

D.I.V.E  
INTO  
THE  
NH LIFE

NONGHYUP FINANCE PLATFORM

HUMAN & BETTER LIFE FINANCE

D.I.V.E  
INTO  
THE LIFE  
FINANCE

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NONGHYUP  
PLATFORM

**FINANCE**  
**LIFE**

*Everyday  
Finance Platform*

Beyond finance,  
NH Bank will always be a part of your life

The world is continuously evolving  
and the development of technology has completely changed our lives.  
Now, NH Bank stands with our customers to take a leap ahead  
as an everyday finance platform.



# CEO Message



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 continued health and happiness.

Nonghyup Bank has made significant achievements despite the difficulties of the 「3 Highs」: High prices, high interest rates, high exchange rates. Since its launch in 2012, we have laid a stable foundation for growth in all aspects of earnings, asset quality, and capital adequacy, implementing the highest net profit in history. Through detailed safe management, we have strengthened our position as a leading public finance bank. Tangible results have also been made by digital innovations such as ALL ONE Bank, NH-Pay, and MyData Business. In particular, it was encouraging to position Nonghyup Bank as a trusted bank by our valued customers and the public, by achieving the No. 1 social contribution in the banking sector, and first place in the FIU Anti-money laundering system implementation evaluation for the first time. Efforts have been made as well to find new growth engines such as expanding the global network in Sydney and Beijing.

The year 2023 is expected to be full of uncertainty caused by external factors outside the control of Nonghyup Bank. High prices and interest rates are expected to further dampen the economy and continue to cause financial market instability. Especially, the acceleration of the 「Big Blur」 phenomenon, in which several ICT companies entering the financial industry, blurring boundaries of heterogeneous industries, is expected as a crisis, yet also an opportunity for the existing banking sector.

As social distancing is gradually eased due to reduction of COVID-19 prevention, it is expected to help boost the overall economy. This year, we are going to build an 「attractive bank that customers seek first」 based on the expertise of employees to overcome internal and external crises and not miss out on upcoming opportunities. To this end, we would like to focus on the following:

## Firstly, Nonghyup Bank will further maximize its strengths in the areas where it can excel.

In the fiercely competitive environment unfolding in the future, the most important thing is to find and strengthen Nonghyup Bank's unique core capabilities. We will harness our potential in areas that we perform well in, such as agricultural, public, and local finances. Agricultural finance will strengthen its position as specialized agricultural finance organization and even as a leading ESG bank, by supporting agri-food companies with continuous growth and expanding investments in bioindustry and environmental industry fields. In the public finance field, we plan to enhance our status further as a specialized bank which makes a living for our country by fulfilling social responsibilities. In addition, we will play a role in regional finance as a medium to respond to the crisis of rural extinction and help to connect cities and rural areas.

## Secondly, we will secure future competitiveness with fusion and complex era digital innovation.

Traditional banking is facing an unfamiliar and competitive environment due to the entry of big-tech companies into the financial industry and is in a novel situation where competition occurs with new rivals for industry leadership. From our point of view, it is urgent to go

beyond the boundaries of banks and other institutions to lay the foundation for financial services that customers require. In order to achieve this, we will enhance Nonghyup Bank's competitiveness by establishing ALL ONE Bank, a representative comprehensive platform, as an everyday financial platform favored by the whole nation, while re-analyzing and digitalizing the business process.

## Thirdly, we will strengthen our responsiveness to crisis situations through sophisticated risk management.

At the moment when fear of economic recession is actualizing, risk management must be a top priority. We will establish a dependable system in response to the economic downturn. We will monitor the economic situation regularly in order to prevent risk factors in advance, and actively respond to crisis situations through portfolio distribution based on detailed scenario analysis.

## Fourthly, we will expand profits in the non-interest field by improving synergies in between internal and external businesses.

Non-interest business expansion is essential for a stable profit structure. Within the bank, we will strengthen the competitiveness of investment finance and secure synergy with existing business finance. Furthermore, we plan to narrow the gap of WM, retirement pension, and IB business with leading companies by cooperating with a group of experts in the holding company. The global business plans internal growth based on profits as well as strengthening its connectivity with overseas IB.

## Finally, we will always prioritize trust management from the customer's point of view.

The financial industry can exist based on the true trust from customers. As single act of carelessness may destroy customers' trusts, we will further strengthen our internal control and consumer protection system in order to prevent unforeseen events and mismanagements. We will establish a management system that meets global standards beyond Korea.

Dear valued Nonghyup Bank customers:

Nonghyup Bank will grow substantially as a field-oriented cooperative bank with customer satisfaction as our top priority. In addition, we will grasp the market situation accurately and strengthen our expertise to become an 「attractive platform that customers seek first」. We will always be with the people as a sincere financial institution that is faithful to Nonghyup Financial's original role, and shares warmth with the common people. We hope for your continuous generous support and encouragement to Nonghyup Bank.

Nonghyup Bank, President & CEO  
Lee Seok Yong

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# 2022 Nonghyup Bank Overview

## Nonghyup Bank Overview



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# HISTORY

<b>1961</b>	<b>08</b>	<b>National Agricultural Cooperative Federation (NACF) inaugurated</b>	<b>2014</b>	<b>03</b>	Winner of the STP (Straight Through Processing) Excellence Award by HSBC	<b>2017</b>	<b>02</b>	「Financial Instruments of Excellence in Financial Education in 2016」(Financial Supervisory Service)	<b>2021</b>	<b>01</b>	My Data acquired the main approval (Financial Services Committee)
<b>1990</b>	<b>02</b>	Completion of the nation's largest online computer network connecting national branches of the NACF to all member cooperative branches	<b>08</b>		New York branch issued Yankee CDs	<b>05</b>		7 years in a row, selected as the 「Best Call Center」(Korea Association Consulting)	<b>04</b>		Acquired final approval for the Hong Kong branch
<b>2009</b>	<b>01</b>	Operated next-generation IT computer system	<b>09</b>		Open first branch-in-branch office at the Yeouido Securities Town Branch	<b>10</b>		Launch 「Cloud Branch」to manage funds within the cloud (First in the Korean financial sector)	<b>05</b>		Launched aircraft boarding service with biometric information authentication (first in the financial sector)
	<b>02</b>	Nonghyup Bank opens The Blue House Branch			Conclusion of CNY-denominated committed line of credit (worth USD 20 million) with the Agricultural Bank of China			Execute new subscription service for foreign currency deposits with tablet PCs (First in the Korean financial sector)	<b>08</b>		London Branch joined Equator Principle
	<b>11</b>	Nonghyup Card Launches 「Chae-um」 Brand	<b>11</b>		MOU signed with AXIS Bank of India	<b>2018</b>	<b>01</b>	Awarded 2018 KCAB Korea Consumer Evaluation Best Brand Award	<b>12</b>		Acquired final approval for Beijing Branch in China
<b>2011</b>	<b>03</b>	The National Assembly passes the amended Agricultural Cooperative Act	<b>12</b>		Introduced the Fraud Detection System(FDS)	<b>05</b>		Establish Anti-Money Laundering Center			Received Presidential Citation for 「Financial Support for SMEs and Startups」
	<b>06</b>	Tops the credit card business category of the Korean Smart App Assessment Index (KSAAI)	<b>2015</b>	<b>01</b>	Opened Nonghyup Financial PLUS Center in Gwanghwamun (Korea's first bank and securities complex)	<b>07</b>		Be selected as No. 1 social contribution in the banking sector for the seventh consecutive year	<b>2022</b>	<b>01</b>	Acquired BM Patent for 「Automatic Loan Termination AI Counseling System」
	<b>10</b>	Nonghyup and French Crédit Agricole signed an MOU on investment cooperation	<b>04</b>		NH Smart Banking service wins first prize in the financial category at the Mobile Awards Korea 2015	<b>09</b>		Open Nonghyup Finance in Cambodia	<b>03</b>		Launched NH-IDEA Ground
	<b>12</b>	I Love Dokdo Smart app wins the Special Grand Prize of the Smart App Awards Korea 2011 by the Korean Internet Professional Association (KIPFA)	<b>06</b>		NH Smart Banking service wins the grand prize in the banking category at the 2015 Consumer's Choice Awards	<b>11</b>		Nonghyup Bank opens the Ho Chi Minh City office in Vietnam	<b>04</b>		Introduced Nonghyup Card AI Chatbot Service
<b>2012</b>	<b>03</b>	<b>Launched Nonghyup Bank</b>	<b>10</b>		Winner of the STP (Straight Through Processing) Excellence Award by Standard Chartered for the second consecutive year	<b>2019</b>	<b>04</b>	Launch of 「P2P Financial Certificate Blockchain Service」(first in the banking sector)	<b>06</b>		Selected 5 consecutive years as 「Financial Instruments of Excellence in Financial Education」
		Earns Korea's highest long-term grade of A1 from Moody's (the same as Korean government)	<b>12</b>		Opening of the NH Smart Financial Center and launch of the FinTech Open Platform service (first in Korea)	<b>11</b>		Awarded 2019 Korea Social Contribution Awards	<b>07</b>		Renewal Open of NH All-ONE Bank
		Earns Korea's highest long-term grade of A from S&Ps (the same as Korean government)	<b>2016</b>	<b>04</b>	Win the first prize in 「retirement pension planning」from the Korea Customer Surprise Brand Index (Korea Brand Management Association)				<b>08</b>		Opened real-time Virtual Asset Inquiry Service for NH My Data
	<b>09</b>	First bank to open a branch at the Central Government Complex in Sejong City	<b>06</b>		Open the New delhi Office in India				<b>09</b>		Opened 「Dokdoverse」, a metaverse platform
<b>2013</b>	<b>03</b>	Open Hanoi Office in Vietnam	<b>12</b>		Open the Hanoi branch in Vietnam	<b>2020</b>	<b>02</b>	「The best financial company providing financial support for the working class」(Financial Supervisory Service)	<b>10</b>		Reached 5 million members for 「NH Pay」
	<b>08</b>	Open New York Branch in USA			Establish Nonghyup Finance Myanmar	<b>10</b>		Start using artificial intelligence to check incomplete sales (First in the Korean financial sector)	<b>12</b>		Opened Sydney Branch
	<b>09</b>	Open Beijing Office in China			Nonghyup Bank is selected as the best institution for bank fraud eradication (Financial Supervisory services)	<b>12</b>		Open the Yangon Office in Myanmar			Grand Prize at the 17th South Korea CSR and EGS Management Awards (Deputy Prime Minister for Social Affairs and Minister of Education Award)
	<b>12</b>	Launch the Smart Branch						Nonghyup Card Co. established the professional billiard team 「Green Force」			Opened mobile insurance gift service (first in the financial sector)
								Acquisition of the ISO 14001 certification on Environmental management	<b>10</b>		Acquired certification for Privacy and Personal Information Management System (ISMS-P)
									<b>12</b>		Opened Nonghyup Card Integrated Voucher Platform (first in the financial sector)
											Acquired BM Patent for 「NH OnePass Auto Log-in System」
											Won Excellent Award for 3 consecutive years hosted by the Financial Supervisory Service

# PROFILE

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 cherished by all people through customer-oriented management.

We are 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 Ranking

**A1**  
Moody's

**A+**  
S&P

**A**  
Fitch

## Founded

**August, 1961**

Separated as a corporation due to the amendment to the Agricultural Cooperative Act

**March, 2012**

## Number of Branches

**1,115**

## Number of Employees

**13,526**



# MANAGEMENT IDEOLOGY VISION AND STRATEGY

To build customer loyalty,  
and to bring about a world where farmers and people stand together,  
Nonghyup Bank will continue to do its best.

## Business Strategy and Goal

### The Nation's No. 1 Beloved Bank

#### Beloved Bank

A trustworthy bank loved not only by its customers and employees, but also by all people throughout the nation



#### Nation's Leading Bank

A respected bank that shares true values with the people, which was established with 100% domestic capital.

#### No. 1 Bank

A bank representing Korea that will pave the way in all aspects, including customer service, reliability, and social contribution



## D.I.V.E. INTO NH LIFE

Beyond finance to everyday life

Digital / Innovation / Value / ESG

Take a lead as an Everyday Finance Platform that grows with our customers through continuous innovation

## Priority Tasks

01

Enhance stable profitability

02

Implement reliable management focusing on customers

03

Lead the digital innovation

04

Expand future growth foundation

05

Establish a green finance-centered identity




# BOARD OF DIRECTORS & EXECUTIVE OFFICERS

## Board of Directors

(As of April 21, 2023)

**Inside Director**



**President & CEO LEE, SEOK YONG**

Current President & CEO  
Chairman of Board Steering Committee

Former Director of Planning and Coordination at NACF  
Head Of Seoul Regional Division

**Outside Director**

**Director JANG, WON CHANG**

Current Professor of Economics, Inha University

Former KOREA Exchange Listing Disclosure Committee  
Non-Executive Director of Korea Housing Finance Corp

**Outside Director**

**Director OHK, KYUNG YOUNG**

Current Professor of Consumer Economics, Sookmyung Women's University  
Non-Executive Director of Korea Worker's Compensation and Welfare Service

Former Head of Career Development Center, Sookmyung Women's University

**Outside Director**

**Director AHN, HYUN SIL**

Current Director of AI Economic Research Institute & Editorial Writer of the Korean Economic Daily  
Adjunct Professor, Yonsei University

Former Outside Director of POSCO ICT

**Outside Director**

**Director CHO, YONG HO**

Current Chair Professor at Konkuk University Law School

Former Justice of Constitutional Court  
Former President of Seoul High Court

**Non-Executive Director**

**Director BAN, CHAE WOON**

Current Risk Management Committee

Former Chief Risk Officer(CRO)  
General Manager of Planning & Co-ordination Dept

**Non-Executive Director**

**Director SHIN, HYUNG CHUL**

Current President of Gammun Nonghyup Association

Former Delegate of National Agricultural Cooperative Federation

## Executive Officers

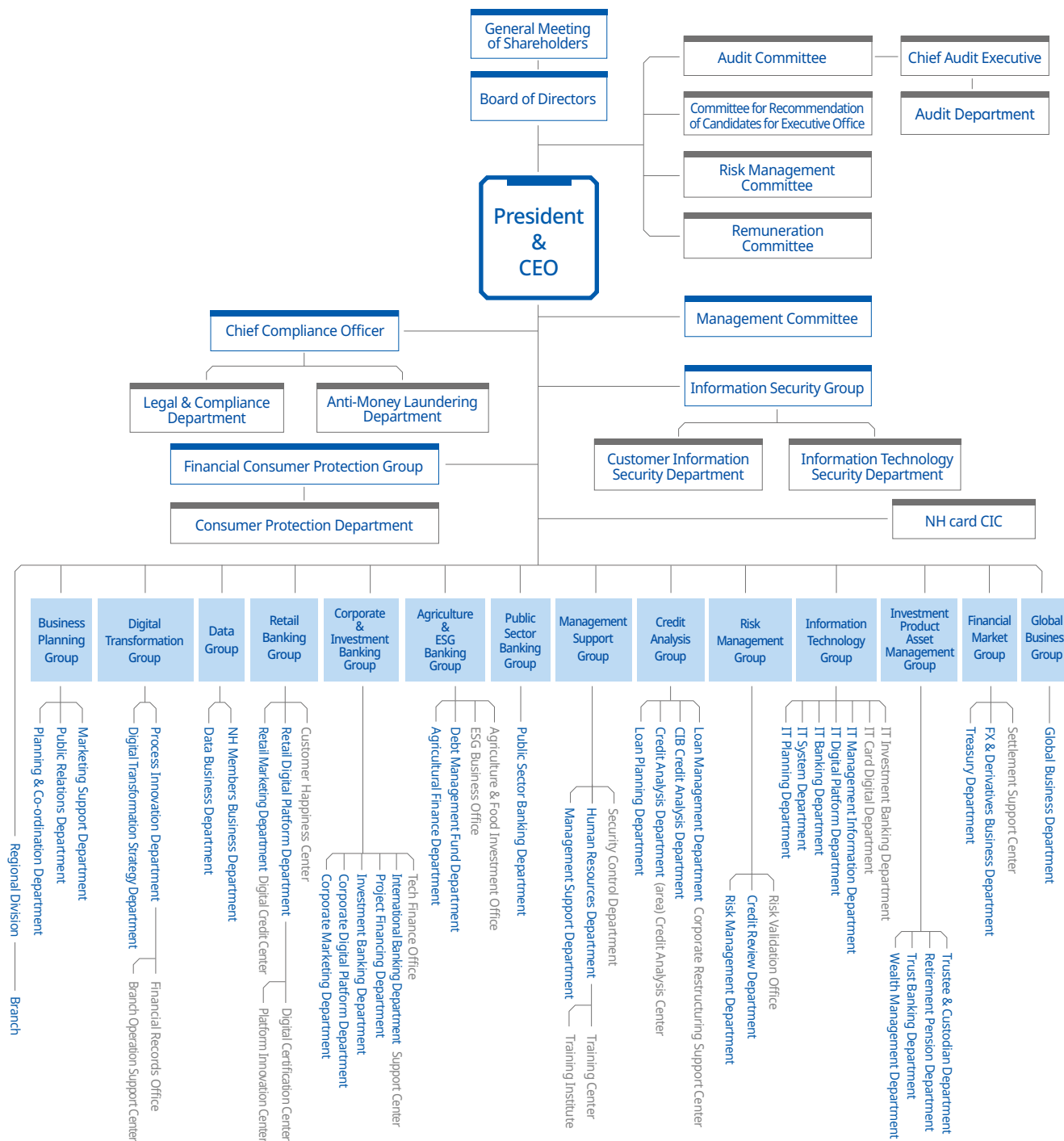
(As of March 31, 2023)

<b>Business Planning Group</b> <b>Chief Executive Vice-President PARK, BYUNG KYU</b> Former General Manager of Planning & Co-ordination Dept General Manager of Card Planning Dept General Manager of Financial Management office	<b>Digital Transformation Group</b> <b>Executive Vice-President KANG, TAE YOUNG</b> Former General Manager of Seoul Gangbuk Business Support Dept General Manager of Digital Strategy Dept General Manager of All One Bank Business Dept	<b>Data Group</b> <b>Executive Vice-President JEONG, JAE HO</b> Former Regional Chief Executive Officer of Jeollabuk-do General Manager of Human Resources & General Affairs Dept General Manager of Human Resources Dept	<b>Retail Banking Group</b> <b>Executive Vice-President LEE, HYUN AE</b> Former General Manager of Cooperative Banking Deposit Support Dept General Manager of Cooperative Banking Digital Finance Dept General Manager of Incheon Ongjin County Office
<b>Corporate &amp; Investment Banking Group</b> <b>Executive Vice-President LEE, YEON HO</b> Former General Manager of Retail Marketing Dept General Manager of Branch Operation Support Center General Manager of Wonju County Office	<b>Agriculture &amp; ESG Banking Group / Public Sector Banking Group</b> <b>Executive Vice-President KEUM, DONG MYUNG</b> Former Regional Chief Executive Officer of Gyeongsangbuk-do Head Of Gyeongsangbuk-do Regional Division General Manager of Human Resources Dept	<b>Management Support Group</b> <b>Executive Vice-President KIM, KIL SU</b> Former Regional Chief Executive Officer of Gyeonggi-do Head Of Gyeonggi-do Regional Division General Manager of Cooperative Banking Loan Support Dept	<b>Credit Analysis Group</b> <b>Executive Vice-President CHOI, YOUNG SIK</b> Former Head Of Gyeongsangnam-do Regional Division General Manager of Loan Management Dept General Manager of Management Audit Office
<b>Risk Management Group</b> <b>Executive Vice-President KANG, SHIN NOH</b> Former General Manager of Planning and Coordination Dept General Manager of Public Relations Dept General Manager of Cooperative Banking Financial Planning Office	<b>Investment Product-Asset Management Group</b> <b>Executive Vice-President CHOI, MI KYUNG</b> Former General Manager of Card Marketing Dept General Manager of International Trade Support Center General Manager of Suwon Bukmun Branch	<b>Financial Market Group</b> <b>Executive Vice-President GIL, JUNG SUP</b> Former Regional Chief Executive Officer of Chungcheongnam-do & Sejong General Manager of Cooperative Banking Securities Management Dept General Manager of Cooperative Banking Marketing Support Dept	<b>Information Security Group</b> <b>Assistant Executive Vice-President HWANG, JAE HYUN</b> Former General Manager of IT Management Information Dept General Manager of IT System Dept General Manager of IT System Development Office
<b>Financial Consumer Protection Group</b> <b>Chief Executive Vice-President JANG, JONG HWAN</b> Former General Manager of Public Relations Dept General Manager of Member Cooperative Management Consulting Dept General Manager of Customer Support Dept	<b>Information Technology Group</b> <b>Chief Executive Vice-President PARK, SOO KEE</b> Former Chief Information Security Officer(CISO) General Manager of IT Planning Dept General Manager of IT Digital Finance Dept	<b>NH Card CIC</b> <b>CIC Head YUN, SANG WOON</b> Former Regional Chief Executive Officer of Daejeon General Manager of Cooperative Banking Bond Management Dept General Manager of Cooperative Banking Risk Management Dept	<b>Chief Compliance Officer(CCO)</b> <b>HONG, MYUNG JONG</b> Former Lawyer at Law firm 'Lin', 'Yulchon' Secretary of the Financial Services Commission(FSC)



# ORGANIZATION CHART & OTHER GENERAL STATUS

(As of February 28, 2023)



## Other General Status

### 1. Major shareholder

(Unit : share, %)

Shareholder	No. of shares	Ownership
NongHyup Financial Group Inc.	476,870,202	100.00

### 2. Capital Changes Status

(Unit : 100 million KRW, Share)

YY/MM/DD	Type of Shares	No. of issued shares	Increase in Amount	Type of capital increase	Capital after the increase	Remarks
2022.02.10	Ordinary Shares	28,571,428	1,429	paid-in capital increase	23,844	-

### 3. Issuance of Subordinated Bonds

(Unit : 100 million KRW, %)

Type of Bond	Date of issuance	Expiry Date	Issued Amount	Issued Rate	Credit rating	Remarks
Not Applicable						

### 4. Branch

(Unit : number)

Classification	County Office (Branch)	Sub-Branch	Business Office	Total
Domestic	820	285	-	1,105
Overseas	6	-	4	10
Total	826	285	4	1,115

※Note 1) The head office (sales department) is included in one branch in Korea.  
 Note 2) Overseas : New York branch, Hanoi branch, Hong Kong branch, Beijing branch, Sydney branch, New Delhi Office, Ho Chi Minh City Office, Yangon Office, London Office, Mt. Geumgang branch(Business suspension in the year 2009)

### 5. ATM Installation Status

(Units : EA)

Category	2022	2021
CD	-	-
ATM	5,071	5,288
Video Terminal	20	20
Others	-	-
Total	5,091	5,308

### 6. No. of employees

(Units : People)

Classification		2022			2021		
		Domestic	Overseas	Total	Domestic	Overseas	Total
Executives	Inside Directors	3	-	3	2	-	2
	Outside Directors	4	-	4	4	-	4
	Non-executive Directors	2	-	2	3	-	3
	Executive Officers	-	-	-	-	-	-
	Management Directors	14	-	14	14	-	14
Employees	General Position	13,313	33	13,346	13,339	27	13,366
	Indefinite contract employees	157	-	157	177	-	177
	Total	13,493	33	13,526	13,539	27	13,566

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# 2022 Nonghyup Bank Business Area

## Nonghyup Bank Business Area



18	Financial Management
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26	Retail Marketing
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30	Digital Platform
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34	Investment Banking
36	International Banking Business
38	Agriculture Finance
42	Agrifculture & Food Investment
44	Public Sector Banking
46	Risk Management
48	Wealth Management
50	Trust Banking
52	Retirement Pension
54	Global Business
58	Consumer Protection
60	NH Card



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# FINANCIAL MANAGEMENT

Nonghyup Bank has laid a stable foundation for growth in all aspects of profitability, integrity, and capital sufficiency. We have not only achieved excellent results in specialized projects such as public and agriculture finance, but also achieved remarkable growth in all business sectors, including a net increase in corporation loan balance, and recorded high performance in foreign exchange profit and loss.

## Profit and Loss Sector

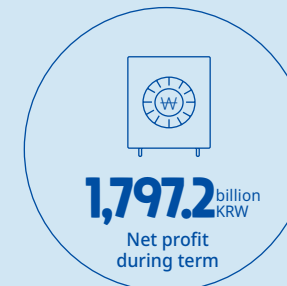
Nonghyup Bank's total profit and loss in 2022 was 6,886.1 billion KRW, sales and management costs were 3,427.9 billion KRW, and net profit was 1,797.2 billion KRW (net profit before the burden of agricultural support project cost of 2,032.6 billion KRW).

<b>Gross profit and loss</b> 6,886.1 billion KRW	<b>Operating profit</b> 2,786.1 billion KRW	<b>Net profit during term</b> 1,797.2 billion KRW
<b>SG&amp;A expenses</b> 3,427.9 billion KRW	<b>Transfer in allowance for ECLs</b> 672.1 billion KRW	<b>Other profit and loss</b> -309.3 billion KRW
	<b>Profit and loss before income tax expenses</b> 2,476.8 billion KRW	

Net interest margin (NIM) rose 0.15%p year-on-year to 1.75%.

(Unit: %)

Classification	4Q21	1Q22	2Q22	3Q22	4Q22
NIM	1.60	1.65	1.68	1.70	1.75



## Business Volume

Nonghyup Bank's total assets are 439.1 trillion KRW, up to 33 trillion KRW from the previous year. Despite the difficult business environment of the 「3 Highs (High prices, high interest rates, high exchange rates)」 total receivables reached 347.1 trillion KRW, up 23.6 trillion KRW from the previous year, and the balance of corporate loans increased by 11.4 trillion KRW (13.1% year-on-year) to 293.1 trillion KRW.

(Unit: trillion KRW, %p)

Classification	2022	2021	Increase/Decrease	Increase/Decrease rate
Total assets*	439.1	406.1	33	8.17
Total deposits	347.1	323.5	23.6	7.30
Total Loans	293.1	274.9	18.2	6.62

\*Bank accounts (383.9 trillion KRW) + trust accounts (57.7 trillion KRW) – mutual transactions (2.5 trillion KRW)

## Asset Quality

As financial market volatility increased, asset and debt strategies were established and implemented to reduce risks to increase management integrity and safety. In response to the expansion of downside risks, we strengthened monitoring of credit risk vulnerable sectors such as COVID-19 support loans, low-credit borrowers, and vulnerable industries, and strengthened the handling standards and follow-up management of real estate finance.

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

Classification	2022	2021	Increase/Decrease
Total Loans	2,931,219	2,749,201	182,018
Fixed debt loans	7,493	7,927	△434
Fixed debt ratio	0.26	0.29	△0.03
Non-performing loans	5,130	6,177	△1,047
Non-performing loan ratio	0.18	0.22	△0.04
Bad debts allowance ratio	271.74	207.71	64.03
Default rate based on total loan receivables	0.27	0.20	0.07

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# DT STRATEGY

Nonghyup Bank is actively responding to changes in the convergence era with customer-centered digital transformation (DT) as its core value. In addition, we are promoting continuous business process innovation such as expanding the application of RPA and strengthening the convenience of the credit process to improve work efficiency and profitability. Furthermore, we are taking the lead in creating a healthy digital ecosystem by continuously discovering new business models related to new technologies such as AI and digital assets, and establishing a win-win cycle that includes preemptive investment in innovative companies, corporate growth support, and business cooperation. With the goal of 'implementing a hyper-connected digital bank that creates customer-centric value,' we will accelerate digital transformation to become a more exceptional bank for customers.

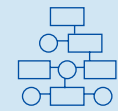
## Status of DT Strategy

In order to spread DT consensus among all employees, we operated the 4th Industrial Revolution Strategy Committee and the Comprehensive Response Team, a DT meeting centered on the bank president, to spread the direction of DT promotion through various channels such as in-house

apps and online education. In addition, by operating the Digital Finance Innovation Awards system, encouraged DT promotion and increased employees' morale by awarding excellent departments and advancing best practices.



**100** billion KRW  
NH Digital Alliance



**AI, Blockchain**  
Expanded application  
of new technology



**146** duties applied  
RPA



**PPRactivation**  
for innovation of the  
cost reduction process

## Expanding Applications of New Technologies such as AI and RPA

We have expanded our work using new technologies such as AI and RPA so that digital technologies can benefit customers and employees. AI technology was applied to monitor the prevention of incomplete sales by identifying the AI demand of each department and verifying technology, and RPA was expanded from the existing headquarters to branch office work to improve the efficiency of branch employees.

## Expanding Startup Investment and Collaboration by Creating NH Digital Alliance Funds

By creating an NH Digital Alliance worth 100 billion KRW (50 billion KRW for the bank), we have expanded our investment base for innovative companies such as new technology-based preliminary unicorn companies. By creating an NH Digital Alliance worth 100 billion KRW (50 billion KRW for the bank), we have expanded our investment base for innovative companies such as new technology-based preliminary unicorn companies. Additionally, through NH Digital Challenge+ (accumulated selection and fostering of 158 startups as of end of 2022), we have initiated efforts to create a digital ecosystem and enhance synergy between pan-nonghyup affiliates and participating companies.

## Training Talented People in the Digital Field

With the aim of fostering digital professionals, expert training was expanded to improve employees' digital capabilities, and as of 2022, 1,486 employees have completed numerous digital training courses in areas such as data and AI.

## 2022 DT Strategy

In commemoration of the 10th anniversary of the launching of Nonghyup Financial Group, various blockchain-based services such as the issuance of coin NFTs were introduced, and CBDC (Central Bank Digital Currency), which is considering its feasibility nationwide, also responded preemptively. Also, the NH Digital Alliance Fund was established to create a digital innovation financial ecosystem to respond to regulatory innovation policies, changes in the financial industry and technology, and to seek new development opportunities. To innovate the business process, RPA tasks were continuously discovered by holding RPA big leagues, and as of 2022, RPA was introduced to a total of 146 tasks, resulting in a total of 660,000 hours of office time replacement. By activating PPR for electronic windows and improving internal operations, we have reduced paper use by 89 million sheets as of 2022, which has contributed greatly to improving branch productivity and ESG management practices.





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# DATA BUSINESS

For Nonghyup Bank's successful digital transformation, data, which is a key resource, has been integrated and standardized so that it can be used in real time, in the right place, and at the right time. By expanding the scope of data, which was mainly used in customer analysis and marketing, in 2022, we established a data-based decision-making culture in all business areas such as consumer protection and improvement of personnel and recruitment processes. We will systematically monitor and improve the model using big data such as TA and log analysis and manage it as our intangible assets. Based on customer data integrated into My Data, we understood customers more deeply, and analyzed their habits and preferences to be able to better provide services that combine finance and life to customers.

## Status of Data Business

We continue to improve and expand our data infrastructure for our employees to easily access and utilize the data they need, as well as provide training tailored to user purpose and level, and hold big data contests to enhance data literacy skills. Through this, we aim to improve our internal business

processes or drive automation through modeling and provide ultra-personalized services to our customers. With the value of expanded data, we will explore new business models that are different from previous ones.



## Data Standardized · Integrated · Real-time System

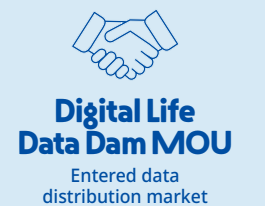
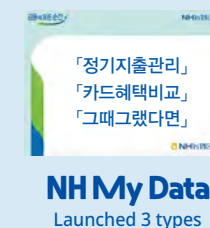
We have established a system to integrate and utilize standardized data in real time. By systematizing data governance management systems, we can improve quality by automatically monitoring data. We have laid the foundation for a timely decision-making and marketing system by establishing a means to collect, load, and analyze data in real time. In 2023, we will open a next-generation information system to facilitate the utilization of these data resources, establishing a culture in which all employees start their work with data and analyze results with data again to improve.

## Acquire New Business model and Income Source based on Data

In 2022, our bank signed a 「Digital Life Data Dam MOU」 with Kookmin Card, Lotte Card, Hana Card, LG U+, and CJ CGV under the supervision of NICE Genie Data for active data exchange between different industries. We discovered new data insight through the combination of data aliases among MOU participants and actively participated in the data distribution market based on this.

## 「NH My Data」 Delivering New Experience to Our Customers

「NH My Data Service」, serviced for 2 years has further strengthened its service, comprehensively managing customers' finances by collecting and analyzing their data. By analyzing repetitive consumption including regular subscriptions, unnecessary expenditure management is prevented, and deduction items can be collected in advance through year-end settlement simulations to protect customers' valuable assets. Customers who subscribe to My Data services can receive VIP consulting with experts through mobile video consultations if they have more than a specific amount funds, including assets in other financial institutions as well as assets in our bank.



# NH MEMBERS BUSINESS

Nonghyup Bank's NH Members business is the first joint project of pan-nonghyup affiliates involving 15 affiliates, including finance and distribution. It is a platform that integrates customer information and points and uses them for marketing. Various Nonghyup affiliates such as Hanaro Mart, Nonghyup Gas Station, and Nonghyup Bank branches across the country provide NH point services and support the marketing of Nonghyup affiliates through information and marketing systems.

## Status of NH Members' Business

NACF (2) & Member cooperatives (1,113)	Agribusiness Sector (6)	Financial Sector (7)
Cooperative Banking, NongHyup Networks, Local NongHyup, Local livestock Cooperatives, Item NongHyup	NongHyup Agribusiness Group, NongHyup Hanaro Mart, Korea Agricultural Cooperative Marketing, NongHyup Red Ginseng, NongHyup Food, NongHyup Moguchon	NongHyup Financial Group, NongHyup Bank, Nonghyup Life Insurance, Nonghyup Property & Casualty Insurance, NH Investment & Securities, NH Savings Bank, NH Capital



## 2022 NH Members Business

NH Members' business achieved 29 million general members, 20 million valid members, and 12 million marketing consent members, and expanded the use of points in areas such as bank and agricultural cooperative branch point services, contact-free product point subscriptions, and external partnerships. Furthermore, there were 45 types when it was launched in 2019, but 144 types of point-linked products and services are currently being operated. Nonghyup Food TM sales reached 5.3 billion KRW through the provision of members' data and contributed 872 cases and 19.4 billion KRW through joint marketing of ALL-ONE E-deposits.

## Annual Membership

(Unit: People)

Classification	2019	2020	2021	2022
Total Members	24,286,022	25,955,329	27,450,309	28,696,253
Valid Members	17,237,951	17,748,548	20,140,997	19,617,088
Marketing Consent	1,731,085	5,778,177	9,229,037	11,799,169
App Members	774,525	1,384,806	1,777,327	2,171,504
Point Members	16,206,020	17,245,859	17,286,150	18,160,736

## Annual Point Usage

(Unit: 100 million KRW)

Classification	2018	2019	2020	2021	2022
Use	3,714	4,192	4,740	5,491	6,317
Saved	1,926	2,153	2,449	2,836	3,311
Used	1,788	2,039	2,291	2,655	3,006

## NH Members X Kona I (Local Love Gift Certificate Platform) Signed a Partnership Contract

Kona I operates local love gift certificate platforms in about 60 local governments, including Incheon, 29 cities and counties of Gyeonggi-do, Cheonan, etc. NH Members signed a partnership agreement with Kona I on September 6, 2022, to open the 2023 NH Point → Local Currency Charging Service sequentially for each municipality. Through this partnership, we expect to promote pan-nonghyup affiliates for 9 million local currency members and win-win effects for small business owners and local governments.





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# RETAIL MARKETING

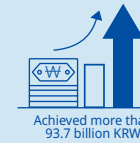
Nonghyup Bank operates an Excellent Customer System that meets customer needs by analyzing individual customers and identifying trends and establishes a marketing strategy for personal deposits and household loans to promote business with branches throughout the company. Furthermore, there is no negligence in marketing social cooperation through the housing city fund project and the operation of the 'Happy Chaeum Finance Class.'

## Status of Retail Marketing

Nonghyup Bank was able to contribute significantly to achieving its 2022 profit and loss target with stable defense of core deposits and household loans despite difficult business conditions such as high interest rates, high prices, and prolonged COVID-19.

(Unit: 100 million KRW)

Classification	2020	2021	2022
Main Deposit (average balance)	476,832	563,632	563,157
Household Budget (balance)	1,263,322	1,343,119	1,329,636

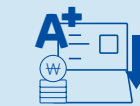


Achieved more than  
93.7 billion KRW

**2.7037** trillion KRW  
interest income



**706,000**  
New reserves for housing  
subscription saving



**15.1** billion KRW  
Application of differential  
premium rate system  
Reduction of payment amount

## Performing a Specialized Bank Entrusted with the Housing and Urban Fund

Nonghyup Bank has been selected as a housing fund handling bank since 2002, achieving annual commission income of 33.3 billion KRW in 2022 and solidifying its position as a housing fund trustee bank with 5.26 million subscribers to housing subscription savings. (Re-signed in February 2023 and will carry out the entrusted work by the end of March, 2028)

(Unit: thousand balance)

Classification	Nonghyup Bank	KB Kookmin Bank	Woori Bank	Shinhan Bank	Hana Bank
New balance	<b>708 (Rank 1)</b>	592(Rank4)	697(Rank2)	584(Rank5)	624(Rank3)

## Revitalize Digital Finance by Expanding Subscriptions to Contact-Free Products

In 2022, the proportion of contactless product sales increased by 9.5%p year-on-year due to the expansion of performance evaluation selective branches (39 sites in 2021 → 567 sites in 2022) and the planning of new contactless time deposits (ALL-ONE E-deposit).

(Unit: %)

Classification	2021(a)	2022(b)	Growth Rate (b-a)
Contact-Free Product Sales Rate	35.0	44.5	9.5

## 5th consecutive Financial Education Financial Supervisory President Award

Nonghyup Bank was chosen 'Financial Instruments of Excellence in Financial Education' in 2022 and won the Financial Supervisory Service President Award for the fifth consecutive time. Financial Education is a program in which financial companies form ties with elementary, middle, and high schools as part of the social contribution of financial institutions and provide various financial education programs to students. Nonghyup Bank announced that it had the largest number of financial institutions (999 schools) and provided financial education to a total of 52,000 students last year. Seokyong Lee, president of Nonghyup Bank, said, "We will take the lead in systematic financial education tailored to the level of teenagers so that future generations can form the right perception and habits regarding finance."



**999** Schools  
Financial Education



**Financial Supervisory Service**  
Excellent Institution for Financial Support for the Working Class



**Financial Supervisory Service**  
South Korea Best Banker Grand Prize



**Financial Supervisory Service**  
Financial Instruments of Excellence in Financial Education



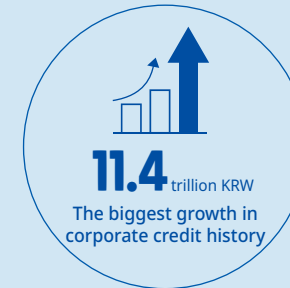
# CORPORATE MARKETING

In a continuously changing internal and external environment, Nonghyup Bank offers corporate financial services that represent the varied financial needs of corporate clients. By offering new financial products and distinctive policy funds, it promotes the steady and ongoing expansion of corporate clients. To deliver top-notch corporate financial services through national retail networks, it also aims to enhance human skills by implementing a personnel education/evaluation/job competency level system for RM employees.

## Status of Corporate Marketing

For small and medium-sized businesses and small company owners that are experiencing a challenging business environment because of the fallout from COVID-19 and rising interest rates, Nonghyup Bank practices inclusive win-win financing. Hope Plus Special Guarantee Loan, a fully guaranteed product for customers with low credit, was ranked

top among all financial institutions in 2022 when a 1.3 trillion KRW guarantee loan was pushed under a business arrangement with a guarantee agency to aid enterprises in recovering. For companies that struggle with management, we also provide customer- and field-focused services like corporate management consulting.



## Major Performance of Corporate Finance

Since its launch, Nonghyup Bank has achieved impressive strides in the field of corporate finance. The balance of general corporate loans expanded by 11.4 trillion KRW annually to 98.6 trillion KRW by the end of 2022, setting a record for the greatest growth rate ever, and core corporate deposits increased by 1.2 trillion KRW annually to 15.8 trillion KRW. By raising the percentage of facility funds, we also created a beneficial cycle of loans and reemerged as a bank with a focus on agriculture finance and technology.

Classification		2022		2021		2020	
Corporate credit (Balance)		98.6 trillion KRW		87.2 trillion KRW		78.9 trillion KRW	
Net Increase	Growth Rate	11.4 trillion KRW	13.1% ↑	8.3 trillion KRW	9.4% ↑	10.3 trillion KRW	15.0% ↑
Corporate Core Deposit (Avg Balance)		15.8 trillion KRW		14.6 trillion KRW		12.1 trillion KRW	
Net Increase	Growth Rate	1.2 trillion KRW	8.2% ↑	2.5 trillion KRW	20.9% ↑	2.0 trillion KRW	20.0% ↑
Financial Intermediary Support Loans (Borrowing Balance)		2.9 trillion KRW		2.5 trillion KRW		1.4 trillion KRW	
Net Increase	Growth Rate	0.4 trillion KRW	16.0% ↑	1.1 trillion KRW	80.3% ↑	0.6 trillion KRW	88.7% ↑





# DIGITAL PLATFORM

By creating a 「comprehensive financial platform」 that combines the core services of financial holding affiliates into one app, Nonghyup Bank further improves the completeness of the customer journey while implementing a customer-centered platform that offers the services needed in their daily lives. Additionally, we improve customer satisfaction by actively listening and acting on their feedback promptly. We also boost our competitiveness by introducing advanced electronic financial accident detection and certification services using new technologies, which enable safe and simple authentication.

## Status of Private Digital Platforms

To increase the competitiveness of its platform, Nonghyup Bank plans to create a 「comprehensive financial platform NEW NH All-One Bank」 that offers all the financial services clients require on a single platform. To improve the comprehensiveness of the client journey, we will increase our entire banking service as well as the comprehensive

financial services of financial holding affiliates including securities, credit cards, and insurance. Along with financial services, we will explore collaborations with entrepreneurs to develop a variety of life-specific services and build a new platform ecosystem by fusing entertaining components like ESG events based on 「Dokdo-Verse」.



## NH ALL-ONE Bank, A Comprehensive Financial Platform

To better serve its customers, NH ALL-ONE Bank has been reborn as a 「comprehensive financial platform」 with a single app that can handle all of their financial needs. It has evolved into a spokesman for Nonghyup Financial, which offers not only standard banking services but also fundamental and specialized offerings from its financial holding companies, including securities, credit cards, and insurance. Additionally, NH ALL-ONE Bank strives to develop into a 「living finance platform」 that clients can access simply and use for entertainment. By conveniently connecting the services of pan-nonghyup affiliates like 「ALL-ONE LYVLY」 and 「ALL-ONE xFlower」, customer benefits were increased, and various living financial services were offered in collaboration with other businesses. In collaboration with NH ALL-ONE Bank, the metaverse platform 「Dokdo-Verse」 offers clients a unique digital experience (DX) through ESG services.

## Expansion of Authentication · Security Service Scope

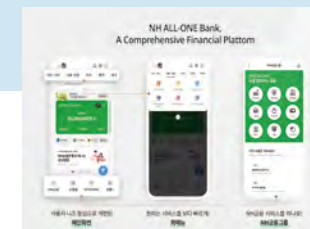
The NHOnePASS service was made available; it allows for simple authentication through distant institutional channels of pan-nonghyup affiliates and offers distinctive certification services through 「NH Son Hanaro Authentication」, which supports the domestic simple boarding service offered by Korea Airports Corporation. Additionally, we introduced the 「NH Mobile Certificate」, our own branded certificate that is secure and adaptable, by achieving the status of an electronic signature certification company operator.

## Private Digital Platform Customers

(Unit: ten thousand people)

Classification	2020	2021	2022
NH ALL-ONE Bank Customers	586	780	901
NH Smart Banking Customers	893	1,033	1,090

\*FDS accident prevention cases and amount: 1,663 cases per year, 12,236 million KRW



## NH SMART BANKING

40 different sorts of reporting and 4 different types of certificates are offered in an unobtrusive manner by NH Smart Banking in its reporting and certification hall. In addition, we continue to offer support in the form of 「big-word banking」, 「slow talk service」, and 「app accessibility」 for clients who may feel relatively alienated because of the spread of contactless services.

## Finance Mall

By implementing UI/UX while considering the convenience of subscribing to digital products, we have increased the range of specialized products and contactless sales items, as well as improved customer convenience. In addition to expanding the loan integrated suggestion process to include additional product recommendation services through integrated screening of public officials' loans, we developed a new product group called 「contact-free specific money trust」 that applied the subscription process utilizing video conversations. Additionally, by enhancing sales items within 「NH Mobile Branch」, where digital products may be subscribed to without the need for additional apps or certificates, we assist the digital marketing of branches through SMS.



# CORPORATE DIGITAL PLATFORM

To boost corporate digital competitiveness, Nonghyup Bank created the Corporate Digital Platform Division in 2022. We created a mid-to-long-term roadmap for corporate banking thanks to external advice and provided the groundwork for corporate FULL banking by totally upgrading the outdated corporate smart banking operation system.

## Status of Corporate Digital Platforms

In response to quick market developments, 「Online fractional Investment API」 was introduced for the first time in the financial industry through its own open API platform, and it is vying for supremacy in the new digital business

market. It will run a cash cow payment infrastructure fee business (167.5 billion KRW, 2022) (firm banking, virtual account, etc.).

## Diagnose Corporate Digital Competitiveness and Establish Mid-to-Long-Term Strategies

We promoted the use of digital corporate finance and enhanced company skills through consulting for a total of 16 weeks, from June 2022 to October 2022, to increase corporate digital competitiveness. Additionally, 38 tasks were established in six mid to long-term strategic areas to

implement 「digital FIRST corporate banking」 by gathering customer feedback and determining competitiveness diagnosis and causation by comparing with other banks by product, corporate finance, service, channel, and customer management type.



## Launching of NEW NH Corporate Smart Banking

New NH Corporate Smart Banking is a recently released corporate finance platform that offers a variety of small business-specific services in one app, as well as one-stop financial services such as product subscription, enquiry, and transfer for corporate customers. By implementing a new framework 10 years after the 2012 deployment (totally replacing the Native operating system with Hybrid), we have enhanced service development speed and flexibility.

## Launching of the First 「Online Fractional Investment API」 to Strengthen Protection of Investors

A service known as NH API (Application Programming Interface) enables fintech businesses to easily create transfer and enquiry (25 functions) and bank-specific services. It was introduced for the first time in the banking business in December 2015, and one of its strengths is that it offers services that are specifically tailored to each industry. We worked to find businesses with financial needs, create specialized APIs, and occupy new markets with aggressive fee structures. As a result, we signed a contract with Tessa Co., Ltd., and in July 2022 we launched the first online fractional investment API in the financial industry. By safely separating and storing Tessa Co., Ltd. customer deposits into our account in this way, we strengthened investor protection. Based on our partnership experience with Tessa Co., Ltd., we then formed additional partnerships with fractional investment firms like Seoul Auction Blue Co., Ltd., and Treasurer Co., Ltd.

## Improvement of Virtual Asset Trading Services to Eliminate Customer's pain points

By enhancing the investment deposit technique and establishing and implementing limit lifting criteria based on virtual asset transactions, we increased the convenience of clients who utilize virtual asset transactions in September 2022. This strengthened exclusive transactions and enabled the use of current accounts.

## Ministry of Agriculture, Food and Rural Affairs Introduces Milk Voucher Service

It offers a variety of voucher services, such as child meals, treatment assistance, education support, preferred transportation, agri-food, welfare for the elderly, and employment support, based on Nonghyup Bank's independent voucher platform. In collaboration with the Ministry of Agriculture, Food, and Rural Affairs, it created a new milk voucher service in 2022.

## New Jeju Transportation Welfare Card Service

By adding Jeju Island to the 「preferential transportation card service」 after Gyeonggi-do and Gangwon-do, it has strengthened its position as a neighborhood bank that aids in advancing welfare initiatives and enhancing convenience for the locals.





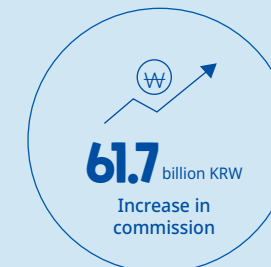
# INVESTMENT BANKING

Three divisions make up Nonghyup Bank's investment finance business: IB Finance, overseas Investment Finance, and Project Finance. The IB financial business is involved in M&A finance, which supports corporate mergers and acquisitions, structured finance, which raises money (ABS, ABCP) in the capital market based on liquid assets and corporate credit reinforcement, and indirect investment in domestic and international venture capital and private equity funds. The overseas investment finance business consists of real estate finance to support projects for real estate development and operation, as well as infrastructure and renewable energy finance. The overseas investment finance business is in charge of infrastructure projects such as overseas road PPP projects, export terminals, real estate projects such as data centers, and overseas corporate credit and object finance (ship and aircraft finance). The project finance business consists of real estate finance, which supports project financing for real estate development and operation purposes, and infrastructure finance, which is responsible for infrastructure and renewable energy investment projects.

## Status of Investment Banking

By working together with foreign branches like the New York IB Desk and promoting mortgage loans at the Wilshire Grand Center in Los Angeles, Nonghyup Bank was able to secure a solid investment in foreign investment finance and promote the UAE KEPCO transmission and distribution EBL project. Additionally, NH Digital R&D Center tenants and start-ups engaged in digital innovation

received Nonghyup Financial's unique financial support through the establishment of the 「NH-DX Open Innovation」 fund. The revenue from financial brokerage and advisory fees in real estate finance increased more than 1.5 times over the previous year due to the stable real estate PF business based on HUG and HF guarantees and the promotion of office mortgage loans in significant business areas.



## Earnings in the 200 billion KRW Range for the Third Consecutive Year

Based on its network of international financial institutions, Nonghyup Bank identified high-quality overseas investment assets and expanded renewable energy projects like solar, wind, and biomass power generation in response to the government's Green New Deal. He also continued to take part in the Korea Credit Guarantee Fund's P-CBO asset securitization project, which supports venture capital (VC) investment for the expansion of venture companies and the financing of small and medium-sized businesses. By the end of the year, it had generated a total of 238.5 trillion KRW and had grown its asset base to about 16.7 trillion KRW, with particularly impressive results in stable real estate PF based on guarantees or acquisition financing of major corporations.

(Unit: billion KRW)

Classification	2020	2021	2022
Total asset	14,079.6	15,747.6	16,785.7
Total Revenue	224.3	338.5	238.5
Commission	46.9	56.8	61.7

## 2023 Investment Finance

We are growing our investment financial assets centered on reliable assets at home and abroad on the strength of our strong investment performance and experience in large-scale financial brokerage projects. Through meticulous risk verification and careful follow-up management, we hope to become a leading bank in investment finance. The investment finance industry is anticipated to experience an unfavorable business climate in 2023 as a result of increased financial market volatility brought on by interest rate hikes and mounting concerns about a global economic slowdown. However, based on Nonghyup Bank's strengths and the strong synergy with its affiliates in investment finance, we will be a key player in growing the bank's non-interest profits.



# INTERNATIONAL BANKING BUSINESS

Foreign exchange operations at Nonghyup Bank were authorized in May 1969 and launched in July of that same year. Establishing a foundation for international financial work, running a field support team for foreign exchange, and establishing an operation center, have improved the convenience and foreign exchange knowledge of branch employees. In addition, we have implemented a preferential service for foreign exchange fees for agri-food exporters to promote agricultural export transactions and have also launched an overseas remittance service for agricultural and rural areas so that overseas remittances can be freely made. In recognition of our ability to handle foreign exchange business and competitiveness in overseas remittance services, we have secured more than 1,100 foreign exchange banks and 51 deposit accounts around the world. Through strategic business partnerships (MOU) with major global banks, it is making a leap forward as a global bank by expanding import and export financing for overseas companies

## Status of International Banking Business

The volume of foreign exchange business reached an all-time high of USD 90.9 billion and profit and loss of KRW 245.4 billion, despite the difficulties that continued COVID-19 was causing with import and export transactions. We have carried out various projects throughout the year to expand foreign exchange, and these projects include expanding on-site support and promotions for branches to attract new foreign exchange customers, holding trendy events for MZ

customers, and resuming foreign exchange remittance festivals according to the 「With COVID-19」. In addition, as of the end of 2022, 323 certificate for documentary credit specialists (CDCS) have been produced through continuous face-to-face and contactless foreign exchange manpower development programs such as 「Vitamin-SHOT」 education and video practical education.



## Strengthen Foreign Exchange Promotion Capabilities with Field-Oriented Enterprise-Wide Support

Compared to the prior year, the amount of company-wide marketing assistance, such as corporate support at marketing and sales headquarters and branch practical marketing training, has doubled. Additionally, we offered year-round on-site support to increase customer numbers by sending affiliate promotional staff to the biggest foreign remittance branches. After COVID-19, the 「NH Foreign Exchange Academy」 was resumed in a contact manner by region to provide opportunities to strengthen corporate customer marketing and new promotions. Previously, the academy had been loosely operated, such as by holding contactless meetings.

## Improve Foreign Exchange Competitiveness by Launching New Products and Upgrading Infrastructure

We signed a 150 billion KRW guarantee business agreement with external institutions to expand our support for overseas construction guarantees. In addition, we released a new, specially-designed external currency deposit product called 「NH Plus Foreign Currency MMDA」 to satisfy the needs of corporate clients. Additionally, it kept improving its foreign exchange infrastructure by introducing Son Hanaro authentication, firm banking non USD currency exchange services, expanding online channel services for import payments, designating LG as a foreign exchange bank, expanding online channel services for real-time transfer, and establishing a real-time transfer system.



## Promote Foreign Exchange through Timely Target Marketing

To expand and lock-in MZ customers, a promotional video production and linkage event for foreign exchange services was held to induce the MZ generation's pleasant experience of foreign exchange services, and the 「foreign exchange remittance festival」 was resumed. It established a step-by-step marketing process tailored to the life cycle of customer financial transactions of 「New-Activate-Leave」 and conducted various projects throughout the year to expand foreign exchange by conducting customer events reflecting the latest trends of 「YouTube, online, and exchange rate fluctuations」.

## Train Foreign Exchange Professionals

By running various tailored education programs to foster foreign exchange professionals, we have generated 2,370 foreign exchange experts, 323 certificate for documentary credit specialists (CDCS), and 56 foreign exchange experts as of the end of 2022.



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# AGRICULTURE FINANCE

By supporting customized agricultural financial consulting in response to changes in the agricultural environment, Nonghyup Bank strengthens its position as guiding finance to support successful farming and agricultural management and disburses agricultural policy loans to farmers and agricultural corporations on behalf of the government. In addition, as an agricultural finance bank, we work hard to increase the management effectiveness of funded companies by providing consulting services with a focus on agri-food companies. We also continue to increase our own loan support for agri-food companies.

## Status of Agricultural Finance

Through active government agricultural initiatives, Nonghyup Bank enhanced the agricultural policy fund system. To lessen the burden of repaying the principal for farmers, the smart farm comprehensive fund (facility fund) was extended from 15 to 25 years. For young farmers, the self-burden ratio also

decreased from 10% to 5%. In addition, the successor farming fund's interest rate was decreased by 0.5%p from 2% to 1.5% in accordance with the government's initiative to support young farmers, and the loan limit was increased from 300 million KRW to 500 million KRW with a 25-year repayment term.



## The Balance of the 「NH Agricultural Food Green Growth Loan」 exceeded 4 Trillion KRW

In September 2022, two years after its launching, the 「NH Agricultural Food Green Growth Loan」 surpassed 4 trillion KRW in new promotions. It also provides operating funds and facility funds to companies operating in agri-food-related industries with preferential loans to excellent green innovation companies. (The balance of 4.3948 trillion KRW as of the end of 2022) We will do our best to establish ourselves as the 「No. 1 representative product of agricultural finance」 through continuous media promotion.

## Operation of 「Our Farm Companion」

We selected and operated 「Our Farm Companion」 for excellent agri-food manufacturers using our agricultural products. Companies selected as associate companies are provided with various exclusive services such as preferential loan rates, market expansion, and corporate promotion. In 2022, 10 companies were selected, and the underprivileged sharing event was held by purchasing products produced by the partner companies and the certification signboard ceremony. In the future, we plan to expand the number of associate companies by more than 10 every year.





Financial Support for Farmers and Agricultural Food Companies

8.6491 trillion KRW in agricultural policy funds has recently been provided by Nonghyup Bank to boost farmers' actual profits and provide timely support for farming funds. (At the end of 2022, the loan balance was 21.325 trillion KRW.) In addition, compared to the previous year, we gave agri-food companies loans totaling an additional 1.7788 trillion KRW. (At the end of 2022, the loan balance was 29.7 trillion KRW.)

(Unit: billion KRW)

Classification	2020	2021	2022
Agricultural and Food Business Loan (Balance)	25,485.2	27,221.9	29,000.7
Agricultural Policy Funds (New)	7,040.1	6,629	8,649.1

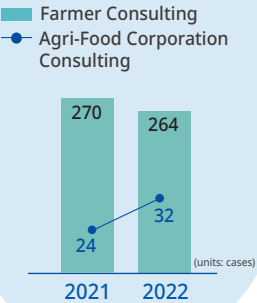
Easing Financial Burden on Farmers

Repayment was suspended and interest rates were reduced for major agricultural policy funds to lessen the financial burden on farmers brought on by rising agricultural material prices and interest rate increases. 2,894 cases totaling KRW 51 billion were deferred in 2022, and 17,158 cases totaling

KRW 506.7 billion were reduced by 0.5% to 1.0%p. In addition to 1.1225 trillion KRW in special feed purchase funds for farms due to the increase in feed prices, we provided 45.7 billion KRW in new assistance to farms affected by disasters like drought and typhoons.



Consulting Support Performance



Support for Free Management Consulting for Farmers and Agricultural Food Companies

Despite the challenges of limiting consulting because of COVID-19, we supported 264 consulting cases for farmers and 32 consulting cases for agri-food companies in 2022 through ongoing consulting via contactless channels. It provided customized farm financial consulting services linked to agricultural finance at each stage of farm growth, as well as comprehensive management consulting services to agri-food companies to diagnose overall management, identify problems, and suggest solutions.

(units: cases)

Classification	2020	2021	2022
Farmer Consulting	311	270	264
Agri-Food Consulting	21	24	32



2023 Agricultural Finance

Nonghyup Bank will provide KRW 6.84 trillion in agricultural policy funds in 2023 by improving the system and business processes to increase farmers' actual profits. We will continue to support agricultural financial consulting to foster young farmers and expand digital smart farms, and we will work with the government to improve the system. Furthermore, we will continue to develop 「Our Farm Accompanying Company Together」 as a representative brand of synergy between agri-food companies and finance.



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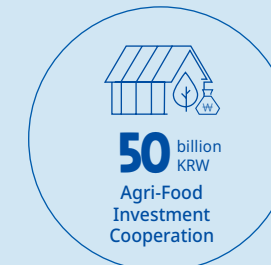
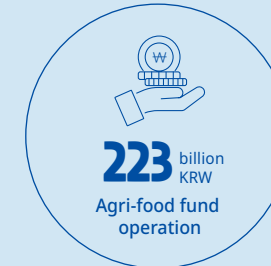
# AGRIFCULTURE & FOOD INVESTMENT

Through the operation of the agri-food fund (PEF), Nonghyup Bank encourages investment in promising venture agri-food companies that will lead the future agricultural sector. We are actively discovering and investing in startups that can play critical roles in the future agricultural ecosystem, such as green bio and smart agriculture, in order to strengthen the agricultural industry's competitiveness and grow the agricultural industry in response to recent changes.

## Status of Agri-Food Investment

To expand investment in the future new growth agricultural industry in 2022, Nonghyup Bank reorganized its agri-food investment project into a separate department of the agri-food investment group. Through this, promising agri-food companies with high growth potential were actively discovered, and PEF investments of 26 billion KRW were newly executed for seven innovative agri-food startups

to expand the investment to 89.1 billion KRW. We have successfully achieved a 50% return on investment by collecting some of the investments from companies that have grown with investment support. Also, two new agri-food funds (with an operation size of 103 billion KRW) were established in 2022 to achieve total fund management size of 223 billion KRW.



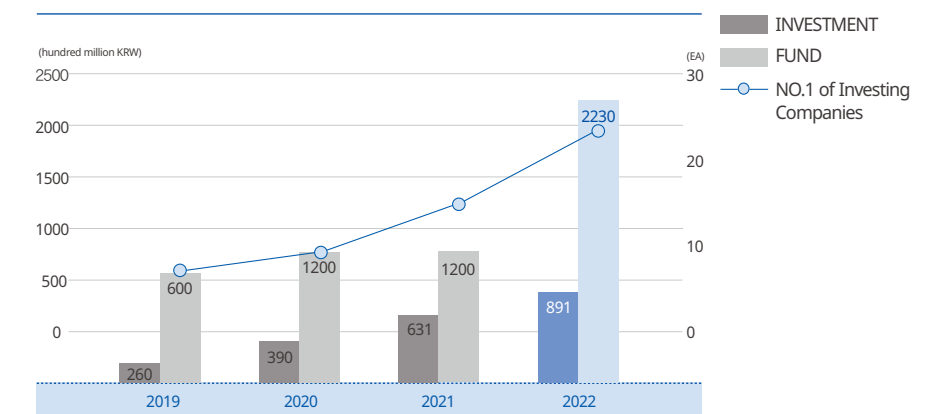
## Establishing Nation's Largest Investment Operational Status

In July 2022, the National Agricultural Cooperative Federation established the Egg Tech Win-Win Innovation PEF worth 53 billion KRW for the first time to support the spread of digital technology in the agricultural industry. For the first time in the banking sector, we established a new 50 billion KRW agri-food investment association in December 2022, achieved 223 billion KRW in total operation of agri-food fund by strengthening its role as a specialized bank for agricultural finance differentiated from other banks. Through this, we have established the status of the largest investment management company in Korea in the agricultural and livestock industry. (\*According to the Agricultural Policy Insurance Financial Institute, the Agriculture, Forestry, and Fisheries Food Fund was established)

## 2023 Agri-Food Investment

A new fund worth 50 billion KRW will be created and expanded to 273 billion KRW in total operation to revitalize agricultural and livestock investment and foster digital innovative companies in the agricultural industry. We will take the lead in discovering and growing future unicorn companies that will lead the agricultural industry by solidifying our position as Korea's largest agri-food investment operator and expanding investment support.

## Status of PEF Investment



# PUBLIC SECTOR BANKING

Nonghyup Bank is Korea's No. 1 safe bank, specializing in preserving the country due to its presence in all government buildings and handling of most state coffers, including local governments and education office treasuries. Furthermore, we demonstrate public interest and reliability as a cherished local bank through collaboration projects with local governments and support for regional development.

## Status of Public Sector Banking

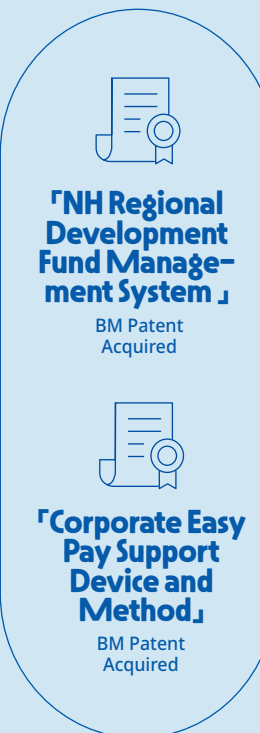
Classification	Status
(Public funds)	Handle 182 vaults based on general accounting out of 260 local governments and education offices nationwide (70% of occupancy)
(Institution)	Perform main transactions and fund management of 893 institutions, including public institutions, local public enterprises, universities, divisions, and foundations
(Courts)	Among the 159 courts nationwide, 87 courts carried out the storage of deposits (54.7% of occupancy)
(Public Retail Customer)	1.95 million customers of public officials and institutions, and 840,000 are in the main business

### Acquisition of BM patent for 「NH Regional Development Fund Management System」

In July 2022, we obtained a BM patent for the 「NH Regional Development Fund Management System」 and integrated it with the local government system and the party's safe system to support the regional development fund-related work of the local government.

### Acquisition of BM patent for 「Corporate Simple Payment Support Device and Method」

We obtained a BM patent for 「Corporate Simple Payment Support Device and Method」 in December 2022 and used it to improve accounting transparency and efficiency in corporate spending work, as well as to establish a mobile simple payment service at the Office of Education (Education Bank).



### First in the Financial Sector, Yongsan Presidential Office Branch

We served as a bridgehead for agricultural activities for major organizations such as the Presidential Transition Committee.

### New Court Office for Depositing Work, Proving Competitiveness

With the perfect opening of the building within 48 hours, we laid the foundation for attracting new courts by enhancing the credibility of the court administration and its image as a bank handling deposits.

### Achieved 100% of the Contract for Sound public funds

Since the launch of Nonghyup Bank, a contract on 52 public funds was completed in early November, and sound contracts were promoted even in difficult environments such as interest rate hikes and local elections.

## 2022 Public Finance

Business Field	Details on Performance
Public funds	<b>Profit-and-loss contracts and attraction of new public funds</b> After the bank was launched, 52 local governments and education offices completed funds contracts. Overcoming competition from other banks and attracting new general accounts from Gwangju Gwangsan-gu Treasury
Institution	<b>Attract institutional main transactions and promoting sound contracts</b> Attract main transactions from 67 institutions centered on blue-chip institutions (Agriculture, Food, and Technology Planning and Evaluation Institute, Hanam City Corporation, etc.). 315 institutional contracts completed due to improved contract conditions, including interest rates
Courts	<b>Stable open in new courts</b> 11 courts and 10 locations have been opened through company-wide collaboration. Attracting 587.1 billion KRW based on the balance of deposits and deposits at the end of 2022
Civil Servant	<b>First digital marketing demonstration for civil service customers</b> Customized marketing based on the collection and analysis of behavior data for public officials using NH-DMP. Implementation of an NH public official loan sales campaign by exposure to external channels such as Facebook
Public Finance DT	<b>Enhancement of digital competitiveness due to changes in the public finance environment</b> Strengthening the internal control of local governments by introducing safe FDS (Abnormal Transaction Detection) services. Promotion of exclusive window storage of hometown love donations and establishment of a system in connection with the government network
Social Contribution Activity	<b>ESG management practices with government departments and executives and employees</b> Delivering "Milk of Love" to 11 juvenile protection facilities under the Ministry of Justice. Rice consumption promotion campaigns and sharing events with executives and employees of the Government Complex. Environmental cleanup activities of Incheon Ara Waterway with executives and employees of the institution



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# RISK MANAGEMENT

Nonghyup Bank controls and manages risks in all sectors that may arise during management activities, thereby improving management soundness and safety and establishing a sustainable management foundation. When creating a management plan, all potential risks are identified and measured at each stage, and a management plan is created with risks in mind. To ensure capital adequacy and efficient capital allocation, the risk allowance is set and managed, as is the fund management limit, which is divided into industries and sectors to systematically manage biased risks. Furthermore, to respond to a crisis situation in advance, a crisis situation analysis is performed in order to prepare and implement a step-by-step response plan in the event of a crisis.

## Status of Risk Management

Due to the prolonged COVID-19 and increased volatility in the financial market, risk management has been strengthened by checking vulnerable sectors by risk type. The credit risk sector has established a regular inspection system to manage COVID-19-supported loans, low-credit, marginal companies, and vulnerable industries, all of which are especially sensitive to interest rate hikes. To improve crisis

response, the liquidity risk sector reorganized the crisis management and early warning systems. Furthermore, in response to increased financial consumer protection and the expansion of contactless channels, the level of operational risk management has been enhanced by improving risk controller diagnosis in light of recent losses.

### 4 Vulnerable Sectors Always Inspected



COVID-19 Support Loans



Limited Corporations



Low-Credit



Vulnerable Industries



## Strengthen Management of Credit Risk Vulnerable Sectors in Response to Downside Risks to the Economy

We strengthened monitoring of credit risk vulnerable sectors such as COVID-19 support loans, low-credit loans, marginal companies, and vulnerable industrial loans in response to the expansion of downside risks and established and implemented timely risk management measures. Furthermore, to prepare for the possibility of a real estate market recession, real estate finance exposure was checked, and residential real estate PF was fully monitored in order to improve overall handling standards and strengthen follow-up management.

## Strategic Interest Rate and Liquidity Risk Management in Response to Financial Market Volatility

To improve the interest rate maturity structure of assets and liabilities, interest rate risk reduction measures have been established and implemented in response to rapid interest rate fluctuations. To ensure stable liquidity management, the internal limits of liquidity regulations were adjusted, the liquidity early warning system was subdivided, and the threshold was raised in light of supervisory regulations and money market trends.

## Systematic Response to the Introduction of New Supervisory Regulations

In response to Basel III regulations, which are set to go into effect in 2023, a market and operational risk management system was established to lay the groundwork for a smooth implementation of regulations. It also put in place a self-normalization plan to restore its own soundness in the event of a crisis and ran the insolvency planning process.



## Digital Transformation, Improving Portfolio Management System

The company improved the adequacy and effectiveness of credit evaluation by introducing non-financial benchmark ratings and establishing a reference index management system by establishing a retail credit analysis management system using various alternative information and M/L technology.



## Support for the Promotion of New Businesses and Foundation for Risk Management

To respond to increased risks from the promotion of new businesses, we presented guidelines for supporting loans focused on industries with good industrial prospects and reflected ESG-related industry characteristics in industrial limit management. Furthermore, when developing new ESG-related products, we have strengthened the proactive risk check to lay the groundwork for ESG management transformation.

## Status of WM Business

as a first step, and we intend to strengthen the Digital Wealth Management (DWM) system, which supports hybrid comprehensive asset management services. Nonghyup Bank will take the lead in ‘implementing public asset management,’ where anyone, at any time, can receive asset management counseling from experts.



Nonghyup Bank's WM division strives to offer comprehensive asset management services as well as customized investment products. Bancassurance launched "Insurance Mobile Futures" in 2022, which presents insurance products to others through the banking sector's first non-contact channel. Furthermore, the fund industry attempted to break through a stagnant market through 62 on-the-job training sessions to alleviate customers' concerns about investment products and strengthen their employees' capabilities (professionalism). NH All100 Literature Center is also working to provide customer-centered comprehensive asset management counseling services by establishing a mobile video counseling service and hosting various asset management seminars for VIP customers. These efforts resulted in a net gain of 6,021 WM customers, representing a 2.65% year-over-year increase.

Classification	Contents
Product	The first contactless channel in the banking sector launches an insurance mobile gift that presents insurance products to others
Field Education	Sluggish market breakthrough with Running filed education
Service	Implementation of mobile video consultation services
VIP	VIP Customer Invitation Asset Management Face-to-face Seminar
WM Customer	233,203 WM customers (growth rate 2.65% year-on-year)
Insurance	Banca's first premium is 2.6341 trillion KRW
Fund	4.9 trillion KRW in fund consignment





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# TRUST BANKING

The trust project at Nonghyup Bank has established an independent decision-making system and plays an important role in the commission project by carrying out projects such as money and property trusts. We are doing our best to ensure continuous growth and competitiveness based on customer trust by developing new products, diversifying revenue sources, and fostering professionals to meet customer needs. With the goal of becoming the best comprehensive asset management business through substantial business promotion and continuous profit growth, we intend to play a pivotal role in the new growth engine business.

## Status of Trust Banking

Nonghyup Bank's trust project focused on providing various customized products tailored to each customer's characteristics, releasing new products in response to market conditions, and managing state funds. The total amount of business at the end of 2022 was 38.3745 trillion KRW (based on the balance), an increase of 76,242 billion KRW (+24.8%) from the previous year. The detailed status

of the trust consists of 24.24 trillion KRW (63% of the total trust) and 14.1288 trillion KRW (37% of the total trust), and certain money trusts achieved 20.9319 trillion KRW, an increase of 4.84 trillion KRW (+23.7%) from the previous year. Customized trusts achieved KRW 16.162 trillion in sales, a year-on-year increase of 3.8773 trillion KRW (+31.6%).



## Development of a contactless transaction system linked to video calls

For the first time, Nonghyup Bank created a contactless transaction system linked to video calls via smart banking. After an 11-month development period, customer service was opened (2022.12.07), and ELT and ETF trust products are now available for contactless subscription. Customers can use smart banking to check the list of products suitable for their investment preferences, easily consult and sign up, and check the waiting status of video calls. We will continue to work to improve customer convenience by expanding the number of new products available contactless and developing additional processes for elderly investors.

## Depository

Total Depository	38.3745 trillion KRW	
Money trust	24.2457 trillion KRW	(63% of total depository)
Property trust	14.1288 trillion KRW	(37% of total depository)

## Systematic Response to the Introduction of New Supervisory Regulations

We will continue to monitor the changing market environment and strengthen product competitiveness by discovering and releasing products with high growth potential ahead of schedule. Regarding the Financial Services Commission's recent response to the 'Trust Industry Innovation Plan' (announced on October 12, 2022), we will continue to monitor the trust system's reorganization and review the launch of new products in preparation for the super-aging market. We will also take the lead in enhancing consumer protection through full sales implementation by improving sales staff training and monitoring compliance with standard sales procedures.



# RETIREMENT PENSION

Nonghyup Bank's retirement pension is expanding as strong support for a secure retirement by bolstering not only external, but also internal growth, through business growth and increased customer returns. We are developing our business by reorganizing, increasing marketing support for branches, and offering a variety of educational opportunities to executives and employees. We aim to improve customer returns by establishing a retirement pension return management center, offering high-interest principal and interest guaranteed products, and offering a variety of non-principal guaranteed products. We will promote a trusted retirement pension project as a dependable financial partner who shares our customers' old age.

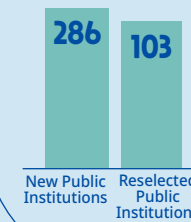
## Status of Retirement Pension

Retirement pension yields have deteriorated because of a sharp drop in the stock market in 2022. To pass this, we provided high-interest principal and interest guaranteed products, as well as a lineup of various non-principal guaranteed products, and produced promotional and guide videos, which we distributed on SNS to increase customer interest. With sales headquarters and branches, we conducted systematic marketing by company type. Timely

on-site support for large company customers improved customer satisfaction, and cross-selling was promoted to credit approval companies in conjunction with the credit review department. We held an on-site visit meeting to review field staff suggestions and spent quality time together. To reduce the branch's business, we upgraded the retirement pension's computer infrastructure and expanded support for the branch of the business support center.

### Achieved Corporate Marketing

(Unit: 100 million KRW)



## Major Role in Non-Interest Business

The reserves reached 18.4265 trillion KRW through branch offices and marketing, and it has played an important role in Nonghyup Bank's non-interest business, generating 73 billion KRW in commission income. In the case of personal IRP, reserves increased rapidly to 28% and 2.9498 trillion KRW, respectively, compared to the previous year, and played a significant role in securing retirement customers through various educational content and tax-saving consultations.

(Unit: 100 million KRW, people)

Classification	2019	2020	2021	2022
Retirement pension depository	121,615	139,478	159,315	184,265
Retirement pension subscribers	1,226,409	1,287,687	1,352,662	1,391,687

## Retirement Pension ETF Trading System

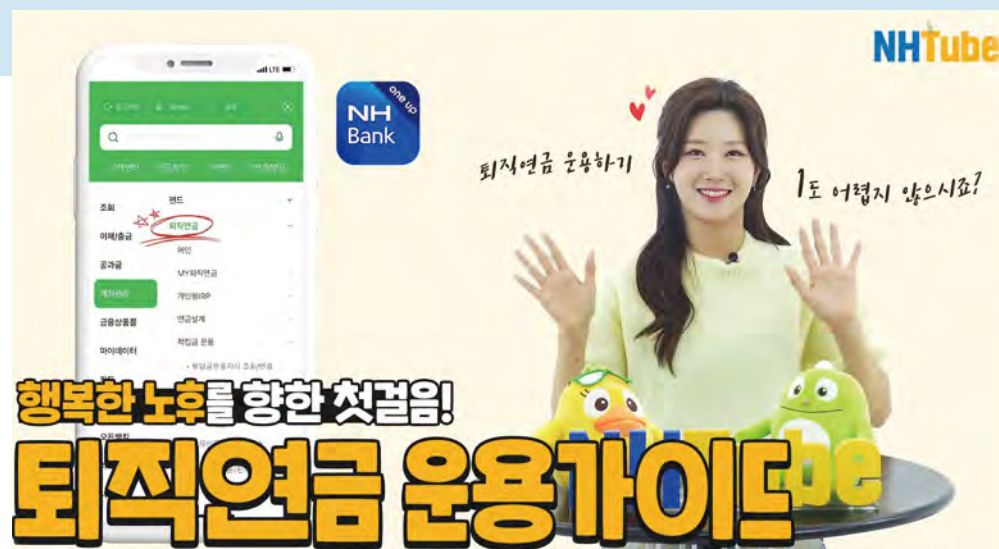
In 2022, we expanded our retirement pension business to lay the groundwork for growing and managing customer returns. The retirement pension ETF sales system was launched (face-to-face transactions in April 2022, contactless transactions in August 2022), and 27 ETFs linked to major domestic and foreign indexes as well as promising sectors were launched.

## Conduct Systematic Marketing by Companies

Timely on-site support for large company customers improved customer satisfaction, and cross-selling was promoted to credit approval companies in conjunction with the credit review department. Close marketing was conducted with sales headquarters and branches to achieve new promotion (approximately 28.6 billion KRW) and re-election (approximately 10.3 billion KRW).

## Complete Renewal of Private IRP New Process and Execute Private IRP Contest for Equity

We have completely renewed the contactless process by improving Smart Banking UX to provide user convenience and to expand the subscription rate. This event, which was held to link one's account's product management experience to the use of customer asset management, increased executives' and employees' interest in the rate of return.





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# GLOBAL BUSINESS

Since establishing a dedicated organization to revitalize its global business in 2017, Nonghyup Bank has been actively promoting overseas expansion. It has successfully secured regional core networks, with three stores opening in 2022. Currently, 11 global networks with a total of 833 employees, including local recruitment staff, are operating in eight overseas countries, including five branches, two local subsidiaries (55 branches), and four offices. We expect to have more than 14 stores in 12 countries by 2025 as we expand into major Southeast Asian countries and global financial hubs.

## Status of Global Business

The global network of Nonghyup Bank aims to generate profits by establishing a business model that is appropriate for the characteristics of overseas countries, while faithfully serving as a profit center that ultimately returns

profits to Korean agriculture, rural areas, and farmers. We are also attempting to improve Nonghyup Bank's global brand status by continuing to engage in various social contribution activities in the countries of entry.

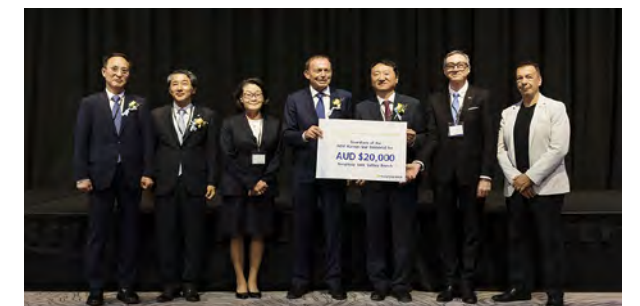


## Expanding Global Territories and Revitalizing Business

Nonghyup Bank's global network had grown by leaps and bounds by 2022. At the Asia Financial Hub, 'Hong Kong Branch' started sales, and despite the difficult situation due to COVID-19, 'Beijing Branch' also opened. The opening ceremony of the 'Sydney branch', the pan-nonghyup cooperative's only Oceania regional hub, was also completed as soon as business began. Meanwhile, the 'Noida branch' in India has received final approval and is scheduled to open in the first half of 2023. We have also built all-round growth in terms of global assets, revenue, and the number of customers based on the active sales activities of the global network. In particular, the New York and Hong Kong branches actively participated in the local IB market, and the Hanoi and Phnom Penh branches played a full-fledged role as profit centers in Southeast Asia, resulting in a significant increase of more than 1 trillion won year-on-year.

## Overseas Branch status

Classification		Format	Entry Period	Main Duties	No. of Branches	People
US	New York	Branch	2013.08.	IB/Corporate Finance Trade Finance	1	21
	Hanoi	Branch	2016.12.	Corporate Finance/Trade Finance	1	29
Vietnam	Ho Chi Minh	Office	2018.11.	Sales Organization Establishment	1	4
	Yangon	Corporate Office	2016.12.	Small loans for individuals	28	319
Myanmar		Office	2020.10.	Sales organization establishment	1	1
Cambodia	Phnom Penh	Corporate Office	2018.09.	Small loans for individuals	27	405
China	Beijing	Branch	2022.07.	Corporate finance/trade finance	1	17
	Hong Kong	Branch	2021.11.	IB/Corporate finance trade finance/fund operation	1	15
India	New Delhi	Office	2016.06.	Sales organization establishment	1	9
England	London	Office	2021.08.	Sales organization establishment	1	1
Australia	Sydney	Branch	2022.09.	IB/Corporate Finance Trade Finance/ Fund Operation	1	12



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## Nonghyup Bank Opens Beijing and Sydney Branches

Nonghyup Bank's Sydney branch office opened on September 1. Australia is a country with consistent economic growth and guaranteed autonomy that meets international standards, and its Sydney branch will serve as the strategic hub for Nonghyup Bank's global IB operations. Through its entry into Australia, it will also strengthen corporate financial services and its global investment finance capabilities centered on infrastructure investment.

## Establish an internal control system for overseas stores and strengthen support for headquarters departments

Nonghyup Bank responds proactively to calls to strengthen internal control at home and abroad and to prevent accidents. Similar to Korea, we have strengthened the cooperation system between headquarters departments by clarifying the headquarters department's role in directly managing overseas stores by function and establishing a high-level consultative body to address global network issues. On the other hand, within our global business unit, we have designated a person in charge of global network internal control. We will do our best to improve risk management through regular self-inspection by meeting our reporting obligations to domestic and foreign authorities on time and preventing the occurrence of violations such as embezzlement.

## Introduction and advancement of global digital channels

Nonghyup Bank is adapting to the rapidly changing global digital landscape. Cambodian and Burmese businesses have increased work efficiency and customer satisfaction by automating work processes with the development of work-related mobile apps. We also work to improve security and introduce new digital technologies. All new Nonghyup Banks, which opened in 2022, responded to the rapidly changing global digital environment. Cambodian and Burmese businesses have increased work efficiency and cus-

tomers satisfaction by automating work processes with the development of work-related mobile apps. We are also working to improve security and introduce new digital technologies. Local governments praised the deployment of advanced computing systems in all new global networks that opened in 2022. Existing global networks have also improved their security capabilities through various enhancements such as authority management and fire-wall replacement.

## Overseas store promotional activities for Korean agricultural products

Nonghyup Bank promoted Korean agricultural products at a national holiday event hosted by the Embassy of the Republic of Korea in London, England. More than 300 people attended the event, including senior British government

officials, international organizations in London, the diplomatic corps, British cooperatives, expatriates, and Koreans. Nonghyup Bank's London office actively worked to promote the excellence of Korean kimchi.



## Bank President-Overseas Store Packaging Video Conference Held

Through a video conference between the bank president and overseas store packaging, Nonghyup Bank expanded its global business and inspected overseas local conditions. The meeting emphasized on-site coordination for overseas store packaging with communication and consideration, and Nonghyup Bank promised to secure major overseas bases and establish overseas stores as a global profit center in 2022.





# CONSUMER PROTECTION

Nonghyup Bank strives to be the best bank for financial consumer rights protection by fully complying with the Financial Consumer Protection Act and improving consumer-centered products and services by quickly reflecting consumer opinions.

## Status of Consumer Protection

In response to changes in the financial consumer market environment, the system was improved for the consumer-centered culture policy, and various financial consumer protection systems were reorganized and strengthened to establish a consumer protection-oriented mind in Nonghyup Bank. 「The 1st Financial Consumer Year Awards」 were held in March 2023 to recognize outstanding employees who protected consumers' assets and advocated

for their rights and interests, as well as to raise awareness of the importance of financial consumer protection by inviting customers who made outstanding proposals to Nonghyup Bank. "We will continue to receive customer opinions, improve problems quickly, and actively practice consumer protection to become a bank trusted by financial consumers," said Seokyong Lee, president of Nonghyup Bank.



## Systematization of Internal Control for Financial Consumer Protection

Nonghyup Financial Group has established an 「internal control computer system」 which applies risk indicators and frequent monitoring processes, as the first in the banking industry. In addition, we systematized the entire computer system to analyze transaction data from all branches nationwide and send an alert to the branch office and bank consumer protection department, so we can check the inspection results for anomalies and whether improvements are made. Moreover, we have actively strived to protect financial consumers by developing the 「contact product sales recording and analysis system」 using an AI model to strengthen investor protection devices. Recognized for our achievements, we received the Grand Prize (Financial Services Commissioner Award) at the 11th Financial Consumer Protection Awards.

## Activities to protect the rights and interests of financial consumers by reflecting customer experience

In keeping with our commitment to improving financial consumer communication, we attempted to prevent complaints from occurring in the first place by analyzing digital channel customer opinions and the source of complaints, as well as introducing the 「Financial Consumer Protection Alert System」. We also provided useful information to the financially vulnerable by registering a financial life information guide in the financial consumer protection portal and developing a 「financial consumer protection」 menu in smart banking to support various accessibility and convenience for the financially vulnerable.



## Employee training and on-site support for financial consumer protection

「Financial Consumer Protection Education」 was conducted to increase all executives' and employees' expertise and awareness of financial consumer protection work, and the implementation status of each product was checked to commemorate the first year of application of the Financial Consumer Protection Act. Furthermore, efforts to prevent and reduce complaints were encouraged by changing consumer protection awareness, and branch training focusing on recent complaints trends and cases was conducted.

## Fake Deposit Account Share Hit Major Bank Low Level for 8 Consecutive Years

By continuing to strengthen suspected big data-based fake deposit account monitoring and customized new monitoring, the fake deposit account share among major banks reached its lowest level in eight years, protecting a total of 3,114 customer assets worth 29.9 billion KRW in 2022.

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# NH CARD

Nonghyup Bank reorganized its integrated brand into Nonghyup Card, reorganizing its own brand into 「Nonghyup Card (Chaeum)」 and BC Brand to 「Nonghyup Card (BC)」. Despite difficult management conditions such as continuing internal and external uncertainties due to financial business regulations, we continue to actively participate in government policy project and expand public projects, reached the highest performance due to cost-effectiveness, contribute to revitalizing local economy, and actively promote the local currency business as a part of ESG management practice.

## Status of NH Card

Nonghyup Bank established its card business as the 「Nonghyup Credit Card」 in 1983, and the Nonghyup Card business was established as an agency business of the National Agricultural Cooperative Federation in 1993. It was reorganized into an NH Card Division organization in 2008, and it entered its own card business in November 2009, launching its own brand, 「Nonghyup Chaeum Card」. When the integrated brand was renamed NH Card in 2012, the unique brand was renamed 「NH Card (Chaeum)」, and the 「BC Brand」 was renamed NH Card (BC). It

operates a credit card business as a dual credit business operator under the Credit Finance Business Act, and as its influence in the credit card industry grew, and became the first bank dual credit card company to become a quasi-member of the Credit Finance Association in January 2019. NH Card Branch is run by an in-house branch structure within Nonghyup Bank, rather than a separate corporation, and has 33 teams and 1 center in 5 divisions (including the Card Customer Happiness Center) and approximately 450 employees.



## Launch of New Brand 「Zgm」 Card

MZ generation consumption trend 「Byuldajul Card」, 「Zgm Card」 under the slogan of 「How to Live a Good Life Now」, 「Zgm the pay」 which is a linked product, 「Zgm the Streaming」, and Korea's first Profit Sharing Credit Card (PSCC) in collaboration with GS Retail, 「GS Retail NH Card」 reflect the needs and trend of customers. We have been launching various products and have reached 1 million new credit card members for 8 consecutive years.



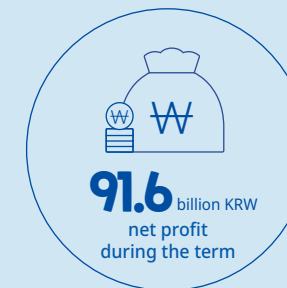
## Signed a strategic business agreement with the Bank of Korea

We support card big data for regional economic analysis and trend identification, and the Bank of Korea conducted regional economic analysis and economic trend monitoring using consumption information from the NH Card, which is distributed widely throughout the country and improved the accuracy of economic forecasting. Starting with this MOU, we will continue to strengthen big data partnerships by jointly studying ways to use big data in the public and private sectors, and we will strive to increase public interest value through big data collaboration with public institutions and local governments.



## 2022 NH Card

In 2022, total card usage reached 123.5 trillion KRW and net profit reached 91.6 billion KRW, with a total of 30.18 million members using NH Card, and the number of credit card members increased by about 81% since the independent card (in 2009). NH Card ranked fifth in the industry with 11.8% of market share, and overwhelmingly ranked first with 29.9% of check card share as of 2022. Despite difficult management conditions such as lowering merchant fees and soaring procurement costs due to unprecedented interest rate hikes, we have implemented stable profits through expansion of active expansions of projects, growth for card loan asset, achieving the best M/S for check card usage, and strengthening risk management. For the first time in the financial sector, the NH Reader Voucher System was established to quickly respond to government and local government policy projects to fulfill the role of public finance despite the rapidly changing business environment and worsening economic indicators. Through this system, we will actively support policy projects worth 86 billion won and 670,000 people, including the Jeonnam Youth Culture and Welfare Card Project, to operate quickly and efficiently.





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## Renewal of 「NH PAY」 to Enhance Customer Convenience

Under the goal of convenient digital communication 「NH Pay」 a customer-centered payment and living platform, expanded its versatility by reorganizing UI/UX, introducing artificial intelligence chatbot services, NH Money (a pre-payment electronic payment method), and improving FUN content and living services to reach 5 million members in August of 2022. Through active MOUs with leading companies in each field, such as the Bank of Korea, Kona I, Biomark, Thales, ICK, Lotte Chemical, and the Institute of Public Finance, it faithfully played the role for ESG management, revitalizing the local economy, and balanced development of the national economy such as big data-based regional economic analysis, revitalization of local currency, introduction of eco-friendly card plates, and prevention of voice phishing.



## Delivering Card Public Interest Funds to Strengthen ESG Management

As part of ESG management reinforcement, 350 million KRW in card public interest funds was delivered to the iFarm Love Head Office to improve agricultural and rural development and farmers' welfare. The public interest fund was created by accumulating a certain percentage of the use of six cards, including the 「New Rural Love Check Card」, 「Olbareun NEW HAVE Card」, and 「BAZIC+ Card」. It has been used in various rural love movements projects such as support for welfare promotion goods for the vulnerable in rural areas, rural value enhancement activities, volunteering, and talent sharing activities, and will promote various support projects to practice urban and rural win-win and draw public consensus on the value of agriculture. NH Card has been supporting the Rural Love Movement project to revitalize urban and urban exchanges and foster vibrant rural areas through the iFarm Love Head Office since 2008.



10% Discount on Final  
When using NH Card in Kind Stores

Trend Korea 2021  
List of cases regarding kind activities

11.6 million times  
production and display of content with famous stars

## Identify and Promote Good Franchises as Part of ESG Management

Under the slogan of 「Right Life Card」, we planned a 「Be Myself and Use it Right」 campaign to contribute to the spread of good influence and supported the dissemination and marketing of good influence by discovering and promoting good merchants such as free meals for underage children, supporting abandoned dog adoption, and recycling resources.

Support for publicity by producing and sharing content featuring famous celebrities such as comedians Yang Se-hyung, Kim Min-kyung, Gangnam, and Lee Chang-ho Reached about 11.6 million views, included as a good influence-related case in 「Trend Korea 2021」

A 10% discount is provided when using NH Card at selected good franchises Since the first store was discovered in June 2019, a total of 11 franchises have been selected and promoted.

We will continue to discover and promote good merchants who contribute to the virtuous cycle of local communities and eco-friendly resources and expand good franchise services to participate in social contribution and environmental protection activities when using customer cards.

Kind Stores	History of ESG Activities
Jinja Pasta (Branch 1)	Free meals for underage children and firefighters.
Dashi Sarang Batgae (Branch 2)	Support for the protection and adoption of abandoned animals
Oppa Sushi (Branch 3)	Free meal support and donation delivery for the underprivileged
Eunjujeong (Branch 4)	Monthly delivery and scholarship donations to low-income households of 500kg
119 Leo (Branch 5)	Selling upcycling waste fire wear, donating proceeds to firefighters
Paper Pop (Branch 6)	Making furniture with eco-friendly paper and pursuing resource circulation
Almaeng Store (Branch 7)	Sales of unpaved and de-plastic products that purchase only as much as necessary
Continue (Branch 8)	Upcycling car seats, airbags, and marine waste
Wooriga Chamsundae (Branch 9)	Regular Sundae Soup Sharing Event is held for the elderly living alone and the disabled
Donggubat (Branch 10)	Employment of people with developmental disabilities and production and sale of eco-friendly products such as natural soap
Iar (Branch 11)	Recycling plastic bottles and manufacturing and selling eco-friendly materials as fashion products such as shoes and bags



(Branch 1) Jinja Pasta



(Branch 6) Paper Pop



(Branch 10) Donggubat



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# 2022 Nonghyup ESG

**NONGHYUP BANK**  
ANNUAL REPORT 2022

*Develop  
the Future Together*

**Nonghyup Bank supports  
Korea's Green Growth.**

As the representative bank of agricultural finance  
and green finance, we will do our best to take care  
of our neighbors and ensure sustainable financial  
management at the same time.

**Nonghyup Bank ESG**



66 ESG Business  
70 Social Contribution



# ESG BUSINESS

ESG management has become an integral part of responding to the climate crisis and securing new growth engines. To this end, Nonghyup Bank has established a dedicated organization, the Green Finance Business Group, and the ESG Promotion Committee, a control tower, and is promoting ESG management throughout the company under the motto of 'Nonghyup is ESG.' As an ESG-leading bank, Nonghyup Bank will always be with us in a sustainable world where present and future generations coexist.

## Status of ESG Business

In 2022, we measured the carbon emissions of bank financial assets and set a goal of achieving 2050 carbon neutrality with Nonghyup Financial Group. It supported consulting for ESG management diagnosis and improvement of small and medium-sized enterprises and expanded financial support for companies participating in eco-friendly campaigns

by public institutions to promote Korea's transition to a low-carbon society. It also launched receiving products, credit cards, ESG industries, and funds and trust products that invest in ESG-leading companies and has made great efforts to expand ESG finance by issuing BTL funds and ESG bonds that invest in green economic activities.



## 2050 Carbon Neutrality Goal

Nonghyup Bank, along with Nonghyup Financial Group, completed Scope 1 to 3 carbon emission measurements and established an implementation strategy to set and achieve SB-Ti-based 2050 carbon-neutral goals.

## Joint ESG Promotion with Government and Public Institutions

We are expanding our cooperation to join the government's ESG policies and discover related businesses. We continue to participate in government-sponsored ESG campaigns, K-RE100 and K-EV100 and participate in green bond and green loan pilot projects to apply the government's green classification system. Also, financial preferential treatment was established to introduce ESG management of trading companies and expand their participation in community contributions.





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## ESG Consulting Service

ESG consulting was provided to help small and medium-sized companies actively respond to rapidly changing industrial environments such as strengthening regulations related to carbon neutrality and spreading demand for ESG management in supply chains. It contributed to the spread of ESG management in Korea by providing solutions that can strengthen ESG capabilities by diagnosing the environmental, social, and governance conditions of SMEs and identifying areas for improvement.



### Management Grand Prize

Metaverse ESG Grand Prize



### Grand Prize

15th Korea Communication Awards



### ESG Sector Prize

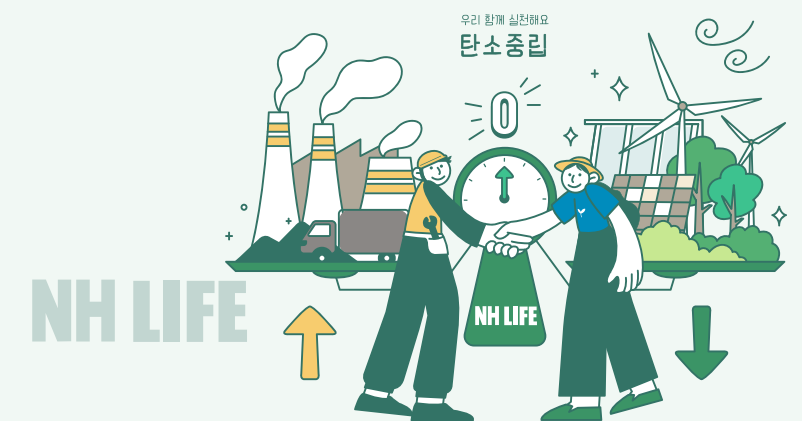
Global Finance Grand Prize

## Internalize ESG Practice Culture

Nonghyup Bank has launched various campaigns to spread and practice ESG practices of executives and employees. ESG culture was internalized by selecting monthly themes such as sustainable agriculture and rural development, saving energy in everyday life, using public transportation, walking, and awarding outstanding offices and executives and employees.

## Increase Position as a Leading ESG Bank

Nonghyup Bank earned the highest grade for three consecutive years in the regional reinvestment evaluation of financial institutions' regional economic growth held by Financial Services Commission and raised its external status as an ESG management excellence company for two consecutive years.





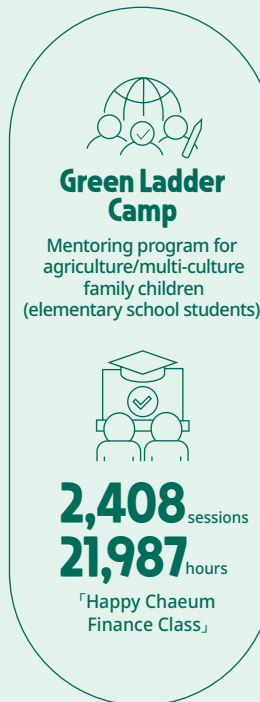
# SOCIAL CONTRIBUTION

Nonghyup Bank is a pure national capital bank established with 100% domestic capital, and on behalf of Korean finance, it is doing its best for the prosperous future of farmers and citizens life. It has been a strong partner of customers, farmers, and communities by taking the lead in increasing the welfare of agricultural and rural areas and supporting underprivileged and small and medium-sized enterprises. In addition, according to the 「2021 Bank Social Contribution Activity Report」 published by the Korea Federation of Banks in 2022, it was selected as the No. 1 bank in social contribution expenditure and is fulfilling its responsibility as the No. 1 cumulative social contributor in the banking sector.

## Status of Social Contribution

Nonghyup Bank actively implements activities for the local community and the public interest, such as disaster recovery and support for the underprivileged, and financial support for the working class, to help them in times of need. In addition, we continue to provide practical support in various fields, such as sponsorship in the aca-

demic and educational fields to foster future generations, revitalization of culture, arts, and sports, environmental protection, and overseas relief. We will continue to fulfill our responsibility for a sustainable society and do our best to become a 100-year Nonghyup bank with the people.



## No. 1 Social Contribution Bank

Based on the 「2021 Bank Social Contribution Activity Report」 published by the Korea Federation of Banks in 2022, we were selected as the No. 1 bank in social contribution expenditure.

## Implementation of support activities to promote the study of rural and underprivileged students

「Nonghyup Bank Green Ladder Camp」 is a mentoring program for elementary school students from rural and multicultural families operated in collaboration with the Korea Scholarship Foundation and is a social contribution activity unique to Nonghyup Bank that contributes to bridging the educational gap between cities and rural areas. After two weeks of in-school activities (learning guidance and creative experience activities), various special activities such as sightseeing attractions and career experiences are held through a two-night, three-day suburban camp to promote learning growth. Nonghyup Bank operates a customized financial education Happy Chaeum Finance Class for the underprivileged in our society, executives and employees of institutions and companies, and teenagers. In 2022, 2,408 sessions (21,987 hours) were actively conducted with educational activities in rural areas, the elderly, and multicultural families that are vulnerable to education.





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## Social Contribution Activities in Connection with Sports, Such as Tennis Talent Donation

In 2022, Nonghyup Bank held five tennis talent donation events for elementary school students, including 「Magic Tennis Class」, and donated scholarships and equipment to foster youth players to provide opportunities for students to develop their dreams. In addition, by holding the 「ALL-ONE Amateur Tennis Open」, we have encouraged healthy and energetic daily sports and tried to expand the base of tennis.



**Magic Tennis Class**  
Scholarship and equipment to train young athletes

**860** people  
**4,124** hours  
Agricultural waste collection activities

**Helping Rural Workers**

## Continuous support for rural workers and the creation of clean and beautiful rural villages

Nonghyup Bank executives and employees helped rural workers to support farmers who are struggling with manpower supply and demand, such as a decrease in the rural population, aging, and non-entry of foreign workers. In addition, executives and employees participated in the collection of agricultural waste materials such as pesticide bottles, agricultural machinery, and waste vinyl (860 people, 4,124 hours) left around farmlands. Through this, it played a social and public role by preserving the natural landscape and creating a pleasant rural environment, removing the cause of forest fire disasters, and preventing air pollution caused by illegal incineration of agricultural waste.

## Conducting a campaign to promote the consumption of agricultural and livestock products and sharing activities

Since 2014, Nonghyup Bank has been supporting win-win donations raised through the sale of NH Plus Sharing Regular Deposit to promote the consumption of Korean agricultural products and stabilize prices. For farmers suffering from overproduction and falling sales, we are striving to coexist with farmers and the people by carrying out campaigns to promote agricultural consumption and sharing our agricultural products with the underprivileged.





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### Support for disaster recovery activities in disaster areas and timely implementation

Nonghyup Bank carried out activities (376 people, 2,627 hours) to support the restoration of farms affected by heavy rains, typhoons, and forest fires, and delivered emergency meals and relief supplies to victims. In addition, we supported the victims by preparing measures such as loan support in the affected areas and extending the repayment date of agricultural policy funds.

### Practice warm companionship by providing counseling services for the underprivileged

Nonghyup Bank operates 「sign language counseling services」 and 「senior-only counseling services」 for the financially vulnerable. Dedicated counselors are committed to improving customer access by providing customized counseling services through easy terms, slow speech, etc. for the hearing/language impaired and elderly customers. Nonghyup Bank has been operating a 「malbot service」

(47,402 cases in 2022) since 2008 in which counselors call each week to become warm companions to senior citizens living in rural areas or alone. We are sharing our warm hearts with the elderly by greeting them over the phone, checking their health status, and guiding them on various life issues and how to respond to financial fraud.



**47,402** Cases  
Malbot Service



**376** people  
**2,627** hours  
Recovery Support  
Activity for Damaged  
Farms



### Sharing Activities for Global ESG Management

Nonghyup Bank plays the social role of financial institutions by actively promoting global social contribution activities suitable for each country's situation. To improve the academic environment of local students, equipment and quarantine supplies were donated to elementary schools in northern Vietnam, and desks and chairs were donated to New Delhi, India. Also, through the sponsorship of our Korean School, an educational institution for overseas Koreans, we supported Korean language education and national culture education for Korean children in New York.



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# 2022 Nonghyup Bank Financial Statements

## Nonghyup Bank Financial Statements

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## NETWORKS



Independent auditors’ report(Consolidated)

The Shareholders and Board of Directors NongHyup Bank

Audit Opinion

We have audited the accompanying consolidated financial statements of NongHyup Bank (the “Bank”) and its subsidiaries (collectively, the “Group”), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, 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, 2022 and 2021, 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 opinion

We conducted our audits in accordance with Korean Auditing Standards (“KGAAS”). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audits 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.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”), DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

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 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 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 auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

March 6, 2023 

This audit report is effective as of March 6, 2023, the independent auditor’s report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor’s 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, 2022 and 2021  
(Korean won in millions)

	Notes	December 31, 2022	December 31, 2021
<b>Assets</b>			
Cash and due from banks	5, 6, 35, 36, 39	₩ 14,912,464	₩ 7,380,870
Financial assets at fair value through profit or loss (“FVTPL”)	5, 7, 35, 36	13,571,544	13,529,661
Derivative assets	5, 23, 35, 36	1,089,745	531,414
Financial assets at fair value through other comprehensive income (“FVTOCI”)	5, 8, 35, 36	29,336,664	26,286,562
Securities at amortized cost	5, 9, 35, 36	15,490,104	15,283,824
Loans at amortized cost	5, 10, 35, 36	308,633,317	296,441,906
Investments in subsidiaries	11	91,556	82,331
Tangible assets	12, 15	2,920,768	2,856,209
Investment properties	13	575,436	602,280
Intangible assets	14	521,070	499,500
Deferred income tax assets	27	268,649	359,885
Other assets	16, 35, 36	148,130	150,452
Net defined benefit assets	24	108,250	-
Non-current assets classified as held for sale	13, 35	15	15
<b>Total assets</b>		<b>₩ 387,667,712</b>	<b>₩ 364,004,909</b>
<b>Liabilities</b>			
Deposits	17, 18, 35, 36	₩ 307,727,928	₩ 290,595,674
Financial liabilities at FVTPL	17, 35, 36	-	19,685
Derivative liabilities	17, 23, 35, 36	1,213,080	486,989
Borrowings	17, 19, 35, 36	17,213,232	15,001,425
Debentures	17, 20, 35, 36	21,121,965	22,431,474
Provisions	21, 38	351,762	345,996
Current income tax liabilities		226,847	143,667
Net defined benefit liabilities	24	-	372,565
Other liabilities	17, 22, 35, 36	18,259,913	15,373,015
Share capital repayable on demand		5	19
<b>Total liabilities</b>		<b>366,114,732</b>	<b>344,770,509</b>
<b>Equity</b>			
Controlling interests:			
Capital stock	25	2,384,351	2,241,494
Other paid-in capital	25	12,303,856	10,818,052
Retained earnings	25	7,919,227	6,940,836
(Regulatory reserves for bad debts as of December 31, 2022 and 2021, are ₩2,173,304 million and ₩2,045,017 million, respectively.			
Regulatory reserves for bad debts to be reserved as of December 31, 2022 and 2021, are ₩54,426 million and ₩128,287 million, respectively.			
Planned provisions of regulatory reserves for bad debts as of December 31, 2022 and 2021, are ₩54,426 million and ₩128,287 million, respectively.)			
Other components of equity	25	(1,054,454)	(765,982)
		21,552,980	19,234,400
Non-controlling interests		-	-
<b>Total equity</b>		<b>21,552,980</b>	<b>19,234,400</b>
<b>Total liabilities and equity</b>		<b>₩ 387,667,712</b>	<b>₩ 364,004,909</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, 2022 and 2021  
(Korean won in millions)

	Notes	For the year ended December 31, 2022	For the year ended December 31, 2021
<b>Net interest income</b>	4, 28		
Interest income:			
Interest income calculated using the effective interest method		₩ 11,248,906	₩ 8,004,981
Interest income on financial instruments at FVTPL		119,526	93,158
		11,368,432	8,098,139
Interest expenses		4,430,161	2,207,323
		6,938,271	5,890,816
<b>Net commission income</b>	4, 29		
Commission income		1,162,007	1,166,958
Commission expenses		453,677	435,232
		708,330	731,726
<b>Gain on financial instruments at FVTPL, net</b>	28		
Gain on financial instruments at FVTPL		3,643,122	2,104,787
Loss on financial instruments at FVTPL		3,623,036	1,870,084
		20,086	234,703
<b>Gain on financial assets at FVTOCI, net</b>	28		
Gain on financial assets at FVTOCI		8,343	71,069
Loss on financial assets at FVTOCI		49,920	62,512
		(41,577)	8,557
<b>Loss on disposal of financial assets at amortized cost, net</b>	28		
Gain on disposal of financial assets at amortized cost		8,038	13,228
Loss on disposal of financial assets at amortized cost		5,982	14,030
		2,056	(802)
<b>Other operating expenses, net</b>	4, 30		
Other operating income		1,776,904	1,502,583
Other operating expenses		2,575,786	2,337,368
		(798,882)	(834,785)
<b>Operating income before expected credit losses (“ECLs”) and general and administrative expenses</b>	4, 21, 28	6,828,284	6,030,215
<b>Transfer in allowance for ECLs</b>		670,560	301,451
<b>Operating income before general and administrative expenses</b>		6,157,724	5,728,764
<b>General and administrative expenses</b>	4		
Employee benefits	31	₩ 2,303,187	₩ 2,177,686
Depreciation and amortization expenses	12, 14, 15	449,791	431,504
Other selling and administrative expenses	32	686,149	628,931
		3,439,127	3,238,121
<b>Operating income</b>		2,718,597	2,490,643
<b>Gain on valuation of equity method investments, net</b>	11	(1,161)	(1,686)
<b>Other expenses, net</b>	33	(321,398)	(345,312)
<b>Income before income tax expenses</b>		2,396,038	2,143,645
<b>Income tax expenses</b>	4, 27	677,804	588,082
<b>Net income</b>	25		
(Net income after the provision of regulatory reserve for bad debts for the years ended December 31, 2022 and 2021, is ₩1,663,808 million and ₩1,427,276 million, respectively.)			
Controlling interests		1,718,234	1,555,563
Non-controlling interests		-	-
		1,718,234	1,555,563
<b>Other comprehensive income (loss)</b>			
Items not subsequently reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	24, 25	281,923	10,677
Gain on equity securities at FVTOCI	25	(9,744)	26,117
		272,179	36,794
Items subsequently reclassified to profit or loss:			
Gain on valuation of debt securities at FVTOCI	25	(570,847)	(236,602)
Exchange differences on translation of foreign operations	25	7,989	9,044
		(562,858)	(227,558)
		(290,679)	(190,764)
<b>Total comprehensive income</b>			
Controlling interests		1,427,555	1,364,799
Non-controlling interests		-	-
		₩ 1,427,555	₩ 1,364,799
<b>Earnings per share (“EPS”)</b>	34		
Basic and diluted EPS (Korean won)		₩ 3,549	₩ 3,466

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, 2022 and 2021  
(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					
<b>Balance as of January 1, 2021</b>	₩ 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)
<b>Balance as of December 31, 2021</b>	₩ 2,241,494	₩ 10,022,103	₩ (3,019)	₩ 798,968	₩ 6,940,836	₩ (765,982)	₩ 19,234,400	₩ -	₩ 19,234,400

	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					
<b>Balance as of January 1, 2022</b>	₩ 2,241,494	₩ 10,022,103	₩ (3,019)	₩ 798,968	₩ 6,940,836	₩ (765,982)	₩ 19,234,400	₩ -	₩ 19,234,400
Issuance of capital stock	142,857	1,056,454	-	-	-	-	1,199,311	-	1,199,311
Changes due to consolidated tax	-	-	-	-	39,663	-	39,663	-	39,663
Total comprehensive income:									
Net income	-	-	-	-	1,718,234	-	1,718,234	-	1,718,234
Other comprehensive income (loss):									
Remeasurements of net defined benefit liabilities	-	-	-	-	-	281,923	281,923	-	281,923
Gain on valuation of debt securities at FVTOCI	-	-	-	-	-	(570,847)	(570,847)	-	(570,847)
Gain (loss) on equity securities at FVTOCI	-	-	-	-	(2,207)	(7,537)	(9,744)	-	(9,744)
Exchange differences on translation of foreign operations	-	-	-	-	-	7,989	7,989	-	7,989
Issuance of hybrid equity securities	-	-	-	429,350	-	-	429,350	-	429,350
Dividends on hybrid equity securities	-	-	-	-	(37,299)	-	(37,299)	-	(37,299)
Dividends	-	-	-	-	(740,000)	-	(740,000)	-	(740,000)
<b>Balance as of December 31, 2022</b>	₩ 2,384,351	₩ 11,078,557	₩ (3,019)	₩ 1,228,318	₩ 7,919,227	₩ (1,054,454)	₩ 21,552,980	₩ -	₩ 21,552,980

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, 2022 and 2021  
(Korean won in millions)

	Note	For the year ended December 31, 2022	For the year ended December 31, 2021
<b>Operating activities</b>			
Income before income tax expenses	₩	2,396,038	₩ 2,143,645
Adjustments to reconcile income before income tax expenses to net cash provided by operating activities:			
Net interest income		(6,939,167)	(5,890,816)
Dividend income		(9,508)	(9,529)
Gain related to financial assets at FVTPL		96,670	(33,174)
Loss (gain) on valuation of trading derivatives		92,021	108
Loss (gain) on valuation of hedging derivatives		34,127	24,634
Loss (gain) on fair value hedge		(52,752)	(28,437)
Gain related to financial assets at FVTOCI		47,120	(3,615)
Loss related to financial assets at amortized cost		(2,056)	801
Loss (gain) on valuation of equity method investments		1,161	1,686
Depreciation and amortization		455,476	437,226
Loss (gain) on disposal of assets		(3,389)	1,205
Allowance for ECLs		670,560	301,451
Reversal of provisions		(3,441)	38,553
Retirement expenses of net defined benefit liabilities		211,070	212,888
Loss (gain) on transaction of foreign exchange		(17,449)	5,781
Others		107,954	79,418
		<u>(5,311,603)</u>	<u>(4,861,820)</u>
Changes in operating assets and liabilities:			
Due from banks		88,176	435,593
Derivative assets		365,765	1,126,541
Financial assets at FVTPL		1,037,249	(384,961)
Loans at amortized cost		(12,368,146)	(29,182,392)
Other assets		15,687	(7,489)
Deposits		17,104,492	19,886,268
Derivative liabilities		(324,342)	(1,109,069)
Financial liabilities at FVTPL		(19,685)	(13,151)
Defined benefit obligations		(196,700)	(179,997)
Plan assets		(114,091)	(98,372)
Provisions		(9,924)	(11,195)
Other liabilities		490,553	1,106,411
		<u>6,069,034</u>	<u>(8,431,813)</u>
Cash received for interest		11,014,507	8,302,010
Payment of interest expenses		(3,581,368)	(2,322,917)
Cash received for dividend		9,372	9,529
Payment of income tax		(354,318)	(558,535)
Net cash provided by (used in) operating activities		<u>10,241,662</u>	<u>(5,719,901)</u>

(Continued)

## Consolidated statements of cash flows (cont'd)

NongHyup Bank and its subsidiaries

for the years ended December 31, 2022 and 2021  
(Korean won in millions)

	Note	For the year ended December 31, 2022	For the year ended December 31, 2021
<b>Investing activities</b>			
Cash flows provided by investing activities:			
Disposal of financial assets at FVTPL	₩	22,890,340	₩ 21,810,047
Disposal or redemption of financial assets at FVTOCI		17,258,510	30,878,213
Disposal or redemption of securities at amortized cost		8,438,110	11,834,431
Disposal of tangible assets		18,274	4,461
Disposal of right-of-use assets		-	21
Disposal of intangible assets		2,112	803
Disposal of investment properties		2	1,737
Disposal of investments in associates		5,782	35,839
Dividend on investments in associates		12,165	7,000
		<u>48,625,295</u>	<u>64,572,552</u>
Cash flows used in investing activities:			
Purchase of financial assets at FVTPL		24,044,278	23,135,046
Purchase of financial assets at FVTOCI		21,034,013	31,396,666
Purchase of securities at amortized cost		8,579,788	12,669,312
Purchase of investment in associates		28,332	18,679
Purchase of tangible assets		214,076	159,856
Purchase of intangible assets		206,208	266,637
Purchase of investment properties		5,144	3,970
Purchase of right-of-use assets		12,627	14,049
		<u>(54,124,466)</u>	<u>(67,664,215)</u>
Net cash used in investing activities		<u>(5,499,171)</u>	<u>(3,091,663)</u>
<b>Financing activities</b>			
Cash flows provided by financing activities:			
Issuance of capital stock		1,199,312	499,680
Increase in borrowings, net		1,998,419	1,899,422
Increase in debentures		10,193,828	11,301,641
Increase in borrowings from trust accounts, net		1,419,419	-
Issuance of hybrid equity securities		429,350	449,320
		<u>15,240,328</u>	<u>14,150,063</u>
Cash flows used in financing activities:			
Decrease in debentures		11,633,340	9,130,849
Dividends		777,299	743,925
Decrease in borrowings from trust accounts, net		-	256,117
Decrease in lease liabilities		77,171	68,555
		<u>(12,487,810)</u>	<u>(10,199,446)</u>
Net cash provided by financing activities		<u>2,752,518</u>	<u>3,950,617</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		<u>7,495,009</u>	<u>(4,860,947)</u>
<b>Cash and cash equivalents at the beginning of year</b>		<u>7,045,897</u>	<u>11,888,266</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<u>5,357</u>	<u>18,578</u>
<b>Cash and cash equivalents at the end of year</b>	39	<u>₩ 14,546,263</u>	<u>₩ 7,045,897</u>

(Concluded)

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

Independent auditors’ report(Separate)

The Shareholders and Board of Directors NongHyup Bank

Audit 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, 2022 and 2021, 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, 2022 and 2021, respectively, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards (“K-IFRSs”).

Basis for 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with K-IFRSs, 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.

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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.

March 6, 2023

Deloitte IDNjin LLC

This audit report is effective as of March 6, 2023, 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 and its subsidiaries

as of December 31, 2022 and 2021  
(Korean won in millions)

	Notes	December 31, 2022	December 31, 2021
<b>Assets</b>			
Cash and due from banks	5, 6, 35, 36, 39	₩ 14,514,717	₩ 7,240,849
Financial assets at fair value through profit or loss (“FVTPL”)	5, 7, 35, 36	10,676,176	9,662,413
Derivative assets	5, 23, 35, 36	1,089,745	531,414
Financial assets at fair value through other comprehensive income (“FVTOCI”)	5, 8, 35, 36	29,336,666	26,286,564
Securities at amortized cost	5, 9, 35, 36	15,490,104	15,283,824
Loans at amortized cost	5, 10, 35, 36	308,133,682	296,129,209
Investments in subsidiaries and associates	11	126,619	104,069
Tangible assets	12,15	2,912,642	2,853,419
Investment properties	13	575,436	602,280
Intangible assets	14	515,966	494,729
Deferred income tax assets	27	299,245	393,305
Other assets	16, 35, 36	138,100	132,388
Net defined benefit assets	24	108,250	-
Non-current assets classified as held for sale (“HFS”)	13, 35	15	15
<b>Total assets</b>		<b>₩ 383,917,363</b>	<b>₩ 359,714,478</b>
<b>Liabilities</b>			
Deposits	17, 18, 35, 36	₩ 304,423,645	₩ 287,201,972
Derivative liabilities	17, 23, 35, 36	1,216,456	488,704
Borrowings	17, 19, 35, 36	16,708,732	14,159,625
Debentures	17, 20, 35, 36	21,121,965	22,431,474
Provisions	21	351,533	345,801
Current income tax liabilities		227,303	143,943
Net defined benefit liabilities	24	-	372,565
Other liabilities	17, 22, 35, 36	18,336,119	15,435,324
<b>Total liabilities</b>		<b>362,385,753</b>	<b>340,579,408</b>
<b>Equity</b>			
Capital stock	25	2,384,351	2,241,494
Other paid-in capital	25	12,267,908	10,782,103
Retained earnings	25	7,932,224	6,874,822
Regulatory reserves for bad debts as of December 31, 2022 and 2021, are ₩2,173,621 million and ₩2,047,425 million, respectively			
Regulatory reserves for bad debts to be reserved as of December 31, 2022 and 2021, are ₩54,061 million and ₩126,196 million, respectively			
Planned provision of regulatory reserves for bad debts as of December 31, 2022 and 2021, is ₩54,061 million and ₩126,196 million, respectively			
Other components of equity	25	(1,052,873)	(763,349)
<b>Total equity</b>		<b>21,531,610</b>	<b>19,135,070</b>
<b>Total liabilities and equity</b>		<b>₩ 383,917,363</b>	<b>₩ 359,714,478</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 and its subsidiaries

for the years ended December 31, 2022 and 2021  
(Korean won in millions)

	Notes	For the year ended December 31, 2022	For the year ended December 31, 2021
<b>Net interest income</b>	4, 28		
Interest income:			
Interest income calculated using the effective interest method		₩ 11,203,558	₩ 7,980,256
Interest income on financial instruments at FVTPL		17,057	7,235
		11,220,615	7,987,491
Interest expenses		4,394,991	2,177,892
		6,825,624	5,809,599
<b>Net commission income</b>	4, 29		
Commission income		1,174,338	1,179,778
Commission expenses		450,485	430,345
		723,853	749,433
<b>Gain on financial instruments at FVTPL, net</b>	28		
Gain on financial instruments at FVTPL		3,626,894	2,088,728
Loss on financial instruments at FVTPL		3,373,986	1,812,918
		252,908	275,810
<b>Gain on financial assets at FVTOCI, net</b>	28		
Gain on financial assets at FVTOCI		8,343	71,069
Loss on financial assets at FVTOCI		49,919	62,512
		(41,576)	8,557
<b>Loss on disposal of financial assets at amortized cost, net</b>	28		
Gain on disposal of financial assets at amortized cost		8,038	13,228
Loss on disposal of financial assets at amortized cost		5,982	14,030
		2,056	(802)
<b>Other operating expenses, net</b>	4, 30		
Other operating income		1,772,809	1,498,954
Other operating expenses		2,649,537	2,330,344
		(876,728)	(831,390)
<b>Operating income before expected credit losses ("ECLs") and general and administrative expenses</b>			
<b>Transfer in allowance for ECLs</b>	4, 21, 28		
		6,886,137	6,011,207
<b>Operating income before general and administrative expenses</b>			
		672,102	296,382
<b>General and administrative expenses</b>	4		
Employee benefits	31	₩ 2,296,307	₩ 2,171,860
Depreciation and amortization expenses	12, 14, 15	448,031	430,129
Other selling and administrative expenses	32	683,568	627,204
		3,427,906	3,229,193
		2,786,129	2,485,632
<b>Operating income</b>			
<b>Other expenses, net</b>	4, 33		
		(309,277)	(340,950)
<b>Income before income tax expenses</b>			
		2,476,852	2,144,682
<b>Income tax expenses</b>	4, 27		
		679,608	586,374
<b>Net income</b>	4, 25		
		1,797,244	1,558,308
(Net income after the provision of regulatory reserve for bad debts for the years ended December 31, 2022 and 2021, is ₩1,743,183 million and ₩1,432,112 million, respectively)			
<b>Other comprehensive income (loss)</b>			
Items not subsequently reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	24, 25	281,923	10,677
Gain on equity securities at FVTOCI	25	(9,744)	26,117
		272,179	36,794
Items subsequently reclassified to profit or loss:			
Gain on valuation of debt securities at FVTOCI	25	(570,847)	(236,602)
Exchange differences on translation of foreign operations	25	6,937	9,862
		(563,910)	(226,740)
		(291,731)	(189,946)
<b>Total comprehensive income</b>		₩ 1,505,513	₩ 1,368,362
<b>Earnings per share ("EPS")</b>	34		
Basic and diluted EPS (Korean won)		₩ 3,716	₩ 3,472

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

## Consolidated statements of changes in equity

NongHyup Bank and its subsidiaries

for the years ended December 31, 2022 and 2021  
(Korean won in millions)

	Other paid-in capital				Retained earnings	Other components of equity	Total
	Capital stock	Capital surplus	Capital adjustment	Hybrid equity securities			
<b>Balance as of January 1, 2021</b>	₩ 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
Loss 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)
<b>Balance as of December 31, 2021</b>	₩ 2,241,494	₩ 9,986,155	₩ (3,019)	₩ 798,967	₩ 6,874,822	₩ (763,349)	₩ 19,135,070
	Other paid-in capital				Retained earnings	Other components of equity	Total
	Capital stock	Capital surplus	Capital adjustment	Hybrid equity securities			
<b>Balance as of January 1, 2022</b>	₩ 2,241,494	₩ 9,986,155	₩ (3,019)	₩ 798,967	₩ 6,874,822	₩ (763,349)	₩ 19,135,070
Issuance of capital stock	142,857	1,056,455	-	-	-	-	1,199,312
Changes due to consolidated tax	-	-	-	-	39,663	-	39,663
Total comprehensive income:							
Net income	-	-	-	-	1,797,244	-	1,797,244
Other comprehensive income (loss):							
Remeasurements of net defined benefit liabilities	-	-	-	-	-	281,923	281,923
Loss on valuation of debt securities at FVTOCI	-	-	-	-	-	(570,847)	(570,847)
Loss on equity securities at FVTOCI	-	-	-	-	(2,207)	(7,537)	(9,744)
Exchange differences on translation of foreign operations	-	-	-	-	-	6,937	6,937
Issuance of hybrid equity securities	-	-	-	429,350	-	-	429,350
Dividends on hybrid equity securities	-	-	-	-	(37,298)	-	(37,298)
Dividends	-	-	-	-	(740,000)	-	(740,000)
<b>Balance as of December 31, 2022</b>	₩ 2,384,351	₩ 11,042,610	₩ (3,019)	₩ 1,228,317	₩ 7,932,224	₩ (1,052,873)	₩ 21,531,610

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

## Separate statements of cash flows

NongHyup Bank and its subsidiaries

for the years ended December 31, 2022 and 2021  
(Korean won in millions)

	Note	For the year ended December 31, 2022	For the year ended December 31, 2021
<b>Operating activities</b>			
Income before income tax expenses	₩	2,476,852	₩ 2,144,682
Adjustments to reconcile income before income tax expenses to net cash provided by (used in) operating activities:			
Net interest income		(6,825,624)	(5,809,599)
Dividend income		(20,378)	(19,519)
Gain related to financial assets at FVTPL		(68,921)	(57,757)
Loss on valuation of trading derivatives		93,682	2,276
Loss on valuation of hedging derivatives		34,127	24,635
Gain on fair value hedge		(52,752)	(28,437)
Loss (gain) related to financial assets at FVTOCI		47,119	(3,615)
Loss (gain) on disposal of financial assets at amortized cost		(2,056)	802
Depreciation and amortization		453,716	435,851
Loss (gain) on disposal of assets		(3,398)	1,313
Allowance for ECLs		672,102	296,382
Transfer (reversal) of provisions		(3,441)	38,458
Retirement expenses of net defined benefit liabilities		211,070	212,888
Loss (gain) on transaction of foreign exchange		(17,186)	6,797
Others		185,695	86,521
		<u>(5,296,245)</u>	<u>(4,813,004)</u>
Changes in operating assets and liabilities:			
Due from banks		391,560	454,941
Derivative assets		362,228	1,123,518
Financial assets at FVTPL		227,930	(218,378)
Loans at amortized cost		(12,137,072)	(29,568,493)
Other assets		7,317	(10,935)
Deposits		17,193,769	19,911,552
Derivative liabilities		(320,616)	(1,105,629)
Defined benefit obligations		(196,700)	(179,997)
Plan assets		(114,091)	(98,372)
Provisions		(9,931)	(11,169)
Other liabilities		478,159	1,102,074
		<u>5,882,553</u>	<u>(8,600,888)</u>
Cash received for interest		10,866,552	8,193,555
Payment of interest expenses		(3,529,974)	(2,280,890)
Cash received for dividend		8,213	7,818
Payment of income tax		(352,820)	(557,975)
Net cash provided by (used in) operating activities	₩	<u>10,055,131</u>	₩ <u>(5,906,702)</u>

(Continued)

## Separate statements of cash flows (cont'd)

NongHyup Bank and its subsidiaries

for the years ended December 31, 2022 and 2021  
(Korean won in millions)

	Note	For the year ended December 31, 2022	For the year ended December 31, 2021
<b>Investing activities</b>			
Cash flows provided by investing activities:			
Disposal of financial assets at FVTPL	₩	22,940,338	₩ 21,810,047
Disposal or redemption of financial assets at FVTOCI		17,258,510	30,878,213
Disposal or redemption of securities at amortized cost		8,438,110	11,834,431
Disposal of investment properties		2	1,737
Disposal of tangible assets		18,241	4,461
Disposal of intangible assets		2,112	803
Disposal of investments in associates		5,782	35,839
Dividend of investments in associates		12,165	7,001
		<u>48,675,260</u>	<u>64,572,532</u>
Cash flows used in investing activities:			
Purchase of financial assets at FVTPL		24,044,278	23,135,046
Purchase of financial assets at FVTOCI		21,034,013	31,396,666
Purchase of securities at amortized cost		8,579,788	12,669,312
Purchase of investment properties		5,144	3,970
Purchase of tangible assets		211,002	159,114
Purchase of right-of-use assets		12,387	13,797
Purchase of intangible assets		206,130	266,638
Purchase of investments in subsidiaries and associates		28,332	18,679
		<u>(54,121,074)</u>	<u>(67,663,222)</u>
Net cash used in investing activities		<u>(5,445,814)</u>	<u>(3,090,690)</u>
<b>Financing activities</b>			
Cash flows provided by financing activities:			
Issuance of capital stock		1,199,312	499,680
Increase in borrowings, net		2,261,825	2,193,553
Increase in debentures		10,193,828	11,301,641
Increase in borrowings from trust accounts, net		1,339,178	-
Issuance of hybrid equity securities		429,350	449,320
		<u>15,423,493</u>	<u>14,444,194</u>
Cash flows used in financing activities:			
Decrease in borrowings from trust accounts, net		-	415,125
Decrease in debentures		11,633,340	9,130,849
Dividends		777,299	743,925
Decrease in lease liabilities		76,588	68,232
		<u>(12,487,227)</u>	<u>(10,358,131)</u>
Net cash provided by financing activities		<u>2,936,266</u>	<u>4,086,063</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		<u>7,545,583</u>	<u>(4,911,329)</u>
<b>Cash and cash equivalents at the beginning of year</b>		<u>6,942,149</u>	<u>11,834,901</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<u>5,358</u>	<u>18,577</u>
<b>Cash and cash equivalents at the end of year</b>	39	<u>₩ 14,493,090</u>	₩ <u>6,942,149</u>

(Concluded)

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



# NONGHYUP BANK NETWORKS

Domestic Branches



Number of branch offices

(Units : EA)

Location	Branch	Sub-branch	Office	Total
Korea	820	285	-	1,105

# NONGHYUP BANK NETWORKS

Overseas Branches



Number of overseas branch offices

(Units : EA)

Location	Branch	Office	Subsidiary	Total
Overseas	5	4	2	11

\*Mt. Geumgang branch(Business suspension in the year 2009)

# **NONGHYUP BANK**

## ANNUAL REPORT 2022

### **2022 NongHyup Bank Annual Report**

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