



# HANA BANK CO., LTD. and its subsidiaries

Consolidated Financial Statements  
as of and for the years ended December 31, 2023 and 2022  
(With the Independent Auditor's Report)



# Table of contents

	Page
Independent Auditor's Report	1
<b>Consolidated Financial Statements</b>	
Statements of Financial Position	5
Statements of Profit or Loss and Other Comprehensive Income	7
Statements of Changes in Equity	9
Statements of Cash Flows	10
Notes to Consolidated Financial Statements	12

## Independent Auditor's Report

(English Translation of Independent Auditor's Report  
Originally Issued in Korean on February 29, 2024)

To the Shareholders and Board of Directors of  
Hana Bank Co., Ltd. and its Subsidiaries:

### Report on the Audited Consolidated Financial Statements

#### Audit Opinion

We have reviewed the accompanying consolidated financial statements of Hana Bank Co., Ltd. (the "Bank") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, respectively, and the related consolidated statements of profit or loss and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023 and 2022, respectively, and notes to the consolidated financial statements including a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023 and 2022, respectively, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022, respectively, in accordance with Korean International Financial Reporting Standards ("K-IFRSs").

## **Basis for Audit opinion**

We conducted our audits in accordance with Korean Standards on Auditing ("KSA"). 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 audit 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.

## **Management's Responsibility for the Consolidated Financial Statements**

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

## Auditor's responsibility for the Audit of 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 KSA 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 KSAs 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

*Deloitte Idnjin LLC*

February 29, 2024

This audit report is effective as of February 29, 2024, 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

As of December 31, 2023 and 2022

Hana Bank Co., Ltd. and its subsidiaries

(Korean won in millions)

Accounts	December 31, 2023		December 31, 2022	
Assets				
1. Cash and due from banks (Notes 4, 5, 6, 8, 10 and 50)	30,564,279		41,087,857	
2. Financial assets at FVTPL (Notes 4, 5, 6, 7, 8, 11, 14 and 16)	17,514,876		18,455,415	
3. Derivative assets used for hedging (Notes 4, 5, 6, 7, 8 and 16)	1,723		8,062	
4. Financial assets at FVOCI (Notes 4, 5, 6, 7, 8, 12 and 14)	36,894,111		32,960,581	
5. Securities at amortized cost (Notes 4, 5, 6, 7, 8, 13 and 14)	36,337,949		37,583,487	
6. Loans (Notes 4, 5, 6, 7, 8 and 15)	347,246,910		330,186,341	
7. Investments in associates and a joint venture (Note 17)	3,280,152		2,958,288	
8. Property, plant and equipment (Notes 9 and 18)	2,415,210		2,426,014	
9. Investment properties (Notes 9 and 19)	675,523		664,942	
10. Intangible assets (Notes 9 and 20)	428,880		386,107	
11. Net defined benefit assets (Note 27)	–		77,160	
12. Current tax assets	37,770		24,733	
13. Deferred tax assets (Note 47)	133,742		316,018	
14. Other assets (Notes 4, 5, 6, 7, 8 and 22)	18,634,009		13,505,955	
15. Merchant banking account assets (Notes 4, 5, 6, 8 and 22)	4,637,824		4,631,361	
16. Non-current assets held for sale (Note 21)	40,478		36,423	
Total assets		498,843,436		485,308,744
Liabilities				
1. Deposits (Notes 4, 5, 6, 8 and 23)	369,749,453		359,858,481	
2. Financial liabilities at FVTPL (Notes 4, 5, 6, 7, 8, 16 and 24)	6,729,210		11,228,307	
3. Derivative liabilities used for hedging (Notes 4, 5, 6, 7, 8 and 16)	390,979		516,418	
4. Borrowings (Notes 4, 5, 6, 7, 8, 25 and 50)	22,033,914		22,256,597	
5. Debentures (Notes 4, 5, 6, 8, 26 and 50)	26,542,179		26,233,339	
6. Net defined benefit liabilities (Note 27)	173,575		9,106	
7. Provisions (Note 28)	760,573		564,978	
8. Current tax liabilities	165,398		726,579	
9. Deferred tax liabilities (Note 47)	253,200		2,259	
10. Other liabilities (Notes 4, 5, 6, 7, 8, 29 and 50)	35,805,942		30,280,039	
11. Merchant banking account liabilities (Notes 4, 5, 6, 8 and 29)	4,154,697		3,667,273	
Total liabilities		466,759,120		455,343,376
Equity				
Equity attributable to owners of the parent		31,782,740		29,685,969
1. Capital stock (Note 30)	5,359,578		5,359,578	
2. Capital surplus (Note 30)	6,161,303		6,159,820	
3. Hybrid equity securities (Note 30)	353,738		533,475	

Accounts	December 31, 2023		December 31, 2022	
4. Capital adjustments (Note 30)	(37,921)		(37,686)	
5. Retained earnings (Note 32)	21,050,087		19,236,315	
(Regulatory reserve for credit loss :				
December 31, 2023: ₩2,690,108 million				
December 31, 2022: ₩2,714,034 million				
Regulatory reserve for credit loss to reversed :				
December 31, 2023: ₩112,706 million				
December 31, 2022: ₩23,926 million				
Planned reversal of regulatory reserve for credit loss :				
December 31, 2023: ₩112,706 million				
December 31, 2022: ₩23,926 million) (Note 33)				
6. Accumulated other comprehensive loss (Note 31)	(1,104,045)		(1,565,533)	
Non-controlling interests		301,576		279,399
Total equity		32,084,316		29,965,368
Total liabilities and equity		498,843,436		485,308,744

See notes to consolidated financial statements.



# Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the years ended December 31, 2023 and 2022

Hana Bank Co., Ltd. and its subsidiaries

(Korean won in millions)

Accounts	2023		2022	
I. Net interest income (Notes 9, 34 and 35)		7,917,411		7,608,677
1. Interest income	19,793,063		13,347,231	
Interest income on financial instruments at FVOCI and AC	19,617,392		13,282,377	
Interest income on financial instruments at FVTPL	175,671		64,854	
2. Interest expenses	(11,875,652)		(5,738,554)	
II. Net fee and commission income (Notes 9, 34 and 36)		661,464		593,612
1. Fee and commission income	931,532		874,721	
2. Fee and commission expenses	(270,068)		(281,109)	
III. Net gain on financial instruments at FVTPL (Notes 16, 34 and 37)		491,748		124,701
IV. Net gain (loss) on derivative financial instruments used for hedging (Notes 34 and 38)		26,336		(63,551)
V. Net gain on financial instruments at FVOCI (Notes 34 and 39)		84,433		2,162
VI. Net gain on financial instruments at AC (Notes 13, 34 and 40)		232		4
VII. Provision for allowance for credit loss (Notes 34 and 41)		(658,307)		(657,649)
VIII. General and administrative expenses (Notes 9, 34 and 42)		(3,448,610)		(3,318,831)
IX. Other operating income (Notes 34 and 43)		7,934,269		7,615,689
X. Other operating expenses (Notes 34 and 44)		(8,403,458)		(7,838,212)
XI. Operating income		4,605,518		4,066,602
XII. Net non-operating income		7,565		104,884
1. Non-operating income (Notes 9, 17 and 45)	222,566		267,293	
Gain from using equity method	179,345		221,832	
Other income	43,221		45,461	
2. Non-operating expenses (Notes 9, 17 and 46)	(215,001)		(162,409)	
Loss from using equity method	(11,232)		(32,819)	
Other expenses	(203,769)		(129,590)	
XIII. Income before income tax expenses		4,613,083		4,171,486
XIV. Income tax expenses (Notes 9 and 47)		(1,125,650)		(1,059,787)
XV. Net income for the year		3,487,433		3,111,699
1. Owners of the parent (Adjusted income after regulatory reserve for credit loss in the amount of 2023: ₩3,589,342 million 2022: ₩3,119,771 million) (Note 33)		3,476,636		3,095,845
2. Non-controlling interests		10,797		15,854
XVI. Other comprehensive income (loss) (Note 31)		521,365		(663,519)
Items that may be reclassified subsequently to profit or loss:	610,797		(600,406)	
1. Gain (loss) on valuation of debt securities at FVOCI (Note 50)	570,926		(578,842)	

Accounts	2023		2022	
2. Gain (loss) on translation of foreign operations (Note 50)	70,733		(2,710)	
3. Changes in equity on investments in associates (Note 50)	(8,766)		1,675	
4. Loss on valuation of net investment hedges of foreign operations (Note 16)	(22,096)		(20,529)	
Items that will not be reclassified subsequently to profit or loss:	(89,432)		(63,113)	
1. Remeasurement of defined benefit plans	(148,717)		6,395	
2. Gain (loss) on valuation of equity securities at FVOCI (Note 50)	59,086		(57,920)	
3. Changes in equity on investments in associates (Note 50)	199		273	
4. Loss on valuation of fair value hedges	–		(11,861)	
XVI. Total comprehensive income for the year		4,008,798		2,448,180
1. Owners of the parent	3,989,094		2,443,568	
2. Non-controlling interests	19,704		4,612	
XVII. Earnings per share (Note 48) (Korean won)				
1. Basic earnings per share		3,221		2,866
2. Diluted earnings per share		3,221		2,866

See notes to consolidated financial statements.

# Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

Hana Bank Co., Ltd. and its subsidiaries

(Korean won in millions)

Accounts	Capital stock	Capital surplus	Hybrid equity securities	Capital adjustments	Retained earnings	Accumulated other comprehensive gain (loss)	Equity attributable to equity holder of the parent	Non-controlling interests	Total
I. As of January 1, 2022	5,359,578	9,653,888	533,475	(38,279)	13,897,317	(915,977)	28,489,982	266,489	28,756,471
Dividends	-	-	-	-	(660,400)	-	(660,400)	-	(660,400)
Interim dividends	-	-	-	-	(570,000)	-	(570,000)	-	(570,000)
Dividends on hybrid equity securities	-	-	-	-	(23,770)	-	(23,770)	-	(23,770)
Stock option	-	-	-	15	-	-	15	-	15
Reduction in capital surplus	-	(3,500,000)	-	-	3,500,000	-	-	-	-
Paid-in capital increases of subsidiaries	-	5,952	-	-	-	44	5,996	8,298	14,294
Reclassification of valuation gain or loss on equity securities at FVOCI upon derecognition	-	-	-	-	(2,677)	2,677	-	-	-
Others	-	-	-	578	-	-	578	-	578
Subtotal	5,359,578	6,159,820	533,475	(37,686)	16,140,470	(913,256)	27,242,401	274,787	27,517,188
Net income for the year	-	-	-	-	3,095,845	-	3,095,845	15,854	3,111,699
Loss on valuation of debt securities at FVOCI	-	-	-	-	-	(575,486)	(575,486)	(3,356)	(578,842)
Loss on valuation of equity securities at FVOCI	-	-	-	-	-	(57,920)	(57,920)	-	(57,920)
Gain (loss) on translation of foreign operations	-	-	-	-	-	5,158	5,158	(7,888)	(2,710)
Loss on valuation of net investment hedges of foreign operations	-	-	-	-	-	(20,529)	(20,529)	-	(20,529)
Loss on valuation of fair value hedges	-	-	-	-	-	(11,861)	(11,861)	-	(11,861)
Remeasurement of defined benefit plans	-	-	-	-	-	6,413	6,413	(18)	6,395
Changes in equity on investments in associates	-	-	-	-	-	1,948	1,948	-	1,948
Total comprehensive income for the year	-	-	-	-	3,095,845	(652,277)	2,443,568	4,612	2,448,180
II. As of December 31, 2022	5,359,578	6,159,820	533,475	(37,686)	19,236,315	(1,565,533)	29,685,969	279,399	29,965,368

Accounts	Capital stock	Capital surplus	Hybrid equity securities	Capital adjustments	Retained earnings	Accumulated other comprehensive gain (loss)	Equity attributable to equity holder of the parent	Non-controlling interests	Total
I. As of January 1, 2023	5,359,578	6,159,820	533,475	(37,686)	19,236,315	(1,565,533)	29,685,969	279,399	29,965,368
Dividends	-	-	-	-	(880,000)	-	(880,000)	-	(880,000)
Interim dividends	-	-	-	-	(810,000)	-	(810,000)	-	(810,000)
Dividends on hybrid equity securities	-	-	-	-	(23,834)	-	(23,834)	-	(23,834)
Redemption of hybrid equity securities	-	-	(179,737)	(263)	-	-	(180,000)	-	(180,000)
Stock option	-	-	-	(14)	-	-	(14)	(3)	(17)
Paid-in capital increases of subsidiaries	-	1,483	-	-	-	-	1,483	2,476	3,959
Reclassification of valuation gain or loss on equity securities at FVOCI upon derecognition	-	-	-	-	50,970	(50,970)	-	-	-
Other capital adjustment	-	-	-	42	-	-	42	-	42
Subtotal	5,359,578	6,161,303	353,738	(37,921)	17,573,451	(1,616,503)	27,793,646	281,872	28,075,518
Net income for the year	-	-	-	-	3,476,636	-	3,476,636	10,797	3,487,433
Gain on valuation of debt securities at FVOCI	-	-	-	-	-	570,812	570,812	114	570,926
Gain on valuation of equity securities at FVOCI	-	-	-	-	-	59,086	59,086	-	59,086
Gain on translation of foreign operations	-	-	-	-	-	62,053	62,053	8,680	70,733
Loss on valuation of net investment hedges of foreign operations	-	-	-	-	-	(22,096)	(22,096)	-	(22,096)
Remeasurement of defined benefit plans	-	-	-	-	-	(148,830)	(148,830)	113	(148,717)
Changes in equity on investments in associates	-	-	-	-	-	(8,567)	(8,567)	-	(8,567)
Total comprehensive income for the year	-	-	-	-	3,476,636	512,458	3,989,094	19,704	4,008,798
II. As of December 31, 2023	5,359,578	6,161,303	353,738	(37,921)	21,050,087	(1,104,045)	31,782,740	301,576	32,084,316

See notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

Hana Bank Co., Ltd. and its subsidiaries

(Korean won in millions)

Accounts	2023	2022
I. Net cash provided by (used in) operating activities	(4,228,757)	27,162,831
1. Net income for the year	3,487,433	3,111,699
2. Adjustments to income and expenses:	(6,803,290)	(6,559,688)
Income tax expenses	1,125,650	1,059,787
Interest expenses	11,875,652	5,738,554
Interest income	(19,793,063)	(13,347,231)
Dividend income	(11,529)	(10,798)
3. Adjustments to non-cash items:	194,060	2,142,309
Loss (gain) on valuation of financial instruments at FVTPL	(1,024,232)	957,084
Loss (gain) on disposal of financial instruments at FVTPL	(49,134)	17,774
Loss (gain) on valuation of derivative instruments used for hedging	(19,051)	77,479
Gain on disposal of financial instruments at FVOCI	(84,433)	(2,162)
Provision for (reversal of) credit loss allowance on financial assets measured at FVOCI	867	(603)
Gain on disposal of financial instruments at amortized cost	(232)	(4)
Provision for (reversal of) allowance for financial instruments at amortized cost	(36,277)	66,966
Net allowance for loans and other assets	693,717	591,286
Gain on disposal of investments in associates and a joint venture	(652)	(2,315)
Impairment loss on investments in associates and a joint venture	1,395	520
Gain on equity method	(168,113)	(189,013)
Depreciation and amortization	531,763	465,049
Gain on disposal of property and equipment and intangible assets	(1,095)	(11,923)
Impairment loss on property and equipment and intangible assets	10	232
Loss on termination of right-of-use assets	230	360
Loss on disposal of right-of-use assets	-	670
Retirement benefits	126,643	144,346
Share-based payment expenses	7,287	10,797
Net provisions transferred in	250,501	85,264
Gain on foreign currency translation	(19,046)	(68,484)
Others	(16,088)	(1,014)
4. Changes in operating assets and liabilities:	(9,141,180)	20,866,397
Financial assets at FVTPL (items held for trading)	1,956,560	(7,437,089)
Loans	(11,036,429)	(15,917,597)
Net defined benefit assets	-	(77,160)
Other assets	(3,540,411)	1,152,513
Merchant banking account assets	(6,695)	111,591
Deposits	4,662,660	34,242,815
Financial liabilities at FVTPL	(4,318,787)	6,588,007
Net defined benefit liabilities	(87,455)	(303,480)
Provisions	(55,179)	(39,253)
Other liabilities	2,804,295	1,786,326

Accounts	2023		2022	
Merchant banking account liabilities	487,424		758,993	
Derivative assets used for hedging	(7,163)		731	
5. Cash provided by operating activities:	19,595,603		12,958,964	
Interest received	19,559,546		12,935,766	
Dividend received	36,057		23,198	
6. Cash used in operating activities:	(11,561,383)		(5,356,850)	
Interest paid	(10,135,618)		(4,391,698)	
Income tax paid	(1,425,765)		(965,152)	
II. Net cash used in investing activities		(2,506,107)		(14,765,081)
1. Increase in financial assets at FVTPL (other than items held for trading)	(7,339,054)		(6,985,446)	
2. Decrease in financial assets at FVTPL (other than items held for trading)	7,207,280		6,213,194	
3. Increase in financial assets at FVOCI	(19,188,176)		(10,734,129)	
4. Decrease in financial assets at FVOCI	15,885,655		12,359,959	
5. Increase in securities at amortized cost	(1,208,227)		(16,705,097)	
6. Decrease in securities at amortized cost	2,719,852		1,664,805	
7. Increase in investments in associates and a joint venture	(203,174)		(159,719)	
8. Decrease in investments in associates and a joint venture	17,535		11,664	
9. Acquisition of property and equipment	(241,763)		(375,988)	
10. Disposal of property and equipment	2,643		25,559	
11. Disposal of investment properties	2,550		19,997	
12. Acquisition of intangible assets	(174,549)		(151,556)	
13. Disposal of intangible assets	686		15	
14. Receipt of government grants	—		1,536	
15. Disposal of non-current assets held for sale	16,552		9,275	
16. Others	(3,917)		40,850	
III. Net cash provided by (used in) financing activities		(3,266,493)		1,022,872
1. Net cash flows of derivative instruments used for hedging	13,433		—	
2. Net increase (decrease) in borrowings	(1,339,106)		3,926,509	
3. Issuance of debentures	14,722,290		10,945,334	
4. Redemption of debentures	(14,572,250)		(12,410,394)	
5. Dividends paid	(1,690,000)		(1,230,400)	
6. Redemption of hybrid equity securities	(180,000)		—	
7. Dividends on hybrid equity securities	(23,834)		(23,770)	
8. Redemption of lease liabilities	(201,285)		(199,280)	
9. Change in equity ownership of subsidiaries	4,259		14,873	
IV. Net increase (decrease) in cash and cash equivalents (I+ II+ III)		(10,001,357)		13,420,622
V. Cash and cash equivalents at the beginning of the year		38,500,426		25,478,635
VI. Effect of changes in exchange rate on cash and cash equivalents		(216,766)		(398,831)
VII. Cash and cash equivalents at the end of the year (Note 50)		28,282,303		38,500,426

See notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

As of and for the years ended December 31, 2023 and 2022

Hana Bank Co., Ltd. and its subsidiaries

### 1. General information

General information on Hana Bank Co., Ltd., previously Korea Exchange Bank (the "Bank" or the "Parent company") and its subsidiaries (collectively, the "Group") in accordance with Korean International Financial Reporting Standard ("K-IFRS") 1110, *Consolidated Financial Statements*, is as follows:

#### 1-1 Summary of the Parent company (The Bank)

The Bank was established on January 30, 1967, as a government-controlled bank, to engage in foreign exchange and trade finance business under the *Korea Exchange Bank Act* enacted on July 28, 1966.

On December 30, 1989, the *Korea Exchange Bank Act* was repealed, and the Bank was reorganized as a stock company under the Commercial Act of the Republic of Korea. On April 4, 1994, the Bank was listed on the Korea Exchange (previously, Korea Stock Exchange). On February 28, 2004, the Bank merged its subsidiary, Korea Exchange Bank Credit Service Co., Ltd. On August 31, 2014, the Bank spun off its credit card division.

On February 9, 2012, Hana Financial Group Inc. ("HFG") had control over the Bank by acquiring 52.27% equity interest in the Bank and later on April 5, 2013, the Bank became a wholly owned subsidiary of HFG after HFG acquired the remaining interest in the Bank through an all-inclusive exchange of the shares.

The Bank changed to its current name on September 1, 2015, following the merger of Korea Exchange Bank and Hana Bank.

The Bank provides commercial banking service under the Banking Act of the Republic of Korea, trust banking service under the Financial Investment Services And Capital Markets Act, merchant banking service due to the merger with the Korea International Merchant Bank, foreign exchange business and other related businesses. As of December 31, 2023, the Bank's headquarters is located at Seoul, with 597 domestic branches (including 64 satellite offices) and 24 overseas branches (including one satellite office and four offices).

The Bank is authorized to issue 2,000 million shares (par value amount : ₩5,000) of common stock, and as of December 31, 2023, after a number of capital increases and decreases, stock splits and conversion of preferred shares to common shares, the Bank has 1,071,915,717 shares of common stock issued and outstanding with the total capital stock amounting to ₩5,359,578 million.

The consolidated financial statements of the Group as of and for the year ended December 31, 2023, were approved by the Board of Directors on January 30, 2024, and will be approved finally at the shareholders' meeting to be held on March 20, 2024.

## 1-2 Scope and overview of consolidation

The Group's ownership percentages in its consolidated subsidiaries as of December 31, 2023, are summarized as follows (ownership in %):

Investee	Country	Major business	Share ratio (%)	Reporting date
Subsidiaries of Hana Bank				
Hana Bank (China) Co., Ltd.	China	Financial business	100.00	2023.12.31
KEB Hana Bank Canada	Canada	Financial business	100.00	2023.12.31
KEB Hana Bank (Deutschland) A.G. (KEBDAG)	Germany	Financial business	100.00	2023.12.31
PT Bank KEB Hana (KEBI)	Indonesia	Financial business	69.01	2023.12.31
Banco KEB Hana Do Brasil S.A. (KEBB)	Brazil	Financial business	100.00	2023.12.31
KEB Hana NY Financial Corp. (NYFinCo)	USA	Financial business	100.00	2023.12.31
KEB Hana LA Financial Corp. (LAFinCo)	USA	Financial business	100.00	2023.12.31
KEB Hana Global Finance Limited (K-HGF)	Hong Kong	Financial business	100.00	2023.12.31
KEB Hana Bank Russia	Russia	Financial business	99.99	2023.12.31

Investee	Country	Major business	Share ratio (%)	Reporting date
Hana Bancorp, Inc.	USA	Financial business	96.77	2023.12.31
KEB Hana Bank Mexico	Mexico	Financial business	99.99	2023.12.31
GLN international Co., Ltd.	Korea	Other financial business	82.24	2023.12.31
Hana Tech Value-Up Investment Fund (*)	Korea	Other financial business	98.04	2023.12.31
Hana 1Q Startup Investment Fund (*)	Korea	Other financial business	90.91	2023.12.31
Hana UBS Power PEF Invest Trust 21 [Bond] (*)	Korea	Asset management company	100.00	2023.12.31
Hyundai Trust PEF Invest 16 [Bond] (*)	Korea	Asset management company	100.00	2023.12.31
Kyobo AXA Tomorrow PEF Invest Trust KH-1 [Bond] (*)	Korea	Asset management company	100.00	2023.12.31
Sevenstar Co., Ltd. (*)	Korea	Other financial business	-	2023.12.31
Marine Solution Co., Ltd. (*)	Korea	Other financial business	-	2023.12.31
Joong-ang star Co., Ltd. (*)	Korea	Other financial business	-	2023.12.31
Ocean Betts The First Co., Ltd. (*)	Korea	Other financial business	-	2023.12.31
Hana H in the holdings 1st LLC (*)	Korea	Other financial business	-	2023.12.31
H-Plus 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
Hana OK 1st Co., Ltd. (*)	Korea	Other financial business	-	2023.12.31
Hana H in the holdings 2nd LLC (*)	Korea	Other financial business	-	2023.12.31
HEONEQ1st, LLC (*)	Korea	Other financial business	-	2023.12.31
H-Hotel1Q 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
BBQ 1Q 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
SK Office 1Q 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
Cleanenergy 1Q 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
HANA DL First Co., Ltd. (*)	Korea	Other financial business	-	2023.12.31
HANA TERMINUS First Co., Ltd. (*)	Korea	Other financial business	-	2023.12.31
HANA I.S 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
HANA I.G 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
GRAND ONEQ 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
DONG DAEGU TERMINAL 2nd, LLC (*)	Korea	Other financial business	-	2023.12.31
KENDALL NO.9 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
BYK 3rd Co., Ltd. (*)	Korea	Other financial business	-	2023.12.31
Mini Hana 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
Jinwoori 1Q 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
H-ECHO 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
HANA STARLORD 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
CLEAN WORLD 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
H-HANA 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
HANA ANANTI 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
One Q B777F 66872 Co., Ltd. (*)	Cayman Islands	Other financial business	-	2023.12.31
NAE CHON HANA 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
DRAGON HANA 1st, LLC (*)	Korea	Other financial business	-	2023.12.31
HANA BAEKSA LOGISTICS 1st, LLC (*)	Korea	Other financial business	-	2023.12.31



Investee	Country	Major business	Share ratio (%)	Reporting date
HANA S ONE Q 1st, LLC (*)	Korea	Other financial business	–	2023.12.31
HOME PLUS HANA CONNECT, LLC (*)	Korea	Other financial business	–	2023.12.31
Antarctica 1st, Ltd. (*)	Korea	Other financial business	–	2023.12.31
Enerbility Hana 1st, Ltd. (*)	Korea	Other financial business	–	2023.12.31
Hana Plant 1st, Ltd. (*)	Korea	Other financial business	–	2023.12.31
GS Hana 1st, Ltd. (*)	Korea	Other financial business	–	2023.12.31
Cha Cha Hana 1st, Ltd. (*)	Korea	Other financial business	–	2023.12.31
T A 1st, Ltd. (*)	Korea	Other financial business	–	2023.12.31
Neostar 6th, Ltd. (*)	Korea	Other financial business	–	2023.12.31
Galaxia 1Q 1st, Ltd. (*)	Korea	Other financial business	–	2023.12.31
Antarctica 2nd, Ltd. (*)	Korea	Other financial business	–	2023.12.31
HCONEQ 2nd, LLC (*)	Korea	Other financial business	–	2023.12.31
H Advanced 1st, Ltd. (*)	Korea	Other financial business	–	2023.12.31
Hana Display 2nd, LLC (*)	Korea	Other financial business	–	2023.12.31
Doosan Hana 1st, LLC (*)	Korea	Other financial business	–	2023.12.31
H Seven 1st, LLC (*)	Korea	Other financial business	–	2023.12.31
Hana Privia 1st, LLC (*)	Korea	Other financial business	–	2023.12.31
Hana Plant 2nd, Ltd. (*)	Korea	Other financial business	–	2023.12.31
Hana Plant 3rd, Ltd. (*)	Korea	Other financial business	–	2023.12.31
Hana Supreme 1st, LLC (*)	Korea	Other financial business	–	2023.12.31
Hana H in the holdings 3rd LLC (*)	Korea	Other financial business	–	2023.12.31
Netoneq 2nd, LLC (*)	Korea	Other financial business	–	2023.12.31
Exteer Hana 1st, LLC (*)	Korea	Other financial business	–	2023.12.31
Hana Spark 1st, LLC (*)	Korea	Other financial business	–	2023.12.31
H Seven 2nd, LLC (*)	Korea	Other financial business	–	2023.12.31
Antarctica 3rd, Ltd. (*)	Korea	Other financial business	–	2023.12.31
Daehan Hana 1st, Ltd. (*)	Korea	Other financial business	–	2023.12.31
GS Hana 2nd, Ltd. (*)	Korea	Other financial business	–	2023.12.31
Happy World Hana 1st, Ltd. (*)	Korea	Other financial business	–	2023.12.31
Trust accounts guaranteeing the repayment of principal (*)	Korea	Trust account	–	2023.12.31
Subsidiaries of Hana Bancorp, Inc.				
KEB Hana Bank USA	USA	Bank	100.00	2023.12.31

(\*) Although the entity is a structured special-purpose-company (SPC), the Group recognized the entity as a subsidiary considering its exposure to variable returns and ability to direct its activities.

Condensed financial statements as of December 31, 2023 and 2022, are as follows (Korean won in millions):

◁December 31, 2023▷

Classification	Assets	Liabilities	Equity	Operating income	Net income (loss)	Total comprehensive income (loss)
Hana Bank (China) Co., Ltd.	10,150,671	9,030,295	1,120,376	531,511	4,893	7,677
KEB Hana Bank Canada	1,804,745	1,533,228	271,517	113,485	15,766	26,177
KEB Hana Bank (Deutschland) A.G.	1,212,141	995,228	216,913	83,193	9,904	20,112
PT Bank KEB Hana	3,977,538	3,048,892	928,646	335,991	38,099	66,626
Banco KEB Hana Do Brasil S.A.	285,110	236,975	48,135	38,601	3,355	7,786
KEB Hana NY Financial Corp.	474,249	398,377	75,872	25,382	2,296	3,529
KEB Hana LA Financial Corp.	808,015	706,431	101,584	50,314	8,798	10,278
KEB Hana Global Finance Limited	251,134	148,513	102,621	19,636	6,279	8,071
KEB Hana Bank Russia	837,148	741,873	95,275	63,203	15,476	(2,039)
Hana Bancorp, Inc.(*)	554,578	425,162	129,416	26,967	4,561	6,772
KEB Hana Bank Mexico	365,050	238,516	126,534	29,448	3,429	21,054
GLN International Co., Ltd.	60,616	7,163	53,453	964	(6,661)	(6,661)
Trust accounts guaranteeing the repayment of principal	1,564,740	1,528,439	36,301	107,112	14,925	14,925

(\*) The amounts are consolidated amounts of the intermediate parent.

◁December 31, 2022▷

Classification	Assets	Liabilities	Equity	Operating income	Net income (loss)	Total comprehensive income (loss)
Hana Bank (China) Co., Ltd.	10,666,735	9,554,035	1,112,700	526,554	(97,191)	(124,308)
KEB Hana Bank Canada	1,788,935	1,543,596	245,339	76,573	16,039	16,303
KEB Hana Bank (Deutschland) A.G.	1,157,221	1,028,804	128,417	44,421	8,627	9,374
PT Bank KEB Hana	3,841,423	2,979,403	862,020	316,465	51,563	15,327
Banco KEB Hana Do Brasil S.A.	208,558	168,209	40,349	25,795	2,791	6,908
KEB Hana NY Financial Corp.	368,894	296,550	72,344	10,870	980	5,569
KEB Hana LA Financial Corp.	682,091	590,785	91,306	24,511	6,441	11,807
KEB Hana Global Finance Limited	215,235	120,686	94,549	12,119	4,574	10,023
KEB Hana Bank Russia	1,208,118	1,110,804	97,314	67,425	13,862	20,559
Hana Bancorp, Inc.(*)	488,768	366,125	122,643	15,125	(940)	151
KEB Hana Bank Mexico	356,088	250,609	105,479	16,271	346	12,139
GLN International Co., Ltd.	57,439	1,267	56,172	257	(6,132)	(6,132)
Trust accounts guaranteeing the repayment of principal	1,579,252	1,557,875	21,377	39,811	(24,356)	(24,356)

(\*) The amounts are consolidated amounts of the intermediate parent.

The following entities are excluded from the Group's scope of consolidation as of December 31, 2023 and 2022, since the Group aimed at investing in majority-owned companies or securities and has no control over the power of investee-related activities, exposure to variable profits and the ability to use power to influence the Group's variable profits.

<December 31, 2023>

Company name	Country	Major business	Share ratio (%)
Hana – KMC Unicom Fund of Funds	Korea	Investment	90.91
All Together Korea Fund 5	Korea	Investment	100.00
Hana-New Deal K-Growth fund	Korea	Investment	90.00
Defense Technology Innovation Private Investment Trust	Korea	Investment	98.33
Hana Prop-Tech Fund No.1	Korea	Investment	88.24

<December 31, 2022>

Company name	Country	Major business	Share ratio (%)
Hana – KMC Unicom Fund of Funds	Korea	Investment	90.91
All Together Korea Fund 5	Korea	Investment	100.00
Hana-New Deal K-Growth fund	Korea	Investment	90.00
Defense Technology Innovation Private Investment Trust	Korea	Investment	98.33

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

Company	Reasons
Included in scope of consolidation:	
Subsidiaries of Hana Bank	
Antarctica 2nd, Ltd.	Newly invested
HOONEQ 2nd, LLC	Newly invested
H Advanced 1st, LLC	Newly invested
Hana Display 2nd, LLC	Newly invested
Doosan Hana 1st, LLC	Newly invested
H Seven 1st, LLC	Newly invested
Hana Privia 1st, LLC	Newly invested
Hana Plant 2nd, Ltd.	Newly invested
Hana Plant 3rd, Ltd.	Newly invested
Hana Supreme 1st, LLC	Newly invested
Hana H in the holdings 3rd LLC	Newly invested
Netoneq 2nd, LLC	Newly invested
Exteer Hana 1st, LLC	Newly invested
Hana Spark 1st, LLC	Newly invested
H Seven 2nd, LLC	Newly invested
Antarctica 3rd, Ltd.	Newly invested
Daehan Hana 1st, Ltd.	Newly invested
GS Hana 2nd, Ltd.	Newly invested
Happy World Hana 1st, Ltd.	Newly invested
Excluded from the scope of consolidation:	
Subsidiaries of Hana Bank	
Hana Display 1st Co., Ltd.	Excluded due to the disposal (end of credit offering)
HOONEQ 1st, LLC	Excluded due to the disposal (end of credit offering)
PIOTOWER 1st, LLC	Excluded due to the disposal (end of credit offering)
THE HAM ONEQ 1st, LLC	Excluded due to the disposal (end of credit offering)
Hana Double H 1Q 4th Co., Ltd.	Excluded due to the disposal (end of credit offering)
Hana Double H 1Q 5th Co., Ltd.	Excluded due to the disposal (end of credit offering)
DPS 2nd, LLC	Excluded due to the disposal (end of credit offering)
HANA BAY 1st, LLC	Excluded due to the disposal (end of credit offering)
THE MIRAE ONEQ 1st, LLC	Excluded due to the disposal (end of credit offering)

#### 1-2-1 Hana Bank (China) Co., Ltd. (Hana Bank China)

Hana Bank (China) Co., Ltd. (Hana Bank China) was incorporated in Beijing to engage in commercial banking, foreign currency exchanges and other related operations in China on December 14, 2007. The Bank contributed the assets and liabilities of the branches in Shanghai and Shenyang, and its interests in the International Bank of Qingdao, which is the subsidiary of the Bank, to the Hana Bank China in the form of equity contributions on December 24, 2007. Hana Bank China, one of subsidiaries in China, acquired and merged with KEB China, one of affiliates in the HFG, on December 15, 2014. (Before the merger, equity interests in Hana Bank China were 59.7% for Hana Bank and 40.3% for Korea Exchange Bank). Its paid-in capital is 3.35 billion yuan as of December 31, 2023 (Share ratio : 100%).

#### 1-2-2 KEB Hana Bank Canada

KEB Hana Bank Canada was established in Toronto, Canada, on October 6, 1981, to provide financial services to Korean companies and residents in Toronto and the surrounding area. Its paid-in capital is 83,400 thousand Canadian dollars as of December 31, 2023 (Share ratio : 100%).

#### 1-2-3 KEB Hana Bank (Deutschland) A.G. (KEBDAG)

KEBDAG was established in Frankfurt, Germany, on December 29, 1992, to provide financial services to Korean companies and residents in Frankfurt and the surrounding area. Paid-in capital is increased by issuing new shares by KEBDAG in 2023. Its paid-in capital is 73,008 thousand euro as of December 31, 2023 (Share ratio : 100%).

#### 1-2-4 PT Bank KEB Hana

PT Bank KEB Hana was established in Jakarta, Indonesia, on November 5, 1990, to provide financial services to Korean companies and residents in Jakarta. In accordance with the regulations of the Bank Indonesia, two or more local banks with the same ultimate parent company are prohibited to operate as an independent entity in Indonesia. Accordingly, PT Bank KEB Indonesia, a subsidiary of the Bank, and PT Bank Hana, a subsidiary of Hana Bank, have completed a merger process on February 20, 2014, and changed the name to PT Bank KEB Hana. PT Bank KEB Hana was incorporated into a subsidiary of KEB on February 28, 2014, since KEB owned the major shares of PT Bank KEB Hana after the acquisition. Its paid-in capital is 3,160,093 million rupiah as of December 31, 2023 (Share ratio : 69.01%).

#### 1-2-5 Banco KEB Hana Do Brasil S.A. (KEBB)

KEBB was incorporated on May 21, 1999, to provide investment finance services for foreign clients, advisory services for domestic companies that seek to invest overseas, finance arrangement and security investment trust services. Its paid-in capital is 126,351 thousand reals as of December 31, 2023 (Share ratio : 100%).

#### 1-2-6 KEB Hana NY Financial Corp. (NYFinCo)

NYFinCo was established in New York, USA, on April 8, 2004, to provide financial services to Korean companies and residents in New York and the surrounding area. Its paid-in capital is 1 dollar as of December 31, 2023 (Share ratio : 100%).

#### 1-2-7 KEB Hana LA Financial Corp. (LAFinCo)

LAFinCo was established in Los Angeles, USA, on April 8, 2004, to provide financial services to Korean companies and residents in Los Angeles and the surrounding area. Its paid-in capital is 2 dollars as of December 31, 2023 (Share ratio :100%).

#### 1-2-8 KEB Hana Global Finance Limited (KHGF)

KHGF was established on July 2, 2009, in Hong Kong to provide investment finance services for foreign clients, advisory services for domestic companies that seek to invest overseas, finance arrangement and security investment trust services. Its paid-in capital is 50,000 thousand dollars as of December 31, 2023 (Share ratio : 100%).

#### 1-2-9 KEB Hana Bank Russia

KEB launched a Moscow representative office in 2008 to provide financial information and consulting services for Korean and local companies in Russia. KEB Hana Bank Russia was established on August 15, 2014, after obtaining permission to operate corporation from Russian supervisory authorities in order to expand the business area. Its paid-in capital is 4.78 billion RUB as of December 31, 2023 (Share ratio : 99.99%).

#### 1-2-10 Hana Bancorp, Inc.

Hana Bancorp, Inc. (previously, BNB Financial Services Corporation) was incorporated on April 8, 1988, to engage in the bank and related businesses. HFG acquired ownership of BNB Financial Services Corporation and incorporated Hana Bancorp, Inc. as its subsidiary on August 30, 2013, and changed the name to Hana Bancorp, Inc.. The Bank purchased the securities from HFG on March 28, 2016. Its paid-in capital is 48,596 thousand dollars as of December 31, 2023 (Share ratio : 96.77%).

#### 1-2-11 KEB Hana Bank Mexico

KEB Hana Bank Mexico was established in Mexico City on November 3, 2017, to engage in provision of financial services to Korean companies and local corporations and obtained approval for the commencement of business from the local supervisory agency on January 31, 2019. Its paid-in capital is 1,666,828 thousand Mexican pesos as of December 31, 2023 (Share ratio : 99.99%).

#### 1-2-12 GLN International Co., Ltd.

GLN International Co., Ltd. was established in Korea on July 7, 2021, and primarily engages in the electronic finance business (global payment brokerage, etc.). Paid-in capital is increased by issuing new shares by GLN International Co., Ltd. in 2023. Its paid-in capital is 60.8 billion Korean won as of December 31, 2023 (Share ratio : 82.24%).

#### 1-3 Structured entities

##### 1-3-1 Consolidated structured entities

###### 1-3-1-1 Hana UBS Power PEF Invest Trust 21 and a set of two other private equity investment vehicles

In accordance with K-IFRS 1110, two other private equity investment vehicles and Hana UBS Power PEF Invest Trust 21 were included in consolidation scope because the Group has existing rights that give it the current ability to direct the relevant activities, and is not only exposed, or has rights, to variable returns, but also has the ability to use its power to affect the Group's returns from its involvement with the investee.

###### 1-3-1-2 Sevenstar Co., Ltd. and 60 other special-purpose entities

In accordance with K-IFRS 1110, 60 SPCs and Sevenstar Co., Ltd. were included in consolidation scope because the Group has existing rights that give it the current ability to direct the relevant activities, and is not only exposed, or has rights, to variable returns, but also has the ability to use its power to affect the Group's returns from its involvement with the investee.



### 1-3-1-3 Trust accounts

In accordance with K-IFRS 1110, trust accounts are included in consolidation scope because the Group has existing rights that give it the current ability to direct the relevant activities, and is not only exposed, or has rights, to variable returns, but also has the ability to use its power to affect the Group's returns from its involvement with the investee.

### 1-3-1-4 Hana Tech Value-Up Investment Fund and one other fund

In accordance with K-IFRS 1110, Hana Tech Value-Up Investment Fund and one other fund are included in consolidation scope because the Group has existing rights that give it the current ability to direct the relevant activities, and is not only exposed, or has rights, to variable returns, but also has the ability to use its power to affect the Group's returns from its involvement with the investee.

### 1-3-1-5 Contractual commitments to consolidated structured entities

The consolidated structured company for the securitization of assets is established for the securitization of loans. The Group is involved in the acquisition of subordinated bonds issued by the consolidated structured company or provide credit for the asset-backed commercial paper ("ABCP") and others, and is exposed to the risk of not being able to recover the acquisition amounts based on the investment performance. Characteristics and intentions of contractual commitments offered by the Group to the consolidated structured entities are as follows:

Company name	The characteristics and purposes	Intention
Development trust and other trusts	The Group offers principal conservation commitment to trust accounts. The Group is required to conserve the deficit amount in case the trust account stands below the principal as a result of the operation.	Credit risk mitigation on financial management of trust account
Ocean Betts The First Co., Ltd.	The Group partially purchased ABCP (purchase commitment of ₩50,000 million) from Ocean Betts The First Co., Ltd..	Operating activities
Hana H in the holdings 1st LLC	The Group partially purchased ABCP (purchase commitment of ₩150,000 million) from Hana H in the holdings 1st LLC.	Operating activities
H-Plus 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩100,000 million) from H-Plus 1st, LLC.	Operating activities
Hana CK 1st Co., Ltd.	The Group partially purchased ABCP (purchase commitment of ₩56,400 million) from Hana CK 1st Co., Ltd..	Operating activities
Hana H in the holdings 2nd LLC	The Group partially purchased ABCP (purchase commitment of ₩50,000 million) from Hana H in the holdings 2nd LLC.	Operating activities

Company name	The characteristics and purposes	Intention
HEONEQ1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩50,000 million) from HEONEQ 1st, LLC.	Operating activities
H+Hotel1Q 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩48,000 million) from H+Hotel1Q 1st, LLC.	Operating activities
BBQ 1Q 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩12,000 million) from BBQ 1Q 1st, LLC.	Operating activities
SK Office 1q 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩60,000 million) from SK Office 1q 1st, LLC.	Operating activities
Cleanenergy 1Q 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩58,200 million) from Cleanenergy 1Q 1st, LLC.	Operating activities
HANA DL First Co., Ltd.	The Group partially purchased ABCP (purchase commitment of ₩50,000 million) from HANA DL First Co., Ltd..	Operating activities
HANA TERMINUS First Co., Ltd.	The Group partially purchased ABCP (purchase commitment of ₩50,000 million) from HANA TERMINUS First Co., Ltd..	Operating activities
HANA I.G 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩20,000 million) from HANA I.G 1st, LLC.	Operating activities
GRAND ONEQ 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩40,000 million) from GRAND ONEQ 1st, LLC.	Operating activities
DONG DAEGU TERMINAL 2nd, LLC	The Group partially purchased ABCP (purchase commitment of ₩20,000 million) from DONG DAEGU TERMINAL 2nd, LLC.	Operating activities
KENDALL NO.9 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩30,300 million) from KENDALL NO.9 1st, LLC.	Operating activities
BYK 3rd Co., Ltd.	The Group partially purchased ABCP (purchase commitment of ₩11,000 million) from BYK 3rd Co., Ltd..	Operating activities
Mini Hana 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩30,000 million) from Mini Hana 1st, LLC.	Operating activities
Jinwoori 1Q 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩30,000 million) from Jinwoori 1Q 1st, LLC.	Operating activities
H+ECHO 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩80,000 million) from H+ECHO 1st, LLC.	Operating activities
HANA STARLORD 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩30,000 million) from HANA STARLORD 1st, LLC.	Operating activities
CLEAN WORLD 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩17,500 million) from CLEAN WORLD 1st, LLC.	Operating activities
H+HANA 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩90,000 million) from H+HANA 1st, LLC.	Operating activities
HANA ANANTI 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩50,000 million) from HANA ANANTI 1st, LLC.	Operating activities
NAE CHON HANA 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩49,600 million) from NAE CHON HANA 1st, LLC.	Operating activities
DRAGON HANA 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩30,000 million) from DRAGON HANA 1st, LLC.	Operating activities
HANA BAEKSA LOGISTICS 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩34,600 million) from HANA BAEKSA LOGISTICS 1st, LLC.	Operating activities
HANA S ONE Q 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩30,000 million) from HANA S ONE Q 1st, LLC.	Operating activities
HOME PLUS HANA CONNECT, LLC	The Group partially purchased ABCP (purchase commitment of ₩60,000 million) from HOME PLUS HANA CONNECT, LLC.	Operating activities
Antarctica 1st, Ltd.	The Group partially purchased ABCP (purchase commitment of ₩60,000 million) from Antarctica 1st, Ltd..	Operating activities
Enerbility Hana 1st, Ltd.	The Group partially purchased ABCP (purchase commitment of ₩50,000 million) from Enerbility Hana 1st, Ltd..	Operating activities
Hana Plant 1st, Ltd.	The Group partially purchased ABCP (purchase commitment of ₩100,000 million) from Hana Plant 1st, Ltd..	Operating activities
	The Group partially purchased ABCP (purchase commitment of ₩60,000 million)	

Company name	The characteristics and purposes	Intention
GS Hana 1st, Ltd.	from Gs Hana 1st, Ltd..	Operating activities
Cha Cha Hana 1st, Ltd.	The Group partially purchased ABCP (purchase commitment of ₩30,000 million) from Cha Cha Hana 1st, Ltd..	Operating activities
T A 1st, Ltd.	The Group partially purchased ABCP (purchase commitment of ₩10,000 million) from T A 1st, Ltd..	Operating activities
Neostar 6th, Ltd.	The Group partially purchased ABCP (purchase commitment of ₩16,400 million) from Neostar 6th, Ltd..	Operating activities
Galaxia 1Q 1st, Ltd.	The Group partially purchased ABCP (purchase commitment of ₩11,300 million) from Galaxia 1Q 1st, Ltd..	Operating activities
Antarctica 2nd, Ltd.	The Group partially purchased ABCP (purchase commitment of ₩30,000 million) from Antarctica 2nd, Ltd..	Operating activities
HCONEQ 2nd, LLC	The Group partially purchased ABCP (purchase commitment of ₩100,000 million) from HCONEQ 2nd, LLC.	Operating activities
H Advanced 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩30,000 million) from H Advanced 1st, LLC.	Operating activities
Hana Display 2nd, LLC	The Group partially purchased ABCP (purchase commitment of ₩200,000 million) from Hana Display 2nd, LLC.	Operating activities
Doosan Hana 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩50,000 million) from Doosan Hana 1st, LLC.	Operating activities
H Seven 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩30,000 million) from H Seven 1st, LLC.	Operating activities
Hana Privia 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩10,000 million) from Hana Privia 1st, LLC.	Operating activities
Hana Plant 2nd, Ltd.	The Group partially purchased ABCP (purchase commitment of ₩50,000 million) from Hana Plant 2nd, Ltd..	Operating activities
Hana Supreme 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩20,000 million) from Hana Supreme 1st, Ltd..	Operating activities
Hana H in the holdings 3rd LLC	The Group partially purchased ABCP (purchase commitment of ₩100,000 million) from Hana H in the holdings 3rd LLC.	Operating activities
Exteer Hana 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩50,000 million) from Exteer Hana 1st, LLC	Operating activities
Hana Spark 1st, LLC	The Group partially purchased ABCP (purchase commitment of ₩100,000 million) from Hana Spark 1st, LLC	Operating activities
H Seven 2nd, LLC	The Group partially purchased ABCP (purchase commitment of ₩20,000 million) from H Seven 2nd, LLC	Operating activities
Antarctica 3rd, Ltd.	The Group partially purchased ABCP (purchase commitment of ₩50,000 million) from Antarctica 3rd, Ltd.	Operating activities
GS Hana 2nd, Ltd.	The Group partially purchased ABCP (purchase commitment of ₩50,000 million) from GS Hana 2nd, Ltd.	Operating activities
Happy World Hana 1st, Ltd.	The Group partially purchased ABCP (purchase commitment of ₩120,000 million) from Happy World Hana 1st, Ltd.	Operating activities

## 1-3-2 Unconsolidated structured entities

### 1-3-2-1 The nature of the Group's interests in unconsolidated structured entities

Details of the nature of the Group's interests in unconsolidated structured entities as of December 31, 2023 and 2022, are as follows

(Korean won in millions):

Type	Characteristics and purposes	Major method of financing arrangement	Total assets	
			December 31, 2023	December 31, 2022
SPC securitization	Securitization of backed asset	Issuing asset-backed loan/ABCP and others	6,173,286	7,029,016
Real estate finance	Operation for real estate (including social overhead capital) development	Investment and borrowing	130,483,848	114,016,572
Shipping finance and primary market finance	Building or purchasing ships and non-performing loan purchase, and mergers and acquisitions	Investment and borrowing	165,015,514	40,597,660
Investment fund and trust	Managing investment property	Issuing beneficiary certificates	207,687,103	135,837,775

1-3-2-2 Maximum exposure to loss from interests in unconsolidated structured entities (Korean won in millions):

◁December 31, 2023▷

Classification	SPC	Real estate finance	Shipping finance and primary market finance	Investment fund and trust
Assets				
Loans (A)	455,569	4,819,535	2,345,541	1,234,369
Securities (B)	1	81,125	–	13,285,051
Derivatives (C)	7,437	919	20,717	–
Others (D)	1,503	44,227	21,479	–
Liabilities				
Derivative liabilities	20,451	92,227	5,921	–
Provisions	2,516	3,789	1,346	214
Others	46	3	94	–
Carrying amount of net asset	441,497	4,849,787	2,380,376	14,519,206
Maximum exposure to loss	967,920	5,771,137	2,843,725	16,888,885
Financial assets (A+B+C+D)	464,510	4,945,806	2,387,737	14,519,420
Credit and other commitment	503,410	825,331	455,988	2,369,465

◁December 31, 2022▷

Classification	SPC	Real estate finance	Shipping finance and primary market finance	Investment fund and trust
Assets				
Loans (A)	772,224	3,594,661	1,523,953	1,022,347
Securities (B)	1	65,156	–	11,640,474
Derivatives (C)	8,778	6,104	19,536	–
Others (D)	1,430	16,301	8,883	–
Liabilities				
Derivative liabilities	41,255	90,348	6,460	–
Provisions	206	2,365	490	63
Others	17	61	45	–
Carrying amount of net asset	740,955	3,589,448	1,545,377	12,662,758
Maximum exposure to loss	1,077,495	4,508,450	1,906,570	15,013,673
Financial assets (A+B+C+D)	782,433	3,682,222	1,552,372	12,662,821
Credit and other commitment	295,062	826,228	354,198	2,350,852

## 2. Basis of preparation and material accounting policies

### 2-1 Basis of preparation

The Group prepares statutory consolidated financial statements in accordance with K-IFRS enacted by the *Act on External Audit of Stock Companies*.

The accompanying consolidated financial statements have been translated into English from Korean consolidated financial statements prepared in Korean. In the event of any differences in interpreting the consolidated financial statements or the independent auditor's report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The directors have, at the time of approving the consolidated financial statements a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going-concern basis of accounting in preparing the consolidated financial statements.

### 2-2 Changes in material accounting policies

The material accounting policies used for the preparation of the consolidated financial statements are the same as those adopted in preparing annual financial statements as of and for the year ended December 31, 2022, except for the adoption of new standards and interpretations effective as of January 1, 2023.

Changes in accounting policies in accordance with the adoption of new standards and interpretations for the current reporting period are as follows:

2-2-1 K-IFRS 1001, *Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments – Disclosure of Accounting Policies (Amendments)*

The amendments change the requirements in K-IFRS 1001 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information.' Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in K-IFRS 1001 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The International Accounting Standards Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in International Financial Reporting Standard Practice Statement 2.

There is no material impact of this amendment on the Group's consolidated financial statements.

2-2-2 K-IFRS 1001, *Presentation of Financial Statements– Disclosure of financial liabilities with condition to adjust exercise price (Amendments)*

The amendments require disclosure of valuation gains or losses (limited to those recognized in the profit or loss) of the conversion options or warrants (or financial liabilities including them), if all or part of the financial instrument with exercise price that is adjusted depending on the issuer's share price change is classified as financial liability as defined in paragraph 11 (2) of K-IFRS 1032.

There is no material impact of this amendment on the Group's consolidated financial statements.

2-2-3 K-IFRS 1008, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (Amendments)*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty" and the definition of a change in accounting estimates was deleted.

There is no material impact of this amendment on the Group's consolidated financial statements.

2-2-4 K-IFRS 1012, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)*

The amendments reduce the scope of the initial recognition exemption. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.



Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences and is required to recognize the related deferred tax asset and liability with the recognition of any deferred tax asset being subject to the recoverability criteria in K-IFRS 1012.

There is no material impact of this amendment on the Group's consolidated financial statements.

*2-2-5 K-IFRS 1012, Income Taxes – International Tax Reform – Pillar Two Model Rules (Amendments)*

The amendments clarify that the standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in K-IFRS 1012, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

The Group applies a temporary exception to the accounting requirements for deferred taxes related to Pillar Two Model Rules, and as the law will be enforced from January 1, 2024, the current corporate tax expense related to Pillar Two income taxes is not recognized. The potential tax impact from the law enforcement is under consideration.

2-2-6 K-IFRS 1117, *Insurance Contracts (New standard)*

K-IFRS 1117 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes K-IFRS 1104, *Insurance Contracts*. The standard mainly features measuring the current value of insurance liabilities, recognizing insurance income on accrual basis and indicating the distinction between insurance gains and investment gains.

The Group does not have any contracts that meet the definition of an insurance contract under K-IFRS 1117, and there is no material impact of this amendment on the Group's consolidated financial statements.

The new and amended standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's consolidated financial statements are disclosed below.

2-2-7 K-IFRS 1001, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (Amendments of 2020)*

The amendments clarify that the classification of liabilities as current or non-current is based on the entity's right to defer settlement of liabilities at the end of the reporting period, not by the likelihood that the entity will exercise the right or not. The amendments highlight that the right exists if the entity complies with the borrowing agreement at the end of the reporting period and the definition of settlement is transferring cash, equity instruments, other assets or services to the counterparty.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, must be applied retrospectively and early adoption is permitted. If an entity applies this amendments for an earlier period, it is also required to apply the 2023 amendments early.

2-2-8 K-IFRS 1001, *Presentation of Financial Statements – Non-current Liabilities with Covenants (Amendments of 2023)*

Only the borrowing agreement to be complied within the end of the reporting period ("Agreement"), affects the entity's right to defer settlement of liabilities at least 12 months after the reporting period.

Even if compliance of Agreement is assessed only after the reporting period, Agreement defines the existence of rights at the end of the reporting period. Agreement to be complied with only after the reporting period does not affect the right to defer settlement. However, if the deferral right depends on Agreement complied within 12 months after the reporting period, the entity should disclose information about the risk that the liability may be settled within 12 months. Disclosure includes information about Agreement (including the nature and the time for the entity to comply with Agreement), the carrying amount of the liability and the facts and circumstances indicating that the arrangement may be difficult to comply with.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, must be applied retrospectively, and early adoption is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

2-2-9 K-IFRS 1007, *Statement of Cash Flows* and K-IFRS 1107, *Financial Instruments: Disclosures– Supplier Finance Arrangements (Amendments)*

These amendments add a requirement to disclose information about financing arrangements to enable financial statement users of K-IFRS 1007 to assess the impact of financing arrangements on the entity's liabilities and cash flows.

Additionally, K-IFRS 1107 has been amended to include financing arrangements as an example of requirements to disclose information related to exposure to liquidity concentration. This aims to ensure that users can evaluate the impact of financing arrangements on the entity's financial position accurately.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount and associated line items presented in the entity's statement of financial position of the liabilities that are part of the arrangements
- The carrying amount and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Types and effects of non-cash changes in the carrying amount of financial liabilities that are part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

#### 2-2-10 K-IFRS 1116 *Leases- Lease Liability in a Sale and Leaseback (Amendments)*

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in K-IFRS 1115 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

#### 2-2-11 K-IFRS 1001 *Presentation of Financial Statements– Disclosure of Virtual Assets (Amendments)*

The amendments add additional disclosure requirements required by other standards for transactions related to virtual assets, setting out disclosure requirement for each case of 1) holding virtual assets, 2) holding virtual assets on behalf of customer and 3) issuing virtual assets.

When holding a virtual asset, disclosure on the general information about virtual assets, the accounting policy applied and each virtual asset's acquisition method, cost and the fair value at the end of the reporting period are required. Also, when issuing a virtual asset, the entity's obligations and status of fulfilment of the obligation related to the issued virtual asset, the timing and amount of the recognized revenue of the sold virtual asset, the number of virtual assets held after issuance and important contract details shall be disclosed.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

#### 2-3 Scope and principles of consolidation

Significant methods of accounting for consolidation when preparing consolidated financial statements are as follows:

##### 2-3-1 Subsidiaries

The Bank has the ability to determine the financial and operating policies of subsidiaries. Generally, the Bank classified the entity as subsidiary in case the Bank has existing rights that give it the current ability to direct the relevant activities, and is not only exposed, or has rights, to variable returns, but also has the ability to use its power to affect the Group's returns from its involvement with the investee. Subsidiaries are fully consolidated from the date on which the

control is transferred to the Group and excluded from the subsidiaries at the point when the Group loses the control.

#### 2-3-2 Offset of the investment accounts of the Group and the corresponding equity accounts

The investment accounts of the Group and the corresponding equity accounts of the subsidiaries are eliminated in consolidation.

#### 2-3-3 Process of difference between the costs of investment

The consolidated financial statements reflect on only the share of the consolidated subsidiaries post application of purchase accounting method. When applying the acquisition method, if the transfer consideration, the amount of non-controlling interest in the acquiree and the total fair value of the parent's previous holdings exceed the fair value of the subsidiary's asset liabilities, the difference is recognized as goodwill and is considered for impairment at the end of each reporting period.

Changes in the parent's ownership interest in a subsidiary that does not lose control after the date of acquisition of control are treated as capital transactions. When the group loses control of a subsidiary, a gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests.

#### 2-3-4 Elimination of intercompany transactions and the unrealized gain or loss, etc.

All significant intercompany transactions and the account balances among the consolidated companies are eliminated on consolidation. Unrealized gains or losses included in loans and borrowings arising from transactions between consolidated companies are eliminated on consolidation. The related accounts receivable and payable are also eliminated on consolidation.

## 2-3-5 Investments in associates and a joint venture

Investments in entities over which the Group has control or significant influence are accounted for using the equity method. Under the equity method of accounting, the Group's initial investment in an investee is recorded at acquisition cost. Subsequently, a share of changes in equity (the Group's share of amount of the changes in associates' net assets) is adjusted to reflect in the carrying value. The share of changes in equity is accounted differently per sources. If the change in net asset has occurred due to net income or loss, it is accounted for as gain or loss on equity method. If it has occurred due to unappropriated retained earnings carried over from prior years, it is accounted for as changes in retained earnings under equity method. The change in net assets due to changes in equity, except those mentioned above, is accounted for as equity adjustments in equity method or negative equity changes in equity method.

If the carrying amount of investments in associates is equal to or under '0,' it suspends equity method and carries the investments value at '0.' If the Group has investment assets, such as preferred shares and long-term bonds of associates, it continues recognizing its share of further losses to the extent of the carrying amount of such asset's value '0.' The Group resumes the application of the equity method if the Group's share of income or change in equity of an investee exceeds the Group's share of losses accumulated during the period of suspension of the equity method of accounting. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

At the date of acquisition, the excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill or negative goodwill. The goodwill is not amortized, and if there is any indication that investment shares in associates and joint ventures, including those, have been impaired, it is being considered against the recoverable value (greater of net fair value and value in use). In addition, the difference between the fair value and the carrying amount of the identifiable assets and liabilities of the investee at the time of stock acquisition is amortized or reversed according to the equity method of the investee.

The Group's share in the investee's unrealized profits and losses resulting from transactions between the Group and its investee is eliminated to the extent of the interest in the investee.

#### 2-3-6 Special reserve on trust accounts

A special reserve provided under the arrangement of guaranteed fixed rate of return and guaranteed repayment of the principal is included under the retained earnings in the consolidated financial statements.

#### 2-3-7 Non-controlling interests

Subsidiaries' equity that is not included in the Group's share is accounted as non-controlling interests. In case, subsidiaries' non-controlling interests are below '0,' negative non-controlling interests are presented as deduction of equity.



## 2-4 Foreign currency transaction

### 2-4-1 Functional currency

When preparing for the consolidated financial statements, the Group measures and recognizes all items and transactions according to the functional currency. The term functional currency is defined as the monetary unit of account of the principal economic environment in which the entity operates and trades between entities using its own functional currency and other currencies that are converted to the Group's functional currency to be measured and recognized.

### 2-4-2 Transactions and balances at the end of the reporting period

Transactions in foreign currencies are initially recognized as functional currency, applying spot or average exchange rates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date and differences arising on settlement or translation of monetary items are recognized in profit or loss. Non-monetary assets and liabilities at fair value in a foreign currency are translated at the exchange rates at the end of the reporting date. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange differences of that gain or loss are recognized in profit or loss and when a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange differences of that gain or loss are recognized in other comprehensive income. Non-monetary items not measured at fair value in a foreign currency are translated using the exchange rates as at the dates of the initial transactions and thus, there are no exchange differences.

However, an item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation. Exchange differences arising on a monetary item that forms a part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

#### 2-4-3 Translation of the presentation currency

As of the reporting date, the assets and liabilities of overseas branches are translated into the Group's presentation currency, Korean won ("KRW").

The Group's assets and liabilities are translated at the rate of exchange prevailing at the reporting date and the Group's consolidated statements of profit or loss and other comprehensive income and changes in equity are translated using the exchange rates at the transaction date or the average exchange rates for the period. The exchange differences arising on translation are recognized in other comprehensive income.

#### 2-5 Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position are composed of cash at bank and on hand, etc. The purpose of cash and cash equivalents is not to make short-term investments, but to meet short-term cash demands. Cash and cash equivalents are highly liquid, easily convertible and subject to an insignificant risk of changes in value.

Deposits restricted from use by the Group under contracts with third parties are included as part of cash, unless such restrictions prevent deposits from meeting the definition of cash any longer. Contractual restrictions affecting the use of cash and deposits are described in Note 10-2.

#### 2-6 Financial asset classification and subsequent measurement

At initial recognition, financial assets are classified as measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost, and financial liabilities are classified as measured at FVTPL and amortized cost and in accordance with the business model and characteristics of the contractual cash flows.

Regular-way purchase or sale of financial assets is recognized at the trade date that an entity commits itself to purchase or sell an asset. Regular-way purchase or sale of financial assets means purchase or sale of financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets and liabilities are initially measured at fair value and the transaction costs directly attributable to the acquisition (issuance) of financial assets (liabilities) are added to (deducted from) the fair value at initial recognition if they are not measured at FVTPL. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments is generally measured at the transaction price (the fair value of the consideration received or transferred) at initial recognition.

#### 2-6-1 Financial assets at FVTPL

Financial assets held for trading or designated as at FVTPL and financial assets that are not classified as at FVOCI or amortized cost are classified as FVTPL.

Also, the Group may designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different base.

Financial assets at FVTPL are measured at fair value and the gain or loss on valuation is recognized as profit or loss. Dividends and interest income from the financial assets are also recognized as profit or loss.

## 2-6-2 Financial assets at FVOCI

The Group classifies debt securities, which are held within a business model, whose objective is achieved by both collecting contractual cash flows and selling financial assets and meet the assessment of contractual cash flow characteristics and equity securities designated as measured at FVOCI, which are held not with intention to sell, but for strategic purpose, as financial assets at FVOCI. Financial assets at FVOCI are measured at fair value after initial recognition. Gain or loss arising from changes in the fair value is recognized as other comprehensive income, except for interest income under the effective interest method, dividends and foreign exchange differences on monetary assets that are directly recognized in profit or loss.

When financial assets at FVOCI are disposed of, the cumulative income recognized in other comprehensive income is transferred to the current profit or loss. However, the cumulative income recognized for equity securities designated as financial assets at FVOCI is not transferred to the current profit or loss.

The fair value of financial assets at FVOCI presented in foreign currencies is translated using the exchange rate at the end of the reporting period. Changes in the fair value from exchange differences due to changes in amortized cost are recognized in the current profit or loss, while other changes are recognized directly in equity.

## 2-6-3 Financial assets at amortized cost

Financial assets within a business model whose objective is achieved by collecting contractual cash flows, which meet the contractual cash flow characteristics are classified as financial assets at amortized cost. After initial recognition, the financial assets are measured at amortized cost using the effective interest rate ("EIR") method and presented by deducting from the amortized cost the allowance for loan losses. Interest income is recognized using the effective interest method.

The Group defers loan origination fees ("LOF")/ loan origination costs ("LOC") associated with originating loans and LOCs that have future economic benefits. Loan balances are reported net of these LOF/LOCs. The deferred LOF/LOCs are amortized based on the effective interest method, with the amortization recognized as adjustments to interest income.

## 2-7 Derivative financial instruments and hedge accounting

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are classified as trading derivatives or hedging derivatives depending on whether hedge accounting is applied. After initial recognition, derivative instruments are subsequently remeasured at fair value. Any gains or losses arising from changes in fair value on derivatives are taken directly to the consolidated financial statements, except for the effective portion of cash flow hedges or hedges of net investment in a foreign operation, which is recognized in other comprehensive income.

The Group applies fair value hedge accounting to hedge the changes in fair value, as a whole or some parts, of recognized assets or liabilities from particular risks or an unrecognized firm commitment. Cash flow hedge is accounted to hedge the changes in cash flows of recognized assets or liabilities from particular risks or a highly probable forecast transaction.

The Group documents the hedge relationship, risk management objective, strategy, the nature of the risk being hedged and method to assess the effectiveness of hedge to apply hedge accounting. The effectiveness of hedge means the effect of offsetting the exposure to changes in fair value or cash flow of hedged items by changes in fair value or cash flow of derivatives attributed by the hedged risk. The Group assesses and documents whether such hedges are expected to be highly effective at the end of the reporting period.

An ineffective part of the hedge may be due to differences between underlying variables, such as acquisition date, credit risk or liquidity and the hedging

instruments that the entity accepts to achieve an effective cost-to-cost hedging relationship with.

#### 2-7-1 Fair value hedges

When fair value hedge accounting is applied, the unrealized gain or loss on hedged items that are attributable to a hedged risk and hedging instruments is symmetrically recognized in the consolidated financial statements as current income for the same reporting period to ensure that changes in the fair value of the hedged items are offset by changes in the fair value of the hedging instruments. When the hedged item is an equity instrument designated at FVOCI, the hedging gain or loss remains in other comprehensive income. If an application of hedge accounting is no longer valid, the Group discontinues the hedge accounting prospectively. Any adjustment to the carrying amount of hedged items is amortized to profit or loss in the consolidated statements of profit or loss and other comprehensive income over the remaining maturity using the effective interest method.

#### 2-7-2 Cash flow hedges

When cash flow hedge accounting is applied, the effective portion of the unrealized gain or loss on the hedging instrument is directly recognized in other comprehensive income (loss) in the consolidated statements of financial position to ensure that changes in the cash flows of the hedged items are offset by changes in the cash flows of the hedging instruments while any ineffective portion is recognized immediately in the consolidated statements of profit or loss and other comprehensive income. Amounts recognized as other comprehensive income are transferred to the consolidated statement of comprehensive income when the hedged transaction affects profit or loss. If an application of hedge accounting no longer meets the criteria, the Group discontinues the hedge accounting prospectively and the cumulative gain or loss on the hedging instrument previously recognized in other comprehensive income is transferred to profit or loss in the consolidated statements of profit or loss and other comprehensive income.

### 2-7-3 Hedge accounting of net investment in a foreign operation

When applying hedge accounting of net investment in a foreign operation, the effective portion of changes in fair value of the hedging instrument is recognized in other comprehensive income and the ineffective portion of the hedge is recognized as current profit or loss in order to offset changes in the fair value of the hedged item caused by the hedging with changes in the fair value of the hedging instrument. The effective portion of hedge recognized in other comprehensive income will be reclassified from other comprehensive income to current profit or loss in accordance with K-IFRS 1021, *The Effects of Changes in Foreign Exchange Rates*, at the time of disposal of a foreign operation or disposal of a portion of its foreign operations in the future.

### 2-7-4 Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in other financial instruments or other host contracts are accounted for as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

### 2-7-5 'Day 1' profit or loss

In case of derivatives in Level 3, fair value is determined using data that is not observable from markets. The difference between the transaction price and fair value at initial recognition (a 'Day 1' profit or loss) is deferred and amortized up to its maturity using the straight-line method.

### 2-7-6 Credit risk valuation adjustment

When assessing derivatives at fair value, expected loss from credit risk is measured and deducted from derivative assets to reflect credit risk of counterparties.

## 2-8 Expected credit loss ("ECL") for financial assets

Loss allowance is recognized for financial assets at FVOCI and amortized cost using the ECL model.

ECL is the weighted-average amount of possible outcomes within a certain range, reflecting the time value of money; estimates on the past; current and future situations; and information accessible without excessive cost or effort.

The ECL can be measured in following three ways:

- General approach: when financial assets do not fall into below two categories and are off-balance-sheet undrawn commitments
- Simplified approach: when financial assets are trade receivables, contract assets or lease receivables
- Credit-impaired approach: when financial assets are credit impaired at initial recognition

The general approach is applied differently depending on the significance of the increase of the credit risk. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group shall measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. If the credit risk on that financial instrument has increased significantly since initial recognition, the Group shall measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL at each reporting date.

The loss allowance is measured at an amount equal to lifetime ECL for the simplified approach and the Group shall only recognize the cumulative changes in lifetime ECL since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets at each reporting date for the credit-impaired approach.



The following non-exhaustive list of information may be relevant in assessing changes in credit risk:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception
- Other changes in the rates or terms of an existing financial instrument that would be significantly different
- An actual or expected significant change in the financial instrument's external credit rating
- An actual or expected internal credit rating downgrade for the borrower or decrease in behavioral scoring used to assess credit risk internally
- An actual or expected significant change in the operating results of the borrower
- Past-due information, etc.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

#### 2-8-1 Reflecting forward-looking information

The Group measures the significance of the increase of the credit risk and the ECL using forward-looking information.

The Group assumes that the risk component is correlated with changes in market conditions and calculates the ECL using the forward-looking information by modeling macroeconomic variables and risk components.

The forward-looking information used to measure the ECL is derived from 'stress-case' or 'worst-case' scenarios.

#### 2-8-2 Measurement of ECL for financial assets at amortized cost

ECL for financial assets at amortized cost is measured as the present value of the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive. For this purpose, the Group calculates expected contractual cash flows for individually significant financial assets (allowance for loan losses on an individual assessment). Financial assets insignificant in value individually are measured on a collective basis with financial assets with similar credit risks (allowance for loan losses on a collective assessment).

##### 2-8-2-1 Allowance for loan losses on an individual assessment basis

Allowance for loan losses on an individual assessment basis is based on the best estimates of management with regard to the present value of cash flows expected to be recovered from receivables. In estimating the cash flows, the Group uses all available information, including the financial conditions, such as the operating cash flows of counterparties and the net realizable value of collateral provided.

##### 2-8-2-2 Allowance for loan losses on a collective assessment basis

Allowance for loan losses on a collective assessment basis uses the estimation model that accounts for the forward-looking information based on the past loss rate to measure the ECL. The model considers the probability of default and the loss given default ("LGD") reflecting the type of instruments and borrowers, credit rating, portfolio size and collection period. Also, certain assumptions are applied to model the ECL measurement and to determine input variables based on past experiences and forward-looking information. Methodologies and assumptions for this model are regularly reviewed to minimize the difference between the allowance for loan losses and the actual loss.

The ECL for financial assets at amortized cost is recognized as the allowance for loan losses, and when the financial asset is determined to be irrecoverable, the carrying amount and allowance for loan losses are decreased. If financial assets previously written off are recovered, the allowance for loan losses is increased and the difference is recognized in the current profit or loss.

#### 2-8-3 ECL measurement for financial assets at FVOCI

The measurement method is the same as the one for financial assets at amortized cost, but the change in the allowance is recognized as other comprehensive income. The allowance for financial assets at FVOCI is reclassified from other comprehensive income to current profit or loss when the assets are disposed of or repaid.

#### 2-9 Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire, or the Group transfers substantially all the risks and rewards of ownership of the financial asset. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but has retained control, the Group recognizes the asset and the associated liability to the extent of the Group's continuing involvement in the financial asset. If most of the risks and rewards of owning a financial asset are controlled without holding or transferring it, the Group recognizes them in its consolidated statements of financial position as the Group continues to be involved in the financial asset and related liabilities to be paid.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument that the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

## 2-10 Classification and measurement of financial liabilities

All financial liabilities that are classified as financial liabilities at FVTPL, borrowings or others are measured initially at their fair value, minus transaction costs, except in the case of financial liabilities recorded at FVTPL.

### 2-10-1 Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. All derivatives, including an embedded derivative separated from the host contract, are reclassified as financial liabilities at FVTPL, except for financial liabilities designated as effective hedging instruments or financial guarantee contracts. After initial recognition, the changes in the fair value of the financial liabilities at FVTPL and the related interest expenses are recognized as profit or loss. However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The Group performs securities lending and borrowing classified as held-for-trading financial liabilities. When the Group borrows securities from Korea Securities Depository, securities borrowed are managed as memorandum value and when selling them, they are recorded as securities sold. At closing, the difference between the price securities are sold and the market price prevailing on the closing date is taken into account as valuation gain or loss on securities sold, and at the time of selling the securities, the difference in book value and the price at which securities are purchased is recorded as trading gain or loss on securities sold.

#### 2-10-2 Deposits, borrowings and debentures

Interest-bearing deposits, borrowings and debentures are subsequently measured at amortized cost using the effective interest method. The difference between the consideration received after deducting transaction costs and the amount repayable on maturity is amortized by the effective interest method and recognized in profit or loss for the relevant period.

#### 2-11 Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of profit or loss and other comprehensive income. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, discounted using the original EIR is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

## 2-12 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

## 2-13 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the obligation is expected, it is unlikely or the amount of the loss cannot be estimated reliably, the amount is disclosed. If the effect of the time value of money is material, provisions are stated at present value. At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

The Group accounts for the payment guarantee provision in the same way in accounting allowance for loan losses on a collective assessment basis by applying the Cash Conversion Factor to the confirmed/unconfirmed payment guarantees and bills endorsed. The Group provides an allowance for loan losses on a certain portion of unused credit line. The Group records the provision for such unused balances as an allowance for loan losses on unused commitments, which are calculated by applying a credit conversion factor and provision rates.

#### 2-14 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument and is measured at fair value on the date of initial recognition. After initial recognition, the Group, as an issuer of such a contract, measures it at the higher of (i) the amount determined in accordance with K-IFRS 1109, *Financial Instruments*, or (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with K-IFRS 1115, *Revenue from Contract with Customer*.

#### 2-15 Bonds purchased under resale agreements and bonds sold under repurchase agreements

Bonds purchased under resale agreements and bonds sold under repurchase agreements are included in loans and borrowings, respectively, in the accompanying consolidated statements of financial position. Interest income and expenses from purchase or sale are recognized as interest income on loans and interest expenses on borrowings, respectively.

#### 2-16 Property, plant and equipment

Property, plant and equipment are measured at cost, and the carrying amount after initial recognition is expressed as the amount of the acquisition cost minus the accumulated depreciation and the accumulated impairment loss. The cost of property, plant and equipment is an expenditure directly related to the purchase or construction of the asset, including the cost directly related to the location and condition required to operate the asset in the manner intended by management and the cost initially estimated to be required to dismantle, remove or restore the site.

The subsequent costs are recognized as an asset when it is probable that future economic benefits associated with the asset will flow to the Group and the costs of the asset can be measured reliably. The other maintenances and repairs are expensed in the year in which they are incurred, and the carrying amount of certain parts that are replaced is derecognized.

Land is not depreciated. For depreciation of other assets, amount of acquisition cost, less residual value is calculated on a straight-line basis and declining-balance basis over the following estimated useful life of the asset:

Classification	Depreciation method	Years
Buildings, building components and structures	Straight-line method	5 to 55
Leasehold improvements	Straight-line method	3 to 10
Equipment and vehicles	Declining-balance method	3 to 20

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is immediately reduced to its recoverable amount.

The residual value and economic useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for, if necessary. Any gain or loss arising on the derecognition of the asset is recognized in 'Non-operating income' or 'Non-operating expenses' in the consolidated statements of profit or loss and other comprehensive income in the year the asset is derecognized.

## 2-17 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated using the cost model.



Investment properties are derecognized either when they have been disposed of or the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statements of profit or loss and other comprehensive income in the period of derecognition, and transfers are made to or from investment property only when there is a change in use. Land is not depreciated among investment properties, and the depreciation method of the buildings is a straight-line method, and their useful life is 5 to 55 years. The depreciation method, residual value and useful life of investment property are reviewed at the end of each reporting period, and if it is deemed appropriate to change it, it is accounted for as a change in accounting estimates.

## 2-18 Intangible assets

An intangible asset, which comprises industrial property rights, software, development costs and others, is recognized as an asset only if it is probable that future economic benefits associated with the asset will flow to the Group and the costs of the asset can be measured reliably. Intangible assets acquired individually are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition in accordance with K-IFRS 1103, *Business Combination*.

Amortization of intangible assets with definite useful lives is calculated on the following amortization method over the estimated useful life of the assets:

Classification	Depreciation method	Years
Industrial property rights, software and system development costs	Straight-line method	5
Core deposits	Straight-line method	14
Other intangible assets	Straight-line method	1 to 12

Intangible assets with indefinite useful lives are not amortized, but are annually tested for impairment or whenever there is an indication that the intangible asset may be impaired. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable.

#### 2-19 Impairment of non-financial assets

The Group tests the depreciable asset for impairment whenever there is a change of environment or an event that the carrying amount may not be recoverable. The Group recognizes an excess of the carrying amount over the recoverable amount as an impairment loss. The Group defines recoverable amount as the higher of an asset's or cash-generating unit ("CGU")'s fair value, less costs to sell, or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels (CGUs) for which there are separate and identifiable cash flows. The Group assesses the reversal of an impairment loss recognized for the non-financial assets other than goodwill at the end of the reporting period.

#### 2-20 Net defined benefit liabilities (assets)

The Group calculates defined benefit liabilities and pension benefit expenses based on a defined benefit plan and defined contribution plan when an employee retires in accordance with pension-related regulations. For defined benefit plans, the cost of retirement benefits is measured by an actuary services company, using the projected unit credit method. The present value of a defined benefit obligation is computed by discounting expected future cash outflows with market rate of return measured against the yield of high-graded corporate bond, whose date of payment and maturity is similar to that of a defined benefit obligation. Actuarial gains and losses, incurred from the change in actuarial assumptions and the difference between the assumptions and the actual results, are recognized in other comprehensive income for the period. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the period until the benefits become vested.

The Group has entered into retirement trust fund and retirement pension plan agreements to pay retirement benefits to its employees. The retirement benefit obligation represents the present value of the defined benefit obligation as adjusted for unrecognized past service costs and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting treatment depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by K-KFRS 1019 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered.

## 2-21 Share-based payment

In the case of equity-settled share-based payment, the goods or services received and the corresponding increase in equity are measured directly at the fair value of the goods or services and accounted for as compensation costs and equity. If the goods or services provided cannot be reliably measured, the endowed equity is indirectly estimated at fair value and the Group accounts for compensation costs and equity (capital adjustment). The cost of cash-settled transactions is measured initially at fair value at the grant date, taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date including the settlement date, with changes in fair value recognized in the consolidated statements of profit or loss and other comprehensive income. Also, in the case of a selectable share-based payment transaction in which the employees have a choice between a cash-settled transaction and an equity-settled transaction, the Group records the amount depending on its substance.

## 2-22 Employee benefits

### 2-22-1 Short-term employee benefits

When employees have rendered services to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits. This amount is expected to be settled in whole before 12 months after the end of the reporting period, in exchange for those services.

### 2-22-2 Termination benefits

The Group recognizes an expense for termination benefits when an employee accepts the offer or when a restriction on the Group's ability to withdraw the offer takes effect.

## 2-23 Recognition of income tax expenses and deferred tax assets and liabilities

Income taxes are composed of current and deferred taxes. All items related to taxes, other than those recognized directly in equity, are accounted for in the consolidated statements of profit or loss and other comprehensive income. Accordingly, items recognized directly in equity and the related taxes are accounted for as other comprehensive income in the consolidated statements of profit or loss and other comprehensive income.

The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income. If the applied tax laws require an interpretation, the Group calculates income tax payable expected to be paid to the taxation authorities based on the opinion made when the taxes were reported.

Deferred tax is provided on the temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The Group measures deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted by the end of the reporting period.

The Group recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The Group recognizes a deferred tax liability for all taxable temporary differences with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied: (a) the Group is able to control the timing of the reversal of the temporary difference and (b) it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The Group offsets deferred tax assets and liabilities if, and only if, the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either on the same taxable entity or different taxable entities, which intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## 2-24 Equity

### 2-24-1 Classification of equity

The Group classifies financial instruments at initial recognition as either financial liabilities or financial equity depending on the contractual materiality. In the case where it is possible to avoid the related contractual obligations, the financial item is classified as a financial equity. An equity is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

### 2-24-2 Stock issuance costs

New stock issuance costs or incremental costs related to the stock issuance for business combinations are recorded as a deduction from paid-in capital, net of tax effects.

### 2-25 Earnings per share

Basic and diluted earnings per share ("EPS") are computed by dividing net income by the weighted-average number of shares of common stock outstanding during the year.

## 2-26 Accounting basis for trust accounts

The Group accounts for trust operations (the "trust accounts") separately from the Group's accounts in accordance with the *Financial Investment Services and Capital Markets Act*. In this regard, the funds lent by the Group to the trust account are accounted for as due to trust accounts of the Group's accounts, and the funds borrowed by the Group from the trust account are accounted as due from trust accounts of the Group's accounts. Trust compensation paid to the trustee (the Group) in connection with the operation, management and disposal of trust property is accounted as trust operation profits. The Group recognizes trust commissions earned from trust accounts as income from trust operations in connection with the operation, management and disposal of trust property. In addition, in the case of a joint operation money trust with a "guarantee contract of the principal or profits" of the trust account, if the operating profit falls short of the "principals to be preserved or profits to be guaranteed" and this shortage is more than covered by the trust compensation and special reserves, the Group accounts the amount paid to the trust account as the trust account's operating losses.

## 2-27 Lease accounting

Under K-IFRS 1116, *Leases*, the Group applies a single recognition and measurement method for all leases, except for leases of low-value assets. This standard provides guidance on specific requirements and simplified methods applied by an entity.



The Group recognized the right-of-use assets and the lease liabilities that were previously classified as operating leases, except for leases of low-value assets. Right-of-use assets for most leases were recognized as carrying amounts measured as if they had been applying the standards from the inception of the lease, except that they were discounted at the lessee's incremental borrowing rate as of the date of initial application. In some leases, the right-of-use asset was recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. The lease liability was measured at the present value of the remaining lease payments, discounted at the incremental borrowing rate as of the date of the initial application.

The practical expedients that the Group applied are as follows:

- Application of a single discount rate to a portfolio of leases with significantly similar characteristics
- Replacement of impairment review by determining whether leases are onerous before the initial application date
- Exclusion of initial direct costs from the measurement of the right-of-use asset at the initial application date
- Using hindsight for lessee

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

## 2-28 Merchant banking account

As permitted by the Restructuring of Financial Institutions Act, the Group may continue its merchant banking operations, including leasing business, until the existing contracts acquired from the Korea International Merchant Bank upon merger are terminated.

Material accounting policies applied to the Group's merchant banking operations are summarized as follows:

### 2-28-1 Revenue recognition on discounted notes

Interest income on discounted notes is accrued over the term of the notes. Income from the sale of discounted notes is recognized at the date of transaction based on the difference between the purchase prices and sales prices of the notes, adjusted for interest earned during the holding period.

### 2-28-2 Cash Management Accounts ("CMA")

The Group recognizes interest income from CMA investments and interest expenses from CMA deposits as operating income and operating expenses, respectively.

## 2-29 Interest income and interest expenses

Interest income and interest expenses are recognized over time using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expenses over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the Group estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. Cash flows at the time of

the calculation include all the fees and points paid to, or received, from parties to the contract that are an integral part of the EIR, including transaction costs, and all other premiums or discounts.

#### 2-30 Fees and commission income

The Group's revenue recognition standard varies depending on the type of service provided to customers. Fee income, which is an integral part of the EIR of financial instruments, is adjusted using the EIR and recognized as interest income.

Fee income is recognized using the five-stage revenue recognition model (Identification of a contract with a customer → Identification of performance obligations in the contract → Determination of the transaction price → Allocation of the transaction price to the separate performance obligations in the contract → Recognition of revenue upon satisfying the performance obligations) in accordance with K-IFRS 1115.

#### 2-31 Dividend income

Dividend income is recognized when the Group's right to receive the payment is established.

#### 2-32 Government grants

Government grants are recognized at fair value when there is a reasonable assurance that the entity will comply with the conditions attached to it and that the grant will be received. Grants related to income are recognized as revenue on a systematic basis over the period necessary to match the related costs that the grant is intended to cover. On the other hand, grants related to an asset are presented by subtracting the carrying amount of the asset and accounting for by deducting depreciation expenses over the useful life of the asset.

### 3. Material judgments and accounting estimates

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily observable from objective sources. The estimation and assumption are based on other factors that are related to historical experience. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current period and future period.

In the process of applying the Group's accounting policies, management has made the following judgments that have a material effect on the amounts recognized in the consolidated financial statements:

#### 3-1 Fair value of financial instruments

The fair value of financial instruments is determined by referencing quoted market prices in active markets in the first place. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques, including (i) between knowledgeable and willing parties in a recent arm's-length transaction, (ii) reference to the current fair value of another instrument that is substantially the same, (iii) discounted cash flow ("DCF") analysis and (iv) option-pricing models.

### 3-2 ECL of financial assets

The Group recognizes impairment losses on debt instruments, lease receivables, loan commitment and financial guarantee contracts that were accounted for at amortized cost, or at FVOCI, based on the ECL impairment model using a three-stage model for 12-month ECL, or lifetime ECL, based on changes in credit risk since initial recognition of financial assets.

Classification		Loss allowance
STAGE 1	Credit risk on a financial instrument has not increased significantly since initial recognition.	12-month ECL: Expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
STAGE 2	Credit risk on a financial instrument has increased significantly since initial recognition.	Lifetime ECL: Expected credit losses that result from all possible default events over the expected life of a financial instrument.
STAGE 3	Credit-impaired.	

The cumulative changes in lifetime ECL since initial recognition are recognized as loss allowance for a financial asset that is considered credit impaired at initial recognition.

### 3-3 Retirement benefit

The cost of providing benefits under the defined benefit plans is determined using the actuarial valuation. Actuarial assumptions were made for the discount rate and an increase in the future pay rate. Retirement benefits include significant uncertainties in the estimates due to the longer duration of the period.

### 3-4 Impairment of non-financial assets

The Group assesses at the end of each reporting period, whether there is an indication that non-financial assets may be impaired. An intangible asset with an indefinite useful life is tested for impairment annually or tested whenever there is an indication that the intangible asset may be impaired. Other non-financial assets are tested for impairment whenever there is an indication that the book value cannot be recovered. For the calculation of value in use, management estimates an expected future cash flow incurred from the asset or CGU. For the calculation of present value of the expected future cash flow, appropriate discount rate is selected.

### 3-5 Income tax

There have been various transactions and tax accounting methods, which have made computing the final tax expenses for the period uncertain. The contingent liability from any future tax assessments is based on the estimates of the likelihood of additional taxes imposed and has been included in the Group's consolidated financial statements for the current period. When the finalized tax expense assessments are different from the appropriated amounts, the differences, if any, are recognized in current deferred tax assets, liabilities and expenses for the period.

### 4. Fair value measurement of financial assets and liabilities

The standards the Group applies when measuring fair values of financial assets and liabilities are described below:

- a. Quoted market prices at the settlement date in an active market are the best evidence of fair value and should be used when available.
- b. If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique that makes maximum use of market inputs and includes (i) between knowledgeable and willing parties in a recent arm's-length transaction, (ii) reference to the current fair value of another instrument that is substantially the same, (iii) DCF analysis and (iv) option-pricing models. An acceptable valuation technique incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.
- c. When determining fair value using the valuation techniques, comparison with the current market transaction of another instrument that is substantially the same as the financial instrument needed to be objectively substantiated or inclusion of variables in the marketable data must be performed. Not all significant market variables are observable and in relevant cases, reasonable estimates or assumptions are required to determine the fair value.

#### 4-1 Fair value hierarchy of financial instruments

Fair value hierarchy of financial instruments as of December 31, 2023 and 2022, is as follows (Korean won in millions):

<December 31, 2023>

Classification	Levels of the fair value hierarchy (*1)			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial assets at FVTPL				
Equity securities	74,230	–	24,995	99,225
Debt securities	4,997,752	5,139,180	1,305,400	11,442,332
Derivative assets held for trading	–	5,929,311	36,561	5,965,872
Private convertible bonds	–	–	7,447	7,447
Subtotal	5,071,982	11,068,491	1,374,403	17,514,876
Financial assets at FVOCI				
Equity securities	159,851	37	490,578	650,466
Debt securities	13,499,102	22,744,543	–	36,243,645
Subtotal	13,658,953	22,744,580	490,578	36,894,111
Derivative assets used for hedging	–	1,723	–	1,723
Merchant banking account assets	–	4,637,824	–	4,637,824
Total	18,730,935	38,452,618	1,864,981	59,048,534
Financial liabilities				
Financial liabilities at FVTPL				
Derivative liabilities held for trading	979	6,002,522	38,565	6,042,066
Securities borrowed	452,426	–	–	452,426
Financial liabilities designated at FVTPL	–	234,718	–	234,718
Subtotal	453,405	6,237,240	38,565	6,729,210
Derivative liabilities used for hedging	–	363,174	27,805	390,979
Total	453,405	6,600,414	66,370	7,120,189

(\* 1) The Group recognizes transfers between levels at the beginning of reporting period when events or changes in circumstances causing the transfers between levels have occurred.

<December 31, 2022>

Classification	Levels of the fair value hierarchy (*1)			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial assets at FVTPL				
Equity securities	17,943	–	24,945	42,888
Debt securities	2,148,533	5,459,986	944,860	8,553,379
Derivative assets held for trading	213	9,814,434	37,107	9,851,754
Private convertible bonds	–	–	7,394	7,394
Subtotal	2,166,689	15,274,420	1,014,306	18,455,415
Financial assets at FVOCI				
Equity securities	252,039	34	558,432	810,505
Debt securities	10,351,695	21,798,381	–	32,150,076
Subtotal	10,603,734	21,798,415	558,432	32,960,581
Derivative assets used for hedging	–	8,062	–	8,062
Merchant banking account assets	–	4,631,361	–	4,631,361
Total	12,770,423	41,712,258	1,572,738	56,055,419
Financial liabilities				
Financial liabilities at FVTPL				
Derivative liabilities held for trading	1,176	10,681,705	59,696	10,742,577
Securities borrowed	323,661	–	–	323,661
Financial liabilities designated at FVTPL	–	162,069	–	162,069
Subtotal	324,837	10,843,774	59,696	11,228,307
Derivative liabilities used for hedging	–	485,580	30,838	516,418
Total	324,837	11,329,354	90,534	11,744,725

(\*1) The Group recognizes transfers between levels at the beginning of each reporting period when events or changes in circumstances causing the transfers between levels have occurred.



The Group classifies and discloses the fair value of the financial instruments into the following three hierarchies:

- a. Level 1: The fair values are based on quoted prices (unadjusted) in active markets.
- b. Level 2: The fair values are based on techniques using observable market data.
- c. Level 3: The fair values are based on techniques using unobservable inputs.

Details of fair value, valuation technique and inputs used to develop those measurements classified into Level 2 assets and liabilities that are measured at fair value as of December 31, 2023 and 2022, are as follows  
(Korean won in millions):

◁December 31, 2023>

Classification	Fair value	Valuation techniques	Inputs
Financial assets			
Financial assets at FVTPL			
Debt securities	5,139,180	Net asset value and DCF model	Underlying asset prices, such as bonds, stock, etc., and Discount rate
Derivative assets held for trading	5,929,311	Black-Scholes model, Black model, DCF model and Hull-White 1 factor model	Exchange rate, Stock Index, Volatility, Swap yield curve, Swaption volatility and Yield curve of each currency
Subtotal	11,068,491		
Financial assets at FVOCI			
Equity securities	37	Market value	Stock price
Debt securities	22,744,543	DCF model	Discount rate
Subtotal	22,744,580		
Derivative assets used for hedging	1,723	Hull-White 1 factor model and DCF model	Exchange rate, Swap yield curve, Swaption volatility and Yield curve of each currency
Merchant banking account assets	4,637,824	DCF model	Discount rate
Total	38,452,618		
Financial liabilities			
Financial liabilities at FVTPL			
Derivative liabilities held for trading	6,002,522	Black-Scholes model, Black model, DCF model and Hull-White 1 factor model	Exchange rate, Stock Index, Volatility, Swap yield curve, Swaption volatility and Yield curve of each currency
Financial liabilities designated at FVTPL	234,718	Hull-White 1 factor model	Swap yield curve and Swaption volatility
Subtotal	6,237,240		
Derivative liabilities used for hedging	363,174	Hull-White 1 factor model and DCF model	Exchange rate, Swap yield curve, Swaption volatility and Yield curve of each currency
Total	6,600,414		

<December 31, 2022>

Classification	Fair value	Valuation techniques	Inputs
Financial assets			
Financial assets at FVTPL			
Debt securities	5,459,986	Net asset value and DCF model	Underlying asset prices, such as bonds, stock, etc., and Discount rate
Derivative assets held for trading	9,814,434	Black-Scholes model, Black model, DCF model and Hull-White 1 factor model	Exchange rate, Stock Index, Volatility, Swap yield curve, Swaption volatility and Yield curve of each currency
Subtotal	15,274,420		
Financial assets at FVOCI			
Equity securities	34	Market value	Stock price
Debt securities	21,798,381	DCF model	Discount rate
Subtotal	21,798,415		
Derivative assets used for hedging	8,062	Hull-White 1 factor model	Exchange rate, Swap yield curve, Swaption volatility and Yield curve of each currency
Merchant banking account assets	4,631,361	DCF model	Discount rate
Total	41,712,258		
Financial liabilities			
Financial liabilities at FVTPL			
Derivative liabilities held for trading	10,681,705	Black-Scholes model, Black model, DCF model and Hull-White 1 factor model	Exchange rate, Stock Index, Volatility, Swap yield curve, Swaption volatility and Yield curve of each currency
Financial liabilities designated at FVTPL	162,069	Hull-White 1 factor model	Swap yield curve and Swaption volatility
Subtotal	10,843,774		
Derivative liabilities used for hedging	485,580	Hull-White 1 factor model and DCF model	Exchange rate, Swap yield curve, Swaption volatility and Yield curve of each currency
Total	11,329,354		

Details of fair value, valuation techniques, inputs used to develop those measurements and quantitative information about the significant unobservable inputs classified into Level 3 assets and liabilities that are measured at fair value as of December 31, 2023 and 2022, are as follows (Korean won in millions):

<December 31, 2023>

Classification	Fair value	Valuation techniques	Inputs	Significant unobservable inputs	Range (%)	The effect of changes in unobservable inputs on fair value
Financial assets						
Financial assets at FVTPL						
Equity securities	24,995	Third-party transaction	–	–	–	–
Debt securities	1,305,400	Dividend discount model, Binomial model and Net asset value	Discount rate, Liquidating value, Underlying asset price and Volatility of underlying assets	Discount rate	5.15	Negative
				Liquidating value		Positive
				Volatility of underlying assets	26.03~29.98	Positive
Derivative assets held for trading	36,561	Hull-White 2 factor model and Monte-Carlo Method	Discount rate, Stock index, Swap yield curve, Volatility of underlying assets, and Correlation within evaluation model and Exchange rate	Discount rate	23.68	Negative
				Correlation between Interest rate swap rates, Correlation between Exchange rate and Stock index and Correlation between Stock index and Stock index	-24.00~78.00	Fair value increase or decrease based on the changes in correlation by the effect of trading instruments and market status
				Volatility of underlying assets	–	Positive
Private convertible bonds	7,447	Acquisition cost	–	–	–	–
Subtotal	1,374,403					
Financial assets at FVOCI						
Equity securities	490,578	Free cash flow to equity model, DCF model, Comparable Company Analysis and Net asset value	Growth rate, Discount rate, Liquidating value and Underlying asset price	Growth rate	–	Positive
				Discount rate	9.25~19.90	Negative
				Liquidating value	–	Positive
Total	1,864,981					
Financial liabilities						
Financial liabilities at FVTPL						
Derivative liabilities held for trading	38,565	Hull-White 2 factor model and Monte-Carlo Method	Stock index, Swap yield curve, Volatility of underlying assets and Correlation within evaluation model and Exchange rate	Correlation between Interest rate swap rates, Correlation between Exchange rate and Stock index, Correlation between Stock index and Stock index	-24.00~78.00	Fair value increase or decrease based on the changes in correlation by the effect of trading instruments and market status
				Volatility of underlying assets	–	Positive
Derivative liabilities used for hedging	27,805	Hull-White 2 factor model	Swap yield curve, Swaption volatility and Correlation within evaluation model and Exchange rate	Correlation between Interest rate swap rates	60.00~97.00	Fair value increase or decrease based on the changes in correlation by the effect of trading instruments and market status
Total	66,370					

<December 31, 2022>

Classification	Fair value	Valuation techniques	Inputs	Significant unobservable inputs	Range (%)	The effect of changes in unobservable inputs on fair value
Financial assets						
Financial assets at FVTPL						
Equity securities	24,945	Dividend discount model and DCF model	Growth rate, Discount rate and Liquidating value	Growth rate	–	Positive
				Discount rate	5.19~11.95	Negative
				Liquidating value	–	Positive
Debt securities	944,860	Dividend discount model, Binomial model and Net asset value	Discount rate, Liquidating value, Underlying asset price and Volatility of underlying assets	Discount rate	5.68~6.88	Negative
				Liquidating value	–	Positive
				Volatility of underlying assets	23.56~35.06	Positive
Derivative assets held for trading	37,107	Binomial model and Hull-White 2 factor model	Stock index, Swap yield curve, Volatility of underlying assets and Correlation within evaluation model and Exchange rate	Correlation between Interest rate swap rates, Correlation between Exchange rate and Stock index, Correlation between Stock index and Stock index	–25.30~74.90	Fair value increase or decrease based on the changes in correlation by the effect of trading instruments and market status
				Volatility of underlying assets	21.83~31.73	Positive
Private convertible bonds	7,394	Acquisition cost	–	–	–	–
Subtotal	1,014,306					
Financial assets at FVOCI						
Equity securities	558,432	Binomial model, Free cash flow to equity model, DCF model, Comparable Company Analysis and Net asset value	Growth rate, Discount rate, Liquidating value, Underlying asset price and Volatility of underlying assets	Growth rate	–	Positive
				Discount rate	9.08~19.14	Negative
				Liquidating value	–	Positive
				Volatility of underlying assets	21.98~46.53	Positive
Total	1,572,738					
Financial liabilities						
Financial liabilities at FVTPL						
Derivative liabilities held for trading	59,695	Binomial model and Hull-White 2 factor model	Stock index, Swap yield curve, Volatility of underlying assets and Correlation within evaluation model and Exchange rate	Correlation between Interest rate swap rates, Correlation between Exchange rate and Stock index, Correlation between Stock index and Stock index	–5.90~73.00	Fair value increase or decrease based on the changes in correlation by the effect of trading instruments and market status
				Volatility of underlying assets	21.83~46.53	Positive
Derivative liabilities used for hedging	30,838	Hull-White 2 factor model	Swap yield curve, Swaption volatility and Correlation within evaluation model and Exchange rate	Correlation between KRW Interest rate swap rates and Correlation between USD Interest rate swap rates,	39.00~96.00	Fair value increase or decrease based on the changes in correlation by the effect of trading instruments and market status
Total	90,533					

#### 4-2 Changes in the fair value hierarchy of financial instruments categorized as Level 3

Changes in the fair value of financial assets and liabilities categorized as Level 3 that are measured at fair value in the consolidated financial statements for the years ended December 31, 2023 and 2022, are as follows  
(Korean won in millions):

##### <2023>

Classification		Financial assets at FVTPL			Financial assets at FVOCI		Net derivative instruments	
		Equity securities	Debt securities	Private convertible bonds	Equity securities	Debt securities	Held for trading	Designated as hedging
Beginning balance		24,945	944,860	7,394	558,432	—	(22,588)	(30,838)
Transfers between fair value hierarchies (*)		(1,000)	—	—	—	—	—	—
Total profit or loss	Profit or loss	808	17,740	135	—	—	(7,867)	3,033
	Other comprehensive income	—	—	—	(22,509)	—	—	—
Purchases and issues		1,648	459,585	1,000	238	—	491	—
Sales and settlements		(1,406)	(116,785)	(1,082)	(45,583)	—	27,960	—
Ending balance		24,995	1,305,400	7,447	490,578	—	(2,004)	(27,805)

(\*) Changes in the availability of observable market data for the financial instrument have resulted in a transfer between fair value hierarchies.

##### <2022>

Classification		Financial assets at FVTPL			Financial assets at FVOCI		Net derivative instruments	
		Equity securities	Debt securities	Private convertible bonds	Equity securities	Debt securities	Held for trading	Designated as hedging
Beginning balance		14,900	611,871	170,873	584,998	—	(695)	(9,124)
Total profit or loss	Profit or loss	608	(11,451)	1,550	—	—	(22,790)	(21,714)
	Other comprehensive income	—	—	—	(26,024)	—	—	—
Purchases and issues		10,027	453,969	7,337	—	—	897	—
Sales and settlements		(590)	(109,529)	(172,366)	(542)	—	—	—
Ending balance		24,945	944,860	7,394	558,432	—	(22,588)	(30,838)

4-3 Amount recognized in profit or loss from changes in the fair value hierarchy of financial instruments categorized as Level 3

The amount recognized in profit or loss from changes in the fair value hierarchy of financial instruments categorized as Level 3 for the years ended December 31, 2023 and 2022, is recorded in the consolidated financial statements as follows (Korean won in millions):

<2023>

Classification	Total gains or losses recognized in profit or loss	Profit or loss recognized related to financial instruments held at the end of reporting period
Gain on financial instruments at FVTPL	10,816	7,276
Gain related to derivative instruments used for hedging	3,033	3,033
Total	13,849	10,309

<2022>

Classification	Total gains or losses recognized in profit or loss	Profit or loss recognized related to financial instruments held at the end of reporting period
Loss on financial instruments at FVTPL	(32,083)	(25,872)
Loss related to derivative instruments used for hedging	(21,714)	(21,714)
Total	(53,797)	(47,586)

4-4 Transfers between fair value hierarchies

There is a transfer out of Level 3 of the fair value hierarchy for the years ended December 31, 2023 and 2022.

Classification	2023	2022
Transfer out of Level 3 to Level 1	(1,000)	—

#### 4-5 Sensitivity analysis

Sensitivity analysis of the financial instruments classified as Level 3 from the changes in significant unobservable inputs as of December 31, 2023 and 2022, is as follows. The impact of fair value fluctuations on profit or loss or other comprehensive income is divided into favorable and unfavorable changes. The financial instruments classified as Level 3 which were excluded from the sensitivity analysis as it is practically impossible, amount to ₩1,343,558 million and ₩1,046,318 million as of December 31, 2023 and 2022, respectively.

(Korean won in millions):

<December 31, 2023>

Classification	Favorable changes	Unfavorable changes
Financial assets		
Financial assets at FVTPL		
Debt securities (*3)	1,419	(1,331)
Derivative assets held for trading (*1)	118	(164)
Subtotal	1,537	(1,495)
Financial assets at FVOCI		
Equity securities (*2)	19,012	(10,743)
Total	20,549	(12,238)
Financial liabilities		
Derivative liabilities held for trading (*1)	122	(98)
Derivative liabilities used for hedging (*1)	9	(23)
Total	131	(121)

(\*1) Unfavorable and favorable changes in fair value are calculated by increasing/decreasing 10% of 1) correlation between rates of Interest Rate Swap (IRS) of KRW, 2) correlation between rates of IRS of KRW and USD, 3) correlation between stock index and individual stock and 4) correlation between exchange rates of KRW/USD and stock index.

(\*2) Changes in fair value of equity securities are calculated by increasing/decreasing growth rate (0.0% ~ 1.0%) and discount rate, which are main unobservable inputs.

(\*3) Changes in fair value of debt securities are calculated by increasing/decreasing discount rate (-1.0% ~ 1.0%), which is the main unobservable input. It is impossible in practice to assess sensitivity based on the changes in input

variables of beneficiary securities, but favorable or unfavorable changes in fair value, only limited to real estate, are calculated by changing discount rate of lease cash flow (−1.0%~1.0%) and growth rate of selling price of real estate (−1.0%~1.0%).

<December 31, 2022>

Classification	Favorable changes	Unfavorable changes
Financial assets		
Financial assets at FVTPL		
Equity securities (*2)	21	(11)
Debt securities (*3)	1,093	(1,047)
Derivative assets held for trading (*1)	86	(72)
Subtotal	1,200	(1,130)
Financial assets at FVOCI		
Equity securities (*2)	18,160	(10,963)
Total	19,360	(12,093)
Financial liabilities		
Derivative liabilities held for trading (*1)	152	(169)
Derivative liabilities used for hedging (*1)	6	(1)
Total	158	(170)

(\*1) Unfavorable and favorable changes in fair value are calculated by increasing/decreasing 10% of 1) correlation between rates of Interest Rate Swap (IRS) of KRW, 2) correlation between rates of IRS of KRW and USD, 3) correlation between stock index and individual stock and 4) correlation between exchange rates of KRW/USD and stock index.

(\*2) Changes in fair value of equity securities are calculated by increasing/decreasing growth rate (0.0%~1.0%) and discount rate, which are main unobservable inputs.

(\*3) Changes in fair value of debt securities are calculated by increasing/decreasing discount rate (−1.0%~1.0%), which is the main unobservable input. It is impossible in practice to assess sensitivity based on the changes in input variables of beneficiary securities, but favorable or unfavorable changes in fair value, only limited to real estate, are calculated by changing discount rate of lease cash flow (−1.0%~1.0%) and growth rate of selling price of real estate (−1.0%~1.0%).



4-6 Financial assets and liabilities which are not measured at fair value

Fair value hierarchy of financial assets and liabilities at amortized cost as of December 31, 2023 and 2022, is as follows (Korean won in millions):

〈December 31, 2023〉

Classification	Levels of the fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets				
Cash and due from banks	1,742,359	28,821,920	–	30,564,279
Securities at amortized cost	3,196,264	32,286,860	–	35,483,124
Loans	–	–	347,002,271	347,002,271
Other financial assets	–	–	18,078,504	18,078,504
Total	4,938,623	61,108,780	365,080,775	431,128,178
Financial liabilities				
Deposits	–	47,761,947	321,968,921	369,730,868
Borrowings	–	934,111	21,031,181	21,965,292
Debentures	–	26,379,079	–	26,379,079
Other financial liabilities (*)	–	–	35,200,562	35,200,562
Merchant banking account liabilities	–	–	4,154,697	4,154,697
Total	–	75,075,137	382,355,361	457,430,498

(\*) Lease liabilities are included in Other financial liabilities.

〈December 31, 2022〉

Classification	Levels of the fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets				
Cash and due from banks	1,903,972	39,183,885	–	41,087,857
Securities at amortized cost	3,579,863	32,007,819	–	35,587,682
Loans	–	–	327,015,538	327,015,538
Other financial assets	–	–	13,107,936	13,107,936
Total	5,483,835	71,191,704	340,123,474	416,799,013
Financial liabilities				
Deposits	–	55,603,695	303,901,950	359,505,645
Borrowings	–	970,661	21,135,577	22,106,238
Debentures	–	25,675,257	–	25,675,257
Other financial liabilities (*)	–	–	29,939,149	29,939,149
Merchant banking account liabilities	–	–	3,667,273	3,667,273
Total	–	82,249,613	358,643,949	440,893,562

(\*) Lease liabilities are included in Other financial liabilities.

Details of fair value, valuation technique and inputs used to develop those measurements classified into Level 2 financial assets and liabilities disclosed, but not measured at fair value as of December 31, 2023 and 2022, are as follows (Korean won in millions):

<December 31, 2023>

Classification	Fair value	Valuation technique	Inputs
Financial assets			
Cash and due from banks	28,821,920	DCF model	Discount rate
Securities at amortized cost	32,286,860	DCF model	Discount rate
Total	61,108,780		
Financial liabilities			
Deposits	47,761,947	DCF model	Discount rate
Borrowings	934,111	DCF model	Discount rate
Debentures	26,379,079	DCF model	Discount rate
Total	75,075,137		

<December 31, 2022>

Classification	Fair value	Valuation technique	Inputs
Financial assets			
Cash and due from banks	39,183,885	DCF model	Discount rate
Securities at amortized cost	32,007,819	DCF model	Discount rate
Total	71,191,704		
Financial liabilities			
Deposits	55,603,695	DCF model	Discount rate
Borrowings	970,661	DCF model	Discount rate
Debentures	25,675,257	DCF model	Discount rate
Total	82,249,613		

Details of fair value, valuation technique and inputs used to develop those measurements classified into Level 3 financial assets and liabilities disclosed, but not measured at fair value as of December 31, 2023 and 2022, are as follows (Korean won in millions):

◁December 31, 2023▷

Classification	Fair value	Valuation technique	Inputs
Financial assets			
Loans	347,002,271	DCF model	Credit spread, other spread and early redemption rate
Other financial assets	18,078,504	DCF model	Discount rate
Total	365,080,775		
Financial liabilities			
Deposits	321,968,921	DCF model	Other spread and early redemption rate
Borrowings	21,031,181	DCF model	Other spread
Other financial liabilities (*1)	35,200,562	DCF model	Discount rate
Merchant banking account liabilities	4,154,697	(*2)	
Total	382,355,361		

(\*1) Lease liabilities are included in Other financial liabilities.

(\*2) The carrying amount is considered fair value without applying the DCF model because it is derived from various transactions and has relatively short or indefinite maturities.

◁December 31, 2022▷

Classification	Fair value	Valuation technique	Inputs
Financial assets			
Loans	327,015,538	DCF model	Credit spread, other spread and early redemption rate
Other financial assets	13,107,936	DCF model	Discount rate
Total	340,123,474		
Financial liabilities			
Deposits	303,901,950	DCF model	Other spread and early redemption rate
Borrowings	21,135,577	DCF model	Other spread
Other financial liabilities (*1)	29,939,149	DCF model	Discount rate
Merchant banking account liabilities	3,667,273	(*2)	
Total	358,643,949		

(\*1) Lease liabilities are included in Other financial liabilities.

(\*2) The carrying amount is considered fair value without applying the DCF model because it is derived from various transactions and has relatively short or indefinite maturities.

#### 4-7 Gain and loss on deferred Day 1

Changes in gain (loss) on deferred Day 1 for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Beginning balance	(2,130)	(548)
Amount of new accrual	(3,080)	(1,734)
Amounts recognized as current profit or loss	3,749	152
Ending balance	(1,461)	(2,130)

#### 4-8 Financial instruments transfer transaction

##### 4-8-1 Bonds sold under repurchase agreements

As of December 31, 2023 and 2022, details of financial instruments that did not meet the derecognition requirements due to the sale of securities held by the Group on condition of repurchase at a fixed price during the bonds sold under repurchase agreements are as follows (Korean won in millions):

Classification	December 31, 2023		December 31, 2022	
	Book value	Fair value	Book value	Fair value
Transferred asset sets				
Financial assets at FVOCI	532,760	532,760	46	46
Financial assets at amortized cost	801,692	770,167	484,066	443,630
Total	1,334,452	1,302,927	484,112	443,676
Related liabilities				
Bonds sold under repurchase agreements	1,140,937	1,119,671	487,732	436,183

#### 4-8-2 Loaned securities

When lending securities held by the Group, ownership of the securities is transferred; however, the securities would be returned at the end of the rental period. Therefore, the Group continues to recognize the entire loaned securities as it retains most of the risks and rewards of the securities. Details of loaned securities as of the end of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023		December 31, 2022	
	Book value(*)	Fair value	Book value(*)	Fair value
Financial assets at FVTPL	9,936	9,936	412,492	412,492
Financial assets at FVOCI	1,051,270	1,051,270	1,925,345	1,925,345
Financial assets at amortized cost	194,312	188,457	416,386	395,502
Total	1,255,518	1,249,663	2,754,223	2,733,339

(\*) Carrying amount is before allowances for doubtful debts.

#### 4-8-3 Asset-backed securitization

The Group's consolidated structured companies issued asset-backed securities by securitizing their securities and loans. The Group retains the contractual right to receive cash flows from the financial assets, but the received cash flows are effectively transferred to the holder of asset-backed securities. In addition, the Group bears related risks through purchase agreements or credit exposures.

As of the end of December 31, 2023 and 2022, details of financial instruments that were transferred, but not derecognized in relation to asset-backed securitization transactions by the Group, are as follows (Korean won in millions):

Classification		December 31, 2023	December 31, 2022
		Book value(*)	Book value(*)
Transferred asset sets	Financial assets at FVTPL	40,000	20,000
	Loans at amortized cost	2,482,508	1,291,332
	Total	2,522,508	1,311,332
Related liabilities	Asset-backed securitization borrowing	2,537,828	1,321,944

(\*) Carrying amount is before allowances for doubtful debts.

## 5. Fair value of financial assets and liabilities

Book values and fair values of financial assets and liabilities as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023		December 31, 2022	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and due from banks	30,564,279	30,564,279	41,087,857	41,087,857
Financial assets at FVTPL	17,514,876	17,514,876	18,455,415	18,455,415
Financial assets at FVOCI	36,894,111	36,894,111	32,960,581	32,960,581
Securities at amortized cost	36,337,949	35,483,124	37,583,487	35,587,682
Loans	347,246,910	347,002,271	330,186,341	327,015,538
Derivative assets used for hedging	1,723	1,723	8,062	8,062
Other financial assets	18,078,742	18,078,504	13,108,142	13,107,936
Merchant banking account assets	4,637,824	4,637,824	4,631,361	4,631,361
Total	491,276,414	490,176,712	478,021,246	472,854,432
Financial liabilities				
Financial liabilities at FVTPL	6,729,210	6,729,210	11,228,307	11,228,307
Deposits	369,749,453	369,730,868	359,858,481	359,505,645
Borrowings	22,033,914	21,965,292	22,256,597	22,106,238
Debentures	26,542,179	26,379,079	26,233,339	25,675,257
Derivative liabilities used for hedging	390,979	390,979	516,418	516,418
Other financial liabilities (*)	35,200,562	35,200,562	29,939,149	29,939,149
Merchant banking account liabilities	4,154,697	4,154,697	3,667,273	3,667,273
Total	464,800,994	464,550,687	453,699,564	452,638,287

(\*) Lease liabilities are included in Other financial liabilities.

The following standards are applied in measuring the fair value of financial instruments:

- a. Loans: Expected cash flows, current market interest rates and discount rates, including borrowers' credit risks are factors to calculate the fair value of loans. For lines of credit available for deposit and withdrawal from time to time and loans with a short-term maturity (less than three months), it is assumed that the carrying amounts approximate their fair value.
- b. Securities at amortized cost: The fair value of securities at amortized cost is as stated by the market, broker or by credible sources. If none of the information from these entities is usable, quoted market price of financial instruments with similar credit rating, maturity and return on investment is used to estimate the fair value.
- c. Deposits: For deposits without an explicit maturity period, including deposits with no interests, deposits that have a short-term maturity (less than three months) and deposits with a floating-rate readjustment period of less than three months, it is assumed that the carrying amounts approximate their fair value. The estimated fair value of fixed interest-bearing deposits is based on discounted future cash flows using interest rates for new financial liability with similar time to maturity.
- d. Borrowings: For borrowings that have a short-term maturity (less than three months) and borrowings with floating-rate readjustment period of less than three months, it is assumed that the carrying amounts approximate their fair value. The estimated fair value of fixed interest-bearing borrowings is based on discounted future cash flows using interest rates for new financial liability with similar time to maturity.
- e. Debentures: For debentures issued, the fair values are determined based on quoted market prices in active market. For those issued where quoted market prices in active market are not available, a DCF model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

## 6. Categories of financial assets and financial liabilities

6-1 The Group categorizes its financial assets as of December 31, 2023 and 2022, as follows (Korean won in millions):

### <December 31, 2023>

Classification	Financial assets at FVTPL	Financial assets at FVOCI	Financial assets at amortized cost	Derivatives used for hedging	Total
Cash and due from banks	–	–	30,564,279	–	30,564,279
Financial assets at FVTPL	17,514,876	–	–	–	17,514,876
Financial assets at FVOCI	–	36,894,111	–	–	36,894,111
Securities at amortized cost	–	–	36,337,949	–	36,337,949
Loans	–	–	347,246,910	–	347,246,910
Derivative assets used for hedging	–	–	–	1,723	1,723
Other financial assets	–	–	18,078,742	–	18,078,742
Merchant banking account assets	4,637,824	–	–	–	4,637,824
Total	22,152,700	36,894,111	432,227,880	1,723	491,276,414

### <December 31, 2022>

Classification	Financial assets at FVTPL	Financial assets at FVOCI	Financial assets at amortized cost	Derivatives used for hedging	Total
Cash and due from banks	–	–	41,087,857	–	41,087,857
Financial assets at FVTPL	18,455,415	–	–	–	18,455,415
Financial assets at FVOCI	–	32,960,581	–	–	32,960,581
Securities at amortized cost	–	–	37,583,487	–	37,583,487
Loans	–	–	330,186,341	–	330,186,341
Derivative assets used for hedging	–	–	–	8,062	8,062
Other financial assets	–	–	13,108,142	–	13,108,142
Merchant banking account assets	4,631,361	–	–	–	4,631,361
Total	23,086,776	32,960,581	421,965,827	8,062	478,021,246



6-2 The Group categorizes its financial liabilities as of December 31, 2023 and 2022, as follows (Korean won in millions):

◁December 31, 2023▷

Classification	Financial liabilities at FVTPL	Financial liabilities designated as measured at FVTPL	Financial liabilities at amortized cost	Derivatives used for hedging	Total
Financial liabilities at FVTPL	6,494,492	234,718	–	–	6,729,210
Deposits	–	–	369,749,453	–	369,749,453
Borrowings	–	–	22,033,914	–	22,033,914
Debentures	–	–	26,542,179	–	26,542,179
Derivative liabilities used for hedging	–	–	–	390,979	390,979
Other financial liabilities (*)	–	–	35,200,562	–	35,200,562
Merchant banking account liabilities	–	–	4,154,697	–	4,154,697
Total	6,494,492	234,718	457,680,805	390,979	464,800,994

(\*) Lease liabilities are included in Other financial liabilities.

◁December 31, 2022▷

Classification	Financial liabilities at FVTPL	Financial liabilities designated as measured at FVTPL	Financial liabilities at amortized cost	Derivatives used for hedging	Total
Financial liabilities at FVTPL	11,066,238	162,069	–	–	11,228,307
Deposits	–	–	359,858,481	–	359,858,481
Borrowings	–	–	22,256,597	–	22,256,597
Debentures	–	–	26,233,339	–	26,233,339
Derivative liabilities used for hedging	–	–	–	516,418	516,418
Other financial liabilities (*)	–	–	29,939,149	–	29,939,149
Merchant banking account liabilities	–	–	3,667,273	–	3,667,273
Total	11,066,238	162,069	441,954,839	516,418	453,699,564

(\*) Lease liabilities are included in Other financial liabilities.

## 7. Offsetting financial assets and liabilities

The Group engages in master netting agreements with counterparties through International Swaps and Derivatives Association or similar agreements in relation to over-the-counter derivatives and spot exchange transactions. Under this agreement, in the event of the counterparty's bankruptcy etc., the transaction with the counterparty will be terminated. Upon termination, the amounts to be paid or received by each party are offset and paid or received. Repurchase agreements of trade and securities lending and borrowing of securities have been made by offsetting arrangement, which is similar to the arrangement for derivatives.

In the case of uncollected domestic exchange bonds and unpaid domestic exchange obligations between banks, as the Group holds the rights of setoff and settles in net amounts, the net amounts are presented in the consolidated statements of financial position. Other financial instruments include bonds and debts related to securities traded in the market, which are presented in net amounts in the consolidated statements of financial position as there is a legally enforceable right of setoff and intention to settle on a net basis.

7-1 Financial assets offset, the executable master netting agreement and financial assets subject to a similar arrangement as of December 31, 2023 and 2022, are as follows (Korean won in millions):

◁December 31, 2023▷

Classification	Gross amounts of recognized financial assets	Gross amounts of financial liabilities offset	Net amounts of financial assets presented in the consolidated financial statements	Related amounts not offset (*)		Net amount
				Financial instruments	Cash collateral	
Derivatives	5,980,051	—	5,980,051	(4,635,080)	(361,195)	983,776
Loaned securities	1,255,518	—	1,255,518	(1,249,663)	—	5,855
Bonds purchased under repurchase agreements	13,754,130	—	13,754,130	(13,752,531)	—	1,599
Spot exchange that has not been received or settled	10,461,073	—	10,461,073	(10,455,094)	—	5,979
Uncollected domestic exchange bonds	40,928,696	36,735,331	4,193,365	—	—	4,193,365
Other accounts receivable	18,529	16,279	2,250	—	—	2,250
Total	72,397,997	36,751,610	35,646,387	(30,092,368)	(361,195)	5,192,824

(\*) The rights to offset exist only in case of default, insolvency or bankruptcy.

Accordingly, the amounts are not offset in the consolidated statements of financial position as they do not meet the criteria for offsetting.

◁December 31, 2022▷

Classification	Gross amounts of recognized financial assets	Gross amounts of financial liabilities offset	Net amounts of financial assets presented in the consolidated financial statements	Related amounts not offset (*)		Net amount
				Financial instruments	Cash collateral	
Derivatives	9,874,147	—	9,874,147	(7,438,461)	(1,480,302)	955,384
Loaned securities	2,754,223	—	2,754,223	(2,754,223)	—	—
Bonds purchased under repurchase agreements	11,776,664	—	11,776,664	(11,776,664)	—	—
Spot exchange that has not been received or settled	5,961,620	—	5,961,620	(5,960,185)	—	1,435
Uncollected domestic exchange bonds	40,665,026	36,441,676	4,223,350	—	—	4,223,350
Other accounts receivable	4,419	4,419	—	—	—	—
Total	71,036,099	36,446,095	34,590,004	(27,929,533)	(1,480,302)	5,180,169

(\*) The rights to offset exist only in case of default, insolvency or bankruptcy.

Accordingly, the amounts are not offset in the consolidated statements of financial position as they do not meet the criteria for offsetting.

7-2 Financial liabilities offset, the executable master netting agreement and financial liabilities subject to a similar arrangement as of December 31, 2023 and 2022, are as follows (Korean won in millions):

〈December 31, 2023〉

Classification	Gross amounts of recognized financial liabilities	Gross amounts of financial assets offset	Net amounts of financial liabilities presented in the consolidated financial statements	Related amounts not offset (*)		Net amount
				Financial instruments	Cash collateral	
Derivatives	6,433,045	–	6,433,045	(5,044,895)	(251,013)	1,137,137
Borrowed securities	452,426	–	452,426	(452,426)	–	–
Bonds sold under repurchase agreements	1,140,937	–	1,140,937	(1,140,937)	–	–
Spot exchange that has not been received or settled	10,463,019	–	10,463,019	(10,455,077)	–	7,942
Unpaid domestic exchange obligations	43,807,222	36,735,331	7,071,891	–	–	7,071,891
Other accounts payable	17,993	16,279	1,714	–	–	1,714
Total	62,314,642	36,751,610	25,563,032	(17,093,335)	(251,013)	8,218,684

(\*) The rights to offset exist only in case of default, insolvency or bankruptcy.

Accordingly, the amounts are not offset in the consolidated statements of financial position as they do not meet the criteria for offsetting.

〈December 31, 2022〉

Classification	Gross amounts of recognized financial liabilities	Gross amounts of financial assets offset	Net amounts of financial liabilities presented in the consolidated financial statements	Related amounts not offset (*)		Net amount
				Financial instruments	Cash collateral	
Derivatives	11,258,995	–	11,258,995	(9,022,247)	(59,116)	2,177,632
Borrowed securities	323,661	–	323,661	(323,661)	–	–
Bonds sold under repurchase agreements	487,732	–	487,732	(487,732)	–	–
Spot exchange that has not been received or settled	5,961,729	–	5,961,729	(5,960,245)	–	1,484
Unpaid domestic exchange obligations	41,945,503	36,441,676	5,503,827	–	–	5,503,827
Other accounts payable	9,592	4,419	5,173	–	–	5,173
Total	59,987,212	36,446,095	23,541,117	(15,793,885)	(59,116)	7,688,116

(\*) The rights to offset exist only in case of default, insolvency or bankruptcy.

Accordingly, the amounts are not offset in the consolidated statements of financial position as they do not meet the criteria for offsetting.

## 8. Risk management

The Group is exposed to credit risk, liquidity risk, market risk and various operating risks. The objectives of risk management are to pursue economic benefits by managing the associated risk in the changing financial environment and to utilize capital efficiently.

The basic principles of risk management are as follows:

- a. Minimize the rapid fluctuation in profit by balancing the risks and the income.
- b. Maximize long-term shareholder value.
- c. Comply with procedures to ensure operating activities are confined to allowable risk limits.
- d. Examine the type and size of risk along with the changes in potential economic value of portfolios and establish risk management strategy in order to utilize assets and distribute capital efficiently.

The basic policies in order to realize the basic principles of risk management are as follows:

- a. Set and comply with allowable limits for each risk type.
- b. Establish an appropriate balance between income and associated risk.
- c. When a conflict between income and associated risk exists, the Group pursues income while complying with the allowable risk limits.
- d. Prioritize the distribution of risk in order to avoid risk concentration in certain areas.
- e. Analyze the effect of various market fluctuations on parts or the entire portfolio on a regular basis.
- f. Separate risk management segments, operational segments and other segments, which deal with trade confirmations and payments in order to maintain independence.

## 8-1 Strategy and procedure of risk management

### 8-1-1 Operation of and setting risk limits

The Group established and operates a limit management system to maintain the appropriate level of risk relative to the equity capital held. The Risk Management Committee approves total risk limits and limits by types of risks, taking into account of capital, business plans, risk management regulations and institutional changes within the risk level that the Group can manage. The Risk Management Operation Committee sets up and allocates other operational limits (e.g., by organization, product, investment and loss) to comply with allowable limits for each type of risk, approved by the Risk Management Committee, and periodically checks the status of limit management.

### 8-1-2 Risk measurement and management

The Group prepares the appropriate risk measurement methods considering the nature of risks and measures them by the types of risks. Risk measurement and evaluation results are regularly reviewed and reported to the Risk Management Committee, Risk Management Operation Committee and management. Risk measurement and evaluation results are also used for daily business management activities, such as establishment of business plan and management strategy.

### 8-1-3 Operation of risk management information system

In order to provide advanced risk management in a rapidly changing financial environment that meets the new Bank for International Settlements ("BIS") standards, the Group has established and adopted a credit risk-weighted assets ("RWA") calculation system based on Basel 3 regulation since March 2021. The market/operational RWA is calculated based on Basel 3 standard model since January 2023.

#### 8-1-4 Operation of crisis management system

The Group operates a crisis management system that can respond effectively to the crisis caused by drastic changes in the internal and external management environment. The Group operates an early warning system in order to respond to the drastic changes in the financial market in a consistent and systematic manner. In the event of an anomaly, the holding company declares the level of crisis at the group level and the Group analyzes the impact on the portfolio in accordance with the step-by-step response plan and carries out the specific countermeasures.

#### 8-2 Organization and structure of risk management

The risk management organization consists of the Risk Management Committee, the Risk Management Operation Committee under the Risk Management Committee within the board of directors, the risk management officer and the organization in charge of risk management, which are the top decision-making bodies for the risk management. The organization in charge of risk management, independent from operating segment, manages risk limits and risk management policies.

##### 8-2-1 Risk Management Committee

The Risk Management Committee regularly holds meeting once every quarter and resolves the establishment and management of allowable limits for risks, establishment and changes in risk management policies and reviews the results of the management of allowable risk limits and suitability tests of risk management system.

##### 8-2-2 Risk Management Operation Committee

The Risk Management Operation Committee is responsible for setting and allocating specific operational limits for compliance with the allowable limits for each type of risk as resolved by the Risk Management Committee, adjusting the internal capital limit between business units within the same risk type and carrying out risk management policies and strategies set by the Risk

Management Committee, including preliminary deliberations on the agenda items.

### 8-2-3 Organization in charge of risk management

The Risk Management Group is composed of Comprehensive Risk Management team, Credit Risk Management team and Credit Supervision team. The Risk Management Group is independent of operating and investment segments and manages the execution of risk management policies. The Comprehensive Risk Management team oversees the market, interest rate, liquidity, operational risk and middle office and supports the Risk Management Committee and the Risk Management Operation Committee. The Credit Risk Management team oversees credit risk and credit concentration risk. The Credit Supervision team oversees the loans and early warning system.

### 8-3 Credit risk

Credit risk is a risk incurred when the Group faces a loss because its customers or counterparties fail to discharge their contractual obligations. Credit risk arises from on-balance and off-balance accounts, including loans, derivatives, securities, financial guarantee agreements and other guarantees.

#### 8-3-1 Management of credit risk

##### 8-3-1-1 Loans

##### 8-3-1-1-1 Measurement of credit risk

To determine the possibility of bankruptcy for its customers or counterparties, the Group uses various methods comprehensively. Risks pertaining to the retail sector compared to those pertaining to the corporate sector are relatively easy to predict, but cyclical and seasonal factors may influence the outcomes.

The frequency of impairment loss in the overall retail sector is relatively high, but in terms of individual cases, the loss rate is lower than in the corporate sector.

Based on these differences, the Group manages each sector differently in terms of credit rating, pricing and subsequent management.



As for the business customers, the branch managers and credit rating team carry out the credit risk assessment by using a detailed valuation model depending on the size and the nature of the industry. The corporate financial valuation model is further subdivided based on the characteristics of the loans and is a combination of statistical and expert valuation models. Also, the Loan Review team of the credit risk management regularly performs the subsequent reviews in order to establish adequacy of the credit grading. As for the retail sector, a credit scoring system is used to compute the credit scores of the borrower. The system includes an application scoring model, which is used for the application of loans and a behavioral scoring model, which has been used after handling of the loans.

Expected loss is calculated using the expected default rate based upon the historical default rate and the estimated loss rate gives a rise to the default rate from a collection of historical information. A measured expected loss is reflected on the client's interest rate and allowances when applying for or renewing a loan. Unexpected loss, which takes into account the allowance for potential volatility in the actual loss compared to the expected loss, is measured using K-function of the Basel 3 internal rating method. The value measured is used as a credit risk reference value in capital allocation and is reflected as a part of the unexpected loss when calculating interest rates.

#### 8-3-1-1-2 Management of credit risk

##### 8-3-1-1-2-1 Management process

Both retail and corporate sectors are developing and operating a credit risk management system appropriately designed for each sector. The Credit Risk Management Committee and the Credit Rating team measure and manage credit risks for the corporate sector; Credit Risk Management Committee and Personal Loans Committee measure and manage credit risks for the retail sector.

The Group manages as well as controls the credit risk by setting the limits on the amount of risk willing to accept for individual counterparties and for geographical and industry concentration, and by monitoring exposures relating to such limits. The Group reviews on a monthly basis in accordance with the economic conditions and industry characteristics and examines the adequacy of the limits on a quarterly basis. The Group continuously examines the adequacy of credit rating models for retail and corporate sectors, Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) and manages data related to the estimation of the credit rating models, PD, LGD and EAD.

##### 8-3-1-1-2-2 Credit limits management and capital allocation

The Group annually performs a comprehensive analysis on economic conditions and changes in the economic environment in order to appropriately assess the credit quality of financial assets by setting credit limits on same entities, industries, countries and financial instruments. In addition, for the unexpected loss management, the Group regularly sets, distributes and checks for the compliance maintenance of internal capital limits according to the corporate and household sectors and the size of clients through the risk management system.

##### 8-3-1-1-2-3 Risk monitoring and early warning system

The Group measures and manages the risk indicators, such as delinquency rate, roll-rate and vintage. Also, in order to assess the credit quality of the assets, the Group operates an early warning system and regularly examines companies whose credit rating is likely to degrade.

#### 8-3-1-1-2-4 Credit rating system

In order to separately evaluate the characteristics of clients in the corporate sector, the Group operates a detailed valuation model based on the external and non-external audit and is in the process of continuing the stability of the corporate credit rating system through the subsequent examinations and performance improvements. The Group operates a detailed valuation model based on the credit rating model and the activity rating model for the household sector in accordance with the client's characteristics. The Group improves the efficiency of the model through the subsequent examinations and performance improvements. Credit rating on new clients as well as an automatic renewal and adjustments to the credit limits are managed by the household and Small Office and Home Office ("SOHO") credit extension system.

#### 8-3-1-1-2-5 Examination of credit

For a large amount of credit line, after the approval of credit extension, the Group regularly examines the borrower's credit status and the adequacy of the borrower's credit rating as in part of the subsequent management process. In addition, the Group significantly focuses on industries by increasing credit risks based on the analysis of the risk indicators and examines the sample for smaller credit extensions.

#### 8-3-1-1-2-6 Risk mitigation policy

The Group obtains the collateral for the granted loans in order to reduce risks. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of the collateral obtained are as follows:

- a. Residential properties in relation to mortgage loans
- b. Business assets, such as equipments, plants and real estate properties
- c. Financial instruments, such as deposits, debt and equity securities

#### 8-3-1-2 Debt securities

The Group trades the debt securities above the investment-grade status level in order to manage the credit risks and manage the exposure of credit ratings to maintain credit quality of the assets.

#### 8-3-1-3 Derivative instruments

The credit risk arising from the derivative instruments is managed based on the net position and maintained under a strict control limit. The degree of credit risk exposure is measured based on the positive fair values of derivative instruments. The Group manages the exposure as a part of the unused commitment of loans.

#### 8-3-2 Significant increase in credit risk

The Group measures the ECL for debt instruments at amortized cost or FVOCI in three stages as described below:

##### 8-3-2-1 Stage 1: 12-month ECL

For financial assets whose credit risk has not increased significantly since initial recognition, ECLs that result from default events that are possible within 12 months after the reporting date are recognized.

##### 8-3-2-2 Stage 2: Lifetime ECL

For financial assets whose credit risk has increased significantly, but not impaired, since initial recognition, ECLs that result from all possible default events over the expected life of the financial instrument are recognized.

##### 8-3-2-3 Stage 3: Lifetime ECL

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Lifetime ECL is recognized for credit-impaired financial assets and interest income is recognized using the EIR on amortized cost.

The Group assesses at each reporting date whether the credit risk increases significantly compared to that of initial recognition, using internal and external credit rating information, early warning system and number of days pastdue.

#### 8-3-2-4 Occurrence of default

The Group considers that a default has occurred for financial assets on the following situations:

- a. When receivables are sold despite an economic loss.
- b. When receivables have decreased due to adjustments resulting in an exemption of principal, interest or related fees or delayed payments.
- c. When the borrower has been declared bankrupt or has declared bankruptcy or has taken other similar measures to delay or avoid repayments.

#### 8-3-2-5 Method for determining whether a financial asset is credit impaired

A financial asset is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events, which have occurred after the initial recognition of the item (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows, such as changes in arrears or economic conditions, which correlate with defaults, delinquency in interest for more than 90 days, credit information management rules and damages incurred due to poor exposure.

### 8-3-3 Measurement of ECL

ECL is measured at the probability-weighted amounts of the present value of all cash shortfalls over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the Group expects to receive.

However, the Group adjusts historical data, such as credit loss experience, on the basis of current observable data to reflect the effects of the current conditions and its forecasts of future conditions that did not affect the period on which the historical data is based and to remove the effects of the conditions in the historical period that are not relevant to the future contractual cash flows. Also, the Group measures ECL using the macroeconomic factors, such as the growth rate, interest rate and stock indices. The methodology for future economic forecasts is regularly reviewed.

If the credit risk on financial instruments, for which lifetime ECLs have been recognized, subsequently improves so that the requirement for recognizing lifetime ECL is no longer met, the loss allowance should be measured at an amount equal to 12-month ECL.

### 8-3-4 Write-off policy

Financial assets are written off when an entity has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. Generally, financial assets are written off when it is determined that the Group is not able to generate sufficient cash flows to make repayments. However, financial assets written off can be recovered by the Group.

### 8-3-5 The maximum exposure to credit risk

The maximum exposure to credit risk as of December 31, 2023 and 2022, is as follows. The following table shows the maximum exposure to credit risk before the effect of mitigation through credit enhancement and collateral agreements and reflects the impairment losses and offsetting. Equity securities in financial assets at FVTPL and financial assets at FVOCI are excluded (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
On-balance-sheet items		
Due from banks	28,821,920	39,183,885
Financial assets at FVTPL		
Debt securities	11,442,332	8,553,379
Derivative assets held for trading	5,965,872	9,851,754
Private convertible bonds	7,447	7,394
Subtotal	17,415,651	18,412,527
Financial assets at FVOCI		
Securities at amortized cost	36,337,949	37,583,487
Derivative assets used for hedging	1,723	8,062
Loans	347,246,910	330,186,341
Other financial assets	18,078,742	13,108,142
Merchant banking account assets	4,637,824	4,631,361
Total	488,784,364	475,263,881
Off-balance-sheet items		
Financial guarantee contracts	498,156	447,724
Payment guarantee	23,535,495	20,644,157
Commitments	109,725,839	101,383,405
Merchant banking account-commitment	770,000	620,000
Total	134,529,490	123,095,286

### 8-3-6 Details of effects of credit risk mitigation by collateral and other credit enhancements

The financial effects related to credit risk mitigated by collateral and other credit enhancements as of December 31, 2023 and 2022, are as follows

(Korean won in millions):

#### <December 31, 2023>

Classification	Impaired loan	
	Individual assessment	Collective assessment
Guarantees	16,627	311,605
Deposits	—	18,575
Real estates	213,417	338,703
Securities	—	1
Others	5,847	6,395
Total	235,891	675,279

#### <December 31, 2022>

Classification	Impaired loan	
	Individual assessment	Collective assessment
Guarantees	13,949	159,755
Deposits	92	11,930
Real estates	157,237	217,226
Others	5,694	5,283
Total	176,972	394,194

8-3-6-1 The amount of financial assets for which loss allowance is not recognized due to sufficient collaterals is ₩1,125,587 million and ₩1,288,560 million as of December 31, 2023 and 2022, respectively.

8-3-6-2 There is no change in the collateral policy of the Group.



### 8-3-7 Credit risk exposure

#### 8-3-7-1 Loans

As of December 31, 2023 and 2022, gross carrying amounts of loans by internal credit rating in accordance with the loss allowance measurement method are as follows (Korean won in millions):

<December 31, 2023>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit-impaired loans	Credit-impaired loans	
Household loans				
Grade 1	94,064,000	15,117,696	—	109,181,696
Grade 2	14,459,631	7,085,140	—	21,544,771
Grade 3	196,069	550,945	452,308	1,199,322
Subtotal	108,719,700	22,753,781	452,308	131,925,789
Corporate loans				
Grade 1	124,593,684	3,608,602	—	128,202,286
Grade 2	70,465,513	13,259,903	—	83,725,416
Grade 3	580,691	3,596,942	877,162	5,054,795
Subtotal	195,639,888	20,465,447	877,162	216,982,497
Total	304,359,588	43,219,228	1,329,470	348,908,286

<December 31, 2022>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit-impaired loans	Credit-impaired loans	
Household loans				
Grade 1	100,581,728	18,267,978	—	118,849,706
Grade 2	6,808,923	6,154,047	—	12,962,970
Grade 3	150,384	235,570	342,308	728,262
Subtotal	107,541,035	24,657,595	342,308	132,540,938
Corporate loans				
Grade 1	122,350,304	3,063,130	—	125,413,434
Grade 2	59,477,536	10,398,130	3,258	69,878,924
Grade 3	78,389	3,031,102	553,833	3,663,324
Subtotal	181,906,229	16,492,362	557,091	198,955,682
Total	289,447,264	41,149,957	899,399	331,496,620

Net deferred origination fees and costs are not reflected in the gross carrying amounts above.

The Group categorizes loans based on the nature of the borrowers as follows:

<December 31, 2023>

Classification	Household loans	Corporate loans	SOHO
Grade 1	Less than or equal to 0.66% of PD	Less than or equal to 1.18% of PD	Less than or equal to 7.25% of PD
Grade 2	From 0.66% to 30.53% of PD	From 1.18% to 13.87% of PD	From 7.25% to 41.35% of PD
Grade 3	From 30.53% to 100% of PD	From 13.87% to 100% of PD	From 41.35% to 100% of PD

<December 31, 2022>

Classification	Household loans	Corporate loans	SOHO
Grade 1	Less than or equal to 0.49% of PD	Less than or equal to 0.58% of PD	Less than or equal to 2.85% of PD
Grade 2	From 0.49% to 24.93% of PD	From 0.58% to 12.83% of PD	From 2.85% to 27.43% of PD
Grade 3	From 24.93% to 100% of PD	From 12.83% to 100% of PD	From 27.43% to 100% of PD

### 8-3-7-2 Off-balance-sheet items

As of December 31, 2023 and 2022, exposures of off-balance-sheet items by internal credit rating in accordance with the loss allowance measurement method are as follows (Korean won in millions):

<December 31, 2023>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit-impaired off-balance-sheet items	Credit-impaired off-balance-sheet items	
Financial guarantee contracts				
Grade 1	345,454	63,332	–	408,786
Grade 2	61,864	25,362	–	87,226
Grade 3	1,859	285	–	2,144
Subtotal	409,177	88,979	–	498,156
Payment guarantees				
Grade 1	16,929,448	1,584,647	–	18,514,095
Grade 2	3,627,124	714,993	–	4,342,117
Grade 3	187,867	450,006	41,410	679,283
Subtotal	20,744,439	2,749,646	41,410	23,535,495
Commitments				
Grade 1	87,217,921	4,023,271	–	91,241,192
Grade 2	14,144,413	3,585,035	–	17,729,448
Grade 3	229,028	472,761	53,410	755,199
Subtotal	101,591,362	8,081,067	53,410	109,725,839
Merchant banking account-commitment				
Grade 1	770,000	–	–	770,000
Grade 2	–	–	–	–
Grade 3	–	–	–	–
Subtotal	770,000	–	–	770,000
Total	123,514,978	10,919,692	94,820	134,529,490

<December 31, 2022>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit-impaired off-balance-sheet items	Credit-impaired off-balance-sheet items	
Financial guarantee contracts				
Grade 1	300,233	60,616	–	360,849
Grade 2	59,553	22,248	–	81,801
Grade 3	–	5,070	4	5,074
Subtotal	359,786	87,934	4	447,724
Payment guarantees				
Grade 1	16,321,420	579,746	–	16,901,166
Grade 2	2,956,691	404,440	–	3,361,131
Grade 3	8	359,682	22,170	381,860
Subtotal	19,278,119	1,343,868	22,170	20,644,157
Commitments				
Grade 1	82,254,638	4,969,974	–	87,224,612
Grade 2	11,438,109	2,424,262	–	13,862,371
Grade 3	1,270	259,611	35,541	296,422
Subtotal	93,694,017	7,653,847	35,541	101,383,405
Merchant banking account-commitment				
Grade 1	620,000	–	–	620,000
Grade 2	–	–	–	–
Grade 3	–	–	–	–
Subtotal	620,000	–	–	620,000
Total	113,951,922	9,085,649	57,715	123,095,286

The Group categorizes off-balance-sheet items based on the nature of the borrowers as follows:

<December 31, 2023>

Classification	Household loans	Corporate loans	SOHO
Grade 1	Less than or equal to 0.66% of PD	Less than or equal to 1.18% of PD	Less than or equal to 7.25% of PD
Grade 2	From 0.66% to 30.53% of PD	From 1.18% to 13.87% of PD	From 7.25% to 41.35% of PD
Grade 3	From 30.53% to 100% of PD	From 13.87% to 100% of PD	From 41.35% to 100% of PD

<December 31, 2022>

Classification	Household loans	Corporate loans	SOHO
Grade 1	Less than or equal to 0.49% of PD	Less than or equal to 0.58% of PD	Less than or equal to 2.85% of PD
Grade 2	From 0.49% to 24.93% of PD	From 0.58% to 12.83% of PD	From 2.85% to 27.43% of PD
Grade 3	From 24.93% to 100% of PD	From 12.83% to 100% of PD	From 27.43% to 100% of PD

### 8-3-7-3 Debt securities

As of December 31, 2023 and 2022, gross carrying amounts of debt securities by internal credit rating in accordance with the loss allowance measurement method are as follows (Korean won in millions):

<December 31, 2023>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit- impaired debt	Credit-impaired debt	
Securities at amortized cost				
Grade 1	36,240,105	—	—	36,240,105
Grade 2	93,080	—	—	93,080
Grade 3	—	24,425	—	24,425
Subtotal	36,333,185	24,425	—	36,357,610
Financial assets at FVOCI				
Grade 1	36,243,645	—	—	36,243,645
Grade 2	—	—	—	—
Grade 3	—	—	—	—
Subtotal	36,243,645	—	—	36,243,645
Total	72,576,830	24,425	—	72,601,255

<December 31, 2022>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit-impaired debt	Credit-impaired debt	
Securities at amortized cost				
Grade 1	37,502,676	–	–	37,502,676
Grade 2	71,783	–	–	71,783
Grade 3	–	24,507	67,337	91,844
Subtotal	37,574,459	24,507	67,337	37,666,303
Financial assets at FVOCI				
Grade 1	32,135,336	–	–	32,135,336
Grade 2	14,740	–	–	14,740
Grade 3	–	–	–	–
Subtotal	32,150,076	–	–	32,150,076
Total	69,724,535	24,507	67,337	69,816,379

The credit ratings of debt securities based on the internal rating used by the Group and the credit ratings by external credit rating agencies are as follows:

Classification	Internal credit rating	Domestic rating agencies	Overseas rating agencies	
			Moody's	Fitch
Grade 1	A1 ~ A7	AAA ~ BBB	Aaa ~ Ba2	AAA ~ BB
Grade 2	B1 ~ B6	BBB- ~ BB-	Ba3 ~ B3	BB- ~ B-
Grade 3	C1 ~ C3	B+ ~ CCC	Caa1 ~ C	CCC+ ~ C

### 8-3-8 Credit risk concentration

8-3-8-1 Credit risk concentration in each major industry as of December 31, 2023 and 2022, is as follows (Korean won in millions):

<December 31, 2023>

Classification	Industry	Amounts	Ratio (%)
On-balance-sheet items			
Due from banks	Financial services	28,821,920	100.0
Financial assets at FVTPL	Financial services	11,556,003	66.4
	Manufacturing	674,647	3.9
	Public administration	4,810,962	27.6
	Construction	7,296	0.0
	Wholesale and retail	36,644	0.2
	Others	330,099	1.9
	Subtotal	17,415,651	100.0
Financial assets at FVOCI	Financial services	18,249,308	50.4
	Manufacturing	364,789	1.0
	Public administration	12,766,025	35.2
	Construction	46,547	0.1
	Wholesale and retail	49,809	0.1
	Others	4,767,167	13.2
	Subtotal	36,243,645	100.0
Securities at amortized cost	Financial services	19,145,017	52.7
	Manufacturing	202,760	0.6
	Public administration	8,882,940	24.4
	Construction	7,270	0.0
	Wholesale and retail	40,000	0.1
	Others	8,079,623	22.2
	Subtotal	36,357,610	100.0
Derivative assets used for hedging	Financial services	1,723	100.0
Loans	Household loans	131,925,789	37.8
	Corporate loans		
	Financial services	26,871,701	7.7
	Manufacturing	55,111,216	15.8
	Construction	6,372,585	1.8
	Wholesale and retail	24,890,572	7.1
	Real estate rental	49,585,167	14.2
	Others	54,151,256	15.5

Classification	Industry	Amounts	Ratio (%)
	Net deferred origination fees and costs	383,467	0.1
	Subtotal	349,291,753	100.0
Merchant banking account assets	Financial services	328,298	7.1
	Real estate rental	1,562,989	33.7
	Others	2,746,537	59.2
	Subtotal	4,637,824	100.0
Total		472,770,126	
Off-balance-sheet items			
Financial guarantee contracts	Financial services	110,699	22.2
	Manufacturing	151,852	30.5
	Construction	9,718	2.0
	Wholesale and retail	73,629	14.8
	Real estate rental	105	0.0
	Others	152,153	30.5
	Subtotal	498,156	100.0
Payment guarantees	Household	281,636	1.2
	Financial services	2,038,770	8.7
	Manufacturing	13,478,737	57.3
	Construction	1,495,516	6.3
	Wholesale and retail	3,846,168	16.3
	Real estate rental	190,164	0.8
	Others	2,204,504	9.4
	Subtotal	23,535,495	100.0
Commitments	Household commitments	30,212,375	27.5
	Corporate commitments		
	Financial services	12,719,603	11.6
	Manufacturing	32,960,995	30.1
	Construction	2,237,093	2.0
	Wholesale and retail	10,058,610	9.2
	Real estate rental	5,040,664	4.6
	Others	16,496,499	15.0
	Subtotal	109,725,839	100.0
Merchant banking account – commitment	Financial services	460,000	59.7
	Manufacturing	50,000	6.5
	Wholesale and retail	110,000	14.3
	Real estate rental	100,000	13.0
	Others	50,000	6.5
	Subtotal	770,000	100.0
Total		134,529,490	



<December 31, 2022>

Classification	Industry	Amounts	Ratio (%)
On-balance-sheet items			
Due from banks	Financial services	39,183,885	100.0
Financial assets at FVTPL	Financial services	14,814,380	80.5
	Manufacturing	1,038,021	5.6
	Public administration	2,196,846	11.9
	Construction	21,425	0.1
	Wholesale and retail	54,384	0.3
	Others	287,471	1.6
	Subtotal	18,412,527	100.0
Financial assets at FVOCI	Financial services	15,191,734	47.3
	Manufacturing	193,539	0.6
	Public administration	13,374,970	41.6
	Construction	55,070	0.2
	Wholesale and retail	117,243	0.4
	Others	3,217,520	9.9
	Subtotal	32,150,076	100.0
Securities at amortized cost	Financial services	19,193,033	51.0
	Manufacturing	234,257	0.6
	Public administration	9,639,915	25.6
	Construction	43,495	0.1
	Wholesale and retail	40,000	0.1
	Others	8,515,603	22.6
	Subtotal	37,666,303	100.0
Derivative assets used for hedging	Financial services	8,062	100.0
Loans	Household loans	132,540,938	39.9
	Corporate loans		
	Financial services	23,746,610	7.2
	Manufacturing	51,273,420	15.5
	Construction	5,381,239	1.6
	Wholesale and retail	23,518,055	7.1
	Real estate rental	44,535,435	13.4
	Others	50,500,923	15.2
	Net deferred origination fees and costs	356,338	0.1
	Subtotal	331,852,958	100.0
Merchant banking account assets	Financial services	817,368	17.6
	Real estate rental	1,007,544	21.8
	Others	2,806,449	60.6
	Subtotal	4,631,361	100.0
Total		463,905,172	

Classification	Industry	Amounts	Ratio (%)
Off-balance-sheet items			
Financial guarantee contracts	Financial services	45,120	10.1
	Manufacturing	219,522	49.0
	Construction	6,643	1.5
	Wholesale and retail	58,813	13.1
	Real estate rental	1,014	0.2
	Others	116,612	26.1
	Subtotal	447,724	100.0
Payment guarantees	Household	353,026	1.7
	Financial services	2,232,794	10.8
	Manufacturing	11,165,598	54.1
	Construction	1,600,908	7.8
	Wholesale and retail	3,664,550	17.8
	Real estate rental	168,777	0.8
	Others	1,458,504	7.0
	Subtotal	20,644,157	100.0
Commitments	Household commitments	28,780,642	28.4
	Corporate commitments		
	Financial services	10,972,913	10.8
	Manufacturing	29,530,082	29.1
	Construction	2,001,940	2.0
	Wholesale and retail	9,501,969	9.4
	Real estate rental	3,736,829	3.7
	Others	16,859,030	16.6
	Subtotal	101,383,405	100.0
Merchant banking account – commitment	Financial services	310,000	50.0
	Manufacturing	50,000	8.1
	Wholesale and retail	110,000	17.7
	Real estate rental	100,000	16.1
	Others	50,000	8.1
	Subtotal	620,000	100.0
Total		123,095,286	

8-3-8-2 Credit risk concentration in each major country as of December 31, 2023 and 2022, is as follows (Korean won in millions, ratio in %):

<December 31, 2023>

Classification	Country	Amounts	Ratio (%)
On-balance-sheet items			
Due from banks	Korea	17,784,561	61.7
	China	878,347	3.0
	United States	4,605,337	16.0
	Japan	2,142,890	7.4
	Singapore	11,882	0.1
	Hong Kong	42,823	0.1
	Others	3,356,080	11.7
	Subtotal	28,821,920	100.0
Financial assets at FVTPL	Korea	15,967,783	91.7
	China	57,206	0.3
	United States	130,627	0.8
	Japan	174	0.0
	Hong Kong	4,173	0.0
	Others	1,255,688	7.2
	Subtotal	17,415,651	100.0
Financial assets at FVOCI	Korea	30,646,121	84.6
	China	1,626,027	4.5
	United States	1,540,546	4.2
	Hong Kong	38,707	0.1
	Others	2,392,244	6.6
	Subtotal	36,243,645	100.0
Securities at amortized cost	Korea	33,992,715	93.5
	China	24,425	0.1
	United States	5,783	0.0
	Others	2,334,687	6.4
	Subtotal	36,357,610	100.0
Derivative assets used for hedging	Korea	1,723	100.0
Loans	Korea	317,736,784	91.0
	China	5,663,134	1.6
	United States	5,330,932	1.5
	Japan	1,647,939	0.5
	Hong Kong	2,122,689	0.6
	Others	16,406,808	4.7
	Net deferred origination fees and costs	383,467	0.1

Classification	Country	Amounts	Ratio (%)
	Subtotal	349,291,753	100.0
Merchant banking account assets	Korea	4,637,824	100.0
Total		472,770,126	
Off-balance-sheet items			
Financial guarantee contracts	Korea	498,156	100.0
Payment guarantees	Korea	18,300,061	77.8
	China	1,548,486	6.6
	United States	302,543	1.3
	Japan	27,751	0.1
	Others	3,356,654	14.2
	Subtotal	23,535,495	100.0
Commitments	Korea	105,143,471	95.8
	China	460,060	0.4
	United States	936,329	0.9
	Japan	145,058	0.1
	Others	3,040,921	2.8
	Subtotal	109,725,839	100.0
Merchant banking account – commitment	Korea	770,000	100.0
Total		134,529,490	

<December 31, 2022>

Classification	Country	Amounts	Ratio (%)
On-balance-sheet items			
Due from banks	Korea	25,196,900	64.3
	China	1,200,457	3.1
	United States	7,348,690	18.8
	Japan	872,357	2.2
	Singapore	27,443	0.1
	Hong Kong	87,291	0.2
	Others	4,450,747	11.3
	Subtotal	39,183,885	100.0
Financial assets at FVTPL	Korea	15,584,056	84.6
	China	666,650	3.6
	United States	70,691	0.4
	Japan	570	0.0
	Hong Kong	59,826	0.3
	Others	2,030,734	11.1
	Subtotal	18,412,527	100.0
Financial assets at FVOCI	Korea	27,628,411	85.9
	China	1,977,918	6.2
	United States	617,790	1.9
	Hong Kong	46,266	0.1
	Others	1,879,691	5.9
	Subtotal	32,150,076	100.0
Securities at amortized cost	Korea	35,125,996	93.3
	China	128,242	0.3
	United States	5,958	0.0
	Others	2,406,107	6.4
	Subtotal	37,666,303	100.0
Derivative assets used for hedging	Korea	8,062	100.0
Loans	Korea	301,245,204	90.8
	China	6,047,574	1.8
	United States	4,638,052	1.4
	Japan	1,855,875	0.6
	Hong Kong	2,536,360	0.8
	Others	15,173,555	4.5
	Net deferred origination fees and costs	356,338	0.1
	Subtotal	331,852,958	100.0
Merchant banking account assets	Korea	4,631,361	100.0
Total		463,905,172	

Classification	Country	Amounts	Ratio (%)
Off-balance-sheet items			
Financial guarantee contracts	Korea	447,724	100.0
Payment guarantees	Korea	15,270,693	74.0
	China	1,831,845	8.9
	United States	213,716	1.0
	Japan	23,331	0.1
	Others	3,304,572	16.0
	Subtotal	20,644,157	100.0
Commitments	Korea	96,532,123	95.2
	China	782,903	0.8
	United States	652,870	0.6
	Japan	199,854	0.2
	Others	3,215,655	3.2
	Subtotal	101,383,405	100.0
Merchant banking account – commitment	Korea	620,000	100.0
Total		123,095,286	

#### 8-4 Liquidity risk

The Group defines liquidity risk as the possibility of incurring losses due to a temporary shortage in funds caused by a maturity mismatch or an unexpected capital outlay leading to rise in interest or sale of assets at a price below normal price.

##### 8-4-1 Measurement of liquidity risk

The Group maintains a limit management indicator to measure the liquidity coverage ratio, liquidity ratio in foreign currency, net stable funding ratio, foreign currency maturity mismatch ratio and long-term access to financing ratio in foreign currency in accordance with the guidelines and standards of the Financial Supervisory Service. In addition, the Group maintains a monitoring indicator to measure unbalance of funding etc., to manage the liquidity risk and manage early warning indicators in order to identify worsening trends in the early stage to respond in a timely manner.

##### 8-4-2 Management of liquidity risk

At an early stage, the Group identifies factors affecting liquidity in order to manage liquidity risks and has achieved an adequate level of liquidity via performing systematic management.

The Group has the following basic principles for liquidity risk management:

- a. Set and comply with liquidity risk limits and coordinate and manage early warning indicators to identify liquidity risk at an early stage.
- b. Regularly execute an analysis of stress tests and prepare an emergency procurement plan in case of liquidity.
- c. Focus on maintaining a diversified portfolio in order to avoid excessive concentrations of risks.
- d. Evaluate and manage the effect of a large amount of money, which is loaned out, invested or procured on liquidity risks.

In order to manage liquidity risk, the Group builds internal control systems for each department. In order to comply with liquidity ratios and the maturity mismatch ratio set by the Financial Supervisory Service, the Comprehensive Risk Management department conducts daily monitoring. Liquidity risk status is reported to the Risk Management Operation Committee on a monthly basis and to the Risk Management Committee on a quarterly basis.

In order to maintain the liquidity risk management indicators to stay within acceptable limits, the Treasury department recommends the necessary measures in relation to the procurement and operation of the assets and liabilities traded in the capital market. In addition, stages of emergency planning have been established in order to respond to liquidity emergencies. The Planning and Management department has established a portfolio management strategy based on the internal and external liquidity risk management requirements and the outlook of the procurement and operating markets.

#### 8-4-3 Analysis of contract maturity

##### 8-4-3-1 Analysis criteria

The details of the remaining contractual maturities of financial liabilities are analyzed by the earliest maturity date when the Group would be required to pay, based on the undiscounted cash outflows of the Group's financial liabilities.

In addition, financial liabilities at FVTPL and depository liabilities (payment on demand) are shown at fair value in the immediate payment column. All derivatives used for hedging are presented based on the net cash flows, as all products are paid in the net amount. A contract maturity exists in payment guarantees that correspond to financial guarantees such as bond issuance and loan security provided by the Group, loan commitment and other credit granting. However, payment must be made immediately once the counterparty requests payment. As such, they are included in the immediate payment column.



8-4-3-2 The remaining contractual maturities of financial liabilities and off-balance-sheet items

The remaining contractual maturities of financial liabilities and off-balance-sheet items as of December 31, 2023 and 2022, are as follows (Korean won in millions):

<December 31, 2023>

Classification	On demand	Less than 1 month	1 month ~ 3 months	3 months ~ 1 year	1 year ~ 5 years	More than 5 years	Total
On-balance-sheet items							
Financial liabilities							
Financial liabilities at FVTPL	6,494,492	-	-	-	-	422,346	6,916,838
Deposits	149,780,476	35,914,296	50,697,264	123,140,490	16,334,448	1,429,565	377,296,539
Borrowings	3,469,782	4,844,665	3,151,970	5,241,274	4,929,718	585,492	22,222,901
Debentures	126	1,121,368	1,542,286	8,509,438	13,754,227	2,207,777	27,135,222
Derivative assets used for hedging	-	7,644	3,749	18,275	51,876	(81,179)	365
Other financial liabilities	7,841,208	22,129,253	1,483	22,485	36,394	1,825	30,032,648
Merchant banking account liabilities	1,536,529	2,618,168	-	-	-	-	4,154,697
Total	169,122,613	66,635,394	55,396,752	136,931,962	35,106,663	4,565,826	467,759,210
Off-balance-sheet items							
Finance guarantee contracts	498,156	-	-	-	-	-	498,156
Payment guarantee	23,535,495	-	-	-	-	-	23,535,495
Commitment	109,725,839	-	-	-	-	-	109,725,839
Merchant banking account - commitment	770,000	-	-	-	-	-	770,000
Total	134,529,490	-	-	-	-	-	134,529,490

<December 31, 2022>

Classification	On demand	Less than 1 month	1 month ~ 3 months	3 months ~ 1 year	1 year ~ 5 years	More than 5 years	Total
On-balance-sheet items							
Financial liabilities							
Financial liabilities at FVTPL	11,059,332	–	–	–	–	272,236	11,331,568
Deposits	155,430,882	34,916,185	42,648,480	115,044,070	16,453,108	1,473,256	365,965,981
Borrowings	4,025,607	6,361,471	3,143,744	4,393,807	4,053,189	518,789	22,496,607
Debentures	139	960,000	2,835,568	10,712,756	9,535,633	2,579,021	26,623,117
Derivative assets used for hedging	–	9,543	1,709	33,127	63,048	(20,827)	86,600
Other financial liabilities	9,838,792	16,447,155	1,524	22,964	38,264	1,811	26,350,510
Merchant banking account liabilities	1,122,469	2,544,804	–	–	–	–	3,667,273
Total	181,477,221	61,239,158	48,631,025	130,206,724	30,143,242	4,824,286	456,521,656
Off-balance-sheet items							
Finance guarantee contracts	447,724	–	–	–	–	–	447,724
Payment guarantee	20,644,157	–	–	–	–	–	20,644,157
Commitment	101,383,405	–	–	–	–	–	101,383,405
Merchant banking account – commitment	620,000	–	–	–	–	–	620,000
Total	123,095,286	–	–	–	–	–	123,095,286

Assets available for use to execute unused loan commitments after redeeming all financial liabilities are cash and bank deposits, debt securities, equity securities and loans. In addition, the Group is able to cope with unexpected cash outflows through the sale of securities and additional sources of funding, such as asset-backed securitization.

## 8-5 Market risk

Market risk is a risk incurred in assets and liabilities subject to management based on the changes in market prices, such as interest rate, stocks, foreign exchange.

### 8-5-1 Market risk management

The purpose of market risk management is to manage the loss of assets and liabilities incurred due to changes in market variables, such as interest rates, foreign exchanges and equity prices to remain within the allowable limits in order to ensure profitability and stability.

### 8-5-2 Market risk management targets

Market risk management targets include marketable securities, foreign currency net positions, derivatives and other assets and liabilities with embedded market risks. The Group classifies exposures to market risk into either trading or non-trading positions and manages each of those portfolios separately.

### 8-5-3 Management of market risk related to trading position

#### 8-5-3-1 Trading account classification

A trading account is a concept of a trading book and refers to a set of products held for short-term trading purposes etc., and there should be no legal restrictions on selling or completely hedging products that are to be classified as trading accounts. Specifically, the following financial products are classified as trading accounts, excluding products that cannot be classified as trading accounts and bank account products.

- a. Financial instruments for the short-term trading
- b. Financial instruments for the purpose of hedging risks
- c. Financial instruments for the purpose of acquiring arbitrages
- d. From A to C, hedge of other goods held for any of the purposes
- e. Financial instruments included in the Correlation Trading Portfolio ("CTP")
- f. Financial instruments that generate credit or stock net selling positions in bank accounts (\*)

- g Underwriting arrangements for securities that are actually expected to be purchased on the settlement date
- (\*) Credit or stock net selling positions in bank accounts: Bank account positions whose current value rises as issuer credit spreads of debt instruments expand or share prices fall

#### 8-5-3-2 Management of the trading position limits

The Risk Management Committee divides capital, annual loss and exposure limit in relation to market risks of the trading position by business unit (division) annually. Within the given limit, the Risk Management Operation Committee further subdivides the limits by business units (divisions) and desks. The Risk Management Group provides information necessary for deliberation and review by the committee, reports trading limits and measures risks.

The middle office performs mark-to-market measures and monitors trade violations and compliance with the limits. The middle office establishes and complies with trading policy regulations, measures market risk for trading positions and checks daily compliance within the acceptable limits for each risk. The office also conducts daily inspections of changes in the management exposure, compliance with the limit, post verification and crisis analysis and reports the results to the management team every day.

#### 8-5-3-3 Market Risk Measurement (Basel 3 Standard)

The basic calculation method for managing and measuring the exposure of trading account products to market risks is calculated by dividing them into sensitivity risk, default risk and residual risk. Sensitivity risk refers to the risk of loss due to changes in market risk factors, such as exchange rates, interest rates and stock prices. The risk of default refers to the risk of loss due to bankruptcy of bonds or stock issuers.

#### 8-5-3-4 Amount of risk by risk type

The details of regulated capital by market risk group as of December 31, 2023, are as follows (Korean won in millions):

Classification	Risk type	Amount
Sensitivity Risk Charge	General interest rate risk	48,762
	Credit spread risk ("CSR") (non-securitizations)	31,929
	CSR (securitizations (non-CTP))	—
	CSR (securitization (CTP))	—
	Equity risk	24,666
	Foreign exchange risk	407,954
	Commodity risk	—
Default Risk Charge	Non-securitizations	36,230
	Securitizations (Non-CTP)	—
	Securitizations (CTP)	—
Residual Risk Add-On ("RRAO")	RRAO (*)	614
Total		550,155

(\*) RRAO: Residual Risk Add-On

#### 8-5-4 Management of market risk related to non-trading position

##### 8-5-4-1 Interest rate risk

Interest rate risk of non-trading position is a risk of losses in financial assets and liabilities with interest rates due to adverse changes in interest rates and is incurred when maturity structure does not match interest rate setting cycle of the related assets and liabilities. The Group manages the interest rate risks of non-trading position in order to maintain the stability of net interest income and net asset value based on changes in interest rates. The following is subject to the Group's management of interest rate risk:

- a. Financial assets with interest rates, such as bank deposits, debt securities and loans
- b. Financial liabilities with interest rates, such as depository liabilities, borrowings and debentures
- c. Financial derivatives, such as interest rate swaps

Interest rate risk is calculated using the gap between interest-sensitive assets and liabilities. The interest rate risks measure the interest rate gap ratio as a primary indicator, while  $\Delta$ EVE,  $\Delta$ NII ratio and duration are used as secondary indicators. The Risk Management Committee and the Risk Management Operation Committee establish the interest rate risk limits on an annual basis; the compliance thereof is reported to Risk Management Operation Committee as well as the Risk Management Committee on a monthly and quarterly basis, respectively.

Economic value of equity ("△EVE") refers to changes in the economic value of equity capital, indicating the effect of adverse changes in interest rates on the present value of assets, liabilities and others. As of December 31, 2023 and 2022, the Group's △EVE is as follows (Korean won in millions):

Classification	December 31, 2023	Average	Minimum	Maximal	December 31, 2022
△EVE	1,883,644	2,240,459	1,883,644	2,427,370	2,106,981

△EVE calculates the maximum value compared to the default scenario by applying six interest rates (parallel rise, parallel fall, short-term fall and long-term rise, short-term rise and long-term fall, short-term rise and short-term fall) after generating cash flows for interest-sensitive assets and liabilities under the Supervision of Banking Business Appendix 9-1.

#### 8-5-4-2 Equity price risk

Equity price risk is a risk incurred when the fair value of equities results in changes in the level of related revenue and capital. Fluctuation in equity reflects the sensitivity of each equity. Effects on capital due to the fluctuation in equity price risk as of December 31, 2023, are as follows (Korean won in millions):

Classification	20% decline	10% decline	10% rise	20% rise
Equity price risk	(60,317)	(30,158)	30,158	60,317

#### 8-5-5 Currency risk concentration

Currency risk is a risk incurred when the value of a financial instrument or future cash flows fluctuates due to the changes in foreign exchange rates. Currency risk arises from the financial instruments expressed in currencies other than the functional currency. Currency risk does not arise from the financial instruments expressed in the functional currency or in non-monetary items. In order to establish the stop loss and limits, the Group manages the foreign exchange net exposure amount of the trading and non-trading positions by each currency.

Significant foreign currency assets and liabilities denominated in Korean won as of December 31, 2023 and 2022, are as follows (Korean won in millions):

#### ◁December 31, 2023▷

Classification	USD	JPY	EUR	CNY	IDR	Others	Total
<b>Assets</b>							
Cash and due from bank	13,462,151	2,852,534	640,913	849,322	188,125	1,004,784	18,997,829
Financial assets at FVTPL	139,221	316	12,535	50,749	25,804	104,702	333,327
Financial assets at FVOCI	3,698,272	—	41,406	1,651,409	300,718	1,655,728	7,347,533
Securities at amortized cost	1,752,567	—	122,681	18,496	186,307	1,591,848	3,671,899
Loans	24,136,661	1,586,366	3,920,339	7,035,033	1,557,384	5,526,201	43,761,984
Others	5,066,110	366,976	764,095	1,179,742	48,660	775,702	8,201,285
Total	48,254,982	4,806,192	5,501,969	10,784,751	2,306,998	10,658,965	82,313,857
<b>Liabilities</b>							
Financial liabilities at FVTPL	238,782	1,376	11,708	9,660	2,155	102,964	366,645
Deposits	31,951,381	4,021,355	4,245,043	8,147,643	1,452,292	5,478,873	55,296,587
Borrowings	9,489,215	195,713	734,199	171,672	44,060	951,799	11,586,658
Debentures	4,315,722	—	1,519,420	192,936	—	172,750	6,200,828
Derivative liabilities used for hedging	170,926	—	—	—	—	—	170,926
Others	5,631,026	525,801	492,177	1,360,759	28,598	419,314	8,457,675
Total	51,797,052	4,744,245	7,002,547	9,882,670	1,527,105	7,125,700	82,079,319



<December 31, 2022>

Classification	USD	JPY	EUR	CNY	IDR	Others	Total
Assets							
Cash and due from bank	18,976,739	1,328,010	1,088,487	1,054,512	313,483	1,027,003	23,788,234
Financial assets at FVTPL	286,849	1,088	20,155	13,530	10,254	108,052	439,928
Financial assets at FVOCI	2,098,897	–	–	1,965,233	295,867	1,292,404	5,652,401
Securities at amortized cost	1,803,278	–	150,933	58,488	160,655	1,644,945	3,818,299
Loans	25,880,111	1,751,839	4,462,084	6,870,991	1,439,045	4,834,913	45,238,983
Others	3,251,413	166,333	340,695	333,508	49,281	433,891	4,575,121
Total	52,297,287	3,247,270	6,062,354	10,296,262	2,268,585	9,341,208	83,512,966
Liabilities							
Financial liabilities at FVTPL	250,577	4,653	20,461	17,168	–	109,451	402,310
Deposits	42,320,051	2,790,262	5,075,467	8,667,227	1,390,599	4,948,110	65,191,716
Borrowings	9,020,224	136,405	923,417	381,299	43,523	993,865	11,498,733
Debentures	4,673,935	–	605,055	336,151	19,709	239,892	5,874,742
Derivative liabilities used for hedging	226,919	–	–	–	–	–	226,919
Others	5,527,525	190,884	673,383	501,354	38,205	304,711	7,236,062
Total	62,019,231	3,122,204	7,297,783	9,903,199	1,492,036	6,596,029	90,430,482

## 8-6 Operating risk

Operational risk is the risk of loss arising from system failure, human error, fraud or other external events. Risks related to legal or regulatory implications are identified as operational risks, but risks related to the strategy of damaging reputation are excluded from operational risks. Operational risk includes losses from internal operational problems and externalities, such as natural disasters, etc., and legal lawsuit, but excludes losses from policy decision errors or unmeasurable reputation damage, etc. Operational risk does not have a direct correlation with income and the Group needs to mitigate such risk through internal controls and insurance.

Operating risk capital is calculated by multiplying the Business Indicator Component based on consolidated financial statements and the internal loss multiplier (ILM). The business index factor is calculated based on the consolidated financial statements by multiplying the annual average of interest-lease dividend factors, service factors and financial transaction factors over the past three years by the factor of each section. The ILM is the log function value of the loss element and the business index element, and the loss element is calculated by multiplying the average annual loss amount generated internally by the bank over the past 10 years by 15.

The Risk Management Committee determines the operational risk limits. In case the excess limit is expected, the management plan for the excess of internal capital limits should be reported to the Risk Management Operation Committee and if additional limits are given, an approval from the Risk Management Committee is needed beforehand. If the limit is exceeded due to the occurrence of an exceptional situation, an ex post facto approval from the Risk Management Committee is needed for the information on exceeded amount and post hoc results, as well as the subsequent plans.

## 8-7 Capital management

The Group implements the BIS capital requirement system in order to secure the capital adequacy and comply with the supervisory regulations. By BIS regulation, the Group keeps its BIS capital adequacy ratio (hereinafter, "BIS ratio") above the minimum BIS ratio for "RWA". In addition, the Group performs a capital adequacy assessment in order to cope with an unexpected loss.

RWA which are calculated per each risk type when calculating BIS ratio, are as follows:

- a. RWA of credit risk are calculated using the basic internal ratings-based approach. The Group uses the standardized approach for governments, banks, public institutes, overseas exposure, other assets, etc.
- b. RWA of the market risk are calculated by multiplying 12.5 to the amount of capital required by adding individual risks calculated by the standard model to the general risk calculated by the internal model.
- c. RWA of the operational risk are calculated by multiplying 12.5 to the amount of operational risk capital calculated by advanced measurement approach for the Group and basic indicator approach for its subsidiaries.

Regulatory capital in accordance with the Regulations on the Supervision of Banking Business for calculating BIS ratio is as follows:

- a. Common equity: Capital incurred in connection with common stock issued to meet the eligible requirement, capital surplus and capital adjustments, retained earnings, accumulated other comprehensive income and other capital surplus, capital adjustments, non-controlling interest on common shares issued by banks, affiliated subsidiaries, etc.
- b. Other basic capital: The capital securities to meet accreditation requirements of other basic capital, capital surplus associated with the issuance of the other basic capital, non-qualifying capital securities and the accredited amount as other basic capital of a non-controlling interest on equity securities issued by a subsidiary, etc.
- c. Supplementary capital: The capital securities to meet supplementary capital accreditation requirements, capital surplus associated with the issuance of supplementary capital, the accredited amount of supplementary capital of non-qualifying capital securities, the accredited amount as supplementary capital of a non-controlling interest on equity securities issued by a subsidiary, eligible allowance for possible loan losses on "normal" or "precautionary" category assets, allowance for possible loan losses in excess of the total amount of expected losses, etc.

Regulatory capital and BIS ratios as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Common equity		
Capital stock, capital surplus and capital adjustments incurred in connection with common stock issued that meets eligible requirements	5,359,548	5,359,508
Retained earnings	21,050,087	19,236,315
Accumulated other comprehensive income and other capital surplus, capital adjustments	5,019,367	4,556,672
Non-controlling interest on common shares issued by a bank, a consolidated subsidiary	71,380	67,750
Deduction	(1,428,880)	(1,343,267)
Subtotal	30,071,502	27,876,978
Other basic capital		
Equity securities satisfying the criteria of other basic capital	355,740	355,740
Amount accredited as supplementary capital of non-qualifying capital securities	–	–
Amount accredited as other basic capital of a non-controlling interest on equity securities issued by a subsidiary	15,296	14,518
Subtotal	371,036	370,258
Supplementary capital		
Equity securities satisfying the criteria of supplementary capital	2,581,000	2,993,076
Amount accredited as supplementary capital of non-qualifying capital securities	–	–
Amount accredited as supplementary capital of a non-controlling interest on equity securities issued by a subsidiary	20,394	19,358
Allowance for possible loan losses on assets categorized as "normal" or "precautionary"	458,672	273,899
Allowance for Qualified Bad Debt Exceeding the Estimated Total Loss, etc.	82,557	136,038
Subtotal	3,142,623	3,422,371
Total	33,585,161	31,669,607
Risk-weighted assets		
Credit risk-weighted assets (*)	164,378,354	154,742,641
Operational risk-weighted assets	16,009,569	18,539,555
Market risk-weighted assets	6,876,942	17,119,721
Total	187,264,865	190,401,917
BIS capital ratio		
Total capital ratio	17.93%	16.63%
Common equity ratio	16.06%	14.64%
Basic capital ratio	16.26%	14.84%
Supplementary capital ratio	1.68%	1.80%

(\*) The equity below the lowest limit is presented in credit risk-weighted assets.

#### 8-7-1 Internal capital adequacy assessment and management

Internal capital is the amount that allows for continuous operation of business while accounting for all risks. Internal capital is defined as the size of capital needed to cope with an unexpected loss under a certain rate. The purpose of managing the internal capital is to compare the size of internal capital and available capital (Tier 1) and to serve as a measure of financial strength.

Managing the internal capital also provides the amount of risk-adjusted capital and basic measurement. The indicators are composed of the risk appetite ratio, as well as exhaustion ratio of foreign holding limits. The risk appetite ratio is an internal capital ratio established after taking into consideration a capital buffer in Tier 1 capital. The exhaustion ratio of foreign holding limits is a ratio used to measure the amount of internal capital used against the internal capital limits.

Internal capital limits are established after accounting for the size of current and subsequent Tier 1 capital, as well as the components, quality, risk appetite, target credit rating, operational strategy and business plans. The Risk Management Committee determines risk types and the internal capital limits for the Group more than once a year. In the case where new operations or the expansion of operations results in the amount exceeding the internal capital limits, an approval from the Risk Management Committee is needed beforehand. If such a situation occurs in cases outlined as exceptions, an approval from the Risk Management Committee is needed for the information on exceeded amount and post hoc results, as well as the subsequent plans.

## 9. Operating segment information

### 9-1 General information

In order to set strategies to achieve goals and efficiently conduct performance assessment, the business sectors of the Group are divided by the operations as follows:

- a. Operating bank segment: It consists of four banks (Center, Yeongnam, Chungcheong and Honam). It offers household loan and deposit, retirement pension, company loan, deposit, etc.
- b. Capital market segment: This segmentation offers investment and operation of securities, buying and selling of public bonds and development and operation of derivatives.
- c. Other segment: It consists of the overseas business segment, headquarters supporting segment, trust segment, risk segment, audit segment and after-management segment.

## 9-2 Profit or loss by operating segment

9-2-1 Details of net income by operating segments for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

### <2023>

Classification	Operating group segments				Finance and other sectors	Subtotal	Adjustments	Total
	Center	Yeongnam	Chungcheong	Honam				
Net interest income	5,753,944	959,225	826,839	263,572	124,910	7,928,490	(11,079)	7,917,411
Interest income	19,373,471	3,697,223	2,611,464	1,191,775	(6,998,683)	19,875,250	(82,187)	19,793,063
Interest expenses	(13,619,527)	(2,737,998)	(1,784,625)	(928,203)	7,123,593	(11,946,760)	71,108	(11,875,652)
Net fees and commission income	675,792	96,104	54,815	27,060	168,021	1,021,792	(360,328)	661,464
Net other operating loss	(1,964,861)	(418,562)	(320,035)	(129,865)	(1,573,026)	(4,406,349)	440,557	(3,965,792)
Net segment profit (loss)	4,464,875	636,767	561,619	160,767	(1,280,095)	4,543,933	69,150	4,613,083
Income tax expenses (benefit)	1,178,727	168,106	148,267	42,443	(337,421)	1,200,122	(74,472)	1,125,650
Net segment income (loss)	3,286,148	468,661	413,352	118,324	(942,674)	3,343,811	143,622	3,487,433

### <2022>

Classification	Operating group segments				Finance and other sectors	Subtotal	Adjustments	Total
	Center	Yeongnam	Chungcheong	Honam				
Net interest income	5,435,248	936,305	723,768	268,623	254,283	7,618,227	(9,550)	7,608,677
Interest income	12,812,096	2,438,435	1,666,734	748,599	(4,289,059)	13,376,805	(29,574)	13,347,231
Interest expenses	(7,376,848)	(1,502,130)	(942,966)	(479,976)	4,543,342	(5,758,578)	20,024	(5,738,554)
Net fees and commission income	592,662	91,945	56,595	27,454	149,665	918,321	(324,709)	593,612
Net other operating loss	(1,749,101)	(384,761)	(283,775)	(115,940)	(2,366,803)	(4,900,380)	869,577	(4,030,803)
Net segment profit (loss)	4,278,809	643,489	496,588	180,137	(1,962,855)	3,636,168	535,318	4,171,486
Income tax expenses (benefit)	1,176,672	176,959	136,562	49,538	(531,409)	1,008,322	51,465	1,059,787
Net segment income (loss)	3,102,137	466,530	360,026	130,599	(1,431,446)	2,627,846	483,853	3,111,699

Operating segment information was rewritten due to changes in the organizational structure for the year ended December 31, 2023.



9-2-2 Revenue from external customers in each operating sector for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

<2023>

Classification	Operating group segments				Finance and other sectors	Subtotal	Adjustments	Total
	Center	Yeongnam	Chungcheong	Honam				
Revenue from external customers	5,819,200	928,625	759,766	246,251	1,336,015	9,089,857	(377,422)	8,712,435

<2022>

Classification	Operating group segments				Finance and other sectors	Subtotal	Adjustments	Total
	Center	Yeongnam	Chungcheong	Honam				
Revenue from external customers	5,573,804	917,177	686,539	261,486	731,808	8,170,814	(127,731)	8,043,083

Operating segment information was rewritten due to changes in the organizational structure for the year ended December 31, 2023.

9-2-3 Significant non-cash transactions included in income of operating segments for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Operating group segments				Finance and other sectors	Subtotal	Adjustments	Total
	Center	Yeongnam	Chungcheong	Honam				
Earnings from equity method investments	-	-	-	-	168,113	168,113	-	168,113
Depreciation and amortization	(138,820)	(14,469)	(10,950)	(4,026)	(334,853)	(503,118)	(959)	(504,077)
Total	(138,820)	(14,469)	(10,950)	(4,026)	(166,740)	(335,005)	(959)	(335,964)

<2022>

Classification	Operating group segments				Finance and other sectors	Subtotal	Adjustments	Total
	Center	Yeongnam	Chungcheong	Honam				
Earnings from equity method investments	-	-	-	-	189,013	189,013	-	189,013
Depreciation and amortization	(129,385)	(12,721)	(9,791)	(4,071)	(281,459)	(437,427)	(645)	(438,072)
Total	(129,385)	(12,721)	(9,791)	(4,071)	(92,446)	(248,414)	(645)	(249,059)

Operating segment information was rewritten due to changes in the organizational structure for the year ended December 31, 2023.

### 9-3 Information about geographic region

Gain and loss by geographic region from the external customers for the years ended December 31, 2023 and 2022, and non-current assets by the region as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	Gain and loss from external customers(*1)		Non-current assets(*2)	
	2023	2022	December 31, 2023	December 31, 2022
Domestic	8,082,666	7,160,295	3,317,272	3,278,506
Foreign				
Hong Kong	69,427	73,208	2,844	5,320
Singapore	49,517	60,878	2,526	1,943
United States	97,380	85,888	27,806	29,170
Japan	28,337	36,579	2,488	3,486
China	222,364	247,818	62,438	62,936
Indonesia	165,397	182,806	48,045	57,301
United Kingdom	8,468	6,537	2,102	2,601
Canada	57,736	49,635	22,355	11,274
Others	308,565	267,168	27,000	19,263
Subtotal	1,007,191	1,010,517	197,604	193,294
Adjustments	(377,422)	(127,729)	4,737	5,263
Total	8,712,435	8,043,083	3,519,613	3,477,063

(\*1) Gain and loss from external customers are divided into categories of domestic and overseas based on the locations of operating branches.

(\*2) Non-current assets consist of property and equipment, investment property, intangible assets and right-of-use assets that are divided into categories of domestic and overseas based on the location of assets.

## 10. Cash and due from banks

10-1 Cash and due from banks as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	Counterparty	December 31, 2023	December 31, 2022
Cash		1,742,359	1,903,972
Due from banks in Korean won			
Reserve deposits	Bank of Korea ("BOK")	10,025,623	15,928,268
Time deposits, etc.	Other banks	401,191	8,309
Other deposits	Other financial institutions	23,654	14,313
Subtotal		10,450,468	15,950,890
Due from banks in foreign currencies			
Due from other branches	BOK and other banks	8,823,939	11,590,380
Time deposits and others	QATAR National Bank and other banks	1,018,569	1,147,224
Other deposits	Other financial institutions	8,528,944	10,495,391
Subtotal		18,371,452	23,232,995
Total		30,564,279	41,087,857

10-2 Restricted balances in cash and due from banks as of December 31, 2023 and 2022, are summarized as follows (Korean won in millions):

Classification		December 31, 2023	December 31, 2022	Restriction
Due from banks in Korean won	Reserve deposits	10,025,623	15,928,268	Required under the <i>Banking Act</i> and other related regulations
	Collective fund for Korea Stock Exchange	500	500	Pledge creation, etc.
	Subtotal	10,026,123	15,928,768	
Due from banks in foreign currencies	Due from other branches	7,828,902	9,596,192	Reserve deposits required under the <i>Banking Act</i> and other related regulations
	Due from others	8,199,138	9,708,393	Deposits received for guarantees as margin for derivatives, etc.
	Subtotal	16,028,040	19,304,585	
Total		26,054,163	35,233,353	

## 11. Financial assets at FVTPL

11-1 Financial assets mandatorily measured at FVTPL as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Stocks	117,803	63,560
Government and public bonds	4,555,436	2,068,958
Financial bonds	397,600	563,364
Corporate bonds	1,060,500	912,624
Beneficiary certificates	3,265,402	2,733,298
Securities denominated in foreign currencies	1,507,867	1,786,106
Derivative assets held for trading	5,965,872	9,851,754
Other securities (investment, etc.)	636,949	468,357
Private convertible bonds	7,447	7,394
Total	17,514,876	18,455,415

11-2 As of December 31, 2023 and 2022, the Group does not hold any financial assets designated as at FVTPL.

## 12. Financial assets at FVOCI

12-1 As of December 31, 2023 and 2022, financial assets at FVOCI are as follows (Korean won in millions):

Classification	Counterparty	Fair value (book value)	
		December 31, 2023	December 31, 2022
Stocks	Hanwha Ocean Co., Ltd., etc.	610,317	714,863
Investments in partnership	Impact Finance Korea	–	105
Government and public bonds	Treasury bonds	6,432,877	7,264,139
	Housing bonds	2,614,084	2,383,681
	Other local bonds	213,751	226,842
	Subtotal	9,260,712	9,874,662
Finance bonds	Monetary stabilization securities	5,708,089	3,087,556
	Deposit bank bonds	1,269,983	1,128,701
	Small- and medium-sized business banking bonds	1,510,420	1,904,983
	Industrial financial bonds	3,713,637	3,423,699
	Export-import credit bonds	226,751	313,214
	Others	140,015	663,479
	Subtotal	12,568,895	10,521,632
Corporate bonds and others	State-owned entity bonds	6,631,316	5,618,840
	Corporate bonds	375,868	461,899
	Others	59,321	20,640
	Subtotal	7,066,505	6,101,379
Other securities	Convertible bonds (permanent)	33,153	89,131
Securities denominated in foreign currencies	Equity securities in foreign currencies	6,996	6,406
	Bonds in foreign currencies	7,347,533	5,652,403
	Subtotal	7,354,529	5,658,809
Total		36,894,111	32,960,581

12-2 As of December 31, 2023 and 2022, details of equity instruments included in financial assets at FVOCI are as follows (Korean won in millions):

Counterparty	Fair value (book value)	
	December 31, 2023	December 31, 2022
UAMCO., Ltd.	196,670	188,721
Hanwha Ocean Co., Ltd.	144,576	170,845
The Korea Securities Finance Corporation	118,002	115,513
Kookmin Cable Investment Inc.	33,153	43,924
National Happiness Fund Co., Ltd.	26,261	50,942
Korea Rating & Data	18,933	20,111
Korea Asset Management Corporation	15,737	15,737
Kumho Tire Co., Ltd.	13,084	6,748
Korea Money Brokerage Corp	11,014	9,660
BC Card Co., Ltd.	10,298	10,604
HJC Inc.	10,190	9,817
POSCO Plantec Co., Ltd.	6,463	4,676
Mirae Credit Information Co., Ltd.	6,416	7,324
DB Asset Management Co., Ltd.	5,753	5,713
Chang Myung Shipping Co., Ltd.	3,807	—
Maeil Broadcasting Network(MBN)	2,665	—
DL Construction Co., Ltd.	2,159	2,509
CLS GROUP HOLDINGS AG	5,603	5,038
Taihan Cable & Solution Co., Ltd.	—	46,131
HMM Co., Ltd.	—	17,387
KG Dongbu Steel Co., Ltd.	—	8,387
STX Engine Co., Ltd.	—	45,207
Korea Securities Depository and others	19,682	25,511
Total	650,466	810,505

Equity instruments that are held by the purpose of strategic alliances, acquisition due to conversion from debt instruments and acquisition for access rights of systems and facilities are designated as measured at FVOCI.

12-3 Details of equity instruments included in the financial assets at FVOCI derecognized for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Counterparty	Fair value	Cumulative valuation gain (loss)	Reason for disposal
STX Engine Co., Ltd.	45,207	26,606	Exercise of the right to sell
DGB Life Insurance Co., Ltd.	2	(107)	Share swap
ETAPOL Co., Ltd.	12	12	Sale of securities convertible to equity securities
Impact Finance Korea	205	15	Share swap
Hanwha Ocean Co., Ltd.	138,774	138,774	Sale of securities convertible to equity securities
KG Dongbu Steel Co., Ltd.	8,139	(25,445)	Sale of securities convertible to equity securities
HMM Co., Ltd.	12,772	2,588	Sale of securities convertible to equity securities
Sawnics Inc.	37	37	Sale of securities convertible to equity securities
US Co., Ltd.	6	6	Sale of securities convertible to equity securities
Taihan Cable & Solution Co., Ltd.	35,092	(73,348)	Sale of securities convertible to equity securities
Coson Co., Ltd.	91	91	Sale of securities convertible to equity securities
Taihan Industrial System	16	16	Sale of securities convertible to equity securities
Dongwoo A&E Co., Ltd.	8	8	Sale of securities convertible to equity securities
Metal Link Inc.	201	201	Sale of securities convertible to equity securities
Marizin	-	-	Free incineration of securities
Enertech Co., Ltd.	-	(202)	Free incineration of securities
Nanorricart Co., Ltd.	-	-	Free incineration of securities
Heungwha Co., Ltd.	-	-	Free incineration of securities
Total	240,562	69,252	

<2022>

Counterparty	Fair value	Cumulative valuation gain (loss)	Reason for disposal
Sun jin Air & Tech.Co., Ltd.	-	-	Free incineration of securities
SHINDONGDIGTECHCO, LTD	-	-	Free incineration of securities
IHSUNG ONI CO., Ltd.	-	-	Sale of securities convertible to equity securities
Hansol Papertech Co., Ltd.	1	1	Sale of securities convertible to equity securities
EMint Co., Ltd	119	119	Sale of securities convertible to equity securities
Kolmarpharma Co., Ltd.	1	1	Sale of securities convertible to equity securities
GOLDEN BRIDGE ASSET MANAGEMENT Co., Ltd.	478	78	Sale of securities convertible to equity securities due to reduced effectiveness of strategic investment
DAEIL LEATHER CO., Ltd.	40	40	Exercise of the right to claim for reimbursement recourse according to the rehabilitation plan
Olive Co., Ltd.	22	22	Exercise of call option according to the rehabilitation plan
ChinHung International, Inc.	3,280	(1,320)	Resolution of the board of directors
Taihan Cable & Solution Co., Ltd.	1,174	1,174	Resolution of the board of directors
KG Dongbu Steel Co., Ltd.	20,980	(3,806)	Resolution of the board of directors
Total	26,095	(3,691)	

12-4 Dividends recognized due to the equity instruments at FVOCI derecognized for the year ended December 31, 2023, amount to ₩1,237 million. Dividends recognized in relation to the equity instruments at FVOCI held as of December 31, 2023, amount to ₩6,804 million. There are no dividends recognized due to the equity instruments at FVOCI derecognized for the year ended December 31, 2022. Dividends recognized in relation to the equity instruments at FVOCI held as of December 31, 2022, amount to ₩8,287 million.

12-5 Changes in the loss allowance in relation to financial assets at FVOCI for the years ended December 31, 2023 and 2022, are as follows  
(Korean won in millions):

<2023>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	11,150	—	—	11,150
Transfer to 12-month ECL	—	—	—	—
Transfer to non-credit-impaired debt securities	—	—	—	—
Transfer to credit-impaired debt securities	—	—	—	—
Provision for ECL	5,912	—	—	5,912
Removed debt securities	(5,045)	—	—	(5,045)
Ex change rate fluctuation and others	1,093	—	—	1,093
Ending balance	13,110	—	—	13,110

<2022>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	11,298	—	—	11,298
Transfer to 12-month ECL	—	—	—	—
Transfer to non-credit-impaired debt securities	—	—	—	—
Transfer to credit-impaired debt securities	—	—	—	—
Provision for ECL	2,516	—	—	2,516
Removed debt securities	(3,119)	—	—	(3,119)
Ex change rate fluctuation and others	455	—	—	455
Ending balance	11,150	—	—	11,150



12-6 Changes in the total book value in relation to financial assets at FVOCI for the years ended December 31, 2023 and 2022, are as follows  
(Korean won in millions):

<2023>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	32,150,076	—	—	32,150,076
Transfer to 12-month ECL	—	—	—	—
Transfer to non-credit-impaired debt securities	—	—	—	—
Transfer to credit-impaired debt securities	—	—	—	—
New financial assets executed or purchased	19,187,926	—	—	19,187,926
Removed debt securities	(15,561,487)	—	—	(15,561,487)
Ex change rate fluctuation and others	467,130	—	—	467,130
Ending balance	36,243,645	—	—	36,243,645

<2022>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	34,322,778	—	—	34,322,778
Transfer to 12-month ECL	—	—	—	—
Transfer to non-credit-impaired debt securities	—	—	—	—
Transfer to credit-impaired debt securities	—	—	—	—
New financial assets executed or purchased	10,732,956	—	—	10,732,956
Removed debt securities	(12,330,139)	—	—	(12,330,139)
Ex change rate fluctuation and others	(575,519)	—	—	(575,519)
Ending balance	32,150,076	—	—	32,150,076

### 13. Securities at amortized cost

13-1 Details of securities at amortized cost as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	Category	December 31, 2023	December 31, 2022
Government and public bonds	Treasury bonds	3,087,295	3,177,898
	Housing bonds	2,981,531	3,585,127
	Other local government bonds	506,962	506,322
	Subtotal	6,575,788	7,269,347
Finance bonds	Monetary stabilization bond	249,998	649,822
	Deposit bank bonds	546,857	545,116
	Small- and medium-sized business banking bonds	2,299,692	2,299,454
	Industrial financial bonds	3,929,216	3,967,758
	Export-import credit bonds	349,794	429,681
	Subtotal	7,375,557	7,891,831
Corporate bonds and others	State-owned entity bonds	18,446,291	18,316,697
	Corporate bonds	279,483	298,312
	Subtotal	18,725,774	18,615,009
Securities denominated in foreign currencies	Bonds in foreign currencies	3,680,491	3,890,116
Allowances		(19,661)	(82,816)
Total		36,337,949	37,583,487

13-2 Profit or loss from disposal of securities at amortized cost for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

<2023>

Classification	Face amount	Book value	Amount of profit from disposal
Corporate bonds and others	10,600	10,597	3
Bonds in foreign currencies	36,276	36,276	229
Total	46,876	46,873	232

<2022>

Classification	Face amount	Book value	Amount of profit from disposal
Corporate bonds and others	7,800	7,796	4

For the years ended December 31, 2023 and 2022, the Group disposed portion of securities at amortized cost for the purpose of managing the credit risk.

13-3 Changes in the loss allowance in relation to securities at amortized cost for the years ended December 31, 2023 and 2022, are as follows  
(Korean won in millions):

<2023>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	13,073	5,773	63,970	82,816
Transfer to 12-month ECL	–	–	–	–
Transfer to non-credit-impaired debt securities	–	–	–	–
Transfer to credit-impaired debt securities	–	–	–	–
Provision for ECL	5,735	179	–	5,914
Removed debt securities	(1,038)	–	(41,153)	(42,191)
Amortized debt securities	–	–	(27,108)	(27,108)
Ex change rate fluctuation and others	(4,039)	(22)	4,291	230
Ending balance	13,731	5,930	–	19,661

<2022>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	8,104	11,200	–	19,304
Transfer to 12-month ECL	–	–	–	–
Transfer to non-credit-impaired debt securities	–	–	–	–
Transfer to credit-impaired debt securities	–	(8,470)	8,470	–
Provision for ECL	5,525	3,007	58,941	67,473
Removed debt securities	(507)	–	–	(507)
Ex change rate fluctuation and others	(49)	36	(3,441)	(3,454)
Ending balance	13,073	5,773	63,970	82,816

13-4 Changes in the carrying amounts of securities at amortized cost for the years ended December 31, 2023 and 2022, are as follows  
(Korean won in millions):

<2023>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	37,574,459	24,508	67,336	37,666,303
Transfer to 12-month ECL	—	—	—	—
Transfer to non-credit-impaired debt securities	—	—	—	—
Transfer to credit-impaired debt securities	—	—	—	—
New debt securities executed or purchased	1,208,227	—	—	1,208,227
Removed debt securities	(2,651,359)	—	(68,261)	(2,719,620)
Effective interest rate amortization	69,043	—	—	69,043
Ex change rate fluctuation and others	132,814	(82)	925	133,657
Ending balance	36,333,184	24,426	—	36,357,610

<2022>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit-impaired debt securities	Credit-impaired debt securities	
Beginning balance	22,393,248	93,940	—	22,487,188
Transfer to 12-month ECL	—	—	—	—
Transfer to non-credit-impaired debt securities	—	—	—	—
Transfer to credit-impaired debt securities	—	(68,827)	68,827	—
New debt securities executed or purchased	16,705,097	—	—	16,705,097
Removed debt securities	(1,664,801)	—	—	(1,664,801)
Effective interest rate amortization	(23,576)	—	—	(23,576)
Ex change rate fluctuation and others	164,491	(605)	(1,491)	162,395
Ending balance	37,574,459	24,508	67,336	37,666,303

#### 14. Pledged assets and acquired collaterals

14-1 Assets pledged as collateral as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	Category	December 31, 2023	December 31, 2022
Financial assets at FVTPL	Securities lent	9,936	412,491
	BOK payment	612,117	–
	Others	926,687	390,251
	Subtotal	1,548,740	802,742
Financial assets at FVOCI	Intraday overdraft	246,979	272,486
	Securities lent	1,051,270	1,925,345
	BOK borrowings	589,932	1,240,667
	Foreign currency borrowings	532,712	–
	BOK payment	4,915,988	39,707
	Futures	220,328	374,368
	Customer repurchase agreement	48	46
	Others	2,268,279	3,057,070
	Subtotal	9,825,536	6,909,689
Securities at amortized cost	Intraday overdraft	403,880	373,511
	Securities lent	194,312	416,386
	BOK borrowings	3,317,956	4,719,163
	Foreign currency borrowings	801,692	484,066
	BOK payment	7,728,925	2,905,847
	Futures	192,445	10,000
	Others	1,427,564	1,151,860
	Subtotal	14,066,774	10,060,833
Total		25,441,050	17,773,264

14-2 The fair value of collateral that is available for sale and repledge, irrespective of default as of December 31, 2023 and 2022, is as follows (Korean won in millions):

⟨December 31, 2023⟩

Classification	Fair value of collateral	Fair value of collateral sold or repledged
Securities	13,158,028	—

⟨December 31, 2022⟩

Classification	Fair value of collateral	Fair value of collateral sold or repledged
Securities	11,589,157	3,349,854

## 15. Loans

15-1 Loans as of December 31, 2023 and 2022, are as follows  
(Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Loans		
Loans in Korean won	292,565,176	274,028,231
Loans denominated in foreign currencies	31,794,128	32,053,751
Domestic import usance	3,833,914	4,546,348
Call loans	1,387,914	1,377,862
Bills purchased in Korean won	172,864	936,548
Bills purchased denominated in foreign currencies	4,040,638	5,289,419
Advance payments on payment guarantees	10,508	5,533
Bonds purchased under resale agreement	13,754,130	11,776,664
Privately placed corporate bonds	1,080,096	1,081,238
Others	268,918	401,026
Subtotal	348,908,286	331,496,620
Addition (deduction)		
Net deferred origination fees and costs	383,467	356,338
Allowance for loan losses	(2,044,843)	(1,666,617)
Subtotal	(1,661,376)	(1,310,279)
Total	347,246,910	330,186,341



15-2 Loans by customer as of December 31, 2023 and 2022, are listed as follows  
(Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Corporate loans		
Large-sized businesses	52,615,031	49,305,435
Small- and medium-sized businesses	143,438,684	129,742,648
Public sector and others	20,928,782	19,907,599
Household loans	131,925,789	132,540,938
Subtotal	348,908,286	331,496,620
Addition (deduction)		
Net deferred origination fees and costs	383,467	356,338
Allowance for loan losses	(2,044,843)	(1,666,617)
Subtotal	(1,661,376)	(1,310,279)
Total	347,246,910	330,186,341

15-3 Changes in allowance for possible loan losses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit -impaired loan	Credit- impaired loan	
Beginning balance	598,922	763,949	303,746	1,666,617
Transfer to 12-month ECL	42,435	(41,384)	(1,051)	-
Transfer to non-credit-impaired loan	(174,562)	180,294	(5,732)	-
Transfer to credit-impaired loan	(9,201)	(74,776)	83,977	-
Provisions of allowance for loan losses	316,989	(31,617)	404,228	689,600
Write-offs	-	-	(402,866)	(402,866)
Disposal of non-performing loans, etc.	-	-	(51,463)	(51,463)
Recovering of loans written off	-	-	104,403	104,403
Exchange rate fluctuation and others	12,130	8,059	18,363	38,552
Ending balance (*)	786,713	804,525	453,605	2,044,843

(\*) As of December 31, 2023, in order to expand loss absorption capacity in growing economic uncertainty worldwide, the Group has accumulated an additional ₩34,462 million in allowances for financial support interest and deferred repayment loans for small- and medium-sized companies and small business owners affected by COVID-19, and ₩17,709 million for maturity-extended loans.

<2022>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit -impaired loan	Credit- impaired loan	
Beginning balance	405,354	668,520	359,694	1,433,568
Transfer to 12-month ECL	39,276	(37,361)	(1,915)	–
Transfer to non-credit-impaired loan	(37,102)	38,749	(1,647)	–
Transfer to credit-impaired loan	(8,994)	(28,298)	37,292	–
Provisions of allowance for loan losses	186,883	118,465	279,658	585,006
Write-offs	–	–	(428,658)	(428,658)
Disposal of non-performing loans, etc.	–	–	(31,429)	(31,429)
Recovering of loans written off	–	–	90,478	90,478
Exchange rate fluctuation and others	13,505	3,874	273	17,652
Ending balance	598,922	763,949	303,746	1,666,617

(\*) As of December 31, 2022, in order to expand loss absorption capacity in growing economic uncertainty worldwide, the Group has accumulated an additional ₩50,387 million in allowances for financial support interest and deferred repayment loans for small- and medium-sized companies and small business owners affected by COVID-19. The additional allowances include ₩413 million in impact of Stage 2 classification of principal and interest deferred borrowers.

15-4 Changes in the carrying amounts of loans for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit -impaired loan	Credit- impaired loan	
Beginning balance	289,447,264	41,149,957	899,399	331,496,620
Transfer to 12-month ECL	5,884,595	(5,875,653)	(8,942)	—
Transfer to non-credit-impaired loan	(14,090,938)	14,117,340	(26,402)	—
Transfer to credit-impaired loan	(1,076,492)	(1,091,008)	2,167,500	—
Net increase (decrease)	24,195,159	(5,081,408)	(418,115)	18,695,636
Write-offs	—	—	(402,866)	(402,866)
Disposal of non-performing loans, etc.	—	—	(881,104)	(881,104)
Ending balance	304,359,588	43,219,228	1,329,470	348,908,286

Net deferred origination fees and costs are not reflected in the gross carrying amounts above.

<2022>

Classification	12-month ECL	Lifetime ECL		Total
		Non-credit -impaired loan	Credit- impaired loan	
Beginning balance	270,511,534	38,818,581	902,166	310,232,281
Transfer to 12-month ECL	6,182,647	(6,172,422)	(10,225)	—
Transfer to non-credit-impaired loan	(12,624,851)	12,640,990	(16,139)	—
Transfer to credit-impaired loan	(470,765)	(409,106)	879,871	—
Net increase (decrease)	25,848,699	(3,728,086)	(251,415)	21,869,198
Write-offs	—	—	(428,658)	(428,658)
Disposal of non-performing loans, etc.	—	—	(176,201)	(176,201)
Ending balance	289,447,264	41,149,957	899,399	331,496,620

Net deferred origination fees and costs are not reflected in the gross carrying amounts above.

15-5 Amortized costs before changes in contractual cash flows of loans (contractual cash flows changed for the years ended December 31, 2023 and 2022) for which allowances for loan losses have been at the lifetime ECL and net gain or loss recognized based on the changes in contractual cash flows are as follows (Korean won in millions):

Classification	2023	2022
Amortized cost before change	60,826	81,226
Allowance before change	58,669	78,847
Amount after deducting allowance	2,157	2,379
Net loss due to change	43	835

15-6 Loans whose contractual cash flows changed for which the measurement of allowance for loan losses changed from the lifetime ECL to 12-month ECL on initial recognition during the reporting period do not exist as of December 31, 2023, and are ₩1,355 million as of December 31, 2022.

15-7 The contractual non-recoverable amount of the loans that has been fully written off as of the end of the reporting period, but is still trying to recover, is ₩3,790,688 million and ₩4,090,534 million as of December 31, 2023 and 2022, respectively.

## 16. Derivative instruments

16-1 Details of amounts of the unsettled derivative contract and fair value of derivatives held by the Group as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	Amounts of unsettled contract		Accumulated valuation gain (loss)			
	December 31, 2023	December 31, 2022	December 31, 2023		December 31, 2022	
			Assets	Liabilities	Assets	Liabilities
Currency						
Forward	267,560,507	224,433,459	2,866,287	2,406,480	5,673,931	5,229,138
Swap	85,714,059	87,834,023	2,550,525	2,822,494	3,418,688	4,549,082
Options purchased	603,175	664,573	4,887	–	3,742	–
Options sold	448,824	635,883	–	4,878	–	3,267
Futures	1,454,147	1,411,202	–	–	–	–
Subtotal	355,780,712	314,979,140	5,421,699	5,233,852	9,096,361	9,781,487
Interest						
Forward	5,580,919	2,858,744	131,737	248,528	217,225	101,410
Swap	180,027,865	158,972,394	423,790	539,156	551,422	826,106
Options purchased	53,022	66,150	–	–	–	–
Options sold	515,000	765,000	–	5,758	–	9,458
Futures	1,244,792	857,539	–	–	–	–
Subtotal	187,421,598	163,519,827	555,527	793,442	768,647	936,974
Stock						
Forward	7,953	524	103	–	286	–
Swap	183,393	72,499	637	2,572	578	1,827
Options purchased	12,385	50,219	362	–	213	–
Options sold	358,112	263,304	–	12,200	–	22,289
Futures	27,747	21,681	–	–	–	–
Subtotal	589,590	408,227	1,102	14,772	1,077	24,116
Others						
Credit spread adjustment	–	–	(12,456)	–	(14,331)	–
Total	543,791,900	478,907,194	5,965,872	6,042,066	9,851,754	10,742,577

16-2 Details of valuation gain (loss) of the derivatives for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023		2022	
	Gain	Loss	Gain	Loss
Currency				
Forward	2,637,563	2,255,456	5,218,502	5,186,622
Swap	1,116,460	1,022,004	2,842,829	3,554,679
Options purchased	2,651	–	3,976	–
Options sold	–	2,641	–	1,377
Subtotal	3,756,674	3,280,101	8,065,307	8,742,678
Interest				
Forward	94,482	330,812	208,726	99,096
Swap	381,897	156,592	698,094	977,477
Options purchased	–	–	1,579	–
Options sold	735	206	–	4,195
Subtotal	477,114	487,610	908,399	1,080,768
Stock				
Forward	–	126	171	–
Swap	3,797	4,287	269	2,415
Options purchased	–	–	562	–
Options sold	2,151	59	2,331	20,739
Subtotal	5,948	4,472	3,333	23,154
Others				
Credit spread adjustment	1,875	–	–	3,020
Total	4,241,611	3,772,183	8,977,039	9,849,620

### 16-3 Fair value hedge

16-3-1 Details of items subject to fair value hedge as of December 31, 2023 and 2022, and fair value fluctuation for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

◁December 31, 2023▷

Classification	Hedged items	Book value		Accumulated fair value adjustments		Fair value fluctuation (2023)
		Assets	Liabilities	Assets	Liabilities	
Application of hedge accounting						
Interest	Depository liabilities in Korean won	-	252,537	-	(47,463)	(14,831)
	Depository liabilities denominated in foreign currencies	-	118,642	-	(23,192)	(346)
	Finance debentures denominated in Korean won	-	100,450	-	(29,550)	(7,188)
	Finance debentures denominated in foreign currencies	-	2,624,293	-	(147,917)	(56,708)
	Subtotal	-	3,095,922	-	(248,122)	(79,073)
Currency and interest	Finance debentures denominated in foreign currencies	-	899,006	-	(49,053)	(21,108)
Total		-	3,994,928	-	(297,175)	(100,181)



<December 31, 2022>

Classification	Hedged items	Book value		Accumulated fair value adjustments		Fair value fluctuation (2022)
		Assets	Liabilities	Assets	Liabilities	
Application of hedge accounting						
Interest	Depository liabilities in Korean won	-	187,705	-	(62,295)	46,117
	Depository liabilities denominated in foreign currencies	-	115,865	-	(23,538)	24,898
	Finance debentures denominated in Korean won	-	93,262	-	(36,738)	26,241
	Finance debentures denominated in foreign currencies	-	2,773,530	-	(204,625)	228,870
	Subtotal	-	3,170,362	-	(327,196)	326,126
Currency and interest	Finance debentures denominated in foreign currencies	-	1,080,816	-	(70,161)	61,499
Total		-	4,251,178	-	(397,357)	387,625

As of December 31, 2023 and 2022, interest rate swaps or currency swaps are designated as hedging instrument and the fair value hedge accounting is applied in order to hedge fair value fluctuation risk incurred due to interest rate fluctuations and foreign exchange rate fluctuations in finance debentures issued and depository liabilities.

16-3-2 Details of derivative instruments designated as hedging purposes and related assets and liabilities as of December 31, 2023 and 2022, and net valuation gain (loss) for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

◁December 31, 2023▷

Classification	Nominal amounts of hedging instrument	Fair value fluctuation	Accumulated valuation gain or loss	
			Assets	Liabilities
Interest rate				
Interest rate swaps	3,344,044	78,013	1,723	249,662
Currency and interest				
Currency swaps	948,059	48,504	–	137,059
Total	4,292,103	126,517	1,723	386,721

◁December 31, 2022▷

Classification	Nominal amounts of hedging instrument	Fair value fluctuation	Accumulated valuation gain or loss	
			Assets	Liabilities
Interest rate				
Interest rate swaps	3,497,557	(325,171)	–	325,952
Currency and interest				
Currency swaps	1,150,977	(129,660)	8,062	180,193
Total	4,648,534	(454,831)	8,062	506,145

16-3-3 Ineffective portion of gain or loss on derivatives designated as fair value hedging instrument for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	Ineffective portion of the hedge recognized in profit or loss for the period	
	2023	2022
Currency	(7)	(19)
Interest	38	(204)
Total	31	(223)

#### 16-4 Hedges of net investment in foreign operations

16-4-1 Details of hedges of net investment in foreign operations as of December 31, 2023 and 2022, and fair value fluctuation for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<December 31, 2023>

Classification	Fair value fluctuation	Other comprehensive income of hedges of net investment in foreign operations
Net investment in foreign operations	795	(71,919)

<December 31, 2022>

Classification	Fair value fluctuation	Other comprehensive income of hedges of net investment in foreign operations
Net investment in foreign operations	28,241	(49,823)

16-4-2 Details of fair values of financial instruments designated as hedging instrument of net investment in foreign operations as of December 31, 2023 and 2022, are as follows (Korean won in millions):

◁December 31, 2023▷

Classification	Nominal amounts of hedging instrument	Book value		Fair value fluctuation
		Assets	Liabilities	
Currency forwards	142,507	—	4,258	(1,148)
Debentures denominated in foreign currencies	1,126,834	—	1,126,833	(28,701)
Borrowings denominated in foreign currencies	126,588	—	126,588	(1,919)
Total	1,395,929	—	1,257,679	(31,768)

◁December 31, 2022▷

Classification	Nominal amounts of hedging instrument	Book value		Fair value fluctuation
		Assets	Liabilities	
Currency forwards	233,345	—	10,273	(10,273)
Debentures denominated in foreign currencies	1,131,686	—	1,131,686	(24,527)
Borrowings denominated in foreign currencies	170,314	—	170,314	6,559
Total	1,535,345	—	1,312,273	(28,241)

16-4-3 Details of gain (loss) on hedges of net investment in foreign operations for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Gain or loss on hedges recognized in other comprehensive income	Ineffective portion of the hedge recognized as profit or loss	Accounts that include the recognized hedge ineffectiveness	Reclassification to profit and loss from other comprehensive income of hedges of net investment in foreign operations
Net investment in foreign operations	(30,022)	(1,746)	—	—

<2022>

Classification	Gain or loss on hedges recognized in other comprehensive income	Ineffective portion of the hedge recognized as profit or loss	Accounts that include the recognized hedge ineffectiveness	Reclassification to profit and loss from other comprehensive income of hedges of net investment in foreign operations
Net investment in foreign operations	(28,241)	—	—	—

16-5 Average hedging ratios of future nominal cash flows by the type of risk hedge as of December 31, 2023 and 2022, are as follows (Korean won in millions):

◁December 31, 2023▷

Classification	1 year	2 years	3 years	4 years	5 years	More than 5 years	Total
Fair value hedge							
Nominal amounts of hedging instrument	1,395,224	–	1,486,935	773,640	–	636,304	4,292,103
Average hedging ratio	100.38%	–	100.01%	100.42%	–	100.00%	100.20%
Hedge of net investment in foreign operations							
Nominal amounts of hedging instrument	996,265	–	399,664	–	–	–	1,395,929
Average hedging ratio	100.00%	–	100.00%	–	–	–	100.00%

◁December 31, 2022▷

Classification	1 year	2 years	3 years	4 years	5 years	More than 5 years	Total
Fair value hedge							
Nominal amounts of hedging instrument	494,058	1,375,348	–	1,435,980	760,380	582,768	4,648,534
Average hedging ratio	100.18%	100.36%	–	99.95%	102.32%	100.00%	100.15%
Hedge of net investment in foreign operations							
Nominal amounts of hedging instrument	734,427	576,205	–	224,713	–	–	1,535,345
Average hedging ratio	99.42%	100.00%	–	100.00%	–	–	99.72%

## 17. Investments in associates and a joint venture

17-1 Details of investments in associates and a joint venture as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	Type	Country	Industry	Reporting date	Ownership (%)		Book value	
					December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Bank of Jilin (*1)	Associate	China	Bank	2023.12.31	10.76	11.92	896,961	877,491
Hana Equity Partners I, L.P.	Associate	Korea	Other financial services	2023.12.31	29.97	29.97	95	95
Korea Credit Bureau (*1)	Associate	Korea	Credit investigation and collection agency	2023.12.31	9.00	9.00	6,162	5,503
Templeton Hana Asset Management Co., Ltd. (*1)	Associate	Korea	Asset management company	2023.12.31	9.90	9.90	1,425	1,387
CM International financing leases	Associate	China	Other financial services	2023.12.31	25.00	25.00	540	1,629
Beijing Langzi Asset Management Co., Ltd. (*1)	Associate	China	Credit financial business	2023.12.31	12.89	12.89	58,491	56,805
Somesevit Corporation (*1)(*2)	Associate	Korea	Construction	2023.12.31	1.92	1.92	–	–
Midan City Development Co., Ltd. (*1)(*2)(*3)	Associate	Korea	Construction	2018.03.31	2.17	2.17	–	–
Company K Startup Winwin Fund	Associate	Korea	Investment	2023.12.31	23.81	23.81	1,730	2,355
BSK-6 Patent Technology Investment Association	Associate	Korea	Investment	2023.12.31	20.00	20.00	2,514	2,748
Hana – KVIC Unicorn Fund of Funds (*4)	Associate	Korea	Investment	2023.12.31	90.91	90.91	94,542	98,244
Harvest Private Equity Fund Specializing in Start-Up and Venture Business	Associate	Korea	Investment	2023.12.31	27.27	27.27	1,402	2,805
Bank for Investment and Development of Vietnam ("BIDV") (*1)	Associate	Vietnam	Bank	2023.12.31	15.00	15.00	1,748,883	1,641,419
Hana Micro Finance., Ltd.	Associate	Myanmar	Other financial services	2023.12.31	25.00	25.00	16,015	18,199
HORIZON PRIVATE EQUITY FUND	Associate	Korea	Investment	2023.12.31	22.40	22.40	30,102	49,491
Hana Ventures No.7 New Technology Business Investment Association	Associate	Korea	Investment	2023.12.31	27.27	27.27	668	1,434
TossBank Corp. (*1)	Associate	Korea	Bank	2023.12.31	8.99	8.62	146,900	87,566
Sinsa Station area Complex Development PFV Co., Ltd. (*1)	Associate	Korea	Other development supply business	2023.12.31	9.00	9.00	–	365
Hana-Capstone AI Platform Fund	Associate	Korea	Other financial services	2023.12.31	36.54	36.54	29,404	29,287
Taurus Cloud Fund	Associate	Korea	Other financial services	2023.12.31	27.06	27.06	9,747	9,416
Cheongna Medipolis PFV Co., Ltd. (*1)	Associate	Korea	Real estate development and supply	2023.12.31	10.10	11.24	17,373	1,712
NPX-Welcome Metaverse Contents Fund	Associate	Korea	Other financial services	2023.12.31	25.00	25.00	956	978
Hana Beyond Finance Fund	Associate	Korea	Other financial services	2023.12.31	26.67	26.67	36,422	23,507
Hana Prop-Tech Fund No.1 (*4)	Associate	Korea	Other financial services	2023.12.31	88.24	–	2,956	–
UNION TCB FUND II	Associate	Korea	Other financial services	2023.12.31	29.63	–	1,090	–
Artificial Photosynthesis Lab Co.,Ltd.	Associate	Korea	Natural science and engineering research and development	2023.12.31	36.24	–	1,595	–
No.1 KEBHANASTAY REITS Co., Ltd (*1)(*3)	Associate	Korea	Real estate development and supply	2023.10.31	14.86	–	4,082	–
MASHUP ANGELS VENTURE INVESTMENT 2	Associate	Korea	Other financial services	2023.12.31	21.82	–	1,173	–
All Together Korea Fund 5 (*4)	Associate	Korea	Other financial services	2023.12.31	100.00	100.00	10,541	10,245
Hana-New Deal K-Growth fund (*4)	Associate	Korea	Other financial services	2023.12.31	90.00	90.00	28,430	24,029
Defense Technology Innovation Private Investment Trust (*4)	Associate	Korea	Other financial services	2023.12.31	98.33	98.33	8,664	2,948

Classification	Type	Country	Industry	Reporting date	Ownership (%)		Book value	
					December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
KTOP Short-term Financial Bond Active ETF	Associate	Korea	Other financial services	2023.12.31	45.21	–	61,152	–
KTOP 25-08 Corp(A+) Active ETF	Associate	Korea	Other financial services	2023.12.31	49.26	–	51,232	–
SHINJIN INTERNATIONAL CORPORATION (*2)(*3)	Associate	Korea	Manufacturing	2022.12.31	24.20	24.20	–	–
KG FASHION CO., Ltd. (*2)(*3)	Associate	Korea	Wholesale and retail	2022.12.31	20.55	20.55	–	–
PT Sinarmas Hana Finance (*5)	Joint venture	Indonesia	Financial services	2023.12.31	30.00	30.00	8,905	8,630
Total							3,280,152	2,958,288

(\*1) These companies were included in investment in associates because the Group has significant influence over them by participating in the board of directors' meeting, the decision-making organization.

(\*2) As of December 31, 2023, the application of the equity method has been suspended because the balance of the investment account is below "0."

(\*3) As the consolidated financial statements as of December 31, 2023, could not be obtained, the most recent consolidated financial statements available from the closing date were used. The effect of significant transactions or events incurred between the end of the reporting period of the associate and that of the Group was reviewed and reflected.

(\*4) As of December 31, 2023, the Group classified the investee as an associate investment stock because it could not exercise control over the investee.

(\*5) Since more than one investor must act together to direct-related activities, the equity method was applied because the Group could not control the investee individually.



17-2 Condensed financial statements of associates and a joint venture as of December 31, 2023 and 2022, are as follows (Korean won in millions):

◁December 31, 2023▷

Classification	Assets	Liabilities	Equity	Operating income	Net income (loss)	Total comprehensive income (loss)	Dividends received
Bank of Jilin	118,285,793	110,043,991	8,241,802	4,842,002	403,240	407,432	13,864
Hana Equity Partners I, L.P.	320	5	315	4	(1)	(1)	—
Korea Credit Bureau	131,164	68,756	62,408	163,707	8,012	8,012	90
Templeton Hana Asset Management Co., Ltd.	20,261	5,862	14,399	8,068	2,556	2,556	396
CM International financing leases	1,440,757	1,407,320	33,437	14,465	16,399	15,439	—
Beijing Langzi Asset Management Co., Ltd.	487,591	26,865	460,726	33,829	23,694	23,938	1,178
Somesevit Corporation	37,277	121,113	(83,836)	7,076	(4,313)	(4,313)	—
Midan City Development Co., Ltd.	662,631	686,733	(24,102)	—	—	—	—
Company K Startup Winwin Fund	7,267	—	7,267	841	754	834	—
BSK-6 Patent Technology Investment Association	13,542	974	12,568	2,868	2,099	929	—
Hana – KVIC Unicorn Fund of Funds	104,375	379	103,996	1,933	1,554	2,527	—
Harvest Private Equity Fund Specializing in Start-Up and Venture Business I	5,142	—	5,142	45	3,580	3,580	14
BIDV (*)	123,349,695	115,974,974	7,374,721	10,117,882	818,792	846,650	—
Hana Micro Finance., Ltd.	135,926	66,598	69,328	23,102	(9,826)	(8,813)	—
HORIZON PRIVATE EQUITY FUND	137,079	2,694	134,385	88	(12,590)	(12,590)	8,777
Hana Ventures No.7 New Technology Business Investment Association	2,477	28	2,449	5	(2,808)	(2,808)	—
TossBank Corp.	25,738,679	24,230,274	1,508,405	1,260,974	(15,959)	71,837	—
Sinsa Station area Complex Development PFV Co., Ltd.	252,435	249,046	3,389	—	(723)	(723)	—
Hana-Capstone AI Platform Fund	80,910	440	80,470	4,754	321	321	—
Taurus Cloud Fund	35,751	3	35,748	—	(169)	(169)	—
Cheongna Medipolis PFV Co., Ltd.	188,434	16,682	171,752	—	(6,966)	(6,966)	—
NPX-Welcome Metaverse Contents fund	3,824	—	3,824	1	(88)	(88)	—
Hana Beyond Finance Fund	137,337	756	136,581	24,230	21,134	21,134	—
Hana Prop-Tech Fund No.1	3,350	—	3,350	1	(50)	(50)	—
UNION TCB FUND II	3,879	198	3,681	6	(369)	(369)	—
Artificial Photosynthesis Lab Co.,Ltd.	4,362	—	4,362	—	(207)	(207)	—
No.1 KEBHANASTAY REITS Co., Ltd	127,283	81,392	45,891	1,744	7,398	7,398	—
MASHUP ANGELS VENTURE INVESTMENT 2	5,378	—	5,378	—	(122)	(122)	—
All Together Korea Fund 5	10,543	1	10,542	227	222	222	210
Hana-New Deal K-Growth fund	32,049	107	31,942	148	(10)	(10)	—
Defense Technology Innovation Private Investment Trust	8,816	5	8,811	25	(186)	(186)	—
KTOP Short-term Financial Bond Active ETF	173,025	38,048	134,977	3,103	2,276	2,276	—
KTOP 25-08 Corp(A+) Active ETF	102,761	27	102,734	1,527	1,233	1,233	—
SHINJIN INTERNATIONAL CORPORATION	158	9,418	(9,260)	241	37	37	—
KG FASHION CO., Ltd.	3,042	2,936	106	3,241	(190)	(190)	—
PT Sinarmas Hana Finance	127,869	98,224	29,645	19,165	467	467	—

(\*) This is financial information that reflects Purchased Price Allocation ("PPA") valuation and generally accepted accounting principles ("GAAP") adjustments in the financial information of BIDV.

<December 31, 2022>

Classification	Assets	Liabilities	Equity	Operating income	Net income (loss)	Total comprehensive income (loss)	Dividends received
Bank of Jilin	99,356,297	92,088,037	7,268,260	4,248,227	409,505	362,211	—
Hana Equity Partners I, L.P.	321	5	316	2	(21)	(21)	120
Korea Credit Bureau	155,165	100,065	55,100	144,907	13,809	13,809	—
Templeton Hana Asset Management Co., Ltd.	18,839	4,824	14,015	8,129	2,483	2,483	198
CM International financing leases	1,660,081	1,638,839	21,242	27,978	(36,973)	(42,075)	—
Beijing Langzi Asset Management Co., Ltd.	481,800	34,098	447,702	47,954	23,524	23,951	1,708
Somesevit Corporation	40,850	120,360	(79,510)	6,042	(3,572)	(3,572)	—
Midan City Development Co., Ltd.	662,631	686,733	(24,102)	—	—	—	—
Company K Startup Winwin Fund	9,899	3	9,896	25,224	18,769	18,571	2,240
BSK-6 Patent Technology Investment Association	14,525	785	13,740	1,180	876	2,579	—
Hana – KVIC Unicorn Fund of Funds	108,429	361	108,068	1,440	1,077	612	—
Harvest Private Equity Fund Specializing in Start-Up and Venture Business I	10,279	—	10,279	58	(166)	(166)	27
BIDV (*)	114,300,714	108,381,237	5,919,477	8,100,357	1,071,496	1,008,754	—
Hana Micro Finance., Ltd.	200,074	121,933	78,141	36,447	5,255	(3,354)	—
HORIZON PRIVATE EQUITY FUND	226,400	5,453	220,947	37	(13,684)	(13,684)	8,045
Hana Ventures No.7 New Technology Business Investment Association	5,285	28	5,257	3	(113)	(113)	—
TossBank Corp.	23,398,698	22,432,155	966,543	755,905	(244,515)	(368,435)	—
Sinsa Station area Complex Development PFV Co., Ltd.	233,652	229,606	4,046	148	(956)	(956)	—
Hana-Capstone AI Platform Fund	80,570	420	80,150	142	(1,502)	(1,502)	—
Taurus Cloud Fund	34,675	3	34,672	—	(171)	(171)	—
Cheongna Medipolis PFV Co., Ltd.	15,373	138	15,235	—	(7,886)	(7,886)	—
NPX-Welcome Metaverse Contents fund	3,911	—	3,911	1	(89)	(89)	—
Hana Beyond Finance Fund	88,908	756	88,152	229	(1,848)	(1,848)	—
All Together Korea Fund 5	10,246	1	10,245	149	144	144	62
Hana-New Deal K-Growth fund	27,024	72	26,952	85	(21)	(21)	—
Defense Technology Innovation Private Investment Trust	3,002	5	2,997	2	(3)	(3)	—
SHINJIN INTERNATIONAL CORPORATION	138	9,436	(9,298)	221	34	34	—
KG FASHION CO., Ltd.	3,347	3,050	297	2,812	(262)	(262)	—
PT Sinarmas Hana Finance	113,883	85,812	28,071	17,664	2,496	2,496	—

(\*) This is financial information that reflects PPA valuation and GAAP adjustments in the financial information of BIDV.

17-3 Changes in the investment in an associate and a joint venture for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Beginning balance	Acquisition	Dividend	Book value before valuation	Equity method valuation			Others	Disposal	Ending balance
					Share of profit (loss)	Impairment of equity method	Changes in equity			
Bank of Jilin	877,491	-	(13,864)	863,627	40,931	-	(5,416)	(2,181)	-	896,961
Hana Equity Partners I, L.P.	95	-	-	95	-	-	-	-	-	95
Korea Credit Bureau	5,503	-	(90)	5,413	749	-	-	-	-	6,162
Templeton Hana Asset Management Co., Ltd.	1,387	-	(396)	991	434	-	-	-	-	1,425
CM International financing leases	1,629	-	-	1,629	-	(1,089)	-	-	-	540
Beijing Langzi Asset Management Co., Ltd.	56,805	-	(1,178)	55,627	3,043	-	(179)	-	-	58,491
Somesevit Corporation	-	-	-	-	-	-	-	-	-	-
Midan City Development Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Company K Startup Winwin Fund	2,355	-	-	2,355	(95)	-	20	-	(550)	1,730
BSK-6 Patent Technology Investment Association	2,748	-	-	2,748	409	-	(234)	-	(409)	2,514
Hana - KVIC Unicorn Fund of Funds	98,244	-	-	98,244	1,413	-	885	-	(6,000)	94,542
Harvest Private Equity Fund Specializing in Start-Up and Venture Business I	2,805	-	(14)	2,791	975	-	-	-	(2,364)	1,402
BIDV	1,641,419	-	-	1,641,419	122,820	-	(15,356)	-	-	1,748,883
Hana Micro Finance., Ltd.	18,199	-	-	18,199	(2,436)	-	252	-	-	16,015
HORIZON PRIVATE EQUITY FUND	49,491	-	(8,777)	40,714	(2,820)	-	(301)	-	(7,491)	30,102
Hana Ventures No.7 New Technology Business Investment Association	1,434	-	-	1,434	(766)	-	-	-	-	668
TossBank Corp.	87,566	50,677	-	138,243	(3,047)	-	8,762	2,942	-	146,900
Sinsa Station area Complex Development PFV Co., Ltd.	365	-	-	365	(59)	(306)	-	-	-	-
Hana-Capstone AI Platform Fund	29,287	-	-	29,287	117	-	-	-	-	29,404
Taurus Cloud Fund	9,416	91	-	9,507	240	-	-	-	-	9,747
Cheongna Medipolis PFV Co., Ltd.	1,712	16,628	-	18,340	(796)	-	(64)	(107)	-	17,373
NPX-Welcome Metaverse Contents fund	978	-	-	978	(22)	-	-	-	-	956
Hana Beyond Finance Fund	23,507	8,000	-	31,507	5,636	-	-	-	(721)	36,422
Hana Prop-Tech Fund No.1	-	3,000	-	3,000	(44)	-	-	-	-	2,956
UNION TCB FUND II	-	1,200	-	1,200	(110)	-	-	-	-	1,090
Artificial Photosynthesis Lab Co., Ltd.	-	1,666	-	1,666	(62)	-	(9)	-	-	1,595
No.1 KEBHANASTAY REITS Co., Ltd.	-	4,734	-	4,734	(652)	-	-	-	-	4,082
MASHUP ANGELS VENTURE INVESTMENT 2	-	1,200	-	1,200	(27)	-	-	-	-	1,173
All Together Korea Fund 5	10,245	210	(210)	10,245	296	-	-	-	-	10,541
Hana-New Deal K-Growth fund	24,029	4,500	-	28,529	(99)	-	-	-	-	28,430
Defense Technology Innovation Private Investment Trust	2,948	5,900	-	8,848	(184)	-	-	-	-	8,664
KTOP Short-term Financial Bond Active ETF	-	60,107	-	60,107	1,045	-	-	-	-	61,152
KTOP 25-08 Corp(A+) Active ETF	-	49,995	-	49,995	1,237	-	-	-	-	51,232
SHINJIN INTERNATIONAL CORPORATION	-	-	-	-	-	-	-	-	-	-
KG FASHION CO., Ltd.	-	-	-	-	-	-	-	-	-	-
PT Sinarماس Hana Finance	8,630	-	-	8,630	(13)	-	-	288	-	8,905
Total	2,958,288	207,908	(24,529)	3,141,667	168,113	(1,395)	(11,640)	942	(17,535)	3,280,152

<2022>

Classification	Beginning balance	Acquisition	Dividend	Book value before valuation	Equity method valuation			Others	Disposal	Ending balance
					Share of profit (loss)	Impairment of equity method	Changes in equity			
Bank of Jilin	853,878	-	-	853,878	49,900	-	(26,287)	-	-	877,491
Hana Equity Partners I, L.P.	221	-	(120)	101	(6)	-	-	-	-	95
Korea Credit Bureau	8,876	-	-	8,876	(3,373)	-	-	-	-	5,503
Templeton Hana Asset Management Co., Ltd.	1,271	-	(198)	1,073	314	-	-	-	-	1,387
CM International financing leases	2,149	-	-	2,149	-	(520)	-	-	-	1,629
Beijing Langzi Asset Management Co., Ltd.	56,830	-	(1,708)	55,122	2,957	-	(1,274)	-	-	56,805
Somesevit Corporation	-	-	-	-	-	-	-	-	-	-
Midan City Development Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Company K Startup Winwin Fund	5,214	-	(2,240)	2,974	4,278	-	(47)	-	(4,850)	2,355
BSK-6 Patent Technology Investment Association	2,559	-	-	2,559	175	-	341	-	(327)	2,748
Hana - KVIC Unicorn Fund of Funds	72,529	25,130	-	97,659	1,008	-	(423)	-	-	98,244
Harvest Private Equity Fund Specializing in Start-Up and Venture Business I	2,877	-	(27)	2,850	(45)	-	-	-	-	2,805
BIDV	1,441,797	-	-	1,441,797	160,724	-	38,898	-	-	1,641,419
Hana Micro Finance., Ltd.	19,056	-	-	19,056	1,293	-	(2,150)	-	-	18,199
HORIZON PRIVATE EQUITY FUND	65,098	-	(8,045)	57,053	(3,217)	-	3,047	-	(7,392)	49,491
Hana Ventures No.7 New Technology Business Investment Association	1,465	-	-	1,465	(31)	-	-	-	-	1,434
TossBank Corp.	49,125	70,000	-	119,125	(23,808)	-	(10,973)	3,222	-	87,566
Sinsa Station area Complex Development PFV Co., Ltd.	451	-	-	451	(86)	-	-	-	-	365
Hana-Capstone AI Platform Fund	14,836	15,000	-	29,836	(549)	-	-	-	-	29,287
Taurus Cloud Fund	9,391	77	-	9,468	(52)	-	-	-	-	9,416
Cheongna Medipolis PFV Co., Ltd.	2,598	-	-	2,598	(886)	-	-	-	-	1,712
NPX-Welcome Metaverse Contents fund	1,000	-	-	1,000	(22)	-	-	-	-	978
Hana Beyond Finance Fund	-	24,000	-	24,000	(493)	-	-	-	-	23,507
All Together Korea Fund 5	10,070	62	(62)	10,070	175	-	-	-	-	10,245
Hana-New Deal K-Growth fund	1,778	22,500	-	24,278	(249)	-	-	-	-	24,029
Defense Technology Innovation Private Investment Trust	-	2,950	-	2,950	(2)	-	-	-	-	2,948
SHINJIN INTERNATIONAL CORPORATION	-	-	-	-	-	-	-	-	-	-
KG FASHION CO., Ltd.	-	-	-	-	-	-	-	-	-	-
PT Sinar Mas Hana Finance	7,900	-	-	7,900	1,008	-	-	(278)	-	8,630
Total	2,630,969	159,719	(12,400)	2,778,288	189,013	(520)	1,132	2,944	(12,569)	2,958,288

17-4 The Group discontinued recognizing its losses in shares since the balance of investments in associates was "0" and the losses that are accumulated as of December 31, 2023 and 2022, are as follows (Korean won in millions):

〈December 31, 2023〉

Company	Unrecognized amount of changes in equity	Accumulated unrecognized amount of changes in equity
Somresevit Corporation	(83)	(1,610)
Midan City Development Co., Ltd.	–	(523)
SHINJIN INTERNATIONAL COPORATION	9	17
KG Fashion Co., Ltd.	(39)	(93)
Total	(113)	(2,209)

〈December 31, 2022〉

Company	Unrecognized amount of changes in equity	Accumulated unrecognized amount of changes in equity
Somresevit Corporation	(69)	(1,527)
Midan City Development Co., Ltd.	–	(523)
SHINJIN INTERNATIONAL COPORATION	8	8
KG Fashion Co., Ltd.	(54)	(54)
Total	(115)	(2,096)

17-5 Details of adjustments from net assets of associates and a joint venture to carrying values of shares as of December 31, 2023 and 2022, are as follows (Korean won in millions):

◁December 31, 2023▷

Classification	Net assets	Ownership (%)	Share of net assets	Goodwill, etc.	Carrying value
Bank of Jilin	8,241,802	10.76	886,818	10,143	896,961
Hana Equity Partners I, L.P	315	29.97	95	-	95
Korea Credit Bureau	62,408	9.00	5,618	544	6,162
Templeton Hana Asset Management Co., Ltd.	14,399	9.90	1,425	-	1,425
OM International financing leases	33,437	25.00	8,359	(7,819)	540
Beijing Langzi Asset Management Co., Ltd.	460,726	12.89	59,388	(897)	58,491
Somesovit Corporation	(83,836)	1.92	(1,610)	1,610	-
Midan City Development Co., Ltd.	(24,102)	2.17	(523)	523	-
Company K Startup Winwin Fund	7,267	23.81	1,730	-	1,730
BSK-6 Patent Technology Investment Association	12,568	20.00	2,514	-	2,514
Hana - KVIC Unicorn Fund of Funds	103,996	90.91	94,542	-	94,542
Harvest Private Equity Fund Specializing in Start-Up and Venture Business I	5,142	27.27	1,402	-	1,402
BIDV	7,374,721	15.00	1,106,209	642,674	1,748,883
Hana Micro Finance., Ltd.	69,328	25.00	17,333	(1,318)	16,015
HORIZON PRIVATE EQUITY FUND	134,385	22.40	30,102	-	30,102
Hana Ventures No.7 New Technology Business Investment Association	2,449	27.27	668	-	668
TossBank Corp.	1,508,405	8.99	135,606	11,294	146,900
Sinsa Station area Complex Development PFV Co., Ltd.	3,389	9.00	305	(305)	-
Hana-Capstone AI Platform Fund	80,470	36.54	29,404	-	29,404
Taurus Cloud Fund	35,748	27.06	9,673	74	9,747
Cheongna Medipolis PFV Co., Ltd	171,752	10.10	17,347	26	17,373
NPX-Welcome Metaverse Contents fund	3,824	25.00	956	-	956
Hana Beyond Finance Fund	136,581	26.67	36,422	-	36,422
Hana Prop-Tech Fund No.1	3,350	88.24	2,956	-	2,956
UNION TCB FUND II	3,681	29.63	1,090	-	1,090
Artificial Photosynthesis Lab Co.,Ltd.	4,362	36.24	1,581	14	1,595
No.1 KEBHANASTAY REITS Co., Ltd	45,891	14.86	6,819	(2,737)	4,082
MASHUP ANGELS VENTURE INVESTMENT 2	5,378	21.82	1,173	-	1,173
All Together Korea Fund 5	10,542	100.00	10,541	-	10,541
Hana-New Deal K-Growth fund	31,942	90.00	28,748	(318)	28,430
Defense Technology Innovation Private Investment Trust	8,811	98.33	8,664	-	8,664
KTOP Short-term Financial Bond Active ETF	134,977	45.21	61,023	129	61,152
KTOP 25-08 Corp(A+) Active ETF	102,734	49.26	50,607	625	51,232
SHINJIN INTERNATIONAL CORPORATION	(9,260)	24.20	(2,241)	2,241	-
KG FASHION CO., Ltd.	106	20.55	22	(22)	-
PT Sinarmas Hana Finance	29,645	30.00	8,894	11	8,905

<December 31, 2022>

Classification	Net assets	Ownership (%)	Share of net assets	Goodwill, etc.	Carrying value
Bank of Jilin	7,268,260	11.92	866,377	11,114	877,491
Hana Equity Partners I, L.P	316	29.97	95	-	95
Korea Credit Bureau	55,100	9.00	4,959	544	5,503
Templeton Hana Asset Management Co., Ltd.	14,015	9.90	1,387	-	1,387
CM International financing leases	21,242	25.00	5,311	(3,682)	1,629
Beijing Langzi Asset Management Co., Ltd.	447,702	12.89	57,709	(904)	56,805
Somesevit Corporation	(79,510)	1.92	(1,527)	1,527	-
Midan City Development Co., Ltd.	(24,102)	2.17	(523)	523	-
Company K Startup Winwin Fund	9,896	23.81	2,355	-	2,355
BSK-6 Patent Technology Investment Association	13,740	20.00	2,748	-	2,748
Hana - KVIC Unicorn Fund of Funds	108,068	90.91	98,244	-	98,244
Harvest Private Equity Fund Specializing in Start-Up and Venture Business I	10,279	27.27	2,805	-	2,805
BIDV	5,919,477	15.00	887,922	753,497	1,641,419
Hana Micro Finance., Ltd.	78,141	25.00	19,535	(1,336)	18,199
HORIZON PRIVATE EQUITY FUND	220,947	22.40	49,491	-	49,491
Hana Ventures No.7 New Technology Business Investment Association	5,257	27.27	1,434	-	1,434
TossBank Corp.	966,543	8.62	83,316	4,250	87,566
Sinsa Station area Complex Development PFV Co., Ltd.	4,046	9.00	365	-	365
Hana-Capstone AI Platform Fund	80,150	36.54	29,287	-	29,287
Taurus Cloud Fund	34,672	27.06	9,382	34	9,416
Cheongna Medipolis PFV Co., Ltd	15,235	11.24	1,712	-	1,712
NPX-Welcome Metaverse Contents fund	3,911	25.00	978	-	978
Hana Beyond Finance Fund	88,152	26.67	23,507	-	23,507
All Together Korea Fund 5	10,245	100.00	10,245	-	10,245
Hana-New Deal K-Growth fund	26,952	90.00	24,258	(229)	24,029
Defense Technology Innovation Private Investment Trust	2,997	98.33	2,948	-	2,948
SHINJIN INTERNATIONAL CORPORATION	(9,298)	24.20	(2,250)	2,250	-
KG FASHION CO., Ltd.	297	20.55	61	(61)	-
PT Sinarmas Hana Finance	28,071	30.00	8,421	209	8,630

17-6 Details of investment shares in marketable associates and a joint venture as of December 31, 2023 and 2022, are as follows (Korean won in millions):

<December 31, 2023>

Company	Market price	Price per share (in Korean won)
BIDV	1,974,243	2,309

<December 31, 2022>

Company	Market price	Price per share (in Korean won)
BIDV	1,572,811	2,073

17-7 A company that the Group holds more than 20% of shares, but excluded from investments in associates, as of December 31, 2023, is as follows:

<December 31, 2023>

Company Name	Country	Industry	Ownership (%)
COLORART (*)	Korea	Sign and advertisement manufacturing	20.93

(\*) The Group holds more than 20% of shares, but excluded the company from investment in associates due to its limited control over the company because of its corporate workout.

There is no company that the Group holds more than 20% of shares, but is excluded from investments in associates, as of December 31, 2022.

Investment trusts whose significant influence on related activities is limited by trust contracts are excluded from investment stocks in associates.



## 18. Property, plant and equipment

18-1 Property, plant and equipment as of December 31, 2023 and 2022, consist of the following (Korean won in millions):

### ◁December 31, 2023▷

Classification	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Government grants	Book value
Land	873,584	–	(3,786)	–	869,798
Buildings	988,291	(325,864)	(10,203)	–	652,224
Leasehold improvements	340,431	(274,428)	–	–	66,003
Equipment and vehicles	936,718	(736,238)	–	(43)	200,437
Construction in progress	10,484	–	–	–	10,484
Others	31,258	–	–	–	31,258
Right-of-use assets – real estate	1,409,240	(843,956)	–	–	565,284
Right-of-use assets – equipment and vehicles	30,507	(14,472)	–	–	16,035
Right-of-use assets – others	6,043	(2,356)	–	–	3,687
Total	4,626,556	(2,197,314)	(13,989)	(43)	2,415,210

### ◁December 31, 2022▷

Classification	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Government grants	Book value
Land	880,392	–	(3,786)	–	876,606
Buildings	959,580	(299,508)	(10,215)	–	649,857
Leasehold improvements	324,237	(263,184)	–	–	61,053
Equipment and vehicles	827,523	(683,660)	–	(78)	143,785
Construction in progress	8,511	–	–	–	8,511
Others	31,258	–	–	–	31,258
Right-of-use assets – real estate	1,288,611	(653,559)	–	–	635,052
Right-of-use assets – equipment and vehicles	28,893	(13,700)	–	–	15,193
Right-of-use assets – others	5,560	(861)	–	–	4,699
Total	4,354,565	(1,914,472)	(14,001)	(78)	2,426,014

18-2 Changes in property, plant and equipment for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Beginning balance	Acquisition	Disposal	Depreciation	Transfers	Others	Ending balance
Land	876,606	2,623	(271)	–	(9,189)	29	869,798
Buildings	649,857	51,010	(773)	(34,038)	(13,797)	(35)	652,224
Leasehold improvements	61,053	28,481	(455)	(23,242)	–	166	66,003
Equipment and vehicles	143,863	149,725	(649)	(93,607)	528	620	200,480
Construction in progress	8,511	9,924	–	–	(3,860)	(4,091)	10,484
Others	31,258	–	–	–	–	–	31,258
Government grants	(78)	–	–	35	–	–	(43)
Right-of-use assets – real estate	635,052	156,246	(5,375)	(220,968)	–	329	565,284
Right-of-use assets – equipment and vehicles	15,193	9,085	(790)	(7,862)	–	409	16,035
Right-of-use assets – others	4,699	838	(480)	(1,636)	–	266	3,687
Total	2,426,014	407,932	(8,793)	(381,318)	(26,318)	(2,307)	2,415,210

<2022>

Classification	Beginning balance	Acquisition	Disposal	Depreciation	Transfers	Impairment loss	Others	Ending balance
Land	691,423	–	(1,377)	–	186,630	–	(70)	876,606
Buildings	497,737	28,387	(1,486)	(32,452)	158,013	(12)	(330)	649,857
Leasehold improvements	60,967	21,616	(1,162)	(22,799)	2,142	–	289	61,053
Equipment and vehicles	135,809	76,872	(517)	(68,992)	858	–	(167)	143,863
Construction in progress	9,772	249,113	(261)	–	(249,649)	–	(464)	8,511
Others	46,287	–	(15,029)	–	–	–	–	31,258
Government grants	(86)	(44)	–	52	–	–	–	(78)
Right-of-use assets – real estate	548,398	291,957	(7,064)	(197,659)	–	–	(580)	635,052
Right-of-use assets – equipment and vehicles	13,326	10,159	(724)	(7,134)	–	–	(434)	15,193
Right-of-use assets – others	808	3,933	(62)	(1,038)	–	–	1,058	4,699
Total	2,004,441	681,993	(27,682)	(330,022)	97,994	(12)	(698)	2,426,014

## 19. Investment properties

19-1 Details of investment properties as of December 31, 2023 and 2022, are as follows (Korean won in millions):

### <December 31, 2023>

Classification	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Government grants	Book value
Land	467,073	–	(3,125)	–	463,948
Buildings	386,860	(172,175)	(1,225)	(1,885)	211,575
Total	853,933	(172,175)	(4,350)	(1,885)	675,523

### <December 31, 2022>

Classification	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Government grants	Book value
Land	457,439	–	(3,125)	–	454,314
Buildings	367,958	(153,237)	(1,225)	(2,868)	210,628
Total	825,397	(153,237)	(4,350)	(2,868)	664,942

19-2 Changes in investment properties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Beginning balance	Disposal	Depreciation	Transfer (*)	Ending balance
Land	454,314	(744)	–	10,378	463,948
Buildings	213,496	(1,206)	(14,770)	15,940	213,460
Government grants	(2,868)	–	983	–	(1,885)
Total	664,942	(1,950)	(13,787)	26,318	675,523

(\*) The amount represents the change in the carrying amount of investment properties held by the Group due to the change in the ratio of lease occupancy.

<2022>

Classification	Beginning balance	Acquisition	Disposal	Depreciation	Transfer (*)	Ending balance
Land	407,058	–	(6,111)	–	53,367	454,314
Buildings	385,887	–	(7,690)	(13,340)	(151,361)	213,496
Government grants	(2,256)	(1,493)	–	881	–	(2,868)
Total	790,689	(1,493)	(13,801)	(12,459)	(97,994)	664,942

(\*) The amount represents the change in the carrying amount of investment properties held by the Group due to the change in the ratio of lease occupancy.

19-3 Details of valuation techniques for measuring investment property and inputs used in the measurement as of December 31, 2023 and 2022 are as follows (Korean won in millions):

Classification	Fair value (*)		Description of the valuation techniques	Inputs used in the fair value measurement
	December 31, 2023	December 31, 2022		
Land and buildings	1,027,340	1,052,023	Appraised value of land reference method and estimates based on cost method	Appraised value of land and refinancing cost

(\*) The fair value of investment property is classified as Level 3 of fair value hierarchy as it reflects the most recent market transaction price, followed by individual third-party transaction condition, and significant input factor, which is not predictable.

19-4 Rental income and operating expenses arising from the Group's investment properties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Rental income	10,395	9,608
Operating cost directly related to investment properties that generate rental income	544	670

## 20. Intangible assets

20-1 Details of intangible assets as of December 31, 2023 and 2022, are as follows (Korean won in millions):

### <December 31, 2023>

Classification	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Government grants	Book value
Goodwill	892	–	–	–	892
Industrial proprietary rights	2,800	(2,228)	–	–	572
Core deposits	5,357	(3,630)	–	–	1,727
Software	353,366	(245,864)	–	–	107,502
Systems development costs	1,142,380	(962,424)	–	(52)	179,904
Memberships	27,295	–	(2,933)	–	24,362
Others	334,197	(220,251)	(25)	–	113,921
Total	1,866,287	(1,434,397)	(2,958)	(52)	428,880

### <December 31, 2022>

Classification	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Government grants	Book value
Goodwill	892	–	–	–	892
Industrial proprietary rights	2,588	(1,982)	–	–	606
Core deposits	5,265	(3,187)	–	–	2,078
Software	297,032	(214,775)	–	–	82,257
Systems development costs	1,081,185	(886,280)	–	(83)	194,822
Memberships	25,948	–	(2,933)	–	23,015
Others	273,367	(190,915)	(15)	–	82,437
Total	1,686,277	(1,297,139)	(2,948)	(83)	386,107

20-2 Changes in the carrying amount of intangible assets for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Beginning balance	Acquisition	Disposal	Amortization	Impairment loss	Others	Ending balance
Goodwill	892	–	–	–	–	–	892
Industrial proprietary rights	606	206	–	(246)	–	6	572
Core deposits	2,078	–	–	(387)	–	36	1,727
Software	82,257	56,375	–	(31,175)	–	45	107,502
Systems development costs	194,905	57,774	–	(75,406)	–	2,683	179,956
Memberships	23,015	2,044	(666)	–	–	(31)	24,362
Others (*)	82,437	58,150	(20)	(29,475)	(10)	2,839	113,921
Government grants	(83)	–	–	31	–	–	(52)
Total	386,107	174,549	(686)	(136,658)	(10)	5,578	428,880

(\*) Of the other intangible asset amortization costs, ₩27,686 million is included in other operating expenses.

<2022>

Classification	Beginning balance	Acquisition	Disposal	Amortization	Impairment loss	Others	Ending balance
Goodwill	892	–	–	–	–	–	892
Industrial proprietary rights	513	398	–	(311)	–	6	606
Core deposits	2,316	–	–	(383)	–	145	2,078
Software	81,256	27,877	–	(26,844)	–	(32)	82,257
Systems development costs	173,806	87,655	–	(66,830)	–	274	194,905
Memberships	20,449	2,663	(15)	–	(220)	138	23,015
Others (*)	77,454	32,963	–	(28,232)	–	252	82,437
Government grants	(115)	–	–	32	–	–	(83)
Total	356,571	151,556	(15)	(122,568)	(220)	783	386,107

(\*) Of the other intangible asset amortization costs, ₩26,977 million is included in other operating expenses.

## 21. Non-current assets held for sale

Details of non-current assets held for sale as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Acquisition cost (*)	40,602	36,423
Accumulated impairment loss	(124)	—
Book value	40,478	36,423
Net fair value	40,478	36,423

(\*) Acquisition cost is presented as net of accumulated depreciation before classification as non-current assets held for sale.

Non-current assets held for sale are composed of 124 collaterals acquired for the purpose of repayment of loans and one other whose sale is currently in progress as of December 31, 2023.



## 22. Other assets and merchant banking account assets

22-1 Details of other assets as of December 31, 2023 and 2022, are as follows  
(Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Guarantee deposits paid	638,872	632,878
Accounts receivable	11,290,946	6,615,170
Accrued income	1,904,053	1,574,847
Prepaid expenses	158,133	113,074
Suspense payments	383,972	269,386
Expenditures	2,483	1,873
Deposit money to court	9,193	8,783
Domestic exchange settlement debit	4,193,365	4,223,350
Other miscellaneous assets	64,495	78,015
Allowance for other assets	(11,503)	(11,421)
Total	18,634,009	13,505,955

22-2 Changes in the allowance for other assets for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Beginning balance	11,421	9,241
Provision for allowance for possible losses	4,117	6,280
Write-offs	(540)	(860)
Sales of non-performing loans, etc.	(420)	(163)
Collection of loans written off in prior year	495	1,025
Interest income on impaired assets	(1)	3
Exchange rate fluctuation and others	(3,569)	(4,105)
Ending balance	11,503	11,421

22-3 Details of merchant banking account assets as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification		December 31, 2023	December 31, 2022
On-balance-sheet items			
Merchant banking account-loans at FVTPL		199,767	198,790
Merchant banking account-debt securities at FVTPL		3,440,806	3,415,666
CMA assets	Debt securities at FVTPL	997,251	1,016,905
Total		4,637,824	4,631,361
Off-balance-sheet item			
Commitment		770,000	620,000

## 23. Deposits

23-1 Details of deposit liabilities as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Demand deposits		
Demand deposits in Korean won	16,130,967	14,732,552
Demand deposits in foreign currency	31,630,980	40,871,143
Subtotal	47,761,947	55,603,695
Time and savings deposits		
Time and savings deposits in Korean won (*)	278,789,580	266,881,680
Time and savings deposits in foreign currency	23,665,607	24,320,573
Subtotal	302,455,187	291,202,253
Certificate of deposits	19,532,319	13,052,533
Total	369,749,453	359,858,481

(\*) Time and savings deposits in Korean won include savings deposits (₩40,213,612 million as of December 31, 2023, and ₩39,861,040 million as of December 31, 2022) and corporate savings deposits (₩58,318,632 million as of December 31, 2023, and ₩57,322,227 million as of December 31, 2022).

23-2 Allocations of deposit liabilities by the customer as of December 31, 2023 and 2022 are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Individuals	122,951,894	112,111,078
Corporations	123,338,987	129,975,988
Other banks	22,490,050	21,293,082
Public institutions	21,830,459	16,398,077
Other financial institutions	46,902,752	44,929,310
Government	7,714,009	8,206,272
Non-profit corporations	16,107,455	13,812,098
Foreign organizations	2,503,999	3,049,951
Others	5,909,848	10,082,625
Total	369,749,453	359,858,481

## 24. Financial liabilities at FVTPL

24-1 Details of financial liabilities at FVTPL as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Securities borrowed	452,426	323,661
Derivative liabilities held for trading	6,042,066	10,742,577
Total	6,494,492	11,066,238

24-2 Details of financial liabilities designated at FVTPL as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Deposits	173,339	162,069
Debentures in Korean won	61,379	—
Total	234,718	162,069

Financial liabilities are at FVTPL in order to eliminate or significantly reduce a measurement or recognition inconsistency.

24-3 Difference between the book value and maturity amount of the financial liabilities designated at FVTPL as of December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Book value	234,718	162,069
Repayment amount at maturity	270,000	210,000
Difference	(35,282)	(47,931)

## 25. Borrowings

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

Classification	Lender	Annual interest rate (%)	December 31, 2023	December 31, 2022
Borrowings in Korean won				
BOK borrowings	BOK	0.25~2.00	3,420,958	5,085,245
Government borrowings	Korea Development Bank, etc.	0.50~5.16	2,155,315	2,061,794
Other borrowings	Korea Energy Management Corporation, etc.	0.00~3.60	4,843,543	3,584,732
Subtotal			10,419,816	10,731,771
Borrowings denominated in foreign currencies				
Bank overdrafts	Foreign banks, etc.	0.00~20.13	268,487	380,662
Other borrowings	Wells Fargo, HSBC, etc.	0.00~7.70	9,250,262	9,664,760
Subtotal			9,518,749	10,045,422
Call money				
Call money in foreign currencies	MIZUHO Bank, etc.	0.07~7.40	934,111	970,661
Bonds sold under repurchase agreements				
Bonds sold under repurchase agreements in Korean won	General customers	0.00	30	30
Bonds sold under repurchase agreements in foreign currencies	Citi	6.03~6.50	1,140,907	487,702
Subtotal			1,140,937	487,732
Others				
Bills sold	General customers	0.00~4.06	27,410	26,063
Deferred origination costs			(7,109)	(5,052)
Total			22,033,914	22,256,597

## 26. Debentures

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

Classification	Lender	Annual interest rate (%)	December 31, 2023	December 31, 2022
Debentures in Korean won				
Debentures	Institutions	1.13~4.52	17,070,000	16,330,000
Subordinated debentures	Institutions, etc.	2.14~4.76	3,321,124	4,071,139
Net loss (gain) on fair value hedges (current period)			7,188	(26,241)
Net gain on fair value hedges (prior to previous fiscal year)			(36,738)	(10,497)
Less present value discount			(20,223)	(5,804)
Subtotal			20,341,351	20,358,597
Debentures in foreign currencies				
Debentures	Institutions	0.01~6.47	5,636,602	5,115,126
Subordinated debentures	Institutions, etc.	4.25~4.38	773,640	1,042,641
Net loss (gain) on fair value hedges (current period)			74,161	(290,369)
Net loss (gain) on fair value hedges (prior to previous fiscal year)			(271,131)	15,583
Less present value discount			(12,444)	(8,239)
Subtotal			6,200,828	5,874,742
Total			26,542,179	26,233,339

## 27. Net defined benefit liabilities (assets)

### 27-1 Details of net defined benefit liabilities (assets)

Details of net defined benefit liabilities (assets) as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	2,221,636	1,996,586
Fair value of plan assets	(2,048,061)	(2,064,640)
Net defined benefit liabilities	173,575	9,106
Net defined benefit assets	–	77,160

### 27-2 Defined benefit obligation

#### 27-2-1 Changes in the present value of defined benefit obligation

Changes in the present value of defined benefit obligation for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Beginning balance	1,996,586	2,027,138
Current service cost	128,683	138,218
Interest cost	98,760	49,398
Remeasurements	181,634	(19,141)
Benefits paid	(183,794)	(198,401)
Changes due to transfers between affiliates	(441)	(765)
Others	208	139
Ending balance	2,221,636	1,996,586

27-2-2 Total costs recognized in accordance with defined benefit plans

Total costs incurred in relation to defined benefit pension plans for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Current service cost	128,683	138,218
Interest cost	98,760	49,398
Interest income on plan assets	(100,800)	(43,270)
Total	126,643	144,346

27-2-3 Weighted-average duration of defined benefit obligation as of December 31, 2023 and 2022 is 7.60 years and 7.66 years, respectively.



## 27-3 Actuarial assumptions

27-3-1 Principal assumptions for the actuarial valuation method as of December 31, 2023 and 2022 are as follows:

<December 31, 2023>

Classification	Rate(%)	Content
Demographic assumptions		
Death rate	0.003~0.063	Korea Insurance Development Institute
Retirement rate	7.00	–
Financial assumptions		
Wage growth rate	5.80	Average of past 5 years
Discount rate	4.25	Return rate of AAA corporate bond

<December 31, 2022>

Classification	Rate(%)	Content
Demographic assumptions		
Death rate	0.003~0.063	Korea Insurance Development Institute
Retirement rate	6.10	–
Financial assumptions		
Wage growth rate	5.80	Average of past 5 years
Discount rate	5.15	Return rate of AAA corporate bond

27-3-2 Changes in the present values of defined benefit liability due to changes in the principal actuarial assumptions as of December 31, 2023 and 2022 are as follows (Korean won in millions):

◁December 31, 2023▷

Classification	Present value of defined benefit liability	1%point increase	1%point decrease
Discount rate	2,221,636	2,045,775	2,365,833
Wage growth rate	2,221,636	2,367,760	2,041,468

◁December 31, 2022▷

Classification	Present value of defined benefit liability	1%point increase	1%point decrease
Discount rate	1,996,586	1,837,975	2,124,835
Wage growth rate	1,996,586	2,127,792	1,833,138

## 27-4 Plan assets

27-4-1 Changes in the fair value of plan assets for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Beginning balance	2,064,640	1,850,061
Employer contributions	625	308,653
Interest income on plan assets	100,800	43,270
Remeasurements of the net defined benefit liabilities	(20,558)	(10,300)
Benefit paid	(97,235)	(126,204)
Changes due to transfers between affiliates	(211)	(840)
Ending balance	2,048,061	2,064,640

## 27-4-2 Details of plan assets

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

<December 31, 2023>

Classification	Active market price exists	Active market price inexists	Total
Time deposits	—	847,883	847,883
Others(*)	—	1,200,178	1,200,178
Total	—	2,048,061	2,048,061

(\*) Guaranteed income contracts and equity-linked bonds are included, etc.

<December 31, 2022>

Classification	Active market price exists	Active market price inexists	Total
Time deposits	–	2,060,339	2,060,339
Others	–	4,301	4,301
Total	–	2,064,640	2,064,640

27-4-3 The Group expects to contribute ₩130,561 million next year in relation to the defined benefit plans.

#### 27-5 Remeasurements of the net defined benefit liability

Remeasurements of the net defined benefit liability as of December 31, 2023 and 2022 are as follows (Korean won in millions):

Classification	2023	2022
Actuarial gains and losses		
Effects on changing financial assumptions	(118,245)	425,234
Effects on changing demographic assumptions	–	(337,902)
Others	(63,389)	(68,191)
Subtotal	(181,634)	19,141
Return on plan assets		
Actual return on plan assets	80,242	32,971
Amount included in net interest of net defined benefit liability	(100,800)	(43,271)
Subtotal	(20,558)	(10,300)
Total	(202,192)	8,841

## 28. Contingent liabilities, agreements and provisions

28-1 Details of provisions as of December 31, 2023 and 2022, are as follows  
(Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Provision for payment guarantees		
Financial guarantee contracts (*)	466	449
Non-financial guarantee contracts	71,609	81,450
Bills endorsed	2	13
Subtotal	72,077	81,912
Provision for unused commitments	73,065	56,480
Other provisions		
Provision for restoration	57,976	51,596
Provision for lawsuits	3,400	43,215
Others	554,055	331,775
Subtotal	615,431	426,586
Total	760,573	564,978

(\*) The Group recognizes the amount exceeding the unamortized amount of the initial fair value at subsequent measurement of the financial guarantee contracts as provisions for payment guarantees. The Group recognizes the unamortized amount as financial guarantee contract liabilities in the amount of ₩18,607 million and ₩14,843 million as of December 31, 2023 and 2022, respectively.

28-2 Changes in provision for unused commitments for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Unused commitments			Total
	12-month ECL	Lifetime ECL		
		Non-credit-impaired loan	Credit-impaired loan	
Beginning balance	35,404	19,107	1,969	56,480
Transfer to 12-month ECL	1,298	(1,273)	(25)	–
Transfer to non-credit-impaired loan	(972)	979	(7)	–
Transfer to credit-impaired loan	(7)	(14)	21	–
Provision (reversal of)	21,912	(1,589)	93	20,416
Changes in exchange rates	(3,833)	2	–	(3,831)
Ending balance	53,802	17,212	2,051	73,065

<2022>

Classification	Unused commitments			Total
	12-month ECL	Lifetime ECL		
		Non-credit-impaired loan	Credit-impaired loan	
Beginning balance	41,221	19,270	1,388	61,879
Transfer to 12-month ECL	1,488	(1,463)	(25)	–
Transfer to non-credit-impaired loan	(860)	869	(9)	–
Transfer to credit-impaired loan	(10)	(10)	20	–
Provision (reversal of)	(4,266)	324	595	(3,347)
Changes in exchange rates	(2,169)	117	–	(2,052)
Ending balance	35,404	19,107	1,969	56,480

28-3 Changes in provision for financial guarantee contracts for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Financial guarantee contracts			Total
	12-month ECL	Lifetime ECL		
		Non-credit-impaired loan	Credit-impaired loan	
Beginning balance	172	277	–	449
Transfer to 12-month ECL	6	(6)	–	–
Transfer to non-credit-impaired loan	(2)	2	–	–
Transfer to credit-impaired loan	–	–	–	–
Provision (reversal of)	229	(233)	–	(4)
Changes in exchange rates	8	13	–	21
Ending balance	413	53	–	466

<2022>

Classification	Financial guarantee contracts			Total
	12-month ECL	Lifetime ECL		
		Non-credit-impaired loan	Credit-impaired loan	
Beginning balance	133	14	—	147
Transfer to 12-month ECL	1	(1)	—	—
Transfer to non-credit-impaired loan	(11)	11	—	—
Transfer to credit-impaired loan	—	—	—	—
Provision	46	253	—	299
Changes in exchange rates	3	—	—	3
Ending balance	172	277	—	449

28-4 Changes in other provisions for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Beginning balance	Provision (reversal of)	Used	Others	Ending balance
Non-financial payment guarantees	81,463	(12,937)	–	3,085	71,611
Other provisions					
Provision for restoration	51,596	5,808	(1,875)	2,447	57,976
Provision for lawsuits	43,215	(23,106)	(16,711)	2	3,400
Others	331,775	260,324	(38,044)	–	554,055
Subtotal	426,586	243,026	(56,630)	2,449	615,431
Total	508,049	230,089	(56,630)	5,534	687,042

<2022>

Classification	Beginning balance	Provision (reversal of)	Used	Others	Ending balance
Non-financial payment guarantees	34,902	44,623	–	1,938	81,463
Other provisions					
Provision for restoration	54,894	(1,314)	(2,960)	976	51,596
Provision for lawsuits	77,734	(19,236)	(15,954)	671	43,215
Others	289,408	64,238	(21,428)	(443)	331,775
Subtotal	422,036	43,688	(40,342)	1,204	426,586
Total	456,938	88,311	(40,342)	3,142	508,049



28-5 Details of financial and payment guarantees as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	Guarantee balance	
	December 31, 2023	December 31, 2022
Financial guarantee contracts in Korean won		
Payment guarantees for issuance of debentures	94,500	94,500
Payment guarantees for collateral for loans	44,402	43,130
Payment guarantees for purchasing loans	356,998	307,369
Subtotal	495,900	444,999
Financial guarantee contracts in foreign currencies		
Local financial payment guarantees	2,256	2,725
Confirmed payment guarantees in Korean won	2,447,238	2,446,127
Confirmed payment guarantees in foreign currencies		
Acquisition of letter of credit	2,115,715	2,213,888
Acceptance of letter of guarantees	114,864	101,659
Others	12,719,947	10,215,065
Subtotal	14,950,526	12,530,612
Contingent payment guarantees		
Letters of credit	4,148,521	4,080,758
Others	1,988,457	1,575,953
Subtotal	6,136,978	5,656,711
Bills endorsed	753	10,707
Total	24,033,651	21,091,881

## 28-6 Commitments

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

Classification	Unused commitments balance	
	December 31, 2023	December 31, 2022
Commitments on loans in Korean won	65,144,227	60,462,709
Commitments on loans in foreign currencies	30,837,779	28,960,160
Commitments on credit lines on asset-backed securities (*)	118,300	85,200
Commitments on purchase of securities (*)	13,625,533	11,875,336
Commitments on discounted notes from merchant banking	770,000	620,000
Total	110,495,839	102,003,405

(\*) The financial guarantee contracts as of December 31, 2023 and 2022, amount to ₩13,731,626 million and ₩10,565,130 million, respectively.

## 28-7 Lawsuits

As of December 31, 2023, the Group is involved in 390 lawsuits as a plaintiff and 181 lawsuits as a defendant. The aggregate amounts of claims as plaintiff and defendant are ₩371,186 million and ₩305,077 million, respectively. The Group recognizes provisions in consideration of the likelihood of winning a lawsuit.

The Group's material lawsuits in progress as a defendant are as follows (Korean won in millions):

Plaintiff	Amount	Status of lawsuit		Content
		First trial	On appeal	
F*****Bankruptcy administrator	43,315	Won	In progress (Second trial)	Return of an illicit gain
MT*****	25,271	In progress	–	Return of frozen funds
****Cooperation Co., Ltd.	15,000	In progress	–	Return of an illicit gain
**** **Ward Co., Ltd.	10,000	In progress	–	Compensation for damages
****Securities Co., Ltd.	10,000	In progress	–	Compensation for damages

On the other hand, although not included in the list above, \*\* bank in China has filed an additional execution for 183 million yuan in relation to the default of \*\*\* financing leases against the Group at Shanghai Financial Court in December 2023. As of December 31, 2023, it is not possible to reasonably predict the financial impact on the Group's consolidated financial statements.

28-8 Due to the decline of the Hong Kong HIndex, losses on Hong Kong H Index-linked securities sold by the Group are expected. As of December 31, 2023, the Group cannot reasonably predict and estimate the financial impact on the Group's financial statements. In addition, an investigation on unfair collaborative practices of four major commercial banks, including the Group, is underway by the Fair Trade Commission and the Group cannot reasonably predict the result.

28-9 In connection with the Ukraine crisis in February 2022, international sanctions against the Russian Federation of the international community could affect companies and individuals subject to sanctions, as well as companies, industries and economies that do business directly or indirectly with Russia. As of the settlement date, the Bank expects to have a financial impact on the business of KEB Hana Bank Russia, a subsidiary of Russia, but cannot reasonably predict the estimate.

29. Other liabilities and merchant banking account liabilities

29-1 Details of other liabilities as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Accounts payable from trust accounts	7,019,423	7,895,817
Foreign exchange settlement credits	941,693	937,940
Domestic exchange settlement credits	7,071,891	5,503,827
Accounts payable	11,692,542	6,936,315
Accrued expenses	4,551,927	2,758,991
Unearned revenue	136,764	127,583
Deposits for letters of guarantees and others	553,160	1,877,691
Suspense payables	263,320	75,021
Taxes withheld	183,385	129,209
Security subscriptions	40,884	281,894
Accounts for agency businesses	201,001	190,874
Liability incurred by agency relationship	2,505,394	2,869,079
Lease liabilities	593,475	667,779
Financial guarantee contracts	18,607	14,843
Other liabilities	32,476	13,176
Total	35,805,942	30,280,039

29-2 Details of merchant banking account liabilities as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Merchant banking account deposits	4,153,035	3,666,199
Other merchant banking account liabilities (*)	1,662	1,074
Total	4,154,697	3,667,273

(\*) Including accrued expenses

29-3 Details of lease liabilities as of December 31, 2023 and 2022, are as follows  
(Korean won in millions):

<December 31, 2023>

Classification	Face amount	Present value discount	Book value
Real estate for business purpose	657,443	(85,050)	572,393
Equipment and vehicles	17,788	(915)	16,873
Other assets	4,391	(182)	4,209
Total	679,622	(86,147)	593,475

<December 31, 2022>

Classification	Face amount	Present value discount	Book value
Real estate for business purpose	731,006	(83,957)	647,049
Equipment and vehicles	16,542	(709)	15,833
Other assets	5,136	(239)	4,897
Total	752,684	(84,905)	667,779

29-4 Changes in lease liabilities for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Beginning balance	Increase	Depreciation	Paid (*)	Others	Ending balance
Real estate for business purpose	647,049	120,894	23,294	(214,789)	(4,055)	572,393
Equipment and vehicles	15,833	9,697	496	(9,118)	(35)	16,873
Other assets	4,897	671	140	(1,415)	(84)	4,209
Total	667,779	131,262	23,930	(225,322)	(4,174)	593,475

(\*) Total cash outflow related to lease liabilities for the year ended December 31, 2023, is ₩225,214 million.

<2022>

Classification	Beginning balance	Increase	Depreciation	Paid (*)	Others	Ending balance
Real estate for business purpose	547,794	296,367	15,440	(206,537)	(6,015)	647,049
Equipment and vehicles	13,334	10,077	311	(7,768)	(121)	15,833
Other assets	434	5,444	106	(928)	(159)	4,897
Total	561,562	311,888	15,857	(215,233)	(6,295)	667,779

(\*) Total cash outflow related to lease liabilities for the year ended December 31, 2022, is ₩215,137 million.

29-5 Details of contractual cash flows before discounting the lease liabilities by remaining maturity as of December 31, 2023 and 2022, are as follows  
(Korean won in millions):

〈December 31, 2023〉

Classification	Less than 1 month	1 month ~ 3 months	3 months ~ 6 months	6 months ~ 1 year	1 year ~ 5 years	More than 5 years	Total
Real estate for business purpose	18,348	27,165	39,453	70,823	280,895	220,759	657,443
Equipment and vehicles	676	1,346	1,952	3,465	10,349	–	17,788
Other assets	247	337	585	1,100	2,122	–	4,391
Total	19,271	28,848	41,990	75,388	293,366	220,759	679,622

〈December 31, 2022〉

Classification	Less than 1 month	1 month ~ 3 months	3 months ~ 6 months	6 months ~ 1 year	1 year ~ 5 years	More than 5 years	Total
Real estate for business purpose	17,783	33,018	48,965	91,886	315,184	224,170	731,006
Equipment and vehicles	643	1,230	1,708	3,144	9,817	–	16,542
Other assets	184	235	418	852	3,447	–	5,136
Total	18,610	34,483	51,091	95,882	328,448	224,170	752,684

### 30. Capital stock and other paid-in capital

30-1 Details of capital stock as of December 31, 2023 and 2022, are as follows (Korean won in millions and shares):

Classification	December 31, 2023	December 31, 2022
Number of shares authorized	2,000,000,000	2,000,000,000
Par value per share (in Korean won)	5,000	5,000
Number of shares issued	1,071,915,717	1,071,915,717
Common stock	5,359,578	5,359,578

30-2 Details of capital surplus and capital adjustments as of December 31, 2023 and 2022, are as follows (Korea won in millions):

Classification	December 31, 2023	December 31, 2022
Capital surplus (*)	6,161,303	6,159,820
Capital adjustments		
Stock option	–	17
Others	(37,921)	(37,703)
Subtotal	(37,921)	(37,686)
Total	6,123,382	6,122,134

(\*) As of December 31, 2023, the Group's capital surplus includes the amount recognized at the time of the business combination under common control.



30-3 Details of hybrid securities as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	Issuance date	Expiry date	Annual interest rate (%)	December 31, 2023	December 31, 2022
Hybrid securities in Korean won	2013-10-25	2043-10-25	5.45	–	179,737
Hybrid securities in foreign currencies	2021-10-19	–	3.50	353,738	353,738
Total				353,738	533,475

The Group can repay the above hybrid securities early for five years from the issuance date or every six months(the date of interest payment) after five years if it obtains approval from the Director of the Financial Supervisory Service. Meanwhile, the Group has repaid hybrid securities in Korean won early on October 25, 2023.

### 31. Accumulated other comprehensive income (loss)

Changes in accumulated other comprehensive income (loss) for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

#### <2023>

Classification	Beginning balance	Increase (decrease) (excluding reclassification and transfer of retained earnings)	Transfer of retained earnings	Changes in equity in subsidiaries	Reclassification (*)	Tax effects	Ending balance
Gain (loss) on valuation of financial assets at FVOCI	(1,018,647)	861,959	(69,253)	–	(9,236)	(204,542)	(439,719)
Changes in equity of investments in associates	75,396	(11,640)	–	–	–	3,073	66,829
Gain (loss) on valuation of net investment hedges of foreign operations	(49,822)	(30,022)	–	–	–	7,926	(71,918)
Exchange differences on translation of foreign operations	(84,186)	66,694	–	–	–	(4,641)	(22,133)
Loss on valuation of fair value hedges	(24,984)	–	–	–	–	–	(24,984)
Remeasurement of defined benefit plans	(463,290)	(202,305)	–	–	–	53,475	(612,120)
Total	(1,565,533)	684,686	(69,253)	–	(9,236)	(144,709)	(1,104,045)

(\*) Loss on valuation of financial assets at FVOCI recognized as accumulated other comprehensive income (loss) is reclassified due to disposal of financial assets at FVOCI.

#### <2022>

Classification	Beginning balance	Increase (decrease) (excluding reclassification and transfer of retained earnings)	Transfer of retained earnings	Changes in equity in subsidiaries	Reclassification (*)	Tax effects	Ending balance
Gain (loss) on valuation of financial assets at FVOCI	(387,864)	(840,352)	3,692	(53)	(8,956)	214,886	(1,018,647)
Changes in equity of investments in associates	73,448	1,132	–	–	–	816	75,396
Gain (loss) on valuation of net investment hedges of foreign operations	(29,294)	(28,241)	–	–	–	7,713	(49,822)
Exchange differences on translation of foreign operations	(89,441)	7,555	–	97	–	(2,397)	(84,186)
Gain (loss) on valuation of fair value hedges	(13,123)	(16,360)	–	–	–	4,499	(24,984)
Remeasurement of defined benefit plans	(469,703)	8,860	–	–	–	(2,447)	(463,290)
Total	(915,977)	(867,406)	3,692	44	(8,956)	223,070	(1,565,533)

(\*) Loss on valuation of financial assets at FVOCI recognized as accumulated other comprehensive income (loss) is reclassified due to disposal of financial assets at FVOCI.

## 32. Retained earnings

32-1 Details of retained earnings as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Legal reserve		
Earned surplus reserve (*1)	2,349,400	2,050,800
Voluntary reserve		
Revaluation reserves on property, plant and equipment (*2)	203,998	203,998
Other reserves (*3)	102,155	87,276
Regulatory reserve for bad debts (*4)	2,593,244	2,617,149
Other voluntary reserves	5,450,200	5,450,200
Subtotal	8,349,597	8,358,623
Unappropriated retained earnings	10,351,090	8,826,892
Total	21,050,087	19,236,315

(\*1) Article 40 of the Banking Law of the Republic of Korea requires the Group to appropriate at least 10% of net income after income tax to legal reserve every time to pay dividends until such reserve equals 100% of its paid-in capital. This reserve is restricted to reduce deficit or be transferred to capital.

(\*2) The Group records gains from revaluation of property, plant and equipment previously recognized as other comprehensive income to the voluntary reserve, as it applies the revaluation amount as deemed cost at the first-time adoption of K-IFRSs. The reserve is recognized in distributable retained earnings when the relevant property, plant and equipment are disposed of.

(\*3) Relevant Japanese regulations require the Group's overseas branches located in Japan to appropriate a minimum of 10% of net income for the period as a legal reserve, until the reserve equals ¥2,000 million. This reserve is restricted from being used upon liquidation of the Japanese branches. Chennai, Panama, Singapore, Hong Kong, Hanoi and Ho Chi Minh branches' statutory reserves are included in other reserves in accordance with India, Panama, Singapore and

Vietnam's regulations.

(\*4) The Group has provided allowances for possible loan losses in accordance with K-IFRS. The difference in this amount and the provision for possible loan and other asset losses accumulated in accordance with the minimum accumulation ratio required by the Financial Supervisory Service is reserved as a regulatory reserve for bad debts.

32-2 Changes in appropriated retained earnings for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Beginning balance	19,236,315	13,897,317
Net income	3,476,636	3,095,845
Dividends	(1,690,000)	(1,230,400)
Dividends on hybrid securities	(23,834)	(23,770)
Reclassification of valuation gain or loss on equity securities at FVOCI upon derecognition, etc.	50,970	(2,677)
Capital surplus income	–	3,500,000
Ending balance	21,050,087	19,236,315

### 32-3 Dividends

Details of calculation on common stock dividends for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions and shares in units):

Classification	2023 (*1)	2022
Number of dividend shares	1,071,915,717	1,071,915,717
Par value per share (in Korean won)	5,000	5,000
Dividend ratio	33.77%	27.05%
Dividend per share (in Korean won)	1,688.57	1,352.72
Dividends	1,810,000	1,450,000
Net income (*2)	3,476,636	3,095,845
Dividend pay out ratio based on net income	52.06%	46.84%
Adjusted income after deducting provisions for bad debt reserve (*2)	3,589,342	3,119,771
Dividends pay out ratio based on adjusted income after deducting provisions for bad debt	50.43%	46.48%

(\*1) The dividend for 2023 will be presented at the annual general meeting of shareholders, which is scheduled on March 20, 2024.

(\*2) Adjusted income after deducting provisions for bad debt reserve is based on the controlling company's shares.

### 33. Regulatory reserve for bad debts

Regulatory reserve for bad debts is calculated and disclosed in accordance with Article 29, Sections 1 and 2 of Regulation on Supervision of Banking Business of the Republic of Korea.

33-1 Details of regulatory reserve for bad debts as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Beginning balance	2,690,108	2,714,034
Planned reversal of bad debts	112,706	23,926
Ending balance	2,577,402	2,690,108

33-2 Reversal of (provisions for) bad debt reserve and income adjusted for deductions of provisions for bad debt for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Net income attributable to equity holders of the parent company before deducting reserve for bad debt	3,476,636	3,095,845
Reversal of bad debt reserve	112,706	23,926
Adjusted income after deducting reserve for bad debt	3,589,342	3,119,771
Basic EPS adjusted after reflecting reserve for bad debt (*1) (in Korean won)	3,326	2,888
Diluted EPS adjusted after reflecting reserve for bad debt (*2) (in Korean won)	3,326	2,888

(\*1) The dividend on hybrid equity securities in the amount of ₩23,834 million and ₩23,770 million for the years ended December 31, 2023 and 2022, respectively, was deducted from the adjusted income after reflecting the bad debt reserve for the calculation of EPS after reflecting reserve for bad debt for each period.

(\*2) Since the Group does not have dilutive potential ordinary stock, basic EPS is the same as diluted EPS.

### 34. Operating income and operating expenses

34-1 Operating income for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	2023	2022
Interest income	19,793,063	13,347,231
Fees and commission income	931,532	874,721
Gains on financial instruments at FVTPL	23,575,868	31,421,014
Gains on fair value hedging derivative instruments	140,983	397,349
Gains on financial instruments at FVOCI	88,412	10,551
Gains on financial instruments at amortized cost	232	4
Reversal of credit loss	36,277	603
Other operating income	7,934,269	7,615,689
Total	52,500,636	53,667,162

34-2 Operating expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Interest expenses	11,875,652	5,738,554
Fees and commission expenses	270,068	281,109
Expenses on financial instruments at FVTPL	23,084,120	31,296,313
Expenses on fair value hedging derivative instruments	114,647	460,900
Expenses on financial instruments at FVOCI	3,979	8,389
Provision of credit loss	694,584	658,252
General and administrative expenses	3,448,610	3,318,831
Other operating expenses	8,403,458	7,838,212
Total	47,895,118	49,600,560

### 35. Net interest income

35-1 Interest income for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	2023	2022
Interest income in accordance with the effective interest rate method		
Interest income on due from banks	657,982	277,868
Interest income on loans	17,119,560	11,761,608
Interest income on financial assets at FVOCI	837,112	544,009
Interest income on securities at amortized cost	1,002,738	698,892
Subtotal	19,617,392	13,282,377
Interest income on financial instruments at FVTPL	175,671	64,854
Total	19,793,063	13,347,231

35-2 Interest expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Interest expenses on deposit liabilities	9,772,767	4,558,562
Interest expenses on borrowings	782,002	342,306
Interest expenses on financial instruments at FVTPL	4,908	4,045
Interest expenses of debentures	986,274	671,472
Interest expenses of lease liabilities	23,929	15,857
Others	305,772	146,312
Total	11,875,652	5,738,554



### 36. Net fees and commission income

36-1 Fees and commission income for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Commissions received from loans and others	581,283	521,833
Commissions received on payment guarantees	101,755	89,740
Commissions related to foreign exchange	248,494	263,148
Total	931,532	874,721

36-2 Fees and commission expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Commissions paid	212,279	226,715
Commissions related to foreign exchange	57,789	54,394
Total	270,068	281,109

### 37. Gain (loss) on financial instruments at FVTPL

37-1 Details of gain (loss) on financial instruments at FVTPL for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Gain on financial instruments at FVTPL		
Financial instruments at FVTPL		
Gain on valuation	623,974	138,271
Gain on disposals	114,121	35,850
Subtotal	738,095	174,121
Derivative instruments held for trading		
Gain on valuation of derivatives		
Gain on currency-related derivatives	3,756,674	8,065,307
Gain on interest rate-related derivatives	477,114	908,399
Gain on stock-related derivatives	5,948	3,333
Others	1,875	—
Subtotal	4,241,611	8,977,039
Gain on transaction of derivatives		
Gain on currency-related derivatives	12,213,996	16,472,062
Gain on interest rate-related derivatives	6,342,524	5,744,598
Gain on stock-related derivatives	34,424	13,394
Subtotal	18,590,944	22,230,054
Gain on securities sold	5,218	6,269
Total	23,575,868	31,387,483
Loss on financial instruments at FVTPL		
Financial instruments at FVTPL		
Loss on valuation	46,692	253,836
Loss on disposals	59,253	106,893
Others	1,720	1,408
Subtotal	107,665	362,137
Derivative instruments held for trading		

Classification	2023	2022
Loss on valuation of derivatives		
Loss on currency-related derivatives	3,280,101	8,742,678
Loss on interest rate-related derivatives	487,610	1,080,768
Loss on stock-related derivatives	4,472	23,154
Others	—	3,020
Subtotal	3,772,183	9,849,620
Loss on transaction of derivatives		
Loss on currency-related derivatives	12,651,931	16,406,795
Loss on interest rate-related derivatives	6,495,300	4,660,249
Loss on stock-related derivatives	23,738	9,687
Subtotal	19,170,969	21,076,731
Loss on securities sold	20,596	7,825
Total	23,071,413	31,296,313
Net amount	504,455	91,170

37-2 Details of gain (loss) on financial instruments designated at FVTPL for the years ended December 31, 2023 and 2022, are as follows  
(Korean won in millions):

Classification	2023	2022
Gain on financial instruments designated at FVTPL		
Deposits		
Gain on valuation	—	33,531
Total	—	33,531
Loss on financial instruments designated at FVTPL		
Deposits		
Loss on valuation	11,270	—
Debentures		
Loss on valuation	1,379	—
Other financial liabilities		
Loss on disposals	58	—
Total	12,707	—
Net amount	(12,707)	33,531

### 38. Gain (loss) on derivative financial instruments used for hedging

Gain (loss) on derivative instruments used for hedging for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	2023	2022
Gain on hedged item		
Gain on valuation		
Gain on valuation of debentures	3,463	320,975
Gain on valuation of deposits	–	71,015
Subtotal	3,463	391,990
Gain on transaction		
Gain on transaction of debentures	1,858	731
Derivative financial instruments used for hedging		
Gain on valuation of derivatives		
Gain on currency-related derivatives	49,945	–
Gain on interest-related derivatives	73,333	–
Subtotal	123,278	–
Gain on transaction of derivatives		
Gain on currency-related derivatives	7,704	2,048
Gain on interest-related derivatives	4,680	2,580
Subtotal	12,384	4,628
Total	140,983	397,349
Loss on hedged item		
Loss on valuation		
Loss on valuation of debentures	84,812	4,365
Loss on valuation of deposits	15,177	–
Subtotal	99,989	4,365
Loss on transaction		
Loss on transaction of debentures	5,513	–
Derivative instruments used for hedging		
Loss on valuation of derivatives		

Classification	2023	2022
Loss on currency-related derivatives	7,701	129,661
Loss on interest-related derivatives	–	325,170
Subtotal	7,701	454,831
Loss on transaction of derivatives		
Loss on currency-related derivatives	1,444	90
Loss on interest-related derivatives	–	1,614
Subtotal	1,444	1,704
Total	114,647	460,900
Net amount	26,336	(63,551)

### 39. Gain (loss) on financial instruments at FVOCI

Details of gain (loss) on financial instruments at FVOCI for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Gain on disposal of financial instruments at FVOCI	88,412	10,551
Loss on disposal of financial instruments at FVOCI	3,979	8,389
Net amount	84,433	2,162

### 40. Gain (loss) on financial instruments at amortized cost

Details of gain (loss) on financial instruments designated at amortized cost for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Gain on disposal of financial instruments at amortized cost	232	4

For the years ended December 31, 2023 and 2022, the Group disposed portion of securities at amortized cost for the purpose of managing the credit risk.

#### 41. Provision for (reversal of) credit loss

Provision for (reversal of) bad debts due to the change in credit loss for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

Classification	2023	2022
Provision for (reversal of) credit loss of debt securities at FVOCI	867	(603)
Reversal of (provision for) possible loan loss for debt securities at amortized cost	(36,277)	66,966
Provision for bad debts of loan losses	689,600	585,006
Provision for bad debts of other asset losses	4,117	6,280
Total	658,307	657,649



#### 42. General and administrative expenses

General and administrative expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Salaries	1,655,117	1,615,246
Retirement benefits—defined benefits plans	126,643	144,346
Retirement benefits—defined contribution plans	627	261
Termination benefits	127,643	177,008
Employee welfare benefits	104,107	100,551
Depreciation	395,105	342,481
Amortization	108,972	95,591
Rental fees	55,895	51,099
Entertainment expenses	20,186	16,455
Taxes and dues	149,001	121,087
Advertising expenses	182,739	181,095
Others	522,575	473,611
Total	3,448,610	3,318,831

#### 43. Other operating income

Details of other operating income for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Gain on disposal of loans	63,312	22,954
Reversal of provisions for payment guarantees	12,941	–
Reversal of allowances for unused commitments	–	3,347
Reversal of other allowances	–	20,228
Trust commissions	209,343	177,573
Gain on foreign exchange transaction	7,374,765	7,170,247
Gain on merchant banking accounts (*)	184,550	119,943
Dividend income	11,529	10,798
Others	77,829	90,599
Total	7,934,269	7,615,689

(\*) Details of gain on merchant banking accounts for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Interest income	149,433	93,710
Fees and commission income	450	492
Gain on disposal of debt securities at FVTPL	1,523	1,897
Gain on valuation of debt securities at FVTPL	–	910
Gain on valuation of CMA securities	162	103
Gain on disposal of bills	32,982	22,831
Total	184,550	119,943

#### 44. Other operating expenses

Details of other operating expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Loss on disposal of loans	23,888	3,070
Provision for payment guarantees	—	44,922
Provision for unused commitments	20,416	—
Provision for other allowances	182,051	—
Contribution to Korea Credit Guarantee Fund	461,950	409,833
Insurance fee on deposit	477,734	449,567
Loss on foreign exchange transaction	7,035,300	6,794,255
Merchant banking accounts expenses (*)	139,877	89,351
Others	62,242	47,214
Total	8,403,458	7,838,212

(\*) Details of loss on merchant banking accounts for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Interest expenses	139,484	89,351
Others	393	—
Total	139,877	89,351

#### 45. Non-operating income

Details of non-operating income for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Rental fee income	10,395	9,608
Gain on disposal of property, plant and equipment	742	6,202
Gain on disposal of investment properties	600	7,241
Gain on disposal of non-current assets held for sale	568	—
Gain on disposal of investments in associates and joint ventures	2,941	3,414
Gain on equity method	179,345	221,832
Gain on termination of right-of-use assets	992	1,511
Others	26,983	17,485
Total	222,566	267,293

#### 46. Non-operating expenses

Details of non-operating expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Loss on disposal of property, plant and equipment	247	1,146
Loss on impairment of property, plant and equipment	–	12
Loss on disposal of investment properties	–	1,044
Loss on impairment of intangible assets	10	220
Loss on impairment of non-current assets held for sale	1,100	–
Loss on equity method	11,232	32,819
Collection expenses for written-off claims	2,143	1,741
Collection commissions for written-off claims	5,020	5,455
Loss on investments in associates and joint ventures	2,289	1,099
Loss on impairment of investments in associates and joint ventures	1,395	520
Loss on termination of right-of-use assets	1,222	1,871
Donations	108,906	42,321
Others	81,437	74,161
Total	215,001	162,409

#### 47. Income tax expenses

47-1 The components of income tax expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Current income taxes		
Current income taxes	974,544	1,214,080
Prior year's income tax adjustments recognized in the current year	(38,354)	(24,481)
Changes in deferred tax assets (liabilities)	433,217	(282,051)
Income taxes directly recognized in equity	(162,992)	224,156
Tax effect of consolidated tax returns	(80,765)	(71,917)
Income tax expenses	1,125,650	1,059,787

47-2 Reconciliations of income tax expenses applicable to the net income before income tax expenses at the Korean statutory tax rate and to income tax expenses at the effective income tax rate of the Group for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Net income before tax	4,613,083	4,171,486
Corporate tax according to applicable tax rate (*)	1,196,413	1,168,977
Tax-free income	(11,123)	(7,176)
Non-deductible expenses	7,962	4,184
Tax credits	(26,941)	(28,674)
Overseas corporate tax	82,993	60,708
Changes due to consolidated tax system	(80,765)	(71,917)
Adjustments	(38,354)	(24,481)
Others (tax rate fluctuation, etc.)	(4,535)	(41,834)
Corporate tax expense	1,125,650	1,059,787
Effective tax rate (%)	24.40	25.41

(\*) 9.9% is applied to income under ₩200 million, 20.9% is applied to income exceeding ₩200 million and under ₩20 billion, 23.1% is applied to income exceeding ₩20 billion and under ₩300 billion and 26.4% is applied to income above ₩300 billion for the nine-month period ended December 31, 2023, and 11% is applied to income under ₩200 million, 22% is applied to income exceeding ₩200 million and under ₩20 billion, 24.2% is applied to income exceeding ₩20 billion and under ₩300 billion and 27.5% is applied to income above ₩300 billion for the year ended December 31, 2022.

47-3 Details of temporary differences and deferred tax assets (liabilities) as of December 31, 2023 and 2022, are as follows (Korean won in millions):

◁December 31, 2023▷

Classification	Deductible (taxable) temporary differences	Deferred tax assets (liabilities)
Gain on valuation of securities	(113,175)	(29,878)
Valuation of investment in associates	(609,860)	(161,003)
Loss on valuation of derivatives	80,498	21,251
Deemed dividends	286,044	75,515
Deferred loan fees, net of expenses	(365,704)	(96,546)
Accrued income	(387,111)	(102,197)
Accrued expenses	69,841	18,438
Provisions for payment guarantees	70,683	18,660
Plan assets	(2,047,920)	(540,651)
Defined benefit liabilities	2,211,820	583,921
Other provisions	628,928	166,037
Bad debt expenses	505,378	133,420
Depreciation	6,362	1,680
Fair value valuation resulting from merger	6,937	1,831
Dormant deposits	90,862	23,987
Allowance for advanced depreciation	(180,315)	(47,603)
Deemed cost for property and equipment	(607,617)	(160,410)
Loss on valuation of financial instruments at FVOCI	606,213	160,040
Investment in kind	18,479	4,879
Financial guarantee contracts	5,493	1,450
Others	(1,200,003)	(316,801)
Subtotal	(924,167)	(243,980)
Domestic deferred tax liabilities		(243,980)
Foreign deferred tax assets (*)		133,742
Foreign deferred tax liabilities (*)		(9,220)
Total		(119,458)

(\*) Deferred tax assets of foreign branches are not offset against the deferred tax liabilities due to the differences in tax jurisdictions.



<December 31, 2022>

Classification	Deductible (taxable) temporary differences	Deferred tax assets (liabilities)
Loss on valuation of securities	559,829	147,795
Valuation of investment in associates	(589,134)	(155,531)
Loss on valuation of derivatives	927,438	244,844
Deemed dividends	281,421	74,295
Deferred loan fees, net of expenses	(363,572)	(95,983)
Accrued income	(344,814)	(91,031)
Accrued expenses	94,987	25,077
Provisions for payment guarantees	81,109	21,413
Plan assets	(1,987,305)	(524,648)
Defined benefit liabilities	1,987,305	524,648
Other provisions	429,186	113,305
Bad debt expenses	707,373	186,747
Depreciation	(1,724)	(455)
Fair value valuation resulting from merger	6,937	1,831
Dormant deposits	22,133	5,843
Allowance for advanced depreciation	(180,315)	(47,603)
Deemed cost for property and equipment	(607,839)	(160,469)
Loss on valuation of financial instruments at FVOCI	1,380,998	364,583
Investment in kind	18,479	4,878
Financial guarantee contracts	4,631	1,222
Others	(1,657,614)	(437,611)
Subtotal	769,509	203,150
Domestic deferred tax assets		203,150
Foreign deferred tax assets (*)		112,868
Foreign deferred tax liabilities (*)		(2,259)
Total		313,759

(\*) Deferred tax assets of foreign branches are not offset against the deferred tax liabilities due to the differences in tax jurisdictions.

The effective income tax rate of 26.4% as of December 31, 2023, is applied when calculating deferred tax assets or liabilities. Also, deferred tax assets are recognized when it is foreseeable that future taxable income will be incurred and that future tax credits will be realized.

47-4 The unrealizable temporary differences on investments in associates as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Deductible temporary differences	337,867	337,867
Taxable temporary differences	(355,579)	(355,579)
Total	(17,712)	(17,712)

47-5 Changes in deferred taxes charged (credited) directly to equity for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	December 31, 2023	December 31, 2022	Changes
Gain on valuation of equity securities at FVOCI	158,113	362,656	(204,543)
Changes in equity on investments in associates	(23,972)	(27,044)	3,072
Exchange differences on translation of foreign operations	(4,428)	213	(4,641)
Gain on valuation of net investment hedges of foreign operations	26,824	18,898	7,926
Gain on valuation of fair value hedges	9,477	9,477	—
Remeasurements of the defined benefit plans	215,467	161,991	53,476
Subtotal	381,481	526,191	(144,710)
Reclassification of valuation gain or loss on equity securities at FVOCI			(18,282)
Total			(162,992)

<2022>

Classification	December 31, 2022	December 31, 2021	Changes
Gain on valuation of equity securities at FVOCI	362,656	147,772	214,884
Changes in equity on investments in associates	(27,044)	(27,859)	815
Exchange differences on translation of foreign operations	213	2,610	(2,397)
Gain on valuation of net investment hedges of foreign operations	18,898	11,112	7,786
Gain on valuation of fair value hedges	9,477	4,978	4,499
Remeasurements of the defined benefit plans	161,991	164,438	(2,447)
Subtotal	526,191	303,051	223,140
Reclassification of valuation gain or loss on equity securities at FVOCI			1,016
Total			224,156

#### 48. Earnings per share

48-1 Weighted-average number of shares of common stock for the years ended December 31, 2023 and 2022, is as follows (shares):

Classification	Periods	Number of shares	Weights	Weighted-average number of shares of common stock
December 31, 2023	2023.01.01~2023.12.31	1,071,915,717	365/365	1,071,915,717
December 31, 2022	2022.01.01~2022.12.31	1,071,915,717	365/365	1,071,915,717

Since the Group does not have potentially dilutive common stock, the weighted-average number of shares of common stock outstanding per basic share is the same as the weighted-average number of shares of common stock outstanding per diluted share.

48-2 The Group's basic EPS for the years ended December 31, 2023 and 2022, is calculated as follows (Korean won in millions, except per share amounts):

Classification	2023	2022
Net income for the period attributable to owners	3,476,636	3,095,845
Dividends on hybrid equity securities	(23,834)	(23,770)
Total	3,452,802	3,072,075
Weighted-average number of shares of common stock outstanding	1,071,915,717	1,071,915,717
Basic EPS (*) (in Korean won)	3,221	2,866

(\*) Basic EPS is the same as diluted EPS for the years ended December 31, 2023 and 2022.

#### 49. Share-based payment

The Group operates a Performance Share Plan. It is a share-based payment with cash settlement linked to the stocks of HFG, and the amount of shares are determined based on performance for three years from the grant date.

GLN International Co., Ltd., a subsidiary of the Group, granted 400,000 new share options to an executive during November 2021. The exercise price of the stock purchase option is ₩500 per share, and the options vest if the executive has served for more than two years from the date of grant, and the exercise period is within five years from the date of grant. However, due to the retirement of the executive concerned, all of the share options have been canceled due to the failure to meet the terms of service, and there are no share options granted as of the end of the reporting period.

49-1 Details of liabilities related to share-based payment and total intrinsic value of rights accounted for as accounts payable in case that option holders achieve rights to receive cash or other assets as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Book value of liabilities related to share-based payment		
Performance share (granted by the Group)	29,972	36,127

49-2 The compensation costs for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Costs recognized due to share-based payment		
Equity-linked special incentive (granted by the Group)	7,304	10,782
Stock options (granted by subsidiary)	(17)	15
Total	7,287	10,797

49-3 Details of performance-linked stocks granted to the executives and department head of the Group as of December 31, 2023, are as follows:

Classification	8th	9th	10th	11th	12th	13th
Granted by	Hana Bank	Hana Bank	Hana Bank	Hana Bank	Hana Bank	Hana Bank
Grant date	2018.01.01	2019.01.01	2020.01.01	2021.01.01	2022.01.01	2023.01.01
Payment date	2020.12.31	2021.12.31	2022.12.31	2023.12.31	2024.12.31	2025.12.31
Evaluation period	2018.01.01~2020.12.31	2019.01.01~2021.12.31	2020.01.01~2022.12.31	2021.01.01~2023.12.31	2022.01.01~2024.12.31	2023.01.01~2025.12.31
Reservation period	2021.01.01~2021.12.31	2022.01.01~2022.12.31	2023.01.01~2023.12.31	2024.01.01~2024.12.31	2025.01.01~2025.12.31	2026.01.01~2026.12.31
Payment period	Within 2022.4.30	Within 2023.4.30	Within 2024.4.30	Within 2025.4.30	Within 2026.4.30	Within 2027.4.30
Payment method	Market-based compensation	Market-based compensation	Market-based compensation	Market-based compensation	Market-based compensation	Market-based compensation
Shares at settlement date (*)	10,250 shares	25,373 shares	309,551 shares	168,063 shares	102,509 shares	79,313 shares

(\*) The Group provides the executives and department head of the Group with the right to receive stocks. The number of stocks granted is adjusted based on the performance. The number of stocks granted is adjusted based on the assessment indicator that constitutes the Group's performance (relative shareholders' rate of return) of 40% and the Bank's performance (return on equity, net income, soundness) of 60%.

## 50. Cash flow information

50-1 Details of cash and cash equivalents as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	December 31, 2023	December 31, 2022
Cash	1,742,359	1,903,972
Due from banks in Korean won	10,450,468	15,950,890
Due from banks in foreign currencies	18,371,452	23,232,995
Subtotal	30,564,279	41,087,857
Restricted balances (*)	1,824,242	2,010,077
Deposits with a maturity of more than three months at the time of acquisition	457,734	577,354
Net amount	28,282,303	38,500,426

(\*) Restricted balances exclude reserve deposits that meet the definition of cash equivalents.

50-2 Significant non-cash transactions for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

Classification	2023	2022
Reduction in capital surplus	—	3,500,000
Recognition of right-of-use assets	166,171	306,049
Recognition of lease liabilities	131,262	311,888
Change in valuation of financial assets at FVOCI	852,837	852,663
Transfer from property, plant and equipment to investment properties	26,318	97,994
Changes in equity on investments in associates	11,641	1,132
Exchange differences on translation of foreign operations	75,374	313
Conversion from debt instruments	188	40,370

50-3 Reconciliation of liabilities arising from financing activities for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

<2023>

Classification	Beginning balance	Financing activities	Exchange rate fluctuation	Fair value hedging	Acquisition and termination of lease	Others	Ending balance
Borrowings	22,256,597	(1,339,106)	1,116,423	-	-	-	22,033,914
Debentures	26,233,339	150,040	32,507	110,223	-	16,070	26,542,179
Lease liabilities	667,779	(201,285)	-	-	131,262	(4,281)	593,475
Derivatives used for hedging	412,250	13,433	-	(100,399)	-	(10,941)	314,343
Total	49,569,965	(1,376,918)	1,148,930	9,824	131,262	848	49,483,911

<2022>

Classification	Beginning balance	Financing activities	Exchange rate fluctuation	Fair value hedging	Acquisition and termination of lease	Others	Ending balance
Borrowings	17,524,480	3,926,509	805,608	-	-	-	22,256,597
Debentures	27,699,757	(1,465,060)	257,968	(271,934)	-	12,608	26,233,339
Lease liabilities	561,562	(199,280)	-	-	311,888	(6,391)	667,779
Derivatives used for hedging	27,703	-	-	383,816	-	731	412,250
Total	45,813,502	2,262,169	1,063,576	111,882	311,888	6,948	49,569,965

## 51. Related parties

51-1 Transactions with related parties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Entity	Income			Expenses			
		Interest income	Fees and commission income	Other income	Bad debt expenses	Interest expenses	Fees and commission expenses	Other expenses
Ultimate parent company	HFG	333	3,954	114	–	374	–	–
Associates	Bank of Jilin	91	3	–	–	181	–	10
	CM International financing leases	1,309	–	–	(1,754)	–	–	–
	Beijing Langzi Asset Management Co., Ltd.	–	1	1	–	162	–	–
	Hana Equity Partners I, L.P.	–	–	–	–	4	–	–
	Korea Credit Bureau	856	10	–	(12)	10	–	2
	Templeton Hana Asset Management Co., Ltd.	–	–	–	–	379	–	–
	Hana – KVIC Unicorn Fund of Funds	–	–	–	–	131	–	–
	BIDV	304	6	270	(24)	684	5	431
	Hana Micro Finance., Ltd.	–	1,008	–	–	–	–	–
	Hana Ventures No. 7 New Technology Business Investment Association	–	3	–	–	5	–	–
	HORIZON PRIVATE EQUITY FUND	–	–	–	–	69	–	2
	TossBank Corp.	2,596	–	–	–	62	–	–
	SHINJIN INTERNATIONAL CORPORATION	314	2	–	(107)	–	–	–
	Sinsa Station area Complex Development PFV Co., Ltd.	1,274	–	–	112	–	–	–
	Hana-Capstone AI Platform Fund	–	–	–	–	53	–	–
	Cheongna Medipolis PFV Co., Ltd.	–	–	–	–	92	–	–
	Hana Beyond Finance Fund	–	37	–	–	500	–	–
	UNION TCB FUND II	–	–	–	–	6	–	–
	No.1 KEBHANASTAY REITS Co., Ltd	363	3	–	6	8	–	–
	MASHUP ANGELS VALUE UP FUND2	–	4	–	–	12	–	–
Subtotal		7,107	1,077	271	(1,779)	2,358	5	445
Joint venture	PT. SINARMAS HANA FINANCE	2,818	3	–	17	–	–	–
Entities under common control	Hana Securities Co., Ltd.	197	2,509	483,638	12	9,018	–	460,917
	Hana Card Co., Ltd.	579	43,517	9,443	50	6,393	5,460	–
	Hana Capital Co., Ltd.	–	828	273	59	361	–	34
	Hana Asset Trust Co., Ltd.	–	64	–	–	2,886	5,146	–
	Hana Alternative Asset Management Co., Ltd.	162	56	47	–	392	–	–
	Hana TI Co., Ltd.	5	21	95	–	8,409	8,654	81,457
	Hana Life Insurance Co., Ltd.	178	14,394	4,556	–	48	–	1,316
	Hana Savings Bank	–	33	–	–	–	–	–
	Hana Investors Services Company	156	3	36	–	126	–	–
	Hana Ventures Inc.	–	1	2,144	–	378	1,291	–
	Hana Alternative Special Investment Private Real Estate Investment Trust No.123-1	–	–	2,859	–	–	–	–
	Hana F&I Inc	2,908	500	12	175	97	–	–
	Hana Ventures No. 4 New Technology Business Investment Association	–	3	–	–	1	–	–



Classification	Entity	Income			Expenses			
		Interest income	Fees and commission income	Other income	Bad debt expenses	Interest expenses	Fees and commission expenses	Other expenses
	Hana Insurance. Co., Ltd.	-	113	23	-	-	-	-
	Hana Alternative Infra Special Investment Private Trust No.3-1	-	-	1,109	-	-	-	-
	Hana Alternative Infra Special Investment Private Trust No.3-2	-	-	222	-	-	-	-
	Hana Ventures No. 6 New Technology Business Investment Association	-	2	-	-	1	-	-
	Hana Alternative Infra Special Investment Private Trust No.3-4	-	-	3,835	-	-	-	-
	Hana Alternative Investment PRC Logistics General Private Investment Trust No.1(professional)	457	-	-	-	-	-	-
	Hana Alternative General Private Real Estate Investment Trust No.180	-	-	1,888	-	-	-	-
	Finnq Co., Ltd.	-	31	1	-	2,134	788	-
Subtotal		4,642	62,075	510,181	296	30,244	21,339	543,724
Other related parties	Hana Power Infrastructure No.1 Private Investment Co., Ltd.	598	60	-	(36)	53	-	-
	Mirae Credit Information Services Corp.	66	11	72	(9)	62	1,133	-
	F&U Credit Information Co., Ltd.	-	19	-	-	2	-	-
	Lotte Ventures Corp.	-	-	1	-	1	-	-
	GMHB Co., Ltd.	-	-	-	-	1	-	-
	KORAMCO THE ONE REIT	-	-	-	-	-	-	1,519
	Dangsandong PFV Co., Ltd.	-	-	-	-	1	-	-
	Daegu MBC Site Complex Development PFV	7,823	173	-	657	-	-	-
	Apollon Private Equity Fund	-	-	709	-	-	-	-
	Lakebridge Growth First Private Investment Co., Ltd.	-	-	1,442	-	1	-	-
	YH Leisure Development Co., Ltd.	4,431	-	-	(30)	42	-	-
	Hana Ventures No.5 New Technology Business Investment Association	-	-	-	-	10	-	-
	Hana Innovation Venture Scale-up Fund	-	-	-	-	118	-	-
	Hana Must Seven Special Purpose Acquisition Company	-	-	-	-	1	-	-
	Hana Financial Sixteenth Special Purpose Acquisition Company	-	-	-	-	1	-	-
	Hana Financial Nineteenth Special Purpose Acquisition Company	-	-	-	-	13	-	-
	Gyeonggi Hana Turn-around Fund No.2	-	-	-	-	111	-	-
	Hana Untact Digital Innovation Fund	-	-	-	-	56	-	-
	Hana Financial Twenty-first Special Purpose Acquisition Company	-	-	-	-	85	-	-
	Hana Financial Twenty-second Special Purpose Acquisition Company	-	-	-	-	65	-	-
	Hana Financial Twenty-third Special Purpose Acquisition Company	-	-	-	-	61	-	-
	Hana Financial Twenty-fourth Special Purpose Acquisition Company	-	-	-	-	99	-	-
	Hana Financial Twenty-fifth Special Purpose Acquisition Company	-	-	-	-	234	-	-
	Hana Financial Twenty-sixth Special Purpose Acquisition Company	-	-	-	-	72	-	-
	Hana Financial Twenty-seventh Special Purpose Acquisition Company	-	-	-	-	69	-	-
	Anda Mobility Infrastructure Fund No.1	-	-	-	-	1	-	-

Classification	Entity	Income			Expenses			
		Interest income	Fees and commission income	Other income	Bad debt expenses	Interest expenses	Fees and commission expenses	Other expenses
	Hana Financial Twenty-eighth Special Purpose Acquisition Company	-	-	-	-	32	-	-
	Hana Financial Twenty-ninth Special Purpose Acquisition Company	-	-	-	-	15	-	-
	Anda Mobility Infrastructure Fund No.2	-	-	-	-	1	-	-
	The Hahm Green Energy Fund	-	-	60	-	-	-	-
	VL Taube Private Equity Fund	-	-	200	-	-	-	-
	HANA 30 Special Purpose Acquisition Company	-	-	-	-	1	-	-
	Subtotal	12,918	263	2,484	582	1,208	1,133	1,519
Key management	Key management	44	-	-	-	278	-	-
	Total	27,862	67,372	513,050	(884)	34,462	22,477	545,688

<2022>

Classification	Entity	Income			Expenses			
		Interest income	Fees and commission income	Other income	Bad debt expenses	Interest expenses	Fees and commission expenses	Other expenses
Ultimate parent company	HFG	15	4,421	-	-	58	-	-
Associates	Bank of Jilin	100	3	-	-	-	-	5
	CM International financing leases	2,407	-	-	16,015	-	-	-
	Beijing Langzi Asset Management Co., Ltd.	67	1	1	(22)	8	-	-
	Hana Equity Partners I, L.P.	-	5	-	-	2	-	-
	Korea Credit Bureau	978	-	-	16	108	-	-
	Templeton Hana Asset Management Co., Ltd.	-	1	2	-	213	-	-
	Hana - KVIC Unicorn Fund of Funds	-	-	-	-	78	-	-
	BIDV	780	-	-	(15)	1,284	1	-
	Hana Micro Finance., Ltd.	-	1,600	-	(343)	-	-	-
	All Together Korea Fund 5	-	-	62	-	-	-	-
	Hana Ventures No.7 New Technology Business Investment Association	-	3	-	-	3	-	-
	TossBank Corp.	10,541	-	1	-	2	-	-
	SHINJIN INTERNATIONAL CORPORATION	4	-	-	-	-	-	-
	Inhee.Co.,Ltd	-	1	-	-	-	-	-
	Sinsa Station area Complex Development PFV Co., Ltd.	1,606	100	-	9,199	-	-	-
	Hana-Capstone AI Platform Fund	-	-	-	-	54	-	-
	Cheongna Medipolis PFV Co., Ltd.	-	-	-	-	53	-	-
	Hana Beyond Finance Fund	-	8	-	-	229	-	-
Subtotal		16,483	1,722	66	24,850	2,034	1	5
Joint venture	PT. SINARMAS HANA FINANCE	2,398	2	-	76	-	-	-
Entities under common control	Hana Securities Co., Ltd.	76	1,947	469,067	44	3,823	-	552,481
	Hana Card Co., Ltd.	29	36,985	6,813	20	2,574	8,803	562
	Hana Capital Co., Ltd.	17	407	-	4	300	-	398
	Hana Asset Trust Co., Ltd.	-	39	-	-	3,856	3,380	-
	Hana Alternative Asset Management Co., Ltd.	5	53	-	-	823	-	-
	Hana TI Co., Ltd.	-	16	56	-	7,368	7,099	77,039
	Hana Life Insurance Co., Ltd.	8	10,757	7,782	-	31	-	3,066
	Hana Savings Bank	-	19	-	-	-	-	-
	Hana Investors Services Company	7	2	-	-	47	-	-
	Hana Ventures Inc.	-	1	-	-	97	-	-
	Hana Alternative Special Investment Private Real Estate Investment Trust No.123-1	2,775	-	1,916	-	-	-	-
	Hana F&I Inc	298	237	1	2	72	-	-
	Hana Ventures No.4 New Technology Business Investment Association	-	3	-	-	2	-	-
	Hana Insurance. Co., Ltd.	-	48	9	-	-	2,141	-
	Hana Alternative Infra Special Investment Private Trust No.3-1	-	-	499	-	-	-	-
	Hana Alternative Infra Special Investment Private Trust No.3-2	-	-	211	-	-	-	-
	Hana Ventures No.6 New Technology Business Investment Association	-	3	-	-	3	-	-
	Hana Alternative Infra Special Investment Private Trust No.3-4	-	-	734	-	-	-	-
	Hana Alternative General Private Real Estate Investment Trust No.180	-	-	799	-	-	-	-

Classification	Entity	Income			Expenses			
		Interest income	Fees and commission income	Other income	Bad debt expenses	Interest expenses	Fees and commission expenses	Other expenses
	Finnq Co., Ltd.	–	405	2	–	486	684	–
	Subtotal	3,215	50,922	487,889	70	19,482	22,107	633,546
Other related parties	Hana Power Infrastructure No.1 Private Investment Co., Ltd.	588	60	–	(69)	20	–	–
	Mirae Credit Information Services Corp.	227	10	72	9	42	1,139	–
	UBS Hana Asset Management Co., Ltd.	–	1	9	–	353	–	–
	F&U Credit Information Co., Ltd.	–	17	–	–	11	–	–
	Lotte Ventures Corp.	–	–	1	–	–	–	–
	GMHB Co., Ltd.	857	–	–	(266)	1	–	–
	KORAMCO THE ONE REIT	–	–	–	–	–	–	2,069
	Daegu MBC Site Complex Development PFV	5,201	219	–	181	–	–	–
	Lakebridge Growth First Private Investment Co., Ltd.	–	–	39	–	1	–	–
	YH Leisure Development Co., Ltd.	3,917	–	–	(160)	29	–	–
	Hana Ventures No.5 New Technology Business Investment Association	–	–	–	–	6	–	–
	Hana Innovation Venture Scale-up Fund	–	–	–	–	76	–	–
	Hana Must Seven Special Purpose Acquisition Company	–	–	–	–	1	–	–
	Hana Financial Fourteenth Special Purpose Acquisition Company	–	–	–	–	1	–	–
	Hana Financial Fifteenth Special Purpose Acquisition Company	–	–	–	–	1	–	–
	Hana Financial Sixteenth Special Purpose Acquisition Company	–	–	–	–	1	–	–
	Hana Financial Seventeenth Special Purpose Acquisition Company	–	2	–	–	40	–	–
	Hana Financial Nineteenth Special Purpose Acquisition Company	–	–	–	–	29	–	–
	Hana-History No.1 New Technology Investment Association	–	–	–	–	3	–	–
	Hana Financial Twentieth Special Purpose Acquisition Company	–	–	–	–	1	–	–
	Gyeonggi Hana Turn around Fund No.2	–	–	16	–	94	–	–
	Hana Untact Digital Innovation Fund	–	–	21	–	69	–	–
	Imgok Rental Housing Co., Ltd.	–	–	–	–	1	–	–
	Hana Financial Twenty-first Special Purpose Acquisition Company	–	–	–	–	17	–	–
	The Hahm Green Energy Fund	–	–	–	–	25	–	–
	Hana Financial Twenty-second Special Purpose Acquisition Company	–	–	–	–	13	–	–
	Hana Financial Twenty-third Special Purpose Acquisition Company	–	–	–	–	12	–	–
	Hana Financial Twenty-fourth Special Purpose Acquisition Company	–	–	–	–	19	–	–
	Hana Financial Twenty-fifth Special Purpose Acquisition Company	–	–	–	–	44	–	–
	Eugene Asia Food Tech Fund-1	–	–	37	–	–	–	–
	Subtotal	10,790	309	195	(305)	910	1,139	2,069
Key management	Key management	25	–	–	–	89	–	–
	Total	32,926	57,376	488,150	24,691	22,573	23,247	635,620

51-2 Significant financial transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

51-2-1 Details of significant loans to related parties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Entity	Loans (*1)				
		Beginning balance	Increase	Decrease	Others (*2)	Ending balance
Associates	Bank of Jilin	3,200	118,250	(121,450)	-	-
	CM International financing leases	61,969	59,778	(61,761)	(208)	59,778
	Korea Credit Bureau	40,000	20,000	(50,000)	-	10,000
	BIDV	6,337	19,684	(32,578)	6,557	-
	TossBank Corp.	-	2,720,000	(2,720,000)	-	-
	SHINJIN INTERNATIONAL CORPORATION	1,444	-	(1,444)	-	-
	Sinsa Station area Complex Development PFV Co., Ltd.	9,800	-	-	-	9,800
	No.1 KEBHANASTAY REITS Co., Ltd	-	18,641	-	-	18,641
Subtotal		122,750	2,956,353	(2,987,233)	6,349	98,219
Joint venture	PT. SINARMAS HANA FINANCE	37,144	431	(764)	1,240	38,051
Entities under common control	Hana Securities Co., Ltd.	3,239	-	(638)	-	2,601
	Hana F&I Inc	-	1,293,800	(1,203,600)	-	90,200
	Hana Alternative Investment PRC Logistics General Private Investment Trust No.1(professional)	-	6,447	-	-	6,447
Subtotal		3,239	1,300,247	(1,204,238)	-	99,248
Other related parties	Mirae Credit Information Services Corp.	11,116	-	(418)	-	10,698
	Hana Power Infrastructure No.1 Private Investment Co., Ltd.	7,000	-	(7,000)	-	-
	Daegu MBC Site Complex Development PFV	94,708	22,187	-	-	116,895
	YH Leisure Development Co., Ltd.	112,323	-	(9,323)	-	103,000
Subtotal		225,147	22,187	(16,741)	-	230,593
Key management	Key management	774	121	-	-	895
Total		389,054	4,279,339	(4,208,976)	7,589	467,006

(\*1) Intraday overdrafts between related parties are excluded.

(\*2) Others include the effect of changes in exchange rate.

<2022>

Classification	Entity	Loans (*1)				
		Beginning balance	Increase	Decrease	Others (*2)	Ending balance
Associates	Bank of Jilin	6,300	108,600	(111,700)	–	3,200
	CM International financing leases	63,341	–	–	(1,372)	61,969
	Beijing Langzi Asset Management Co., Ltd.	11,161	–	(12,083)	922	–
	Korea Credit Bureau	–	40,000	–	–	40,000
	BIDV	11,855	419,413	(425,749)	818	6,337
	TossBank Corp.	–	1,060,000	(1,060,000)	–	–
	SHINJIN INTERNATIONAL CORPORATION	1,444	–	–	–	1,444
	Sinsa Station area Complex Development PFV Co., Ltd.	75,500	9,800	(75,500)	–	9,800
Subtotal		169,601	1,637,813	(1,685,032)	368	122,750
Joint venture	PT. SINARMAS HANA FINANCE	32,491	7,086	(1,572)	(861)	37,144
Entities under common control	Hana Securities Co., Ltd.	924	4,061	(1,746)	–	3,239
	Hana Capital Co., Ltd.	–	100,000	(100,000)	–	–
	Hana Alternative Special Investment Private Real Estate Investment Trust No.123-1	–	45,537	(45,537)	–	–
	Hana F&I Inc.	–	265,400	(265,400)	–	–
Subtotal		924	414,998	(412,683)	–	3,239
Other related parties	Hana Power Infrastructure No.1 Private Investment Co., Ltd.	13,023	–	(1,907)	–	11,116
	Mirae Credit Information Services Corp.	–	7,000	–	–	7,000
	Smartscore Co., Ltd.	–	38	(38)	–	–
	GMHB Co., Ltd.	32,500	–	(32,500)	–	–
	Daegu MBC Site Complex Development PFV	85,120	9,588	–	–	94,708
	YH Leisure Development Co., Ltd.	115,463	–	(3,140)	–	112,323
Subtotal		246,106	16,626	(37,585)	–	225,147
Key management	Key management	749	25	–	–	774
Total		449,871	2,076,548	(2,136,872)	(493)	389,054

(\*1) Intraday overdrafts between related parties are excluded.

(\*2) Others include the effect of changes in exchange rate.

51-2-2 Details of significant cash investments with related parties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Entity	Investment in cash	
		Investment	Collection and others
Associates	Bank of Jilin	–	(13,864)
	Beijing Langzi Asset Management Co., Ltd.	–	(1,178)
	Korea Credit Bureau Co., Ltd	–	(90)
	Templeton Hana Asset Management Co., Ltd.	–	(396)
	Company K Startup Winwin Fund	–	(550)
	BSK-6 Patent Technology Investment Association	–	(409)
	Hana-KVIC Unicorn Fund of Funds	–	(6,000)
	Harvest Private Equity Fund Specializing in Start-Up and Venture Business I	–	(2,377)
	All Together Korea Fund 5	210	(210)
	HORIZON PRIVATE EQUITY FUND	–	(16,268)
	TossBank Corp.	50,677	–
	Hana-New Deal K-Growth fund	4,500	–
	Taurus Cloud Fund	91	–
	Cheongna Medipolis PFV Co., Ltd.	16,628	–
	Hana Beyond Finance Fund	8,000	(721)
	Defense Technology Innovation Private Investment Trust	5,900	–
	Hana Prop-Tech Fund No.1	3,000	–
	UNION TCB FUND II	1,200	–
	Artificial Photosynthesis Lab Co.,Ltd.	1,666	–
	MASHUP ANGELS VALUE UP FUND2	1,200	–
	Hana KTOP Short term Financial Bond Active ETF (Bond)	60,107	–
	Hana KTOP25-08 Credit(A+) Active ETF (Bond)	49,995	–
Subtotal		203,174	(42,063)
Entities under common control	Hana Alternative Special Investment Private Real Estate Investment Trust No.123-1	–	(7,469)
	Hana Alternative Infra Special Investment Private Trust No.3-1	4,926	(1,250)
	Hana Alternative Infra Special Investment Private Trust No.3-2	–	(31)
	Hana Alternative Infra Special Investment Private Trust No.3-4	–	(15,819)
	Hana Alternative General Private Real Estate Investment Trust No.180	35,956	–
	Hana the Third Private Equity Fund	–	(248)
	Hana Alternative Infrastructure General Private Special Asset Fund No.1 (Professional)	19,137	–
	Hana Balance Private investment trust 1	10,000	–
	Hana Private investment trust 12 [Bond]	50,000	–

Classification	Entity	Investment in cash	
		Investment	Collection and others
	Hana Private investment trust 13 [Bond]	50,000	–
	Hana Private investment trust 14 [Bond]	50,000	–
	Hana Private investment trust 15 [Bond]	50,000	–
	Hana Private investment trust 16 [Bond]	50,000	–
	Subtotal	320,019	(24,817)
Other related parties	Hana Digital Transformation Fund	–	(1,800)
	Apollon Private Equity Fund	–	(394)
	Heat Private Equity Fund	–	(1,008)
	Lakebridge Growth First Private Investment Co., Ltd.	–	(6,317)
	Hana Innovation Venture Scale-Up Fund	–	(208)
	Hana K-NewDeal Unicorn Fund	1,800	–
	KDBI-HANA Business Reorganization Value-up Private Equity Fund	27,703	–
	Subtotal	29,503	(9,727)
	Total	552,696	(76,607)



<2022>

Classification	Entity	Investment in cash	
		Investment	Collection and others
Associates	Beijing Langzi Asset Management Co., Ltd.	–	(1,708)
	Hana First Private Equity Fund	–	(120)
	Templeton Hana Asset Management Co., Ltd.	–	(198)
	Company K Startup Winwin Fund	–	(7,090)
	BSK-6 Patent Technology Investment Association	–	(327)
	Hana – KVIC Unicorn Fund of Funds	25,130	–
	Harvest Private Equity Fund Specializing in Start-Up and Venture Business I	–	(27)
	All Together Korea Fund 5	62	(62)
	HORIZON PRIVATE EQUITY FUND	–	(15,436)
	TossBank Corp.	70,000	–
	Hana-New Deal K-Growth fund	22,500	–
	Hana-Capstone AI Platform Fund	15,000	–
	Taurus Cloud Fund	77	–
	Hana Beyond Finance Fund	24,000	–
	Defense Technology Innovation Private Investment Trust	2,950	–
	Subtotal	159,719	(24,968)
Entities under common control	Hana Securities Co., Ltd.	–	(563)
	Hana Alternative Infra Special Investment Private Trust No.3-1	14,454	–
	Hana Alternative Infra Special Investment Private Trust No.3-4	356	–
	Hana Alternative General Private Real Estate Investment Trust No.180	37,233	–
	Subtotal	52,043	(563)
Other related parties	Hana Digital Transformation Fund	–	(1,596)
	Lakebridge Growth First Private Investment Co., Ltd.	–	(175)
	Hana Innovation Venture Scale-up Fund	1,040	–
	Gyeonggi Hana Turn around Fund No.2	1,350	–
	Hana Untact Digital Innovation Fund	2,700	–
	Hana K-NewDeal Unicorn Fund	7,200	–
	The Hahm Green Energy Fund	6,000	–
	Subtotal	18,290	(1,771)
Total		230,052	(27,302)

51-2-3 Details of significant deposits with related parties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Entity	Deposits (*1)				
		Beginning balance	Increase	Decrease	Others (*2)	Ending balance
Associates	Korea Credit Bureau	8,000	–	(8,000)	–	–
	Templeton Hana Asset Management Co., Ltd.	10,500	7,500	(7,500)	–	10,500
	Hana Ventures No.7 New Technology Business Investment Association	200	–	(200)	–	–
	HORIZON PRIVATE EQUITY FUND	–	2,823	(2,823)	–	–
	Hana-Capstone AI Platform Fund	42	43	(42)	–	43
	Cheongna Medipolis PFV Co., Ltd	2,500	70	–	–	2,570
	Hana Beyond Finance Fund	35,000	–	(35,000)	–	–
	MASHUP ANGELS VALUE UP FUND2	–	4,110	(860)	–	3,250
Subtotal		56,242	14,546	(54,425)	–	16,363
Joint venture	PT. SINARMAS HANA FINANCE	5	–	(5)	–	–
Entities under common control	Hana Securities Co., Ltd.	11,045	10,015	(19,060)	15,000	17,000
	Hana Card Co., Ltd.	10	10	(10)	–	10
	Hana Capital Co., Ltd.	1,900	–	(1,900)	–	–
	Hana Asset Trust	175,000	125,000	(270,000)	–	30,000
	Hana Alternative Asset Management Co., Ltd.	13,000	–	(13,000)	–	–
	Hana TI Co., Ltd.	–	8,468	(4,180)	–	4,288
	Hana Fund Service Co., Ltd.	3,000	7,000	(3,000)	–	7,000
	Hana Ventures Inc.	11,000	59,000	(54,000)	–	16,000
	Hana Ventures No.4 New Technology Business Investment Association	200	–	(200)	–	–
	Hana Ventures No.6 New Technology Business Investment Association	200	–	(200)	–	–
	Finnq Co., Ltd.	47,500	30,000	(37,500)	–	40,000
Subtotal		262,855	239,493	(403,050)	15,000	114,298
Other related parties	GMHB Co., Ltd.	100	–	–	–	100
	YH Leisure Development Co., Ltd.	5,000	–	(5,000)	–	–
	Hana Ventures No.5 New Technology Business Investment Association	500	–	(500)	–	–
	Hana Innovation Venture Scale-up Fund	5,000	–	(5,000)	–	–
	Hana Financial Nineteenth Special Purpose Acquisition Company	1,813	–	(1,813)	–	–
	Gyeonggi Hana Turn around Fund No.2	7,000	–	(7,000)	–	–
	Hana Untact Digital Innovation Fund	3,000	–	(3,000)	–	–
	Hana Financial Twenty-first Special Purpose Acquisition Company	2,100	–	(2,100)	–	–
	Hana Financial Twenty-second Special Purpose Acquisition Company	1,600	–	(1,600)	–	–
	Hana Financial Twenty-third Special Purpose Acquisition Company	1,500	–	(1,500)	–	–
	Hana Financial Twenty-fourth Special Purpose Acquisition Company	2,450	–	(2,450)	–	–
	Hana Financial Twenty-fifth Special Purpose Acquisition Company	5,800	–	(5,800)	–	–
	Hana Financial Twenty-sixth Special Purpose Acquisition Company	–	3,230	(1,700)	–	1,530

Classification	Entity	Deposits (*1)				
		Beginning balance	Increase	Decrease	Others (*2)	Ending balance
	Hana Financial Twenty-seventh Special Purpose Acquisition Company	-	1,650	(1,650)	-	-
	Hana Financial Twenty-eighth Special Purpose Acquisition Company	-	2,200	-	-	2,200
	Hana Financial Twenty-ninth Special Purpose Acquisition Company	-	1,000	-	-	1,000
	Subtotal	35,863	8,080	(39,113)	-	4,830
Key management	Key management	5,502	1,919	-	-	7,421
	Total	360,467	264,038	(496,593)	15,000	142,912

(\*1) Deposits/Withdrawals arising from operations between related parties are excluded.

(\*2) The amount from the change in the classification of related parties is included.

<2022>

Classification	Entity	Deposits (*1)			
		Beginning balance	Increase	Decrease	Ending balance
Associates	Korea Credit Bureau	-	8,000	-	8,000
	Templeton Hana Asset Management Co., Ltd.	11,000	10,500	(11,000)	10,500
	Company K Startup Winwin Fund	300	-	(300)	-
	Hana Ventures No.7 New Technology Business Investment Association	-	400	(200)	200
	Hana-Capstone AI Platform Fund	42	42	(42)	42
	Cheongna Medipolis PFV Co., Ltd.	-	2,500	-	2,500
	Hana Beyond Finance Fund	-	35,000	-	35,000
	Subtotal	11,342	56,442	(11,542)	56,242
Joint venture	PT. SINARMAS HANA FINANCE	12	5	(12)	5
Entities under common control	Hana Securities Co., Ltd.	5,100	7,560	(1,615)	11,045
	Hana Card Co., Ltd.	1,005	10	(1,005)	10
	Hana Capital Co., Ltd.	-	5,800	(3,900)	1,900
	Hana Asset Trust	165,000	175,000	(165,000)	175,000
	Hana Alternative Asset Management Co., Ltd.	49,000	98,000	(134,000)	13,000
	Hana TI Co., Ltd.	-	100,000	(100,000)	-
	Hana Investors Services Company	-	3,000	-	3,000
	Hana Ventures Inc.	3,000	16,500	(8,500)	11,000
	Hana F&I Inc.	-	1,500	(1,500)	-
	Hana Ventures No.4 New Technology Business Investment Association	-	400	(200)	200
	Hana Ventures No.6 New Technology Business Investment Association	-	400	(200)	200
	Finnq Co., Ltd.	-	89,000	(41,500)	47,500
	Subtotal	223,105	497,170	(457,420)	262,855
	Mirae Credit Information Services Corp.	300	-	(300)	-
	UBS Hana Asset Management Co., Ltd.	16,000	18,000	(16,000)	18,000
	F&U Credit Information Co., Ltd.	509	502	(1,011)	-
	GMHB Co., Ltd.	100	-	-	100
	YH Leisure Development Co., Ltd.	-	5,000	-	5,000

Classification	Entity	Deposits (*1)			
		Beginning balance	Increase	Decrease	Ending balance
Other related parties	Creation Innovation Co., Ltd	10	–	(10)	–
	Hana Ventures No.5 New Technology Business Investment Association	–	1,000	(500)	500
	Hana Innovation Venture Scale-Up Fund	–	13,000	(8,000)	5,000
	Hana Financial Nineteenth Special Purpose Acquisition Company	1,800	13	–	1,813
	Gyeonggi Hana Turn around Fund No.2	–	17,000	(10,000)	7,000
	Hana Untact Digital Innovation Fund	–	13,000	(10,000)	3,000
	Hana Financial Twenty-first Special Purpose Acquisition Company	–	2,100	–	2,100
	The Hahm Green Energy Fund	–	5,600	(5,600)	–
	Hana Financial Twenty-second Special Purpose Acquisition Company	–	1,600	–	1,600
	Hana Financial Twenty-third Special Purpose Acquisition Company	–	1,500	–	1,500
	Hana Financial Twenty-fourth Special Purpose Acquisition Company	–	2,450	–	2,450
	Hana Financial Twenty-fifth Special Purpose Acquisition Company	–	5,800	–	5,800
	Subtotal	18,719	86,565	(51,421)	53,863
Key management	Key management	3,596	1,906	–	5,502
Total		256,774	642,088	(520,395)	378,467

(\*1) Deposits/Withdrawals arising from operations between related parties are excluded.

51-2-4 Details of significant borrowings from related parties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

<2023>

Classification	Entity	Beginning balance	Increase	Decrease	Others (*)	Ending balance
Associates	Bank of Jilin	–	36,276	–	–	36,276
	BIDV	10,740	100,016	(110,656)	(100)	–
Total		10,740	136,292	(110,656)	(100)	36,276

(\*) Others include the effect of changes in exchange rate.

<2022>

Classification	Entity	Beginning balance	Increase	Decrease	Others (*)	Ending balance
Associate	BIDV	80,755	1,349,738	(1,422,233)	2,480	10,740

(\*) Others include the effect of changes in exchange rate.

51-3 Outstanding receivables and payables with related parties arising from the above transactions as of December 31, 2023 and 2022, are as follows  
(Korean won in millions):

◁December 31, 2023>

Classification	Entity	Loans	Other receivables	Allowance for loan losses	Deposits	Other liabilities
Ultimate parent company	HFG	–	6,578	–	281,569	86,654
Associates	Bank of Jilin	–	–	–	3,068	36,450
	CM International financing leases	59,778	–	47,866	17	–
	Beijing Langzi Asset Management Co., Ltd.	–	–	–	3,035	–
	Hana Equity Partners I, L.P	–	–	–	114	–
	Korea Credit Bureau	10,000	–	4	894	–
	Templeton Hana Asset Management Co., Ltd.	–	–	–	11,391	–
	Midan City Development Co., Ltd.	–	–	–	2	–
	Hana – KVIC Unicorn Fund of Funds	–	–	–	1,863	–
	BIDV	–	1,270	–	372	835
	Hana Ventures No.7 New Technology Business Investment Association	–	–	–	385	–
	SHINJIN INTERNATIONAL CORPORATION	–	1	–	–	–
	Sinsa Station area Complex Development PFV Co., Ltd.	9,800	–	9,957	–	–
	Hana-Capstone AI Platform Fund	–	–	–	14,462	–
	Cheongna Medipolis PFV Co., Ltd	–	–	–	2,570	–
	Hana Beyond Finance Fund	–	–	–	14,913	–
	UNION TCB FUND II	–	–	–	627	–
	Artificial Photosynthesis Lab Co.,Ltd.	–	–	–	1,718	–
	No.1 KEBHANASTAY REITS Co., Ltd	18,641	–	6	7,211	–
	MASHUP ANGELS VALUE UP FUND2	–	–	–	4,453	–
Subtotal		98,219	1,271	57,833	67,095	37,285
Joint venture	PT. SINARMAS HANA FINANCE	38,051	54	246	3	–
Entities under common control	Hana Securities Co., Ltd.	2,601	239,866	112	555,567	237,736
	Hana Card Co., Ltd.	–	11,961	199	918,319	47,505
	Hana Capital Co., Ltd.	–	27	112	134,104	4,789
	Hana Asset Trust Co., Ltd.	–	1	–	33,937	373
	Hana Alternative Asset Management Co., Ltd.	–	3,172	–	112,125	968
	Hana TI Co., Ltd.	–	207,398	–	17,932	221,166
	Hana Life Insurance Co., Ltd.	–	5,454	–	–	3,769
	Hana Investors Services Company	–	3,067	–	7,758	819
	Hana Ventures Inc.	–	–	–	21,007	636
	Hana F&I Inc	90,200	1,073	202	36,067	283
	Hana Ventures No.4 New Technology Business Investment Association	–	–	–	148	–
	Hana Insurance, Co., Ltd.	–	1	–	519	–
	Hana Ventures No.6 New Technology Business Investment Association	–	–	–	116	–
	Hana Alternative Investment PRC Logistics General Private Investment Trust No.1(professional)	6,447	–	–	–	–
	Finnq Co., Ltd.	–	–	–	46,270	–
Subtotal		99,248	472,020	625	1,883,869	518,044
	Hana Power Infrastructure No.1 Private Investment Co., Ltd.	10,698	–	135	37,978	–

Classification	Entity	Loans	Other receivables	Allowance for loan losses	Deposits	Other liabilities
Other related parties	Mirae Credit Information Services Corp.	-	-	-	1,888	-
	F&U Credit Information Co., Ltd.	-	-	-	996	-
	Lotte Ventures Corp.	-	-	-	1,554	-
	GMHB Co., Ltd.	-	-	-	100	-
	KORAMCO THE ONE REIT	-	1,354	-	-	-
	Daegu MBC Site Complex Development PFV	116,895	-	1,785	2	-
	YH Leisure Development Co., Ltd.	103,000	-	141	164	-
	Creation Innovation Co., Ltd.	-	-	-	106	-
	Hana Ventures No.5 New Technology Business Investment Association	-	-	-	509	-
	Hana Innovation Venture Scale-Up Fund	-	-	-	5,564	-
	Hana Must Seven Special Purpose Acquisition Company	-	-	-	1,331	-
	People Korea Two Co., Ltd.	-	-	-	36	-
	Gyeonggi Hana Turn around Fund No.2	-	-	-	6,120	-
	Hana Untact Digital Innovation Fund	-	-	-	2,477	-
	Imgok Rental Housing Co., Ltd.	-	-	-	1	-
	Hana Financial Twenty-first Special Purpose Acquisition Company	-	-	-	2,624	-
	Choice & Soyern Construction Co., Ltd.	-	-	-	104	-
	Hana Financial Twenty-second Special Purpose Acquisition Company	-	-	-	2,050	-
	Hana Financial Twenty-third Special Purpose Acquisition Company	-	-	-	1,475	-
	Hana Financial Twenty-fourth Special Purpose Acquisition Company	-	-	-	3,024	-
	Hana Financial Twenty-fifth Special Purpose Acquisition Company	-	-	-	6,636	-
	Eugene Asia Food Tech Fund-1	-	-	-	204	-
	Hana Financial Twenty-sixth Special Purpose Acquisition Company	-	-	-	2,238	-
	Hana Financial Twenty-seventh Special Purpose Acquisition Company	-	-	-	2,101	-
	Anda Mobility Infrastructure Fund No.1	-	-	-	760	-
	Hana Financial Twenty-eighth Special Purpose Acquisition Company	-	-	-	3,262	-
	Hana Financial Twenty-ninth Special Purpose Acquisition Company	-	-	-	2,007	-
	Anda Mobility Infrastructure Fund No.2	-	-	-	809	-
	HI-DOP MCE Industries Fund No.1	-	-	-	141	-
	HANA 30 Special Purpose Acquisition Company	-	-	-	3,051	-
	HANA 31 Special Purpose Acquisition Company	-	-	-	2,388	-
Subtotal		230,593	1,354	2,061	91,700	-
Key management	Key management	895	-	1	9,367	-
Total		467,006	481,277	60,766	2,333,603	641,983

<December 31, 2022>

Classification	Entity	Loans	Other receivables	Allowance for loan losses	Deposits	Other liabilities
Ultimate parent company	HFG	–	8,715	–	28,718	672,478
Associates	Bank of Jilin	3,200	2,409	–	1,611	–
	CM International financing leases	61,969	–	49,620	18	–
	Beijing Langzi Asset Management Co., Ltd.	–	–	–	3,601	–
	Hana Equity Partners I, L.P	–	–	–	115	–
	Korea Credit Bureau	40,000	–	16	8,169	–
	Templeton Hana Asset Management Co., Ltd.	–	–	–	10,672	–
	Midan City Development Co., Ltd.	–	–	–	2	–
	Hana – KVIC Unicorn Fund of Funds	–	–	–	3,993	–
	BIDV	6,337	5,394	24	2,045	10,740
	Hana Ventures No. 7 New Technology Business Investment Association	–	–	–	495	–
	SHINJIN INTERNATIONAL CORPORATION	1,444	1	107	–	–
	Sinsa Station area Complex Development PFV Co., Ltd.	9,800	–	9,845	45	–
	Hana-Capstone AI Platform Fund	–	–	–	16,841	–
	Cheongna Medipolis PFV Co., Ltd	–	–	–	2,500	–
	Hana Beyond Finance Fund	–	–	–	42,439	–
Subtotal		122,750	7,804	59,612	92,546	10,740
Joint venture	PT. SINARMAS HANA FINANCE	37,144	47	229	5	–
Entities under common control	Hana Securities Co., Ltd.	3,239	69,942	100	925,719	151,692
	Hana Card Co., Ltd.	–	15,344	150	309,912	44,938
	Hana Capital Co., Ltd.	–	146	54	506,174	4,701
	Hana Asset Trust Co., Ltd.	–	–	–	179,749	1,968
	Hana Alternative Asset Management Co., Ltd.	–	4,229	–	36,762	1,114
	Hana TI Co., Ltd.	–	211,454	–	5,425	217,978
	Hana Life Insurance Co., Ltd.	–	8,691	–	–	4,671
	Hana Investors Services Company	–	4,090	–	4,190	841
	Hana Ventures Inc.	–	–	–	12,876	35
	Hana F&I Inc	–	1,430	27	40,340	284
	Hana Ventures No.4 New Technology Business Investment Association	–	–	–	245	–
	Hana Insurance. Co., Ltd.	–	–	–	35	–
	HANA ASSET MANAGEMENT ASIA PTE. Ltd.	–	–	–	5,117	–
	Hana Ventures No.6 New Technology Business Investment Association	–	–	–	249	–
	Finnq Co., Ltd.	–	–	–	53,949	–
Subtotal		3,239	315,326	331	2,080,742	428,222
	Gunsan bio-energy Corp.	–	–	–	549	–
	Hana Power Infrastructure No.1 Private Investment Co., Ltd.	11,116	–	170	4,264	–
	Mirae Credit Information Services Corp.	7,000	–	9	2,267	–
	UBS Hana Asset Management Co., Ltd.	–	–	–	18,287	–
	F&U Credit Information Co., Ltd.	–	–	–	1,149	–
	Lotte Ventures Corp.	–	–	–	96	–
	GMHB Co., Ltd.	–	–	–	100	–
	KORAMCO THE ONE REIT	–	1,354	–	–	–
	Dangsandong PFV Co., Ltd.	–	–	–	675	–
	Daegu MBC Site Complex Development PFV	94,708	–	1,127	2	–
	Lakebridge Growth First Private Investment Co., Ltd	–	–	–	330	–
	YH Leisure Development Co., Ltd.	112,323	–	172	5,045	–

Classification	Entity	Loans	Other receivables	Allowance for loan losses	Deposits	Other liabilities
Other related parties	Creation Innovation Co., Ltd	-	-	-	70	-
	Hana Ventures No.5 New Technology Business Investment Association	-	-	-	592	-
	Hana Innovation Venture Scale-Up Fund	-	-	-	10,943	-
	Hana Must Seven Special Purpose Acquisition Company	-	-	-	1,389	-
	Hana Financial Sixteenth Special Purpose Acquisition Company	-	-	-	1,275	-
	Hana Financial Nineteenth Special Purpose Acquisition Company	-	-	-	2,423	-
	People Korea Two Co., Ltd.	-	-	-	47	-
	Hana Financial Twentieth Special Purpose Acquisition Company	-	-	-	778	-
	Gyeonggi Hana Turn around Fund No.2	-	-	-	11,370	-
	Hana Untact Digital Innovation Fund	-	-	-	8,252	-
	Imgok Rental Housing CO., Ltd.	-	-	-	38	-
	Hana Financial Twenty-first Special Purpose Acquisition Company	-	-	-	2,572	-
	Choice & Soyern Construction Co., Ltd.	-	-	-	104	-
	Hana Financial Twenty-second Special Purpose Acquisition Company	-	-	-	2,007	-
	Hana Financial Twenty-third Special Purpose Acquisition Company	-	-	-	1,911	-
	Hana Financial Twenty-fourth Special Purpose Acquisition Company	-	-	-	2,954	-
	Hana Financial Twenty-fifth Special Purpose Acquisition Company	-	-	-	6,536	-
	Eugene Asia Food Tech Fund-1	-	-	-	247	-
Subtotal		225,147	1,354	1,478	86,272	-
Key management	Key management	774	-	-	8,007	-
Total		389,054	333,246	61,650	2,296,290	1,111,440



51-4 Significant payment guarantees and collaterals provided to related parties as of December 31, 2023 and 2022, are as follows (Korean won in millions):

◁December 31, 2023▷

Classification	Entity	Payment guarantees or collaterals provided	Limit
Associates	Korea Credit Bureau	Unused loan commitments in Korean won	30,000
	Hana Micro Finance., Ltd.	Acceptance and guarantees in foreign currencies	64,470
	All Together Korea Fund 5	Purchase of securities	990,000
	Hana-New Deal K-Growth fund	Purchase of securities	61,200
	Taurus Cloud Fund	Purchase of securities	430
	Hana Beyond Finance Fund	Purchase of securities	48,000
	Defense Technology Innovation Private Investment Trust	Purchase of securities	50,150
	UNION TCB FUND II	Purchase of securities	10,800
	No.1 KEBHANASTAY REITS Co., Ltd	Unused loan commitments in Korean won	1,259
Joint venture	PT. SINARMAS HANA FINANCE	Unused loan commitments in foreign currencies	3,113
Entities under common control	Hana Securities Co., Ltd.	Unused loan commitments in Korean won	130,000
		Acceptance and guarantees in Korean won	626
	Hana Card Co., Ltd.	Unused loan commitments in Korean won	500,000
		Acceptance and guarantees in foreign currencies	40,000
	Hana Capital Co., Ltd.	Unused loan commitments in Korean won	260,000
	Hana TI Co., Ltd.	Unused loan commitments in Korean won	7
	Hana F&I Inc.	Unused loan commitments in Korean won	249,800
	Hana Alternative Infra Special Investment Private Trust No.3-1	Purchase of securities	2,085
	Hana Alternative Infra Special Investment Private Trust No.3-4	Purchase of securities	18,451
	Hana Alternative General Private Real Estate Investment Trust No.180	Purchase of securities	78,402
Other related parties	Hana Alternative Infrastructure General Private Special Asset Fund No.1 (Professional)	Purchase of securities	30,863
	Hana Digital Transformation Fund	Purchase of securities	1,000
	Daegu MBC Site Complex Development PFV	Unused loan commitments in Korean won	43,105
	Hana Innovation Venture Scale-Up Fund	Purchase of securities	520
	Gyeonggi Hana Turn around Fund No.2	Purchase of securities	450
	Hana Untact Digital Innovation Fund	Purchase of securities	450
	Hana K-NewDeal Unicorn Fund	Purchase of securities	9,000
	Nautic Green Innovation ESG Co-investment No. 1 Private Equity Fund	Purchase of securities	672
	KDBI-HANA Business Reorganization Value-up Private Equity Fund	Purchase of securities	42,298

<December 31, 2022>

Classification	Entity	Payment guarantees or collaterals provided	Limit
Associates	Hana Micro Finance., Ltd.	Acceptance and guarantees in foreign currencies	98,849
	Hana-New Deal K-Growth fund	Purchase of securities	65,700
	Taurus Cloud Fund	Purchase of securities	522
	Hana Beyond Finance Fund	Purchase of securities	56,000
	Cheongna Medipolis PFV Co., Ltd.	Purchase of securities	16,628
	Templeton Hana Asset Management Co., Ltd.	Purchase of securities	4,619
	All Together Korea Fund 5	Purchase of securities	990,000
	Defense Technology Innovation Private Investment Trust	Purchase of securities	56,050
Joint venture	PT. SINARMAS HANA FINANCE	Unused loan commitments in foreign currencies	1,688
Entities under common control	Hana Alternative Infra Special Investment Private Trust No.3-1	Purchase of securities	5,761
	Hana F&I Inc	Unused loan commitments in Korean won	140,000
	Hana Card Co., Ltd.	Unused loan commitments in Korean won	500,000
		Acceptance and guarantees in foreign currencies	40,000
	Hana Capital Co., Ltd.	Unused loan commitments in Korean won	260,000
	Hana Alternative Infra Special Investment Private Trust No.3-4	Purchase of securities	2,632
	Hana Securities Co., Ltd.	Unused loan commitments in Korean won	130,000
Other related parties	Hana Alternative General Private Real Estate Investment Trust No.180	Purchase of securities	114,359
	Hana Digital Transformation Fund	Purchase of securities	1,000
	Hana Innovation Venture Scale-Up Fund	Purchase of securities	520
	Daegu MBC Site Complex Development PFV	Unused loan commitments in Korean won	65,292
	Gyeonggi Hana Turn around Fund No.2	Purchase of securities	450
	Hana Untact Digital Innovation Fund	Purchase of securities	450
	Hana K-NewDeal Unicorn Fund	Purchase of securities	10,800

51-5 Significant payment guarantees and collaterals provided from related parties as of December 31, 2023 and 2022, are as follows  
(Korean won in millions):

<December 31, 2023>

Classification	Entity	Payment guarantees or collaterals provided	Limit
Associate	BIDV	Acceptance and guarantees in foreign currencies	59,120
Entities under common control	Hana Securities Co., Ltd.	Collateral provided	70,000
		Unsettled arrangements	2,550,693
	Hana Card Co., Ltd.	Unused loan commitments in Korean won	138,607
		Unsettled arrangements	206,857
	Hana Capital Co., Ltd.	Collateral provided	475,557
	Hana Life Insurance Co., Ltd.	Collateral provided	15,000
		Unsettled arrangements	104,872
	Hana F&I Inc.	Collateral provided	790,621
	Hana Insurance Co., Ltd.	Collateral provided	1,870
	Finnq Co., Ltd.	Collateral provided	50

<December 31, 2022>

Classification	Entity	Payment guarantees or collaterals provided	Limit
Associate	BIDV	Acceptance and guarantees in foreign currencies	59,306
Entities under common control	Hana Life Insurance Co., Ltd.	Collateral provided	13,525
		Unsettled arrangements	94,633
	Hana F&I Inc	Collateral provided	271,875
	Hana Card Co., Ltd.	Unsettled arrangements	307,812
		Unused loan commitments in Korean won	139,110
	Hana Capital Co., Ltd.	Collateral provided	475,051
	Finnq Co., Ltd.	Collateral provided	50
	Hana Securities Co., Ltd.(*)	Collateral provided	70,000
		Unsettled arrangements	3,654,925

(\*) As a swap bank of investment trust to which Hana Securities Co., Ltd. is committed to purchase private bonds, the Group is provided with an obligation for additional investment or supplementation of forward exchange or currency swap of investment trust.

51-6 The amounts of intangible assets and others acquired by Hana TI Co., Ltd. for the years ended December 31, 2023 and 2022, are ₩4,590 million and ₩10,867 million, respectively.

51-7 The defined benefit plans deposited to Hana Securities Co., Ltd. as of December 31, 2023 and 2022, are ₩116,406 million and ₩111,311 million, respectively.

51-8 The amounts of bonds the Group purchased through Hana Securities Co., Ltd. for the years ended December 31, 2023 and 2022, are ₩1,207,700 million and ₩2,427,089 million, respectively, and the amounts sold are ₩132,826 million and ₩100,878 million, respectively.

51-9 For the year ended December 31, 2022, the Group purchased land from Hana TI Company Ltd., and the carrying amount of the purchased land was ₩226,530 million.

51-10 Details of compensation for standing directors and executive officers for the years ended December 31, 2023 and 2022, are as follows  
(Korean won in millions):

Classification	2023	2022
Short-term employee payment	25,271	19,986
Retirement benefit	311	682
Share-based payment	3,698	3,297