FVOCI (Debt securities)	242,423	267,599	Guarantee trading deposits for OTC-CCP, etc.
Korea Exchange	Financial assets at FVOCI (Debt securities)	34,758	38,900	Collective fund for default loss, etc.
Korea Investment & Securities Co., Ltd etc.	Financial assets at FVOCI (Debt securities)	75,984	59,779	Margins on exchange traded derivatives
National Forestry Cooperative Federation, etc.	Financial assets at amortized cost (Deposits etc.)	25,000	36,662	CSA agreement collateral, etc.
MIRAE ASSET SECURITIES.Co., Ltd, etc.	Financial assets at amortized cost (Deposits etc.)	1,565,462	2,626,044	Securities lending and borrowing
Woori Bank etc.	Financial assets at amortized cost (Deposits etc.)	216,319	67,280	Loans secured by deposit, etc.
Korea Exchange etc.	Financial assets at amortized cost (Deposits etc.)	24,993	8,410	Guarantee trading deposits for foreign OTC-CCP, etc.
Korea Securities Finance Corp.	Financial assets at amortized cost (Deposits etc.)	-	20,000	Distribution loan guarantee loan
NH Bank	Financial assets at amortized cost (Deposits etc.)	344	344	Deposits for rents
Shinhan Card etc.	Property and equipment, and investment property (Land)	101,237	57,432	Deposits for rents
Shinhan Card etc.	Property and equipment, and investment property (Building)	170,513	7,843	Deposits for rents
		₩ 20,526,657	₩ 22,623,441	

1. Including collaterals for customer RP transactions.

The Group has pledged assets among borrowed securities, amounting to ₩ 3,941,932 million and ₩ 5,034,403 million as at December 31, 2023 and 2022, respectively.

Details of loaned securities as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022	Loaned from
Financial assets at FVTPL			
Equity securities	₩ -	₩ 420	KSFC, etc.
Beneficiary certificates	19,409	19,090	BARCLAYS, etc.
Debt securities	-	33,841	KSFC, etc.
	₩ 19,409	₩ 53,351	

The fair value of the collaterals held with right to sell and repledge in the absence of default by the owner of the collateral as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

	2023		2022	
	Fair value of the collateral	Fair value of the collaterals sold or repledged	Fair value of the collateral	Fair value of the collaterals sold or repledged
Securities	₩ 1,662,116	₩ 138,245	₩ 1,665,695	₩ 87,471

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	Main business	Location	Financial statements prepared as at	2023		2022	
				Percentage of ownership (%)	Book amount	Percentage of ownership (%)	Book amount
Blue Ocean Corporate's Financial Stabilization Private Equity Fund No.1[1,2]	Other financial business	Korea	-	3.50	₩ -	3.50	₩ -
NH-LB Growth Champ 2011- 4 PEF[1]	Other financial business	Korea	2023-12-31	6.70	673	6.70	674
NH Agri-biz Value PEF[1,3]	Other financial business	Korea	2023-12-31	0.50	33	0.50	45
Aeneas-NH Private Equity Fund[1]	Other financial business	Korea	2023-12-31	1.00	2,002	1.00	2,088
NH AJUIB Growth 2013 Private Equity Fund[1]	Other financial business	Korea	2023-12-31	0.10	14	0.10	14
IBK-NH Small Giant Private Equity Fund[1]	Other financial business	Korea	2023-12-31	0.10	3	0.10	9

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				Percentage of ownership (%)	Book amount	Percentage of ownership (%)	Book amount
TRUBEN-Global Healthcare Private Equity Joint Co., Ltd	Other financial business	Korea	2023-12-31	39.40	1,812	39.40	1,873
Yeouido Cultural Broadcasting Site Development PFV[1,2]	Other financial business	Korea	2023-09-30	5.00	-	5.00	-
Stassets DA value Investment Association No.2	Other financial business	Korea	2023-12-31	32.10	919	32.10	928
Stassets DA value Investment Association No.3	Other financial business	Korea	2023-12-31	32.10	275	32.10	273
Midas PEF No.1[7]	Other financial business	Korea	-	-	-	22.70	2,549
Global Opportunity Private Equity Joint Venture[7]	Other financial business	Korea	-	-	-	45.30	6,448
Ascendo New Generation Healthcare Investment	Other financial business	Korea	2023-12-31	30.70	940	30.70	945
NH-AJU Digital Fund[3]	Other financial business	Korea	2023-12-31	20.00	4,739	20.00	5,977
NH-AJU KOSDAQ Scale-Up Fund[3]	Other financial business	Korea	2023-12-31	28.30	8,400	28.30	16,738
Sprott Global Renewable Private Equity Fund No.1	Other financial business	Korea	2023-12-31	33.30	2,487	33.30	2,495
NH-Paxtone Private Equity Fund	Other financial-business	Korea	2023-12-31	29.80	11,826	29.80	14,447
NH-OPUS Corporate Financial Stability Private Equity Fund[1,3,4]	Other financial business	Korea	2023-12-31	14.70	17,606	14.70	17,228
Square-DA value Fund No.1	Other financial business	Korea	2023-12-31	36.60	2,271	36.60	2,273
MK Ventures-K Clavis Growth Capital Venture Fund No.1[9]	Other financial business	Korea	2023-12-31	26.70	-	26.70	-
Mastern No.51 Yeouido PFV Co., Ltd[1,2]	Other financial business	Korea	2023-09-30	19.90	-	19.90	-
Smile Gate Vietnam Cairo Partnership PEF No.1	Other financial business	Korea	2023-12-31	20.00	1,795	20.00	1,840
NH-Soo Investment Innovative Growth M&A Fund[4]	Other financial business	Korea	2023-12-31	30.00	18,502	30.00	10,230
NH-OPUS II Corporate Financial Stability Private Equity Fund[1,3,4]	Other financial business	Korea	2023-12-31	1.00	750	1.00	661
NH Co-Investment Private Equity Fund[1]	Other financial business	Korea	2023-12-31	10.30	23,244	10.30	21,120
Lodestone Second Private Equity Fund[7]	Other financial business	Korea	-	-	-	25.00	742
Genesis No.1 Private Equity Fund[7]	Other financial business	Korea	-	-	-	28.30	74,282
NH IBKC High-tech 1 Fund[1,7]	Other financial business	Korea	-	-	-	11.50	761
Korea Investment-Brick Investment New Technology Investment Fund 1st	Other financial business	Korea	2023-12-31	20.60	2,376	20.60	2,820
Incheon Hangdong Officetel PF (NS Partners Inc.)[1,2,7]	Real estate development	Korea	-	-	-	19.90	-
Harvest Private Equity Fund II	Other financial business	Korea	2023-12-31	22.10	2,971	22.10	3,134
HIZE EBEST The Current Fund No.2[7]	Other financial business	Korea	-	-	-	22.90	1,264
NH-SYNERGY BIO Fund	Other financial business	Korea	2023-12-31	20.60	10,103	20.60	11,303
NH SYNERGY M.C.E. New Technology Investment Fund[1]	Other financial business	Korea	2023-12-31	11.40	1,802	11.40	1,957
NH-Meritz Contents 1 Fund[1,3]	Other financial business	Korea	2023-12-31	9.10	1,164	9.10	2,011
NH-IBKC Bio New Technology Fund	Other financial business	Korea	2023-12-31	30.10	6,901	30.10	10,650
NH-Horizon Secondary Fund	Other financial business	Korea	2023-12-31	32.20	922	32.20	949
Kyobo NH Healthcare Fund 1[1]	Other financial business	Korea	2023-12-31	11.10	1,980	11.10	2,113
NH Kyobo AI Solution Investment Fund[1,7]	Other financial business	Korea	-	-	-	17.40	2,183
Daishin-GVA New Technology Investment Fund 1st[7]	Other financial business	Korea	-	-	-	29.60	1,844
The Lakebridge-Samsung Securities Growth Fund I	Other financial business	Korea	2023-12-31	33.30	1,923	33.30	1,953
DAYLI Swanson Bio Healthcare Fund 8	Other financial business	Korea	2023-12-31	23.80	949	23.80	971
NH IBKC Dental Solution Investment Fund[1,3]	Other financial business	Korea	2023-12-31	18.00	1,846	18.00	2,801
LD New Technology Business Investment Fund[2]	Other financial business	Korea	2023-12-31	28.60	947	28.60	971
Recovery Partners Co., Ltd	Other financial business	Korea	2023-11-30	29.40	2,697	29.40	3,021

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				Percentage of ownership (%)	Book amount	Percentage of ownership (%)	Book amount
NH MIDAS 1st Private Equity Fund[1,7]	Other financial business	Korea	-	-	-	11.00	10
Kiwoom AI New Technology Business Investment Fund	Other financial business	Korea	2023-12-31	21.50	1,941	21.50	1,813
Smilegate Aphrodite Sub One Fund	Other financial business	Korea	2023-12-31	28.60	2,907	28.60	2,950
Smart Quaternary Industry Square Investment Fund[4]	Other financial business	Korea	2023-12-31	20.00	1,394	20.00	944
Meritz-NH healthcare 1 Fund[1,7]	Other financial business	Korea	2023-12-31	19.40	2,872	19.40	2,934
IBKS Green Private EquityFund[1]	Other financial business	Korea	-	-	-	13.90	11,819
KCLAVIS Cloud Fund No.1[1,3]	Other financial business	Korea	2023-12-31	19.30	4,240	19.30	1,881
The Lakebridge Growth Fund Ⅰ PEF[1,7]	Other financial business	Korea	-	-	-	11.70	3,833
J&Hercules Private Equity Fund[1]	Other financial business	Korea	2023-12-31	17.90	19,562	17.90	18,165
Credit Minerva Private Equity Fund[1,3]	Other financial business	Korea	2023-12-31	10.00	687	10.00	968
The Overseas Growth Fund 1[1]	Other financial business	Korea	2023-12-31	20.00	109	20.00	384
MIDAS No.2 Private Equity Fund[1]	Other financial business	Korea	2023-12-31	14.20	3,523	14.20	3,533
LB Private Equity Fund III-1[1,3]	Other financial business	Korea	2023-12-31	16.10	1,022	16.10	4,872
Future Healthcare Fund[1,7]	Other financial business	Korea	-	-	-	18.70	3,039
Global Robot Healthcare Investment Fund[1,7]	Other financial business	Korea	-	-	-	15.40	1,905
DAYLI Swanson Bio Healthcare Fund 7[1,3,7]	Other financial business	Korea	-	-	-	18.90	666
Kyobo Hanyang ESG Investment Fund[1,7]	Other financial business	Korea	-	-	-	11.80	1,250
HI YG Win-win Fund No.1[1]	Other financial business	Korea	2023-12-31	18.20	1,901	18.20	1,706
NH-Brain EV Fund[1]	Other financial business	Korea	2023-12-31	19.20	8,546	19.20	8,935
Pentastone Bridge[1] Funds	Other financial business	Korea	2023-12-31	50.00	1,922	50.00	1,967
SJGP YG Fund No.1[3]	Other financial business	Korea	2023-12-31	44.00	1,061	44.00	1,968
NH-Alpha 1st Fund[1]	Other financial business	Korea	2023-12-31	18.50	1,284	18.50	1,307

	Main business	Location	Financial statements prepared as at	2023		2022	
				Percentage of ownership (%)	Book amount	Percentage of ownership (%)	Book amount
NH-J&-IBKC Label Technology Fund[1]	Other financial business	Korea	2023-12-31	14.00	4,910	14.00	4,976
NH EBEST MATERIALS Fund No.1[1]	Other financial business	Korea	2023-12-31	18.20	898	18.20	999
NH-OPUS III Corporate Financial Stability Private Equity Fund[1,4]	Other financial business	Korea	2023-12-31	2.20	155	2.20	-
POSITIVE Sobujang Venture Fund #1	Other financial business	Korea	2023-12-31	22.00	1,092	22.00	989
NH-Meritz Hightech Fund	Other financial business	Korea	2023-12-31	20.70	1,941	20.70	1,638
NH-Daishin-Kyobo healthcare 1 Fund[1]	Other financial business	Korea	2023-12-31	18.80	3,022	18.80	2,961
NH Digital Alliance Fund[4]	Other financial business	Korea	2023-12-31	40.00	12,454	40.00	3,050
NH-Principle Private Equity Fund[1,3]	Other financial business	Korea	2023-12-31	11.40	2,896	11.40	2,976
NH-U&S-Brain Pre-IPO Investment Fund	Other financial business	Korea	2023-12-31	25.60	38	25.60	100
NH Agtech Innovation Private Equity Fund[4]	Other financial business	Korea	2023-12-31	28.50	4,401	28.50	754
Nextrade Co., Ltd.[1]	Other financial business	Korea	2023-09-30	6.60	9,470	6.60	9,700
Global Materials Parts Equipment Fund[1,5]	Other financial business	Korea	2023-12-31	13.60	1,475	-	-
NH-IBKC EV Fund[1,5,6]	Other financial business	Korea	2023-12-31	17.00	8,911	-	-
DBOrbit-SDH New Technology Business Investment Fund[1,5]	Other financial business	Korea	2023-12-31	17.60	1,976	-	-
ESG Leaders No.1 Private Equity Fund[1,3,5,6]	Other financial business	Korea	2023-12-31	1.50	2,455	-	-
NH Woori Newdeal Growth Alpha Private Equity Fund[1,5]	Other financial business	Korea	2023-12-31	11.40	13,226	-	-
Pectus-IBKC Fund No.1[5]	Other financial business	Korea	2023-12-31	22.70	2,443	-	-
BNW Recharge Private Equity Fund[5]	Other financial business	Korea	2023-12-31	23.50	4,925	-	-
Pine Tree III VC Private Equity Fund[5]	Other financial business	Korea	2023-12-31	23.80	3,660	-	-
Meritz-Simone Fund[11,5]	Other financial business	Korea	2023-12-31	17.40	1,984	-	-
KAI E lectric Fund 1[5]	Other financial business	Korea	2023-12-31	24.90	796	-	-

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Newmain-Wanted Lab I Funds[5]	Other financial business	Korea	2023-12-31	34.00	1,689	-	-
KNT-Daishin New Technology Investment Fund 3rd[5]	Other financial business	Korea	2023-12-31	24.10	2,053	-	-
NH-Susung No.1 Mezzanine New Technology Investment Fund[1,5]	Other financial business	Korea	2023-12-31	11.30	1,382	-	-
SJGP YG Fund No.4[5]	Other financial business	Korea	2023-12-31	46.80	1,998	-	-
Cape Rechargeable Battery Fund No.1[5]	Other financial business	Korea	2023-12-31	40.90	13,553	-	-
NH-IBKS KONEX SCALE-UP FUND[1,5]	Other financial business	Korea	2023-12-31	19.60	498	-	-
NH Special Purpose Acquisition 19 Co., Ltd[1]	Other financial business	Korea	2023-12-31	0.30	302	0.30	291
NH Special Purpose Acquisition 20 Co., Ltd[1]	Other financial business	Korea	2023-12-31	1.00	461	1.00	448
NH Special Purpose Acquisition 22 Co., Ltd[1,7]	Other financial business	Korea	-	-	-	0.30	38
NH Special Purpose Acquisition 23 Co., Ltd.[1]	Other financial business	Korea	2023-12-31	0.10	19	0.10	18
NH Special Purpose Acquisition 24 Co., Ltd.[1]	Other financial business	Korea	2023-12-31	0.60	56	0.60	55
NH Special Purpose Acquisition 25 Co., Ltd.[1]	Other financial business	Korea	2023-12-31	0.70	37	0.70	36
NH Special Purpose Acquisition 26 Co., Ltd.[1]	Other financial business	Korea	2023-12-31	0.60	94	0.60	91
NH Special Purpose Acquisition 27 Co., Ltd.[1,6,8]	Other financial business	Korea	2023-12-31	0.60	93	4.90	688
NH Special Purpose Acquisition 28 Co., Ltd.[1,7]	Other financial business	Korea	-	-	-	3.90	19
NH Special Purpose Acquisition 29 Co., Ltd.[1,5]	Other financial business	Korea	2023-12-31	0.40	95	-	-
NH Special Purpose Acquisition 30 Co., Ltd.[1,5]	Other financial business	Korea	2023-12-31	0.60	93	-	-
NH Absolute Pre IPO Mezzanine Private Equity Fund No.1[3]	Beneficiary certificates	Korea	2023-12-31	33.30	5,005	33.30	10,089
NH Absolute Mezzanine Private Equity Fund No.1[3]	Beneficiary certificates	Korea	2023-12-31	30.90	5,191	30.90	22,266
NH Absolute Pre IPO Private Equity Fund No.1[3]	Beneficiary certificates	Korea	2023-12-31	33.30	19,451	33.30	19,689
NH Absolute Project H General Private Placement Investment Trust[1,5]	Beneficiary certificates	Korea	2023-12-31	13.00	852	-	-
NH Absolute Project L General Private Placement Investment Trust[1,5]	Beneficiary certificates	Korea	2023-12-31	6.30	1,163	-	-
NH Absolute Mezzanine Private Equity Fund No.3[1,3,4]	Beneficiary certificates	Korea	2023-12-31	10.70	9,640	10.70	4,939
NH Absolute Mezzanine Private Equity Fund No.4[1,5]	Beneficiary certificates	Korea	2023-12-31	7.70	2,150	-	-
Edupalace Co., Ltd[1,2]	Real estate development	Korea	-	9.10	-	9.10	-
Seoul Sungbo Co., Ltd[1,2]	Real estate development	China	-	9.80	-	9.80	-
Younggu Daekwang Bangjisan Co., Ltd.[2]	Real estate development	China	-	41.60	-	41.60	-
Shandong Hansang Co., Ltd[2]	Real estate development	China	-	40.00	-	40.00	-
Edupalace INC.[2]	Real estate development	Philippines	-	79.90	-	79.90	-
					₩ 336,846		₩ 398,244

1. The Group holds less than 20% of shares in the investee, but the investee is classified as associates since the Group has significant influence over the investee by participating in decision making related to the investee's financial and operating policies.
2. There are no book amounts of investments as impairment loss was recognized before 2022.
3. The book amount of investments was decreased for the year ended December 31, 2023, since the investment was distributed.
4. The book amount of investments was increased for the year ended December 31, 2023, since additional investment was made based on the committed investment rate.
5. Included in associates, since the Group considered to have significant influence over the investee as newly acquired during the year ended December 31, 2023.
6. The book amount of investments decreased as a part of the investments was disposed of for the year ended December 31, 2023.
7. Excluded from associates for the Group as the merger or liquidation procedures is completed for the year ended December 31, 2023.
8. The percentage of ownership was changed due to additional investment and repurchase by other investors for the year ended December 31, 2023.
9. The application of equity method was discontinued for the investments as the net asset value continued to decline before 2022.

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Changes in investments in associates and joint ventures for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023						
	Beginning balance	Acquisition	Disposal	Share of profit (loss)	Dividend	Transfer	Ending balance
Blue Ocean Corporate's Financial Stabilization Private Equity Fund No.1	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
NH-LB Growth Champ 2011-4 PEF	674	-	-	(1)	-	-	673
NH Agri-biz Value PEF	45	-	(7)	(5)	-	-	33
Aeneas-NH Private Equity Fund	2,088	-	-	29	(115)	-	2,002
NH AJUIB Growth 2013 Private Equity Fund	14	-	-	-	-	-	14
IBK-NH Small Giant Private Equity Fund	9	-	-	(1)	(5)	-	3
TRUBEN-Global Healthcare Private Equity Joint Co., Ltd	1,873	-	-	(13)	(48)	-	1,812
Yeouido Cultural Broadcasting Site Development PFV[1]	-	-	-	-	-	-	-
Stassets DA value Investment Association No.2	928	-	-	(9)	-	-	919
Stassets DA value Investment Association No.3	273	-	-	2	-	-	275
Midas PEF No.1	2,549	-	(2,549)	-	-	-	-
Global Opportunity Private Equity Joint Venture	6,448	-	-	-	-	(6,448)	-
Ascendo New Generation Healthcare Investment	945	-	-	(5)	-	-	940
NH-AJU Digital Fund	5,977	-	(2,020)	1,282	(500)	-	4,739
NH-AJU KOSDAQ Scale-Up Fund	16,738	-	(11,880)	3,542	-	-	8,400
Sprott Global Renewable Private Equity Fund No.1	2,495	-	-	(8)	-	-	2,487
NH-Paxtone Private Equity Fund	14,447	-	-	(2,621)	-	-	11,826
NH-OPUS Corporate Financial Stability Private Equity Fund	17,228	2,410	(6,306)	4,274	-	-	17,606
Square-DA value Fund No.1	2,273	-	-	(2)	-	-	2,271
MK Ventures-K Clavis Growth Capital Venture Fund No.1	-	-	-	-	-	-	-

	2023						
	Beginning balance	Acquisition	Disposal	Share of profit (loss)	Dividend	Transfer	Ending balance
Mastern No.51 Yeouido PFV Co., Ltd[2]	-	-	-	-	-	-	-
Smile Gate Vietnam Cairo Partnership PEF No.1	1,840	-	-	(45)	-	-	1,795
NH-Soo Investment Innovative Growth M&A Fund	10,230	6,300	-	1,972	-	-	18,502
NH-OPUS II Corporate Financial Stability Private Equity Fund	661	100	(248)	237	-	-	750
NH Co-Investment Private Equity Fund	21,120	-	-	2,124	-	-	23,244
Lodestone Second Private Equity Fund	742	-	(742)	-	-	-	-
Genesis No.1 Private Equity Fund	74,282	120	(57,990)	-	(16,412)	-	-
NH IBKC High-tech 1 Fund	761	-	(761)	-	-	-	-
Korea Investment-Brick Investment New Technology Investment Fund 1st	2,820	-	-	(444)	-	-	2,376
Incheon Hangdong Officetel PF (NSPartners Inc.)[3]	-	-	-	-	-	-	-
Harvest Private Equity Fund II	3,134	-	-	(137)	(26)	-	2,971
HIZE EBEST The Current Fund No.2	1,264	-	(1,264)	-	-	-	-
NH-SYNERGY BIO Fund	11,303	-	-	(1,200)	-	-	10,103
NH SYNERGY M.C.E. New Technology Investment Fund	1,957	-	-	(155)	-	-	1,802
NH-Meritz Contents 1 Fund	2,011	-	(750)	(97)	-	-	1,164
NH-IBKC Bio New Technology Fund	10,650	-	-	(3,749)	-	-	6,901
NH-Horizon Secondary Fund	949	-	-	(27)	-	-	922
Kyobo NH Healthcare Fund 1	2,113	-	-	(133)	-	-	1,980
NH Kyobo AI Solution Investment Fund	2,183	-	(2,183)	-	-	-	-
Daishin-GVA New Technology Investment Fund 1st	1,844	-	(1,844)	-	-	-	-

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The Lakebridge-Samsung Securities Growth Fund Ⅰ	1,953	-	-	(30)	-	-	1,923
DAYLI Swanson Bio Healthcare Fund 8	971	-	-	(22)	-	-	949
NH IBKC Dental Solution Investment Fund	2,801	-	(1,118)	163	-	-	1,846
LD New Technology Business Investment Fund 2	971	-	-	(24)	-	-	947
Recovery Partners Co., Ltd	3,021	-	-	(324)	-	-	2,697
NH MIDAS 1st Private Equity Fund	10	-	(10)	-	-	-	-
Kiwoom AI New Technology Business Investment Fund	1,813	-	-	128	-	-	1,941
Smilegate Aphrodite Sub One Fund	2,950	-	-	(43)	-	-	2,907
Smart Quaternary Industry Square Investment Fund	944	500	-	(50)	-	-	1,394
Meritz-NH healthcare 1 Fund	2,934	-	-	(62)	-	-	2,872
IBKS Green Private Equity Fund	11,819	-	(11,819)	-	-	-	-
KCLAVIS Cloud Fund No.1	1,881	-	(558)	6,592	(3,675)	-	4,240
The Lakebridge Growth Fund Ⅰ PEF	3,833	-	(3,833)	-	-	-	-
J&Hercules Private Equity Fund	18,165	-	-	1,397	-	-	19,562
Credit Minerva Private Equity Fund	968	-	(500)	219	-	-	687
The Overseas Growth Fund 1	384	-	-	(275)	-	-	109
MIDAS No.2 PRIVATE EQUITY FUND	3,533	-	-	(10)	-	-	3,523
LB Private Equity Fund III-1	4,872	-	(4,992)	1,720	(578)	-	1,022
Future Healthcare Fund	3,039	-	(3,039)	-	-	-	-
Global Robot Healthcare Investment Fund	1,905	-	(1,905)	-	-	-	-
DAYLI Swanson Bio Healthcare Fund 7	666	-	(666)	-	-	-	-
Kyobo Hanyang ESG Investment Fund	1,250	-	(1,250)	-	-	-	-

	2023						
	Beginning balance	Acquisition	Disposal	Share of profit (loss)	Dividend	Transfer	Ending balance
HI YG Win-win Fund No.1	1,706	-	-	195	-	-	1,901
NH-Brain EV Fund	8,935	-	-	(389)	-	-	8,546
Pentastone Bridge 1 Funds	1,967	-	-	(45)	-	-	1,922
SJGP YG Fund No.1	1,968	-	(1,120)	213	-	-	1,061
NH-Alpha 1st Fund	1,307	-	-	(23)	-	-	1,284
NH-J&-IBKC Label Technology Fund	4,976	-	-	(66)	-	-	4,910
NH EBEST MATERIALS Fund No.1	999	-	-	(101)	-	-	898
NH-OPUS III Corporate Financial Stability Private Equity Fund	-	188	-	(33)	-	-	155
POSITIVE Sobujang Venture Fund #1	989	-	-	103	-	-	1,092
NH-Meritz Hightech Fund	1,638	-	-	303	-	-	1,941
NH-Daishin-Kyobo healthcare 1 Fund	2,961	-	-	61	-	-	3,022
NH Digital Alliance Fund	3,050	10,000	-	(596)	-	-	12,454
NH-Principle Private Equity Fund	2,976	-	(79)	(1)	-	-	2,896
NH-U&S-Brain Pre-IPO Investment Fund	100	-	-	(62)	-	-	38
NH Agtech Innovation Private Equity Fund	754	3,994	-	(347)	-	-	4,401
Nextrade Co., Ltd.	9,700	-	-	(230)	-	-	9,470
Global Materials Parts Equipment Fund	-	1,500	-	(25)	-	-	1,475
NH-IBKC EV Fund	-	11,000	(1,999)	(90)	-	-	8,911
DBOrbit-SDH New Technology Business Investment Fund	-	2,000	-	(24)	-	-	1,976
ESG Leaders No.1 Private Equity Fun	-	37,500	(35,000)	(45)	-	-	2,455
NH Woori Newdeal Growth Alpha Private Equity Fund	-	11,819	-	1,407	-	-	13,226
Pectus-IBKC Fund No.1	-	3,000	-	(557)	-	-	2,443
BNW Recharge Private Equity Fund	-	5,000	-	(75)	-	-	4,925
Pine Tree III VC Private Equity Fund	-	3,750	-	(90)	-	-	3,660

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Meritz-Simone Fund 1	-	2,000	-	(16)	-	-	1,984
KAI E lectric Fund 1	-	800	-	(4)	-	-	796
Newmain-Wanted Lab Ⅰ Funds	-	1,700	-	(11)	-	-	1,689
KNT-Daishin New Technology Investment Fund 3rd	-	2,000	-	53	-	-	2,053
NH-Susung No.1 Mezzanine New Technology Investment Fund	-	1,385	-	(3)	-	-	1,382
SJGP YG Fund No.4	-	2,000	-	(2)	-	-	1,998
Cape Rechargeable Battery Fund No.1	-	13,620	-	(67)	-	-	13,553
NH-IBKS KONEX SCALE-UP FUND	-	500	-	(2)	-	-	498
NH Special Purpose Acquisition 19 Co., Ltd	291	-	-	11	-	-	302
NH Special Purpose Acquisition 20 Co., Ltd	448	-	-	13	-	-	461
NH Special Purpose Acquisition 22 Co., Ltd	38	-	-	-	-	(38)	-
NH Special Purpose Acquisition 23 Co., Ltd.	18	-	-	1	-	-	19
NH Special Purpose Acquisition 24 Co., Ltd.	55	-	-	1	-	-	56
NH Special Purpose Acquisition 25 Co., Ltd.	36	-	-	1	-	-	37
NH Special Purpose Acquisition 26 Co., Ltd.	91	-	-	3	-	-	94
NH Special Purpose Acquisition 27 Co., Ltd.	688	-	(663)	68	-	-	93
NH Special Purpose Acquisition 28 Co., Ltd.	19	-	-	-	-	(19)	-
NH Special Purpose Acquisition 29 Co., Ltd.	-	50	-	45	-	-	95
NH Special Purpose Acquisition 30 Co., Ltd.	-	50	-	43	-	-	93
NH Absolute Pre IPO Mezzanine Private Equity Fund No.1	10,089	-	(6,277)	1,664	(471)	-	5,005
NH Absolute Mezzanine Private Equity Fund No.1	22,266	-	(15,725)	1,028	(2,378)	-	5,191
NH Absolute Pre IPO Private EquityFund No.1	19,689	-	(1,161)	1,521	(598)	-	19,451
NH Absolute Project H General PrivatePlacement Investment Trust	-	900	-	(48)	-	-	852
NH Absolute Project L General PrivatePlacement Investment Trust	-	1,200	(114)	89	(12)	-	1,163
NH Absolute Mezzanine Private EquityFund No.3	4,939	5,000	(460)	247	(86)	-	9,640
NH Absolute Mezzanine Private Equity Fund No.4	-	2,000	-	150	-	-	2,150
	₩ 398,244	₩ 132,386	₩ (180,832)	₩ 18,457	₩ (24,904)	₩ (6,505)	₩ 336,846

1. The application of equity method was discontinued for the investments due to recognition of an impairment loss and the unrecognized loss for the year ended December 31, 2023 and the accumulated amount as at December 31, 2023, are ₩ 4,705 million and ₩ 6,251 million, respectively.
2. The application of equity method was discontinued for the investments due to recognition of an impairment loss and the unrecognized loss for the year ended December 31, 2023 and the accumulated amount as at December 31, 2023, are ₩ 7,990 million and ₩ 34,179 million, respectively.
3. The application of equity method was discontinued for the investments due to recognition of an impairment loss and the unrecognized loss for the year ended December 31, 2023 and the accumulated amount as at December 31, 2023, are ₩ 1,025 million and ₩ 1,906 million, respectively.

(in millions of Korean won)

	2022					
	Beginning balance	Acquisition	Disposal	Share of profit (loss)	Dividend	Ending balance
Blue Ocean Corporate's Financial Stabilization Private Equity Fund No.1	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
NH-LB Growth Champ 2011-4 PEF	772	-	-	(98)	-	674
NH Agri-biz Value PEF	95	-	(53)	3	-	45
Aeneas-NH Private Equity Fund	2,162	-	-	(32)	(42)	2,088
NH AJUIB Growth 2013 Private Equity Fund	18	-	-	(4)	-	14
NH-QCP SME Global Investment Partnership PEF	-	-	-	-	-	-
IBK-NH Small Giant Private Equity Fund	34	-	(2)	1	(24)	9
TRUBEN-Global Healthcare Private Equity Joint Co., Ltd	1,740	-	-	133	-	1,873
Yeouido Cultural Broadcasting Site Development PFV[1]	-	-	-	-	-	-
Stassets DA value Investment Association No.2	944	-	-	(16)	-	928
Stassets DA value Investment Association No.3	414	-	-	(141)	-	273
Midas PEF No.1	5,814	-	(1,629)	(1,636)	-	2,549
Global Opportunity Private Equity Joint Venture	18,364	-	-	(11,916)	-	6,448

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	Beginning balance	Acquisition	Disposal	Share of profit (loss)	Dividend	Ending balance
Glenwood Co-investment PEF No.1	8	-	(8)	-	-	-
Ascendo New Generation Healthcare Investment	1,095	-	-	(150)	-	945
NH-AJU Digital Fund	3,826	-	(560)	2,711	-	5,977
NH-AJU KOSDAQ ScaleUp Fund	25,612	-	(6,600)	(2,274)	-	16,738
Sprott Global Renewable Private Equity Fund No.1	2,360	-	-	135	-	2,495
NH-Paxtone Private Equity Fund	16,122	-	(9,148)	14,146	(6,673)	14,447
NH-OPUS Corporate Financial Stability Private Equity Fund	19,643	4,309	(4,100)	(2,624)	-	17,228
Square-DA value Fund No.1	2,069	-	-	204	-	2,273
MK Ventures-K Clavis Growth Capital Venture Fund No.1	774	-	-	(774)	-	-
Mastern No.51 Yeouido PFV Co., Ltd[2]	-	-	-	-	-	-
Smile Gate Vietnam Cairo Partnership PEF No.1	1,589	300	-	(49)	-	1,840
NH-Soo Investment Innovative Growth M&A Fund	9,945	-	-	285	-	10,230
NH-OPUS II Corporate Financial Stability Private Equity Fund	808	195	(138)	(204)	-	661
NH Co-Investment Private Equity Fund	13,814	6,240	(1,207)	2,273	-	21,120
Bric-Orbit New Technology Investment No.8	791	-	(791)	-	-	-
Lodestone Second Private Equity Fund	1,947	-	(1,855)	650	-	742
NH-DELTA Fintech Fund	959	-	(959)	-	-	-
Genesis No.1 Private Equity Fund	68,860	506	-	4,916	-	74,282
NH IBKC High-tech 1 Fund	766	-	-	(5)	-	761
Korea Investment-Brick Investment New Technology Investment Fund 1st	2,567	-	-	253	-	2,820
Incheon Hangdong Officetel PF (NS Partners Inc.)[3]	-	-	-	-	-	-
KNT-Kiwoom 1 New Technology Business Investment Fund	596	-	(596)	-	-	-
Harvest Private Equity Fund II	3,474	-	(132)	(182)	(26)	3,134
HIZE EBEST The Current Fund No.2	1,140	-	-	124	-	1,264
TIGRIS-ELOHIM Fund No.1	3,129	-	(3,129)	-	-	-
NH-SYNERGY BIO Fund	14,026	-	-	(2,723)	-	11,303
NH SYNERGY M.C.E. New Technology Investment Fund	1,976	-	-	(19)	-	1,957

	2022					
	Beginning balance	Acquisition	Disposal	Share of profit (loss)	Dividend	Ending balance
NH-Meritz Contents 1 Fund	1,881	-	-	130	-	2,011
NH-IBKC Bio New Technology Fund	10,874	-	-	(224)	-	10,650
NH-Horizon Secondary Fund	975	-	-	(26)	-	949
Kyobo NH Healthcare Fund 1	1,837	-	-	276	-	2,113
NH Kyobo AI Solution Investment Fund	1,843	-	-	340	-	2,183
Daishin-GVA New Technology Investment Fund 1st	1,651	-	-	193	-	1,844
The Lakebridge-Samsung Securities Growth Fund Ⅰ	1,892	-	-	61	-	1,953
DAYLI Swanson Bio Healthcare Fund 8	1,000	-	-	(29)	-	971
NH IBKC Dental Solution Investment Fund	2,557	-	-	244	-	2,801
LD New Technology Business Investment Fund 2	1,000	-	-	(29)	-	971
Recovery Partners Co., Ltd	3,270	-	-	(249)	-	3,021
NH MIDAS 1st Private Equity Fund	3,376	-	(3,362)	(4)	-	10
Kiwoom AI New Technology Business Investment Fund	1,892	-	-	(79)	-	1,813
Smilegate Aphrodite Sub One Fund	2,993	-	-	(43)	-	2,950
Smart Quaternary Industry Square Investment Fund	493	500	-	(49)	-	944
Meritz-NH healthcare 1 Fund	2,999	-	-	(65)	-	2,934
IBKS Green Private Equity Fund	11,682	-	-	247	(110)	11,819
KCLAVIS Cloud Fund No.1	2,285	-	-	(404)	-	1,881
The Lakebridge Growth Fund Ⅰ PEF	3,395	-	(105)	566	(23)	3,833
J&Hercules Private Equity Fund	20,921	-	-	(2,432)	(324)	18,165
Brick-Orbit 4 New Technology Business Investment Fund	32,644	-	(6,438)	(7,822)	(18,384)	-
IBKS Semi-con Corporate Financial Stability Private Equity Fund	4,326	-	(4,326)	-	-	-
Credit Minerva Private Equity Fund	1,069	-	-	(101)	-	968
Daishin-KT New Technology Investment Fund	2,212	-	(2,212)	-	-	-
Daishin New Technology Investment Fund 3rd	171	-	(171)	-	-	-
The Overseas Growth Fund 1	1,252	-	-	(868)	-	384
MIDAS No.2 PRIVATE EQUITY FUND	2,914	-	-	619	-	3,533
LB Private Equity Fund III-1	4,924	-	-	(52)	-	4,872

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Acurus Hyundai Investment Partners New Technology Investment Fund	3,143	-	(3,143)	-	-	-
Future Healthcare Fund	2,835	-	-	204	-	3,039
Global Robot Healthcare Investment Fund	1,908	-	-	(3)	-	1,905
DAYLI Swanson Bio Healthcare Fund 7	989	-	-	(323)	-	666
Kyobo Hanyang ESG Investment Fund	1,019	-	-	231	-	1,250
HI YG Win-win Fund No.1	-	2,000	-	(294)	-	1,706
NH-Brain EV Fund	-	10,000	-	(1,065)	-	8,935
Pentastone Bridge 1 Funds	-	2,000	-	(33)	-	1,967
SJGP YG Fund No.1	-	2,000	-	(32)	-	1,968
NH-Alpha 1st Fund	-	2,000	(701)	8	-	1,307
NH-J&-IBKC Label Technology Fund	-	20,500	(15,500)	(24)	-	4,976
NH EBEST MATERIALS Fund No.1	-	1,000	-	(1)	-	999
NH-OPUS III Corporate Financial Stability Private Equity Fund	-	12	-	(12)	-	-
POSITIVE Sobujang Venture Fund #1	-	1,000	-	(11)	-	989
NH-Meritz Hightech Fund	-	2,000	-	(362)	-	1,638
NH-Daishin-Kyobo healthcare 1 Fund	-	3,000	-	(39)	-	2,961
NH Digital Alliance Fund	-	3,252	-	(202)	-	3,050
NH-Principle Private Equity Fund	-	3,000	-	(24)	-	2,976
NH-U&S-Brain Pre-IPO Investment Fund	-	100	-	-	-	100
NH Agtech Innovation Private Equity Fund	-	940	-	(186)	-	754
Nextrade Co., Ltd.	-	9,700	-	-	-	9,700
NH Special Purpose Acquisition 18 Co., Ltd	87	-	(87)	-	-	-
NH Special Purpose Acquisition 19 Co., Ltd	289	-	-	2	-	291
NH Special Purpose Acquisition 20 Co., Ltd	442	-	-	6	-	448
NH Special Purpose Acquisition 21 Co., Ltd	112	-	(112)	-	-	-
NH Special Purpose Acquisition 22 Co., Ltd	39	-	-	(1)	-	38
NH Special Purpose Acquisition 23 Co., Ltd.	-	10	-	8	-	18
NH Special Purpose Acquisition 24 Co., Ltd.	-	30	-	25	-	55
NH Special Purpose Acquisition 25 Co., Ltd.	-	20	-	16	-	36
NH Special Purpose Acquisition 26 Co., Ltd.	-	50	-	41	-	91
NH Special Purpose Acquisition 27 Co., Ltd.	-	712	-	(24)	-	688

	2022					
	Beginning balance	Acquisi-tion	Disposal	Share of profit (loss)	Dividend	Ending balance
NH Special Purpose Acquisition 28 Co., Ltd.	-	20	-	(1)	-	19
NH Absolute Pre IPO Mezzanine Private-Equity Fund No.1	20,755	-	(2,069)	(5,541)	(3,056)	10,089
NH Absolute Mezzanine Private Equity Fund-No.1	37,188	-	(7,906)	(2,764)	(4,252)	22,266
NH Absolute Pre IPO Private Equity Fund-No.1	10,562	10,500	(1,000)	468	(841)	19,689
NH Absolute Mezzanine Private Equity Fund-No.3	-	5,000	-	(61)	-	4,939
	₩ 435,949	₩ 90,896	₩ (78,039)	₩ (16,807)	₩ (33,755)	₩ 398,244

1. The application of equity method was discontinued for the investments due to recognition of an impairment loss and the unrecognized loss for the year ended December 31, 2022 and the accumulated amount as at December 31, 2022, are ₩ 903 million and ₩ 1,546 million, respectively.
2. The application of equity method was discontinued for the investments due to recognition of an impairment loss and the unrecognized loss for the year ended December 31, 2022 and the accumulated amount as at December 31, 2022, are ₩ 22,575 million and ₩ 26,189 million, respectively.
3. The application of equity method was discontinued for the investments due to recognition of an impairment loss and the unrecognized loss for the year ended December 31, 2022 and the accumulated amount as at December 31, 2022, are ₩ 846 million and ₩ 881 million, respectively.

Summarized financial information of associates and joint ventures as at and for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Assets	Liabilities	Operating revenue	Profit (loss) for the period	Comprehen-sive income (loss)
NH-LB Growth Champ 2011-4 PEF	₩ 10,089	₩ 4	₩ 71	₩ (15)	₩ (15)
NH Agri-biz Value PEF	8,081	1,405	192	(1,094)	(1,094)
Aeneas-NH Private Equity Fund	218,584	23,234	32,215	2,910	2,910
NH AJUIB Growth 2013 Private Equity Fund	11,394	-	691	686	686
IBK-NH Small Giant Private Equity Fund	1,519	318	1,398	(532)	(532)
TRUBEN-Global Healthcare Private Equity Joint Co., Ltd	4,905	3	-	(31)	(31)
Stassets DA value Investment Association No.2	3,008	141	-	(29)	(29)
Stassets DA value Investment Association No.3	1,000	142	-	6	6
Ascendo New Generation Healthcare Invest-ment	3,060	-	-	(16)	(16)
NH-AJU Digital Fund	23,985	291	18,429	6,409	6,409
NH-AJU KOSDAQ ScaleUp Fund	30,294	613	15,086	12,515	12,515
Sprott Global Renewable Private Equity Fund No.1	7,469	2	103	(21)	(21)
NH-Paxtone Private Equity Fund	39,924	230	1,001	(8,800)	(8,800)

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	2023				
	Assets	Liabilities	Operating revenue	Profit (loss) for the period	Comprehen-sive income (loss)
NH-OPUS Corporate Financial Stability Private Equity Fund	120,170	413	39,928	37,713	37,713
Square-DA value Fund No.1	6,223	22	-	(5)	(5)
Smile Gate Vietnam Cairo Partnership PEF No.1	9,031	55	-	(223)	(223)
NH-Soo Investment Innovative Growth M&A Fund	62,583	616	7,488	6,575	6,575
NH-OPUS II Corporate Financial Stability Private Equity Fund	73,133	242	20,626	23,028	23,028
NH Co-Investment Private Equity Fund	227,961	2,593	22,544	20,593	20,593
Korea Investment-Brick Investment New Technology Investment Fund 1st	11,528	2	-	(2,152)	(2,152)
Harvest Private Equity Fund II	13,655	190	130	(620)	(620)
NH-SYNERGY BIO Fund	49,171	69	1	(5,830)	(5,830)
NH SYNERGY M.C.E. New Technology Invest-ment Fund	15,905	45	-	(1,364)	(1,364)
NH-Meritz Contents 1 Fund	12,808	-	-	(1,067)	(1,067)
NH-IBKC Bio New Technology Fund	23,309	411	-	(12,441)	(12,441)
NH-Horizon Secondary Fund	2,868	-	-	(84)	(84)
Kyobo NH Healthcare Fund 1	17,870	46	1	(1,190)	(1,190)
The Lakebridge-Samsung Securities Growth Fund Ⅰ	5,779	-	-	(90)	(90)
DAYLI Swanson Bio Healthcare Fund 8	4,012	25	-	(91)	(91)
NH IBKC Dental Solution Investment Fund	10,340	63	-	909	909
LD New Technology Business Investment Fund 2	3,316	2	1	(85)	(85)
Recovery Partners Co., Ltd	3,013	16	332	(381)	(381)
Kiwoom AI New Technology Business Investment Fund	9,050	26	692	592	592
Smilegate Aphrodite Sub One Fund	10,215	39	9	(147)	(147)
Smart Quaternary Industry Square Invest-ment Fund	6,971	-	12	(249)	(249)
Meritz-NH healthcare 1 Fund	15,002	165	1	(323)	(323)
KCLAVIS Cloud Fund No.1	27,028	5,535	28,996	34,113	34,113
J&Hercules Private Equity Fund	111,086	1,867	9,309	7,800	7,800
Credit Minerva Private Equity Fund	7,867	1	2,349	2,187	2,187
The Overseas Growth Fund 1	677	129	-	(1,377)	(1,377)
MIDAS No.2 PRIVATE EQUITY FUND	24,976	81	247	(70)	(70)

	2023				
	Assets	Liabilities	Operating revenue	Profit (loss) for the period	Comprehen-sive income (loss)
LB Private Equity Fund III-1	6,452	147	11,108	10,699	10,699
HI YG Win-win Fund No.1	10,512	58	1	1,074	1,074
NH-Brain EV Fund	44,437	-	4	(2,023)	(2,023)
Pentastone Bridge 1 Funds	3,868	23	2	(90)	(90)
SJGP YG Fund No.1	2,441	27	591	485	485
NH-Alpha 1st Fund	6,932	-	1	1	1
NH-J&-IBKC Label Technology Fund	35,301	342	13	(473)	(473)
NH EBEST MATERIALS Fund No.1	4,940	-	-	(554)	(554)
NH-OPUS III Corporate Financial Stability Private Equity Fund	7,010	321	-	(1,469)	(1,469)
POSITIVE Sobujang Venture Fund #1	4,994	23	75	472	472
NH-Meritz Hightech Fund	9,383	-	1,618	1,462	1,462
NH-Daishin-Kyobo healthcare 1 Fund	16,116	-	403	326	326
NH Digital Alliance Fund	31,516	380	35	(1,489)	(1,489)
NH-Principle Private Equity Fund	25,492	105	326	(6)	(6)
NH-U&S-Brain Pre-IPO Investment Fund	224	75	9	(242)	(242)
NH Agtech Innovation Private Equity Fund	15,755	309	43	(1,219)	(1,219)
Nextrade Co., Ltd.	139,245	295	-	(3,459)	(3,459)
Global Materials Parts Equipment Fund	10,825	5	17	(180)	(180)
NH-IBKC EV Fund	52,472	-	6	(528)	(528)
DBOrbit-SDH New Technology Business Investment Fund	11,214	-	2	(136)	(136)
ESG Leaders No.1 Private Equity Fun	166,913	-	-	(3,087)	(3,087)
NH Woori Newdeal Growth Alpha Private Equity Fund	116,197	1,588	2	12,377	12,377
Pectus-IBKC Fund No.1	10,749	-	-	(2,451)	(2,451)
BNW Recharge Private Equity Fund	21,100	119	-	(319)	(319)
Pine Tree III VC Private Equity Fund	15,492	121	4	(379)	(379)
Meritz-Simone Fund 1	11,410	-	1	(90)	(90)
KAI Electric Fund 1	3,200	-	-	(15)	(15)
Newmain-Wanted Lab Ⅰ Funds	4,996	28	1	(32)	(32)
KNT-Daishin New Technology Investment Fund 3rd	8,551	31	251	220	220
NH-Susung No.1 Mezzanine New Technolo-gy Investment Fund	12,287	-	-	(23)	(23)

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SJGP YG Fund No.4	4,270	6	-	(6)	(6)
Cape Rechargeable Battery Fund No.1	33,019	41	-	(165)	(165)
NH-IBKS KONEX SCALEUP FUND	2,550	15	-	(15)	(15)
NH Special Purpose Acquisition 19 Co., Ltd	120,939	16,465	-	3,808	3,808
NH Special Purpose Acquisition 20 Co., Ltd	51,867	4,490	-	1,343	1,343
NH Special Purpose Acquisition 23 Co., Ltd.	15,344	1,589	-	468	468
NH Special Purpose Acquisition 24 Co., Ltd.	10,181	616	-	260	260
NH Special Purpose Acquisition 25 Co., Ltd.	6,092	415	-	150	150
NH Special Purpose Acquisition 26 Co., Ltd.	18,446	1,505	-	522	522
NH Special Purpose Acquisition 27 Co., Ltd.	15,301	619	-	457	457
NH Special Purpose Acquisition 29 Co., Ltd.	30,182	2,472	-	426	426
NH Special Purpose Acquisition 30 Co., Ltd.	19,809	2,401	-	35	35
NH Absolute Pre IPO Mezzanine Private Equity Fund No.1	16,796	1,781	12,143	4,765	4,765
NH Absolute Mezzanine Private Equity Fund No.1	19,307	2,524	6,480	2,505	2,505
NH Absolute Pre IPO Private Equity Fund No.1	59,480	1,130	9,561	4,876	4,876
NH Absolute Project H General Private Placement Investment Trust	6,591	28	73	(337)	(337)
NH Absolute Project L General Private Placement Investment Trust	18,863	65	1,955	1,625	1,625
NH Absolute Mezzanine Private Equity Fund No.3	91,132	339	6,309	3,203	3,203
NH Absolute Mezzanine Private Equity Fund No.4	27,620	100	2,612	1,520	1,520
	₩ 2,626,672	₩ 79,499	₩ 255,093	₩ 152,001	₩ 152,001

1. The summarized financial information of associates whose application of the consolidation and equity method has been discontinued due to disposal, etc. as at December 31, 2023, or financial information cannot be obtained are excluded.

(in millions of Korean won)

	2022				
	Assets	Liabilities	Operating revenue	Profit (loss) for the period	Comprehen-sive income (loss)
NH-LB Growth Champ 2011-4 PEF	₩ 10,119	₩ 18	₩ 73	₩ (163)	₩ (163)
NH Agri-biz Value PEF	9,789	719	847	627	627
Aeneas-NH Private Equity Fund	228,138	23,224	18,585	(3,206)	(3,206)
NH AJUIB Growth 2013 Private Equity Fund	10,708	-	1	(8,369)	(8,369)
IBK-NH Small Giant Private Equity Fund	7,194	122	12,183	1,529	1,529
TRUBEN-Global Healthcare Private Equity Joint Co., Ltd	4,949	197	381	338	338
Stassets DA value Investment Association No.2	3,010	115	-	(51)	(51)
Stassets DA value Investment Association No.3	968	116	-	(441)	(441)
Midas PEF No.1	11,280	63	4,457	(7,197)	(7,197)
Global Opportunity Private Equity Joint Venture	14,602	381	243	(26,283)	(26,283)
Ascendo New Generation Healthcare Investment	3,099	22	-	(490)	(490)
NH-AJU Digital Fund	30,009	124	17,182	13,556	13,556
NH-AJU KOSDAQ ScaleUp Fund	59,746	604	57	(8,035)	(8,035)
Sprott Global Renewable Private Equity Fund No.1	7,495	6	483	403	403
NH-Paxtone Private Equity Fund	48,723	230	59,501	47,482	47,482
NH-OPUS Corporate Financial Stability Private Equity Fund	113,211	804	5,023	(17,851)	(17,851)
Square-DA value Fund No.1	6,226	20	636	558	558
Smile Gate Vietnam Cairo Partnership PEF No.1	9,264	64	2,415	(244)	(244)
NH-Soo Investment Innovative Growth M&A Fund	34,599	499	2,591	950	950
NH-OPUS II Corporate Financial Stability Private Equity Fund	64,716	405	2,696	(19,850)	(19,850)
NH Co-Investment Private Equity Fund	206,507	1,731	23,844	22,037	22,037
Lodestone Second Private Equity Fund	3,013	43	2,953	2,603	2,603
Genesis No.1 Private Equity Fund	262,796	-	19,146	17,392	17,392
NH IBKC High-tech 1 Fund	6,663	66	2,620	(42)	(42)
Korea Investment-Brick Investment New Technology Investment Fund 1st	13,678	-	1,524	1,230	1,230
Harvest Private Equity Fund II	14,335	130	136	(825)	(825)
HIZE EBEST The Current Fund No.2	5,517	-	614	538	538
NH-SYNERGY BIO Fund	54,932	-	3	(13,232)	(13,232)
NH SYNERGY M.C.E. New Technology Investment Fund	17,224	-	11	(165)	(165)
NH-Meritz Contents 1 Fund	22,125	-	1,771	1,438	1,438
NH-IBKC Bio New Technology Fund	35,340	-	2	(742)	(742)

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	Assets	Liabilities	Operating revenue	Profit (loss) for the period	Comprehen-sive income (loss)
NH-Horizon Secondary Fund	2,952	-	-	(80)	(80)
Kyobo NH Healthcare Fund 1	19,057	43	2,662	2,478	2,478
NH Kyobo AI Solution Investment Fund	12,611	58	2,960	1,954	1,954
Daishin-GVA New Technology Investment Fund 1st	6,251	19	732	653	653
The Lakebridge-Samsung Securities Growth Fund Ⅰ	5,869	-	275	184	184
DAYLI Swanson Bio Healthcare Fund 8	4,103	25	-	(120)	(120)
NH IBKC Dental Solution Investment Fund	15,656	63	910	1,360	1,360
LD New Technology Business Investment Fund 2	3,401	2	1	(101)	(101)
Recovery Partners Co., Ltd	3,563	11	287	(292)	(292)
NH MIDAS 1st Private Equity Fund	195	107	376	(38)	(38)
Kiwoom AI New Technology Business Investment Fund	8,458	26	-	(368)	(368)
Smilegate Aphrodite Sub One Fund	10,365	42	3	(153)	(153)
Smart Quaternary Industry Square Invest-ment Fund	4,720	-	12	(243)	(243)
Meritz-NH healthcare 1 Fund	15,160	-	1	(332)	(332)
IBKS Green Private Equity Fund	85,239	143	2,370	1,780	1,780
KCLAVIS Cloud Fund No.1	10,046	311	-	(2,090)	(2,090)
The Lakebridge Growth Fund I PEF	32,643	-	5,199	4,822	4,822
J&Hercules Private Equity Fund	101,799	380	2,563	(13,583)	(13,583)
Credit Minerva Private Equity Fund	9,680	1	27	(1,008)	(1,008)
The Overseas Growth Fund 1	1,958	34	-	(4,349)	(4,349)
MIDAS No.2 PRIVATE EQUITY FUND	25,046	81	4,692	4,375	4,375
LB Private Equity Fund III-1	30,388	87	1	(327)	(327)
Future Healthcare Fund	16,219	2	1,186	1,085	1,085
Global Robot Healthcare Investment Fund	12,392	-	267	(17)	(17)
DAYLI Swanson Bio Healthcare Fund 7	3,562	31	-	(1,711)	(1,711)
Kyobo Hanyang ESG Investment Fund	10,647	21	2,058	1,964	1,964
HI YG Win-win Fund No.1	9,438	58	1	(1,619)	(1,619)
NH-Brain EV Fund	46,460	-	2	(5,540)	(5,540)
Pentastone Bridge 1 Funds	3,935	-	1	(65)	(65)

	2022				
	Assets	Liabilities	Operating revenue	Profit (loss) for the period	Comprehen-sive income (loss)
SJGP YG Fund No.1	4,505	28	1	(73)	(73)
NH-Alpha 1st Fund	7,073	16	291	291	291
NH-J&-IBKC Label Technology Fund	35,484	52	5	(169)	(169)
NH EBEST MATERIALS Fund No.1	5,493	-	62	(7)	(7)
NH-OPUS III Corporate Financial Stability Private Equity Fund	6	258	-	(792)	(792)
POSITIVE Sobujang Venture Fund #1	4,521	23	1	(52)	(52)
NH-Meritz Hightech Fund	7,920	-	1	(1,750)	(1,750)
NH-Daishin-Kyobo healthcare 1 Fund	15,790	-	17	(210)	(210)
NH Digital Alliance Fund	8,002	378	-	(506)	(506)
NH-Principle Private Equity Fund	26,179	87	1	(208)	(208)
NH-U&S-Brain Pre-IPO Investment Fund	390	-	-	-	-
NH Agtech Innovation Private Equity Fund	3,260	615	-	(655)	(655)
NH Special Purpose Acquisition 19 Co., Ltd	116,694	16,012	1,106	618	618
NH Special Purpose Acquisition 20 Co., Ltd	50,456	4,351	932	647	647
NH Special Purpose Acquisition 22 Co., Ltd	14,938	2,418	232	97	97
NH Special Purpose Acquisition 23 Co., Ltd.	14,930	1,565	191	88	88
NH Special Purpose Acquisition 24 Co., Ltd.	9,897	592	84	36	36
NH Special Purpose Acquisition 25 Co., Ltd.	5,924	399	50	17	17
NH Special Purpose Acquisition 26 Co., Ltd.	17,819	1,404	110	51	51
NH Special Purpose Acquisition 27 Co., Ltd.	14,994	770	57	23	23
NH Special Purpose Acquisition 28 Co., Ltd.	1,184	530	-	(11)	(11)
NH Absolute Pre IPO Mezzanine Private Equity Fund No.1	32,332	1,838	10,559	(16,395)	(16,395)
NH Absolute Mezzanine Private Equity Fund No.1	75,549	2,738	6,189	(8,121)	(8,121)
NH Absolute Pre IPO Private Equity Fund No.1	59,702	708	4,294	2,063	2,063
NH Absolute Mezzanine Private Equity Fund No.3	46,113	174	1,593	(810)	(810)
	₩ 2,410,943	₩ 66,204	₩ 232,340	₩ (33,714)	₩ (33,714)

1. The summarized financial information of associates whose application of the consolidation and equity method has been discontinued due to disposal, etc. as at December 31, 2022, or financial information cannot be obtained are excluded.

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Adjustments made to calculate the carrying value of investments in associates and joint ventures out of net asset amounts of associates and joint ventures as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Net assets (a)	Share attributable to the Group (b)	Interest in net assets (a x b)	(+) Goodwill and others	Carrying value
NH-LB Growth Champ 2011-4 PEF	₩ 10,085	6.7%	₩ 673	₩ -	₩ 673
NH Agri-biz Value PEF	6,676	0.5%	33	-	33
Aeneas-NH Private Equity Fund	195,350	1.0%	1,915	87	2,002
NH AJUIB Growth 2013 Private Equity Fund	11,394	0.1%	6	8	14
IBK-NH Small Giant Private Equity Fund	1,517	0.1%	1	2	3
TRUBEN-Global Healthcare Private Equity Joint Co., Ltd	4,722	39.4%	1,860	(48)	1,812
Stassets DA value Investment Association No.2	2,867	32.1%	919	-	919
Stassets DA value Investment Association No.3	858	32.1%	275	-	275
Ascendo New Generation Healthcare Investment	3,060	30.7%	940	-	940
NH-AJU Digital Fund	23,693	20.0%	4,739	-	4,739
NH-AJU KOSDAQ ScaleUp Fund	29,681	28.3%	8,400	-	8,400
Sprott Global Renewable Private Equity Fund No.1	7,467	33.3%	2,487	-	2,487
NH-Paxtone Private Equity Fund	39,694	29.8%	11,826	-	11,826
NH-OPUS Corporate Financial Stability Private Equity Fund	119,757	14.7%	17,611	(5)	17,606
Square-DA value Fund No.1	6,201	36.6%	2,271	-	2,271
Smile Gate Vietnam Cairo Partnership PEF No.1	8,977	20.0%	1,795	-	1,795
NH-Soo Investment Innovative Growth M&A Fund	61,967	30.0%	18,590	(88)	18,502
NH-OPUS II Corporate Financial Stability Private Equity Fund	72,891	1.0%	750	-	750
NH Co-Investment Private Equity Fund	225,368	10.3%	23,244	-	23,244
Korea Investment-Brick Investment New Technology Investment Fund 1st	11,526	20.6%	2,376	-	2,376
Harvest Private Equity Fund II	13,465	22.1%	2,971	-	2,971
NH-SYNERGY BIO Fund	49,102	20.6%	10,103	-	10,103
NH SYNERGY M.C.E. New Technology Investment Fund	15,860	11.4%	1,802	-	1,802

	2023				
	Net assets (a)	Share attributable to the Group (b)	Interest in net assets (a x b)	(+) Goodwill and others	Carrying value
NH-Meritz Contents 1 Fund	12,808	9.1%	1,164	-	1,164
NH-IBKC Bio New Technology Fund	22,898	30.1%	6,901	-	6,901
NH-Horizon Secondary Fund	2,868	32.2%	922	-	922
Kyobo NH Healthcare Fund 1	17,824	11.1%	1,980	-	1,980
The Lakebridge-Samsung Securities Growth Fund I	5,779	33.3%	1,923	-	1,923
DAYLI Swanson Bio Healthcare Fund 8	3,987	23.8%	949	-	949
NH IBKC Dental Solution Investment Fund	10,277	18.0%	1,846	-	1,846
LD New Technology Business Investment Fund 2	3,314	28.6%	947	-	947
Recovery Partners Co., Ltd	2,997	29.5%	884	1,813	2,697
Kiwoom AI New Technology Business Investment Fund	9,024	21.5%	1,941	-	1,941
Smilegate Aphrodite Sub One Fund	10,176	28.6%	2,907	-	2,907
Smart Quaternary Industry Square Investment Fund	6,971	20.0%	1,394	-	1,394
Meritz-NH healthcare 1 Fund	14,837	19.4%	2,872	-	2,872
KCLAVIS Cloud Fund No.1	21,492	19.3%	4,153	87	4,240
J&Hercules Private Equity Fund	109,219	17.9%	19,562	-	19,562
Credit Minerva Private Equity Fund	7,866	10.0%	787	(100)	687
The Overseas Growth Fund 1	547	20.0%	109	-	109
MIDAS No.2 PRIVATE EQUITY FUND	24,895	14.2%	3,523	-	3,523
LB Private Equity Fund III-1	6,305	16.1%	1,014	8	1,022
HI YG Win-win Fund No.1	10,454	18.2%	1,901	-	1,901
NH-Brain EV Fund	44,437	19.2%	8,546	-	8,546
Pentastone Bridge 1 Funds	3,845	50.0%	1,922	-	1,922
SJGP YG Fund No.1	2,414	44.0%	1,061	-	1,061
NH-Alpha 1st Fund	6,932	18.5%	1,284	-	1,284
NH-J&-IBKC Label Technology Fund	34,959	14.0%	4,910	-	4,910
NH EBEST MATERIALS Fund No.1	4,940	18.2%	898	-	898
NH-OPUS III Corporate Financial Stability Private Equity Fund	6,689	2.2%	150	5	155

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	2023				
	Net assets (a)	Share attributable to the Group (b)	Interest in net assets (a x b)	(+) Goodwill and others	Carrying value
POSITIVE Sobujang Venture Fund #1	4,971	22.0%	1,092	-	1,092
NH-Meritz Hightech Fund	9,383	20.7%	1,941	-	1,941
NH-Daishin-Kyobo healthcare 1 Fund	16,116	18.8%	3,022	-	3,022
NH Digital Alliance Fund	31,136	40.0%	12,454	-	12,454
NH-Principle Private Equity Fund	25,386	11.4%	2,896	-	2,896
NH-U&S-Brain Pre-IPO Investment Fund	148	25.6%	38	-	38
NH Agtech Innovation Private Equity Fund	15,446	28.5%	4,401	-	4,401
Nextrade Co., Ltd.	138,950	6.6%	9,225	245	9,470
Global Materials Parts Equipment Fund	10,820	13.6%	1,475	-	1,475
NH-IBKC EV Fund	52,472	17.0%	8,911	-	8,911
DBOrbit-SDH New Technology Business Investment Fund	11,214	17.6%	1,976	-	1,976
ESG Leaders No.1 Private Equity Fun	166,913	1.5%	2,455	-	2,455
NH Woori Newdeal Growth Alpha Private Equity Fund I	114,609	11.4%	13,032	194	13,226
Pectus-IBKC Fund No.1	10,749	22.7%	2,443	-	2,443
BNW Recharge Private Equity Fund	20,981	23.5%	4,925	-	4,925
Pine Tree III VC Private Equity Fund	15,371	23.8%	3,660	-	3,660
Meritz-Simone Fund 1	11,410	17.4%	1,984	-	1,984
KAI Electric Fund 1	3,200	24.9%	796	-	796
Newmain-Wanted Lab I Funds	4,968	34.0%	1,689	-	1,689
KNT-Daishin New Technology Investment Fund 3rd	8,521	24.1%	2,053	-	2,053
NH-Susung No.1 Mezzanine New Technology Investment Fund	12,287	11.3%	1,382	-	1,382
SJGP YG Fund No.4	4,264	46.8%	1,998	-	1,998
Cape Rechargeable Battery Fund No.1	32,978	40.9%	13,484	69	13,553
NH-IBKS KONEX SCALEUP FUND	2,535	19.6%	498	-	498
NH Special Purpose Acquisition 19 Co., Ltd	104,475	0.3%	306	(4)	302
NH Special Purpose Acquisition 20 Co., Ltd	47,376	1.0%	465	(4)	461
NH Special Purpose Acquisition 23 Co., Ltd.	13,756	0.1%	19	-	19
NH Special Purpose Acquisition 24 Co., Ltd.	9,565	0.6%	57	(1)	56
NH Special Purpose Acquisition 25 Co., Ltd.	5,677	0.7%	38	(1)	37
NH Special Purpose Acquisition 26 Co., Ltd.	16,941	0.6%	96	(2)	94
NH Special Purpose Acquisition 27 Co., Ltd.	14,682	0.6%	94	(1)	93
NH Special Purpose Acquisition 29 Co., Ltd.	27,710	0.4%	97	(2)	95
NH Special Purpose Acquisition 30 Co., Ltd.	17,408	0.6%	96	(3)	93
NH Absolute Pre IPO Mezzanine Private Equity Fund No.1	15,015	33.3%	5,005	-	5,005
NH Absolute Mezzanine Private Equity Fund No.1	16,783	30.9%	5,191	-	5,191
NH Absolute Pre IPO Private Equity Fund No.1	58,350	33.3%	19,450	1	19,451
NH Absolute Project H General Private Placement Investment Trust	6,563	13.0%	856	(4)	852
NH Absolute Project L General Private Placement Investment Trust	18,799	6.3%	1,175	(12)	1,163
NH Absolute Mezzanine Private Equity Fund No.3	90,793	10.7%	9,710	(70)	9,640
NH Absolute Mezzanine Private Equity Fund No.4	27,520	7.7%	2,116	34	2,150
	₩ 2,547,173		₩ 334,638	₩ 2,208	₩ 336,846

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NH-LB Growth Champ 2011-4 PEF	₩ 10,101	6.7%	₩ 674	₩ -	₩ 674
NH Agri-biz Value PEF	9,070	0.5%	45	-	45
Aeneas-NH Private Equity Fund	204,914	1.0%	2,008	80	2,088
NH AJUIB Growth 2013 Private Equity Fund	10,708	0.1%	6	8	14
IBK-NH Small Giant Private Equity Fund	7,072	0.1%	7	2	9
TRUBEN-Global Healthcare Private Equity Joint Co., Ltd	4,752	39.4%	1,873	-	1,873
Stassets DA value Investment Association No.2	2,896	32.1%	928	-	928
Stassets DA value Investment Association No.3	852	32.1%	273	-	273
Midas PEF No.1	11,217	22.7%	2,549	-	2,549
Global Opportunity Private Equity Joint Venture	14,221	45.3%	6,448	-	6,448
Ascendo New Generation Healthcare Investment	3,077	30.7%	945	-	945
NH-AJU Digital Fund	29,885	20.0%	5,977	-	5,977
NH-AJU KOSDAQ ScaleUp Fund	59,142	28.3%	16,737	1	16,738
Sprott Global Renewable Private Equity Fund No.1	7,489	33.3%	2,494	1	2,495
NH-Paxtone Private Equity Fund	48,493	29.8%	14,451	(4)	14,447
NH-OPUS Corporate Financial Stability Private Equity Fund	112,407	14.7%	16,524	704	17,228
Square-DA value Fund No.1	6,206	36.7%	2,277	(4)	2,273
Smile Gate Vietnam Cairo Partnership PEF No.1	9,200	20.0%	1,840	-	1,840
NH-Soo Investment Innovative Growth M&A Fund	34,100	30.0%	10,230	-	10,230
NH-OPUS II Corporate Financial Stability Private Equity Fund	64,310	1.0%	662	(1)	661
NH Co-Investment Private Equity Fund	204,775	10.3%	21,120	-	21,120
Lodestone Second Private Equity Fund	2,971	25.0%	742	-	742
Genesis No.1 Private Equity Fund	262,796	28.3%	74,371	(89)	74,282
NH IBKC High-tech 1 Fund	6,597	11.5%	761	-	761
Korea Investment-Brick Investment New Technology Investment Fund 1st	13,678	20.6%	2,820	-	2,820
Harvest Private Equity Fund II	14,205	22.1%	3,134	-	3,134
HIZE EBEST The Current Fund No.2	5,517	22.9%	1,264	-	1,264
NH-SYNERGY BIO Fund	54,932	20.6%	11,305	(2)	11,303
NH SYNERGY M.C.E. New Technology Investment Fund	17,224	11.4%	1,957	-	1,957
NH-Meritz Contents 1 Fund	22,125	9.1%	2,011	-	2,011
NH-IBKC Bio New Technology Fund	35,340	30.1%	10,650	-	10,650
NH-Horizon Secondary Fund	2,952	32.2%	949	-	949
Kyobo NH Healthcare Fund 1	19,014	11.1%	2,113	-	2,113
NH Kyobo AI Solution Investment Fund	12,553	17.4%	2,183	-	2,183
Daishin-GVA New Technology Investment Fund 1st	6,232	29.6%	1,844	-	1,844
The Lakebridge-Samsung Securities Growth Fund I	5,869	33.3%	1,953	-	1,953
DAYLI Swanson Bio Healthcare Fund 8	4,078	23.8%	971	-	971
NH IBKC Dental Solution Investment Fund	15,593	18.0%	2,800	1	2,801
LD New Technology Business Investment Fund 2	3,399	28.6%	972	(1)	971
Recovery Partners Co., Ltd	3,552	85.1%	3,021	-	3,021
NH MIDAS 1st Private Equity Fund	88	11.0%	10	-	10
Kiwoom AI New Technology Business Investment Fund	8,432	21.5%	1,813	-	1,813
Smilegate Aphrodite Sub One Fund	10,323	28.6%	2,950	-	2,950
Smart Quaternary Industry Square Investment Fund	4,720	20.0%	944	-	944
Meritz-NH healthcare 1 Fund	15,160	19.4%	2,934	-	2,934
IBKS Green Private Equity Fund	85,096	13.9%	11,819	-	11,819
KCLAVIS Cloud Fund No.1	9,736	19.3%	1,881	-	1,881
J&Hercules Private Equity Fund	101,419	17.9%	18,165	-	18,165
The Lakebridge Growth Fund I PEF	32,643	11.7%	3,833	-	3,833
Credit Minerva Private Equity Fund	9,679	10.0%	968	-	968
The Overseas Growth Fund 1	1,924	20.0%	384	-	384
MIDAS No.2 PRIVATE EQUITY FUND	24,965	14.2%	3,533	-	3,533
LB Private Equity Fund III-1	30,301	16.1%	4,872	-	4,872

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Future Healthcare Fund	16,217	18.7%	3,039	-	3,039
Global Robot Healthcare Investment Fund	12,392	15.4%	1,905	-	1,905
DAYLI Swanson Bio Healthcare Fund 7	3,531	18.9%	666	-	666
Kyobo Hanyang ESG Investment Fund	10,625	11.8%	1,250	-	1,250
HI YG Win-win Fund No.1	9,381	18.2%	1,706	-	1,706
NH-Brain EV Fund	46,460	19.2%	8,920	15	8,935
Pentastone Bridge 1 Funds	3,935	50.0%	1,967	-	1,967
SJGP YG Fund No.1	4,477	44.0%	1,968	-	1,968
NH-Alpha 1st Fund	7,057	18.5%	1,307	-	1,307
NH-J&-IBKC Label Technology Fund	35,431	14.0%	4,975	1	4,976
NH EBEST MATERIALS Fund No.1	5,493	18.2%	999	-	999
NH-OPUS III Corporate Financial Stability Private Equity Fund	(252)	2.2%	(6)	6	-
POSITIVE Sobujang Venture Fund #1	4,498	22.0%	989	-	989
NH-Meritz Hightech Fund	7,920	20.7%	1,638	-	1,638
NH-Daishin-Kyobo healthcare 1 Fund	15,790	18.8%	2,961	-	2,961
NH Digital Alliance Fund	7,624	40.0%	3,050	-	3,050
NH-Principle Private Equity Fund	26,092	11.4%	2,974	2	2,976
NH-U&S-Brain Pre-IPO Investment Fund	390	25.6%	100	-	100
NH Agtech Innovation Private Equity Fund	2,645	28.5%	754	-	754
Nextrade Co., Ltd.	146,100	6.6%	9,700	-	9,700
NH Special Purpose Acquisition 19 Co., Ltd	100,682	0.3%	294	(3)	291
NH Special Purpose Acquisition 20 Co., Ltd	46,106	1.0%	452	(4)	448
NH Special Purpose Acquisition 22 Co., Ltd	12,520	0.3%	39	(1)	38
NH Special Purpose Acquisition 23 Co., Ltd.	13,365	0.1%	18	-	18
NH Special Purpose Acquisition 24 Co., Ltd.	9,305	0.6%	55	-	55
NH Special Purpose Acquisition 25 Co., Ltd.	5,525	0.7%	37	(1)	36
NH Special Purpose Acquisition 26 Co., Ltd.	16,414	0.6%	93	(2)	91
NH Special Purpose Acquisition 27 Co., Ltd.	14,224	4.9%	695	(7)	688
NH Special Purpose Acquisition 28 Co., Ltd.	653	3.9%	25	(6)	19

	2022				
	Net assets (a)	Share attributable tothe Group (b)	Interest in net assets (a x b)	(+) Goodwill and others	Carrying value
NH Absolute Pre IPO Mezzanine Private Equity Fund No.1	30,494	33.3%	10,165	(76)	10,089
NH Absolute Mezzanine Private Equity Fund No.1	72,811	30.9%	22,519	(253)	22,266
NH Absolute Pre IPO Private Equity Fund No.1	58,994	33.3%	19,665	24	19,689
NH Absolute Mezzanine Private Equity Fund No.3	45,94	10.7%	4,916	23	4,939
	₩ 2,490,839		₩ 397,830	₩ 414	₩ 398,244

14. PROPERTY AND EQUIPMENT

Details of property and equipment as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		
	Acquisition cost	Accumulated depreciation	Net carrying value
Land	₩ 56,425	₩ -	₩ 56,425
Building	40,254	(14,740)	25,514
Vehicles, furniture and fixtures	362,943	(269,093)	93,850
Construction in progress	4,890	-	4,890
Others	3,773	(1,739)	2,034
	₩ 468,285	₩ (285,572)	₩ 182,713

(in millions of Korean won)

	2022		
	Acquisition cost	Accumulated depreciation	Net carrying value
Land	₩ 52,730	₩ -	₩ 52,730
Building	33,791	(13,794)	19,997
Vehicles, furniture and fixtures	336,286	(239,359)	96,927
Construction in progress	10,972	-	10,972
Others	3,144	(1,632)	1,512
	₩ 436,923	₩ (254,785)	₩ 182,138

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Details of changes in property and equipment for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023						
	Beginning balance	Acquisitions	Disposals	Depreciation	Transfers	Others[1]	Ending balance
Land	₩ 52,730	₩ 40	₩ -	₩ -	₩ 3,655	₩ -	₩ 56,425
Building	19,997	144	-	(1,242)	6,615	-	25,514
Vehicles, furniture and fixtures	96,927	19,121	(1,725)	(42,207)	20,841	893	93,850
Construction in progress	10,972	21,130	-	-	(26,798)	(414)	4,890
Others	1,512	747	(116)	(122)	-	13	2,034
	₩ 182,138	₩ 41,182	₩ (1,841)	₩ (43,571)	₩ 4,313	₩ 492	₩ 182,713

1. Composed of provisions of restoration, gain (loss) on overseas business translation and others.

(in millions of Korean won)

	2022						
	Beginning balance	Acquisitions	Disposals	Depreciation	Transfers	Others[1]	Ending balance
Land	₩ 55,991	₩ -	₩ -	₩ -	₩ (3,261)	₩ -	₩ 52,730
Building	20,450	160	(60)	(1,077)	524	-	19,997
Vehicles, furniture and fixtures	76,309	35,251	(203)	(33,386)	15,312	3,644	96,927
Construction in progress	7,241	20,859	-	-	(17,128)	-	10,972
Others	1,349	375	(108)	(89)	-	(15)	1,512
	₩ 161,340	₩ 56,645	₩ (371)	₩ (34,552)	₩ (4,553)	₩ 3,629	₩ 182,138

1. Composed of provisions of restoration, gain (loss) on overseas business translation and others.

15. INVESTMENT PROPERTIES

Investment properties as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		
	Acquisition cost	Accumulated depreciation	Net carrying value
Land	₩ 88,306	₩ -	₩ 88,306
Building	181,077	(9,924)	171,153
	₩ 269,383	₩ (9,924)	₩ 259,459

(in millions of Korean won)

	2022		
	Acquisition cost	Accumulated depreciation	Net carrying value
Land	₩ 48,156	₩ -	₩ 48,156
Building	14,064	(4,902)	9,162
	₩ 62,220	₩ (4,902)	₩ 57,318

Changes in investment properties for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Beginning balance	Depreciation	Transfers	Others	Ending balance
Land	₩ 48,156	₩ -	₩ (3,656)	₩ 43,806	₩ 88,306
Building	9,162	(3,753)	(657)	166,401	171,153
	₩ 57,318	₩ (3,753)	₩ (4,313)	₩ 210,207	₩ 259,459

(in millions of Korean won)

	2022				
	Beginning balance	Depreciation	Transfers	Others	Ending balance
Land	₩ 45,310	₩ (415)	₩ -	₩ 3,261	₩ 48,156
Building	8,984	(579)	(535)	1,292	9,162
	₩ 54,294	₩ (994)	₩ (535)	₩ 4,553	₩ 57,318

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Rental income and operating expenses arising from the Group's investment properties for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Rental income	₩ 14,705	₩ 4,005
Depreciation	(3,753)	(535)
	₩ 10,952	₩ 3,470

The fair value of the investment properties provided by independent values are ₩ 276,427 million as at December 31, 2023. All investment properties are classified as the Level 3 in the fair value hierarchy described in Note 9.

16. INTANGIBLE ASSETS

Details of intangible assets as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Net carrying value
Goodwill	₩ 43,774	₩ -	₩ (3,992)	₩ 39,782
Development costs	34,906	(34,447)	(179)	280
Software	6,195	(4,314)	(15)	1,866
Membership deposits	20,489	-	(5,045)	15,444
Others	40,606	(32,599)	-	8,007
	₩ 145,970	₩ (71,360)	₩ (9,231)	₩ 65,379

(in millions of Korean won)

	2022			
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Net carrying value
Goodwill	₩ 43,774	₩ -	₩ (3,992)	₩ 39,782
Development costs	35,089	(34,665)	(179)	245
Software	5,975	(3,845)	(15)	2,115
Membership deposits	17,817	-	(5,045)	12,772
Others	39,560	(30,563)	-	8,997
	₩ 142,215	₩ (69,073)	₩ (9,231)	₩ 63,911

Details of changes in intangible assets for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023					
	Beginning balance	Acquisitions	Disposals	Amortization	Others	Ending balance
Goodwill	₩ 39,782	₩ -	₩ -	₩ -	₩ -	₩ 39,782
Development costs	245	102	-	(71)	4	280
Software	2,115	439	-	(697)	9	1,866
Membership deposits	12,772	2,872	(213)	-	13	15,444
Others	8,997	1,144	-	(2,136)	2	8,007
	₩ 63,911	₩ 4,557	₩ (213)	₩ (2,904)	₩ 28	₩ 65,379

(in millions of Korean won)

	2022						
	Beginning balance	Acquisitions	Disposals	Amortization	Reversal of impairment loss	Others	Ending balance
Goodwill	₩ 39,782	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 39,782
Development costs	290	105	-	(247)	-	97	245
Software	624	1,954	(16)	(462)	-	15	2,115
Membership deposits	12,573	126	(559)	-	632	-	12,772
Others	3,565	7,119	(101)	(1,586)	-	-	8,997
	₩ 56,834	₩ 9,304	₩ (676)	₩ (2,295)	₩ 632	₩ 112	₩ 63,911

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Details of impairment evaluation on intangible assets as at December 31, 2023, are as follows:

The Group performed an impairment test on the following intangible asset acquired through a business combination:

(in millions of Korean won)

	2023	2022
Goodwill	₩ 39,782	₩ 39,782

The Group performed an impairment test by comparing the carrying amount and recoverable amount of cash-generating units to which goodwill was allocated as at December 31, 2023. The recoverable amount was evaluated based on the value in use and the discounted cash flow method (DCF) was applied among the traditional approaches, taking into account the characteristics of financial institutions.

- Evaluation date and forecast period

The evaluation date for the recoverable value is December 31, 2023, and when evaluating the value in use, the forecast period is 5 years after the evaluation date, and the value after the forecast period is calculated as a permanent value.

- Discount rate and permanent growth rate

The discount rate was applied by calculating the shareholders' required rate of return and cost of equity capital, and the permanent growth rate of 0% was applied after the forecast period.

- The main assumptions used in estimating future cash flows are the labor productivity growth rate, inflation rate, and wage increase rate among macroeconomic indicators.

According to the impairment assessment result for goodill, there is no amount to be recognized as an impairment loss as the recoverable amount of CGU which goodwill was allocated exceeds the carrying amount by ₩ 14,184 million.

17. RIGHT-OF-USE ASSETS

Details of right-of-use assets as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		
	Acquisition cost	Accumulated depreciation	Net carrying value
Properties	₩ 184,325	₩ (92,879)	₩ 91,446
Vehicles	3,049	(1,328)	1,721
Others	12		8
	₩ 187,386	₩ (94,211)	₩ 93,175

(in millions of Korean won)

	2022		
	Acquisition cost	Accumulated depreciation	Net carrying value
Properties	₩ 114,651	₩ (69,137)	₩ 45,514
Vehicles	2,687	(1,525)	1,162
Others	12	(4)	8
	₩ 117,350	₩ (70,666)	₩ 46,684

Changes in right-of-use assets for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	Beginning balance	Added	Terminated	Ending balance
Properties	₩ 114,651	₩ 75,095	₩ (5,421)	₩ 184,325
Vehicles	2,687	1,469	(1,107)	3,049
Others	12	13	(13)	12
	₩ 117,350	₩ 76,577	₩ (6,541)	₩ 187,386

(in millions of Korean won)

	2022			
	Beginning balance	Added	Terminated	Ending balance
Properties	₩ 99,141	₩ 28,334	₩ (12,824)	₩ 114,651
Vehicles	2,480	932	(725)	2,687

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	2022			
	Beginning balance	Added	Terminated	Ending balance
Others	52	15	(55)	12
	₩ 101,673	₩ 29,281	₩ (13,604)	₩ 117,350

Changes in accumulated depreciation of right-of-use assets for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	Beginning balance	Depreciation	Terminated	Ending balance
Properties	₩ 69,137	₩ 27,658	₩ (3,916)	₩ 92,879
Vehicles	1,525	891	(1,088)	1,328
Others	4	12	(12)	4
	₩ 70,666	₩ 28,561	₩ (5,016)	₩ 94,211

(in millions of Korean won)

	2023			
	Beginning balance	Depreciation	Terminated	Ending balance
Properties	₩ 52,576	₩ 26,909	₩ (10,348)	₩ 69,137
Vehicles	1,303	868	(646)	1,525
Others	43	13	(52)	4
	₩ 53,922	₩ 27,790	₩ (11,046)	₩ 70,666

Details of variable lease payments, short-term lease payments and leases payments of low-value assets that are not included in the measurement of lease liabilities for the year ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Lease payments of low-value assets	₩ 6,099	₩ 6,352
Variable lease payments	166	81
VAT of lease payments	2,971	2,826
	₩ 9,236	₩ 9,259

The Group recognized lease income of ₩ 420 million through subleases for the year ended December 31 ,2023.
The Group determines not to apply Korean IFRS 1116 Leases to agreements of low-value assets with fair value less than ₩ 5 million and recognizes lease payments of those agreements as expenses on a straight- line basis over the lease term.

18. OTHER ASSETS

Details of other assets as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Advance payments	₩ 52,917	₩ 27,679
Prepaid expenses	12,392	15,689
Prepaid taxes	193	235
Commodities	174	148
Carbon emissions rights	8,591	-
Others	999	995
Net defined benefit assets	182	16,939
	₩ 75,448	₩ 61,685

Movements in the carbon emissions rights for the year ended December 31, 2023, is as follows:

(in millions of Korean won)

	2023				
	Beginning balance	Acquisi-tions	Disposals	Loss on valuation	Ending balance
Carbon emissions rights	₩ -	₩ 10,849	₩ (32)	₩ (2,226)	₩ 8,591

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19. DEPOSITS DUE TO CUSTOMERS

Details of deposits as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Customers' deposits:		
Customers' deposits for brokerage	₩ 5,265,540	₩ 4,039,018
Customers' deposits for derivatives transactions	760,148	836,989
Customers' deposits for subscription	42	48
Customers' deposits for savings	23,336	21,373
Customers' deposits for beneficiary certificates	576,436	179,398
Others	550,588	519,741
	7,176,090	5,596,567
Collateral of income:		
Collateral of credit lender	1,335	3,848
	₩ 7,177,425	₩ 5,600,415

20. FINANCIAL LIABILITIES AT FVTPL

Details of financial liabilities at FVTPL as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Financial liabilities at FVTPL:		
Securities in short position	₩ 3,613,287	₩ 4,635,934
Financial liabilities designated at FVTPL:		
Derivatives-linked securities sold	3,953,473	4,146,921
Derivatives-linked bonds sold	4,037,557	3,730,000
	7,991,030	7,876,921
Derivative liabilities (trading)[1]	1,150,659	1,402,854
	₩ 12,754,976	₩ 13,915,709

1. See Note 5.

The Group designates a financial liability at FVTPL, if such designation eliminates or significantly reduces accounting mismatch, and if financial instruments are managed on a fair value basis and its performance is assessed. As at December 31, 2023, the Group designated certain financial liabilities that did not meet the definition of fair value measurement but were managed and assessed by fair value at fair value through profit or loss. The designation of financial instruments at FVTPL is irrevocable.

Details of financial liabilities designated at FVTPL as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Derivatives-linked securities sold:		
Equity-linked securities	₩ 2,303,296	₩ 2,390,802
Other derivatives-linked securities	1,299,523	1,745,597
Exchange Traded Notes	350,654	10,522
	3,953,473	4,146,921
Derivatives-linked bonds sold:		
Equity-linked bonds	2,204,964	2,144,124
Other derivatives-linked bonds	1,832,593	1,585,876
	4,037,557	3,730,000
	₩ 7,991,030	₩ 7,876,921

Credit risk adjustments to financial liabilities designated at FVTPL as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Financial liabilities designated at FVTPL – other comprehensive income		
Changes in fair value for credit risk adjustments	₩ (33,036)	₩ 19,123
Accumulated changes in credit risk adjustments	(11,861)	21,175
Financial liabilities designated at FVTPL – profit or loss		
Changes in fair value for credit risk adjustments	16,982	2,778
Accumulated changes in credit risk adjustments	(15)	25

Details of fair value changes of financial liabilities designated at FVTPL attributable to changes in credit risk of the liability for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Beginning balance	₩ 15,563	₩ 1,488
Increase of credit risk recognized in other comprehensive income	(33,036)	19,123
Effect of corporation tax	8,743	(5,048)
Ending balance	₩ (8,730)	₩ 15,563

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The maturity repayment amount, the carrying amount and the difference between the two amounts of the principal under the contractual terms of the financial liabilities designated at FVTPL as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		
	Contractual maturity repayment amount	Book amount	Difference
Stock-linked securities	₩ 2,258,084	₩ 2,303,296	₩ (45,212)
Other derivatives-linked securities	1,280,997	1,299,523	(18,526)
Exchange Traded Notes	350,654	350,654	-
Stock-linked bonds	2,220,410	2,204,964	15,446
Other derivatives-linked bonds	1,672,038	1,832,593	(160,555)

(in millions of Korean won)

	2022		
	Contractual maturity repayment amount	Book amount	Difference
Stock-linked securities	₩ 2,313,922	₩ 2,390,802	₩ (76,880)
Other derivatives-linked securities	1,730,645	1,745,597	(14,952)
Exchange Traded Notes	10,522	10,522	-
Stock-linked bonds	2,186,968	2,144,124	42,844
Other derivatives-linked bonds	1,467,765	1,585,876	(118,111)

21. BORROWINGS AND DEBENTURES

Details of borrowings as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	Lender	Interest rate(%)	2023	2022
Call money	Korea Investment Management and others	3.58~4.17	₩ 670,000	₩ 220,000
Borrowings	Korea Securities Finance Corp., Eugene Investment & Securities Co., Ltd and others	3.20~7.32	5,117,248	4,205,537
Subordinated borrowings	KB Kookmin and others	6.68	16,469	16,483
Bonds sold under repurchase agreements	Hana Bank Trust and others	0.10~8.00	7,020,436	6,692,291
Others		-	1,004,808	1,007,157
Issued notes	Individual and others	2.80~7.00	5,148,478	5,920,147
Present value discount			(58,296)	(35,284)
			₩ 18,919,143	₩ 18,026,331

Details of debentures as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

		Issuance date	Maturity date	Interest rate(%)	2023	2022
Ordinary bonds	Series 59-2nd corporate bonds	2018-03-22	2023-03-22	2.97	₩ -	₩ 350,000
	Series 60-2nd corporate bonds	2019-04-12	2024-04-12	2.06	250,000	250,000
	Series 61-1st corporate bonds	2020-09-28	2023-09-27	1.35	-	150,000
	Series 61-2nd corporate bonds	2020-09-28	2025-09-28	1.55	150,000	150,000
	Series 62-1st corporate bonds	2020-11-27	2023-11-27	1.32	-	100,000
	Series 62-2nd corporate bonds	2020-11-27	2025-11-27	1.64	130,000	130,000
	Series 62-3rd corporate bonds	2020-11-27	2027-11-26	1.86	70,000	70,000
	Series 63rd corporate bonds	2021-02-16	2026-02-13	1.55	110,000	110,000
	Series 64-1st corporate bonds	2021-04-29	2024-04-29	1.53	170,000	170,000
	Series 64-2nd corporate bonds	2021-04-29	2026-04-29	1.95	80,000	80,000
	Series 64-3rd corporate bonds	2021-04-29	2028-04-29	2.25	50,000	50,000
	Series 65-1st corporate bonds	2021-10-27	2024-10-25	2.45	160,000	160,000
	Series 65-2nd corporate bonds	2021-10-27	2026-10-27	2.71	130,000	130,000
	Series 66-1st corporate bonds	2022-04-08	2025-04-08	3.63	330,000	330,000
	Series 66-2nd corporate bonds	2022-04-08	2027-04-08	3.70	70,000	70,000
	Series 67-1st corporate bonds	2022-07-26	2025-07-25	4.27	195,000	195,000
	Series 67-2nd corporate bonds	2022-07-26	2027-07-26	4.28	80,000	80,000
	Series 68-1st corporate bonds	2023-09-19	2025-09-19	4.58	150,000	-
	Series 68-2nd corporate bonds	2023-09-19	2026-09-18	4.65	120,000	-
	Less: discounts				(2,942)	(4,094)
					2,242,058	2,570,906
Bonds in foreign currency	Series 1st corporate bonds	2021-10-07	2026-10-07	1.88	386,820	380,190
	Less: discounts				(2,923)	(3,872)
					₩ 383,897	₩ 379,318

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		Issuance date	Maturity date	Interest rate(%)	2023	2022
Asset backed short-term bond	Meritz Securities Co.,Ltd and others	2022-10-13	2023-02-28	4.40~5.66	-	574,000
	SK Securities Co.,Ltd and	2023-10-24	2024-02-14	3.96~4.61	290,000	-
	Less: discounts				(1,002)	(3,489)
					288,998	570,511
					₩ 2,914,953	₩ 3,517,735

22. OTHER FINANCIAL LIABILITIES

Other financial liabilities as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Accounts payable	₩ 5,268,016	₩ 3,603,286
Accrued expenses	424,773	378,566
Leasehold deposits received	7,597	7,186
Present value discount	(305)	(178)
Lease liabilities	96,492	53,739
Present value discount	(6,270)	(3,290)
Others	1,091,706	699,957
	₩ 6,882,009	₩ 4,739,266

The amounts of lease liabilities by maturity as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Lease liabilities	₩ 2,715	₩ 5,270	₩ 20,329	₩ 68,178	₩ -	₩ 96,492

(in millions of Korean won)

	2022					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Lease liabilities	₩ 2,587	₩ 5,271	₩ 20,018	₩ 25,863	₩ -	₩ 53,739

23. PROVISIONS

Details of provisions as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Asset retirement obligation	₩ 9,885	₩ 11,573
Provision for unused commitment	6,164	5,947
Provision for payment guarantee	339	-
Provision for other losses[1,2]	37,997	70,976
	₩ 54,385	₩ 88,496

1. Of the total of ₩ 432,700 million of Optimus Asset Management Funds with suspension of redemption the Group sold, the Group recognized partial provisions for ₩ 113,900 million of sales principal of professional investors, excluding the amount which Company refunded the entire of sales principal according to the decision on the dispute settlement committee of the Financial Supervisory Service and agreement with individual customers and non-professional investors, the Group will reflect the amounts in the financial statements by reviewing judgement of independent external experts , objective evidence to estimate outflows and the results of related lawsuits of resources in the future.
2. In November 2022, the Group accepted the intention of the decision for the German heritage derivatives-linked securities on the dispute settlement committee of the Financial Supervisory Service, and a private agreement to acquire DLS has been completed with non-professional investors. In this regard, the Group recognized a part of sales principal of professional investors as provisions, and the Group will reflect the amounts in the financial statements by obtaining judgement of independent external experts and objective evidence to estimate outflows of resources in the future.

Changes in provisions for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Asset retirement obligation	Provision for unused commitment	Provision for payment guarantee	Others	Total
Beginning balance	₩ 11,573	₩ 5,947	₩ -	₩ 70,976	₩ 88,496
Provisions provided	2,196	208	339	98,401	101,144
Provisions used	(792)	-	-	(131,380)	(132,172)
Reversal of unused amount	(2,455)	-	-	-	(2,455)
Foreign currency translation	-	9	-	-	9
Write-off	606	-	-	-	606
Additional allocation	(1,243)	-	-	-	(1,243)
Ending balance	₩ 9,885	₩ 6,164	₩ 339	₩ 37,997	₩ 54,385

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	2022				
	Asset retirement obligation	Provision for unused commit-ment	Provision for payment guarantee	Others	Total
Beginning balance	₩ 8,868	₩ 8,160	₩ 102	₩ 71,087	₩ 88,217
Provisions provided	92	-	-	46,844	46,936
Provisions used	(410)	-	-	(16,082)	(16,492)
Reversal of unused amount	(2,406)	(2,263)	(102)	(22,713)	(27,484)
Foreign currency translation	-	50	-	-	50
Write-off	251	-	-	-	251
Additional allocation	5,178	-	-	-	5,178
Other	-	-	-	(8,160)	(8,160)
Ending balance	₩ 11,573	₩ 5,947	₩ -	₩ 70,976	₩ 88,496

Changes in provision for unused commitment and payment guarantee for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023						
	Provision for unused commitment			Provision for payment guarantee			Total
	12-month expected credit losses	Lifetime expected credit losses	Impair-ment	12-month expected credit losses	Lifetime expected credit losses	Impair-ment	
Beginning balance	₩ 5,847	₩ 100	₩ -	₩ -	₩ -	₩ -	₩ 5,947
Transfer to 12-month expected credit losses	-	-	-	-	-	-	-
Transfer to lifetime expected credit losses	(227)	227	-	-	-	-	-
Transfer to credit-im-paired	-	-	-	-	-	-	-
Allowance for expected credit losses	164	43	-	339	-	-	546
Foreign currency transla-tion	10	-	-	-	-	-	10
Ending balance	₩ 5,794	₩ 370	₩ -	₩ 339	₩ -	₩ -	₩ 6,503

(in millions of Korean won)

	2022						
	Provision for unused commitment			Provision for payment guarantee			Total
	12-month expected credit losses	Lifetime expected credit losses	Impair-ment	12-month expected credit losses	Lifetime expected credit losses	Impair-ment	
Beginning balance	₩ 8,011	₩ 149	₩ -	₩ 102	₩ -	₩ -	₩ 8,262
Transfer to 12-month expected credit losses	-	-	-	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-	-	-	-
Transfer to credit-im-paired	-	-	-	-	-	-	-
Reversal of allowance for expected credit losses	(2,214)	(49)	-	(102)	-	-	(2,365)
Foreign currency transla-tion	50	-	-	-	-	-	50
Ending balance	₩ 5,847	₩ 100	₩ -	₩ -	₩ -	₩ -	₩ 5,947

Changes in loan arrangement and financial guarantee contract for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023						
	Loan arrangement[1]			Financial guarantee contract[1]			Total
	12-month expected credit losses	Lifetime expected credit losses	Credit-impaired	12-month expected credit losses	Lifetime expected credit losses	Credit-impaired	
Beginning balance	₩ 543,827	₩ 2,466	₩ -	₩ 23,800	₩ -	₩ -	₩ 570,093
Transfer to 12-month expected credit losses	-	-	-	-	-	-	-
Transfer to lifetime expected credit losses	(9,097)	9,097	-	-	-	-	-
Transfer to credit-im-paired	-	-	-	-	-	-	-
Increase (decrease)	1,370,467	(1,782)	-	9,000	-	-	1,377,685
Ending balance	₩ 1,905,197	₩ 9,781 ₩	₩ -	₩ 32,800	₩ -	₩ -	₩ 1,947,778

1. The exposures of the loan agreement and the financial guarantee contract exclude the contracts for the purchase and sale of beneficiary certificates and non-fulfillment commitment.

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	2022						
	Loan arrangement[1]			Financial guarantee contract[1]			Total
	12-month expected credit losses	Lifetime expected credit losses	Credit-impaired	12-month expected credit losses	Lifetime expected credit losses	Credit-impaired	
Beginning balance	₩ 745,968	₩ 4,286	₩ -	₩ 436,900	₩ -	₩ -	₩ 1,187,154
Transfer to 12-month expected credit losses	-	-	-	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-	-	-	-
Transfer to credit-impaired	-	-	-	-	-	-	-
Increase (decrease)	(202,141)	(1,820)	-	(413,100)	-	-	(617,061)
Ending balance	₩ 543,827	₩ 2,466	₩ -	₩ 23,800	₩ -	₩ -	₩ 570,093

1. The exposures of the loan agreement and the financial guarantee contract exclude the contracts for the purchase and sale of beneficiary certificates and non-fulfillment commitment.

24. OTHER LIABILITIES

Other liabilities as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Net defined benefit liabilities	₩ 30,822	₩ 2,229
Accrued expenses	21,700	26,054
Advance received	248	10,737
Unearned revenue	91,973	72,393
Withholding income taxes	70,193	57,997
Others	46	15,460
	₩ 214,982	₩ 184,870

25. NET DEFINED BENEFIT LIABILITIES

Details of net defined benefit liabilities as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Present value of defined benefit obligations	₩ 275,863	₩ 225,771
Fair value of plan assets	(245,223)	(240,481)
Net defined benefit liability(asset)	₩ 30,640	₩ (14,710)

Changes in the carrying value of defined benefit obligation for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Beginning balance	₩ 225,771	₩ 236,745
Past service cost	-	2,698
Current service cost	20,306	22,502
Interest expense	10,980	5,998
Transfer succession	737	1,126
Actuarial gains and losses	42,107	(19,425)
Benefits paid	(24,079)	(24,931)
Others	41	1,058
Ending balance	₩ 275,863	₩ 225,771

Changes in plan assets for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Beginning balance	₩ 240,481	₩ 196,139
Expected return on plan assets	12,040	5,047
Actuarial gains and losses	1,557	(975)
Employer's contributions	7,298	55,551
Transfer succession	737	1,126
Benefits paid	(16,225)	(15,816)
Others	(665)	(591)
Ending balance	₩ 245,223	₩ 240,481

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Plan assets as at December 31, 2023 and 2022, consist of:

(in millions of Korean won)

	2023	2022
Deposits and others	₩ 34,225	₩ 40,860
Insurer's guaranteed interest deposits and others	210,998	199,621
	₩ 245,223	₩ 240,481

Expenses included in the statements of comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Retirement pension benefits	₩ 20,553	₩ 27,173
Past service cost	-	2,698
Current service cost	20,306	22,502
Interest expense	10,980	5,998
Expected return of plan assets	(12,040)	(5,047)
Others	61	276
	₩ 39,860	₩ 53,600

The main actuarial assumptions used in the assessment of the retirement benefit obligation as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Discount rate	4.37%~4.48%	5.27%~5.30%
Expected return rate of plan assets	4.37%~4.48%	5.27%~5.30%
Future wage growth rate	1.95%~3.88%	1.95%~3.29%
Mortality ratio	0.03%	0.03%

The sensitivity of actuarial assumptions used in assessment of defined benefit obligation as at December 31, 2023 and 2022, is as follows

millions of Korean won)

	2023		2022	
	Increase by 1% point	Decrease by 1% point	Increase by 1% point	Decrease by 1% point
Discount rate	₩ 256,322	₩ 298,135	₩ 211,299	₩ 242,129
Future wage growth rate	297,897	256,203	242,253	210,964

The sensitivity analysis indicates the amounts of defined benefit obligation when each assumption changes without change in the remaining assumptions. The sensitivity of defined benefit obligations is determined by the projected unit credit method used in calculating net defined benefit liability recognized in the statements of financial position.

The expected maturity analysis of undiscounted pension benefits as at December 31, 2023, is as follows:

(in millions of Korean won)

	Year 1	Year 2	Years 3~4	Year 5~9	After Year 10	Total
Pension benefits	₩ 18,341	₩ 31,832	₩ 58,157	₩ 137,234	₩ 538,882	₩ 784,446

As at December 31, 2023, the expected contribution to pay to defined benefit plan for the next fiscal year amounts to ₩ 23,541 million, and the weighted-average maturity of defined benefit obligation is 8.33 years.

26. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Details of equity attributable to equity holders of the parent as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Capital stock:		
Common share	₩ 1,683,205	₩ 1,683,205
Preferred stock	99,355	99,355
	1,782,560	1,782,560
Capital surplus:		
Capital in excess of par value	1,851,566	1,851,566
Gains on sale of treasury stock	15,297	15,297
Other capital surpluses	15,582	15,985
Treasury stock[1]	(14,565)	(14,565)
Losses on sale of treasury stock	(1,567)	(1,567)
Other capital adjustments	867	867
	1,867,180	1,867,583
Components of other equity:		
Gain and loss on valuation of financial assets at FVOCI	373,823	251,494
Provision for expected credit loss of financial assets at FVOCI	1,903	1,879
Gain(Loss) on financial liabilities designated at FVTPL due to the change of credit risk	(8,730)	15,563

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	2023	2022
Loss on valuation of derivative (hedging)	(10,449)	(9,434)
Gain or loss on overseas business translation	88,290	77,299
Remeasurement of the defined benefit plan	(67,464)	(37,614)
	377,373	299,187
Retained earnings:		
Legal reserve[2]	237,865	213,281
Regulatory reserve for credit loss	85,902	89,773
Voluntary reserve	2,443,060	2,371,060
Unappropriated retained earnings	810,494	592,604
Other retained earnings[3]	7,345	7,345
	3,584,666	3,274,063
	₩ 7,611,779	₩ 7,223,393

1. Treasury stocks that the Group holds as at December 31, 2023, are acquired to stabilize the stock price, increase the shareholder value, and compensate for the employees' performance.
2. Commercial law requires the Group to appropriate a minimum of 10% of profit dividends as a legal reserve until the legal reserve equals 50% of capital stock. The reserve may not be utilized for cash dividends but only be used to offset a deficit, or be transferred to capital.
3. Gain on revaluation of the assets in accordance with Assets Revaluation Law, may not be utilized for cash dividends but only be used to offset a deficit, or be transferred to capital.

Details of the capital stock as at December 31, 2023 and 2022, are as follows:

(in Korean won)

	2023	2022
Authorized shares of capital stock	900,000,000 shares	900,000,000 shares
Par value per 1 share	₩ 5,000	₩ 5,000
Issued shares of capital stock:	350,536,889 shares	350,536,889 shares
Common share	331,665,921 shares	331,665,921 shares
Preferred stock	18,870,968 shares	18,870,968 shares

The Group may retire the shares within the scope of benefits to shareholders dividends by resolution of the Board of Directors according to the regulations. The difference between capital and total par value of shares issued due to the retirement of shares amount to ₩29,876 million.

Dividends

Details of dividends and ratio related to dividends for the years ended December 31, 2023 and 2022, are as follows:

1) Details of dividends

(in shares and in Korean won)

	2023		2022	
	Common stock	Preferred stock	Common share	Preferred stock
Shares outstanding[1]	330,982,250	18,870,968	330,982,250	18,870,968
Par value per share	₩ 5,000	₩ 5,000	₩ 5,000	₩ 5,000
Dividend rate	16.00%	17.00%	14.00%	15.00%
Total cash dividend (in millions of Korean won)	₩ 264,786	₩ 16,040	₩ 231,688	₩ 14,153

1. Excludes treasury stocks

2) Payout ratio

(in millions of Korean won)

	2023	2022
Total cash dividend	₩ 280,826	₩ 245,841
Net profit attributable to the equity holders of the parent	556,440	303,418
Payout ratio	50.47%	81.02%

3) Dividend yield ratio

(in Korean won)

	2023		2022	
	Common stock	Preferred stock	Common share	Preferred stock
Dividend per share	₩ 800	₩ 850	₩ 700	₩ 750
Average closing price[1]	10,258	9,878	9,674	9,492
Dividend yield ratio	7.80%	8.60%	7.24%	7.90%

1. It is the arithmetic average of the closing price announced in the past one week from the closing date for voting rights at general shareholders' meeting

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Planned regulatory reserve for bad debts

In accordance with Article 3 Clause 8 of the Regulation on Supervision of Financial Investment, if the estimated provisions for credit loss under Korean IFRS are lower than those in accordance with the Regulation on Supervision of Financial Investment, the Group shall account for the difference in the Regulatory reserve for bad debts.

The planned regulatory reserve for bad debts for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

	2023	2022
Beginning balance	₩ 85,902	₩ 89,773
Required reserve for bad debt (reversal)	32,378	(3,871)
Ending balance	₩ 118,280	₩ 85,902

Planned reserves provided, adjusted net income after the planned reserves provided and adjusted earnings per share after the planned reserves provided for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Planned transfer provided (reversal)	₩ 32,378	₩ (3,871)
Adjusted net income after the planned reserves provided	524,061	307,290
Adjusted earnings per share after the planned reserves provided (in Korean won)	1,498	895

27. NET FEE AND COMMISSION INCOME

Fee income and expenses for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Fee income:		
Brokerage commissions	₩ 501,820	₩ 466,747
Underwriting commissions	58,114	75,555
Brokerage commissions on beneficiary certificates	39,072	41,447
Management fee on wrap account and asset management	21,003	22,400
Commissions on merger and acquisition	17,446	18,041
Trust fees and commissions received from trust account	35,057	30,222
Financial guarantee fee	202,243	220,203
Remittance fee	310	408
Fee of lending securities	46,447	38,394
Others	117,571	117,465
	1,039,083	1,030,882
Fee expenses:		
Trading commissions	77,265	95,473
Discretionary fees	987	556
Remittance fee	343	299
Securities lending and borrowing fee	39,153	32,015
Others	132,055	118,424
	249,803	246,767
	₩ 789,280	₩ 784,115

28. GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FVTPL

Details of gains and losses on valuation and disposals of financial instruments at FVTPL for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Gains on financial instruments at FVTPL:		
Disposal of financial assets at FVTPL	₩ 1,090,771	₩ 499,338
Changes in value of financial assets at FVTPL	772,713	443,588
Disposal of financial liabilities at FVTPL	290,781	740,622
Changes in value of financial liabilities at FVTPL	18,185	211,193
Disposal of financial liabilities designated at FVTPL	53,370	52,650
Changes in value of financial liabilities designated at FVTPL	196,609	762,628
Derivative (trading) transactions	4,189,230	4,968,143
Changes in value of derivative (trading) instruments	686,026	950,155
	7,297,685	8,628,317
Losses on financial instruments at FVTPL:		
Disposal of financial assets at FVTPL	630,631	1,008,603
Changes in value of financial assets at FVTPL	352,644	1,059,047
Disposal of financial liabilities at FVTPL	608,485	279,234

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	2023	2022
Changes in value of financial liabilities at FVTPL	160,536	22,734
Disposal of financial liabilities designated at FVTPL	517,341	214,775
Changes in value of financial liabilities designated at FVTPL	389,128	87,911
Derivative (trading) transactions	4,091,442	4,876,010
Changes in value of derivative (trading) instruments	567,662	1,397,896
	7,317,869	8,946,210
	₩ (20,184)	₩ (317,893)

In addition to the above, the losses and gains related to changes in credit risk recognized in other comprehensive income related to financial liabilities designated at FVTPL are ₩ 33,036 million and ₩ 19,123 million for the years ended December 31, 2023 and 2022, respectively.

29. GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FVOCI

Details of gains and losses on financial instruments at FVOCI recognized for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Gains on disposal of financial assets at FVOCI	₩ 18,943	₩ 8,852
Losses on disposal of financial assets at FVOCI	34,125	10,823
	(15,182)	(1,971)

30. GAINS AND LOSSES ON DERIVATIVE (HEDGING)

There are no gains and losses on valuation and disposals of derivative (hedging) reflected for the years ended December 31, 2023 and 2022.

31. INTEREST INCOME AND EXPENSE

Interest income and expense for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Interest income:		
Interest on broker's loans	₩ 285,665	₩ 266,257
Interest on loan purchased	12,582	5,039
Interest on loans	372,288	252,353
Interest on bonds	630,545	552,950
Interest on securities loaned	149	70
Interest on corporate commercial papers	74,616	41,804
Interest on deposits with KSFC	54,393	31,858
Interest on certificate of deposit	2,898	463
Interest on deposits of financial institutions	7,367	5,150
Interest on bonds purchased under resale agreements	22,037	4,786
Interest on deposits	76,994	36,665
Interest on receivables	856	827
Interest on bonds at FVOCI_amortization of present value discounts	19,795	12,221
Others	52,099	22,690
	1,612,284	1,233,133
Interest expense:		
Interest on borrowings	240,997	163,701
Interest on proceeds from customers' short sale	1,290	714
Interest on customers' deposits	32,435	22,822
Interest on bonds sold under repurchase agreements	225,546	162,594
Interest on call money	14,365	14,349
Interest on debentures	76,505	84,006
Interest on issued notes	205,975	101,911
Interest on lease liabilities	1,422	1,184
Others	22,432	6,327
	820,967	557,608
	₩ 791,317	₩ 675,525

Interest income accrued from impaired loan is ₩ 6,601 million and ₩ 714 million for the years ended December 31, 2023 and 2022, respectively.

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32. GAINS AND LOSSES ON FINANCIAL ASSETS AT AMORTIZED COST

Details of gains and losses on valuation and disposal of financial assets at amortized cost for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Gains on disposal of financial assets at amortized cost	₩ 68	₩ 9,024

33. PROVISION (REVERSAL) OF ALLOWANCE FOR CREDIT LOSSES

Provision (reversal) of allowance for credit losses for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Provision of allowance for credit losses		
Financial assets at FVOCI	₩ 747	₩ 1,538
Financial assets at amortized cost	117,322	37,016
Provision for off-balance-sheet accounts	546	-
	118,615	38,554
Reversal of allowance for credit losses		
Financial assets at FVOCI	712	46
Financial assets at amortized cost	7,890	-
Provision for off-balance-sheet accounts	-	2,364
	8,602	2,410
	₩ 110,013	₩ 36,144

34. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Salaries:		
Short-term salaries	₩ 441,341	₩ 353,129
Severance benefits	39,860	53,600
Early retirement	145	-
Employee benefits	125,835	117,814
	607,181	524,543
Depreciation:		
Depreciation expense	43,571	34,552
Amortization expenses of intangible assets	2,904	2,294
Depreciation expense of right-of-use assets	28,561	27,791
	75,036	64,637
Other general and administrative expenses:		
IT expenses	37,472	37,749
Rent	6,609	6,059
Commission	56,322	55,684
Entertainment expenses	19,514	19,964
Advertisement expenses	26,351	24,333
Training expenses	2,498	2,309
Taxes and dues	48,321	38,298
Commission on consignment	1,577	1,938
Conference expenses	1,945	2,134
Printings	1,970	2,211
Travel	4,467	3,635
Vehicle maintenance	868	877
Supplies	970	1,271
Utility expenses	2,790	2,220
Insurance premium	13,005	16,243
Event expenses	8,874	7,810
Others	36,950	33,161
	270,503	255,896
	₩ 952,720	₩ 845,076

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The performance condition share-based payments agreement granted to Group's employees as at December 31, 2023 and 2022, are as follows:

1) Performance condition share-based payments

(in millions of Korean won)

	2023	2022
Beginning balance	₩ 3,256,856	₩ 2,842,714
Grant	904,885	1,664,927
Payment and others	1,566,445	1,250,785
Ending balance	₩ 2,595,296	₩ 3,256,856

1. Based on stock-linked share-based payments, the Group paid for the quantities of the granted share options, which subject to be deferred, in cash in 3 years with installments by applying base stock price, and evaluated fair value of the base stock price to be paid in the future at arithmetic average closing prices for a base month at the each of time of settlement. Accordingly, the fair value of base stock price as at December 31, 2023, is ₩ 10,355.

2) The Group accounts for performance condition share-based payments according to the cash-settled method and the fair value of the liabilities is reflected in the compensation costs by re-measuring every closing period. As at December 31, 2023, the book value of the liabilities related to the performance condition share-based payments recognized by the Group amounts to ₩ 26,874 million.

35. OTHER OPERATING REVENUE (EXPENSES)

Other operating revenue and expenses for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Other operating revenue:		
Dividend income	₩ 62,354	₩ 64,372
Other income of debt securities at FVTPL	247,067	184,023
Gain on disposals of commodity	44	2
Gain on valuation of commodity	1	-
Reversal of asset retirement obligation	2,735	2,406
Others	4,173	4,776
	316,374	255,579
Other operating expenses:		
Loss on disposals of commodity	29	10
Loss on valuation of commodity	2,226	-
Provision of asset retirement obligation	280	92
Other provision	98,402	24,130
Others	50,426	36,726
	151,363	60,958
	₩ 165,011	₩ 194,621

36. NON-OPERATING INCOME (EXPENSES)

Non-operating income and expenses for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Non-operating income:		
Gain on disposals of property and equipment	₩ 39	₩ 106
Gain on disposals of intangible assets	-	8
Reversal of impairment loss on intangible assets	-	631
Rent	14,705	4,005
Share of profit of associates	30,900	29,520
Gain on disposals of investments in associates	27,706	2,541
Other non-operating income	21,757	7,534
	95,107	44,345
Non-operating expenses:		
Loss on disposals of property and equipment	1,807	1,811
Loss on disposals of intangible assets	6	7
Share of loss of associates	12,441	46,328
Loss on disposals of investments in associates	12,304	9,454
Donations	6,700	3,216
Other non-operating expenses	66,877	64,671
	100,135	125,487
	₩ (5,028)	₩ (81,142)

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37. INCOME TAX EXPENSE

Details of income tax expense for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Current income tax payable	₩ 286,530	₩ 135,014
Changes in deferred income taxes due to temporary differences	(88,524)	4,342
Changes in deferred income taxes directly in equity	(18,143)	7,713
Adjustment or prior year tax return	687	7,134
Others (income tax refund)	(12,869)	(16,916)
Income tax expense	₩ 167,681	₩ 137,287

Income tax expense for the years ended December 31, 2023 and 2022, can be reconciled to net income as follows:

(in millions of Korean won)

	2023	2022
Income before income tax expense	₩ 720,729	440,216
Tax calculated at statutory tax rate (2023: 25.00%, 2022: 25.20%)	179,910	110,697
Adjustments:		
Expenses not deductible for tax purposes (2023: ₩ 20,840 million, 2022: ₩ 22,305 million)	5,457	6,087
Income not taxable for tax purposes (2023: ₩ 5,196 million, 2022: ₩ 4,028 million)	(1,358)	(1,094)
Effects of unrecognized deferred income taxes due to temporary differences	(15,424)	8,869
Effect of the tax system for recirculation of corporate income	10,861	10,598
Adjustment or prior year tax return	687	7,134
Others (difference of tax rate)	(12,452)	(5,004)
Income tax expense	₩ 167,681	₩ 137,287
Effect tax rates	23.27%	31.19%

Changes in temporary differences and the related income tax assets and liabilities for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		
	Beginning balance	Additions and deductions[1]	Ending balance
Accrued severance benefits	₩ 222,845	₩ 50,100	₩ 272,945
Contribution for retirement allowances	(222,845)	(21,511)	(244,356)
Valuation of financial assets at fair value	568,571	(179,722)	388,849
Valuation of financial assets at FVOCI	(21,175)	33,036	11,861
Valuation of securities in short position	(186,008)	327,536	141,528
Valuation of securities in short position at OCI	(332,416)	(164,664)	(497,080)
Valuation of derivative	(707,516)	229,883	(477,633)
Gain on valuation of derivative (hedging)	5,283	(7)	5,276
Accrued interest on receivables	(171,913)	(26,104)	(198,017)
Property and equipment	11,807	(865)	10,942
Right-of-use assets	(39,986)	(48,632)	(88,618)
Lease liabilities	43,341	41,765	85,106
Other provision for expected credit losses	272,819	39,970	312,789
Estimated cost (annual paid leave)	110,603	(24,831)	85,772
Gain on foreign currency translation	(22,468)	29,848	7,380
Others	169,884	(37,648)	132,236
	(299,174)	248,154	(51,020)
Not recognized as deferred tax assets	7,239	(101,771)	(94,532)
Recognized as deferred tax assets	₩ (306,413)	₩ 349,925	₩ 43,512
Tax rate	26.5%, etc		26.4%, etc
Deferred tax assets (liabilities)	₩ (74,739)		₩ 13,785

1. Reflects the change in the temporary differences arising from the declaration of income taxes.

(in millions of Korean won)

	2022		
	Beginning balance	Additions and deductions[1]	Ending balance
Accrued severance benefits	₩ 234,585	₩ (11,740)	₩ 222,845
Contribution for retirement allowances	(195,702)	(27,143)	(222,845)
Valuation of financial assets at fair value	287,014	281,557	568,571
Valuation of financial assets at FVOCI	(2,052)	(19,123)	(21,175)
Valuation of securities in short position	(82,094)	(103,914)	(186,008)
Valuation of securities in short position at OCI	(396,597)	64,181	(332,416)
Valuation of derivative	(402,697)	(304,819)	(707,516)

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	2022		
	Beginning balance	Additions and deductions[1]	Ending balance
Gain on valuation of derivative (hedging)	5,283	-	5,283
Accrued interest on receivables	(140,343)	(31,570)	(171,913)
Property and equipment	12,652	(845)	11,807
Right-of-use assets	(44,156)	4,170	(39,986)
Lease liabilities	51,359	(8,018)	43,341
Other provision for expected credit losses	287,563	(14,744)	272,819
Estimated cost (annual paid leave)	122,620	(12,017)	110,603
Gain on foreign currency translation	(86,533)	64,065	(22,468)
Others	(133,908)	303,792	169,884
	(483,006)	183,832	(299,174)
Not recognized as deferred tax assets	(227,017)	234,256	7,239
Recognized as deferred tax assets	₩ (255,988)	₩ (50,425)	₩ (306,413)
Tax rate	22% or 27.5%		26.5%, etc
Deferred tax liabilities	₩ (70,396)		₩ (74,739)

1. Reflects the change in the temporary differences arising from the declaration of income taxes.

Details of temporary differences that are not recognized as deferred tax assets (liabilities) as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022	Reasons for exclusion
Transfer price tax	₩ 1,713	₩ 1,713	Uncertain possibilities of extinction
Subsidiaries	(135,440)	(98,141)	Uncertain possibilities of extinction
Deemed dividend	39,195	103,667	Uncertain possibilities of extinction
	₩ (94,532)	₩ 7,239	

Details of deferred tax that have been recognized directly in equity for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Gain or loss on valuation of financial assets at FVOCI	₩ (42,941)	₩ 20,703
Gain or loss on valuation of derivative	1,176	(50)
Actuarial gains and losses	10,681	(4,821)
Gain or loss on credit risk fluctuation of financial liabilities designated at FVTPL	8,743	(5,047)
Gain or loss on overseas business translation	4,198	(3,072)
	₩ (18,143)	₩ 7,713

38. BASIC AND DILUTED EARNINGS PER SHARE

The basic earnings per share is calculated by dividing net income by weighted-average number of common shares outstanding:

(in millions of Korean won)

	2023	2022
Net income attributable to the equity holders of the parent	₩ 556,440	₩ 303,419
Dividend on preferred stock	944	944
Net income attributable to common shares	₩ 555,496	₩ 302,475
Weighted-average number of common shares outstanding[1]	349,846,695	343,297,328
Basic earnings per share (in Korean won)	₩ 1,588	₩ 881
Diluted earnings per share (in Korean won)	1,588	881
Basic earnings per share (Preferred stock) (in Korean won)	1,638	931

1. Existing preferred stocks which meet the definition under paragraph 5 of Korean IFRS 1033 are included.

Details of the weighted-average number of common shares outstanding as at December 31, 2023 and 2022, are as follows:

(in shares)

	Accumulated number of shares issued during period	Accumulated number of treasury stocks during period	Accumulated number of shares outstanding during period	Days	Weighted-average number of shares outstanding
2023	127,945,964,485	251,920,740	127,694,043,745	365	349,846,695
2022	125,556,354,139	252,829,378	125,303,524,761	365	343,297,328

The diluted earnings per share are the same as the basic earnings per share because there are no dilutive securities granted by the Parent Company for the years ended December 31, 2023 and 2022.

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39. STATEMENTS OF CASH FLOWS

Other adjustments to reconcile net income to net cash used in operating activities for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Income tax expense	₩ 167,681	₩ 137,287
Interest income	(1,612,284)	(1,233,133)
Interest expense	820,967	557,607
Dividend income	(309,421)	(248,394)
Gain on valuation of financial instruments at FVTPL	(1,673,533)	(2,367,564)
Loss on valuation of financial instruments at FVTPL	1,469,970	2,567,589
Gain on disposal of financial assets at FVOCI	(18,943)	(8,852)
Loss on disposal of financial assets at FVOCI	34,125	10,823
Transfer to reserve for credit risk loss of financial assets at FVOCI	35	1,492
Bad debt expense	109,432	37,016
Gain on disposal of financial assets at amortized cost	-	(8,956)
Loss (gain) on foreign currency translation	29,783	(9,420)
Depreciation of property and equipment / investment property	47,324	35,087
Depreciation of right-of-use assets	28,561	27,791
Amortization	2,904	2,294
Gain on disposal of property and equipment	(39)	(106)
Loss on disposal of property and equipment	1,807	1,811
Gain on disposal of intangible assets	-	(8)
Loss on disposal of intangible assets	6	7
Reversal of impairment loss on intangible assets	-	(631)
Provisions for credit losses	99,228	24,222
Reversal of provisions	(2,735)	(4,771)
Severance benefits-defined benefit	19,307	26,427
Gain on disposal of investments in associates	(27,706)	(2,540)
Loss on disposal of investments in associates	12,304	9,454
Loss on non-controlling interests	45,691	26,812
Share of profit of associates	(30,900)	46,328
Share of loss of associates	12,441	(29,520)
Other gain or loss	(165)	(3,417)
	₩ (774,160)	₩ (405,265)

Changes in operating assets and liabilities for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Decrease (increase) in financial assets at FVTPL	₩ (1,291,342)	₩ 10,015,312
Decrease (increase) in financial assets at amortized cost	(1,967,563)	135,398
Decrease in other assets	47,708	39,000
Increase (decrease) in deposits due to customers	1,540,535	(2,081,450)
Decrease in financial liabilities at FVTPL	(2,099,902)	(741,567)
Increase (decrease) in other financial liabilities	2,035,150	(1,197,132)
Decrease in derivative liabilities (hedging)	(1,219)	(6,169)
Decrease in provisions	(117,007)	(16,400)
Increase (decrease) in other liabilities	(13,212)	14,713
	₩ (1,866,852)	₩ 6,161,705

Investing and financing activities not involving cash inflows and outflows for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Gain or loss on valuation of financial assets at FVOCI[1]	₩ (165,188)	₩ 63,765
Remeasurement of the defined benefit plan[1]	40,556	(18,450)
Gain or loss on valuation of derivatives (hedging)[1]	(1,015)	(1,880)
Adjustment of valuation of credit risk[1]	33,036	(19,123)
Reclassification of construction in progress to equipment	(27,244)	(17,128)
Transfers to/from land and buildings from/to investment properties	(4,313)	4,553
Setting provision of restoration	3,277	5,135
Appropriation of legal reserve	(24,584)	(33,193)
Transfer (reserve) for bad debt	3,871	(10,880)
Voluntary reserve	(72,000)	(417,500)

1. Amount before subtracting deferred income tax

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Cash and cash equivalents as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Cash on hand	₩ 39,900	₩ 55,488
Current deposits	7,770	6,917
Deposits in foreign currency	1,665,591	1,175,052
Other deposits	462,219	729,777
	₩ 2,175,480	₩ 1,967,234

Changes in financing liabilities for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Beginning balance	Cash flows from financing activities	Fluctuation of foreign exchange rate	Others	Ending balance
Borrowings	₩ 18,026,331	₩ 590,983	₩ 18,785	₩ 283,044	₩ 18,919,143
Debentures	3,517,735	(618,162)	6,539	8,841	2,914,953
Lease liabilities	50,449	(36,701)	-	76,474	90,222
Leasehold deposits received	7,186	(394)	-	804	7,596
Accrued dividends	-	(245,841)	-	245,841	-
Non-controlling liabilities	698,498	(3,751)	-	72,602	767,349
	₩ 22,300,199	₩ (313,866)	₩ 25,324	₩ 687,606	₩ 22,699,263

(in millions of Korean won)

	2022				
	Beginning balance	Cash flows from financing activities	Fluctuation of foreign exchange rate	Others	Ending balance
Borrowings	₩ 20,072,272	₩ (2,559,178)	₩ 38,905	₩ 474,332	₩ 18,026,331
Debentures	3,415,340	62,215	24,220	15,960	3,517,735
Lease liabilities	54,950	(32,174)	-	27,673	50,449
Leasehold deposits received	8,321	(1,134)	(1)	-	7,186
Accrued dividends	-	(331,926)	-	331,926	-
Non-controlling liabilities	622,980	59,640	-	15,878	698,498
	₩ 24,173,863	₩ (2,802,557)	₩ 63,124	₩ 865,769	₩ 22,300,199

40. CONTINGENCIES AND COMMITMENTS

The Group has entered into several arrangements with the financial institutions, and the details of arrangements including credit limits as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won and in USD, VND, IDR and HKD)

Confirmed guarantee	Financial institution	Limits 2023	Limits 2022
Intra-day-credit	NH Bank	₩ 500,000	₩ 500,000
	Woori Bank etc.	180,000	180,000
	JP Morgan Chase Bank.[2]	USD 10,000,000	USD 10,000,000
	Euro-Clear[2]	USD 100,000,000	USD 100,000,000
	Korea Securities Depository	USD 15,000,000	USD 15,000,000
Deposit collateralized overdrafts commitment	Woori Bank etc.	₩ 47,500	₩ 47,500
	NH Bank	150,000	-
Performance payment guarantee	Seoul Guarantee Insurance	8,085	9,195
Discounting notes arrangement (Securities Finance General Fund)	Korea Securities Finance Corp.[1]	200,000	200,000
Discounting notes arrangement (Deposit margin deposit)	Korea Securities Finance Corp.[1]	Subscription deposits	Subscription deposits
Borrowing from KSFC	Korea Securities Finance Corp.[1]	1,750,000	1,750,000
Borrowing securities from KSFC	Korea Securities Finance Corp.[1]	300,000	300,000
Borrowing for support to guarantee finance	Korea Securities Finance Corp.[1]	1,900,000	1,900,000
Borrowing for operating fund	Korea Securities Finance Corp.[1]	268,000	268,000
Borrowing for operating fund (customers)	Korea Securities Finance Corp.[1]	Customer's deposits	Customer's deposits
Borrowing for bond dealer	Korea Securities Finance Corp.[1]	260,000	260,000
Daily money trading	Korea Securities Finance Corp.[1]	200,000	200,000
Foreign currency liquidity supply agreement	JP Morgan Chase Bank	USD 100,000,000	-
	DBS Bank	USD 50,000,000	-
Term loans	NH Bank	USD 20,000,000	USD 30,000,000
	KEXIM Asia Ltd.	-	USD 15,000,000
	BIDV Bank	VND 385,848,000,000	VND 300,000,000,000
	NH Bank (HN Branch)	VND 110,000,000,000	VND 110,000,000,000
	Hana Bank	VND 180,000,000,000	-
	Vietin Bank	VND 300,000,000,000	-
Overdraft loans	BIDV Bank	VND 529,200,000,000	VND 1,328,020,400,000
	UOB	IDR 30,000,000,000	IDR 30,000,000,000

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Confirmed guarantee	Financial institution	Limits			
		2023		2022	
Overdraft loans	CIMB NIAGA	IDR	175,000,000,000	IDR	175,000,000,000
	KEB HANA	IDR	25,000,000,000	IDR	50,000,000,000
	Bank of China(HK)		-	HKD	400,000,000
	Taishin International Bank Hong Kong Branch	USD	120,000,000	USD	20,000,000
	E.SUN COMMERCIAL BANK, LTD., HONG KONG BRANCH		-	USD	10,000,000
	Malayan Banking Berhad Hong Kong Branch	EUR	100,000,000	USD	50,000,000
	WOORI Saudara	IDR	30,000,000,000		-
	NongHyup Bank Hong Kong Branch	USD	10,000,000		-
	Standard Chartered Bank (Hong Kong) Limited	USD	60,000,000		-
Limited loans, etc	Industrial Bank Of Korea	₩	400	₩	200
	Shinhan Bank		800		800
	NH Bank		2,900		2,900
	Kookmin Bank		500		3,500
	Hana Bank		1,600		1,600
	Seoul Guarantee Insurance		3,187		4,338

1. This arrangement may be suspended during the term of the contract due to changes in the financial situation or the judgment of the lender.
2. This arrangement is subject to change based on the size of the assets / transactions of the consolidated entities and internal standards of financial institutions.

The details of the number of lawsuits and the aggregated amounts of litigations as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Content		2023		2022	
		Number of cases	Amount	Number of cases	Amount
As defendant[1,2]	Outstanding lawsuits etc.	67	₩ 433,352	63	₩ 613,309
As plaintiff	Outstanding lawsuits etc.	24	106,653	18	103,541

1. Major on-going lawsuits as at December 31, 2023 are a demand for return of New Regeneration Energy related asset backed securities with price of purchase and sale value amounting to ₩ 12,564 million (2022: ₩ 180,200 million), demand for return of unjust enrichment related to DLS of ₩ 215,937 million (2022: ₩ 194,160 million), demand for return of unjust enrichment related to Optimus of ₩ 123,600 million (2022: ₩ 122,241 million), demand for return of unjust enrichment related to Taurus Sejong Fund of ₩ 3,000 million, demand for return of unjust enrichment related to deposits of ₩ 193 million, demand for transfer of shares of ₩ 1,277 million, and other claims for damages of ₩ 76,781 million (2022: ₩ 116,545 million). The final outcome and effect of the litigation cannot be disclosed as at December 31, 2023.
2 The competent court (Seoul Central District Court, etc.) has ruled partially citing the plaintiff's claim in the first ruling (July 2023 - February 2024) on the claim for return of unfair profits related to Optimus. Excluding some of the cases ruled above, the amounts for the lawsuit in relation to the Optimus Funds, which is currently in the first trial, are ₩ 35,300 million. The final outcome and effect of the litigation cannot be disclosed as at December 31, 2023.

Details of contingent liabilities regarding guarantees and loan commitments as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	Counter party	Amount of guarantees			
		2023		2022	
Purchases and acquisitions commitment	Macquarie Korea Infrastructure Fund etc.	₩	441,488	₩	192,411
Loan commitments[1]	Revere Power, LLC etc.		1,644,978		553,893
Unfulfilled contribution commitment	JKL 10th Private Equity Fund etc.		419,315		377,364
		₩	2,505,781	₩	1,123,668

1. Included commitment to acquisition of private equity bonds.

As at December 31, 2023, NH Futures CO., LTD., a subsidiary, has received a partial suspension of business from the Financial Services Commission for violating the Foreign Exchange Transactions Act in relation to an abnormal foreign currency remittance transaction, and a lawsuit is in progress pursuant to the dual punishment provisions of the Foreign Exchange Transactions Act (Article 31). Therefore, the final outcome and effect of the litigation cannot be disclosed as at December 31, 2023.

	Description
Business suspension period	Partial suspension period on business: 2023.12.04~2024.05.09 Suspension of measure and commencement date of new business: 2024.05.10
Details of business suspension	New foreign exchange business based on the funds additionally paid by new non-resident customers and existing non-resident customers

Details of securities deposited from the customer as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022		Details of evaluation
Securities for brokerage	₩	263,358,337	₩	233,797,804	Fair value
Securities for savings		216,886		193,312	Fair value
Beneficiary securities		61,658,319		59,989,238	Base price[1]
Other securities		80,861		73,785	Fair value
	₩	325,314,403	₩	294,054,139	

1. It corresponds to the fair value at the price announced by Korea Financial Investment Association.

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41. RELATED PARTY TRANSACTIONS

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

	Related parties
Ultimate controlling company	NACF
Parent company	NH Financial Group Inc.
Entities under common control	NH Bank, Nonghyup Life Insurance Co. Ltd., Nonghyup Property & Casualty Insurance Co. Ltd., NH Capital Co. Ltd., NH Savings Bank, NongHyup REITs Management Co. Ltd., NH Venture Investment Co., Ltd., NH-Amundi Global TPG Asia VII Private Equity Fund 1, NH-Amundi MBKP Special Situations I Private Fund 1, NH-Amundi Global Infra Fund No.13, VOGO U.S. Buyout Private Fund IV (Reindirect Type), NH-Amundi BCP VIII Private Fund 2, Kiwoom Strada General Investment Trust, Consus Seoul Chuncheon Highway General Private Sepcial Asset Investment Trust, HDC Value Up private 5 (Bond- derivative) and 29 other fund Structured Entities, KAMCO Value Recreation 4th Securitization Specialty Co., Ltd., Personal Pension Trusts and 10 other consolidated trusts, Nonghyup Finance Myanmar, Nonghyup Finance Cambodia, NH HYEONJUNG HOLDINGS INC. and 5 others, Woori Global REF Private Balanced Trust
Associates	Blue Ocean Corporate's Financial Stabilization Private Equity Fund No.1, NH-LB Growth Champ 2011- 4 PEF, NH Agri-biz Value PEF, Aeneas-NH Private Equity Fund, NH AJUIB Growth 2013 Private Equity Fund, IBK-NH Small Giant Private Equity Fund, TRUBEN-Global Healthcare Private Equity Joint Co., Ltd., Yeouido Cultural Broadcasting Site Development PFV, Stassets DA value Investment Association No.2, Stassets DA value Investment Association No.3, Ascendo New Generation Healthcare Investment, NH-AJU Digital Fund, NH-AJU KOSDAQ ScaleUp Fund, Sprott Global Renewable Private Equity Fund No.1, NH-Paxtone Private Equity Fund, NH-OPUS Corporate Financial Stability Private Equity Fund, Square-DA value Fund No.1, MK Ventures-K Clavis Growth Capital Venture Fund No.1, Mastern No.51 Yeouido PFV Co., Ltd., Smile Gate Vietnam Cairo Partnership PEF No.1, NH-Soo Investment Innovative Growth M&A Fund, NH-OPUS II Corporate Financial Stability Private Equity Fund, NH Co-Investment Private Equity Fund, Korea Investment-Brick Investment New Technology Investment Fund 1st, Harvest Private Equity Fund II, NH-SYNERGY BIO Fund, NH SYNERGY M.C.E. New Technology Investment Fund, NH-Meritz Contents 1 Fund, NH-IBKC Bio New Technology Fund, NH-Horizon Secondary Fund, Kyobo NH Healthcare Fund I, The Lakebridge-Samsung Securities Growth Fund Ⅰ, NH IBKC Dental Solution Investment Fund, LD New Technology Business Investment Fund 2, Recovery Partners Co., Ltd., Kiwoom AI New Technology Business Investment Fund, Meritz- NH healthcare 1 Fund, Smilegate Aphrodite Sub One Fund, Smart Quaternary Industry Square Investment Fund, KCLAVIS Cloud Fund No.1, J&Hercules Private Equity Fund, Credit Minerva Private Equity Fund Pravate Equity Fund, The Overseas Growth Fund 1, POSITIVE Sobujang Venture Fund #1, NH-OPUS III Corporate Financial Stability Private Equity Fund, NH Meritz High-tech Fund, NH Daishin Kyobo Healthcare Fund 1, MIDAS No.2 PRIVATE EQUITY FUND, LB Private Equity Fund III-1, DAYLI Swanson Bio Healthcare Fund 8, HI YG Win-win Fund No.1, NH-Brain EV Fund, Pentastone Bridge 1 Funds, SJGP YG Fund No.1, NH-Alpha 1st Fund, NH-J&-IBKC Label Technology Fund, NH EBEST MATERIALS Fund No.1, NH Absolute Mezzanine Private Equity Fund No.1, NH Absolute Pre IPO Private Equity Fund No.1, NH Absolute Pre IPO Mezzanine Private Equity Fund No.1, NH Absolute Mezzanine Private Equity Fund No.3, NH Absolute Mezzanine Private Equity Fund No.4, NH Absolute Project L General Private Placement Investment TrustNH Absolute Project H General Private Placement Investment Trust, NH-Principle Private Equity Fund, NH-U&S-Brain Pre-IPO Investment Fund, NH Digital Alliance Fund, NH Agtech Innovation Private Equity Fund, NEXT TRADE CO.,LTD., NH Woori Newdeal Growth Alpha Private Equity Fund 1, ESG Leaders 1st Private Equity Fund, DBOrbit-SDH New Technology Business Investment Fund, Global Materials Parts Equipment Fund, NH-IBKC EV Fund, Newmain-Wanted Lab Ⅰ Funds, KAI-Electric Fund 1, Meritz-Simone Fund 1, BNW Recharge Private Equity Fund, Pine Tree III VC Private Equity Fund, PECTUS -IBKC Fund No.1, KNT- Daishin Fund No.3, NH-Susung No.1 Mezzanine New Technology Investment Fund, SJGP YG Fund No.4, Cape Rechargeable Battery Fund No.1, NH-IBKS KONEX SCALEUP FUND, NH Special Purpose Acquisition 19 Co., Ltd., NH Special Purpose Acquisition 20 Co., Ltd., NH Special Purpose Acquisition 23 Co., Ltd., NH Special Purpose Acquisition 24 Co., Ltd., NH Special Purpose Acquisition 25 Co., Ltd., NH Special Purpose Acquisition 26 Co., Ltd., NH Special Purpose Acquisition 27 Co., Ltd., NH Special Purpose Acquisition 29 Co., Ltd., NH Special Purpose Acquisition 30 Co., Ltd., Edupalace Co., Ltd., Seoul Sungbo Co., Ltd., Younggu Daekwang Banjisan Development Co., Ltd., Shandong Hansang Co., Ltd., Edupalace INC
Other related parties[1]	NH-Amundi Asset Management Co., Ltd., Korea Credit Bureaus Co., Ltd., Kyunggi-DSC Superman Investment Fund No.1, SAM JIN EI WHA CO.,LTD., Seasons Shipping Co., Ltd., Korea Growth Opportunity Private Equity Fund No.1, IFFCO-Kisan Finance Ltd., NHC-DTNI Agrifood ABC Investment Fund No.1, NHC-DTNI Agrifood general Investment Fund No.2, NH Gimhae IND, Atilla-infra Private Equity Fund No.1, Nonghyup Agribusiness Group Inc., NH Networks Co., Ltd., NH Information System Co., Ltd., Agricultural Cooperative Asset Management Co., Ltd., Nonghyup Partners, Nonghyup Hanaro Mart Inc., Nonghyup Food Inc., Agricultural Cooperative Marketing Co., Ltd., Nonghyup Logistics Service Inc., NongHyup Chemical Co., Ltd., NH Trading Co., Ltd., Nonghyup-Agro, Inc., Agricultural Corporation Nonghyup Food Grain Inc., Namhae Chemical Corporation, Nonghyup Moguchon Inc., Nonghyup Feed Inc., Nong Woo Bio Co., Ltd., Agricultural Corporation Nonghyup Food Inc., PUBLIC HOMESHOPPING, Orion Nonghyup Agri, inc., NH-Hay Inc., NH TMR Co., Ltd., Nisso- namhae Agro Co., Ltd., KOREA NONGHYUP INTERNATIONAL, Nonghyup America Inc., Eunaegi (Shanghai) Trading Co., Ltd., Beijing Shinong Seed Co., Ltd., Nongwoo Seed America Inc., PT. Koreana Seed Indonesia, Nongwooseed India Pvt. Ltd., Beijing shinong International Trading Co., Ltd, NONGWOOSEED MYANMAR CO., Ltd., NONGWOOBIO TOHUMCULUK SANAYI TICARET ANONIM SIRKETI, Daewoo Logistics Corp., NH-NAU Agro Food 1st Private Equity Fund, GNO Co., Ltd., Stonebridge Rising Star Venture Fund No.1, NH-NAU Agro Food 2nd Private Equity Fund, NH-UON Fund No.1, NH Agri-Food Venture Fund, Home&Shopping Co., Ltd., Gongso Group (Tianjin) International Loan Fastening Co., Ltd., NH Venture - AJU IB New Growth Fund, OL Va Ran. Inc., TS Daesung H Professional Investment Type Private I Investment Company, Tosoh Silica Corporation, GARAK SUSAN Co., Ltd., PROTEK KOREA Co., Ltd., Cardo Inc., Geum-Wang FONE CO., Ltd., NH-IRIS ESG Fund, NH-Deep Dive Smart Logistics Fund, PARADISE CO., Ltd., NES Materials Corporation, Korea-ASEAN Technology Fund 1, Korea-ASEAN Technology Fund 2, MEDILAB, NH-DX Open Innovation Fund, HAIL LAND 2022JE9HOSAMO INVESTMENT LIMITED PARTNERSHIP, NH Young-Farmers Venture Fund, NH-NICE Venture Fund-1, IFC KOREA INC., NH-ARA Value-add No.1 Private Equity Fund, SRCL KOREA CO., LTD., STERICYCLE KOREA CO., LTD., Envitech co. LTD, Farmco, Evermount Harbor Bricks Private Equity Fund

1. Companies affiliated with large corporate groups excluding parent companies, subsidiaries, associates, and other special parties are included.

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Assets and liabilities from transactions with related parties as at December 31, 2023 and 2022, are as follows:

<Assets>

(in millions of Korean won)

Related parties	Accounts	2023	2022
Entities under common control:			
NH Bank	Deposits	₩ 941,983	₩ 565,563
	Other assets	9,278	7,384
Associates:			
NH Agri-biz Value PEF	Other assets	146	140
IBK-NH Small Giant Private Equity Fund	Other assets	1	16
NH-Paxtone Private Equity Fund	Other assets	115	115
NH-OPUS Corporate Financial Stability Private Equity Fund	Other assets	205	359
NH-OPUS II Corporate Financial Stability Private Equity Fund	Other assets	119	176
NH Co-Investment Private Equity Fund	Other assets	1,385	522
NH-AJU KOSDAQ ScaleUp Fund	Other assets	307	267
NH-SYNERGY BIO Fund	Other assets	43	-
NH IBKC High-tech 1 Fund[1]	Other assets	-	46
Kyobo NH Healthcare Fund	Other assets	13	13
NH Kyobo AI Solution Investment Fund[1]	Other assets	-	41
NH IBKC Dental Solution Investment Fund	Other assets	44	44
NH Midas PEF No.1[1]	Other assets	-	49
NH-J&-IBKC Label Technology Fund	Other assets	100	13
NH-OPUS III Corporate Financial Stability Private Equity Fund	Other assets	158	125
NH-Soo Investment Innovative Growth M&A Fund	Other assets	346	248
NH Digital Alliance Fund	Other assets	246	246
NH-Principle Private Equity Fund	Other assets	47	42
NH-U&S-Brain Pre-IPO Investment Fund	Other assets	37	-
NH Agtech Innovation Private Equity Fund	Other assets	154	307
NH Woori Newdeal Growth Alpha Private Equity Fund 1	Other assets	794	-
NH SYNERGY M.C.E. New Technology Investment Fund	Other assets	30	-
Meritz-NH Healthcare No. 1	Other assets	58	-
NH-IBKC Bio New Technology Fund	Other assets	205	-
NH-Meritz Hightech Fund	Other assets	34	-
NH-IBKS KONEX SCALEUP FUND	Other assets	8	-
NH Special Purpose Acquisition 19 Co., Ltd.	Other assets	10,318	19,259
NH Special Purpose Acquisition 20 Co., Ltd.	Other assets	8,116	7,351
NH Special Purpose Acquisition 22 Co., Ltd.[1]	Other assets	-	3,023
NH Special Purpose Acquisition 23 Co., Ltd.	Other assets	3,247	2,808
NH Special Purpose Acquisition 24 Co., Ltd.	Other assets	1,590	1,367
NH Special Purpose Acquisition 25 Co., Ltd.	Other assets	1,296	1,052
NH Special Purpose Acquisition 26 Co., Ltd.	Other assets	1,704	1,702
NH Special Purpose Acquisition 27 Co., Ltd.	Other assets	1,421	1,391
NH Special Purpose Acquisition 28 Co., Ltd.[1]	Other assets	-	680
NH Special Purpose Acquisition 29 Co., Ltd.	Other assets	4,486	-
NH Special Purpose Acquisition 30 Co., Ltd.	Other assets	2,127	-
Incheon Hangdong Officetel PF (NS Partners Inc.)[1]	Loan receivables	40,591	36,264
Yeouido Cultural Broadcasting Site Development PFV	Loan receivables	4,370	-
NH Absolute Pre IPO Mezzanine Private Equity Fund No.1	Other assets	1,384	1,434
NH Absolute Mezzanine Private Equity Fund No.1	Other assets	2,516	2,704
NH Absolute Pre IPO Private Equity Fund No.1	Other assets	1,101	681
NH Absolute Project H General Private Placement Investment Trust	Other assets	25	-
NH Absolute Mezzanine Private Equity Fund No.3	Other assets	293	150
NH Absolute Mezzanine Private Equity Fund No.4	Other assets	86	-
NH Absolute Project L General Private Placement Investment Trust	Other assets	55	-
Mastern No.51 Yeouido PFV Co., Ltd.	Loan receivables	28,002	28,787
		₩ 1,068,584	₩ 684,369

1. Excluded from the Group's related parties for the year ended December 31, 2023.

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<Liabilities>

(in millions of Korean won)

Related parties	Accounts	2023	2022
Entities under common control:			
NH Bank	Deposits due to customers	₩ 104	₩ 251
	Derivative liabilities	-	243
	Other liabilities	90,873	50,560
Nonghyup Life Insurance Co., Ltd	Deposits due to customers	2	2
Nonghyup Property & Casualty Insurance Co., Ltd.	Derivative liabilities	8,168	-
NH Capital Co., Ltd.	Deposits due to customers	6,708	11,918
Associates:			
NH-Meritz Contents 1 Fund	Other liabilities	48	48
NH-Horizon Secondary Fund	Other liabilities	16	16
NH-IBKC Bio New Technology Fund	Other liabilities	-	152
NH-Brain EV Fund	Other liabilities	39	39
Meritz-NH Healthcare 1 Fund	Other liabilities	-	54
NH EBEST MATERIALS Fund No.1	Other liabilities	16	35
NH Daishin Kyobo Healthcare Fund 1	Other liabilities	15	60
NH-IBKC EV Fund	Other liabilities	124	-
NH-Susung No.1 Mezzanine New Technology Investment Fund	Other liabilities	112	-
Other related parties:			
NH Networks Co., Ltd.	Other liabilities	5	5
Nonghyup Partners	Other liabilities	-	7
Nong Woo Bio Co.	Deposits due to customers	10,704	9,141
	Other liabilities	-	3
Nonghyup Feed Inc.	Deposits due to customers	50	54
		₩ 116,894	₩ 72,588

The amount of right-of-use assets recognized from lease transactions with related parties such as NH Information System Co., Ltd. as at December 31, 2023 and 2022, are ₩ 3,004 million and ₩ 1,126 million, and lease liabilities are ₩ 3,003 million and ₩ 1,123 million, respectively.

Transactions occurred with related parties for the years ended December 31, 2023 and 2022, are as follows:

<Revenue>

(in millions of Korean won)

Related parties	Accounts	2023	2022
Ultimate controlling company:			
NACF	Other operating revenue	₩ 1	₩ 1
Entities under common control:			
NH Bank	Interest income	11,784	3,641
	Other operating revenue	1,263	3,797
	Commission	590	724
Nonghyup Life Insurance Co., Ltd	Commission	27	4
	Other operating revenue	2	-
Nonghyup Property & Casualty Insurance Co. Ltd	Commission	30	29
NH Capital Co. Ltd.	Other operating revenue	-	33
Associates:			
NH Agri-biz Value PEF	Commission	81	87
Aeneas-NH Private Equity Fund	Commission	-	113
NH AJUIB Growth 2013 Private Equity Fund	Commission	-	20
NH-QCP SME Global Investment Partnership PEF[2]	Commission	-	8
IBK-NH Small Giant Private Equity Fund	Commission	577	187
NH-Paxtone Private Equity Fund	Commission	456	3,228
NH-OPUS Corporate Financial Stability Private Equity Fund	Commission	978	1,452
NH-OPUS II Corporate Financial Stability Private Equity Fund	Commission	531	702
NH Co-Investment Private Equity Fund	Commission	1,838	1,715
NH-AJU KOSDAQ ScaleUp Fund	Commission	342	460
NH-Soo Investment Innovative Growth M&A Fund	Commission	324	561
NH-DELTA Fintech Fund[2]	Commission	-	411
NH IBKC High-tech 1 Fund[1]	Commission	65	182
NH-SYNERGY BIO Fund	Commission	170	170
NH SYNERGY M.C.E. New Technology Investment Fund	Commission	119	119
NH-Meritz Contents 1 Fund	Commission	286	286
NH-IBKC Bio New Technology Fund	Commission	358	365
NH IBKC Dental Solution Investment Fund	Commission	175	175

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Related parties	Accounts	2023	2022
NH-Horizon Secondary Fund	Commission	31	31
NH Kyobo AI Solution Investment Fund[1]	Commission	681	161
NH Midas PEF No.1[1]	Commission	-	217
Kyobo NH Healthcare Fund I	Commission	52	52
NH-Brain EV Fund	Commission	468	429
Meritz-NH Healthcare 1 Fund	Commission	112	108
NH-Alpha 1st Fund	Commission	14	85
NH-J&-IBKC Label Technology Fund	Commission	140	35
NH EBEST MATERIALS Fund No.1	Commission	77	42
Incheon Hangdong Officetel PF (NS Partners Inc.)[1]	Commission	-	1,500
NH-OPUS III Corporate Financial Stability Private Equity Fund	Commission	620	382
Meritz-NH healthcare 1 Fund	Commission	135	47
NH Daishin Kyobo Healthcare Fund 1	Commission	90	30
NH Digital Alliance Fund	Commission	975	307
NH-Principle Private Equity Fund	Commission	187	42
NH Absolute Pre IPO Mezzanine Private Equity Fund No.1	Commission	123	-
NH Agtech Innovation Private Equity Fund	Commission	610	307
NH Woori Newdeal Growth Alpha Private Equity Fund 1	Commission	1,575	-
NH-IBKC EV Fund	Commission	353	-
NH-Susung No.1 Mezzanine New Technology Investment Fund	Commission	11	-
NH-IBKS KONEX SCALEUP FUND	Commission	8	-
ESG Leaders 1st Private Equity Fund	Commission	406	-
NH Absolute Pre IPO Mezzanine Private Equity Fund No.1	Commission	217	1,371
NH Absolute Mezzanine Private Equity Fund No.1	Commission	666	3,723
NH Absolute Pre IPO Private Equity Fund No.1	Commission	1,217	1,112
NH Absolute Project H General Private Placement Investment Trust	Commission	52	-
NH Absolute Mezzanine Private Equity Fund No.3	Commission	1,162	321
NH Absolute Mezzanine Private Equity Fund No.4	Commission	191	-
NH Absolute Project L General Private Placement Investment Trust	Commission	70	-
Yeouido Cultural Broadcasting Site Development PFV	Commission	18,789	1,350
Mastern No.51 Yeouido PFV Co., Ltd	Commission	1,273	20
Other related parties:			
Nonghyup Feed Inc.	Commission	358	415
Geum-Wang FONE CO., Ltd.	Commission	-	3,200
		₩ 50,660	₩ 33,757

1. Excluded from the Group's related parties for the year ended December 31, 2023.
2. Excluded from the Group's related parties for the year ended December 31, 2022.

<Expenses>

(in millions of Korean won)

Related parties	Accounts	2023	2022
Ultimate controlling company:			
NACF	Commission	₩ 57,426	₩ 55,188
	Other operating expenses	196	217
Parent company:			
NH Financial Group Inc.	Other operating expenses	17	1,549
Entities under common control:			
NH Bank	Interest expense	2,829	659
	Commission	906	2,322
	Other operating expenses	2,051	2,866
Nonghyup Life Insurance Co., Ltd	Interest expense	171	309
	Other operating expenses	-	1
Nonghyup Property & Casualty Insurance Co. Ltd	Interest expense	39	27
	Commission	9	-
	Other operating expenses	9,516	1,230
NH Capital Co., Ltd	Interest expense	37	28
Other related parties:			
NH Networks Co., Ltd	Other operating expenses	62	73
Nonghyup Partners	Other operating expenses	3,924	2,597
NH Information System Co., Ltd	Other operating expenses	4,784	5,419
	Commission	1	-
Agricultural Cooperative Marketing Co., Ltd	Other operating expenses	125	54
Nonghyup Moguchon Inc.	Other operating expenses	4	6
Nonghyup Hanaro Mart Inc.	Other operating expenses	3	35

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Related parties	Accounts	2023	2022
Nonghyup Logistics service Inc.	Other operating expenses	118	124
Agricultural Corporation Nonghyup Food Grain Inc.	Other operating expenses	12	371
Agricultural Cooperative Asset Management Co.	Other operating expenses	-	1
Nonghyup Hansamin Co., Ltd	Other operating expenses	-	6
		₩ 82,230	₩ 73,082

1. Dividends accrued for the years ended December 31, 2023 and 2022, are excluded. Dividends for NH Financial Group (the largest shareholder of the Group) for the years ended December 31, 2023 and 2022, are ₩ 131,917 million and ₩ 161,512 million, respectively.
2. The amount of lease expenses recognized from lease transactions with related parties such as NH Information System Co., Ltd for the years ended December 31, 2023 and 2022, are ₩ 1,586 million and ₩ 1,411 million, respectively.

Details of major fixed asset transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	Purchase of fixed assets		Disposal of fixed assets	
	Property and equipment	Intangible assets	Property and equipment	Intangible assets
NACF	₩ 651	₩ -	₩ -	₩ -

(in millions of Korean won)

	2022			
	Purchase of fixed assets		Disposal of fixed assets	
	Property and equipment	Intangible assets	Property and equipment	Intangible assets
NACF	₩ 577	₩ -	₩ -	₩ -
NH Information System Co., Ltd	-	2,437	-	-

Details of compensation to key management for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
Short-term salaries	₩ 17,055	₩ 22,263
Severance benefits	7,939	10,208
Other long-term salaries	19,650	20,146
	₩ 44,644	₩ 52,617

1. The key management includes directors, executive officers and executives who have authority and responsibilities for decision making of the business plan, operations and control over the Group.

Guarantees provided by the related parties as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won, USD, VND)

	Related party	Agreement	2023		2022	
Entity under common control	NH Bank	Intra-day-credit (included retail payment)	₩	500,000	₩	500,000
		Deposit-secured overdraft loan		150,000		-
		Term loan	USD	20,000,000	USD	30,000,000
		Term loan	VND	110,000,000,000	VND	110,000,000,000
		Overdraft loan	USD	10,000,000	USD	-
		Limit loan	₩	2,900	₩	2,900

Guarantees provided to the related parties as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	Related party	Agreement	2023	2022
Other related party	Geum-Wang FONE CO.,Ltd	Loan commitment	₩ 10,000	₩ 10,000

The details of contribution commitments provided to related parties as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	Related party	Agreement	2023	2022
Entities under common control	NH-Amundi Global TPG Asia VII Private Master Fund	Purchase agreement of beneficiary certificate	₩ 5,154	₩ 6,318
	VOGO U.S. Buyout Private Fund IV (Reindirect Type)	Purchase agreement of beneficiary certificate	74	91
	NH-Amundi MBKP Special Situations Private I Master Fund	Purchase agreement of beneficiary certificate	17,524	10,536
	NH-Amundi Global Infra Fund No.13	Purchase agreement of beneficiary certificate	11,331	11,323
	NH-Amundi BCP VIII Private Fund No.2	Purchase agreement of beneficiary certificate	52	-
Associates	NH-OPUS Corporate Financial Stability Private Equity Fund	Contribution commitment	1,101	5,065
	NH Co-Investment Private Equity Fund	Contribution commitment	2,646	2,646
	NH-OPUS II Corporate Financial Stability Private Equity Fund	Contribution commitment	36	135
	Genesis No.1 Private Equity Fund[1]	Contribution commitment	-	286
	NH-Soo Investment Innovative Growth M&A Fund	Contribution commitment	-	6,300

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	Related party	Agreement	2023	2022
Associates	Smart Quaternary Industry Square Investment Fund	Contribution commitment	500	1,000
	NH-OPUS III Corporate Financial Stability Private Equity Fund	Contribution commitment	2,800	2,988
	NH Digital Alliance Fund	Contribution commitment	26,748	36,948
	NH Agtech Innovation Private Equity Fund	Contribution commitment	10,165	14,160
	NH Absolute Pre IPO Private Equity Fund No.1	Contribution commitment	4,900	4,900
	NH Woori Newdeal Growth Alpha Private Equity Fund 1	Contribution commitment	13,181	-
	Pine Tree III VC Private Equity Fund	Contribution commitment	1,250	-
	NH-IBKS KONEX SCALEUP FUND	Contribution commitment	9,500	-
	NH Absolute Mezzanine Private Equity Fund No.3	Purchase agreement of beneficiary certificate	-	5,000
Other related parties:	NH AJUIB New Growth Fund	Contribution commitment	1,875	3,375
	NH-DX Open Innovation Fund	Contribution commitment	1,200	1,200

1. Excluded from the Group's related parties for the year ended December 31, 2023.

Details of unsettled derivative instrument contracts for major related parties as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	Related party	Agreement	2023	2022
Entities under common control	NH Bank	Unsettled derivative instrument contracts	₩ 45,000	₩ 85,913
	Nonghyup Property & Casualty Insurance Co. Ltd	Unsettled derivative instrument contracts	90,000	-

Details of money transaction of major related parties for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Transaction of contents[1]	Beginning balance	Increase	Decrease	Ending balance
Entity under common control:					
NH Bank	Borrowings	₩ 48,667	₩ 204,055	₩ (165,033)	₩ 87,689
Associates:					
NH Special Purpose Acquisition 18 Co., Ltd[3]		950	-	(950)	-
NH Special Purpose Acquisition 19 Co., Ltd	Purchase of bonds	9,850	-	-	9,850
NH Special Purpose Acquisition 20 Co., Ltd	Purchase of bonds	3,750	-	-	3,750
NH Special Purpose Acquisition 21 Co., Ltd[3]	Purchase of bonds	1,290	-	(1,290)	-
NH Special Purpose Acquisition 22 Co., Ltd[2]	Purchase of bonds	1,380	-	(1,380)	-
NH Special Purpose Acquisition 23 Co., Ltd	Purchase of bonds	1,390	-	-	1,390
NH Special Purpose Acquisition 24 Co., Ltd	Purchase of bonds	670	-	-	670
NH Special Purpose Acquisition 25 Co., Ltd	Purchase of bonds	480	-	-	480
NH Special Purpose Acquisition 26 Co., Ltd	Purchase of bonds	850	-	-	850
NH Special Purpose Acquisition 27 Co., Ltd	Purchase of bonds	700	-	-	700
NH Special Purpose Acquisition 28 Co., Ltd[2]	Purchase of bonds	680	-	-	680
NH Special Purpose Acquisition 29 Co., Ltd	Purchase of bonds	-	2,600	-	2,600
NH Special Purpose Acquisition 30 Co., Ltd	Purchase of bonds	-	950	-	950
Mastern No.51 Yeouido PFV Co., Ltd	Loan execution	30,000	-	(792)	29,208
Incheon Hangdong Officetel PF (NS Partners Inc.)[2]	Loan execution	37,879	5,641	(1,180)	42,340
Yeouido Cultural Broadcasting Site Development PFV	Loan execution	-	4,399	-	4,399
		₩ 138,536	₩ 217,645	₩ (170,625)	₩ 185,556

1. Payment transactions caused by business reasons between related parties are excluded.
2. Excluded from the Group's related parties for year ended December 31, 2023.
3. Excluded from the Group's related parties for year ended December 31, 2022.

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		2022			
	Transaction of contents[1]	Beginning balance	Increase	Decrease	Ending balance
Entity under common control:					
NH Bank	Borrowings	₩ 5,602	₩ 44,667	₩ (1,602)	₩ 48,667
Associates:					
NH Special Purpose Acquisition 18 Co., Ltd[2]	Purchase of bonds	950	-	-	950
NH Special Purpose Acquisition 19 Co., Ltd	Purchase of bonds	9,850	-	-	9,850
NH Special Purpose Acquisition 20 Co., Ltd	Purchase of bonds	3,750	-	-	3,750
NH Special Purpose Acquisition 21 Co., Ltd[2]	Purchase of bonds	1,290	-	-	1,290
NH Special Purpose Acquisition 22 Co., Ltd	Purchase of bonds	1,380	-	-	1,380
NH Special Purpose Acquisition 23 Co., Ltd	Purchase of bonds	-	1,390	-	1,390
NH Special Purpose Acquisition 24 Co., Ltd	Purchase of bonds	-	670	-	670
NH Special Purpose Acquisition 25 Co., Ltd	Purchase of bonds	-	480	-	480
NH Special Purpose Acquisition 26 Co., Ltd	Purchase of bonds	-	850	-	850
NH Special Purpose Acquisition 27 Co., Ltd	Purchase of bonds	-	700	-	700
NH Special Purpose Acquisition 28 Co., Ltd	Purchase of bonds	-	680	-	680
Mastern No.51 Yeouido PFV Co., Ltd	Loan execution	75,000	30,000	(75,000)	30,000
Incheon Hangdong Officetel PF (NS Partners Inc.)	Loan execution	5,980	34,864	(2,966)	37,879
		₩ 103,802	₩ 114,301	₩ (79,568)	₩ 138,535

1. Payment transactions caused by business reasons between related parties are excluded.
2. Excluded from the Group's related parties for year ended December 31, 2022.

The Parent Company carried out capital increase during the year ended December 31, 2022, and NACF, the largest shareholder of the Group, participated in this capital increase with ₩ 399,143 million.

Details of pledged assets to major related party as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Related party	2023		
	Pledged assets	Book amount	Reason of pledged
Entity under common control:			
NH Bank	Deposits	₩ 155,344	Others
	Investment properties[1]	81,332	Others

1. The amount divided proportionally based on the loan participation ratio of the lenders.

As at December 31, 2023, the Group has received ₩ 17,000 million of securities from the NH Bank, an entity under common control, for the purpose of securing derivatives transactions. The amount is the amount of proprietary transactions between the Group and its related parties and excludes collateral receivables due to brokerage transactions.

(in millions of Korean won)

Related party	2022		
	Pledged assets	Book amount	Reason of pledged
Entities under common control:			
Nonghyup Property & Casualty Insurance Co., Ltd	Debt securities	₩ 12,533	Securities lending and borrowing transaction
	Borrowed securities	1,996	Securities lending and borrowing transaction
NH Bank	Deposits	5,344	Others

As at December 31, 2022, the Group has received ₩ 17,400 million of securities from the NH Bank, an entity under common control, for the purpose of securing derivatives transactions. The amount is the amount of proprietary transactions between the Group and its related parties and excludes collateral receivables due to brokerage transactions.

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42. RISK MANAGEMENT

The Group's operating activity is exposed to various financial risks; hence, the Group is required to analyze and assess the level of complex risks, determine the level of risks to be accepted, or to manage the risks. The Group's risk management procedure is set for improvement in the quality of assets held and investments by making a decision about how to avoid or mitigate risks through the identification of the cause of the potential risk and its scope.

The Group takes the approach to minimize risk and maximize its profit by managing risks to an acceptable level and eliminating excessive risks of financial instruments. For this, the following procedures are performed: risk recognition, measurement and assessment, control, and monitoring and reporting.

The risk is managed by the risk management department based on the Group's policy. The Risk Management Committee of the Group makes the decision on the risk strategy such as allocation of risk assets and limit settlement.

42.1 Credit risk

Credit risk represents the possibility of financial losses incurred when the counterparty fails to fulfill its contractual obligations. The goal of credit risk management is to maintain the credit risk exposure to a permissible degree and to optimize the rate of return considering such credit risk.

42.1.1 Credit risk management

The Group considers the probability of failure in performing the obligation of its counterparties, credit exposure to the counterparty and the related default risk and the rate of default loss. The Group uses the credit rating model to assess the possibility of counterparty's default risk.

42.1.2 Credit line management

In order to manage credit risk limit, the Group establishes the appropriate credit line per obligor, company or industry and monitors obligors' credit line, total exposures and loan portfolios when approving the loan.

42.1.3 Credit risk mitigation

The Group mitigates credit risk resulting from the obligor's credit condition by using financial and physical collateral, guarantees, netting agreements and credit derivatives.

42.1.4 Maximum exposure

The Group's maximum exposure to credit risk refers to net book value of financial assets net of provisions, which shows the uncertainties of maximum changes of net value of financial assets attributable to a particular risk without considering collateral and other credit enhancements obtained. However, the maximum exposure is the fair value amount (recorded on the books) for derivatives, maximum contractual obligation for payment guarantees and unused commitment for loan contracts.

The maximum exposure to credit risk as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

	2023	2022
Financial assets at amortized cost:		
Corporates	₩ 15,760,205	₩ 14,113,313
Consumers	3,374,693	3,100,460
	19,134,898	17,213,773
Financial assets at FVTPL:		
Debt securities at FVTPL	11,447,376	12,498,861
Loans at FVTPL	601,866	524,211
Derivative assets	620,329	876,304
Others	13,317,967	9,800,887
	25,987,538	23,700,263
Financial assets at FVOCI:		
Debt securities at FVOCI	5,911,822	7,025,422
Off-balance sheet		
Purchases and long-term acquisitions commitments[1]	441,488	192,411
Loan commitments	1,644,978	553,893
Unfulfilled contribution commitment	419,315	377,364
	2,505,781	1,123,668
	₩ 53,540,039	₩ 49,063,126

1. Composed of ABCP purchase agreements and purchase agreements of beneficiary certificate.

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42.1.5 Geographical and industrial distribution of credit risk

The geographical distribution of credit risk of financial asset as at December 31, 2023 and 2022, is as follows.

The Group classifies the countries by the control point:

(in millions of Korean won)

	2023				
	Korea	China	USA	Others	Total
Financial assets at amortized cost:					
Corporates	₩ 14,541,320	₩ -	₩ 397,726	₩ 821,159	₩ 15,760,205
Consumers	3,299,055	-	-	75,638	3,374,693
	17,840,375	-	397,726	896,797	19,134,898
Financial assets at FVTPL:					
Debt securities at FVTPL	11,252,049	4,403	163,440	27,484	11,447,376
Loans receivables at FVTPL	478,053	-	92,291	31,522	601,866
Derivatives assets	494,193	1,093	26,060	98,983	620,329
Others	12,956,404	552	325,708	35,303	13,317,967
	25,180,699	6,048	607,499	193,292	25,987,538
Financial assets at FVOCI:					
Debt securities at FVOCI	5,436,513	-	253,155	222,154	5,911,822
Off-balance sheet:					
Purchases and long-term acquisitions commitments	441,488	-	-	-	441,488
Loan commitments	1,560,638	-	16,118	68,222	1,644,978
Unfulfilled contribution commitments	348,514	-	-	70,801	419,315
	2,350,640	-	16,118	139,023	2,505,781
	₩ 50,808,227	₩ 6,048	₩ 1,274,498	₩ 1,451,266	₩ 53,540,039

(in millions of Korean won)

	2022				
	Korea	China	USA	Others	Total
Financial assets at amortized cost:					
Corporates	₩ 12,568,756	₩ -	₩ 369,263	₩ 1,175,294	₩ 14,113,313
Consumers	3,042,114	-	-	58,346	3,100,460
	15,610,870	-	369,263	1,233,640	17,213,773
Financial assets at FVTPL:					
Debt securities at FVTPL	12,349,262	10,592	67,943	71,064	12,498,861
Loans receivables at FVTPL	333,706	-	1,916	188,589	524,211
Derivatives assets	737,291	2,978	102,497	33,538	876,304
Others	9,341,844	52	2,500	456,491	9,800,887
	22,762,103	13,622	174,856	749,682	23,700,263
Financial assets at FVOCI:					
Debt securities at FVOCI	6,670,178	17,067	213,157	125,020	7,025,422
Off-balance sheet:					
Purchases and long-term acquisitions commitments	164,576	-	-	27,835	192,411
Loan commitments	432,672	-	1,801	119,420	553,893
Unfulfilled contribution commitments	241,585	-	1,238	134,541	377,364
	838,833	-	3,039	281,796	1,123,668
	₩ 45,881,984	₩ 30,689	₩ 760,315	₩ 2,390,138	₩ 49,063,126

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The industrial distribution of credit risk of financial asset as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

	2023						
	Service	Manufac-turing	Bank and insurance	Construc-tion	Custom-ers	Others	Total
Financial assets at amortized cost:							
Corporates	₩ 388,849	₩ 346,942	₩ 3,949,879	₩ 323,254	₩ -	₩ 10,751,281	₩ 15,760,205
Consumers	-	-	-	-	3,374,693	-	3,374,693
	388,849	346,942	3,949,879	323,254	3,374,693	10,751,281	19,134,898
Financial assets at FVTPL:							
Debt securities at FVTPL	766,143	1,282,247	4,811,629	40,659	-	4,546,698	11,447,376
Loans at FVTPL	-	80,695	260,266	-	-	260,905	601,866
Derivative assets	188	20,078	594,078	-	733	5,252	620,329
Other	20,018	70,012	11,988,267	-	-	1,239,670	13,317,967
	786,349	1,453,032	17,654,240	40,659	733	6,052,525	25,987,538
Financial assets at FVOCI:							
Debt securities at FVOCI	123,879	277,737	4,174,074	29,777	-	1,306,355	5,911,822
Off-balance sheet:							
Purchases and long-term acquisitions commitments	-	-	438,988	-	-	2,500	441,488
Loan commitments	-	58,682	1,236,562	-	-	349,734	1,644,978
Unfulfilled contribu-tion commitments	-	-	419,315	-	-	-	419,315
	-	58,682	2,094,865	-	-	352,234	2,505,781
	₩ 1,299,077	₩ 2,136,393	₩ 27,873,058	₩ 393,690	₩ 3,375,426	₩ 18,462,395	₩ 53,540,039

(in millions of Korean won)

	2022						
	Service	Manufac-turing	Bank and insurance	Construc-tion	Custom-ers	Others	Total
Financial assets at amortized cost:							
Corporates	₩ 1,661,114	₩ 671,686	₩ 6,277,934	₩ 69,536	₩ -	₩ 5,433,043	₩ 14,113,313
Consumers	-	-	-	-	3,100,460	-	3,100,460
	1,661,114	671,686	6,277,934	69,536	3,100,460	5,433,043	17,213,773
Financial assets at FVTPL:							
Debt securities at FVTPL	1,084,075	735,642	8,154,332	4,723	-	2,520,089	12,498,861
Loans at FVTPL	1,924	-	21,784	131,307	-	369,196	524,211
Derivative assets	976	27,040	829,004	-	1,373	17,911	876,304
Other	33,937	285,764	8,328,914	30,013	-	1,122,259	9,800,887
	1,120,912	1,048,446	17,334,034	166,043	1,373	4,029,455	23,700,263
Financial assets at FVOCI:							
Debt securities at FVOCI	243,495	13,320	5,403,000	19,078	-	1,346,529	7,025,422
Off-balance sheet:							
Purchases and long-term acquisitions commitments	-	-	192,411	-	-	-	192,411
Loan commitments	-	12,508	433,623	-	-	107,762	553,893
Unfulfilled contribu-tion commitments	-	-	377,364	-	-	-	377,364
	-	12,508	1,003,398	-	-	107,762	1,123,668
	₩ 3,025,521	₩ 1,745,960	₩ 30,018,366	₩ 254,657	₩ 3,101,833	₩ 10,916,789	₩ 49,063,126

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42.1.6 Classification of financial instruments based on credit risk

The level of exposures to credit risk of loan receivables at amortized cost based on internal risk level as at December 31, 2023 and 2022, is summarized as follows:

(in millions of Korean won)

Credit risk levels (internal level)	2023									
	Domestic loans receivables			Overseas loans receivables			Other loans receivables			Total
	12-month ECL	Lifetime ECL	Impairment	12-month ECL	Lifetime ECL	Impairment	12-month ECL	Lifetime ECL	Impairment	
Rating 1~6	₩ 7,119,945	₩ 130,705	₩ -	₩ 503,755	₩ -	₩ -	₩ 1,639,800	₩ -	₩ 160	₩ 9,394,365
Rating 7	-	91,355	-	-	3,244	-	-	-	-	94,599
Rating 8	-	-	243,114	-	-	25,788	-	-	-	268,902
Rating 9~10	-	-	45,053	-	-	-	-	-	2,910	47,963
Unrated	-	-	58,674	-	-	-	-	-	13,470	72,144
	₩ 7,119,945	₩ 222,060	₩ 346,841	₩ 503,755	₩ 3,244	₩ 25,788	₩ 1,639,800	₩ -	₩ 16,540	₩ 9,877,973

The above loan receivables excluded the deferred loan loss and present value discount. Meanwhile, the quantification of credit risk mitigations by collateral and other credit enhancement for corporates and consumers are ₩ 322,323 million and ₩ 3,249,392 million, respectively.

(in millions of Korean won)

Credit risk levels (internal level)	2022									
	Domestic loans receivables			Overseas loans receivables			Other loans receivables			Total
	12-month ECL	Lifetime ECL	Impairment	12-month ECL	Lifetime ECL	Impairment	12-month ECL	Lifetime ECL	Impairment	
Rating 1~6	₩ 6,359,979	₩ 281,863	₩ -	₩ 410,253	₩ -	₩ -	₩ 1,774,102	₩ -	₩ 186	₩ 8,826,383
Rating 7	-	42,400	-	-	28,535	-	-	-	-	70,935
Rating 8	-	-	2,000	-	-	-	-	-	-	2,000
Rating 9~10	-	-	51,113	-	-	-	-	-	2,910	54,023
Unrated	-	-	58,103	-	-	-	-	-	-	58,103
	₩ 6,359,979	₩ 324,263	₩ 111,216	₩ 410,253	₩ 28,535	₩ -	₩ 1,774,102	₩ -	₩ 3,096	₩ 9,011,444

The above loan receivables excluded the deferred loan loss and present value discount. Meanwhile, the quantification of credit risk mitigations by collateral and other credit enhancement for corporates and consumers are ₩ 895,726 million and ₩ 2,999,973 million, respectively.

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The level of exposures to credit risk of loan commitment and financial guarantee contract based on internal risk level as at December 31, 2023 and 2022, is summarized as follows:

(in millions of Korean won)

Credit risk levels (internal level)	2023						
	Loan commitment			Financial guarantee contract			Total
	12-month ECL	Lifetime ECL	Impairment	12-month ECL	Lifetime ECL	Impairment	
Rating 1~6	₩ 1,905,197	₩ 9,781	₩ -	₩ 32,800	₩ -	₩ -	₩ 1,947,778
Rating 7	-	-	-	-	-	-	-
Rating 8	-	-	-	-	-	-	-
Rating 9~10	-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-	-
	₩ 1,905,197	₩ 9,781	₩ -	₩ 32,800	₩ -	₩ -	₩ 1,947,778

The credit risk exposures of the above loan commitment and financial guarantee contract excluded the beneficiary certificates purchase agreements and the non-fulfillment commitment.

(in millions of Korean won)

Credit risk levels (internal level)	2023						
	Loan commitment			Financial guarantee contract			Total
	12-month ECL	Lifetime ECL	Impairment	12-month ECL	Lifetime ECL	Impairment	
Rating 1~6	₩ 543,827	₩ 2,466	₩ -	₩ 23,800	₩ -	₩ -	₩ 570,093
Rating 7	-	-	-	-	-	-	-
Rating 8	-	-	-	-	-	-	-
Rating 9~10	-	-	-	-	-	-	-
Unrated	-	-	-	-	-	-	-
	₩ 543,827	₩ 2,466	₩ -	₩ 23,800	₩ -	₩ -	₩ 570,093

The credit risk exposures of the above loan commitment and financial guarantee contract excluded the beneficiary certificates purchase agreements and the non-fulfillment commitment.

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The Group's maximum level of exposures to credit risk of debt securities as at December 31, 2023 and 2022, is summarized as follows:

(in millions of Korean won)

Credit risk levels (internal level)	2023							
	Financial assets at amortized cost			Financial assets at FVOCI			Financial assets at FVTPL	Total
	12-month ECL	Lifetime ECL	Impairment	12-month ECL	Lifetime ECL	Impairment		
AAA	₩ -	₩ -	₩ -	₩ 2,001,800	₩ -	₩ -	₩ 6,493,455	₩ 8,495,255
AA+~AA-	-	-	-	2,351,771	-	-	6,061,530	8,413,301
A+~BBB-	-	-	-	1,558,251	-	-	6,453,099	8,011,350
Less than BBB-	-	-	-	-	-	-	-	-
Default rating	-	-	-	-	-	-	-	-
	₩ -	₩ -	₩ -	₩ 5,911,822	₩ -	₩ -	₩ 19,008,084	₩ 24,919,906

(in millions of Korean won)

Credit risk levels (internal level)	2022							
	Financial assets at amortized cost			Financial assets at FVOCI			Financial assets at FVTPL	Total
	12-month ECL	Lifetime ECL	Impairment	12-month ECL	Lifetime ECL	Impairment		
AAA	₩ -	₩ -	₩ -	₩ 3,462,528	₩ -	₩ -	₩ 5,368,242	₩ 8,830,770
AA+~AA-	-	-	-	2,302,753	-	-	4,181,726	6,484,479
A+~BBB-	-	-	-	1,244,047	-	-	7,240,144	8,484,191
Less than BBB-	-	-	-	16,094	-	-	-	16,094
Default rating	-	-	-	-	-	-	-	-
	₩ -	₩ -	₩ -	₩ 7,025,422	₩ -	₩ -	₩ 16,790,112	₩ 23,815,534

The credit quality of debt securities based on external rating agencies' credit ratings is as follows.

	NICE	KIS	Korea Ratings	S&P	FITCH	Moody's
AAA	AAA	AAA	AAA	AAA ~ AA-	AAA ~ AA-	Aaa ~ Aa3
AA+ ~ AA-	AA+ ~ AA-	AA+ ~ AA-	AA+ ~ AA-	A+ ~ A-	A+ ~ A-	A1 ~ A3
A+ ~ BBB-	A+~BBB-	A+~BBB-	A+~BBB-	BBB+ ~ BB-	BBB+ ~ BB-	Baa1 ~ Ba3
Less than BBB-	BB+~	BB+~	BB+~	B+~	B+~	B1 ~

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Financial assets with impaired credit on acquisition as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	Beginning balance	Increase	Decrease	Ending balance
Book value	₩ 186	₩ -	₩ (27)	₩ 159

(in millions of Korean won)

	2022			
	Beginning balance	Increase	Decrease	Ending balance
Book value	₩ 39,513	₩ -	₩ (39,327)	₩ 186
Provision for loss	(39,300)	-	39,300	-

The percentage of allowance for expected credit losses as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

	2023			
	Due from customers	Loan receivables[1]	Other receivables[1]	Financial assets at FVOCI
Total amount	₩ 3,577,029	₩ 9,865,552	₩ 6,015,705	₩ 5,911,822
Allowance for expected credit losses	2,306	229,841	91,241	2,586
Ratio	0.06%	2.33%	1.52%	0.04%

1. Deferred loan loss and present value discount are included in the above total amounts.

(in millions of Korean won)

	2022			
	Due from customers	Loan receivables[1]	Other receivables[1]	Financial assets at FVOCI
Total amount	₩ 4,038,709	₩ 8,996,977	₩ 4,426,987	₩ 7,025,422
Allowance for expected credit losses	1,969	174,788	72,143	2,557
Ratio	0.05%	1.94%	1.63%	0.04%

1. Deferred loan loss and present value discount are included in the above total amounts.

42.2 Market risk

Market risk is the possible risk of loss arising from trading activities in the volatility of market factors such as interest rates, stock prices and foreign exchange rates. Market risk occurs as a result of changes in the interest rates and foreign exchange rates for financial instruments that are not yet settled, and all contracts are exposed to a certain level of volatility according to changes in the interest rates, credit spreads, foreign exchange rates and the price of equity securities.

42.2.1 Market risk management

For trading activities, the Group makes judgment to avoid, bear or mitigate risks by identifying the underlying source of the risks: measuring parameters and evaluating their appropriateness.

42.2.2 Market risk measurement

The Group uses both standard risk measurement model and internal risk measurement model approach to measure market risk. A standard risk measurement model is used to calculate individual market risk of owned capital while internal risk measurement model is used to measure internal risk management measure. The risk management committee allocates owned capital to market risk. The risk management department measures the Value at Risk (“VaR”, maximum losses) limit by department and risk factor and loss limit on a daily basis and reports regularly to the Risk Management committee.

42.2.3 Risk control

At the beginning of each year, the Risk Management Committee establishes the VaR limit, loss limit and risk capital limit for its management purposes. In addition, depending on management strategies and characteristics, the Group gives the various limits by individual, rate, sensitivity and stress loss limit, etc.

42.2.4 Sensitivity analysis of market risk

The Group performs sensitivity analysis for both trading and non-trading activities. For trading activities, the Group uses a VaR model which uses certain assumptions of possible fluctuations in market condition and, by conducting simulations of gains and losses, under which the model estimates the maximum losses that may occur.

For non-trading activities, it is measured and managed by the interest rate VaR calculations based on a ‘Gap’ in interest rate per Bank for International Settlements (“BIS”) Framework.

In addition, VaR of trading section is calculated based on 99% confidence level and ten days of retention period. On the other hand, for the case of complex structures instruments like ELS and others that cannot be evaluated by a simple formula, the Group applies the sensitivities of Delta, Gamma, Vega, etc., calculated and derived from the fair value method to the market risk system; hence, it may result in not fully reflecting the fair value of assets and liabilities.

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42.2.4.1 Trading activities

The minimum, maximum and average VaR for the years ended December 31, 2023 and 2022, respectively, and the VaR as at December 31, 2023 and 2022, respectively, are as follows:

(in millions of Korean won)

	2023				2022			
	Maximum	Minimum	Average	Ending balance	Maximum	Minimum	Average	Ending balance
Interest rate	₩ 233,708	₩ 76,979	₩ 146,930	₩ 109,519	₩ 211,136	₩ 98,625	₩ 167,758	₩ 145,506
Stock price	51,580	16,283	31,238	23,771	76,714	15,584	44,687	38,561
Foreign currencies	116,261	63,325	82,313	82,820	102,901	33,593	70,078	76,100
Variance	138,024	40,069	87,796	87,741	161,773	27,493	100,697	90,830
Total risk	₩ 263,525	₩ 116,517	₩ 172,686	₩ 128,369	₩ 228,977	₩ 120,309	₩ 181,826	₩ 169,337

42.2.4.2 Non-trading activities

The interest rate VaR, calculated based on the BIS Framework of the Group as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

	2023	2022
Interest rate VaR	₩ 209,492	₩ 243,325

42.2.5 Interest rate risk

The Group manages the interest-bearing assets and liabilities by measuring the risk of interest rate fluctuation for each maturity of cash flow (Time Bucket). The maturity structure of interest rates by each maturity as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

	2023						
	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total[2]
Assets:							
Financial assets at amortized cost[1]	₩ 5,319,259	₩ 2,763,246	₩ 1,193,108	₩ 950,710	₩ 2,516,037	₩ 429,778	₩ 13,172,138
Financial assets at FVOCI	2,579	212,147	629,081	1,732,849	3,455,848	823,207	6,855,711
	₩ 5,321,838	₩ 2,975,393	₩ 1,822,189	₩ 2,683,559	₩ 5,971,885	₩ 1,252,985	₩ 20,027,849
Liabilities:							
Borrowings	₩ 6,490,435	₩ 664,862	₩ 3,092,832	₩ 8,708,578	₩ 24,304	₩ -	₩ 18,981,011
Debentures	90,143	200,931	422,348	163,233	2,163,393	-	3,040,048
	₩ 6,580,578	₩ 865,793	₩ 3,515,180	₩ 8,871,811	₩ 2,187,697	₩ -	₩ 22,021,059

1. Financial assets at amortized cost that did not generate interest, such as accounts receivables and accrued income are excluded.
2. The above-mentioned maturity analysis includes both principal and interest cash flows by contractual maturities.

(in millions of Korean won)

	2022						
	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total[2]
Assets:							
Financial assets at amortized cost[1]	₩ 4,636,253	₩ 2,193,621	₩ 1,381,921	₩ 1,263,158	₩ 2,550,410	₩ 490,566	₩ 12,515,929
Financial assets at FVOCI	16,102	409,936	428,038	1,734,734	4,403,284	1,126,407	8,118,501
	₩ 4,652,355	₩ 2,603,557	₩ 1,809,959	₩ 2,997,892	₩ 6,953,694	₩ 1,616,973	₩ 20,634,430
Liabilities:							
Borrowings	₩ 7,379,985	₩ 908,646	₩ 7,324,988	₩ 2,452,079	₩ 1,932	₩ -	₩ 18,067,630
Debentures	120,269	809,627	-	252,699	2,440,824	55,997	3,679,416
	₩ 7,500,254	₩ 1,718,273	₩ 7,324,988	₩ 2,704,778	₩ 2,442,756	₩ 55,997	₩ 21,747,046

1. Financial assets at amortized cost that did not generate interest, such as accounts receivables and accrued income are excluded.
2. The above-mentioned maturity analysis includes both principal and interest cash flows by contractual maturities.

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42.2.6 Currency risk

Financial instruments in foreign currencies exposed to currency risk as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023					
	USD	JPY	EUR	CNY	Others	Total
Assets:						
Cash and cash equivalents	₩ 845,994	₩ 315,240	₩ 200,702	₩ 25,097	₩ 82,757	₩ 1,469,790
Financial assets at FVTPL	1,387,147	44,970	84,408	47,552	129,392	1,693,469
Derivative assets[1]	117,068	1,652	42,365	-	7,330	168,415
Financial assets at FVOCI	802,315	-	-	-	-	802,315
Financial assets at amortized cost	2,563,748	30,996	209,701	9,874	576,593	3,390,912
Other financial assets	1,401	-	378	-	20	1,799
	₩ 5,717,673	₩ 392,858	₩ 537,554	₩ 82,523	₩ 796,092	₩ 7,526,700
Liabilities:						
Deposits due to customers	₩ 1,462,431	₩ 308,978	₩ 5,643	₩ 11,832	₩ 164,685	₩ 1,953,569
Financial liabilities at FVTPL	14,267	-	-	-	7,738	22,005
Financial liabilities designated at FVTPL	981,589	-	106,922	-	19,404	1,107,915
Derivative liabilities[1]	490,387	4,254	18,442	-	28,855	541,938
Borrowings	729,799	568	63,132	17	34,568	828,084
Debentures	383,897	-	-	-	-	383,897
Other financial liabilities	452,572	5,268	20	436	1,740	460,036
	₩ 4,514,942	₩ 319,068	₩ 194,159	₩ 12,285	₩ 256,990	₩ 5,297,444

1. The derivative assets and liabilities include both derivatives held for trading purposes and derivatives held for hedging purposes.

(in millions of Korean won)

	2022					
	USD	JPY	EUR	CNY	Others	Total
Assets:						
Cash and cash equivalents	₩ 658,054	₩ 126,536	₩ 164,136	₩ 14,367	₩ 98,329	₩ 1,061,422
Financial assets at FVTPL	2,000,738	66,446	191,803	-	113,192	2,372,179
Derivative assets[1]	148,835	2,255	6,022	-	8,946	166,058
Financial assets at FVOCI	461,775	-	-	-	95,441	557,216
Financial assets at amortized cost	2,275,082	15,180	212,172	31,632	615,528	3,149,594
Other financial assets	1,864	-	-	-	444	2,308
	₩ 5,546,348	₩ 210,417	₩ 574,133	₩ 45,999	₩ 931,880	₩ 7,308,777
Liabilities:						
Deposits due to customers	₩ 1,244,432	₩ 117,546	₩ 31,631	₩ 15,210	₩ 162,999	₩ 1,571,818
Financial liabilities at FVTPL	5,770	-	-	-	11,800	17,570
Financial liabilities designated at FVTPL	835,902	-	96,000	-	14,324	946,226
Derivative liabilities[1]	505,403	3,135	19,716	-	26,433	554,687
Borrowings	1,148,887	-	29,665	-	67,802	1,246,354
Debentures	376,318	-	-	-	-	376,318
Other financial liabilities	204,596	4,298	101	320	10,676	219,991
	₩ 4,321,308	₩ 124,979	₩ 177,113	₩ 15,530	₩ 294,034	₩ 4,932,964

1. The derivative assets and liabilities include both derivatives held for trading purposes and derivatives held for hedging purposes.

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42.3 Liquidity risk

Liquidity risk refers to the risk that the Group may encounter difficulties in meeting obligations from its financial liabilities.

42.3.1 Liquidity risk management

Liquidity risk management is to prevent potential cash shortage as a result of mismatching the use of funds (assets) and sources of funds (liabilities) or unexpected cash outflows. Of the financial liabilities in the consolidated statements of financial position, financial liabilities in relation to liquidity risk become the objects of liquidity risk management.

Assets and liabilities are grouped by account under Asset Liability Management ("ALM") in accordance with the characteristics of the account. The Group manages liquidity risk by identifying maturity gap and such gap ratio through various cash flows analysis (i.e., based on remaining maturity and contract period); while maintaining the gap ratio at or below the target limit.

42.3.2 Maturity analysis of financial liabilities

The Group's maturity analysis of financial liabilities, cash flows of principals and interests, by remaining contractual maturities as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

	2023						
	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
Deposits due to customers	₩ 7,174,609	₩ 2,787	₩ -	₩ -	₩ -	₩ 29	₩ 7,177,425
Financial liabilities at FVTPL	3,673,749	337,806	376,865	2,881,324	2,178,416	2,156,157	11,604,317
Borrowings	6,490,435	664,862	3,092,832	8,708,578	24,304	-	18,981,011
Debentures	90,143	200,931	422,348	163,233	2,163,393	-	3,040,048
Other financial liabilities	5,535,305	482,532	7,494	787,327	75,282	-	6,887,940
Derivative liabilities	52,072	54,564	82,437	134,933	334,344	492,309	1,150,659
	₩ 23,016,313	₩ 1,743,482	₩ 3,981,976	₩ 12,675,395	₩ 4,775,739	₩ 2,648,495	₩ 48,841,400

(in millions of Korean won)

	2022						
	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
Deposits due to customers	₩ 5,596,663	₩ 3,723	₩ -	₩ -	₩ -	₩ 29	₩ 5,600,415
Financial liabilities at FVTPL	4,728,662	576,566	344,706	2,612,409	2,761,205	1,489,307	12,512,855
Borrowings	7,379,985	908,646	7,324,988	2,452,079	1,932	-	18,067,630
Debentures	120,269	809,627	-	252,699	2,440,824	55,997	3,679,416
Other financial liabilities	3,585,224	425,818	7,245	716,493	33,483	6	4,768,269
Derivative liabilities	45,297	55,865	53,731	89,021	511,634	647,619	1,403,167
	₩ 21,456,100	₩ 2,780,245	₩ 7,730,670	₩ 6,122,701	₩ 5,749,078	₩ 2,192,958	₩ 46,031,752

The above-mentioned maturity analysis includes both principal and interest cash flows by contractual maturities.

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42.3.3 Maturity analysis of off-balance-sheet accounts

Maturity analysis of off-balance-sheet accounts as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

	2023						
	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
Purchases and acquisitions commitment	₩ 138,687	₩ 500	₩ -	₩ -	₩ 302,300	₩ -	₩ 441,487
Loan commitments	1,644,978	-	-	-	-	-	1,644,978
Non-fulfillment commitment	419,315	-	-	-	-	-	419,315
	₩ 2,202,980	₩ 500	₩ -	₩ -	₩ 302,300	₩ -	₩ 2,505,780

	2022						
	Within 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
Purchases and acquisitions commitment	₩ 176,211	₩ -	₩ 100	₩ 15,600	₩ 500	₩ -	₩ 192,411
Loan commitments	553,893	-	-	-	-	-	553,893
Non-fulfillment commitment	377,364	-	-	-		-	377,364
	₩ 1,107,468	₩ -	₩ 100	₩ 15,600	₩ 500	₩ -	₩ 1,123,668

42.4 Capital Management

Capital regulation for financial investment firms is established by the Financial Investment Services Regulation. The Group manages and controls so that net capital ratio is 100% or above to follow the regulation. The Group reports to Financial Supervisory Service for compliance with net capital ratio on the quarterly basis.

43. OPERATING SEGMENTS

Disclosures of operating segment were prepared in accordance with Korean IFRS 1108 Operating Segments. Korean IFRS requires the chief operating decision maker of the Group to disclose regularly reviewed information by segment for the purpose of resource allocation and performance assessment.

Segment reporting for the Group is composed of sales, investment bank (“IB”), trading, headquarters and other departments, and the reporting segments are categorized based on business activities providing different services.

Reporting segment	Main business activities
Sales	Asset management services including brokerage consignment, financial instrument sales, etc., to individual, domestic or foreign institutional investors
IB	Corporate finance services including corporate finance, M&A, PF, PEF operation, etc.
Trading	Stocks and bonds operations, product operation, supply of derivatives and capital investment
Headquarters and others	Activities other than the above such as headquarters management, etc.

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43.1 Financial Information of Segment Reporting

The operating income of the Group for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

	2023				
	Sales	IB	Trading	Headquarters/ others	Total
Operating revenue					
Interest income	₩ 473,893	₩ 423,254	₩ 537,323	₩ 177,814	₩ 1,612,284
Non-interest income	2,506,789	679,010	2,122,252	4,523,453	9,831,504
	2,980,682	1,102,264	2,659,575	4,701,267	11,443,788
Operating expenses					
Interest expense	216,970	298,352	331,375	(25,729)	820,968
Non-interest expense	1,864,147	429,060	2,090,910	4,560,226	8,944,343
Administrative expenses	602,384	173,650	66,535	110,151	952,720
	2,683,501	901,062	2,488,820	4,644,648	10,718,031
Operating income	₩ 297,181	₩ 201,202	₩ 170,755	₩ 56,619	₩ 725,757

(in millions of Korean won)

	2022				
	Sales	IB	Trading	Headquarters/ others	Total
Operating revenue					
Interest income	₩ 350,678	₩ 281,202	₩ 482,051	₩ 119,202	₩ 1,233,133
Non-interest income	2,450,884	680,704	6,706,101	1,585,761	11,423,450
	2,801,562	961,906	7,188,152	1,704,963	12,656,583
Operating expenses					
Interest expense	131,182	174,245	251,967	214	557,608
Non-interest expense	1,944,846	327,307	7,176,466	1,283,923	10,732,542
Administrative expenses	526,965	172,038	49,273	96,799	845,075
	2,602,993	673,590	7,477,706	1,380,936	12,135,225
Operating income	₩ 198,569	₩ 288,316	₩ (289,554)	₩ 324,027	₩ 521,358

Assets and liabilities by operating segment as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Sales	IB	Trading	Headquarters/ others	Total
Assets	₩ 12,291,462	₩ 10,120,901	₩ 18,292,749	₩ 15,992,781	₩ 56,697,893
Liabilities	12,291,462	10,132,801	18,281,422	8,378,780	49,084,465

(in millions of Korean won)

	2022				
	Sales	IB	Trading	Headquarters/ others	Total
Assets	₩ 9,153,889	₩ 9,605,212	₩ 19,474,813	₩ 15,194,353	₩ 53,428,267
Liabilities	9,153,889	9,745,755	19,548,241	7,752,326	46,200,211

43.2 Information on Products and Services

As the financial products of the Group are categorized as interest bearing, non-interest bearing and others, and the categorization is reflected in the composition of the operating segments above, revenue from external customers is not separately disclosed.

43.3 Information on Geographical Areas

Within the Group's revenue (interest income and non-interest income) from external services, revenue from the domestic customers for the years ended December 31, 2023 and 2022, amounted to ₩ 11,299,256 million and ₩ 12,522,105 million, respectively, and revenue from the foreign customers amounted to ₩ 144,532 million and ₩ 134,478 million, respectively. The Group's non-current assets (investments in associates and joint ventures, investment property, property and equipment, and intangible assets) as at December 31, 2023 and 2022, are ₩ 717,862 million, ₩ 736,078 million, respectively, in relation to domestic customers, and ₩ 219,710 million and ₩ 12,216 million, respectively, in relation to foreign customers. The assets in relation to foreign customers are owned by the Group's overseas subsidiaries and branches.

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44. REVENUE FROM CONTRACTS WITH CUSTOMERS

The timing of revenue recognition and revenue for each segment under Korean IFRS 1115 Contracts with customers for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Sales	IB	Trading	Headquarters/ others	Total
Revenue from contracts by segment	₩ 608,256	₩ 301,431	₩ 4,388	₩ 87,481	₩ 1,001,556
Timing of revenue recognition					
At a point in time	₩ 560,648	₩ 123,534	₩ 64	₩ 24,909	₩ 709,155
Services recognized over time	47,608	177,897	4,324	62,572	292,401
	₩ 608,256	₩ 301,431	₩ 4,388	₩ 87,481	₩ 1,001,556

(in millions of Korean won)

	2022				
	Sales	IB	Trading	Headquarters/ others	Total
Revenue from contracts by segment	₩ 555,065	₩ 341,206	₩ 6,530	₩ 91,395	₩ 994,196
Timing of revenue recognition					
At a point in time	₩ 516,671	₩ 144,110	₩ 187	₩ 31,980	₩ 692,948
Services recognized over time	38,394	197,096	6,343	59,415	301,248
	₩ 555,065	₩ 341,206	₩ 6,530	₩ 91,395	₩ 994,196

45. APPROVAL OF ISSUANCE OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved for issuance by the Board of Directors on January 26, 2024 and are subject to change with the approval of shareholders at their Annual General Meeting on March 26, 2024.


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