



# Passion **Together**

Customer-oriented ultra-innovative digital bank

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**90 NETWORKS**

Passion  
**Together**

**Customer-oriented  
ultra-innovative digital bank**

Building an engine for future growth,  
NongHyup Bank continues to thrive.



*We Do*

With the power of passion shared by each and every one of us,  
we will continue to build an organizational culture full of life  
and pave the way for an unparalleled competitive edge  
in the digital age.

We will fully integrate ESG into our system, reinforce the competitive edge of  
our platform, and further communicate and empathize with our customers to  
make great strides as an ultra-innovative digital bank and be there for our  
customers anytime, anywhere.



CEO's MESSAGE  
인사말



I would like to extend my deepest gratitude to our customers for their unwavering support and affection for NongHyup Bank, and I wish you and your family strong health and happiness.

NongHyup Bank successfully improved its financial stability even in a hostile business environment brought by the prolonged COVID-19 pandemic and laid the groundwork for sustainable growth. Also, as we forged ahead with digital transformation at rapid speed, we were able to launch the NH My Data service and gain 1.1 million customers for NH Asset +, a general wealth management service designed for individual customers.

In addition, we accomplished other notable achievements across all of our business areas, including acquiring the highest grade in the financial consumer protection evaluation, expanding financial support for companies that have embraced ESG, gaining 12 new courts to store deposits, and extending our global business network to reach London and Hong Kong.

The year 2022 will be a tough year perched precariously between crises and opportunities more than ever before. In the financial market, the base rate is expected to hike amid concerns over inflation, and competition is projected to grow fierce as Big Tech, which has a large customer base and necessary platforms, is reaching further into the financial industry. In the midst of these crises and periodic changes, we will spotlight opportunities, lead the way in competition on digital financial platforms, and fulfill our given duties as a profit center for the entire ecosystem of NongHyup. To this end, we have set our strategic goal for this year to advance in leaps and bounds as an “ultrainnovative digital bank” oriented towards customers and place our focus on the following:

**First, we will secure a stable source of revenue to reinforce our duties as the profit center for the entire ecosystem of NongHyup.**

We will embrace changes in the macroeconomic and financial environment with speed, despite the fierce market competition, to fulfill our mission as a profit center for agriculture and farming communities. To this end, we will take the initiative and manage the risks to forestall our business from losing its ground through uncertainty in the financial environment. In addition, as it is the first year of the profit center for our global business, we will completely gain a firm foothold in key markets and generate global revenue in full swing with our model strategy tailored to suit each market. We will enhance NongHyup Bank’s role as the profit center and lay the solid groundwork to revitalize agriculture and farming communities.

**Second, we will gather momentum for digital transformation through innovation.**

The financial industry is undergoing a rapid change as Big Tech is now deep diving into a wide array of financial service sectors. Nonghyup Bank will innovate its organizational culture and the mindset of its employees to speed up digital transformation. We will embrace new technologies such as artificial intelligence (AI) and metaverse to incorporate digital technologies that cater to consumer preferences, and interconnect the key services of our financial affiliates to build an integrated financial platform that unsettles the boundaries between industries.

**Third, we will devote ourselves to agricultural finance and reach new heights for ESG management.**

NongHyup Bank will continue its fundamental role and amplify the ecosystem in agriculture and agro-food fields. To foster the sustainable agriculture of the future, we will underpin the support system tailored to customer needs, increase support for smart farms, and spread eco-friendly and low-carbon farms nationwide to kick off our role as the pioneer in the agriculture finance. Furthermore, we will launch ESG-specific products that encourage customer engagement to solidify our position as a leading financial institution for sustainable management.

**Lastly, we will strive for mutual growth with our customers.**

ESG management has come to the fore worldwide for future generations. A great company is one that is respected and loved by members of society, and it is, therefore, important to sustain mutual growth with our customers for sustainable management. NongHyup Bank will continue to enhance customer satisfaction and trust, and make a marked transformation into a customer-oriented bank.

To our dear customers of NongHyup Bank!

NongHyup Bank will take a quantum leap as an “ultra-innovative digital bank” oriented towards our customers on the backbone of its spirit pursuing “out with the old, in with the new.” We will remain fully dedicated towards building consumer trust and shaping a happy world for farmers and the general public. We look forward to your continued interest and inspiring encouragement.

KWON JOON HAK President & CEO of NongHyup Bank

권준혁

# HISTORY

연혁

- 1961

- 08 Launched National Agricultural Cooperative Federation (NACF)
- 1990

- 02 Built the nation's largest online computer network connecting all the stores of the central bank and all member associations
- 2009

- 01 Put the next-generation IT computer system into operation
  - 02 Opened a branch at Cheongwadae (presidential residence)
  - 11 Launched the NongHyup Card "Chaeum" brand
- 2011

- 03 Amendment bill of the Agricultural Cooperatives Act passed the National Assembly
  - 06 Ranked first in the card business category of the Korea Smart App Evaluation Index
  - 10 NongHyup signed a MOU on investment cooperation with Crédit Agricole (France)
  - 12 "My Love Dokdo," won the Special Grand Prize in the Smart App Awards 2011
- 2012

- 03 Launched NongHyup Bank  
Gained A1 (equivalent to a government rating) in the long-term credit rating of Moody's, the top rating in Korea  
Gained A (equivalent to a government rating) in the long-term credit rating of S&P, the top rating in Korea
  - 09 Opened an exclusive branch in Government Complex Sejong

- 2013

- 03 Opened a Hanoi branch in Vietnam
  - 08 Opened a New York branch in the United States
  - 09 Opened a Beijing branch in China
  - 12 Opened a paperless futuristic financial branch (smart branch) (first in the banking sector)
- 2014

- 03 Won the HSBC Excellent Foreign Currency Remittance Quality Organization (STP Award)
  - 08 New York branch issued Yankee CD
  - 09 Opened the first multi-purpose branch (Yeouido Securities Town branch)  
Signed a RMB commitment loan line with the Agricultural Bank of China (USD 20 million)  
Loans and deposits surpassed 150 trillion each
  - 11 Signed an MOU with the AXIS Bank of India
  - 12 Built and applied FDS  
Issuance sector received a group commendation from the Governor of the Bank of Korea
- 2015

- 01 Opened NongHyup Financial PLUS Center in Gwanghwamun (Korea's first bank and securities complex)
  - 04 "NH Smart Banking," won in the finance category in the Mobile Award Korea 2015
  - 06 "NH Smart Banking," won the 2015 Consumer Selected Quality Satisfaction Grand Prize
  - 10 Won the SC Excellent Foreign Currency Remittance Quality Organization (STP Award)
  - 12 Opened the NH Smart Financial Center  
Launched the fintech open platform service (first in the banking sector)

- 2016

- 04 Ranked first in the Retirement Design category of the Customer Impression Brand Index (Korea Brand Management Association)
  - 06 Opened a New Delhi branch in India
  - 12 Opened a Hanoi branch in Vietnam  
Opened an overseas subsidiary, NongHyup Finance Myanmar  
Selected as the best institution to eradicate financial fraud (Financial Supervisory Service)
- 2017

- 02 Selected as an excellent financial company in 2016"One Company, One Financial Education School,"(Financial Supervisory Service)
  - 05 Selected as an outstanding call center for seven consecutive years (Korea Management Association Consulting)
  - 10 Launched "Cloud Branch," which manages funds through the cloud service (first in the financial sector)  
Launched a new subscription service for foreign currency deposits and savings accounts through a tablet branch (first in the financial sector)
- 2018

- 01 Won the Best Brand prize in the 2018 KCAB Korea Consumer Rating
  - 05 Launched an anti-money laundering center
  - 07 Ranked first in the social contribution category for the banking sector for 7 consecutive years
  - 09 Opened NongHyup Finance Cambodia
  - 11 Opened a Ho Chi Minh branch in Vietnam
- 2019

- 04 Launched the P2P financial certificate blockchain service (first in the banking sector)  
Opened the NH Digital Innovation Campus
  - 11 Won Grand Prize in the 2019 Korea Social Contribution Award

- 2020

- 10 Adopted artificial intelligence to inspect incomplete sales (first in the financial sector)
  - 10 Opened a Yangon branch in Myanmar
  - 12 Founded NongHyup Card's professional billiards team "Green Force,"  
Selected as an outstanding financial company for microfinance support (Financial Supervisory Service Award)  
Acquired the ISO 14001 international standards for environmental management
- 2021

- 01 My Data acquired the main approval (Financial Services Committee)
  - 04 Acquired final approval for the Hong Kong branch
  - 05 Launched the aircraft boarding service with biometric information authentication (first in the financial sector)
  - 08 London branch joined the Equator Principle
  - 12 Acquired final approval for a Beijing branch in China  
Received Presidential Citation for "Financial Support for SMEs and Startups"

# PROFILE

회사개요

Funded entirely with domestic capital, NongHyup Bank boasts the largest branch network nationwide as the bank specializing in the management of the public finance of central and local governments. As the central affiliate of NongHyup Financial Group, we are making our best efforts to increase the asset value of our customers through the ultimate portfolio management and to be loved by all people through customer-oriented management. In particular, we lead the way at the forefront of improving the quality of life of farmers by returning profits generated at NongHyup Bank to the agriculture and farming communities and sharing the value of NongHyup with the people.

## Credit Rating

\* As of December 31, 2021,

**A1**  
MOODY'S

**A+**  
S&P

**A**  
Fitch

## Founded

August, 1961

## Seperated as a corporation due to the amendment to the Agricultural Cooperative Act

March, 2012

## Number of branches

1,118

## Number of employees

13,566



Vision and Strategy

MANAGEMENT IDEOLOGY

The nation's No. 1 beloved bank



To build customer trust and loyalty, and to bring about a world where farmers and people stand together NongHyup Bank will continue to make its best efforts.

Business Strategy & Goals

Passion Together

Leap towards a customer-oriented, ultra-innovative digital bank

with a customer-oriented philosophy embracing all of our heart and compassion  
Unique and innovative digital transformation converging cutting-edge technologies

Priority tasks



Board of Directors

As of April 26, 2022

<div><div>President &amp; CEO</div><div>KWON JOON HAK</div></div> <div><div>Key Career</div><div><div>Former</div><div><ul style="list-style-type: none"><li>Director of Planning and Coordination at NACF</li><li>Regional Division Head of Gyeonggi, NongHyup Bank</li></ul></div></div><div><div>Current</div><div>-</div></div></div>	<div><div>Chief Audit Executive</div><div>LEE IK JUNG</div></div> <div><div>Key Career</div><div><div>Former</div><div><ul style="list-style-type: none"><li>Director of Special Bank Inspection at FSS</li><li>Director of Financial Creditor Coordination Committee</li></ul></div></div><div><div>Current</div><div>-</div></div></div>	<div><div>Inside Director</div><div>LIM DONG SOON</div></div> <div><div>Key Career</div><div><div>Former</div><div><ul style="list-style-type: none"><li>Head of HR &amp; Branch Operation Support Group</li><li>Head of Trust Banking Group</li></ul></div></div><div><div>Current</div><div><ul style="list-style-type: none"><li>Chief Strategy Officer of NongHyup Bank</li></ul></div></div></div>
<div><div>Outside Director</div><div>JANG WON CHANG</div></div> <div><div>Key Career</div><div><div>Former</div><div><ul style="list-style-type: none"><li>Non-Executive Director of Korea Housing Finance Corp.</li><li>KOREA Exchange Listing Disclosure Committee</li></ul></div></div><div><div>Current</div><div><ul style="list-style-type: none"><li>Professor of Economics, Inha University</li></ul></div></div></div>	<div><div>Outside Director</div><div>AHN HYUN SIL</div></div> <div><div>Key Career</div><div><div>Former</div><div><ul style="list-style-type: none"><li>Outside Director of POSCO ICT</li><li>Non-Executive Director of National IT Industry Promotion Agency</li></ul></div></div><div><div>Current</div><div><ul style="list-style-type: none"><li>Director of AI Economic Research Institute, the Korean Economic Daily</li><li>Editorial Writer of the Korean Economic Daily</li></ul></div></div></div>	<div><div>Outside Director</div><div>OHK KYUNG YOUNG</div></div> <div><div>Key Career</div><div><div>Former</div><div><ul style="list-style-type: none"><li>Head of Career Development Center, Sookmyung Women's University</li></ul></div></div><div><div>Current</div><div><ul style="list-style-type: none"><li>Professor of Consumer Economics, Sookmyung Women's University</li><li>Non-Executive Director of Korea Worker's Compensation and Welfare Service</li></ul></div></div></div>
<div><div>Outside Director</div><div>CHO YONG HO</div></div> <div><div>Key Career</div><div><div>Former</div><div><ul style="list-style-type: none"><li>Justice of Constitutional Court</li><li>Former President of Seoul High Court</li></ul></div></div><div><div>Current</div><div><ul style="list-style-type: none"><li>Chair Professor at Konkuk University Law School</li></ul></div></div></div>	<div><div>Non-Executive Director</div><div>SHIN HYUNG CHUL</div></div> <div><div>Key Career</div><div><div>Former</div><div><ul style="list-style-type: none"><li>Delegate of National Agricultural Cooperative Federation</li></ul></div></div><div><div>Current</div><div><ul style="list-style-type: none"><li>President of Gammun Nonghyup Association</li></ul></div></div></div>	<div><div>Non-Executive Director</div><div>KIM CHUN HO</div></div> <div><div>Key Career</div><div><div>Former</div><div><ul style="list-style-type: none"><li>Vice President of Namhae Chemical Corp.</li><li>Chief Executive Vice-President of NongHyup Bank</li></ul></div></div><div><div>Current</div><div>-</div></div></div>

Executive Officers

\* As of January 1, 2022

<div><div>LIM DONG SOON</div><div>Chief Strategy Officer (CSO)</div></div> <div><div>Planning &amp; Co-ordination Department</div><div>Public Relations Department</div><div>Marketing Support Department</div></div>	<div><div>LEE SANG RAE</div><div>Head of Data Group and Head of Digital Platform Group</div></div> <div><div>Data Business Department</div><div>NH Members Business Department</div><div>Retail Digital Platform Department</div><div>Corporate Digital Platform Department</div></div>	<div><div>LEE HYUN AE</div><div>Head of Retail Banking Group</div></div> <div><div>Retail Marketing Department</div><div>Wealth Management Department</div><div>Customer Happiness Center</div></div>	<div><div>LEE YEON HO</div><div>Head of Corporate &amp; Investment Banking Group</div></div> <div><div>Corporate Marketing Department</div><div>Investment Banking Department</div><div>International Banking Department</div><div>Retirement Pension Department</div></div>
<div><div>KIM CHOON ANN</div><div>Head of Agriculture &amp; ESG Banking Group</div><div>Head of Public Sector Banking Group</div></div> <div><div>Agricultural Finance Department</div><div>Debt Management Fund Department</div><div>ESG Business Office</div><div>Agriculture &amp; Food Investment Office</div><div>Public Sector Banking Department</div></div>	<div><div>LEE SU HWAN</div><div>Head of Management Support Group</div></div> <div><div>Management Support Department</div><div>Human Resources Department</div><div>Security Control Department</div><div>Branch Operation Support Center</div></div>	<div><div>KANG DAE JIN</div><div>Head of Credit Analysis Group</div></div> <div><div>Loan Planning Department</div><div>Credit Analysis Department</div><div>CIB Credit Analysis Department</div><div>Loan Management Department</div><div>Corporate Restructuring Department</div></div>	<div><div>BAN CHAE WOON</div><div>Chief Risk Officer (CRO)</div></div> <div><div>Risk Management Department</div><div>Credit Review Department</div><div>Risk Validation Office</div></div>
<div><div>YUN HAI JIN</div><div>Head of Trust Banking Group</div></div> <div><div>Trust Banking Department</div><div>Trustee &amp; Custodian Department</div></div>	<div><div>GIL JUNG SUP</div><div>Head of Fund Management Group</div></div> <div><div>Treasury Department</div><div>Settlement Support Office</div></div>	<div><div>PARK SOO KEE</div><div>Chief Information Security Officer (CISO)</div></div> <div><div>Customer Information Security Department</div><div>Information Technology Security Department</div></div>	<div><div>LEE SU KYEONG</div><div>Head of Financial Consumer Protection Group</div></div> <div><div>Consumer Protection Department</div></div>
<div><div>KIM YONG GI*</div><div>Head of Global Business Group</div></div> <div><div>Global Business Department</div></div>	<div><div>CHO SNAG JIN</div><div>Chief Information Officer (CIO)</div></div> <div><div>IT Planning Department</div><div>IT System Department</div><div>IT Banking Department</div><div>IT Digital Platform Department</div><div>IT Management Information Department</div><div>IT Card Digital Office</div></div>	<div><div>YUN SANG WOON</div><div>Head of NH Card CIC</div></div> <div><div>Card Planning Department</div><div>Card Customer Acquisition Department</div><div>Card Marketing Department</div><div>Card Risk Management Department</div><div>Card Business Support Department</div></div>	<div><div>HONG MYUNG JONG</div><div>Chief Compliance Officer (CCO)</div></div> <div><div>Legal &amp; Compliance Department</div><div>Anti-Money Laundering Department</div></div>

\* Chief Business Strategy Officer (CBSO) also serves to head the Global Business Group of NongHyup Financial Group

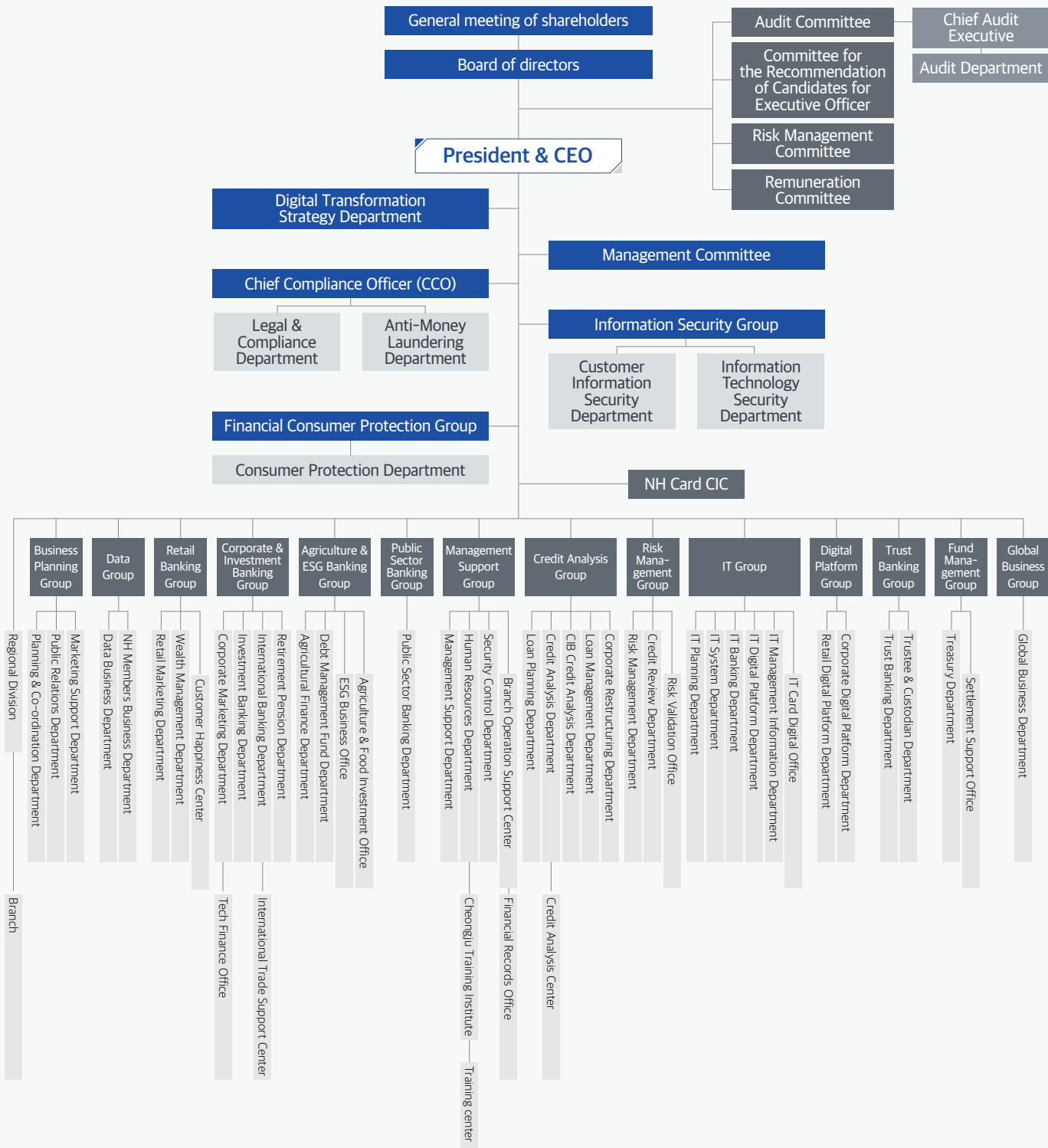
\*\* 'DT Strategy Department' is under the direct control of the bank's president.

ORGANIZATION CHART

조직도

Organizational Chart (16 groups <41 departments 1 office > 1 CIC)

(As of April 30, 2022)



OTHER GENERAL STATUS

기타 일반현황

1. Major shareholders

(Unit: Shares, %)

Shareholders	Number of shares	Ownership percentage
NongHyup Financial Group	448,298,774 shares	100

2. Capital change

(Unit: 100 million KRW, share)

Date	Type of shares	Number of issued shares	Increase in amount	Type of capital increase	Capital after the increase	Notes
Apr. 15, 2021	Ordinary shares	7,894,736	395	Paid-in capital increase	22,152	-
Oct. 13, 2021	Ordinary shares	5,263,157	263	Paid-in capital increase	22,415	-

3. Issuance of subordinate bonds

(Unit: 100 million KRW, %)

Type of bond	Issue date	Expiry date	Issued amount	Issued rate	Credit rating	Notes
Subordinated bond	Oct. 19, 2021	Oct. 19, 2031	3,000	2.85	AA	-

4. Branch

Category	County Office and Branch	Sub-branch	Business office	Total
Domestic	828	280	-	1,108
Overseas	3	-	7	10
Total	831	280	7	1,118

Notes 1) Domestic branches include the head office (sales department). 2) Overseas branches include the MFI subsidiaries in Myanmar and Cambodia.

5. ATM installation status

Category	2021	2020
CD	-	-
ATM	5,288	5,687
Video terminal	20	20
Others	-	-
Total	5,308	5,707

6. Number of employees

(Unit: person)

Category		2021									2020								
		Domestic			Overseas			Total			Domestic			Overseas			Total		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Executives	Inside directors	2	-	2	-	-	-	2	-	2	2	-	2	-	-	-	2	-	2
	Chief audit executive	1	-	1	-	-	-	1	-	1	1	-	1	-	-	-	1	-	1
	Outside directors	3	1	4	-	-	-	3	1	4	3	-	3	-	-	-	3	-	3
	Non-executive directors	3	-	3	-	-	-	3	-	3	3	-	3	-	-	-	3	-	3
	Executive officers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Management directors	13	1	14	-	-	-	13	1	14	13	1	14	-	-	-	13	1	14
Employees	General position	7,035	6,304	13,339	25	2	27	7,060	6,306	13,366	7,179	6,268	13,447	17	2	19	7,196	6,270	13,466
	Personnel in charge	3,851	3,002	6,853	25	1	26	3,876	3,003	6,879	3,943	2,975	6,918	17	1	18	3,960	2,976	6,936
	Position under an indefinite contract	56	121	177	-	-	-	56	121	177	63	118	181	-	-	-	63	118	181
	Personnel in charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		7,112	6,427	13,539	25	2	27	7,137	6,429	13,566	7,263	6,387	13,650	17	2	19	7,280	6,389	13,669



NONGHYUP BANK  
ANNUAL REPORT 2021

BUSINESS  
AREA

NH농협은행 사업영역

BUSINESS AREA

NONGHYUP BANK

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# FINANCIAL MANAGEMENT

## 재무관리

While the circumstances still remain uncertain at home and abroad, the company overcame challenging business conditions and achieved a net income of KRW 1.5583 trillion. The total deposits recorded a YOY growth of KRW 23.5 trillion (7.83%) to KRW 323.5 trillion, and total loans exhibited a YOY increase of KRW 21.4 trillion (8.44%) to reach KRW 274.9 trillion.

### Gross profit and loss

6.0112 trillion KRW

### Selling, general, and administrative expenses

3.2292 trillion KRW

### Net income

1.5583 trillion KRW

### Profit and Loss

In 2021, NongHyup Bank's gross profit was KRW 6.0112 trillion, SG&A expenses were KRW 3.2292 trillion, and net income was KRW 1.5583 trillion (net income before the agricultural support project expenses are deducted was KRW 1.7871 trillion).

(Unit: 100 million won)

Category	2021
Gross profit and loss	60,112
SG&A expenses	32,292
Transfer in allowance for ECLs	2,964
Operating profit	24,856
Other profit and loss	-3,409
Profit and loss before income tax expenses	21,447
Net income	15,583

\* Agricultural support project expenses: These are the costs imposed on NongHyup Bank for the National Agricultural Cooperative Federation to gather financial resources needed to provide support for members and constituents, and guidance projects by means such as the invigoration of distribution from producers. The levy rate (2.50%) is applied to the average operating profit of the previous three years.

Net interest margin (NIM) recorded 1.60%, down 0.05%p from the previous year.

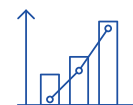
(Unit: %)

Category	4Q20	1Q21	2Q21	3Q21	4Q21
NIM	1.65	1.63	1.61	1.60	1.60



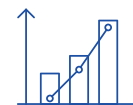
### Total assets

406.1 trillion KRW



### Total asset increase

29.4 trillion KRW



### Total asset growth rate

7.80%p

### Business Volume

NongHyup Bank's total assets in 2021 were worth KRW 406.1 trillion, up KRW 29.4 trillion (7.8%) from the previous year.

The total deposits rose by KRW 23.5 trillion (7.83%) from the previous year to KRW 323.5 trillion, and the total loans recorded KRW 274.9 trillion, a YOY increase of KRW 21.4 trillion (8.44%).

(Unit: trillion KRW, %p)

Category	2021	2020	Increase/decrease	Increase/decrease rate
Total assets*	406.1	376.7	29.4	7.80
Total deposits	323.5	300.0	23.5	7.83
Total loans	274.9	253.5	21.4	8.44

\* Bank accounts (359.7 trillion KRW) + trust accounts (47.5 trillion KRW) - mutual transactions (1.1 trillion KRW)

### Asset Quality

The fixed debt ratio was 0.29%, down 0.13%p from the previous year, and the default rate based on total loan receivables was 0.20%, a YOY decrease of 0.08%p.

(Unit: 100 million KRW, %, %p)

Category	2021	2020	Increase/decrease
Total loans	2,749,201	2,535,472	213,729
Fixed debt loans	7,927	10,674	△2,747
Fixed debt ratio	0.29	0.42	△0.13
Non-performing loans	6,177	8,320	△2,143
Non-performing loan ratio	0.22	0.33	△0.11
Bad debts allowance ratio	207.71	136.61	71.10
Default rate based on total loan receivables	0.20	0.28	△0.08



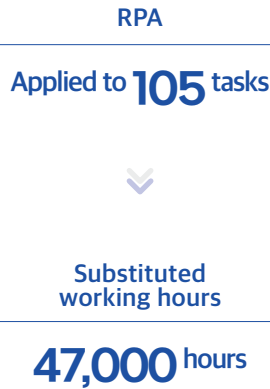
# DIGITAL STRATEGY

DT전략

NongHyup Bank is promoting a momentum gain for company-wide digitalization and digital transformation to rise as a customer-oriented financial platform provider. In addition, the Bank strives to deliver customer-oriented banking services such as the systematic management of DT tasks, idea contest for process improvement, the operation of an agile organization (Cell), further application of new technologies such as AI, RPA, and PPR, and support for startups with the NH Digital Challenge.

## DT Strategy Status

To take a quantum leap as a customer-oriented financial platform provider in 2021, we forged ahead to step up company-wide digitalization and digital transformation. Efforts were made to offer customer-oriented banking services by means of the coherent management of customer journeys and DT tasks for all departments, and idea contests for improving the processes, while spreading a horizontal and flexible organizational culture through 15 agile cells. We also rapidly dealt with customer needs, such as building a digital platform, improving the credit process, and enhancing the efficiency of branch offices. In addition, we foster fintech companies at the NH Digital Innovation Campus, the largest in the financial sector, located in Yangjae-dong, Seoul as part of our efforts to pave the way for laying the groundwork for a digital ecosystem, and we remain committed to conducting research on new technologies through our R&D organization and adopting new businesses.



## Spread of Company-Wide DT Promotion Direction

To spread a consensus on DT among all of our employees, we operate the Fourth Industrial Revolution Strategy Committee, a DT meeting group presided over by the bank's president, and a general response team to propagate the company-wide DT promotion direction, and share digital trends based on various channels (in-house app/web, online education, etc.). In addition, we launched a reward scheme for digital innovation to reward outstanding departments and shared the best practices to motivate the DT promotion and raise the morale of our employees.

## Extended Application of New Technologies such as RPA, PPR, and AI

We capitalized on digital technologies to extend the application of new technologies such as RPA, PPR, and AI so as to ensure practical benefits for customers and employees. We extended RPA to reach beyond the headquarters to cover the business affairs of branch offices and improved the efficiency of branch employees. Artificial intelligence and unstructured data, in particular, also enabled us to automate difficult tasks. We applied RPA to 105 tasks and obtained the effect of replacing 470,000 hours of work, thereby improving our work efficiency. The bank also fully integrated ESG management by introducing the paperless process recorder (PPR) system and converting paper forms at branch offices to electronic forms, thus improving productivity. In addition, we will resort to AI technology to identify AI demand in each department and verify technology to monitor incomplete sales.

## Support for startups with NH Digital Challenge+

NH Digital Challenge+ is designed to provide help for startups at NH Digital E&D Center (as of the end of 2021, 134 startups occupy the center) to create a digital ecosystem, and Demo-Day, Hackerton, and many other programs are also available to yield synergy between affiliates and participants. By the end of 2021, 220 joint projects and new recoveries have been carried out and 27 joint developments and collaborations were explored, including the joint development of savings accounts based on the location information.



## Cultivation of Digital Talent

To foster digital experts, we offered great training for experts to improve the digital competency of our employees. By the end of 2021, 675 employees have completed a variety of digital training programs on data and AI.





AI Bankers 'Jeong Eden' and 'Lee RohWoon'

NongHyup Bank developed a virtual banker by combining video and audio with AI technology. Artificial intelligence (AI) bankers 'Jeong Eden' and 'Lee RohWoon' are virtual bankers created by combining the faces of the Gen MZ employees of NongHyup Bank to naturally lip-sync the characters through the long hours of learning. These two employees, who debuted at branch offices in November, served as the assistants for the product descriptions necessary for the sales of investment products at branch offices, thereby earning a great response. The two will participate in various training and education programs to improve their understanding of NongHyup as an organization and to grasp the various tasks within NongHyup Bank, so as to inspire the employees to take pride. In addition, the bank plans to build an infrastructure for the further application of AI bankers to vitalize and integrate AI technology and render the experience readily available for customers.

Metaverse-based Fintech Hackathon

NongHyup Bank held the 'Metaverse-based Fintech Hackathon' in collaboration with the Ministry of Science and ICT, Korea Internet & Security Agency (KISA), and Fake Eyes. This hackathon was held on the metaverse platform of Fake Eyes, and 121 people from 37 teams, including college students and future founders who are interested in metaverse and fintech, took part in the 'General Division' and 'Student Division' to showcase the various services under the theme of 'fintech services available on the metaverse' such as the establishment of the virtual bank branches, a crowdfunding platform, and simulated investment experience. Prize money worth KRW 30 million, preferred selection for NH Digital Challenge+, and exemption from the document screening for those who apply for a job at NongHyup Bank were provided as rewards. Going forward, NongHyup Bank will continue to come up with innovative ideas and develop the services through hackathons to make a quantum leap as a customer-oriented, ultra-innovative digital bank.



Agile Organization (Cell)

2020	.....	8cells
2021	.....	15cells

Agile Organization (Cell)

NongHyup Bank has introduced horizontal and flexible agile cells since 2020 to swiftly deal with rapid environmental changes and to promptly reflect customer feedback (8 in 2020 and 15 in 2021). To create a horizontal communication structure, we simplified the titles of our employees to 'leaders' and 'partners', and applied a discussion-based working method including leaders to develop a rapid decision-making system. As a result, we were able to process customer needs, thereby enhancing the competitiveness of the All-One Bank platform, recording 1 million members within 10 months of launching 'NH Asset', a personal wealth management service, launching 'NH Partner for Small Businesses,' a platform designed to aid the growth of small businesses, and improving the online loans related to homes. Going forward, the spread of the flexible and agile culture will allow us to provide a vibrant workplace as well as the financial services that prioritize customer values.

Promotion of Pain Point Improvement Oriented Towards Branch Employees

Branch offices needed continuous improvements for various business processes, and therefore, a survey was conducted to gather opinions and hear the voices of the field employees. Consequently, 620 opinions were collected on customer services and computer-related issues, and the issues relating to work processes that were in high demand for improvement were discussed with the associated departments. As a result, NongHyup Bank has decided to select and push ahead with DT tasks for 2022, such as the promotion of the digitalization of documents at branch offices and the expansion of the online service designed to postpone deadlines.





# DATA BUSINESS

데이터사업

NongHyup Bank integrates and analyzes data as part of its endeavors to spread a data-based decision-making culture across all of its business areas and to innovate personalized marketing. The bank has obtained a license for the MyData business and launched a year-end settlement consulting service, financial planner, car management service, and customized the service for government benefits that combine living information and financial services in addition to the existing NH assets to provide customers with unique, data-based personalized services.

## Data Business Status

NongHyup Bank has integrated and analyzed data as part of its efforts to spread a data-based decision-making culture across all of its business areas and to innovate personalized marketing. In recent years, we are continuing our journey with data to translate data into business value. MyData, which shows customers' data at a glance, approached the customers with a new service that combines life and finance beyond the right to personal information, and by leveraging the data collected from our branch offices located nationwide as our strength, we published the 'Finance Map' as our first step for data distribution.

## Promotion of MyData Business

In 2021, the bank obtained a license for the MyData business and launched 4 types of services (year-end settlement consulting service, financial planner, car management service, and the customized service for government benefits) that combine living information and financial services in addition to the existing NH assets to provide customers with unique, data-based personalized services. NH Asset, in particular, was first launched in 2020 to dominate the data market, and had exceeded 1.1 million subscribers as of November 2021. The video ad 'Nous No Chignon' of NH Asset and MyData garnered 38 million views, becoming a burning sensation on social media.

## Establishment of the Data Standardization and Management System

As the structured management of data has become necessary, going beyond data integration and big data, we have developed a standardized management system to ensure the integrity and consistency of all figures and terms at all branch offices. We developed a data governance plan and designed an infrastructure construction plan to manage and control infrastructure within a system. For the successful restructuring of the next-generation information system designed to innovate data-based marketing activities, we conducted PI consulting to come up with improvement directions and detailed tasks for improvement, and we will commence with building the necessary infrastructure in 2022.

Customers who have signed up for NH Asset by November 2021

Reached 1.1 million

A video ad of NH My Data, 'Nous No Chignon'

Garnered 38 million views



## Published the 'NH Financial Map' Made with Big Data

NongHyup Bank published the 'NH Finance Map', which analyzes and visualizes the regional financial lives of 17 cities and provinces with big data based on the four central agendas of income, consumption, saving, and loan to compare and analyze the transaction status. We will further solidify our business cooperation system for public finance between NongHyup Bank and local governments by encouraging the use of the 'NH Finance Map' when formulating finance-related policies and plans for local governments. The regional financial life report created as a result was selected to go on the data sales list for the data voucher business through the Korea Data Exchange (KDX), thus acquiring a data distribution channel.

### Key achievements

NH Asset+	<ul style="list-style-type: none"><li>Exceeded 1.1 million customers (Nov., 2021)</li><li>Ranked first in the category of competitiveness in the personal wealth management service (Gallup Korea survey in the second half of 2021)</li><li>Won Grand Prize in the Lifetime Wealth Management Awards of the Korea Economic Daily (Sep., 2021)</li></ul>
NH MyData	<ul style="list-style-type: none"><li>Acquired a business license and launched 4 new services (Dec., 2021)</li><li>In 2021, won the Presidential Prize in the Innovative Finance category in the Global Finance Awards from Korea Economic TV (Nov., 2021)</li></ul>



# NH MEMBERS BUSINESS

NH멤버스사업

As the first joint project of the NongHyup in which 15 affiliates encompassing finance and distribution take part, NH Members Business is a platform that integrates the management of customer information and points to being used for marketing activities. Our vast array of activities includes establishing NH members' information system and marketing system, launching the point service at branch offices, and donating the NH points of all employees of NongHyup.

- 1. In commemoration of NonHyup Bank's 60th anniversary, an event promoting the purchase of 'eco-friendly and high-quality agricultural products'
- 2. NH Members' app launched a 'donation' campaign for customers



## NH Member Business status

Agricultural and livestock cooperatives (1,118)	Local agricultural cooperatives, regional livestock cooperatives, product cooperatives, product livestock cooperatives, ginseng cooperatives
National federation (2)	Mutual finance, NongHyup Networks
Financial affiliates (7)	Financial Group, NongHyup Bank, NongHyup Life Insurance, NongHyup Property & Casualty Insurance, NH Investment & Securities, NongHyup Capital, NH Savings Bank
Agribusiness affiliates (6)	Agribusiness Group, Hanaro Distribution, NongHyup Distribution, NH Moguchon, NH Hongsam, NH Food

## 2021 NH Members Business

NongHyup Bank garnered 27.45 million members in total, 9.15 million marketing consents, 549.1 billion KRW in points, and 1.78 million app members. We launched 'Product Mall', a sales channel for products and services in exchange for points, and registered 55 types of products and services from 11 companies, achieving 841,000 views and 513,000 customers from affiliates. In addition, we held joint events to commemorate the 60th anniversary of NongHyup, including events designed to promote the sales of outstanding certified domestic agricultural products associated with the NongHyup Mall, and the events intended to encourage the sales of products and services of the NongHyup (products and services shared 5,953 occasions, 44,000 customers were involved).



Korea's largest digital advertising festival AND Award

Grand Prize (Jan., 2021)

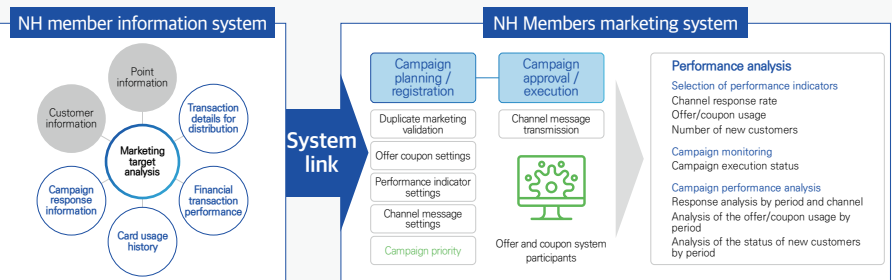


Promotion innovation in the Social i-Award

First Prize (Jul., 2021)

## Establishment of an NH Members Information System and Marketing System

We expect to add further momentum to the synergy through the integrated analysis of information for financial and distribution affiliates.



## Development of a Point Scheme and Donation Campaign

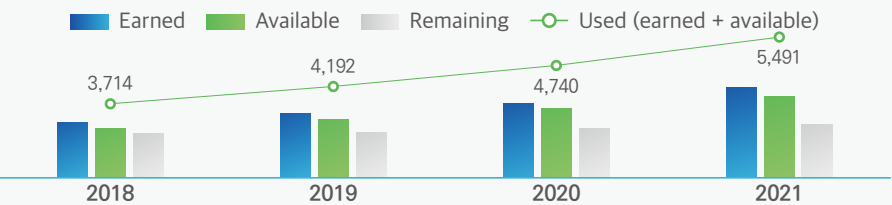
NongHyup Bank developed a point system to allow customers to use points for transactions at its branch offices for a commission payment and product subscription, and enabled change after a financial transaction for the first time in the financial industry, thereby improving customer convenience. In addition, 12,260 employees and customers of NongHyup took part to raise KRW 41 million and delivered the amount to five social contribution organizations.

## Key Factors of the Members Business

Members (unit: thousands (cumulative))				
Category	2018	2019	2020	2021
Total members	22,354	24,286	25,960	27,450
Active members	-	-	17,749	20,141
Marketing consent	41	1,772	5,691	9,154
App installation	7	782	1,389	1,777

\* Active members = Total members - Dormant members

Points (unit: 100 million KRW)				
Category	2018	2019	2020	2021
Available	3,714	4,192	4,740	5,491
Earned	1,926	2,153	2,449	2,836
Used	1,788	2,039	2,291	2,655
Remaining points	1,633	1,676	1,765	1,881





## RETAIL MARKETING

### 개인고객

NongHyup Bank analyzes individual customers and identifies the trends to run a loyal customer system that meets customer needs. Even under the challenging environment resulting from COVID-19, household loans, and volume management, the bank achieved the highest profit, thus gaining a strong foothold as a bank specialized in the housing fund worthy of its name as it boasts 5.38 million customers who have subscribed to the general savings accounts for housing subscription.



Ministry of Education

Selected as a certification institution for career experience in educational donation



### Retail Marketing Status

NongHyup Bank analyzes individual customers and identifies the trends to operate a loyal customer system that meets customer needs, and it has developed marketing strategies for personal deposits and household loans to operate a business throughout the company with branch offices. In addition, efforts have been made to ensure that marketing activities are properly launched for social cooperation through the Housing and Urban Fund project and Happiness Fulfillment Finance Class.

### Achieved 300 Trillion KRW in Total Loans and the Highest Profit ever in Household Loans

NongHyup Bank achieved KRW 300 trillion in total loans in 2021 despite the challenging business environment brought by COVID-19, household loans, and volume management, and recorded the highest profit ever worth KRW 1.6206 trillion in household loans, thanks to its active margin management.

(Unit: 100 million won)

Category	2019	2020	2021
Interest income	21,711	21,310	21,944
Deposit balance	398,220	476,832	563,632
Household loan balance	1,124,467	1,263,322	1,343,119

Average balance in personal deposits

56 trillion  
363.2 billion KRW



### Financial consumer protection Outstanding content

Grand prize  
(newspapers made by consumers)



### 16th Financial Contest

Presidential Awards of the Financial Supervisory Service  
(Financial Supervisory Service)



### 16th Kyunghyang Financial Education Awards

Kyunghyang Newspaper President's Award  
(Kyunghyang Newspaper, Financial Supervisory Service, etc.)



### 2021 Microfinance Grand Prize

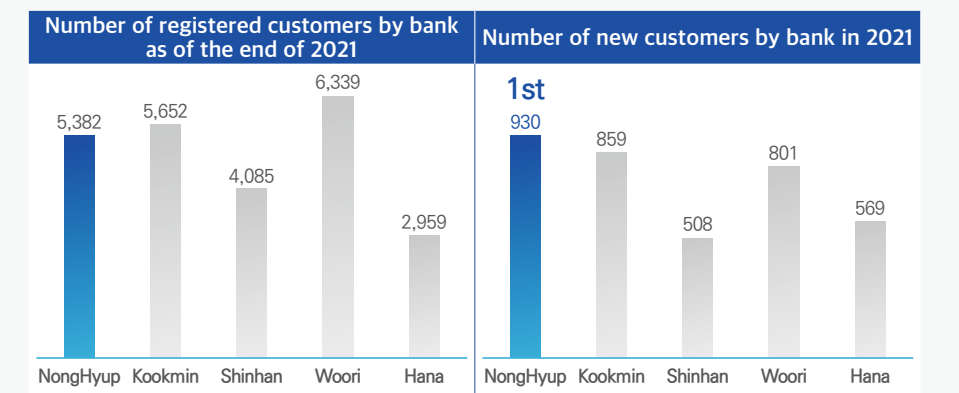
Institutional Citation of NongHyup Bank  
(Financial Supervisory Service)

### Gained a Stronghold as a Trustee Bank Specializing in Housing Funds

NongHyup Bank has been selected as a trustee bank for housing fund projects, and by the end of 2021, the bank has laid the groundwork as an undisputed trustee bank for housing funds with an annual commission income of 38.6 billion KRW and 5.38 million subscribers to the general savings accounts for a housing subscription.

### Status of Savings Accounts for a Housing Subscription by Bank

(Unit: thousands)



### Relay Event for Loyal Customers

To commemorate the 60th anniversary of NongHyup, the relay event "Rewarding NongHyup Customers" challenge was held to invite and thank customers who have stayed with NongHyup Bank for the past 60 years, and a booklet, "Invaluable Relationship with NongHyup" was published to record and share the history of the past 60 years.



# WEALTH MANAGEMENT

## WM사업

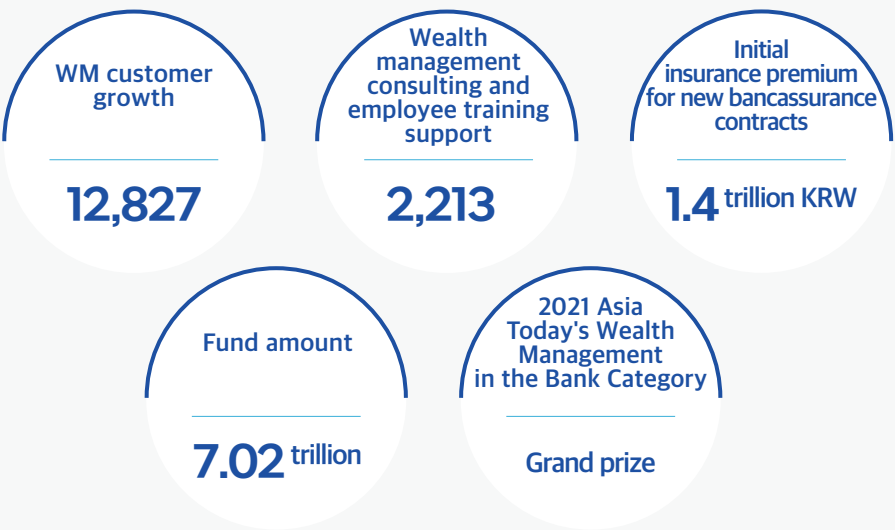
NongHyup Bank runs WM-specialized branches to respond to the wealth management needs of outstanding customers scattered across the country. Starting with 4 pilot stores in 2020, as of the end of 2021, 48 stores are in operation, with the plan to operate 100 stores by 2025. In addition, to revitalize the operation of specialized stores, we offer specialized training for wealth management, allocate WM specialists, and hold events designed to increase our loyal customers.



- WM sales support was provided on **2,213 occasions** in total, a **34.9%** increase compared to the same period last year
- The number of WM customers increased by **12,827**, **2nd in growth rate** in the banking industry
- Held the **first** wealth management webinar
- Signed **3,600 contracts** for 'Health Insurance As I Wish', an insurance product launched in commemoration of the 60th anniversary of NongHyup

## Expanding Interaction with Customers through Various Channels

NongHyup Bank has increased its interaction with customers through various channels to provide a customer-oriented total service for wealth management consulting. To combat the spread of COVID-19, we built a 'video consultation system between the headquarters and branch customers' to overcome time and space constraints, and we launched a total consulting service for customers, encompassing other fields for total wealth management, not only the financial sector involving the WM advisory member by field, land compensation supporters, legal counseling service, and the wealth management of major transaction institutions. As a result, in 2021, a total of 2,213 wealth management consultations and employee training were provided, despite the challenging market environment at home and abroad, and we achieved over 86,000 new bancassurance contracts, exceeded KRW 1.4 trillion in initial premiums, and KRW 7.2 trillion in the fund size.



### NHAI100 Advisory Center

Customized portfolio

Full support for wealth management consulting

## WM Business Status

NongHyup Bank remained committed to the management of our customers' wealth with the help of various financial products such as funds and bancassurance in the challenging financial market resulting from COVID-19. Our NHAI100 Advisory Center provides portfolios tailored to each customer and provides full assistance for wealth management consulting in finance, tax, real estate, and law to help customers design a prosperous life after their retirement. We strive to provide distinctive wealth management services unique to the NongHyup available through its nationwide network of branch offices by means of securing wealth management advisors, and collaboration among the affiliates of NongHyup.





## CORPORATE MARKETING

기업고객

Despite the challenging environment at home and abroad, NongHyup Bank recorded the corporate loans worth 8.3 trillion KRW as of the end of 2021 based on its enhanced marketing capacity for corporate finance, thereby demonstrating continuous growth.



### 26th Financial Support Prize for SMEs and Startups

Received the Presidential commendation for the group category hosted by the Ministry of SMEs and Startups

### Corporate Finance Status

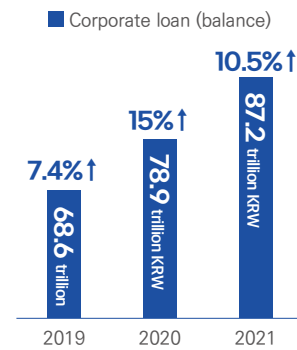
NongHyup Bank provides corporate financial services that incorporate the varying financial needs of the corporate customers in a rapidly shifting internal and external landscape. We provide various financial products for corporate loans and handle unique policy funds to underpin the stable and sustainable growth of corporate customers. We also strive to enhance human capabilities by operating the education, evaluation, and job competency level scheme to offer quality corporate finance services built upon our nationwide network of branch offices.

### Field-Oriented Corporate Marketing

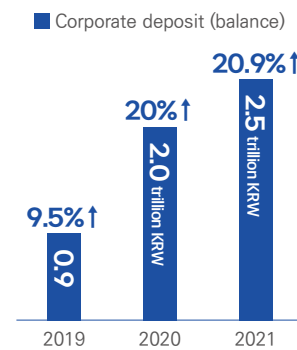
The bank's president pays a personal visit to excellent corporate customers to discuss financial support and more, as part of our continuous efforts to reinforce relationships with our customers. Furthermore, to enhance our field-oriented marketing activities, we hold video conferences to support the RM system at the sales headquarters and in the field of corporate finance. At the same time, we continue to enhance consulting services for corporate management together with professional management consultants to pave the way for productive and inclusive financial support for corporate customers who are going through a difficult time due to COVID-19.



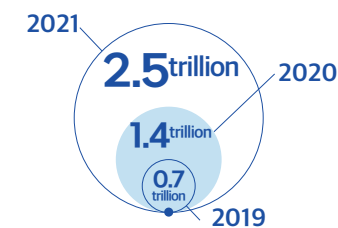
### Corporate Loan Growth Rate



### Corporate Deposit Growth Rate



### Financial Brokerage Loans



### Technological Competency Evaluation Level



### Major Achievements in Corporate Marketing

NH corporate marketing has been enhancing its role as a profit channel through a vast array of financial transactions with outstanding companies. The balance in the general corporate loans reached 87.2 trillion KRW at the end of 2021, playing a pivotal role in the growth of NongHyup Bank, and its proactive activities designed to attract corporate savings enabled its average balance for corporate customers to reach 14.6 trillion KRW by the end of 2021, faithfully carrying out its role as a financing source of NongHyup Bank.

Category		2021년		2020년		2019년	
Corporate loan (balance)		87.2trillion KRW		78.9trillion KRW		68.6trillion KRW	
Net increase	Growth rate	8.3trillion KRW	10.5% ↑	10.3trillion KRW	15.0% ↑	4.7trillion KRW	7.4% ↑
Corporate deposit (balance)		14.6trillion KRW		12.1trillion KRW		10.1trillion KRW	
Net increase	Growth rate	2.5trillion KRW	20.9% ↑	2.0trillion KRW	20.0% ↑	0.9trillion KRW	9.5% ↑
Financial Brokerage Loans (Balance of borrowings)		2.5trillion KRW		1.4trillion KRW		0.7trillion KRW	
Net increase	Growth rate	1.1trillion KRW	80.3% ↑	0.6trillion KRW	88.7% ↑	▲0.01trillion KRW	0.9% ↓
Technological Competency Evaluation Level		level 4		level 3		level 3	
YOY		1 level ↑		1 level ↑		1 level ↑	

# INVESTMENT FINANCE

투자금융

The experience in various programs on large-scale financial arrangements and expertise in investment finance has been the driving force behind NongHyup Bank's promotion of sound IB and project finance oriented to sound assets at home and abroad. As a leading investment bank, we strive to thoroughly validate the business risks and fully implement follow-up management throughout the entire investment finance area to further solidify our relationship with customers.

## Investment Finance Status

NongHyup Bank's investment finance business is divided as follows: the IB Finance Bureau, the Project Finance Bureau, and the Overseas Investment Finance Bureau. The IB Finance Bureau performs M&A finance handled in the mergers and acquisitions, etc., securitization finance using illiquid assets owned by companies, etc., and indirect investment in indirect investment vehicles at home and abroad, and the Project Finance Bureau engages in real estate finance that supports project financing for property development and operation, the development and operation of an infrastructure, the infrastructure financing of investing in new and renewable energy. The Overseas Investment Finance Bureau engages in overseas corporate loans and objects for the financing affairs of overseas corporate loans, overseas PF financing and ships, and aircraft. As a result, the entire investment banking affairs are driven by 1 department and 3 bureaus.

## A Pivotal Role in Increasing the Bank's Profits

We have completed large-scale financial arrangements for the complex development project for KT Gangbuk Headquarters (650 billion KRW), Osan-Segyo group energy project refinancing (600 billion KRW), and SK Hynix's acquisition of the Intel NAND business (300 million USD), contributing towards expanding the commission income and securing high-quality assets, and acquired track records and competitive edge to gain the upper hand in the competition for the future investment finance sector. As a result, our profit reached KRW 338.5 billion in 2021, playing a pivotal role in increasing the profits.

(Business performance unit: 100 million KRW, %)

Category	Performance at the end of 2020	Performance in 2021			YOY	
		Plan	Performance	Achievement rate	Change	Growth rate
Interest income	929	960	1,036	107.9	107	11.5
Commission	469	500	568	113.6	99	21.1
Securities profit/loss	845	945	1,781	188.5	936	110.7
Total	2,243	2,405	3,385	140.8	1,142	50.9



Large-scale financial arrangement

Complex development project for KT Gangbuk Headquarters

650 billion KRW

Osan Segyo group energy project refinancing

600 billion KRW

SK Hynix's acquisition Intel NAND business sector

300 million USD

## Participation in Large-Scale Public Offering Projects and the Invigoration of Overseas Investment Projects

Since the inception of PFV, we have made every effort to acquire track records for the financial arrangements of large-scale property development projects. Going forward, we will continue to increase our investment in large-scale public offering projects. In addition, we have added fresh fuel to overseas investment banking such as overseas PF and M&A to diversify our foreign currency loan portfolio, opened an IB desk at the New York branch and successfully dispatched personnel, and further extended our business base such as the overseas IB deal-sourcing channel to invigorate our overseas investment projects.

## Investment Asset Diversification and Cooperative Marketing with the Financial Affiliates of NongHyup

In the investment banking sector in 2022, the business environment is not expected to be favorable due to a slump in the domestic economy exacerbated by the prolonged COVID-19 and increased volatility in the financial market resulting from a reduction in global liquidity. However, we will place our focus on finance to enhance profitability, and primarily discover and cultivate mid- to long-term projects on account of the risks and profitability by means such as increasing loans to overseas blue-chip companies, thereby diversifying our investment assets. To this end, we will boost our RM activities using internal and external marketing channels and maximize synergy through cooperative marketing with the financial affiliates of NongHyup.





# INTERNATIONAL BANKING BUSINESS

외환사업

In recognition of its ability to handle international banking business at home and abroad and its competitive edge in overseas remittance services, NongHyup Bank deals with over 1,100 banks for international affairs and 49 depository correspondence banks around the world. The bank has also partnered with major global banks to increase import-export financing, thus gaining ground as a global bank.



Over **1,100**  
Banks dealing with  
international affairs

**49**  
Depository  
correspondence banks

## New Foreign Exchange Products and Enhanced Online Services

We launched new competitive foreign exchange products by expanding institutional MOUs for the issuance of foreign currency payment guarantees, NH foreign exchange tech for foreign currency revolving deposits I and II targeting customers with foreign currency needs, and developing interest rate swap products. Concerning the abandoned LIBOR interest rate, we successfully dealt with the discontinued LIBOR interest rate and the application of an alternative interest rate by means such as IT development for each business affair for import/export, foreign currency loans, and derivatives, the revision of the business method, and the drafting of new agreements.

In addition, we made a primary upgrade to the corporate and individual digital channel service, which had been a long-awaited project, to enhance our competitive edge in online channels for foreign exchange services and customer convenience, and created promotional videos in collaboration with popular YouTubers to present marketing activities targeting Gen MZ, and held a web seminar-style 'NH Foreign Exchange Academy' to further solidify the foundation for an online sector of marketing efforts in foreign exchange services.



Business volume  
involving foreign  
nationals

Achieved **87** billion USD



Certificate for a  
Documentary Credit  
Specialist (CDCS)

Trained over **300** people



Won the USD, EUR,  
and STP awards

JP Morgan Chase Bank



「Present dollars as a gift this Chuseok!」 Event  
Bespoke Qookers for the customers who use 「Make an impression with foreign currency as a present,」 and  
「Foreign currency BOX as you like,」 and customers participating in social media events

## International Banking Business

NongHyup Bank deals with over 1,100 banks for international affairs and 49 depository correspondence banks around the world and has partnered with major global banks with strategic MOUs to increase import and export financing for companies branching outside Korea, thus growing into a global bank. In addition, we are building a firm bedrock as a bank specializing in foreign exchange derivatives by providing FX derivatives hedged against risks.

1. Webinar Series  
with importers and exporters  
2021 NH Foreign Exchange Academy  
Date: 5pm on June 11th, 16th, 17th, 23rd, and 24th, 2021  
Subject: 2021 NH Foreign Exchange Academy  
1st June 11 (Fri) / World economy and exchange rate forecast

2nd June 16 (Wed) / Fundamental trade practice

3rd June 17 (Thu) / Overseas marketing strategy for YouTube

4th June 23 (Wed) / Response to claims oriented towards trade dispute cases

5th June 24 (Thu) / Strategies designed to reduce the logistics costs for imports and exports

\* Scheduled to run for 60 minutes each session

How to apply: Click the [Apply] button below to file an application

\* A YouTube link will be sent via text message the day before the webinar and 15 minutes before the program begins.

금융의 모든 순간

NH농협금융

행사미나 시리즈

수출입기업과 함께하는

2021 NH 외국환 아카데미

NH FOREIGN EXCHANGE ACADEMY

일시

2021년 6월 11일, 16일, 17일, 23일, 24일 오후 5시

Youtube LIVE

주제

2021 NH 외국환 아카데미

1차

6/11(금) / 세계경제 및 환율 전망

2차

6/16(수) / 무역실무 기초

3차

6/17(목) / 유튜브 활용 해외마케팅 전략

4차

6/23(수) / 무역분쟁 사례 중심의 클레임 대응

5차

6/24(목) / 수출입 물류비 절감 전략

신청안내

하단의 참가신청 버튼을 클릭하여 사전신청

\* 행사미나 하루 전의 당일 시작 15분 전 문자 메시지로 유튜브 링크를 발송

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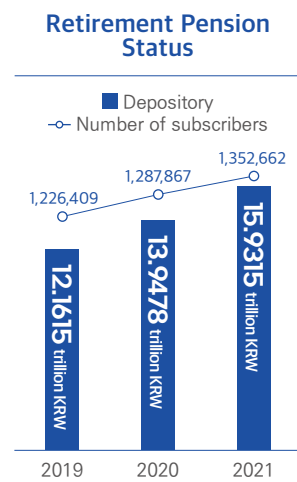
NH농협은행



# RETIREMENT PENSION

## 퇴직연금

NongHyup Bank is building a specialized consulting infrastructure by reinforcing retirement pension consulting experts, as the retirement pension service became independent as an independent business division of the Retirement Pension Department in 2020, and is further enhancing personalized consulting services in line with the customers’ investment propensities.



## Retirement Pension Status

The retirement pension makes continuous efforts for customers to benefit from stable life after retirement. Such efforts include increasing the product lineups to be a quality business operator through the enhanced rate of return together with the continuous growth of the fund, providing the recommended portfolio, and providing periodic consulting services to rebalance customer assets. To improve the customers’ rate of return, we provide high-interest, principal-protected investments in a wide range of financial institutions and product lineups in various sectors tailored to the market conditions to improve customer satisfaction and the rate of return. As a result, we stand together with our customers and bring heart-warming retirement finance into reality to support life after retirement as a reliable retirement pension provider.

### Business performance

(unit: 100 million KRW, person)

Category	2019	2020	2021
Retirement pension fund	121,615	139,478	159,315
Number of retirement pension subscribers	1,226,409	1,287,867	1,352,662

## Remodeling of the Website for a Retirement Pension to Improve Customer Convenience

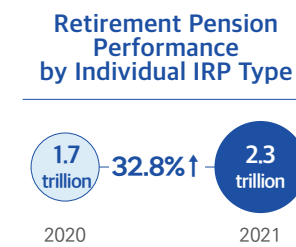
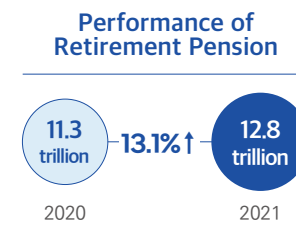
Retirement pension reserves reached KRW 15,931.5 billion by the end of 2021, and commission income exceeded KRW 67.8 billion, demonstrating growth as the bank’s major commission business. In particular, the personal IRP reserves recorded a YOY growth of 30.9% reaching KRW 577.9 billion, thus laying the groundwork for acquiring retired customers with large assets.

To combat COVID-19, we offered digital consulting services in various ways (web meetings, web seminars, video conferences, etc.) to pave the way for improving efficiency and spreading the trend. In November, the UI/UX of the NongHyup Bank’s retirement pension website was completely remodeled to promote convenience in using the digital channels for retirement pension subscribers and potential customers.

NongHyup Bank  
Complete Renovation of the Retirement Pension Website  
Enhance user convenience by upgrading the screen design and establishing a login link feature



In celebration of the 60th anniversary of NongHyup  
‘Wise Pension Life’ Personal IRP event  
- Giveaways to 1,006 customers who are new to individual IRPs, or who have transferred or additionally deposited money



## Strategic Marketing to Increase Reserves

Our performance in the retirement pension by type of subscribed company and the individual IRP type has continued to demonstrate YOY growth. We employ strategic marketing techniques such as various digital-based online marketing activities, the exclusive management of retirement pensions for agricultural and livestock cooperatives, and the modification of corporate retirement pension fees to increase reserves, launch strategic products, and introduce a 'wealth management consulting role model', thereby organizing consulting services tailored to customers and follow-up management, providing high-interest rates, principle-protected products, and promoting the expansion of performance-based products. In addition, we enhanced our marketing competitiveness and customer convenience by improving the systems by developing a robot portfolio, establishing a KakaoTalk customer notification channel, and introducing the electronic fax for retirement pensions.

### Performance of Retirement Pension by Company Type

Category	End of 2020	End of 2021
General enterprise	4.9542 trillion KRW	5.6987 trillion KRW (15.0% ↑)
Agricultural and livestock cooperatives	2.8307 trillion KRW	3.1126 trillion KRW (11.0% ↑)
Public institutions and associated government agencies	1.437 trillion KRW	1.1513 trillion KRW (10.3% ↑)
Educational institution	1.9092 trillion KRW	2.1994 trillion KRW (15.2% ↑)
NongHyup	640.1 billion KRW	671.3 billion KRW (4.9% ↑)
Total	11.3509 trillion KRW	12.8333 trillion KRW (13.1 ↑)

### Retirement Pension Performance by Individual IRP Type

Category	End of 2020	End of 2021
IRP for receiving retirement benefits	690.7 billion KRW	876.1 billion (26.8% ↑)
IRP for a tax credit	907.9 billion KRW	1.2311 trillion KRW (35.6% ↑)
General purpose IRP	134.9 billion KRW	194.8 billion (44.4% ↑)
Total	1.7335 trillion KRW	2.3020 trillion KRW (32.8% ↑)

### Performance of Increasing the Proportion of High-Interest Rate Products and Performance-Based Products

Category	End of 2020	End of 2021
High-interest rate products (growth rate)	2.1718 trillion KRW	2.9619 trillion KRW (36.4% ↑)
Performance-based (growth rate)	869 billion KRW	1.2643 trillion KRW (45.5% ↑)



# AGRICULTURE FINANCE

농업금융

NongHyup Bank plans to provide 6.3 trillion KRW as the agricultural policy fund to improve relevant systems and work processes for farmers to reap from the real benefits. To spread smart farms, we will improve our systems by simplifying the application process and increasing the scope of eligibility, and restructure the existing agriculture finance consulting service into 'Smart 3-5 Consulting' tailored to customer needs to meet the varying needs of farmers. In addition, we plan to provide a range of preferential financing to farmers and agri-food companies with an excellent ESG performances to gain ground as 'Korea's No. 1 agriculture finance bank'.



## Agriculture Finance

NongHyup Bank provides agricultural policy loans to farmers and agri-food companies on account of the government and is consolidating its guidance for finance activities by providing personalized agricultural financial consulting support to improve the practical benefit of farmers and bring success to the farming of agricultural businesses. The bank continues to increase its loan services for agricultural food companies, provide specialized consulting services for agricultural food companies, and improve the business performance of the recipients, as part of its unwavering efforts to serve as a specialized bank for agriculture.

### Agriculture Finance

Support agricultural policy loans

Promote the welfare of farmers

Provide agricultural financial consulting services

Provide loans for agri-food businesses

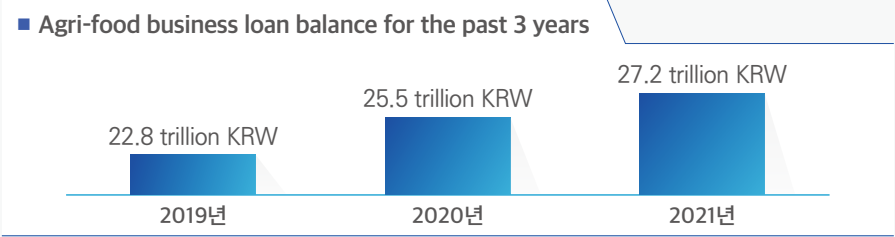
Provide professional consulting services for agro-food companies

## Financial Support for Farmers and Agricultural Food Companies

NongHyup Bank provided the new agricultural policy funds worth KRW 6.629 trillion (loan balance of KRW 19 trillion 588.6 billion as of the end of 2021) and provided agricultural financial consulting services on 294 occasions free of charge to enhance the competitiveness of the agricultural and agri-food sectors. The bank also provided an additional KRW 1.7367 trillion in loans for agricultural food companies compared to the previous year (loan balance of KRW 27.2219 trillion as of the end of 2021).

(Unit: 100 million won)

Category	2019	2020	2021
Agri-food business loans (balance)	228,441	254,852	272,219
Agricultural policy fund (new)	68,250	70,401	66,290



## Support for Farmers Impacted by COVID-19

To reduce the financial costs of farming households and to provide preemptive assistance for farmers impacted by COVID-19, the bank deferred the repayment of principal and interest and reduced the interest rate for some of the agricultural support funds. In 2021, the bank deferred a total of 3,632 loans worth KRW 61.6 billion and cut the interest rates by 0.3 - 1.0%p for 17,513 loans worth KRW 460.9 billion. For farming households affected by COVID-19, the bank provides a new disaster management fund of KRW 5 billion for a maximum of KRW 50 million per farming household.



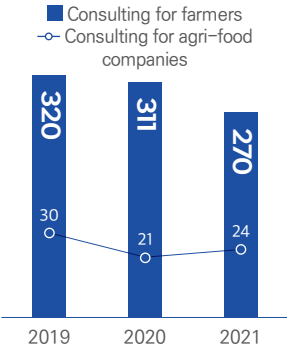


Reinforcement of Publicity for Banks Specializing in Agriculture Finance through CEO’s Field Management

We held field meetings with CEOs to support young farmers and to devise a scheme for farmers to hear the voice from the field. We visited smart farming households in Asan, Chungcheongnam-do, and Pocheon, Gyeonggi-do to garner their startup know-how and difficulties, and discussed the best ways to improve the scheme to assist farmers. We paid visits to agri-food companies in Jincheon, Chungcheongbuk-do, and Gyeryong, Chungcheongnam-do to present the plaques of appreciation, encouraged employees and increased field communication for the development of the agri-food industry.



Consulting service achievement



Free Management Consulting Service for Farmers and Agri-food Companies

Although difficulties arose from the limited consulting services available due to the COVID-19 pandemic, we provided continuous consulting services such as online remote services to help 270 farmers and 24 agri-food companies in 2021. We provided a customized financial consulting service for farmers associated with agriculture finance for each stage of farming growth, analyzed the overall business status of agricultural food companies, and identified the problems to provide solutions and general management consulting services.

■ Consulting service achievement

Category	2019	2020	2021
Consulting service for farmers	320	311	270
Consulting service for agri-food companies	30	21	24



NH Agrifood Green Growth Loan

Exceeded the goal of achieving 2 trillion KRW in balance

1. ESG-specialized products 'NH Agrifood Green Growth Loan,' Achieved 2 trillion KRW in loans within 1 year of launch!

2. Increased loan limits and preferred interest rates for the "companions of domestic farms,"

'NH Agri-food Green Growth Loan' Balance Exceeded KRW 2 trillion

In October 2021, one year after the launch of the 'NH Agrifood Green Growth Loan', we reached the goal of KRW 2 trillion. As a product that gives preferential loans to innovative companies in the green field, 'NH Agricultural Food Green Growth Loan' provides working operating and facility funds to companies in the agro-food industry (balance of KRW 2.404 trillion as of the end of 2021). Going forward, we will continue to go all out to build a bedrock as NongHyup Bank's 'No. 1 flagship product in agriculture finance' through continuous media promotion.



Establishment of 'Companions of Domestic Farmers' and the Selection of Top-Tier Companies

We selected and operated the 'Companions of Domestic Farmers' for excellent agri-food manufacturers whose annual purchase of domestic agricultural products constitutes at least 10% of their sales. We provide a wide variety of preferential services to companies selected as companions, such as preferential loan interest rates, extended sales channels, and corporate promotion. In 2021, we selected 'Chuncheon Potato Bread' as the first companion in the pilot project, and we will select at least 10 companions from 2022 onwards.





# AGRIFOOD INVESTMENT GROUP

농식품투자

NongHyup Bank has reorganized its investment in agricultural food to launch a relevant business department and developed a new fund as part of its plan to expand the associated operation. The bank plans to acquire the asset worth KRW 200 billion to preoccupy the position of the best-in-class management firm for agri-food.

New investment under the PEF

AUM  
120 billion KRW

Accumulative investment  
63.1 billion KRW

Return on investment

48%  
achieved

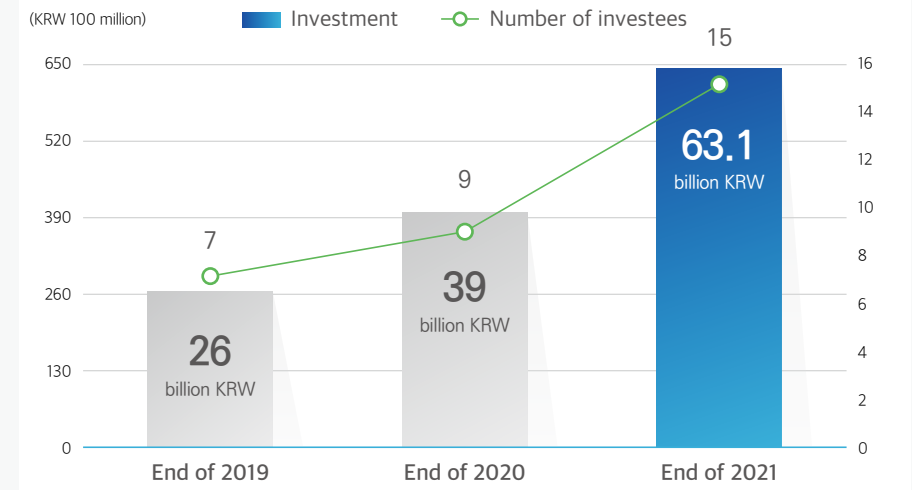


## Agri-food Investment Status

We operate a private equity fund to invest in promising agri-food startups that will pave the way for the future agri-food industry and make the efforts to find startups for new industries such as the green biotech industry and smart agricultural industry to enhance the competitive edge in its agricultural industry and the growth of the agri-food industry. In line with the recent changes in the structure of the agricultural industry, we remain committed to finding companies that will play a pivotal role in the future agri-food ecosystem.

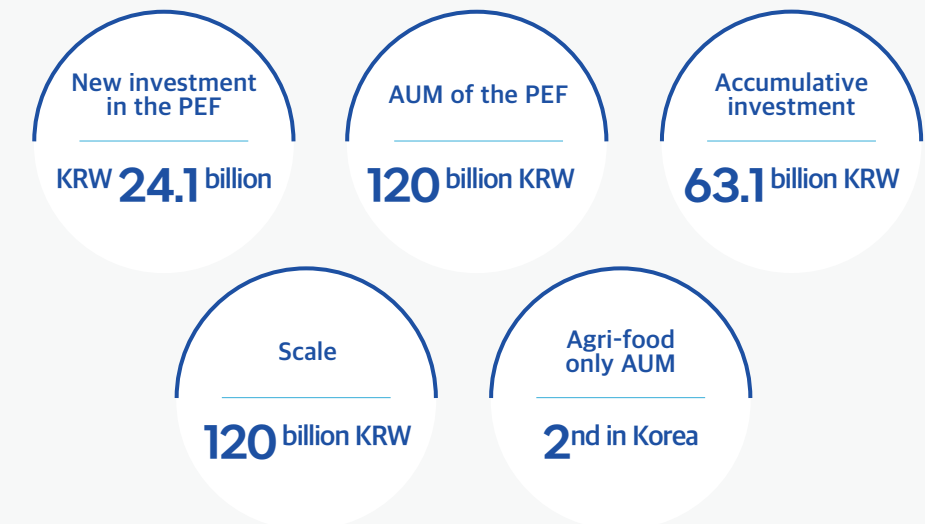
We found promising agricultural companies with excellent growth potential and newly invested KRW 24.1 billion in PEF for six innovative startups (new investment worth KRW 13 billion in 2020). As a result, the total asset under management for the PEF reached KRW 120 billion and the accumulated investment amounted to KRW 63.1 billion. We recovered our investment in the agri-food companies that grew based on our investment, thereby successfully achieving a rate of return of 48%.

## PEF investment status



## Established Status as a Leading Investment Manager in Agri-Food

At the end of 2021, NongHyup Bank gained a strong foothold as the 2nd largest investment manager in agri-food in Korea based on the amount invested in agro-food funds (based on the amount of funds for agriculture, forestry and fisheries fund, source: Agricultural Policy Insurance & Finance Service). As the ratio of NongHyup Bank's investment in the agri-food fund is 41%, NongHyup Bank is fully participating in the agri-food investment for the development of the agricultural industry.



# PUBLIC SECTOR BANKING

공공금융

NongHyup Bank has a branch office in all government complexes, and it is truly Korea’s largest bank handling government funds for local governments and the offices of education nationwide and the ultimate partner for the agricultural cooperative projects of local governments as well as a bank specialized in the government budget, thus demonstrating its stability and reliability.

  
Excellent institutions under new contracts for key transactions

45

  
Average balance for institutions under new contracts for key transactions

992 billion KRW

  
Key deposit for institutions under new contracts for key transactions

252 billion KRW

## Public Sector Banking Status

**Public funds:** 181 public funds based on the general accounts of 260 local governments and the offices of education nationwide (occupancy rate of 69.6%)

**Agencies:** Management of key transactions and funds for 826 agencies including public institutions, local public corporations, universities, and other institutions

**Courts:** Deposits for 87 courts out of 159 courts nationwide (occupancy rate of 54.7%)

**Public retail customers:** 1.94 million public officials and institutional employees as customers, main bank for 860,000 customers

Fields	Detailed business performance
Public funds	<b>Achievement of Stable Contract Renewal</b> <ul style="list-style-type: none"><li>Renewed contracts with 63 local governments and offices of education early in late November for the first time since the bank was launched.</li><li>Extended contractual terms from 3 years to 4 years for 11 clients including Jeollabuk-do</li></ul>
Agencies	<b>Attraction of Agencies for Key Transactions and the Promotion of Transaction Expansion</b> <ul style="list-style-type: none"><li>45 agencies with excellent new contracts for key transactions (average balance of KRW 992 billion, balance for key deposits worth KRW 225 billion)</li><li>Renewed contracts with 171 agencies, including major agencies such as the Korea Public Finance Information Service and the Korea Environment Corporation</li></ul>
Courts	<b>Stable Relocation of the Jeju Court and Attraction of New Courts</b> <ul style="list-style-type: none"><li>Focused the company-wide capacity throughout its branch offices and IT to successfully complete the relocation of the funds of the Jeju Court and the opening of a new branch</li><li>Attracted 11 new courts including Chuncheon, Changwon, and Jeonju district courts through open competition</li></ul>
Cooperative projects with government ministries and social contribution activities	<ul style="list-style-type: none"><li>Donated to the Korea Credit Guarantee Fund and provided loans worth 9.6 billion KRW by participating in the local asset project of the Ministry of the Interior and Safety</li><li>Provided assistance for COVID-19 such as medical supplies to screening clinics (17 headquarters, 190 million KRW)</li><li>With the public interest fund for deposits, stabilized agricultural product prices, promoted milk consumption, helped the digitally vulnerable in rural areas, donated laptops under the Dokdo love project, etc.</li></ul>
Boost of the digital competitiveness of public finance	<ul style="list-style-type: none"><li>Acquired a BM patent for a ‘mobile safe system’ in January 2021</li><li>Applied for a BM patent regarding the relocation of the deposit storing bank in March, 2021</li><li>Applied for a BM patent regarding the NH Regional Development Fund management system in May 2021</li></ul>

Holds 3 BM patents

  
e Expenditure

  
e Educational Fund

  
Mobile Safe



## With Court Funds, Great Leap Forward in Public Sector Banking

In November 2021, after an open competition hosted by the National Court Administration, the bank was selected to manage the deposits of 11 courts, including Chuncheon, Changwon, and Jeonju District Courts, to carry out management tasks such as the payment and the disbursement of court deposits. This provided an opportunity for the bank to take a quantum leap forward in public sector banking (legislative, judicial, and administrative) based on the growth of the court deposits, thus allowing the business to emerge as one of the three key sectors in public sector banking along with the public fund and institution businesses.

## 100% Early Renewal of Contracts for Public Funds

For the first time since the bank’s inception, we renewed contracts for public funds at the end of November and extended contractual terms from 3 years to 4 years for 11 public funds, including Jeollabuk-do, thus achieving 100% in the early renewal of contracts.

## Mobile Safe System Acquired the BM (Business Model) Patent

In January 2021, we acquired the business model (BMM) patent for our mobile safe system designed to manage funds and provide zero-pay services for enterprises on the ‘NH Mobile App’, thus having 3 BM patents for ‘e Expenditure’, ‘e Educational Fund’, and ‘Mobile Safe’.



# RISK MANAGEMENT

리스크관리

NongHyup Bank controls and efficiently manages the risks for all areas that may arise throughout its business activities to enhance the soundness and stability of its business and lay the sustainable groundwork for management. Efforts are made to improve the management of vulnerable sectors by preemptively dealing with crises, strengthen liquidity and the capabilities to deal with interest rate risks in preparation for increased volatility in the financial market, systematize the management process, improve the portfolio management system, and lay the groundwork for risk management to push ahead with new businesses such as ESG.



## Risk Management Status

When formulating a business plan, we identify and measure all possible risks at each stage to develop a management plan that factors in all risks, set and manage the risk tolerance for capital adequacy and efficient capital allocation, and subdivide the risks by industry and sector and set and manage the fund operation limit for the systematic management of unequally distributed risks. In addition, to deal with the crises early, we analyze the state of crisis and develop the measures to combat each stage of a crisis.

## Management of Vulnerable Areas through Preemptive Measures Against Crises

To address concerns over the risk of insolvency resulting from the prolonged COVID-19 pandemic and interest rate hikes, we reinforced the inspection and management of vulnerable sectors, and monitored the risk symptoms by analyzing the loans for COVID-19 from various aspects, and enhanced the industrial management ratings for vulnerable industries. In addition, we improved the integrated method designed to analyze the risks to sophisticate our risk scenarios and ensured the analysis results are reflected in our key management strategies to use in our decision-making process.

Periodic inspection  
of the four vulnerable  
sectors



COVID-19  
relief loans



People with low  
credit scores



Zombie  
companies



Vulnerable  
industries

## Reinforcement of the Ability to Deal with Liquidity and Interest Rate Risks and the Systematization of Responses to Supervisory Regulations

To identify early and respond on time to the signs of liquidity risks, we developed an early warning indicator, improved the effectiveness of crisis analysis by reorganizing the calculation of financial surpluses or deficits in a crisis that reflects actual liquidity risks, and developed a new target management stage and a step-by-step response plan in preparation for the expansion of interest rate volatility to lay the groundwork for the management of the interest rate risk. In response to the Basel III, international standards for bank capital adequacy, stress testing, and liquidity requirements that will come into force in 2023, we built a risk measuring system in line with the regulatory standards to lay the groundwork for adopting new regulations and developed our normalization plan to build a process that allows us to rapidly and systematically deal with crises.

## Digital Conversion of the Portfolio Management System and Support for ESG and New Businesses

We built an analysis and management system for personal loans to enhance our capability to predict weak credit, introduced non-financial benchmark ratings, and built a management system for reference indicators to upgrade our big data-based corporate credit rating system, thus increasing the adequacy and effectiveness of the credit rating. In addition, we presented a guideline to provide loans for industries with good prospects and reflected the characteristics of ESG-related industries in the industrial limit management to deal with rising risks due to new businesses, and enhanced the early inspection of risks in the development of new ESG-related products to build a bedrock to expedite transformation under the ESG management.

## Establishment of a Periodic Inspection System for Four Vulnerable Areas

We enhanced the risk management by inspecting the vulnerable areas for each risk type arising from the prolonged COVID-19 pandemic and increased volatility in the financial market. In the credit risk sector, we built a periodic inspection system designed to manage COVID-19 relief loans, people with low credit scores, zombie companies, and vulnerable industries, as four vulnerable sectors, which are particularly vulnerable to the risk of interest rate hikes. In the liquidity risk sector, we reorganized our crisis management system and overhauled our early warning system to improve our capabilities to deal with crises. Furthermore, in response to the enhanced protection of financial consumers and increasing online channels, we improved the level of operational risk management by improving the self-diagnosis of risk control reflecting recent losses.



# DIGITAL PLATFORM

디지털플랫폼

To enhance platform competitiveness, NongHyup Bank is committed to building an integrated financial platform that offers all the financial services customers need beyond a simple bank platform. We will provide integrated financial services for all our affiliates, involving securities, credit cards, and insurance products, as well as our Full Banking service to perfect our journey towards the heart of our customers. We will also introduce the metaverse platform ‘NH Dokdo Bus’ to enhance communication with our customers and expand and introduce familiar services closely associated with our daily lives to create a platform where customers will stay longer.

Annual number of prevented FDS accidents

1,389

Annual amount protected due to prevented FDS accidents

11.579 billion KRW

All-One Bank Everyday Life Finance Service

All-One × LYVLY

All-One × Flower

All-One × Door-to-Door Delivery

All-One Group Purchase

## Digital Platform Status

NongHyup Bank is not only committed to innovation for customer-oriented platforms that provide services needed by customers in their daily lives, but also for a ‘financial platform for daily lives’. We also provide everyday services necessary for customers as well as other services tailored to Gen MZ to secure future customers as part of our efforts to facilitate our platform to attract over 10 million monthly active users (MAU). In addition, we listen to and promptly respond to our customers through the systematic customer response and issue management to offer a better customer experience, and we have updated our capability to detect e-finance accidents and introduced an authentication service with new technologies to enhance our capability to operate a platform that enables safe and simple authentication.

## Everyday Finance Platform, All-One Bank

NongHyup Bank’s flagship platform, All-One Bank, has transformed itself into a convenient ‘everyday finance platform’ designed to encourage customers to visit more frequently as it combines financial services into our everyday life. Its wide-ranging affiliated services include ‘All-One x LYVLY’ in partnership with an online livestock platform, ‘All-One x Flower’, a flower delivery service available nationwide, ‘All-One Door-to-Door Delivery’ which allows customers to send and receive packages, ‘All-One Group Purchase’ for the discounted purchase of agricultural and livestock products to offer a convenient experience for its customers and create NongHyup-wide synergy. In commemoration of the 60th anniversary of the bank’s inception, we launched ‘Branch Dokdo’, a virtual space designed to inform our customers of Dokdo and communicate with them, to provide specialized products and services unique to NongHyup Bank. Starting with this, we developed Dokdo Bus, a financial metaverse platform that converges diverse contents preferred by Gen MZ, involving finance, games, and online communities.



2021 Korea Best Banker Award

Best Bank Category Presidential Awards of the Financial Supervisory Service

All-One Bank (Seoul Economic Daily, SEN Seoul Economic TV)



## NH Smart Banking

NH Smart Banking has launched a new reporting and verification service to allow users to file 40 different types of reports and submit 4 types of proofs to provide online support for 96% of associated affairs. We improved the user interface for our key services and began to provide customized services to suit the circumstances of our customers, thereby further shoring up our Full-Banking service. In addition, we have introduced the ‘Smart Banking Convergence Center’ to improve services through coherent communication between business departments and IT organizations and established a rapid development support system for matters requiring urgent improvement, such as user interface tests and customer services to improve customer satisfaction.

## Online Financial Product Store

We enhanced our product lineup for young customers, individual business owners, and top-rated customers, and developed an interactive one-stop process encompassing product recommendations to the subscription to improve customer convenience. We also provide a familiar and intuitive processes for customers to select financial products and utilized images to increase the understanding and legibility of the product characteristics and descriptions. In addition, we fully leveraged ‘NH Mobile Branch’, which allows customers who find it difficult to make digital transactions to sign up for online products without having to install a separate app and certificate, to allow easier access for customers and provide online financial products. In particular, ‘NH Mobile Branch’ is designed to enable each customer, product, employee, and branch to customize the application to provide digital marketing services tailored to customers and regional characteristics.

## Expansion of the Scope of Authentication and Security Services

To acquire competitiveness for the platform, we applied ‘NHOnePASS’, an open integrated authentication service, even when using the services of affiliates such as life insurance, non-life insurance, and logistics services, to allow customers to use it like a ‘single app’, thereby increasing the scope of services. We entered into a business agreement with the Korea Airports Corporation for the first time in the finance sector to provide unique authentication services including a bio-authentication service of NongHyup Bank, ‘NH Single-handed Authentication’, to provide simple boarding for domestic flights. In addition, to provide customers with a safe and convenient authentication experience, we have plans to develop a variety of authentication services for our platform by means of obtaining a license for a digital signature authentication business and building an associated system, extending the connection with external services, expanding affairs to which bio-certification is applied, and building an infrastructure for designating an identity verification agency.

### ■ Business performance

	2019	2020	2021
Number of All-One Bank customers	4.46 million	5.86 million	7.8 million
Number of NH Smart Banking users	8.05 million	8.93 million	10.33 million

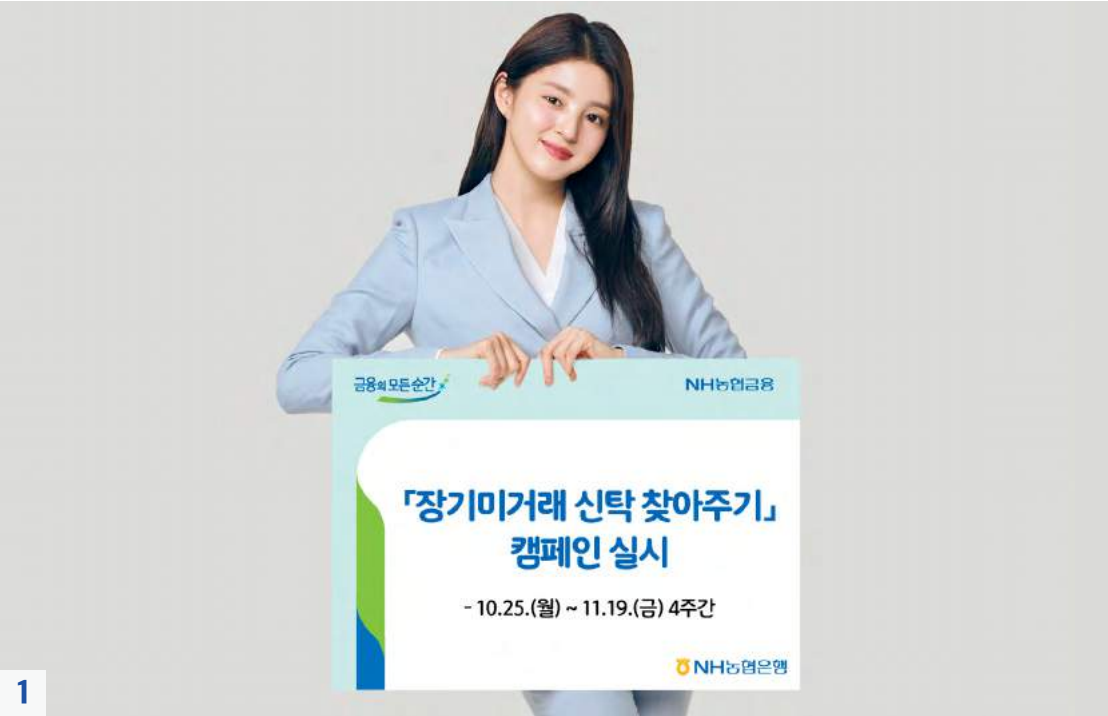


# TRUST BANKING

신탁

NongHyup Bank’s trust banking business aims to improve the DT-based business process to improve customer convenience and enhance product competitiveness to pave the way for the business that thrives together with its customers. We will make the efforts for the business to grow into the core fee business of NongHyup Bank by increasing support for associated branches, focusing on real estate collateral trust for the agricultural and livestock cooperatives, and developing customer-oriented integrated financial services.

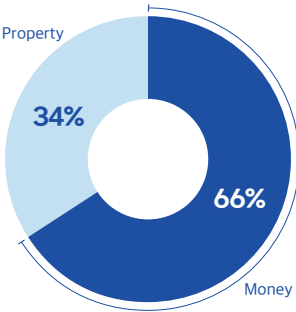
1. 「Find long-term non-traded trusts, campaign  
4 weeks between Oct. 25 (Mon) and Nov. 19 (Fri)



Trustee fee

For the first time in history, exceeded 100 billion KRW

NongHyup Bank's total trust (based on balance)



## Trust Status

Money and the property trusts play a pivotal role in NongHyup Bank’s commission business. Built upon the trust of customers, we remain entirely dedicated towards ensuring continuous growth and securing competitiveness by developing a wide variety of new products to meet customer needs, diversifying revenue sources, and cultivating professional manpower. Our goal is to play a pivotal role in NongHyup Bank’s new growth and to grow into the best-in-class integrated wealth management business through stable business and continuous revenue growth.

## Trust Banking 2021

We placed our focus on providing a range of products tailored to customer needs, continuously launching new products that reflect market conditions, and operating government budgets to increase business volume and profits arising from the commission. In 2021, the total trust (based on the balance) of the Trust Department reached KRW 30.7503 trillion, up KRW 555.8 billion (1.8%) from the previous year. The trusts consist of KRW 20.3282 trillion in money trusts (66% of total trusts) and KRW 10.4221 trillion in property trusts (34% of total trusts). In money trusts, certain money trusts reached KRW 16.9235 trillion, a YOY increase of KRW 1.797 trillion (+6.8%). In particular, ETF trusts achieved remarkable growth, with a year-end balance of KRW 1.2467 trillion, and sales significantly increased, up KRW 855.6 billion (218.8%) compared to the previous year.

## Trust Fees Exceed KRW 100 billion for the First Time

In 2021, trust fees reached KRW 112.5 billion, exceeding KRW 100 billion for the first time for NongHyup Bank’s trust business, due to the boost in sales of high-reward certain money trusts, up KRW 36.1 billion or 47.3% compared to the previous year. In particular, ETF trusts continued to unveil new products reflecting market conditions (66 types were available for sale as of the end of 2021), and sales reached KRW 5.759 trillion, an increase of KRW 3.5556 trillion or 233.9% from the previous year. Trust fees also achieved a growth rate of 233.8% to reach KRW 50.7 billion, a YOY increase of KRW 35.5 billion. In addition, we have developed an online transaction system to diversify customers’ new subscription channels for trust products, introduced a service to notify the customers of the key description of trust products to improve customer convenience, and launched products for the super-aging market as part of our utmost efforts to remain ready for our entry into the integrated asset trust market.

Trust (based on balance)		
Money trust	20.3282 trillion KRW	66% of total trust
Property trust	10.4221 trillion KRW	34% of total trust
Certain money trust	Achieved 16.9235 trillion KRW	
ETF trust year-end balance	Achieved 1.2467 trillion KRW	
ETF trust sales	5.759 trillion KRW	YOY increase of 3.5556 trillion KRW
Trustee fee	112.5 billion KRW	YOY increase of 36.4 billion KRW

# CONSUMER PROTECTION

금융소비자보호

NongHyup Bank makes the utmost effort to thoroughly comply with the Act on the Protection of Financial Consumers and promptly reflect consumer feedback to improve its products and services oriented towards consumers and rise as the finest bank in protecting the rights and interests of financial consumers.

## Financial Consumer Protection Status

In response to the enforcement of the Act on the Protection of Financial Consumers on March 25, 2021, NongHyup Bank expanded its 'Financial Consumer Protection Division', an organization designed to protect financial consumers (established the Financial Consumer Protection Support Bureau), and appointed a chief compliance officer (CCO) to oversee financial consumer protection. In addition, we have launched the 'Task Force for the Act on the Protection of Financial Consumers' and reorganized the company-wide internal regulations and processes to help financial consumers stably adapt to the changing banking procedures resulting from the enforcement.

We established the 'Non-Deposit Products Committee' composed of executives to systematically decide whether to release non-deposit products through prior deliberation, made the efforts to prevent consumer damage in advance by building the 'integrated management system for non-deposit products' to monitor non-deposit products in an integrated manner for the first time in the banking sector, developed the 'regulations on internal control for financial consumer protection' and the 'regulations on the standards for financial consumer protection', and launched the 'Internal Control Committee for Financial Consumer Protection' with the president of the bank as the chairperson.

For the first time in the banking industry, NongHyup Bank built the 'integrated management system for non-deposit products'



Strengthening financial consumer protection activities tailored to the underprivileged

Prevention of financial fraud

24.7 billion KRW



With the advancement of the 'NongHyup Bank's VOC system' spreading a culture of benefiting from consumer feedback



## Financial Consumer Protection Activities tailored to the Underprivileged

In 2021, we enhanced our financial fraud prevention activities by broadcasting videos designed to prevent vishing scams on TV at branch offices and uploading them on social media, thus protecting KRW 24.7 billion in customer assets. In addition, we created a video on major scam examples and precautions for financial fraud in collaboration with the Korea Consumer Agency and used to educate senior citizens, as part of our consumer protection activities tailored to the groups of people vulnerable to financial fraud.

## Establishment of an Organizational Culture that Promptly Reflects Consumer Feedback

We upgraded our 'NongHyup Bank VOC System' to develop a process to receive and analyze various consumer feedback (commendations, complaints, suggestions, and civil complaints) about NongHyup Bank, and to promptly reflect them in the relevant departments. We put consumer feedback as our top priority and strive to offer products and services that benefit from consumer feedback.

In 2022, we will strengthen our presence as a 'leader in consumer protection' by acquiring



the consumer-centric management (CCM) certification four times in a row for the first time in the banking sector and acquiring an 'excellent' grade in the financial consumer protection evaluation.





# GLOBAL BUSINESS

글로벌사업

NongHyup Bank remains entirely dedicated to its role as a crucial profit center by achieving profit goals early with stable businesses and upgrading the business models in countries where it has established a base in the global market. To respond to the rapidly changing global digital landscape, we have built a digital infrastructure unique to each country and business model to support our global expansion.



## Establishment of Key Directions for Each Global Market

NongHyup Bank has actively sought to branch out into overseas markets since its global business division was established in 2017. In 2021, the bank further detailed its mid-to-long-term global development strategy to develop a strategy tailored to the local circumstances of each region. Advanced financial markets such as the United States, Hong Kong, Australia, and the U.K. will serve as our outposts to read global banking trends and act as a base for facilitating fund management and generating profits, while Vietnam, China, and India will expand the earnings foundation oriented towards business loans and serve to provide financial support for companies reaching out to ASEAN. In Cambodia and Myanmar, the bank will build a retail foothold to build the business foundation in Southeast Asian countries and develop strategies tailored to each country as part of its efforts to expand its business.

In addition, the bank will pursue M&As in the ASEAN markets with rich potentials such as Vietnam, Cambodia, the Philippines, and Indonesia to lay the groundwork for inorganic growth in its global business. NongHyup Bank will formulate business strategies that cater to each market and country to pave the path for its global business to take another leap forward.

## Expansion of Overseas Networks and Business Revitalization

Expanding the overseas networks is an essential element in the global business of NongHyup Bank. In 2021, the Global Business Division successfully opened its London office to take a deep dive into the European market and opened a branch in Hong Kong, a financial hub in Asia. In addition, we continued to facilitate the rapid conversion of our sales channels in Beijing, New Delhi, and Ho Chi Minh offices, while at the same time dispatching personnel to prepare for establishing the Sydney branch in Australia as part of our efforts to secure new sales channels. The Hanoi branch in Vietnam and the Cambodia subsidiary are fully serving as the profit center of Southeast Asia, going beyond the business stabilization stage at the early phase of our entry, and in 2021, each sales organization achieved all-round growth in total assets, loan balance, number of customers, and so on, despite various limitations brought by COVID-19.

## Global Business Support and Infrastructure Reinforcement

NongHyup Bank has developed an emergency management system tailored to each country's situation to combat the spread of COVID-19. To deal with emergencies and maintain business continuity, we have opened alternative workplaces for each of our overseas branches and introduced a telecommuting system to facilitate our business despite the spread of COVID-19. Amid the uncertain circumstances in Myanmar, we established a BCP management system in line with our global crisis management system and did our utmost to ensure the safety of local employees and their families at our subsidiaries, and to protect corporate assets.

Meanwhile, we upgraded our performance management system for overseas branches to build an environment for consistent and uniform evaluations, continued to operate educational programs to secure global talents, and upgraded our IT system to manage risks and enhance our competitive edge through reinforced internal control.



Status of overseas branches

7countries 10offices

■ Status of overseas branches

Location		Type	Entered in	Main business	Number of branches	Number of employees
United States	New York	Branch	2013. 8	Corporate finance / trade finance	1	21
	Hanoi	Branch	2016. 12	Corporate finance / trade finance	1	28
Vietnam	Ho Chi Minh City	Re-office	2018. 11	Sales organization / preparation for establishment	1	4
		Subsidiary	2016. 12	Individual customers / microloans	28	347
Myanmar	Yangon	Office	2020. 10	Sales organization / preparation for establishment	1	1
		Subsidiary	2018. 9	Individual customers / microloans	25	336
Cambodia	Phnom Penh	Office	2013. 9	Sales organization / preparation for establishment	1	14
	Beijing	Branch	2021. 11	Corporate loan / trade finance / fund management	1	14
China	Hong Kong	Office	2016. 6	Sales organization / preparation for establishment	1	3
India	New Delhi	Office	2021. 8	Sales organization / preparation for establishment	1	1
United Kingdom	London	Office				

\* The total number of employees includes eight personnel who are preparing to open a branch in Australia (three expats and five local employees)

# NH NONGHYUP CARD

NH농협카드

As NongHyup Bank reorganized its integrated brand into NongHyup Card, the company transformed its brand into 'NongHyup Card (Chaeum)' and BC brand into 'NongHyup Card (BC)'. Despite challenging business conditions brought by the spread of COVID-19 and continued internal and external uncertainties arising from financial business regulations, the bank achieved record-high performance through active participation in government projects, the expansion of public projects, and increased cost efficiency, thus contributing towards invigorating local economies and fully promoting the local currency projects as part of its ESG management practice.

1. NongHyup Card, a flagship card of Korea



## NongHyup Card Status

NongHyup Bank first started the credit card business with the 'NongHyup Credit Card' in 1983 and started the card business for agricultural and livestock cooperatives on behalf of the National Agricultural Cooperative Federation in 1993. In 2008, it was reorganized as a spin-off organization of NongHyup Card, and in November 2009, it launched its own brand 'NongHyup Chaeum Card' to make inroads into the card business. As NongHyup Bank reorganized its integrated brand into NongHyup Card in 2012, the company transformed its brand into 'NongHyup Card (Chaeum)' and BC brand into 'NongHyup Card (BC)'. As a concurrent loan service provided under the Specialized Credit Finance Business Act, NongHyup Card is engaged in the credit card business, and as its influence in the card industry continued to grow, the company acquired associate membership with the Credit Finance Association for the first time in January 2019 as a credit card company concurrently run as a bank. The NongHyup Card spin-off is run as an in-house spin-off within NongHyup Bank, rather than as an independent corporation, and it consists of one division, five offices, five bureaus (including the Card Customer Happiness Center), 33 teams, and 1 center, employing 450 people.

## Serving as a Major Profit Center for NongHyup Bank

In 2021, the company's total card spending amounted to KRW 109.8 trillion, and net income reached KRW 213 billion. NongHyup Card has 28.4 million customers and 8.75 million are the registered holders of its credit cards, up 74% since the launch of the independent card (2009). As of 2021, NongHyup Card's market share (M/S) is 11.3%, ranking 5th in the industry, and its debit card's market share is



Total card spending

109.8trillion KRW



Net income

213billion KRW



NongHyup card users

28.4million



Credit card holders

8.75million

ranked first with an overwhelming ratio of 27.5%. In 2021, despite challenging business conditions resulting from the spread of COVID-19 and continued internal and external uncertainties nurtured by financial regulations, NongHyup Card fully participated in government projects, extended public projects, enhanced risk management, and improved cost efficiency, thus demonstrating excellent performance in serving its role as the major profit center of NongHyup Bank. The company took part in the government relief project designed to recover consumption in the local communities and relieve the economic impact on low-income earners and participated alone in the disaster relief project for farmers to help 470,000 farming and forest-based households.

## Achieved 1 Million Mew Credit Card Customers for 7 Consecutive Years

NongHyup Bank launched a task force within the spin-off as part of its company-wide effort, and as a result, it was able to provide 1.5222 trillion KRW for relief and occupy the market share of 19.8%, taking second place in the industry. The company also took part in the regional currency projects of local governments to invigorate local economies and joined the local currency projects of 72 local governments nationwide in 2021, further solidifying its position as the No. 1 credit card company for local currency. The bank launched products that fully satisfy customer needs, such as the 'NH1961 Card', a product designed to commemorate the 60th anniversary of NongHyup, and the 'SOHO Dasaroi Card' for sole proprietors, thus achieving 1 million new credit card customers for 7 years in a row. The Ryan Cheese and Apeach Sweet debit cards, armed with charming characters and lifestyle benefits, have remained popular among younger generations, with the total number of cards issued reaching 1.6 million. In August 2021, as 'All One Pay' was newly launched as 'NH pay', an integrated payment and lifestyle platform representing NongHyup, we introduced an account payment service and applied open banking to expand its scope of application, and partnered with NongHyup Mall to create synergy between the economy and finance, reaching 4 million members early.







NongHyup Card  
Brand image  
enhancement

Model Han So-hee,  
Kang Ha-neul + Story  
(Homage to the TV series  
'Signal') Advertising

Achieved **22.8**  
million views  
(As of March 31, 2022)

Released 72 Types of Local Currency Cards to Contribute  
to the Virtuous Cycle of the Local Economy

As part of its contribution towards invigorating the local economy and practicing ESG management, the bank pushed ahead with the local currency business. Starting with the launch of the local currency of Yeominjeon in Sejong in May 2020, the bank carried out local currency card projects for various local governments with 72 types of local currency cards. NongHyup Card also took the initiative in invigorating the local currency in partnership with Korea Minting, Security Printing & ID Card Operating Corp, KT, and KIS Information & Communication, and will continue to raise the public value of creating a virtuous economic cycle to add vitality to the local economy.

Delivered Public Interest Funds to the Rural Love Movement  
to Enhance ESG Management

NongHyup Card is engaged with a variety of social contribution activities, including providing a hand for farming households and the marginalized class of people in the region, proving help with public interest funds and supplies for the marginalized class of people. The company provided 350 million KRW in public interest funds to the headquarters of the National Movement for Rural Love to facilitate agricultural and rural development and the welfare of farmers. The fund is spent on various campaign projects for farming communities by providing supplies for the welfare of the underprivileged in rural areas, enhancing values in farming communities, volunteering, and sharing talents. Going forward, the company will continue to work on numerous support projects to facilitate the mutual prosperity of urban and rural areas and to construct a national consensus on the value of agriculture.



Customers  
Reached **4**million



Users of ‘NH Pay’ Exceeded 4 Million

NongHyup Card launched ‘NH Pay’, the integrated payment platform representing NongHyup, which was a rebranded form of ‘All One Pay’, and expanded its available use by introducing an account payment service and applying open banking. The company also worked with NongHyup Mall to provide the content converging economy with finance to create synergy for the entire NongHyup. The company improved the subscription procedure and increased the inflow to achieve four million subscribers early, and an advertising video unveiled to mark the launch of ‘NH Pay’ garnered 20 million views within a short period of time, based on its story-telling advertising strategy.

Discovery and Promotion of Good Merchants  
as Part of ESG Management

Under the slogan of the ‘Card for Wise Lifestyle’, we developed and launched the ‘Be True to Myself and Spend Wisely’ campaign to contribute to the spread of ethical influence. We found and promoted good merchants that share an ethical influence by providing free meals for undernourished children, sponsoring an adoption of stray dogs, and recycling resources, to spread ethical influence and engage in marketing activities. We created and broadcast content featuring comedians Yang Se-hyeong and Kim Min-kyung and other popular celebrities, and gained 11 million views. As a result, this case was listed as a good practice of ethical influence in ‘Trend Korea 2021’. Accordingly, we provided a 10% discount for those who used a NongHyup card at the selected good merchants, and since the first merchant was named in June, 2020, we have selected 9 merchants to promote their cause. Going forward, we will continue to find good merchants that contribute towards local communities and eco-friendly, the virtuous cycle of resources to spread an ethical consumption culture and practice ESG management, and further expand our good merchant service to allow our customers to take part in the social contribution and environmental protection activities while using their credit and debit cards.

Good merchants	ESG activities
(1st merchant) Real Pasta	Free meals for undernourished children and firefighters
(2nd merchant) Dogs to be Loved Again	Protection and adoption of stray domestic animals
(3rd merchant) Oppa sushi	Free meals and donation for the underprivileged
(4th merchant) Eunjujeong	Donation of 500kg of rice and scholarships for low-income households every month
(5th merchant) 119 Leo	Upcycling sales of used flame-resistant clothing, and the donation of the proceeds to the fire department
(6th merchant) Paper Pop	Creation of a virtuous cycle of resources by making furniture with eco-friendly paper
(7th merchant) Almaeng Store	Sales of unpackaged, non-plastic products purchased only as much as needed
(8th merchant) Continue	Upcycling sales of car seats, airbags, and marine waste
(9th merchant) Woori Gacham Sundae	Periodic events to serve free soups for senior citizens and disabled people living alone





*We Do*

**We will practice ESG management  
specialized in agriculture finance  
and create a future for both farmers  
and all other citizens.**

We will leave no stone unturned to incorporate the ESG management system  
and build a cooperative and information-sharing system associated with social  
ESG, shaping the future of our dreams where farmers and all other citizens remain happy.



NONGHYUP BANK  
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NONGHYUP BANK  
ESG

NH농협은행 ESG

NONGHYUP BANK  
ESG

NONGHYUP BANK

ESG Business	66
Social Contribution	72

# ESG BUSINESS

녹색금융사업

NongHyup Bank will join a broad spectrum of global sustainable management initiatives to develop strategies that make a positive impact on society, the environment, and the economy, and lead the way for sustainable management.

## Global ESG Initiative



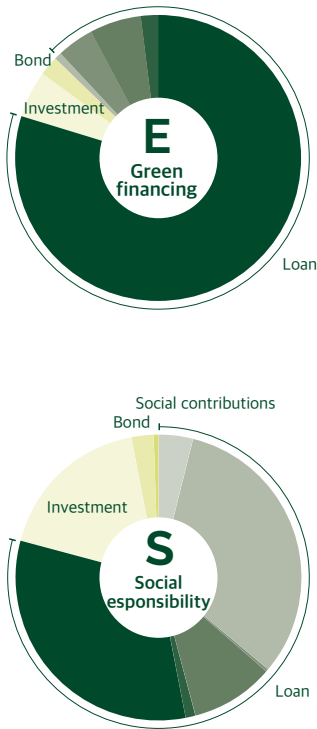
## NH-TAXONOMY

NongHyup Bank has developed the NH-Taxonomy, the standard for calculating ESG performance of NongHyup Financial Group, thus laying the groundwork for systematic ESG management. NH-TAXONOMY was designed on reference to the International Capital Market Association's (ICMA) classification system under the Green Bond Principles and Social Bond Principles as well as European EU-Taxonomy, and in reflection of the business characteristics of NongHyup Bank. It was also verified for its propriety.

## ESG Performance Status

(Based on the balance, KRW 100 million)

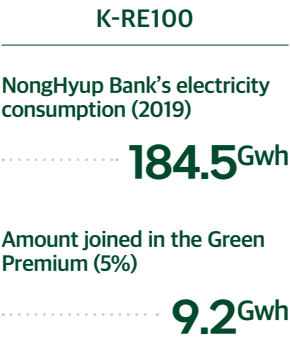
Category			End of 2021	
Green Finance (E)	Loan			71,981
		Sustainable agriculture, forestry and fisheries		62,293
		Renewable energy and energy efficiency		4,198
		Pollution prevention and management		1,625
		Sustainable water quality and sewage management		647
		Other eco-friendly		3,218
	Investment			4,567
	Bond			1,500
	Subtotal			78,048
	Social responsibility (S)	Loan		
Microfinance				22,378
Small business financing				174,013
Social finance				1,619
Public services such as health and education				50,837
Basic infrastructure for vulnerable social groups				6,170
Technology financing				173,938
Investment			96,587	
Bond			13,200	
Social contribution			1,889	
Subtotal			540,631	
Total				618,679







Participation in the Government-Sponsored ESG Campaigns

NongHyup Bank took part in the government-sponsored ESG campaigns (KRE100 and K-EV100) and signed ESG-related business agreements with the government and 11 local governments and public institutions, including the Korea Forest Service, as part of its effort to pitch vigorously in the government and local governments’ carbon neutral policies and carbon point system.

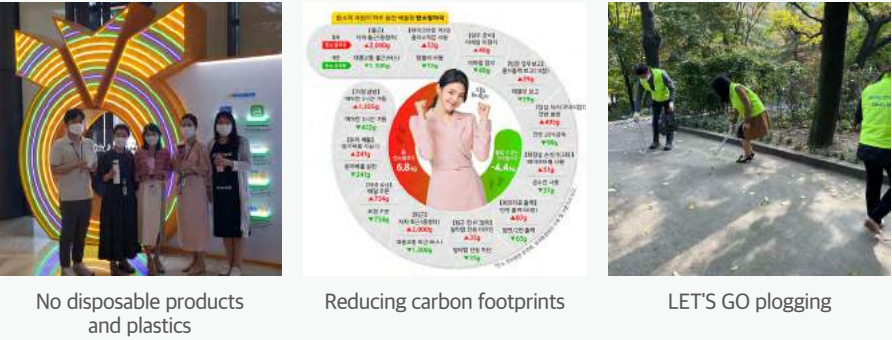


Campaign	Description														
K-RE100	<p>A first commercial bank in Korea to participate in a campaign designed to convert 100% to renewable energy by 2050</p> <ul style="list-style-type: none"> <li>- Joined Green Premium: 5% of NongHyup Bank's annual electricity consumption</li> <li>- Developed goals for the early achievement of K-RE100 (2040)</li> </ul> <table> <tr> <th>Goal</th><th>Description</th></tr> <tr> <td>NongHyup Bank's electricity consumption (2019)</td><td>184.5Gwh</td></tr> <tr> <td>Amount joined in the Green Premium (5%)</td><td>9.2Gwh</td></tr> </table>	Goal	Description	NongHyup Bank's electricity consumption (2019)	184.5Gwh	Amount joined in the Green Premium (5%)	9.2Gwh								
Goal	Description														
NongHyup Bank's electricity consumption (2019)	184.5Gwh														
Amount joined in the Green Premium (5%)	9.2Gwh														
															
K-EV100	<p>Participated in a campaign designed to fully convert business vehicles to zero-emission vehicles (electric/hydrogen vehicles) by 2030</p> <ul style="list-style-type: none"> <li>- Expressed will to achieve K-EV100 by acquiring electric vehicles for the Bucheon branch (February) and the rep-office in the Ulsan Office of Education (July)</li> <li>- As of the end of November 2021, 34 electric vehicles have been introduced for business use</li> </ul> <div>(Unit, Km, Kg)</div> <table> <tr> <th>Vehicle type</th><th>Head quarters</th><th>Sales Head quarters</th><th>Branch</th><th>Total</th><th>Cumulati ve distance</th><th>Carbon reduction</th></tr> <tr> <td>Electric vehicle</td><td>2</td><td>8</td><td>24</td><td>34</td><td>110,498</td><td>14,144</td></tr> </table>	Vehicle type	Head quarters	Sales Head quarters	Branch	Total	Cumulati ve distance	Carbon reduction	Electric vehicle	2	8	24	34	110,498	14,144
Vehicle type	Head quarters	Sales Head quarters	Branch	Total	Cumulati ve distance	Carbon reduction									
Electric vehicle	2	8	24	34	110,498	14,144									
															



NH Climate Action Campaign (2021)

Vehicle type	Theme	Vehicle type	Theme
April	No disposable products and plastics	August	Reducing carbon footprint
May	Climate actions at home	September	Sharing and donation
June	Cutting down food waste and joining the carbon point system	October	LET'S GO plogging
July	Proper segregation of waste in daily life	November	



Greenhouse gas and energy reduction

NongHyup Bank has continued to contribute towards reducing greenhouse gas emissions in Korea by fulfilling the government's reduction goals every year since it was first designated as a management company for the greenhouse gas and energy goal management system in 2014. In 2020, NongHyup Bank also reduced carbon emissions by 17% compared to the target. The bank carried out a wide range of projects to save energy by replacing LED lighting and old air conditioners at its branches located nationwide, operating eco-friendly data centers, and introducing excellent computer equipment (laptops, monitors, etc.) to reduce standby power loads.

■ Performance of the greenhouse gas and energy target managementsystem

(Unit: tCO2eq)

Category	2018	2019	2020
Emission allowance	117,905	111,633	113,032
Actual emissions	95,683	96,883	93,402
Achievement rate against the permitted amount	119%	113%	117%

Greenhouse gas and energy reduction achievement rate



Major Awards associated with Environment and Sustainable Finance

Ministerial Award for ‘Excellent Agency for Environmental Information Disclosure in 2021’  
(July 8, 2021)

NongHyup Bank continued to build environmental management systems, invest in and adopt water and energy consumption reduction technologies, introduce computer equipment with reduced standby power loads, and launch company-wide energy saving campaigns, among others, and periodically disclosed its environmental information as part of its effort to fully participate in the government’s environmental policy.



Community Reinvestment

NongHyup Bank continues to reinforce its identity and fulfill its inherent role as a safe for local governments and offices of education through mutual growth with the local community achieved by reinvestment. The community reinvestment evaluation was carried out for the first time in 2020 to evaluate financial companies’ contribution to the growth of the local economy under the supervision of the Financial Services Committee. The evaluation consists of quantitative indicators such as the outflow of local funds, loans to SMEs and low-income earners, and infrastructure investment, as well as qualitative indicators for strategies designed to provide financial support for local communities. NongHyup Bank obtained the highest grade for the second year in a row in the 2021 evaluation.

Regional evaluation rating

Rating	Region
Outstanding (7)	Busan, Daegu, Daejeon, Chungnam (Sejong), Gyeongbuk, Gyeongnam, Jeju
Good (6)	Gwangju, Ulsan, Gangwon, Chungbuk, Jeonbuk, Jeonnam

ESG Promotion Committee

NongHyup Bank launched an ESG promotion committee to build an ESG management system. The Committee is designed to review and decide on ESG-related policies and strategies, share ESG-related issues, and analyze ESG performance to forge an ESG governance system. The ESG Promotion Committee reports the status of ESG promotion to the Board of Directors.

2021	Agenda
First (Mar.17)	- Promotion of consulting on joining the Equator Principle - NongHyup Bank’s ESG promotion status
Second (Nov.12)	- ESG promotion status at the end of October 2021 - Progress report on joining the ‘Equator Principle’





# SOCIAL CONTRIBUTION

사회공헌

Built purely with the domestic fund, NongHyup Bank makes an extra effort to design the future of our dreams for farmers and all other citizens on behalf of finance in Korea. The bank has been a reliable partner for its customers, farmers, and local communities by playing a leading role in increasing welfare in rural areas and supporting the underprivileged and SMEs.

Customized financial education

1,802 occasions

16,218 hours

'Happiness Fulfilling Finance Class'

Provided customized financial education for the financially underprivileged, such as youth and senior citizens

## 100 years of NongHyup next to farmers and all other citizens

NongHyup Bank pays great attention to the local community and public domain to pursue the public interest and support the underprivileged. Therefore, the bank unfolds a wide variety of social contribution activities to support microfinance, provide academic and educational content for cultivating future talents, invigorate culture and sports, protect the environment, and provide relief overseas. Going forward, the bank will continue to stand with farmers and all other citizens for the next 100 years with customer happiness and sharing as its top priority.



Grand Prize for Outstanding Content for Financial Consumer Protection

Newspapers made by consumers



Presidential Award of the Financial Supervisory Service in the 16th Financial Contest

Financial Supervisory Service



Kyunghyang Newspaper President's Award in the 16th Kyunghyang Financial Education Awards

Kyunghyang Newspaper & Financial Supervisory Service



Companion Service for senior citizens

10,761

## Contribute to Narrowing the Educational Gap between Urban and Rural Areas through Various Educational Opportunities

NongHyup Bank supplies teaching materials such as EBS textbooks to provide online education for elementary schools in farming communities and regional children's centers, holds Green Ladder Camp to offer various educational opportunities for students, and runs the outreach 'Happiness Fulfilling Finance Class' that enables access for people residing in distant and isolated areas. As a result, the bank offered customized finance education on 1,802 occasions (16,218 hours) in 2021.



## Happy Companionship through the 'Companion Service' for and Senior Citizens Living Alone in Farming Communities

We served as a warm companion for senior citizens living alone with our 'Companion Service' for the farming communities. For senior citizens aged 70 and over who live alone in farming communities, the counselors of NongHyup Bank Customer Happiness Center call them every week to check their safety and accept complaints, and provide information on various lifestyles and how to deal with financial fraud. As a result, the bank provided benefits to 10,761 senior citizens in 2021.



Cool Roof Campaign to Prevent Damage from Heat Waves

NongHyup Bank launched the Cool Roof campaign to reduce cooling energy and greenhouse gas emissions. As part of its efforts to fully participate in addressing environmental issues, the bank painted roofs to convert them into ‘cool roofs’ in 22 locations, including welfare centers for the elderly in farming communities, to reduce the indoor temperature.

\* Cool roof: A roofing system painted with white or some other lighter shade color that delivers higher solar reflectance and higher thermal emittance to reduce the temperature by 3 – 5 degrees.



A Campaign to Provide a Helping Hand for People in Farming Communities and to Support the Recovery of Farming Households Affected by Disasters and Promote the Consumption of Agricultural and Livestock Products

The bank mounted activities to help farms with labor shortages (5,104 people participated for 37,244 hours) that experience difficulties due to a reduced supply of foreign workers resulting from the prolonged COVID-19 pandemic, and assistance for farms that had sustained damage from forest fires and heavy snow (433 people participated for 1,248 hours). In line with its marketing campaign for mutual prosperity designed to preserve the income of farming households, the bank helps farmers who are faced with difficulties arising from COVID-19 and provided 7,500 sets of agricultural products to the vulnerable social groups and healthcare workers for anti-epidemic measures.



Agricultural products for vulnerable social groups and healthcare workers involved in anti-epidemic measures

Delivered 7,500 sets

Agricultural waste collection activity

514  
1,876 hours

Created Clean Farming Communities and Provided Anti-COVID-19 Products

Not only did NongHyup Bank hold activities to collect agricultural waste, the main cause of environmental pollution in farming communities (514 people, 1,876 hours) as part of its efforts to create clean and beautiful farming communities, but also provided anti-epidemic supplies and daily necessities such as medical oxygen generators and face masks to Cambodia and other countries severely affected by COVID-19.





NONGHYUP BANK  
ANNUAL REPORT 2021

# FINANCIAL STATEMENTS

NH농협은행 감사보고서

## FINANCIAL STATEMENTS

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## NETWORKS

NONGHYUP BANK

# Independent auditors' report

## To the Shareholders and Board of Directors of NongHyup Bank: Report on the Audited Consolidated Financial Statements

**Opinion**  
We have audited the accompanying consolidated financial statements of NongHyup Bank (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, respectively, and the related consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows, all expressed in Korean won, for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.  
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, respectively, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

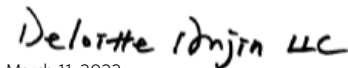
**Basis for Audit Opinion**  
We conducted our audits in accordance with Korean Auditing Standards (KGAAS). Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**  
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.  
In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.  
Those charged with governance are responsible for overseeing the Group’s financial reporting process.

**Auditors’ Responsibilities for the Audits of the Consolidated Financial Statements**  
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KGAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.  
As part of an audit in accordance with KGAAS we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

  
March 11, 2022

This audit report is effective as of March 11, 2022, the independent auditors’ report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditors’ report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

# Consolidated statements of financial position

## NongHyup Bank and its subsidiaries

as of December 31, 2021 and 2020  
(Korean won in millions)

	Notes	December 31, 2021	December 31, 2020
<b>Assets</b>			
Cash and due from banks	5, 6, 35, 36, 39	₩ 7,380,870	₩ 12,475,444
Financial assets at fair value through profit or loss (“FVTPL”)	5, 7, 35, 36	13,529,661	11,763,197
Derivative assets	5, 23, 35, 36	531,414	1,176,525
Financial assets at fair value through other comprehensive income (“FVTOCI”)	5, 8, 35, 36	26,286,562	25,988,497
Securities at amortized cost	5, 9, 35, 36	15,283,824	14,419,067
Loans at amortized cost	5, 10, 35, 36	296,441,906	267,254,017
Investments in subsidiaries	11	82,331	108,177
Tangible assets	12, 15	2,856,209	2,869,215
Investment properties	13	602,280	580,069
Intangible assets	14	499,500	414,032
Deferred income tax assets	27	359,885	468,445
Other assets	16, 35, 36	150,452	122,247
Non-current assets classified as held for sale	13, 35	15	15
<b>Total assets</b>		<b>₩ 364,004,909</b>	<b>₩ 337,638,947</b>
<b>Liabilities</b>			
Deposits	17, 18, 35, 36	₩ 290,595,674	₩ 270,256,789
Financial liabilities at FVTPL	17, 35, 36	19,685	32,836
Derivative liabilities	17, 23, 35, 36	486,989	1,089,885
Borrowings	17, 19, 35, 36	15,001,425	12,841,525
Debentures	17, 20, 35, 36	22,431,474	20,066,842
Provisions	21, 38	345,996	374,685
Current income tax liabilities		143,667	343,150
Net defined benefit liabilities	24	372,565	452,824
Other liabilities	17, 22, 35, 36	15,373,015	14,560,302
Share capital repayable on demand		19	18
<b>Total liabilities</b>		<b>344,770,509</b>	<b>320,018,856</b>
<b>Equity</b>			
Controlling interests			
Capital stock	25	2,241,494	2,175,704
Other paid-in capital	25	10,818,052	9,934,842
Retained earnings	25	6,940,836	6,149,505
(Regulatory reserves for bad debts as of December 31, 2021 and 2020, are ₩ 2,045,017 million and ₩1,963,635 million, respectively			
Regulatory reserves for bad debts to be reserved as of December 31, 2021 and 2020, are ₩128,287 million and ₩81,382 million, respectively			
Planned provisions of regulatory reserves for bad debts as of December 31, 2021 and 2020, are ₩128,287 million and ₩ 81,382 million, respectively)			
Other components of equity	25	(765,982)	(639,960)
		19,234,400	17,620,091
Non-controlling interests		-	-
<b>Total equity</b>		<b>19,234,400</b>	<b>17,620,091</b>
<b>Total liabilities and equity</b>		<b>₩ 364,004,909</b>	<b>₩ 337,638,947</b>

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



# Consolidated statements of profit or loss and other comprehensive income

NongHyup Bank and its subsidiaries

for the years ended December 31, 2021 and 2020  
(Korean won in millions)

	Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
Net interest income	4, 28		
Interest income:			
Interest income calculated using the effective interest method		₩ 8,004,981	₩ 8,057,893
Interest income on financial instruments at FVTPL		93,158	103,483
		8,098,139	8,161,376
Interest expenses		2,207,323	2,767,499
		5,890,816	5,393,877
Net commission income	4, 29		
Commission income		1,166,958	1,137,704
Commission expenses		435,232	433,174
		731,726	704,530
Gain on financial instruments at FVTPL, net	28		
Gain on financial instruments at FVTPL		2,104,787	3,459,948
Loss on financial instruments at FVTPL		1,870,084	3,280,998
		234,703	178,950
Gain on financial assets at FVTOCI, net	28		
Gain on financial assets at FVTOCI		71,069	154,824
Loss on financial assets at FVTOCI		62,512	21,847
		8,557	132,977
Loss on disposal of financial assets at amortized cost, net	28		
Gain on disposal of financial assets at amortized cost		13,228	6,344
Loss on disposal of financial assets at amortized cost		14,030	27,561
		(802)	(21,217)
Other operating expenses, net	4, 30		
Other operating income		1,502,583	992,224
Other operating expenses		2,337,368	1,579,436
		(834,785)	(587,212)
Operating income before expected credit losses (“ECLs”) and general and administrative expenses	4, 21, 28	6,030,215	5,801,905
Transfer in allowance for ECLs		301,451	394,912
Operating income before general and administrative expenses		₩ 5,728,764	₩ 5,406,993
General and administrative expenses	4		
Employee benefits	31	₩ 2,177,686	₩ 2,172,943
Depreciation and amortization expenses	12, 14, 15	431,504	418,477
Other selling and administrative expenses	32	628,931	603,534
		3,238,121	3,194,954
Operating income		2,490,643	2,212,039
Gain on valuation of equity method investments, net	11	(1,686)	24,364
Other expenses, net	33	(345,312)	(330,969)
Income before income tax expenses		2,143,645	1,905,434
Income tax expenses	4, 27	588,082	
Net income	25		
(Net income after the provision of regulatory reserve for bad debts for the years ended December 31, 2021 and 2020, is ₩ 1,427,276 million and ₩1,289,335 million, respectively)			
Controlling interests		1,555,563	1,370,717
Non-controlling interests		-	-
		1,555,563	1,370,717
Other comprehensive income (loss)			
Items not subsequently reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	24, 25	10,677	(6,613)
Gain on equity securities at FVTOCI	25	26,117	71,911
		36,794	65,298
Items subsequently reclassified to profit or loss:			
Gain on valuation of debt securities at FVTOCI	25	(236,602)	7,605
Exchange differences on translation of foreign operations	25	9,044	(8,082)
		(227,558)	(477)
		(190,764)	64,821
Total comprehensive income			
Controlling interests		1,364,799	1,435,538
Non-controlling interests		-	-
		₩ 1,364,799	₩ 1,435,538
Earnings per share (“EPS”)	34		
Basic and diluted EPS (Korean won)		₩ 3,466	₩ 3,129

(Concluded)

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

# Consolidated statements of changes in equity

NongHyup Bank and its subsidiaries

for the years ended December 31, 2021 and 2020  
(Korean won in millions)

	Other paid-in capital				Retained earnings (deficit)	Other components of equity	Controlling interests	Non-controlling interests	Total
	Capital stock	Capital surplus	Capital adjustment	Hybrid equity securities					
Balance as of January 1, 2020	₩ 2,162,191	₩ 9,501,793	₩ (3,019)	₩ 349,648	₩ 5,573,782	₩ (719,059)	₩ 16,865,336	₩ -	₩ 16,865,336
Issuance of capital stock	13,513	86,420	-	-	-	-	99,933	-	99,933
Changes due to consolidated tax	-	-	-	-	36,364	-	36,364	-	36,364
Total comprehensive income:									
Net income	-	-	-	-	1,370,717	-	1,370,717	-	1,370,717
Other comprehensive income (loss):									
Remeasurements of net defined benefit liabilities	-	-	-	-	-	(6,613)	(6,613)	-	(6,613)
Gain on valuation of debt securities at FVTOCI	-	-	-	-	-	7,605	7,605	-	7,605
Gain (loss) on equity securities at FVTOCI	-	-	-	-	(14,278)	86,189	71,911	-	71,911
Exchange differences on translation of foreign operations	-	-	-	-	-	(8,082)	(8,082)	-	(8,082)
Dividends on hybrid equity securities	-	-	-	-	(17,080)	-	(17,080)	-	(17,080)
Dividends	-	-	-	-	(800,000)	-	(800,000)	-	(800,000)
Balance as of December 31, 2020	₩ 2,175,704	₩ 9,588,213	₩ (3,019)	₩ 349,648	₩ 6,149,505	₩ (639,960)	₩ 17,620,091	₩ -	₩ 17,620,091
	Other paid-in capital				Retained earnings (deficit)	Other components of equity	Controlling interests	Non-controlling interests	Total
	Capital stock	Capital surplus	Capital adjustment	Hybrid equity securities					
Balance as of January 1, 2021	₩ 2,175,704	₩ 9,588,213	₩ (3,019)	₩ 349,648	₩ 6,149,505	₩ (639,960)	₩ 17,620,091	₩ -	₩ 17,620,091
Issuance of capital stock	65,790	433,890	-	-	-	-	499,680	-	499,680
Changes due to consolidated tax	-	-	-	-	44,435	-	44,435	-	44,435
Total comprehensive income:									
Net income	-	-	-	-	1,555,563	-	1,555,563	-	1,555,563
Other comprehensive income (loss):									
Remeasurements of net defined benefit liabilities	-	-	-	-	-	10,677	10,677	-	10,677
Gain on valuation of debt securities at FVTOCI	-	-	-	-	-	(236,602)	(236,602)	-	(236,602)
Gain (loss) on equity securities at FVTOCI	-	-	-	-	(64,742)	90,859	26,117	-	26,117
Exchange differences on translation of foreign operations	-	-	-	-	-	9,044	9,044	-	9,044
Issuance of hybrid equity securities	-	-	-	449,320	-	-	449,320	-	449,320
Dividends on hybrid equity securities	-	-	-	-	(23,925)	-	(23,925)	-	(23,925)
Dividends	-	-	-	-	(720,000)	-	(720,000)	-	(720,000)
Balance as of December 31, 2021	₩ 2,241,494	₩ 10,022,103	₩ (3,019)	₩ 798,968	₩ 6,940,836	₩ (765,982)	₩ 19,234,400	₩ -	₩ 19,234,400

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

# Consolidated statements of cash flows

NongHyup Bank and its subsidiaries for the years ended December 31, 2021 and 2020  
(Korean won in millions)

	Note	For the year ended December 31, 2021	For the year ended December 31, 2020
<b>Operating activities</b>			
Income before income tax expenses	₩	2,143,645	₩ 1,905,434
Adjustments to reconcile income before income tax expenses to net cash provided by operating activities:			
Net interest income		(5,890,816)	(5,393,877)
Dividend income		(9,529)	(10,785)
Gain related to financial assets at FVTPL		(33,174)	(89,098)
Loss (gain) on valuation of trading derivatives		108	(21,744)
Loss (gain) on valuation of hedging derivatives		24,634	(26,324)
Loss (gain) on fair value hedge		(28,437)	24,086
Gain related to financial assets at FVTOCI		(3,615)	(126,206)
Loss related to financial assets at amortized cost		801	21,217
Loss (gain) on valuation of equity method investments		1,686	(24,364)
Depreciation and amortization		437,226	423,398
Loss (gain) on disposal of assets		1,205	(3,770)
Allowance for ECLs		301,451	394,912
Reversal of provisions		38,553	(11,856)
Retirement expenses of net defined benefit liabilities		212,888	273,090
Loss (gain) on transaction of foreign exchange		5,781	(67,370)
Others		79,418	123,036
		<u>(4,861,820)</u>	<u>(4,515,655)</u>
Changes in operating assets and liabilities:			
Due from banks		5,969,818	(6,567,038)
Derivative assets		1,126,541	421,532
Financial assets at FVTPL		(384,961)	212,613
Loans at amortized cost		(29,182,392)	(27,208,061)
Other assets		(7,489)	(21,903)
Deposits		19,886,268	34,302,597
Derivative liabilities		(1,109,069)	(435,074)
Financial liabilities at FVTPL		(13,151)	19,494
Defined benefit obligations		(179,997)	(170,149)
Plan assets		(98,372)	(129,195)
Provisions		(11,195)	(14,181)
Other liabilities		1,106,411	(55,336)
		<u>(2,897,588)</u>	<u>355,299</u>
Cash received for interest		8,302,010	8,338,509
Payment of interest expenses		(2,322,917)	(3,161,727)
Cash received for dividend		9,529	1,622
Payment of income tax		(558,535)	(419,525)
Net cash (used in) provided by operating activities		<u>(185,676)</u>	<u>2,503,957</u>

(Continued)

	Note	For the year ended December 31, 2021	For the year ended December 31, 2020
<b>Investing activities</b>			
Cash flows provided by investing activities:			
Disposal of financial assets at FVTPL	₩	21,810,047	₩ 22,822,195
Disposal or redemption of financial assets at FVTOCI		30,878,213	45,695,318
Disposal or redemption of securities at amortized cost		11,834,431	3,338,127
Disposal of tangible assets		4,461	36,329
Disposal of right-of-use assets		21	2
Disposal of intangible assets		803	1,834
Disposal of investment properties		1,737	3
Disposal of investments in associates		35,839	22,253
Dividend of investments in associates		7,000	9,163
		<u>64,572,552</u>	<u>71,925,224</u>
Cash flows used in investing activities:			
Purchase of financial assets at FVTPL		23,135,046	25,117,556
Purchase of financial assets at FVTOCI		31,396,666	49,607,463
Purchase of securities at amortized cost		12,669,312	5,299,403
Purchase of investment in associates		18,679	12,471
Purchase of tangible assets		159,856	178,992
Purchase of intangible assets		266,637	137,473
Purchase of investment properties		3,970	6,204
Purchase of right-of-use assets		14,049	12,524
		<u>(67,664,215)</u>	<u>(80,372,086)</u>
Net cash used in investing activities		<u>(3,091,663)</u>	<u>(8,446,862)</u>
<b>Financing activities</b>			
Cash flows provided by financing activities:			
Issuance of capital stock		499,680	99,928
Increase in borrowings, net		1,899,422	1,741,357
Increase in debentures		11,301,641	8,722,058
Increase in borrowings from trust accounts, net		-	611,974
Issuance of hybrid equity securities		449,320	-
		<u>14,150,063</u>	<u>11,175,317</u>
Cash flows used in financing activities:			
Decrease in debentures		9,130,849	4,352,563
Dividends		743,925	817,080
Decrease in borrowings from trust accounts, net		256,117	-
Decrease in lease liabilities		68,555	69,175
		<u>(10,199,446)</u>	<u>(5,238,818)</u>
Net cash provided by financing activities		<u>3,950,617</u>	<u>5,936,499</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		673,278	(6,406)
<b>Cash and cash equivalents at the beginning of year</b>		3,619,272	3,635,025
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<u>18,578</u>	<u>(9,347)</u>
<b>Cash and cash equivalents at the end of year</b>	39	<u>₩ 4,311,128</u>	<u>₩ 3,619,272</u>

(Concluded)

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



# Independent auditors' report

## To the Shareholders and Board of Directors of Nonghyup Bank : Report on the Audited Separate Financial Statements

### Opinion

We have audited the accompanying separate financial statements of NongHyup Bank (the “Bank”), which comprise the separate statements of financial position as of December 31, 2021 and 2020, respectively, and the related separate statements of profit or loss and other comprehensive income, separate statements of changes in equity and separate statements of cash flows, all expressed in Korean won, for the years then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2021 and 2020, respectively, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

### Basis for Audit Opinion

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

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

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

In preparing the separate financial statements, management is responsible for assessing the Bank’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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank’s financial reporting process.

### Our Responsibilities for the Audits of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the separate 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 auditors’ report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*Deloitte Dnjin LLC*

March 11, 2022

This audit report is effective as of March 11, 2022, the independent auditors’ report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditors’ report to the time this report is used. Such events and circumstances could significantly affect the accompanying separate financial statements and may result in modifications to this report.

# Separate statements of financial position

NongHyup Bank

as of December 31, 2021 and 2020

(Korean won in millions)

	Notes	December 31, 2021	December 31, 2020
<b>Assets</b>			
Cash and due from banks	5, 6, 35, 36, 39	₩ 7,240,849	₩ 12,415,295
Financial assets at fair value through profit or loss (“FVTPL”)	5, 7, 35, 36	9,662,413	8,021,692
Derivative assets	5, 23, 35, 36	531,414	1,177,393
Financial assets at fair value through other comprehensive income (“FVTOCI”)	5, 8, 35, 36	26,286,564	25,988,498
Securities at amortized cost	5, 9, 35, 36	15,283,824	14,419,067
Loans at amortized cost	5, 10, 35, 36	296,129,209	266,547,024
Investments in subsidiaries and associates	11	104,069	123,749
Tangible assets	12, 15	2,853,419	2,866,921
Investment properties	13	602,280	580,069
Intangible assets	14	494,729	409,542
Deferred income tax assets	27	393,305	501,001
Other assets	16, 35, 36	132,388	102,264
Non-current assets classified as HFS	13, 35	15	15
<b>Total assets</b>		<b>₩ 359,714,478</b>	<b>₩ 333,152,530</b>

<b>Liabilities</b>			
Deposits	17, 18, 35, 36	₩ 287,201,972	₩ 266,837,422
Derivative liabilities	17, 23, 35, 36	488,704	1,089,885
Borrowings	17, 19, 35, 36	14,159,625	11,705,706
Debentures	17, 20, 35, 36	22,431,474	20,066,842
Provisions	21	345,801	374,416
Current income tax liabilities		143,943	343,815
Net defined benefit liabilities	24	372,565	452,824
Other liabilities	17, 22, 35, 36	15,435,324	14,764,422
<b>Total liabilities</b>		<b>340,579,408</b>	<b>315,635,332</b>

<b>Equity</b>			
Capital stock	25	2,241,494	2,175,704
Other paid-in capital	25	10,782,103	9,898,893
Retained earnings	25	6,874,822	6,080,746
Regulatory reserves for bad debts as of December 31, 2021 and 2020, are ₩2,047,425 million and ₩1,963,862 million, respectively			
Regulatory reserves for bad debts to be reserved as of December 31, 2021 and 2020, are ₩126,196 million and ₩83,563 million, respectively			
Planned provision of regulatory reserves for bad debts as of December 31, 2021 and 2020, is ₩126,196 million and ₩83,563 million, respectively)			
Other components of equity	25	(763,349)	(638,145)
<b>Total equity</b>		<b>19,135,070</b>	<b>17,517,198</b>
<b>Total liabilities and equity</b>		<b>₩ 359,714,478</b>	<b>₩ 333,152,530</b>

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

# Separate statements of profit or loss and other comprehensive income

NongHyup Bank

for the years ended December 31, 2021 and 2020				
(Korean won in millions)				
	Notes	For the year ended December 31, 2021		For the year ended December 31, 2020
Net interest income	4, 28			
Interest income:				
Interest income calculated using the effective interest method		₩ 7,980,256	₩ 8,028,147	
Interest income on financial instruments at FVTPL		7,235	9,808	
		7,987,491	8,037,955	
		2,177,892	2,705,454	
		5,809,599	5,332,501	
Interest expenses				
Net commission income	4, 29			
Commission income		1,179,778	1,149,741	
Commission expenses		430,345	427,869	
		749,433	721,872	
Gain on financial instruments at FVTPL, net	28			
Gain on financial instruments at FVTPL		2,088,728	3,437,114	
Loss on financial instruments at FVTPL		1,812,918	3,234,655	
		275,810	202,459	
Gain on financial assets at FVTOCI, net	28			
Gain on financial assets at FVTOCI		71,069	154,824	
Loss on financial assets at FVTOCI		62,512	21,847	
		8,557	132,977	
Loss on disposal of financial assets at amortized cost, net	28			
Gain on disposal of financial assets at amortized cost		13,228	6,344	
Loss on disposal of financial assets at amortized cost		14,030	27,561	
		(802)	(21,217)	
Other operating expenses, net	4, 30			
Other operating income		1,498,954	988,700	
Other operating expenses		2,330,344	1,570,312	
		(831,390)	(581,612)	
Operating income before expected credit losses (“ECLs”) and general and administrative expenses				
Transfer in allowance for ECLs		6,011,207	5,786,980	
Operating income before general and administrative expenses	4, 21, 28	296,382	394,263	
		₩ 5,714,825	₩ 5,392,717	
General and administrative expenses	4			
Employee benefits	31	₩ 2,171,860	₩ 2,167,494	
Depreciation and amortization expenses	12, 14, 15	430,129	417,338	
Other selling and administrative expenses	32	627,204	602,062	
		3,229,193	3,186,894	
		2,485,632	2,205,823	
Operating income				
Other expenses, net	4, 33	(340,950)	(321,699)	
Income before income tax expenses		2,144,682	1,884,124	
Income tax expenses	4, 27	586,374	531,412	
Net income	4, 25	1,558,308	1,352,712	
(Net income after the provision of regulatory reserve for bad debts for the years ended December 31, 2021 and 2020, is ₩1,432,112 million and ₩1,269,149 million, respectively)				
Other comprehensive income (loss)				
Items not subsequently reclassified to profit or loss:				
Remeasurements of net defined benefit liabilities	24, 25	10,677	(6,613)	
Gain on equity securities at FVTOCI	25	26,117	71,912	
		36,794	65,299	
Items subsequently reclassified to profit or loss:				
Gain on valuation of debt securities at FVTOCI	25	(236,602)	7,605	
Exchange differences on translation of foreign operations	25	9,862	(6,324)	
		(226,740)	1,281	
		(189,946)	66,580	
		₩ 1,368,362	₩ 1,419,292	
Total comprehensive income				
Earnings per share (“EPS”)	34			
Basic and diluted EPS (Korean won)		₩ 3,472	₩ 3,087	

(Concluded)

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

# Separate statements of changes in equity

NongHyup Bank

for the years ended December 31, 2021 and 2020  
(Korean won in millions)

	Other paid-in capital						Other components of equity	Total
	Capital stock	Capital surplus	Capital adjustment	Hybrid equity securities	Retained earnings			
Balance as of January 1, 2020	₩ 2,162,191	₩ 9,465,845	₩ (3,019)	₩ 349,647	₩ 5,523,027	₩ (719,002)	₩	16,778,689
Issuance of capital stock	13,513	86,420	-	-	-	-	-	99,933
Changes due to consolidated tax	-	-	-	-	36,364	-	-	36,364
Total comprehensive income:								
Net income	-	-	-	-	1,352,712	-	-	1,352,712
Other comprehensive income (loss):								
Remeasurements of net defined benefit liabilities	-	-	-	-	-	(6,613)	(6,613)	
Gain on valuation of debt securities at FVTOCI	-	-	-	-	-	7,605	7,605	
Gain (loss) on equity securities at FVTOCI	-	-	-	-	(14,277)	86,189	71,912	
Exchange differences on translation of foreign operations	-	-	-	-	-	(6,324)	(6,324)	
Dividends on hybrid equity securities	-	-	-	-	(17,080)	-	(17,080)	
Dividends	-	-	-	-	(800,000)	-	(800,000)	
Balance as of December 31, 2020	₩ 2,175,704	₩ 9,552,265	₩ (3,019)	₩ 349,647	₩ 6,080,746	₩ (638,145)	₩	17,517,198
	Other paid-in capital						Other components of equity	Total
	Capital stock	Capital surplus	Capital adjustment	Hybrid equity securities	Retained earnings			
Balance as of January 1, 2021	₩ 2,175,704	₩ 9,552,265	₩ (3,019)	₩ 349,647	₩ 6,080,746	₩ (638,145)	₩	17,517,198
Issuance of capital stock	65,790	433,890	-	-	-	-	-	499,680
Changes due to consolidated tax	-	-	-	-	44,435	-	-	44,435
Total comprehensive income:								
Net income	-	-	-	-	1,558,308	-	-	1,558,308
Other comprehensive income (loss):								
Remeasurements of net defined benefit liabilities	-	-	-	-	-	10,677	10,677	
Gain on valuation of debt securities at FVTOCI	-	-	-	-	-	(236,602)	(236,602)	
Gain (loss) on equity securities at FVTOCI	-	-	-	-	(64,742)	90,859	26,117	
Exchange differences on translation of foreign operations	-	-	-	-	-	9,862	9,862	
Issuance of hybrid equity securities	-	-	-	449,320	-	-	449,320	
Dividends on hybrid equity securities	-	-	-	-	(23,925)	-	(23,925)	
Dividends	-	-	-	-	(720,000)	-	(720,000)	
Balance as of December 31, 2021	₩ 2,241,494	₩ 9,986,155	₩ (3,019)	₩ 798,967	₩ 6,874,822	₩ (763,349)	₩	19,135,070

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



# Separate statements of cash flows

NongHyup Bank

for the years ended December 31, 2021 and 2020  
(Korean won in millions)

Notes	For the year ended December 31, 2021	For the year ended December 31, 2020
<b>Operating activities</b>		
Income before income tax expenses	₩ 2,144,682	₩ 1,884,124
Adjustments to reconcile income before income tax expenses to net cash provided by operating activities:		
Net interest income	(5,809,599)	(5,332,501)
Dividend income	(19,519)	(17,898)
Gain related to financial assets at FVTPL	(57,757)	(66,272)
Loss (gain) on valuation of trading derivatives	2,276	(21,808)
Loss (gain) on valuation of hedging derivatives	24,635	(26,324)
Loss (gain) on fair value hedge	(28,437)	24,086
Gain related to financial assets at FVTOCI	(3,615)	(126,206)
Loss on disposal of financial assets at amortized cost	802	21,217
Depreciation and amortization	435,851	422,259
Loss (gain) on disposal of assets	1,313	(3,790)
Allowance for ECLs	296,382	394,263
Transfer (reversal) of provisions	38,458	(11,761)
Retirement expenses of net defined benefit liabilities	212,888	273,090
Loss (gain) on transaction of foreign exchange	6,797	(68,192)
Others	86,521	122,834
	<u>(4,813,004)</u>	<u>(4,417,003)</u>
Changes in operating assets and liabilities:		
Due from banks	5,989,166	(6,629,594)
Derivative assets	1,123,518	420,840
Financial assets at FVTPL	(218,378)	461,788
Loans at amortized cost	(29,568,493)	(27,246,337)
Other assets	(10,935)	(7,180)
Deposits	19,911,552	34,254,282
Derivative liabilities	(1,105,629)	(434,796)
Defined benefit obligations	(179,997)	(170,149)
Plan assets	(98,372)	(129,195)
Provisions	(11,169)	(14,128)
Other liabilities	1,102,074	(50,480)
	<u>(3,066,663)</u>	<u>455,051</u>
Cash received for interest	8,193,555	8,214,935
Payment of interest expenses	(2,280,890)	(3,116,092)
Cash received for dividend	7,818	8,735
Payment of income tax	(557,975)	(418,553)
Net cash provided by operating activities	₩ <u>(372,477)</u>	₩ <u>2,611,197</u>

(Continued)

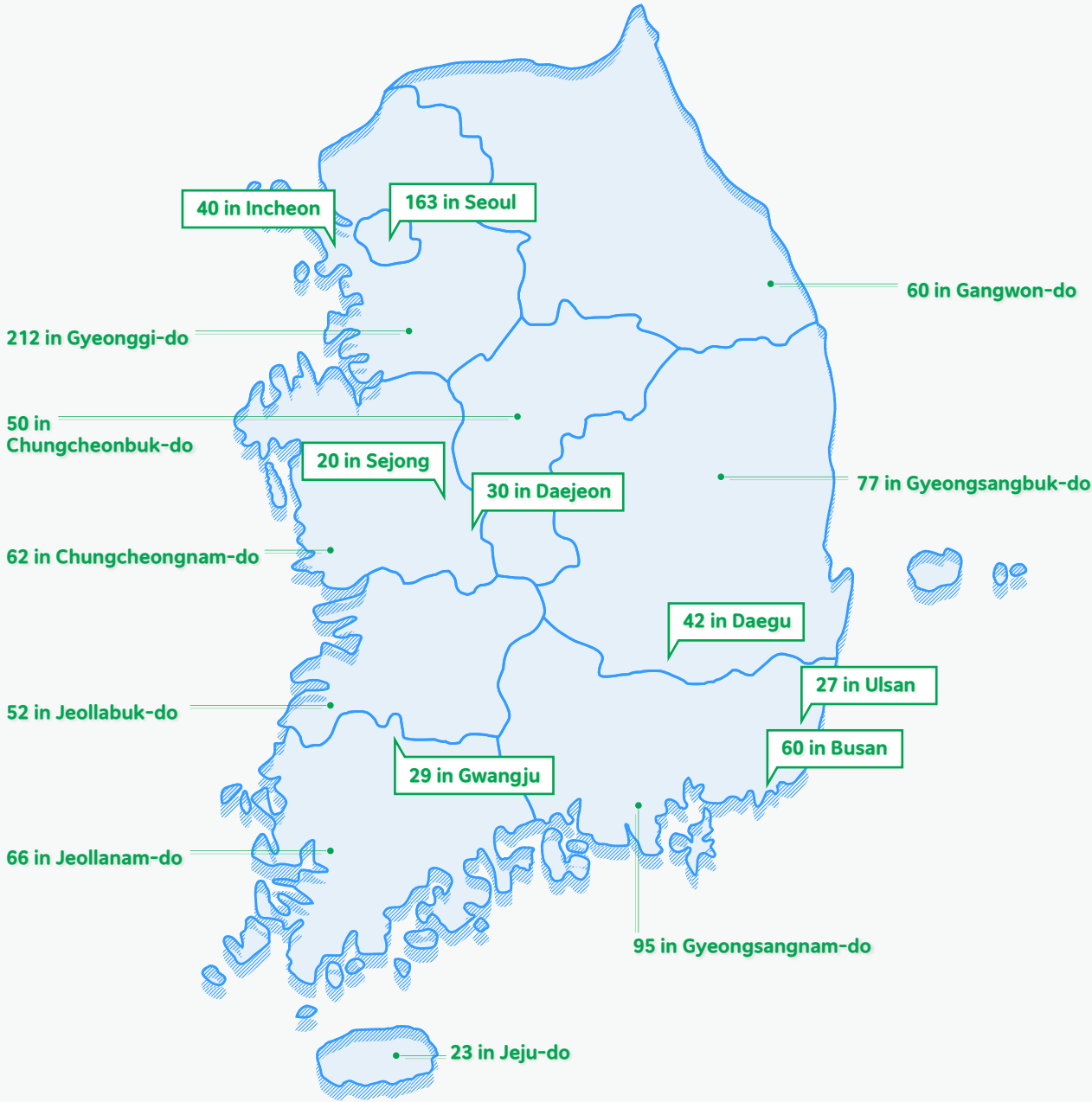
Note	For the year ended December 31, 2021	For the year ended December 31, 2020
<b>Investing activities</b>		
Cash flows provided by investing activities:		
Disposal of financial assets at FVTPL	₩ 21,810,047	₩ 22,822,195
Disposal or redemption of financial assets at FVTOCI	30,878,213	45,695,318
Disposal or redemption of securities at amortized cost	11,834,431	3,338,126
Disposal of investment properties	1,737	3
Disposal of tangible assets	4,461	36,329
Disposal of intangible assets	803	1,834
Disposal of investments in associates	35,839	22,252
Dividend of investments in associates	7,001	9,163
	<u>64,572,532</u>	<u>71,925,220</u>
Cash flows used in investing activities:		
Purchase of financial assets at FVTPL	23,135,046	25,117,556
Purchase of financial assets at FVTOCI	31,396,666	49,607,463
Purchase of securities at amortized cost	12,669,312	5,299,403
Purchase of investment properties	3,970	6,204
Purchase of tangible assets	159,114	178,150
Purchase of right-of-use assets	13,797	12,209
Purchase of intangible assets	266,638	137,376
Purchase of investments in subsidiaries and associates	18,679	36,270
	<u>(67,663,222)</u>	<u>(80,394,631)</u>
Net cash used in investing activities	<u>(3,090,690)</u>	<u>(8,469,411)</u>
<b>Financing activities</b>		
Cash flows provided by financing activities:		
Issuance of capital stock	499,680	99,933
Increase in borrowings, net	2,193,553	1,435,369
Increase in debentures	11,301,641	8,722,058
Increase in borrowings from trust accounts, net	-	824,455
Issuance of hybrid equity securities	449,320	-
	<u>14,444,194</u>	<u>11,081,815</u>
Cash flows used in financing activities:		
Decrease in borrowings from trust accounts, net	415,125	-
Decrease in debentures	9,130,849	4,352,563
Dividends	743,925	817,080
Decrease in lease liabilities	68,232	68,886
	<u>(10,358,131)</u>	<u>(5,238,529)</u>
Net cash provided by financing activities	<u>4,086,063</u>	<u>5,843,286</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	622,896	(14,928)
<b>Cash and cash equivalents at the beginning of year</b>	3,565,907	3,590,182
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>18,577</u>	<u>(9,347)</u>
<b>Cash and cash equivalents at the end of year</b>	₩ <u><u>4,207,380</u></u>	₩ <u><u>3,565,907</u></u>

(Concluded)

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

# NONGHYUP BANK NETWORKS

Domestic Branches



■ Number of branch offices

Location	Branch	Sub-branch	Office	Total
Korea	828	280	-	1,108

# NONGHYUP BANK NETWORKS

Overseas Branches




■ Number of overseas branch offices

Location	Branch	Office	Subsidiary	Total
Overseas	3	5	2	10

Branch	New York, Hanoi, Hong Kong
Office	Beijing, Yangon, New Delhi, London, Ho Chi Minh
Subsidiary	Myanmar MFI Corporation, Cambodia MFI Corporation



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