

# **SK Securities Co., Ltd. and Subsidiaries**

**Consolidated Financial Statements**  
**December 31, 2023 and 2022**

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## Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of SK Securities Co., Ltd.

### Opinion

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

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

We also have audited, in accordance with Korean Standards on Auditing, the Company's Internal Control over Financial Reporting for consolidation purposes as of December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 15, 2024 expressed an unqualified opinion.

### Basis for Opinion

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

### Key Audit Matters

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

## **(1) Assessment of the fair value of derivative and derivative-linked securities classified under Level 3**

Reasons determined as key audit matters

The fair value estimation of derivatives and derivative-linked securities classified under Level 3 of the

Group are derivatives assets and derivatives liabilities of KRW 683 million and KRW 60,825 million, respectively, and financial assets measured at FVTPL and financial liabilities measured at FVTPL of KRW 16,623 million and KRW 826,935 million, respectively (Note 36).

The Group's assessment on derivatives and derivative-linked securities under Level 3 was selected as a key audit matter in consideration of the complex valuation technique and the involvement of management's estimation and judgment in inputs and assumptions.

Audit procedures to the key audit matters

To verify the accuracy of the valuation inputs (face value, interest rate, maturity, etc.) in the system used in the valuation of derivatives, we tested the controls which verifies the underlying transaction details are accurately applied in the management's valuation system. In addition, we tested the accuracy of transaction details in the system used in the valuation of derivatives by examining the supporting documents such as contracts.

To verify the accuracy of the estimated fair value of derivatives and derivative-linked securities, we tested the management's monitoring control of fair value estimation, and also tested the review and approval control for the new transactions that examines whether the valuation techniques and inputs to be applied to the fair value estimation have reflected the characteristic of instruments.

In addition, we used derivatives valuation specialists to estimate the fair value of derivatives and derivative-linked securities through independent valuation techniques and inputs to confirm that the fair value estimate calculated independently is not significantly different from that of management.

## **(2) Revenue recognition of commission fee from irregular way transactions**

Reasons determined as key audit matters

The Group recognized commission revenues of W 183,800 million for the year ended December 31, 2023, which includes revenues derived from irregular way transactions of W 89,726 million (Note 25).

Korean IFRS 1115 (Revenue from Contracts with Customers) requires judgement of the timing of revenue recognition and the amount recognised. The timing of revenue recognition and the amount of recognition of commission income that is occurred through irregular way transactions were selected as key audit matters considering that related transactions are complex and include significant accounting judgements by management.

Audit procedures to the key audit matters

We tested the control of management to identify the performance obligation of the contract with the customer and review the timing of the revenue recognition and the recognized amount of commission income that is occurred through irregular way transactions by using the revenue recognition checklist.

We tested the appropriateness of the timing of revenue recognition and revenue amount of commission income that is occurred through irregular way transactions in accordance with Korean IFRS 1115 on a sample basis by reviewing whether the performance obligations have been completed and completion point with relevant evidences such as contracts and bank transactions.

### **Other Matter**

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Seoul, Korea

March 15, 2024

<p>This report is effective as of March 15, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>
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**SK Securities Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2023 and 2022**  
(in Korean won)

	Notes	2023	2022
<b>Assets</b>			
Cash and due from banks	4,35,36,37,40	₩ 426,379,899,624	₩ 528,370,402,503
Financial assets at FVTPL	5,35,36,37,38,40,43	3,665,816,267,309	3,752,817,914,379
Financial assets at FVOCI	6,35,36,37	167,240,703,818	159,875,710,783
Securities at amortised cost	7,36,37	19,998,210,000	44,430,000
Investments in associates	8,35,43	232,441,824,439	220,762,695,130
Derivative assets	9,35,36,37	48,160,103,782	74,610,587,275
Loan receivables	10,35,36,37	1,208,147,072,236	1,211,889,821,047
Property and equipment	11	31,578,576,120	34,495,978,067
Leased assets	12	20,257,321,508	19,985,489,207
Right-of-use assets	13,44	76,593,784,199	82,831,712,681
Investment in properties	16	6,800,332,150	6,884,027,055
Intangible assets	14	39,489,957,646	42,481,365,798
Current tax assets		14,701,977,643	15,573,692,293
Deferred tax assets		152,341,897	-
Other financial assets	15,36,37,42	468,119,012,468	275,109,541,893
Other non-financial assets		23,216,386,761	39,107,461,810
<b>Total assets</b>		<b>₩ 6,449,093,771,600</b>	<b>₩ 6,464,840,829,921</b>
<b>Liabilities</b>			
Deposits	17,36,37	₩ 1,037,579,483,729	₩ 1,107,136,093,489
Financial liabilities at FVTPL	18,36,37	952,836,038,800	764,488,399,503
Borrowings	19,36,37,38,44	3,111,834,437,973	3,374,192,937,279
Derivative liabilities	9,36,37,44	107,907,736,938	143,197,740,080
Lease liabilities	21,36,37	83,751,091,598	87,419,599,271
Current tax liabilities		908,648,985	-
Deferred tax liabilities	33	19,682,367,999	14,512,700,625
Provision	22,23,36,37,42,44	10,159,099,817	7,616,964,260
Other financial liabilities		424,718,990,435	254,919,569,340
Other non-financial liabilities		52,477,397,092	70,023,499,103
<b>Total liabilities</b>		<b>₩ 5,801,855,293,366</b>	<b>₩ 5,823,507,502,950</b>
<b>Equity</b>			
Owners' equity:		₩ 636,324,143,459	₩ 631,126,821,432
Issued capital	1,24	238,251,342,500	238,251,342,500
Capital surplus	24	70,336,007,457	70,307,527,673
Elements of other stock holders equity	24	(35,448,808,767)	(35,448,758,319)
Accumulated other comprehensive income	24	116,429,908,383	111,921,715,268
Retained earnings	24	246,755,693,886	246,094,994,310
(Regulatory reserve for credit loss			
December 31, 2023 : ₩ 8,680 million)			
December 31, 2022 : ₩ 9,213 million			
(Provision for (reversal of) reserve for credit loss, scheduled			
December 31, 2023 : ₩ 14,741 million			
December 31, 2022 : ₩ (532) million)			
Non-controlling interests		10,914,334,775	10,206,505,539
<b>Total equity</b>		<b>₩ 647,238,478,234</b>	<b>₩ 641,333,326,971</b>
<b>Total liabilities and equity</b>		<b>₩ 6,449,093,771,600</b>	<b>₩ 6,464,840,829,921</b>

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

**SK Securities Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years ended December 31, 2023 and 2022**  
(in Korean won)

	Notes	2023	2022
<b>Net commission income</b>			
Commission income	25,35,42,45	₩ 183,800,175,684	₩ 188,459,105,169
Commission expenses	26,35,37	10,925,964,928	13,451,110,525
		<b>172,874,210,756</b>	<b>175,007,994,644</b>
<b>Net interest income</b>	9,35,37		
Interest income	27,35	204,869,675,108	170,316,546,375
Interest income of effective interest rate		121,679,143,546	107,186,066,528
Interest income on financial assets at FVTPL		83,190,531,562	63,130,479,847
Interest expenses	28,37	167,530,346,944	115,624,199,461
		<b>37,339,328,164</b>	<b>54,692,346,914</b>
<b>Net income related to financial instruments</b>	29		
Gain related to financial instruments	31	712,219,595,827	827,394,422,577
Gain related to financial instruments at FVTPL	26	709,543,970,812	824,833,758,527
Gain related to financial instruments at amortized cost	28,35,37	2,675,625,015	2,560,664,050
Loss related to financial instruments	9,35,37	627,903,303,856	741,311,989,310
Loss related to financial instruments at FVTPL	26,35	626,896,214,665	741,281,800,742
Loss related to financial instruments at amortized cost	28	1,007,089,191	30,188,568
		<b>84,316,291,971</b>	<b>86,082,433,267</b>
Dividends income	30,42	14,559,996,731	14,318,990,980
Contribution to provision	31	38,205,824,264	40,080,768,717
<b>Gain and loss on others</b>	31		
Gain on others	31,35	29,032,806,271	50,195,533,070
Gain on foreign currency transactions		24,005,916,690	36,594,169,274
Gain on others		5,026,889,581	13,601,363,796
Loss on others	31,35	37,654,335,030	53,501,460,150
Loss on foreign currency transactions		24,042,575,346	40,327,468,477
Loss on others		13,611,759,684	13,173,991,673
		<b>(8,621,528,759)</b>	<b>(3,305,927,080)</b>
<b>Net operating income</b>	24	<b>262,262,474,599</b>	<b>286,715,070,008</b>
Selling and administrative expenses	30	249,164,616,988	268,830,636,350
<b>Operating profit</b>	20	<b>13,097,857,611</b>	<b>17,884,433,658</b>
Non-operating income	32	29,678,241,191	13,978,553,704
Non-operating expenses	32	36,894,656,437	21,707,017,759
<b>Profit before income tax</b>		<b>5,881,442,365</b>	<b>10,155,969,603</b>
Income tax expense	33	2,693,655,515	1,546,759,586
<b>Profit for the year</b>		<b>3,187,786,850</b>	<b>8,609,210,017</b>
(Adjusted income(loss) after recognition of provision for bad debts 2023: ₩ (12,189) million, 2022: ₩ 9,952 million,			
<b>Profit for the year attributable to:</b>			
Owners of the parent		2,551,279,241	9,419,890,957
Non-controlling interests		636,507,609	(810,680,940)
<b>Other comprehensive income(loss)</b>			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of net defined benefit liabilities	39	(1,247,737,502)	6,454,543,151
Gain and loss related to equity instruments at FVOCI		5,815,169,326	13,503,532,207
Effect of changes in the credit risk of financial liabilities		(665,942,698)	832,255,334
		<b>3,901,489,126</b>	<b>20,790,330,692</b>
Items that may be reclassified subsequently to profit or loss:			
Gain on translation of foreign operations		252,388,190	1,313,381,769
Changes in equity adjustments arising from equity method		354,315,799	(147,771,430)
		<b>606,703,989</b>	<b>1,165,610,339</b>
		<b>4,508,193,115</b>	<b>21,955,941,031</b>
<b>Total comprehensive income</b>		<b>₩ 7,695,979,965</b>	<b>₩ 30,565,151,048</b>



**SK Securities Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years ended December 31, 2023 and 2022**

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**Total comprehensive income attributable to:**

Owners of the parent		₩	7,059,472,356	₩	31,375,831,988
Non-controlling interests			636,507,609		(810,680,940)

**Earnings per share**

Basic earnings per share	39	₩	6.07	₩	22.50
Diluted earnings per share	39		6.07		22.48

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

SK Securities Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
Years ended December 31, 2023 and 2022  
(in Korean won)

	Notes	Issued capital	Capital surplus	Elements of other stock Holders equity	Accumulated other comprehensive income	Retained earnings	Controlling interests	Non-controlling interests	Total
As of January 1, 2022		₩ 238,251,342,500	₩ 70,336,007,457	₩ (33,329,127,091)	₩ 89,965,774,237	₩ 242,639,980,611	₩ 607,863,977,714	₩ 10,812,214,059	₩ 618,676,191,773
Profit for the year		-	-	-	-	9,419,890,957	9,419,890,957	(810,680,940)	8,609,210,017
Other comprehensive income(loss), net of tax									
Gains on remeasurements of net defined benefit liabilities	20	-	-	-	6,454,543,151	-	6,454,543,151	-	6,454,543,151
Gains on translation of foreign operations		-	-	-	1,313,381,769	-	1,313,381,769	-	1,313,381,769
Gains on valuation of financial instruments at FVOCI		-	-	-	13,503,532,207	-	13,503,532,207	-	13,503,532,207
Effect of changes in the credit risk of financial liabilities		-	-	-	832,255,334	-	832,255,334	-	832,255,334
Changes in equity adjustments arising from equity method		-	-	-	(147,771,430)	-	(147,771,430)	-	(147,771,430)
Total comprehensive income		-	-	-	21,955,941,031	9,419,890,957	31,375,831,988	(810,680,940)	30,565,151,048
Transactions with owners									
Dividends paid		-	-	-	-	(6,326,004,170)	(6,326,004,170)	-	(6,326,004,170)
Changes in treasury stocks		-	-	(2,585,378,807)	-	-	(2,585,378,807)	-	(2,585,378,807)
Changes in non-controlling interests		-	-	-	-	-	-	204,972,420	204,972,420
Total transactions with owners		-	-	(2,585,378,807)	-	(6,326,004,170)	(8,911,382,977)	204,972,420	(8,706,410,557)
Share-based payment transactions		-	-	485,333,690	-	-	485,333,690	-	485,333,690
Others		-	(28,479,784)	(19,586,111)	-	361,126,912	313,061,017	-	313,061,017
As of December 31, 2022		₩ 238,251,342,500	₩ 70,307,527,673	₩ (35,448,758,319)	₩ 111,921,715,268	₩ 246,094,994,310	₩ 631,126,821,432	₩ 10,206,505,539	₩ 641,333,326,971
As of January 1, 2023		₩ 238,251,342,500	₩ 70,307,527,673	₩ (35,448,758,319)	₩ 111,921,715,268	₩ 246,094,994,310	₩ 631,126,821,432	₩ 10,206,505,539	₩ 641,333,326,971
Profit for the year		-	-	-	-	2,551,279,241	2,551,279,241	636,507,609	3,187,786,850
Other comprehensive income(loss), net of tax									
Losses on remeasurements of net defined benefit liabilities	20	-	-	-	(1,247,737,502)	-	(1,247,737,502)	-	(1,247,737,502)
Gains on translation of foreign operations		-	-	-	252,388,190	-	252,388,190	-	252,388,190
Gains on valuation of financial instruments at FVOCI		-	-	-	5,815,169,326	-	5,815,169,326	-	5,815,169,326
Effect of changes in the credit risk of financial liabilities		-	-	-	(665,942,698)	-	(665,942,698)	-	(665,942,698)
Changes in equity adjustments arising from equity method		-	-	-	354,315,799	-	354,315,799	-	354,315,799
Total comprehensive income		-	-	-	4,508,193,115	2,551,279,241	7,059,472,356	636,507,609	7,695,979,965
Transactions with owners									
Dividends paid		-	-	-	-	(2,108,656,155)	(2,108,656,155)	-	(2,108,656,155)
Changes in non-controlling interests		-	-	-	-	-	-	71,321,627	71,321,627
Total transactions with owners		-	-	-	-	(2,108,656,155)	(2,108,656,155)	71,321,627	(2,037,334,528)
Share-based payment transactions		-	-	-	-	-	-	-	-
Others		-	28,479,784	(50,448)	-	218,076,490	246,505,826	-	246,505,826
As of December 31, 2023		₩ 238,251,342,500	₩ 70,336,007,457	₩ (35,448,808,767)	₩ 116,429,908,383	₩ 246,755,693,886	₩ 636,324,143,459	₩ 10,914,334,775	₩ 647,238,478,234

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

**SK Securities Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years ended December 31, 2023 and 2022**  
(in Korean won)

	Notes	2023	2022
<b>Cash flows from operating activities</b>			
Profit for the year	₩	<b>3,187,786,850</b>	<b>₩ 8,609,210,017</b>
Adjustments to reconcile profit for the year to net cash flows provided by used in operating activities:			
Interest income		(204,869,675,108)	(170,316,546,375)
Interest expenses		167,530,346,944	115,624,199,461
Dividend income		(14,559,996,731)	(14,318,990,980)
Income tax expense		2,693,655,515	1,546,759,586
Loss(gain) on valuation of financial assets at FVTPL		(77,052,655,345)	57,226,842,315
Loss(gain) on valuation of financial liabilities at FVTPL		22,117,777,971	(11,683,161,225)
Loss(gain) on disposal of investments in associates		(1,752,617,767)	1,880,038
Gain on valuation of derivatives instruments		(6,811,330,856)	(18,850,566,486)
Gain on valuation of loan receivables		(1,197,274,556)	(527,100,756)
Bad debt expenses		34,191,164,087	39,399,786,761
Other bad debt expenses		4,014,660,177	680,981,956
Gain on foreign currency translations		(986,294,706)	(7,029,704,076)
Depreciation		19,021,932,350	19,472,887,482
Loss(gain) on disposal of property and equipment		184,000	(7,658,460)
Impairment loss		978,314,598	-
Amortization		6,951,080,622	6,031,873,171
Gain on disposal of intangible assets		(998,602,486)	(3,304,028,353)
Share of profit of associates		(13,829,480,260)	4,684,287,668
Retirement benefits		9,903,329,932	11,040,174,170
Loss(gain) on disposal of leased assets		(33,125,237)	41,784,473
Increase(decrease) in provisions		5,577,020,449	(7,709,661,375)
Share-based payment costs		-	485,333,690
Loss(gain) on valuation of carbon credit permits		(675,030,233)	6,908,418,773
Others		(1,113,250,020)	165,569,365
		<b>(50,899,866,660)</b>	<b>29,563,360,823</b>
Changes in operating assets and liabilities:			
Due from banks		49,271,429,841	(66,482,833,481)
Financial assets at FVTPL		164,478,302,669	(17,818,729,384)
Securities at amortized cost		(19,953,780,000)	6,059,160,913
Derivative assets		38,036,404,503	7,667,067,377
Loan receivables		(11,850,927,190)	(151,707,391,968)
Leased assets		(4,494,226,167)	(2,644,610,333)
Other assets		(184,735,985,210)	235,834,157,844
Deposits		(69,477,806,565)	(120,286,857,424)
Financial liabilities at FVTPL		165,362,923,462	554,264,692,599
Derivatives liabilities		(40,064,593,296)	(17,242,955,335)
Defined benefit liabilities		(8,520,895,723)	(14,524,356,954)
Provisions		(2,000,000,000)	(874,533,085)
Other liabilities		136,651,096,237	(168,676,223,570)
		<b>212,701,942,561</b>	<b>243,566,587,199</b>
Income taxes paid		2,483,114,421	(27,109,903,051)
Interest received		201,211,648,377	165,674,778,802
Interest paid		(168,263,813,731)	(106,271,988,756)
Dividends received		14,586,185,866	14,363,882,635
<b>Net cash generated from operating activities</b>		<b>215,006,997,684</b>	<b>328,395,927,669</b>

(Continued)

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

**1. General Information**

General information of SK Securities Co., Ltd. (the "Parent Company") and its subsidiaries (collectively referred to as the "Group") are summarized as follows:

**1.1 The Parent Company**

SK Securities Co., Ltd. was established in July 1955 under the name of Sinwoo Securities Co., Ltd. and on January 1, 1998, the Parent Company changed its name to SK Securities Co., Ltd. The Parent Company is principally engaged in the business of brokerage services, trading and underwriting of securities and other such activities. The Parent Company's shares were listed on the Korea Exchange in September 1986 and as of December 31, 2023, its ordinary shares amount to ₩236,295 million and preferred shares amount to ₩1,956 million. The Parent Company operates 25 branches and a sales department in its headquarters. As of December 31, 2023, the largest shareholder of the Parent Company is J&W Big Co., Ltd. (19.44% ownership interest).

**1.2 Consolidated subsidiaries**

Details of the Group's equity ownership in its consolidated subsidiaries as of December 31, 2023 and 2022 is as follows:

**a) Subsidiaries and special purpose entities**

Parent	Subsidiaries	Location	Main business	Closing month	Percentage of ownership (%)			
					2023		2022	
					The Parent Company	Non-controlling	The Parent Company	Non-controlling
SK Securities Co., Ltd.	SK securities Investment Asia Limited	Hongkong	Holding company	December	100.00	-	100.00	-
	SKS Private Equity	Korea	Finance	December	99.90	0.10	99.90	0.10
	Trinity Asset Management	Korea	Finance	December	70.00	30.00	70.00	30.00
	PTR Asset Management	Korea	Finance	December	70.00	30.00	70.00	30.00
	MS MUTUAL SAVINGS BANK	Korea	Savings Bank	December	95.71	4.29	95.71	4.29
	ZIKPAY Inc. <sup>2</sup>	Korea	IT Service	December	-	-	34.29	65.71
	SK JANGGONG-9 <sup>1</sup>	Korea	SPE	March	100.00	-	100.00	-
	SK SHINDANGIAN-A3 <sup>1</sup>	Korea	SPE	October	85.40	14.60	85.40	14.60
	OK Subordinated Debt C1 <sup>1</sup>	Korea	SPE	March	59.00	41.00	59.00	41.00
	OK Subordinated Debt D2-1 <sup>1</sup>	Korea	SPE	April, October	100.00	-	100.00	-
	OK Subordinated Debt D2-2 <sup>1</sup>	Korea	SPE	April, October	100.00	-	100.00	-
	OK Subordinated Debt D2-3 <sup>1</sup>	Korea	SPE	May, November	100.00	-	100.00	-
	OK Subordinated Debt C2 <sup>1</sup>	Korea	SPE	May	100.00	-	100.00	-
	Trinity Shooting star C-1 <sup>1</sup>	Korea	SPE	May	100.00	-	100.00	-
	J&W Global Fin-tech PEF <sup>1</sup>	Korea	SPE	December	90.09	9.91	90.09	9.91
	Lode No.1 Bio Private Equity Fund <sup>1</sup>	Korea	SPE	December	98.00	2.00	98.00	2.00
	Rio 2nd Private Equity Fund <sup>1</sup>	Korea	SPE	December	95.94	4.06	95.94	4.06
	SKS-MYDATA Private Equity Fund <sup>1</sup>	Korea	SPE	December	91.79	8.21	91.79	8.21
	Trinity Multi strategy No.1 C <sup>1</sup>	Korea	SPE	March	100.00	-	100.00	-
	Lode No.2 ESG Private Equity Fund <sup>1</sup>	Korea	SPE	December	99.32	0.68	99.32	0.68

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

Parent	Subsidiaries	Location	Main business	Closing month	Percentage of ownership (%)			
					2023		2022	
					The Parent Company	Non-controlling	The Parent Company	Non-controlling
	Trinity Mezzanine Plus No.1 <sup>1</sup>	Korea	SPE	July	99.24	0.76	98.89	1.11
	SKS-STARVENTURES Venture Fund <sup>1</sup>	Korea	SPE	December	98.04	1.96	98.04	1.96
	Kiwoom PTR Patent value Nasdaq Active Feeder Fund(UH)[Equity] Class C-F <sup>1</sup>	Korea	SPE	September	98.04	1.96	-	-
Kiwoom PTR Patent value Nasdaq Active Feeder Fund(UH)[Equity] Class C-F	Kiwoom PTR Patent value Nasdaq Active Feeder Fund(UH)[Equity] <sup>1</sup>	Korea	SPE	September	77.51	22.49	-	-
Kiwoom PTR Patent value Nasdaq Active Feeder Fund(UH)[Equity]	Kiwoom PTR Patent value Nasdaq Active Master Fund[Equity] <sup>1</sup>	Korea	SPE	September	100.00	-	-	-
Trinity Asset Management	Trinity Shooting star C-S <sup>1</sup>	Korea	SPE	May	100.00	-	94.79	5.21
Trinity Shooting star C-S	Trinity Shooting star <sup>1</sup>	Korea	SPE	May	67.39	32.61	90.51	9.49
Trinity Multi strategy No.1 C	Trinity Multi strategy No.1 <sup>1</sup>	Korea	SPE	March	85.11	14.89	74.10	25.90
SKS Private Equity	SKS Credit	Korea	Finance	December	99.90	0.10	99.90	0.10
Rio 2nd Private Equity Fund	Rio 2nd Investment Co.,Ltd	Korea	SPE	December	100.00	-	100.00	-
Rio 2nd Investment Co.,Ltd.	NBH CAPITAL CO.,Ltd	Korea	Finance	December	100.00	-	100.00	-
SKS-MYDATA Private Equity Fund	SKS-MYDATA Investment Co.,Ltd	Korea	SPE	December	100.00	-	100.00	-
Happy Wings No.1 Co., Ltd	Barun Mixed Asset Private Investment LLC <sup>1</sup>	Korea	SPE	December	96.84	3.16	96.84	3.16

<sup>1</sup>The Group consolidates those special purpose entities ("SPEs") considering it is exposed, and has rights, to variable returns from its involvement with twenty-three SPEs and has the ability to affect those returns through its power over the investees.

<sup>2</sup> It was re-classified from a subsidiary to an associate for the year ended December 31, 2023.

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

**1.2 Consolidated subsidiaries (cont'd)**

**b) Structured entities**

SPEs	Location	Remark
Happy Wings No.1 Co., Ltd	Korea	Asset backed securitized SPC
FS First Co., Ltd.	Korea	Asset backed securitized SPC
MNY 1st Co., Ltd.	Korea	Asset backed securitized SPC
The First GM 13rd Co., Ltd.	Korea	Asset backed securitized SPC
YB Dangsang Co., Ltd	Korea	Asset backed securitized SPC
PTK Prime 1st Co., Ltd.	Korea	Asset backed securitized SPC
Joopasoo Buldang Co., Ltd.	Korea	Asset backed securitized SPC
Five 1st Co., Ltd.	Korea	Asset backed securitized SPC
DNH 1st Co., Ltd.	Korea	Asset backed securitized SPC
Korea Masterpiece 1st Co., Ltd.	Korea	Asset backed securitized SPC
Two Dragon 1st Co., Ltd.	Korea	Asset backed securitized SPC
Federation 1st Co., Ltd.	Korea	Asset backed securitized SPC
The Terrace, 2nd Co., Ltd.	Korea	Asset backed securitized SPC
Stone Island 1st Co., Ltd.	Korea	Asset backed securitized SPC
New MG Blue Co., Ltd.	Korea	Asset backed securitized SPC
Joopasoo Choeup Co., Ltd.	Korea	Asset backed securitized SPC
K-Stel 1st Co., Ltd.	Korea	Asset backed securitized SPC
Happy Wings No.2 Co., Ltd.	Korea	Asset backed securitized SPC
YB Lasierra Co., Ltd.	Korea	Asset backed securitized SPC
Happy Wings No.3 Co., Ltd.	Korea	Asset backed securitized SPC
The First GM 30th Co., Ltd.	Korea	Asset backed securitized SPC
Two Dragon Gamil Co., Ltd.	Korea	Asset backed securitized SPC
Namsan No.3 Co., Ltd.	Korea	Asset backed securitized SPC
Whale 1st Co., Ltd.	Korea	Asset backed securitized SPC
USMG Co., Ltd.	Korea	Asset backed securitized SPC
Medigold No.1 Co.,Ltd	Korea	Asset backed securitized SPC
Two Dragon hot spring Co., Ltd.	Korea	Asset backed securitized SPC
Namsan No.4 Co., Ltd.	Korea	Asset backed securitized SPC
Rten No1. Co.,Ltd	Korea	Asset backed securitized SPC
S-Hyangdong Co.,Ltd	Korea	Asset backed securitized SPC
YB Haeundae Co.,Ltd	Korea	Asset backed securitized SPC
S-North Cheonan Co.,Ltd	Korea	Asset backed securitized SPC
MD Dragon No.1 Co.,Ltd	Korea	Asset backed securitized SPC
Withgm 3ed Co.,Ltd	Korea	Asset backed securitized SPC
The Central gm 20ed Co.,Ltd	Korea	Asset backed securitized SPC
Red Wings Co.,Ltd	Korea	Asset backed securitized SPC
Valley alpha Co.,Ltd	Korea	Asset backed securitized SPC
Two Dragon Gasan Co., Ltd.	Korea	Asset backed securitized SPC
SKS-BDGAP Co., Ltd.	Korea	Asset backed securitized SPC
YB Namcheon Co., Ltd.	Korea	Asset backed securitized SPC
Two Dragon Paju Co., Ltd.	Korea	Asset backed securitized SPC
North Cheonan Logistics Co.,Ltd	Korea	Asset backed securitized SPC
YB Cube Gwang-an Co.,Ltd	Korea	Asset backed securitized SPC
Aquarius No.1.Co.Ltd	Korea	Asset backed securitized SPC
Core Y No.1.Co.Ltd	Korea	Asset backed securitized SPC
Withgm 25ed Co.,Ltd	Korea	Asset backed securitized SPC
YB Geomdan Co.,Ltd	Korea	Asset backed securitized SPC

As structured entities for asset backed securitization, the Group controls the entities when the Group is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its power to direct the activities of the entities, although the Group owns less than 50% of voting rights of the entities.

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

**1.3 Summarized financial information**

Summarized financial information of consolidated subsidiaries as of and for the years ended December 31, 2023 and 2022 is as follows:

(in millions of Korean won)

	2023					
	Total assets	Total liabilities	Total equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
SK securities Investment Asia Limited	₩ 11,560	₩ -	₩ 11,560	₩ 63	₩ (3,056)	₩ (3,056)
SKS Private Equity	22,555	4,394	18,161	10,391	3,807	3,807
SKS Credit	1,320	99	1,221	1,395	(194)	(194)
Trinity Asset Management	22,498	1,299	21,199	5,287	1,220	1,220
PTR Asset Management	8,214	1,236	6,978	3,474	899	899
MS MUTUAL SAVINGS BANK	458,333	401,356	56,977	37,149	(61)	(61)
ZIKPAY Inc. <sup>1</sup>	-	-	-	60	(102)	(102)
SK JANGGONG-9 and SPCs	453	8	445	-	(2)	(2)
Trinity Shooting star C-I	117	-	117	18	27	27
Trinity Shooting star C-S	2,254	2	2,252	407	616	616
Trinity Shooting star	3,607	88	3,519	1,029	698	698
J&W Global Fin-tech PEF	2,516	13	2,503	999	984	984
Lode No.1 Bio Private Equity Fund	14,578	66	14,512	818	(1,246)	(1,246)
Rio 2nd Private Equity Fund	40,716	561	40,155	11	(611)	(611)
Rio 2nd Investment Co.,Ltd.	54,468	16,651	37,817	-	(781)	(781)
NBH CAPITAL CO.,Ltd.	103,114	41,557	61,557	19,778	3,248	3,248
SKS-MYDATA Private Equity Fund	86,181	723	85,458	1	(7,090)	(7,090)
SKS-MYDATA Investment Co.,Ltd.	86,005	-	86,005	-	(4,930)	(4,930)
Trinity Multi strategy No.1 C	5,498	11	5,487	1,420	2,062	2,062
Trinity Multi strategy No.1	7,524	1,064	6,460	6,357	2,615	2,615
Lode No.2 ESG Private Equity Fund	16,990	58	16,932	4,530	2,806	2,806
Trinity Mezzanine Plus No.1	5,733	9	5,724	984	(297)	(297)
SKS-STARVENTURES Venture Fund	1,878	2	1,876	12	(114)	(114)
Barun Mixed Asset Private Investment LLC	8,035	10	8,025	353	(39)	(39)
Kiwoom PTR Patent value Nasdaq Active Feeder Fund(UH)[Equity] Class C-F	10,984	5	10,979	809	779	779
Kiwoom PTR Patent value Nasdaq Active Feeder Fund(UH)[Equity]	14,480	309	14,171	1,124	1,124	1,124
Kiwoom PTR Patent value Nasdaq Active Master Fund[Equity]	14,301	317	13,984	1,579	1,122	1,122
Paju Central 7th Co., Ltd. <sup>2</sup>	-	-	-	375	210	210
S-Pangyo Co., Ltd. <sup>2</sup>	-	-	-	-	-	-
Happy Wings No.1 Co., Ltd	8,749	9,500	(751)	-	(713)	(713)
FS First Co., Ltd.	5,023	5,217	(194)	500	(120)	(120)
Sky Challenge 1st Co., Ltd. <sup>2</sup>	-	-	-	1,083	312	312
DAYLIGHT 1st Co., Ltd. <sup>2</sup>	-	-	-	271	51	51
MNY 1st Co., Ltd.	6,938	7,247	(309)	570	(204)	(204)
Detonex Co., Ltd. <sup>2</sup>	-	-	-	-	-	-
The First GM 13rd Co., Ltd.	10,189	10,335	(146)	819	4	4
Mariacastle 1st Co., Ltd. <sup>2</sup>	-	-	-	252	(19)	(19)
YB Dangsang Co., Ltd	5,069	5,138	(69)	616	2	2
PTK Prime 1st Co., Ltd.	5,289	5,246	43	720	93	93

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

(in millions of Korean won)

	2023					
	Total assets	Total liabilities	Total equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
Joopasoo Buldang Co., Ltd.	5,799	6,065	(266)	480	(204)	(204)
Five 1st Co., Ltd.	13,135	14,136	(1,001)	1,000	(778)	(778)
DNH 1st Co., Ltd.	5,501	5,582	(81)	442	(2)	(2)
Korea Masterpiece 1st Co., Ltd.	10,366	10,718	(352)	1,653	(291)	(291)
LSAF Co., Ltd. <sup>2</sup>	-	-	-	525	94	94
Two Dragon 1st Co., Ltd.	92	10,347	(10,255)	-	(117)	(117)
Federation 1st Co., Ltd.	2,156	5,620	(3,464)	449	(729)	(729)
Int Green 8th Co., Ltd. <sup>2</sup>	-	-	-	34	(994)	(994)
The Terrace, 2nd Co., Ltd.	5,229	5,232	(3)	596	67	67
Stone Island 1st Co., Ltd.	5,135	5,159	(24)	436	(34)	(34)
New MG Blue Co., Ltd.	8,321	8,725	(404)	-	(247)	(247)
Joopasoo Choeup Co., Ltd.	6,990	7,299	(309)	702	(204)	(204)
K-Stel 1st Co., Ltd.	8,678	8,965	(287)	863	(160)	(160)
Happy Wings No.2 Co., Ltd.	11,560	12,000	(440)	483	(441)	(441)
YB Lasierra Co., Ltd.	1,026	1,040	(14)	89	(1)	(1)
Happy Wings No.3 Co., Ltd.	1,729	2,000	(271)	-	(165)	(165)
The First GM 30th Co., Ltd.	7,456	7,676	(220)	600	(178)	(178)
Two Dragon Gamil Co., Ltd.	10,115	10,242	(127)	1,261	5	5
Namsan No.3 Co., Ltd.	19,681	19,650	31	876	(304)	(304)
Whale 1st Co., Ltd.	95	7,980	(7,885)	836	(7,580)	(7,580)
USMG Co., Ltd.	13,105	13,591	(486)	718	(385)	(385)
Medigold No.1 Co.,Ltd	3,017	3,048	(31)	379	14	14
Two Dragon hot spring Co., Ltd.	9	3,019	(3,010)	92	(2,957)	(2,957)
Namsan No.4 Co., Ltd.	9,566	9,624	(58)	652	(360)	(360)
Rten No1. Co.,Ltd	7,125	7,219	(94)	668	15	15
S-Hyangdong Co.,Ltd	4,918	4,903	15	498	7	7
YB Haeundae Co.,Ltd	8,406	10,532	(2,126)	1,152	(1,970)	(1,970)
S-North Cheonan Co.,Ltd	4,243	4,000	243	473	180	180
MD Dragon No.1 Co.,Ltd	82,310	83,568	(1,258)	5,166	(1,151)	(1,151)
Withgm 3ed Co.,Ltd	10,774	11,489	(715)	576	(550)	(550)
The Central gm 20ed Co.,Ltd	21	2,039	(2,018)	98	(1,988)	(1,988)
Red Wings Co.,Ltd	5,831	6,161	(330)	597	(241)	(241)
Valley alpha Co.,Ltd	9,372	10,159	(787)	791	(620)	(620)
YBGW Co.,Ltd <sup>2</sup>	-	-	-	371	97	97
J-ALL No.1 Co.,Ltd <sup>2</sup>	-	-	-	41	14	14
Two Dragon Gasan Co., Ltd.	5,062	5,147	(85)	497	(16)	(16)
inlight No.1 Co.,Ltd <sup>2</sup>	-	-	-	1,002	270	270
SKS-BDGAP Co., Ltd.	2,092	2,081	11	161	31	31
YB Namcheon Co., Ltd	11,731	11,833	(102)	1,123	(47)	(47)
Two Dragon Paju Co., Ltd.	1,711	1,728	(17)	169	(17)	(17)
North Cheonan Logistics Co.,Ltd	12,369	12,000	369	887	239	239
YB Cube Gwang-an Co.,Ltd	30,087	30,350	(263)	2,488	(263)	(263)
Aquarius No.1.Co.Ltd	7,050	7,111	(61)	472	(61)	(61)
Core Y No.1.Co.Ltd	4,608	4,571	37	329	37	37
Withgm 25ed Co.,Ltd	8,116	8,127	(11)	832	(11)	(11)
YB Geomdan Co.,Ltd	13,804	13,846	(42)	372	(42)	(42)

1. It was re-classified from a subsidiary to an associate for the year ended December 31, 2023.

2. The subsidiary has been excluded from the consolidation for the year ended December 31, 2023.



**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
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**1.3 Summarized financial information (cont'd)**

(in millions of Korean won)

(in millions of Korean won)	2022									
	Total assets		Total liabilities		Total equity		Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)	
SK securities Investment Asia Limited	₩	14,363	₩	-	₩	14,363	₩	98	₩ (4,911)	₩ (4,911)
SKS Private Equity		20,143		5,790		14,353		8,909		1,973
SKS Credit		998		576		422		511		(577)
Trinity Asset Management		20,572		592		19,980		2,831		(1,720)
PTR Asset Management		6,446		367		6,079		2,589		(232)
MS MUTUAL SAVINGS BANK		531,724		474,657		57,067		43,028		4,232
ZIKPAY Inc.		1,014		1,125		(111)		2		(621)
SK JANGGONG-9 and SPCs		453		6		447		-		(2)
Trinity Shooting star C-I		90		-		90		79		(84)
Trinity Shooting star C-S		2,146		2		2,144		204		(307)
Trinity Shooting star		2,347		-		2,347		349		(387)
J&W Global Fin-tech PEF		1,531		12		1,519		(477)		(540)
Lode No.1 Bio Private Equity Fund		18,826		68		18,758		883		(800)
Trinity Stocks for public subscription Plus CS		-		-		-		71		49
Trinity Stocks for public subscription Plus		-		-		-		634		235
PTR Stocks for public subscription Multi No.1 CF		-		-		-		-		(138)
PTR Stocks for public subscription Multi No.1 CS		-		-		-		-		(116)
PTR Stocks for public subscription Multi No.1		-		-		-		114		(347)
Rio 2nd Private Equity Fund		41,109		343		40,766		9		(617)
Rio 2nd Investment Co.,Ltd.		54,472		15,875		38,597		-		(732)
NBH CAPITAL CO.,Ltd.		106,114		47,805		58,309		17,980		1,857
SKS-MYDATA Private Equity Fund		93,252		703		92,549		13		(4,503)
SKS-MYDATA Investment Co.,Ltd.		91,654		-		91,654		-		(3,366)
Trinity Multi strategy No.1 C		3,433		8		3,425		586		(2,829)
Trinity Multi strategy No.1		5,324		691		4,633		3,120		(3,785)
Lode No.2 ESG Private Equity Fund		14,184		58		14,126		3		(278)
PTR high-dividend Stocks for public subscription No.1 CF		-		-		-		-		(131)
PTR high-dividend Stocks for public subscription No.1 CS		-		-		-		-		(110)
PTR high-dividend Stocks for public subscription No.1		-		-		-		88		(337)
Trinity Mezzanine Plus No.1		6,030		10		6,020		265		(299)
SKS-STARVENTURES Venture Fund		1,992		2		1,990		14		(50)
Barun Mixed Asset Private Investment LLC		9,651		12		9,639		512		343
YB Paju Co., Ltd.		-		-		-		801		277
Paju Central 7th Co., Ltd.		10,320		10,451		(131)		1,056		(38)
S-Pangyo Co., Ltd.		13,326		13,326		-		94,551		3,147
T-Lake 1st Co., Ltd.		-		-		-		745		90
YB Woncheon Co., Ltd.		-		-		-		98		37
Fineland 1st Co., Ltd.		-		-		-		349		13
YB Pungam Co., Ltd		-		-		-		417		67

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

(in millions of Korean won)

	2022					
	Total assets	Total liabilities	Total equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
Happy Wings No.1 Co., Ltd	9,962	10,000	(38)	367	75	75
FS First Co., Ltd.	5,005	5,080	(75)	500	(29)	(29)
GreatSeowoo 1st Co., Ltd.	-	-	-	811	93	93
Sky Challenge 1st Co., Ltd.	11,090	11,402	(312)	874	(211)	(211)
DAYLIGHT 1st Co., Ltd.	5,679	5,732	(53)	456	(38)	(38)
S-Jinjeob, 1st Co., Ltd.	-	-	-	36	6	6
MNY 1st Co., Ltd.	7,193	7,298	(105)	490	(40)	(40)
Meceta 1st Co., Ltd.	-	-	-	91	8	8
Detonex Co., Ltd.	35	1,034	(999)	105	(990)	(990)
Hyangdong RS 1st Co., Ltd.	-	-	-	151	51	51
The First GM 13rd Co., Ltd.	10,095	10,245	(150)	770	(58)	(58)
Mariacastle 1st Co., Ltd.	443	8,412	(7,969)	815	(7,896)	(7,896)
Asia Masterpiece 1st Co., Ltd.	-	-	-	630	18	18
Josh Bujeon 2nd Co., Ltd.	-	-	-	530	91	91
YB Dangsang Co., Ltd	5,076	5,147	(71)	518	(31)	(31)
Centerpark 1st Co., Ltd.	-	-	-	588	275	275
PTK Prime 1st Co., Ltd.	5,206	5,256	(50)	614	(4)	(4)
Joopasoo Buldang Co., Ltd.	6,003	6,066	(63)	480	(56)	(56)
Five 1st Co., Ltd.	13,866	14,088	(222)	191	(122)	(122)
Asan Baebang RS 1st Co., Ltd.	-	-	-	301	33	33
DNH 1st Co., Ltd.	5,503	5,582	(79)	440	(28)	(28)
Korea Masterpiece 1st Co., Ltd.	11,000	11,061	(61)	1,474	(86)	(86)
LSAF Co., Ltd.	6,487	6,581	(94)	520	(35)	(35)
Two Dragon 1st Co., Ltd.	209	10,347	(10,138)	449	(10,046)	(10,046)
Federation 1st Co., Ltd.	2,458	5,193	(2,735)	107	(2,688)	(2,688)
Int Green 8th Co., Ltd.	1,035	1,042	(7)	100	3	3
Joopasoo Yangsan Co., Ltd.	-	-	-	29	13	13
The Terrace, 2nd Co., Ltd.	5,088	5,159	(71)	485	11	11
Yeonsan RS 1st Co., Ltd.	-	-	-	354	46	46
Happymore 1st Co., Ltd.	-	-	-	440	226	226
The First GM 35th Co., Ltd.	-	-	-	32	23	23
Stone Island 1st Co., Ltd.	5,167	5,158	9	502	74	74
New MG Blue Co., Ltd.	8,413	8,569	(156)	575	(78)	(78)
Town Valley First Co., Ltd.	-	-	-	338	54	54
Joopasoo Choeup Co., Ltd.	7,132	7,237	(105)	700	(41)	(41)
K-Stel 1st Co., Ltd.	8,599	8,727	(128)	833	(128)	(128)
Happy Wings No.2 Co., Ltd.	12,000	12,000	-	547	-	-
YB Lasierra Co., Ltd.	1,010	1,023	(13)	199	(13)	(13)
Happy Wings No.3 Co., Ltd.	1,594	1,700	(106)	-	(106)	(106)
The First GM 30th Co., Ltd.	7,604	7,646	(42)	812	(42)	(42)
Two Dragon Gamil Co., Ltd.	10,107	10,239	(132)	1,544	(132)	(132)
Namsan No.3 Co., Ltd.	20,218	19,883	335	1,912	335	335
YB Heonin Co., Ltd	-	-	-	417	-	-
Whale 1st Co., Ltd.	7,689	7,994	(305)	936	(305)	(305)
USMG Co., Ltd.	13,068	13,169	(101)	945	(101)	(101)
Medigold No.1 Co.,Ltd	3,039	3,084	(45)	541	(45)	(45)
SK Yangsan Logi 1st Co.,Ltd	-	-	-	74	12	12
Two Dragon hot spring Co., Ltd.	2,991	3,044	(53)	154	(53)	(53)
Namsan No.4 Co., Ltd.	9,436	9,134	302	705	302	302

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

(in millions of Korean won)

	2022					
	Total assets	Total liabilities	Total equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
Rten No1. Co.,Ltd	7,116	7,225	(109)	951	(109)	(109)
S-Hyangdong Co.,Ltd	5,008	5,000	8	354	8	8
YB Haeundae Co.,Ltd	10,130	10,286	(156)	578	(156)	(156)
S-North Cheonan Co.,Ltd	4,063	4,000	63	207	63	63
MD Dragon No.1 Co.,Ltd	82,246	82,353	(107)	3,646	(107)	(107)
Withgm 3ed Co.,Ltd	11,114	11,279	(165)	896	(165)	(165)
The Central gm 20ed Co.,Ltd	2,008	2,038	(30)	281	(30)	(30)
Red Wings Co.,Ltd	6,012	6,101	(89)	390	(89)	(89)
Valley alpha Co.,Ltd	9,936	10,103	(167)	260	(167)	(167)
YBGW Co.,Ltd	20,211	20,404	(193)	540	(193)	(193)
J-ALL No.1 Co.,Ltd	4,539	4,537	2	286	2	2
Two Dragon Gasan Co., Ltd.	5,068	5,137	(69)	172	(69)	(69)
inlight No.1 Co.,Ltd	12,068	12,418	(350)	324	(350)	(350)
SKS-BDGAP Co., Ltd.	2,059	2,079	(20)	162	(20)	(20)
YB Namcheon Co., Ltd.	6,198	6,253	(55)	41	(55)	(55)

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

**1.4 Changes in the scope of consolidation**

Subsidiaries newly included in and excluded from the consolidation for the years ended December 31, 2023 and 2022 are as follows:

2023		
	Subsidiaries	Reason
Newly included	Two Dragon Paju Co., Ltd. North Cheonan Logistics Co.,Ltd YB Cube Gwang-an Co.,Ltd Aquarius No.1.Co.Ltd Core Y No.1.Co.Ltd Withgm 25ed Co.,Ltd YB Geomdan Co.,Ltd Kiwoom PTR Patent value Nasdaq Active Feeder Fund(UH)[Equity] Class C-F Kiwoom PTR Patent value Nasdaq Active Feeder Fund(UH)[Equity] Kiwoom PTR Patent value Nasdaq Active Master Fund [Equity]	Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Investments in equity Investments in equity Investments in equity
Excluded	Paju Central 7th Co., Ltd S-Pangyo Co., Ltd Sky Challenge 1st Co., Ltd. DAYLIGHT 1st Co., Ltd. Detonex Co., Ltd Mariacastle 1st Co., Ltd. Int Green 8th Co., Ltd. YBGW Co.,Ltd J-ALL No.1 Co.,Ltd inlight No.1 Co.,Ltd LSAF Co., Ltd. ZIKPAY Inc. <sup>1</sup>	Liquidated Liquidated Liquidated Liquidated Liquidated Liquidated Liquidated Liquidated Liquidated Liquidated Liquidated Reclassified

<sup>1</sup>. It was re-classified from a subsidiary to an associate for the year ended December 31, 2023.

2022		
	Subsidiaries	Reason
Newly included	SKS Credit Happy Wings No.2 Co., Ltd. YB Lasierra Co., Ltd. Happy Wings No.3 Co., Ltd. The First GM 30th Co., Ltd. Two Dragon Gamil Co., Ltd. Namsan No.3 Co., Ltd. YB Heonin Co., Ltd Whale 1st Co., Ltd. USMG Co., Ltd. Medigold No.1 Co.,Ltd SK Yangsan Logi 1st Co.,Ltd Two Dragon hot spring Co., Ltd. Namsan No.4 Co., Ltd. Rten No1. Co.,Ltd S-Hyangdong Co.,Ltd YB Haeundae Co.,Ltd S-North Cheonan Co.,Ltd MD Dragon No.1 Co.,Ltd Withgm 3ed Co.,Ltd The Central gm 20ed Co.,Ltd Red Wings Co.,Ltd Valley alpha Co.,Ltd YBGW Co.,Ltd J-ALL No.1 Co.,Ltd Two Dragon Gasan Co., Ltd.	Investments in equity Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering Credit offering

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

2022		
	Subsidiaries	Reason
	inlight No.1 Co.,Ltd	Credit offering
	SKS-BDGAP Co., Ltd.	Credit offering
	YB Namcheon Co., Ltd.	Credit offering
Excluded	PTR Stocks for public subscription Multi No.1 CF	Disposal
	PTR Stocks for public subscription Multi No.1 CS	Disposal
	PTR Stocks for public subscription Multi No.1	Disposal
	PTR high-dividend Stocks for public subscription No.1 CF	Disposal
	PTR high-dividend Stocks for public subscription No.1 CS	Disposal
	PTR high-dividend Stocks for public subscription No.1	Disposal
	Trinity Stocks for public subscription Plus CS	Disposal
	Trinity Stocks for public subscription Plus	Disposal
	YB Paju Co., Ltd.	Liquidated
	Fineland 1st Co., Ltd.	Liquidated
	YB Woncheon Co., Ltd.	Liquidated
	Hyangdong RS 1st Co., Ltd.	Liquidated
	The First GM 35th Co., Ltd.	Liquidated
	Town Valley First Co., Ltd.	Liquidated
	S-Jinjeob, 1st Co., Ltd.	Liquidated
	Asia Masterpiece 1st Co., Ltd.	Liquidated
	Joopasoo Yangsan Co., Ltd.	Liquidated
	T-Lake 1st Co., Ltd.	Liquidated
	Josh Bujeon 2nd Co., Ltd.	Liquidated
	Happymore 1st Co., Ltd.	Liquidated
	SK Yangsan Logi 1st Co.,Ltd	Liquidated
	YB Pungam Co., Ltd	Liquidated
	GreatSeowoo 1st Co., Ltd.	Liquidated
	Centerpark 1st Co., Ltd.	Liquidated
	Asan Baebang RS 1st Co., Ltd.	Liquidated
	YB Heonin Co., Ltd	Liquidated
	Meceta 1st Co., Ltd.	Liquidated
	Yeonsan RS 1st Co., Ltd.	Liquidated

## **2. Significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **2.1 Basis of preparation**

The Group maintains its official accounting records in Korean won and prepares statutory consolidated financial statements in the Korean language in accordance with Korean International Financial Reporting Standards ("K-IFRS"). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

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

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

The consolidated financial statements of the Group have been prepared on the historical cost basis except for the following main items recognized in the consolidated statement of financial position:

- Derivatives measured at fair value
- Financial instruments at FVTPL measured at fair value
- Financial assets at FVOCI measured at fair value
- Share-based payment measured at fair value
- Defined benefit liabilities which are the present value of defined benefit obligations less the fair value of plan assets

The preparation of the financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

## 2.2 Changes in accounting policies and disclosures

### (a) New and amended standards adopted by the Group

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

#### - K-IFRS 1117 *Insurance Contracts*

Korean IFRS 1117 Insurance Contracts replaces K-IFRS 1104 Insurance Contracts that was issued in 2005. K-IFRS 1117 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of K-IFRS 1117 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in K-IFRS 1104, which are largely based on grandfathering previous local accounting policies, K-IFRS 1117 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of K-IFRS 1117 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

#### - Definition of Accounting Estimates - Amendments to K-IFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors*

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

#### - Disclosure of Accounting Policies - Amendments to K-IFRS 1001 *Presentation of Financial Statements*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

#### - Narrowing the scope of the initial recognition exception of deferred income taxes - Amendments to K-IFRS 1012 *Income Taxes*

The amendments narrowed the scope of the initial recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary difference, thus to resolve accounting diversity in the recognizing of deferred tax assets and liabilities. Paragraphs 15 and 24 (initial recognition exemption of deferred income taxes) of K-IFRS 1012 were amended to include an additional condition (3) where a deferred tax asset and liability shall be recognized for a temporary difference that arises on initial recognition of an asset or liability in a single transaction if that transaction give rise to equal amounts of taxable and deductible temporary differences. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

#### - Disclosure of gains or losses on valuation of financial liabilities with variable exercise price - Amendments to K-IFRS 1001 *Presentation of Financial Statements*

The amendments require disclosure of the carrying amount of financial liabilities and the related gain or loss (to the extent included in profit or loss), if all or part of financial instruments with an exercise price that is adjusted based on changes in the issuer's share price is classified as financial liabilities under paragraph 11(2) of the definition of financial liabilities in K-IFRS 1032, *Financial Instruments : Presentation*. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

**2.2 Changes in accounting policies and disclosures (cont'd)**

**- Korean IFRS 1012 Income Taxes - International Tax Reform – Pillar Two Model Rules**

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc.

The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Since the Pillar Two legislation is scheduled to be effective from January 1, 2024, the Group has no current tax expense related to Pillar Two. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.



## 2.2 Changes in accounting policies and disclosures (cont'd)

### (b) New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group.

#### **- Classification of Liabilities as Current or Non-current, Non-current liabilities with covenants - Amendments to K-IFRS 1001 Presentation of Financial Statements**

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. In addition, the settlement of liability includes the transfer of the entity's own equity instruments, except when an option to settle them by the entity's own equity instruments in compound financial instruments meets the definition of equity instruments and is recognized separately from the liability. Additionally, covenants that an entity is required to comply with after the end of the reporting period do not affect the classification of liabilities at the end of the reporting period, and the amendments require disclosure of the information about the risk that the liabilities will be repaid within 12 months after the reporting period, if classified as noncurrent at the end of the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

#### **- Disclosure of Supplier Finance Arrangements - Amendments to K-IFRS 1007 Statement of Cash Flows, K-IFRS 1107 Financial Instruments: Disclosures**

The amendments clarify that an entity shall disclose information about its supplier finance arrangements that enables users of financial statement to assess the effects of those arrangements on the entity's liabilities, cash flows, and on exposure to liquidity risk. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

#### **- Lease Liability in a Sale and Leaseback - Amendments to K-IFRS 1116 Leases**

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

#### **- Disclosure of Cryptographic assets - Amendments to K-IFRS 1001 Presentation of Financial Statements**

The amendments define additional disclosures for entities that hold virtual assets, hold virtual assets on behalf of a customer, or have issued virtual assets. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The amendments do not have a significant impact on the financial statements

#### **- Lack of exchangeability - Amendments to K-IFRS 1021 The Effects of Changes in Foreign Exchange Rates, K-IFRS 1101 First-time Adoption of K-IFRS**

The amendments require entities to assess the exchangeability of a currency. If a currency is not exchangeable for another currency, entities must estimate the spot exchange rate and disclose the related information. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

### (c) Changes in the format of the current and prior year financial statements

The Group has changed the format of its financial statements to align with the XBRL standardized format, which were fully adopted by the financial industry in 2023. This changes in format have no impact on reported net income or net assets.

## **2.3 Consolidation**

The Group has prepared the consolidated financial statements in accordance with K-IFRS 1110 Consolidated Financial Statements.

### **(a) Subsidiaries**

Subsidiaries are all entities over which the Parent Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### **(b) Associates**

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its Book value as impairment loss.

## **2.4 Foreign currency translation**

### **(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency.

### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognized in other comprehensive income.

## **2.5 Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in their fair value.

## **2.6 Non-derivative financial assets**

Regular purchases or sales of financial assets are recognized or eliminated at the trade date. Regular purchase or sale of a financial asset is a contract in which a financial asset is purchased or sold in accordance with the terms of a contract to deliver the financial instrument within a period generally established by the relevant market regulations or practices.

All recognized financial assets are subsequently measured at amortized cost or fair value, depending on the classification of the financial asset.

### **(a) Classification of financial assets**

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- An entity holds financial assets under a business model whose objective is to hold them to collect contractual cash flows.
- The terms of the financial asset result in cash flows that are solely payments of principal and interest on the principal balance on a specified date.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- An entity holds financial assets under a business model whose objective is to hold them both to collect contractual cash flows and to sell.
- The terms of the financial asset result in cash flows that are solely payments of principal and interest on the principal balance on a specified date.

All other financial assets are subsequently measured at fair value through profit or loss.

## **2.6 Non-derivative financial assets (cont'd)**

Notwithstanding the foregoing, the entity can make the following irrevocable choices or designations at initial recognition of the financial asset:

- If a particular requirement is met (see 3) below), an entity can choose to present in other comprehensive income subsequent changes in the fair value of the equity instrument.
- If the fair value through profit or loss measurement item is designated to eliminate or significantly reduce the accounting mismatch (see 4) below), an entity can designate at fair value through profit or loss a debt instrument that meets the requirements of an amortized cost measurement financial asset or a fair value through other comprehensive income measurement financial asset.

### **1) Amortized cost and effective interest method**

The effective interest method calculates the amortized cost of a debt instrument and allocates interest revenue over the relevant period. Except financial assets that are impaired from acquisition, over the expected life of a financial asset or a shorter period (if appropriate), effective interest rates are rates that accurately match the present value of the expected future cash receipts at initial recognition, including fees and points paid or received, transaction costs and other premiums or discounts (which are a key component of the effective interest rate), but not taking into account expected credit losses. For financial assets that are impaired from acquisition, the credit-adjusted effective interest rate is calculated by discounting the present value of expected cash flows that take into account expected credit losses to amortized cost at initial recognition.

The amortized cost of a financial asset is calculated by deducting the principal amount repaid from the amount measured at initial recognition and by adjusting the loss allowance to the amount calculated by applying the effective interest method to the difference between the initial recognized amount and the maturity amount.

Interest income is recognized using the effective interest method for debt instruments that are subsequently measured at amortized cost and fair value through other comprehensive income. Except financial assets that are impaired from acquisition, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (except financial assets that are impaired after acquisition). For financial asset that are impaired after acquisition, interest income is recognized using the effective interest rate at the amortized cost of the financial asset. If the credit risk of the credit-impaired financial instrument improves in subsequent reporting periods and the financial asset is no longer impaired, interest revenue is recognized by applying the effective interest rate to the total carrying amount of the financial asset.

For financial assets that are impaired from acquisition, interest income is recognized from initial recognition by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset. Subsequently, the calculation of interest revenue is not changed to the gross carrying amount even though the financial asset is no longer impaired due to the improved credit risk of the financial asset.

### **2) Debt instruments classified as fair value through other comprehensive income**

Fair value is determined by the method described in Note 36. At initial recognition, the debt instrument is measured by adding transaction costs to its fair value. At initial recognition, the debt instrument is measured by adding transaction costs to its fair value. Subsequent changes in the carrying amount of the debt instrument are recognized in profit or loss as a result of foreign currency translation gains and losses (returns) and interest income calculated under the effective interest method. The amount recognized in profit or loss is the same amount that would have been recognized in profit or loss if the debt instrument had been measured at amortized cost. Except this, all changes in the carrying amount of the debt instrument are recognized in other comprehensive income and are accumulated in accumulated valuation gains and losses. When a debt instrument is derecognized, the cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss.

## **2.6 Non-derivative financial assets (cont'd)**

### **3) Equity instruments designated as fair value through other comprehensive income measurement items**

At initial recognition, the Group can make an irrevocable choice (by instrument) to designate its investment in equity instruments as at fair value through other comprehensive income. If the equity instrument is held for trading or is a contingent consideration recognized by the acquirer in a business combination, the designation as at fair value through other comprehensive income is not permitted.

Financial assets are held for trading when:

- In case of acquisition primarily for the purpose of selling in a short period of time
- There is evidence that the form of operations is for short-term profit as part of a portfolio of specific financial instruments jointly managed at initial recognition.
- Derivatives (excluding derivatives that are designated and effective or are financial guarantee contracts)

Equity instruments that are fair value through other comprehensive income are recognized initially by adding transaction costs to fair value. these are subsequently measured at fair value and gains or losses arising from changes in fair value are recognized in other comprehensive income and accumulated in accumulated valuation gains and losses.

If a dividend on an investment in an equity instrument does not clearly represent a recovery of the investment cost, that dividend is recognized in profit or loss in accordance with K-IFRS 1109.

### **4) Financial assets at fair value through profit or loss**

Financial assets that do not meet the measurement requirements at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss.

- If equity instruments that are not held for trading and are not contingent consideration in a business combination are not designated at fair value through other comprehensive income at initial recognition, those equity instruments are classified as at fair value through profit or loss (see above 3))
- Debt instruments that do not meet the requirements of amortized cost measurement items or fair value through other comprehensive income measurement items (see above 1) and 2) are classified as fair value through profit or loss. In addition, if the designation as at fair value through profit or loss results in the removal or significant reduction of measurement or recognition inconsistencies ('account mismatches'), an entity may designate at fair value through profit or loss on initial recognition a liability item that meets the requirements of amortized cost measurement items or fair value through other comprehensive income measurement items if the entity recognizes at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. The gain or loss on changes in fair value, excluding those designated as hedging relationships, is recognized in profit or loss.

### **(b) Derecognition of financial assets**

Financial assets are derecognized only when the contractual right to cash flows of a financial asset expires, or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another entity. If most of the risks and rewards of ownership of a financial asset are not transferred or held, or if the transferred financial asset is continuously controlled, the Group continues to recognize its continuing involvement in the financial asset. If the entity retains substantially all the risks and rewards of ownership of the transferred financial asset, the entity continues to recognize the financial asset and recognizes the proceeds received as collateral borrowing.

When an entity derecognized, a financial asset at amortized cost, the difference between the carrying amount of the asset and the sum of the consideration received or receivable is recognized in profit or loss. If an investment in a debt instrument at fair value through other comprehensive income is eliminated, the cumulative amount of profit or loss previously recognized is reclassified to profit or loss. On the other hand, equity instruments designated at fair value through other comprehensive income at initial recognition are not reclassified to profit or loss, but are replaced by retained earnings.

## **2.6 Non-derivative financial assets (cont'd)**

### **(c) Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

### **(d) Other receivable and other payable on brokerage transactions**

The Group recognizes the receivable from and payable to the Korea Exchange, the clearing house, and customers in total amounts, which the Group recognizes as other financial assets and other financial liabilities. The Group offsets the receivable and payable that arise between a customer and the Group within the same day and through the same account, and that arise between Korea Exchange and the Group within the same day.

## **2.7 Derivatives**

The Group enters into a number of derivatives contracts to manage interest rate risk and foreign currency risk, including currency forward, interest rate swap and currency swap.

Derivatives are initially measured at fair value at contract-date and subsequently remeasured at fair value at the end of each reporting period. If a derivative is not designated as a hedging instrument or is not effective in hedging, the gain or loss on the fair value of the derivative is immediately recognized in profit or loss. If the derivative is designated as a hedging instrument and is effective for hedging, the timing of recognition in profit or loss depends on the nature of the hedging relationship.

Derivatives with fair value of positive values are recognized as financial assets and derivatives with negative values are recognized as financial liabilities. Derivatives are not set off in the consolidated statement of financial position unless they are legally entitled or intend to be set off.

### **(a) Fair value hedge**

The gain or loss on the eligible hedging instrument is recognized in profit or loss. However, if the hedging instrument hedges equity instruments designated as at fair value through other comprehensive income, the gain or loss on the hedging instrument is recognized in other comprehensive income.

The carrying amount of the hedged item that is not measured at fair value is adjusted for changes in fair value attributable to the hedged risk and recognized in profit or loss. For debt instruments measured at fair value through other comprehensive income, gains and losses on the hedged risk are recognized in profit or loss, rather than in other comprehensive income, without basis adjustment because their carrying amount is already fair value. If the hedged item is an equity instrument designated as at fair value through other comprehensive income, the gain or loss from the hedged risk is left in other comprehensive income to counteract the hedging instrument.

If the gain or loss attributable to the hedged risk is recognized in profit or loss, it is recognized as an item related to the hedged item.

An entity discontinues hedge accounting only if the hedging relationship (or part of the hedging relationship) does not qualify (if applicable, even after considering rebalancing of the hedging relationship). This includes the extinguishment, sale, termination and exercise of the hedging instrument and the discontinuation is accounted for prospectively. The fair value adjustment for the carrying amount of the hedged item attributable to the hedged risk is amortized to profit or loss from the date of discontinuation.

## **2.7 Derivatives (cont'd)**

### **(b) Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item from the inception of the hedge. The ineffective portion is recognized in profit or loss.

Previously recognized in other comprehensive income and accumulated gains and losses are reclassified to profit or loss when the hedged item affects profit or loss, and the reclassified amount is recognized in the consolidated statement of profit or loss and related items. However, if a future non-financial asset or non-financial liability is recognized in other comprehensive income in accordance with the forecast hedged transaction, the gain or loss on the hedging instrument previously recognized in equity is removed from equity and included in the initial cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. In addition, if the cash flow hedge reserve is a loss and the loss is not expected to be fully or partially recovered in a future period, the amount is immediately reclassified to profit or loss.

An entity discontinues hedge accounting only if the hedging relationship (or part of the hedging relationship) does not qualify (if applicable, even after considering rebalancing of the hedging relationship). This includes the extinguishment, sale, termination and exercise of the hedging instrument and the discontinuation is accounted for prospectively. The gain or loss on the hedging instrument that is recognized in other comprehensive income at the time of discontinuation of cash flow hedge accounting continues to be recognized as equity and is reclassified to profit or loss when the forecast transaction is ultimately recognized in profit or loss. However, if the forecast transaction is not expected to occur anymore, the cumulative gain or loss on the hedging instrument recognized as equity is reclassified to profit or loss immediately.

### **(c) Embedded derivatives**

An embedded derivative is a component of a hybrid instrument that includes a non-derivative host contract. It has the effect of some of the cash flows of the compound instrument changing similarly to that of an independent derivative.

Derivatives embedded in hybrid contracts containing financial assets within the scope of K-IFRS 1109 are not separated. It is classified based on the composite contract as a whole and subsequently measured at amortized cost or fair value.

Derivatives embedded in a hybrid contract that includes a host contract (for example, a financial liability) that is not within the scope of K-IFRS 1109 are accounted for as separate derivatives if the embedded derivative meets the definition of a derivative and the nature and risk of the embedded derivative are not closely related to the nature and risk of the host contract and the host contract is not measured at fair value through profit or loss.

## **2.8 Impairment of financial assets**

The Group recognizes expected credit losses on its investments in debt instruments at amortized cost or fair value through other comprehensive income as a loss allowance. The amount of expected credit losses is updated each reporting period to reflect changes in credit risk since the initial recognition of the financial instrument.

For financial assets, lifetime expected credit losses are recognized when credit risk has increased significantly since initial recognition. However, if the credit risk of a financial asset has not increased significantly since initial recognition, the Group measures the expected credit losses on the financial instrument at an amount equal to 12-month expected credit losses.

Lifetime expected credit losses are expected credit losses resulting from all default events that may occur during the expected life of the financial instrument. In contrast, 12-month expected credit losses represent part of the lifetime expected credit losses expected from a default event on a financial instrument that could occur within 12 months after the end of the reporting period.

### **(a) Significant increases in credit risk**

When assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the risk of a default occurring on the financial instrument at the reporting date is compared with the risk of a default occurring at the date of initial recognition. To make this assessment, consider all reasonable and supportable quantitative and qualitative information, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, when assessing whether there has been a significant increase in credit risk since initial recognition, an entity considers the following:

- The actual or expected significant deterioration of an external or internal credit rating of a financial instrument (if available)
- Significant deterioration in external market indicators for the credit risk of a particular financial instrument, for example, a significant increase in credit default swap prices for borrowers, or a period or extent in which the fair value of a financial asset falls short of amortized cost.
- The actual or expected significant deterioration of the borrower's business performance
- A significant increase in credit risk for other financial instruments of the same borrower
- A change that causes a significant decrease in the borrower's ability to pay the debt as a significant adverse change in the regulatory, economic and technological environment of the borrower.

Regardless of the outcome of this assessment, if the contractual payments are past 30 days or more, the credit risk of the financial instrument is assumed to have increased significantly since initial recognition unless there is reasonable and supportable information to disprove them.

Notwithstanding the above, the consolidation entity determines that the credit risk on the financial instrument has not increased significantly at the reporting date if it determines that the financial instrument has a low credit risk. The Group decide that a financial instrument has a low credit risk in the following cases:

- the risk of a default occurring on a financial instrument is low
- the borrower has a strong ability to satisfy a contractual cash flow obligation in the short term
- the adverse changes in the economic and business environment in the long term may, but will not necessarily weaken, the borrower's ability to satisfy a contractual cash flow obligation.



## **2.8 Impairment of financial assets (cont'd)**

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable arrangement is the initial recognition date for the purpose of assessing the financial instrument for impairment. When assessing whether there has been a significant increase in credit risk since the initial recognition of a financial guarantee contract, an entity considers changes in the risk that a particular debtor will not perform the contract.

The Group regularly reviews the effectiveness of the requirements used to determine whether there has been a significant increase in credit risk, and modifies those requirements to ensure that they are able to determine whether there has been a significant increase in credit risk before the deferral.

In addition, unless reasonable and supportable information is provided that the requirements for later recognition of default are more appropriate, the Group considers that a default has occurred if the financial asset is past 90 days.

### **(b) Credit-impaired financial assets**

In the event of one or more events that adversely affect the estimated future cash flows of a financial asset, the credit of that financial asset is impaired. Evidence of impaired credit for financial assets includes observable information about the following events:

- Significant financial difficulties of the issuer or borrower
- Violation of a contract, such as default or delinquency.
- The inevitable mitigation of borrowing conditions due to economic or contractual reasons related to the borrower's financial difficulties.
- The likelihood of a borrower's bankruptcy or other financial restructuring is high
- Expiration of an active market for a financial asset due to financial difficulties

### **(c) Measurement and recognition of expected credit losses**

The measurement of expected credit losses depends on the probability of a default occurring, the rate of loss in default (i.e., the magnitude of the loss in the event of a default), and the amount of exposure to default. The probability of a default occurring and the rate of loss upon default are based on historical information and adjusted by forward-looking information, as noted above. The exposure to default on a financial asset represents the total carrying amount of the asset at the end of the reporting period and includes the amount used at the end of the reporting period that is expected to be used in the future until the date of default based on past trends and the Group's understanding of the debtor's specific future financial needs and other relevant forward-looking information.

For financial assets, expected credit losses are the amount of discounting the difference between all contractual cash flows to be paid under the contract and all cash flows expected to be received at the original effective interest rate. For lease receivables, the cash flows to determine expected credit losses are consistent with the cash flows used to measure lease receivables in accordance with K-IFRS 1116 *Leases*

In the case of financial guarantee contracts, the Group is required to pay only for the default event of the debtor in accordance with the terms of the financial instrument to be guaranteed, and the expected credit losses are determined by deducting the amount expected to be received from the guarantor, debtor, or other third parties.

If a loss allowance was measured for a financial instrument at an amount equal to lifetime expected credit losses in the previous period, but is no longer a requirement for lifetime expected credit losses, the loss allowance is measured at an amount equal to 12-month expected credit losses at the end of the current term (other than financial assets subject to the simplified method).

Any impairment gains or losses on all financial assets are recognized in profit or loss and the carrying amount of the asset is adjusted through the loss allowance account. However, for debt instruments at fair value through other comprehensive income, they are recognized in other comprehensive income and accumulated in cumulative gain or loss and do not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

## **2.9 Property and equipment**

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items, the estimated cost of dismantling and removing the asset and restoring the site.

Depreciation of all property and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	<u>Useful lives (years)</u>
Buildings	40
Vehicles	5
Furniture and equipment	5
Others	5

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## **2.10 Leases**

### **(1) Criteria for lease classification**

The Group classifies lease contracts as finance leases if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset but classifies lease contracts as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

#### **1) Accounts for finance leases**

A lease contract in which the Group transfers most of the risks and rewards of owning a lease to a lessee is generally classified as a finance lease if one or more of the following apply:

- The lease transfers ownership of the asset to the lessee by the end of the lease term
- At the inception date, the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value and the option becomes exercisable for it to be reasonably certain at the date
- The lease term is for a major part of the economic life of the asset even if title is not transferred
- At the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the asset as at the interest rate implicit in the lease.
- The asset is of such a specialized nature that only the lessee can use it without major modifications

The net investment in the lease is recognized as a finance lease receivable, and the difference from the carrying amount is recognized as selling profit or loss of the leased asset. Also, financial income is recognized by applying the effective interest rate to the unrecovered net investment in the lease.

The net investment in the lease discounted at the interest rate implicit in the sum of the lease payments receivable by a lessor under a finance lease and any unguaranteed residual value accruing to the lessor.

## **2.10 Leases (Cont'd)**

The lease payment is the amount that the lessee must pay to the Group as the lessor during the lease term, and includes the following amounts;

- Payment specified by the lessee contractually to the lessor relation to the lease contract at the commencement date
- If the lessor decides to transfer ownership of the asset to the lessee at the end of the lease contract, the fixed payment
- Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee
- At the commencement date, if the lessee has a low-price purchase option that is certain to be exercised, the minimum payment to be paid during the lease term of the low-price purchase option and the exercise price of the option

### **2) Account for operating leases**

Leases that are not classified as finance leases are classified as operating leases. Assets under operating leases are recognized on the basis of cost of the underlying asset at the commencement date.

The depreciation policy for depreciable underlying assets subject to operating leases consistent with the lessor's normal depreciation policy for similar assets. Also, the minimum lease payments excluding the guaranteed residual value are generally evenly distributed over the lease term and recognized as operating lease income.

### **3) Initial direct costs associated with the lease**

In the case of operating leases, at the contract stage of the lease, the initial direct costs associated with the lease, such as commissions and legal expenses incurred in connection with the lease, are recognized as separate assets. And it is amortized over the lease term in response to operating lease income.

In the case of finance leases, initial direct costs are included in the amount of the net investment in the lease. And, during the lease term, it is amortized according to the effective interest method and deducted from finance income.

### **(2) Variable lease payments**

Although the amount has not been determined, lease payments that are determined by future accruals of factors other than time value are recognized in profit or loss in the period in which the lease payments are incurred.

### **(3) Prepaid lease assets**

In connection with the acquisition of leased assets, costs incurred from the contract date to the commence date are recognized as prepaid leased assets. And at the commencement date, it is replaced with a finance lease or an operating lease according to the criteria for lease classification.

### **(4) Accounting as a lessee**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under K-IFRS 1037. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, K-IFRS 1116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

## **2.11 Intangible assets**

Intangible assets are initially recognized at its historical cost, and carried at cost less accumulated amortization and accumulated impairment losses.

Development costs that are directly attributable to internally generated by the Group are recognized when the criteria; such as, technically feasible, generate probable future economic benefits and other, are met. Membership rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	<u>Useful lives (years)</u>
Development costs	5
Software	5

## **2.12 Impairment of non-financial assets**

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## **2.13 Non-derivative financial liabilities**

### **(a) Classification and measurement**

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through profit or loss. However, financial liabilities and financial guarantee contracts issued in the event that the transfer of financial assets does not meet the derecognition requirements or that the continuing involvement approach is applied are measured in accordance with the particular accounting policies described below.

### **1) Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as financial liabilities at fair value through profit or loss when:

- The acquirer's contingent consideration or
- Short-term transaction item in a business combination or
- Designation as at fair value through profit or loss on initial recognition

Financial liabilities are held for trading in the following cases:

- In case of payment primarily for the purpose of repurchasing in a short period of time
- There is evidence that the form of operations is for short-term profit as part of a portfolio of specific financial instruments jointly managed at initial recognition.
- Derivatives (except derivatives that are financial guarantee contracts or are designated and effective as hedging instruments)

## **2.13 Non-derivative financial liabilities (cont'd)**

Financial liabilities that are not held for trading or are not contingent consideration paid by the acquirer as part of a business combination may be designated as at fair value through profit or loss on initial recognition if:

- The designation as at fair value through profit or loss may eliminate or significantly reduce measurement or recognition inconsistencies that would otherwise arise.
- When a financial liability forms part of a group of financial instruments (a group of financial assets, financial liabilities, or a combination of financial assets and financial liabilities) in accordance with the group's documented risk management or investment strategy, is managed on a fair value basis, its performance is assessed, and that information is provided internally.
- When a financial liability forms part of a contract that includes one or more embedded derivatives and, in accordance with K-IFRS 1109, the entity can designate the entire hybrid contract (asset or liability) as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value and gains or losses arising from changes in fair value, excluding those designated as hedging relationships, are recognized in profit or loss.

However, when a financial liability is designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability attributable to changes in the liability's credit risk is recognized in other comprehensive income unless recognising the effects of changes in the liability's credit risk in other comprehensive income creates or expands an accounting mismatch in profit or loss. The remaining fair value changes of the liability are recognized in profit or loss. Changes in fair value attributable to the credit risk of financial liabilities recognized in other comprehensive income are not subsequently reclassified to profit or loss, but are instead replaced by retained earnings when the financial liabilities are derecognized.

Any gain or loss on a financial guarantee contract designated as at fair value through profit or loss shall be recognized in profit or loss.

### **2) Amortized cost measurement financial liabilities**

Financial liabilities are subsequently measured at amortized cost using the effective interest method unless they are contingent consideration of the acquirer in a business combination, held for trading or designated at fair value through profit or loss on initial recognition.

The effective interest method is to calculate the amortized cost of a financial liability and allocate the interest expense over the relevant period. The effective interest rate is the interest rate that exactly matches the current value of the expected future cash payment, including fees and points paid or received (that is a major component of the effective interest rate) in the expected life of the financial liability or in a shorter period (if appropriate), transaction costs and other premiums or discounts, to the amortized cost of the financial liability.

### **3) Financial guarantee liabilities**

A financial guarantee contract is a contract in which the issuer has to pay a specified amount to compensate for losses incurred by the holder due to the failure of a particular debtor to pay at the date of payment in accordance with the initial or modified terms of the debt instrument.

Financial guarantee liabilities are initially measured at fair value and, unless they are designated at fair value through profit or loss or arise from a transfer of assets, they shall be subsequently measured at the greater of the following:

- The loss allowance calculated in accordance with K-IFRS 1109 (see 'Non-derivative Financial Assets' above)
- The amount recognized initially less accumulated profit in accordance with K-IFRS 1115

**2.13 Non-derivative financial liabilities (cont'd)**

**(b) Derecognition**

The Group removes the financial liability only if the obligation of the company has been fulfilled, cancelled or expired. The difference between the carrying amount of the financial liability being derecognized and the amount to be paid or paid is recognized in profit or loss.

If a debt instrument is exchanged on a condition that is substantially different from the existing lender, the existing financial liability is accounted for as extinguished and the new financial liability is recognized. Similarly, if the terms of an existing financial liability (or part of a financial liability) have changed substantially, the existing financial liability is accounted for as extinguished and the recognition of a new liability. If the present value of discounting cash flows under the new terms, including the net amount of fees received less than the net amount of fees received from the fees paid, at least 10 percent of the present value of the remaining cash flows of the existing financial liability, the terms are deemed to have changed substantially.

**2.14 Securities borrowed and securities sold**

The Group recognizes borrowed securities only in the memorandum accounts when borrowing securities from Korea Securities Depository (KSD). The Group records those securities as securities sold, which is categorized as financial liability at fair value through profit or loss, in the consolidated statement of financial position when those securities are sold. The changes in fair value of securities sold are recognized as 'gain (loss) on valuation and disposal of financial instruments' in the consolidated statement of comprehensive income.

**2.15 Securities purchased (sold) under resale (repurchase) agreements**

When the Group purchases a security under the resale agreement, the purchased amount is recognized as a security purchased under the resale agreement as a type of loans in assets, while the sold amounts are recognized as the securities sold under the repurchase agreement in liabilities when the Group sells securities under repurchase agreements. Interest incurred when the security is sold or purchased, are recognized as interest income or interest expenses.

**2.16 Provisions**

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expenses.

## **2.17 Current and deferred tax**

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group recognizes current income tax on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Group recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, The Group recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis.

## **2.18 Employee benefits**

### **(a) Retirement benefits**

The Group operates both defined contribution and defined benefit pension plans.

The defined contribution plan is a pension plan in which the Group pays fixed contributions into a separate fund. Obligations for contributions to defined contribution plan are expensed as the related service is provided.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.



## **2.19 Revenue recognition**

The Group recognizes fees relating to brokerage trading and others on the trade date. The Group recognizes financial service fee in accordance with the accounting standard of the financial instrument related to the fee earned.

### **(a) Fee income and others**

#### **1) Fees that are an integral part of the effective interest of a financial instrument**

Fees relating to the creation or acquisition of a financial instrument at fair value through profit or loss are recognized as revenue at initial recognition, and fees that are an integral part of the effective interest rate of a financial instrument are generally treated as adjustments of effective interest rate.

#### **2) Fees earned as services are provided**

Such fees are recognized as revenue as the services are provided.

#### **3) Fees that are earned on the execution of a significant act**

Such fees are recognized as revenue when the significant act has been completed.

### **(b) Interest income**

Interest income is recognized using the effective interest method according to the time passed. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

### **(c) Dividend income**

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

## **2.20 Segment reporting**

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker (Note 35). The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

## **2.21 Approval of issuance of the consolidated financial statements**

The consolidated financial statements were approved for issue by the Board of Directors on January 31, 2024 and March 6, 2024, and will be approved at the general shareholder's meeting to be held on March 25, 2024.

### **3. Critical accounting estimates and assumptions**

The preparation of consolidated financial statements requires the Group to make estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### **(a) Fair value of financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 36).

#### **(b) Loss allowance**

The Group reflects forward-looking information based on a variety of information when measuring expected credit losses. For the purpose of estimating these forward-looking information, the Group utilizes the economic outlook published by domestic and overseas research institutes or government and public agencies.

When an event of default occurs, expected loss is estimates based on the differences on contracted cash flows and expected cash flows with consideration of collaterals or other credit facilities.

In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The probability of default is a key assumption in measurement of expected credit loss. The probability of default occurring is an estimate of the likelihood of a default occurring over the target period, including assumptions and expectations of past information and future conditions (Note 10).

#### **(c) Income taxes**

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 33).

If certain portion of the taxable income is not used for investments or increase in wages, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred tax is affected by the tax effects for such period. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

#### **(d) Net defined benefit liabilities**

The present value of net defined benefit liabilities depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 20).

#### **(e) Provisions**

As of December 31, 2023, the Group recognizes provisions as explained in Note 23. These provisions are estimated based on past experience.

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**4. Cash and due from banks**

Details of cash and due from banks as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
<b>Cash and cash equivalents</b>		
Time or installment deposits	₩ 1,110	₩ 1,000
Ordinary deposits	33,459	44,402
Current deposits	3,628	4,025
Foreign currency deposits	29,692	18,741
MMDA	33,855	75,692
Financial bills	80,000	60,000
Others	1,071	31,702
<b>Due from banks</b>		
Reserve for claims of customers' deposit	88,851	122,031
Securities borrowed	-	12,000
Guarantee trading deposits for securities market	8,691	6,180
Guarantee trading deposits for exchange-traded derivatives	69,315	74,274
Guarantee trading deposits for OTC derivatives	-	473
Guarantee deposits for stock borrowing from KSFC	57	259
Guarantee deposits for KSFC trading	43,500	44,000
Long-term deposits	2,084	3,000
Restricted due from financial institution	33	33
Reserve deposits	18,038	22,590
Federation of savings banks deposits	13,000	8,000
Others	3	5
Loss allowance	(7)	(37)
	₩ 426,380	₩ 528,370

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**4. Cash and due from banks (cont'd)**

Restricted deposits as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022	Reason
Reserve for claims of customers' deposits	₩ 88,851	₩ 122,031	Financial Investment Services and Capital Market Act
Reserve for claims of customers' deposits (trust) <sup>1</sup>	472,724	474,713	Financial Investment Services and Capital Market Act
Securities borrowed	-	12,000	Securities borrowed
Guarantee trading deposits for securities market	8,691	6,180	Guarantee trading deposits for securities market
Guarantee trading deposits for exchange-traded derivatives	69,315	74,274	Guarantee trading deposits for derivative transaction
Guarantee trading deposits for OTC derivatives	-	473	Guarantee trading deposits for derivative transaction
Guarantee deposits for stock borrowing from KSFC	57	259	Pledged assets for securities distribution finance
Guarantee deposits for KSFC trading	43,500	44,000	Pledged assets for securities distribution finance
Restricted due from financial institution	33	33	Pledged assets for DLB, deposits for checking accounts
Collective fund for default loss <sup>1</sup>	13,493	15,236	Financial Investment Services and Capital Market Act
Long-term deposits	2,000	3,000	Deposit for micro payment
Reserve deposits <sup>2</sup>	18,038	22,592	Domestic exchange transaction, cashier's checks, reserve deposits
Federation of savings banks deposits <sup>3</sup>	3,000	3,000	Domestic exchange transaction
Monetary Receivables Trust <sup>1,4</sup>	154	154	Securitization of assets backed by operating lease receivables
	<u>₩ 719,856</u>	<u>₩ 777,945</u>	

<sup>1</sup> Reserve for claims of customers' deposits (trust), collective fund for default loss and monetary receivables trust is accounted for as financial assets at FVTPL.

<sup>2</sup> The Group deposited reserve assets in Korea Federation of savings banks in accordance with Mutual Savings Banks Act.

<sup>3</sup> Pledged deposits provided for Domestic Exchange Agreements.

<sup>4</sup> On July 9, 2021, the Group securitized assets (trust period: July 9, 2021 to July 9, 2024) with Korea Development Bank as collateral for operating lease receivables to raise ₩ 50 million in borrowings (issued ₩ 11,844 million in Class 1 revenue certificates).

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**5. Financial assets at FVTPL**

Details of financial assets at FVTPL as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Shares	₩ 277,894	₩ 218,728
Government bonds, local government bonds	142,874	254,327
Special bonds	736,003	845,698
Corporate bonds	1,373,971	1,378,608
Asset backed short-term bonds	33,536	28,673
Collective investment securities	405,530	307,115
Commercial paper securities	19,768	14,155
Foreign currency shares	17,561	3,592
Foreign currency bonds	72,759	109,938
Foreign currency collective investment securities	2,791	6,791
Reserve for claims of customers deposits(trust)	472,724	474,713
Collective fund for default loss	13,493	15,236
Other derivatives-linked bonds	16,623	14,634
Other domestic securities	80,289	80,610
	₩ 3,665,816	₩ 3,752,818

**6. Financial assets at FVOCI**

Details of financial assets at FVOCI as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Shares <sup>1</sup>	₩ 11,204	₩ 11,835
Investments in partnership <sup>2</sup>	156,037	148,041
	₩ 167,241	₩ 159,876

<sup>1</sup> The securities institution's shares held by the Group were designated as financial assets at FVOCI for strategic investment purposes.

<sup>2</sup> The amounts of recognized dividends related to the equity instruments held are ₩ 3,353 million and ₩ 3,380 million, as of December 31, 2023 and 2022, respectively.

Changes in financial assets at FVOCI for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Beginning balance	₩ 159,876	₩ 141,560
Acquisition	-	2,500
Remeasurements	7,365	15,861
Ending balance	₩ 167,241	₩ 159,876

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**7. Securities at amortized cost**

Details of securities at amortized cost as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Government bond and Municipal bond	₩	19,998	₩	44

There are no changes in the expected credit loss allowance for securities at amortized cost for the years ended December 31, 2023 and 2022.

Changes in the total carrying amount of securities at amortized cost for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023			
	Lifetime expected credit loss			Book value
	12-month expected credit losses	Non credit- impaired loans	Credit-impaired loans	
Beginning balance	₩ 44	₩ -	₩ -	₩ 44
Transfer to 12 month expected credit losses	-	-	-	-
Transfer to lifetime expected credit loss	-	-	-	-
Transfer to credit-impaired loans	-	-	-	-
Execution	19,954	-	-	19,954
Ending balance	₩ 19,998	₩ -	₩ -	₩ 19,998

<i>(in millions of Korean won)</i>	2022			
	Lifetime expected credit loss			Book value
	12-month expected credit losses	Non credit- impaired loans	Credit-impaired loans	
Beginning balance	₩ 6,104	₩ -	₩ -	₩ 6,104
Transfer to 12 month expected credit losses	-	-	-	-
Transfer to lifetime expected credit loss	-	-	-	-
Transfer to credit-impaired loans	-	-	-	-
Recovery	(6,060)	-	-	(6,060)
Ending balance	₩ 44	₩ -	₩ -	₩ 44

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**8. Investments in associates**

Details of investments in associates of the Group as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)	2023					
	Percentage of ownership (%)	Location	Closing month	Acquisition cost	Carrying amount	Main business
KoFC KDBC-SKS Shared Growth No.3 Private Equity Fund <sup>1</sup>	9.80	Korea	December	₩ 3	₩ 32	Private Equity Fund
IBK SKS Private Equity Fund 2012 <sup>1,3</sup>	6.67	Korea	December	-	1,341	Private Equity Fund
No 1 Technology Financing Private Equity Fund <sup>1,3</sup>	10.00	Korea	December	-	1,375	Private Equity Fund
Waterbridge SKS Private Equity Fund <sup>1</sup>	5.17	Korea	December	4,500	471	Private Equity Fund
Daesin SKS Secondary Private Equity Fund <sup>1</sup>	7.35	Korea	December	1,103	2,236	Private Equity Fund
CAPE SKS 1st Private Equity Fund <sup>1</sup>	17.28	Korea	December	7,000	4,972	Private Equity Fund
Shinyoung SKS Co-Investment 2017 Private Equity Fund <sup>1</sup>	10.00	Korea	December	6,688	9,584	Private Equity Fund
SKS-KIWOOM Pioneer Private Equity Fund <sup>3</sup>	9.76	Korea	December	-	-	Private Equity Fund
YD-SKS-KDB Social Value Fund <sup>1</sup>	4.65	Korea	December	1,938	1,962	Investment Fund
SKS-MAVI PEF <sup>1</sup>	4.83	Korea	December	10,000	10,262	Private Equity Fund
SKS-Stonebridge SK Southeast Asia Corporate Partnership PEF <sup>1</sup>	1.20	Korea	December	3,563	3,666	Private Equity Fund
Join Asset Global Asset Management	28.57	Korea	December	1,000	1,181	Asset management
Daishin-SKS No.2 Private Equity Fund <sup>1</sup>	4.93	Korea	December	8,493	8,944	Private Equity Fund
SKS Korea Investment No. 1 Private Equity Fund <sup>1</sup>	7.21	Korea	December	5,986	6,750	Private Equity Fund
SKS-WizDomain New Technology Business Investment Fund I <sup>1</sup>	7.98	Korea	December	1,608	1,715	New Technology Investment Fund
Shinhan SKS Corporate Recovery Private Equity Fund <sup>1</sup>	8.71	Korea	December	5,582	5,658	Private Equity Fund
SKS-Wizdomain Big5 Innovation Investment Fund <sup>1</sup>	8.71	Korea	December	1,000	1,146	New Technology Investment Fund
FIRST On-line Investment Finance Company	31.95	Korea	December	620	-	P2P Finance
SKS-VLP Fund No.1 <sup>1</sup>	11.99	Korea	December	200	383	New Technology Investment Fund
SKS-Yozma Fund No. 1 <sup>1</sup>	4.98	Korea	December	310	608	New Technology Investment Fund
SKS-Nautic No. 1 Fund <sup>1</sup>	19.80	Korea	December	700	667	New Technology Investment Fund
SKS-KNT Global Biostar Fund No. 1 <sup>1</sup>	9.22	Korea	December	1,000	939	New Technology Investment Fund
SKS-YP Fund No.1 <sup>1</sup>	3.16	Korea	December	1,000	3,631	New Technology Investment Fund
SKS-Susung New technology investment association No.1 <sup>1</sup>	9.09	Korea	December	500	551	New Technology Investment Fund
WOO GEUM Co.,Ltd <sup>2</sup>	19.19	Korea	December	1,500	-	Corporation
SKS METIS Fund No.1 <sup>1</sup>	3.83	Korea	December	300	302	New Technology Investment Fund
SKS METIS Fund No.2 <sup>1</sup>	3.04	Korea	December	300	212	New Technology Investment Fund
SKS-Heungkuk Fund No.1 <sup>1</sup>	14.77	Korea	December	1,000	965	New Technology Investment Fund
SKS EcoService 1st Private Equity Fund <sup>1</sup>	14.08	Korea	December	4,622	6,650	Private Equity Fund
SKS Co-Investment 2021 Private Equity Fund <sup>1</sup>	6.25	Korea	December	19,959	23,193	Private Equity Fund
SKS-Honest Unicorn Digital Healthcare Fund No.1 <sup>1</sup>	5.75	Korea	December	500	403	New Technology Investment Fund
SKS-EMFOD Fund No.2 <sup>1</sup>	19.76	Korea	December	1,000	1,158	New Technology Investment Fund
SKS-Welcome Fund No.1 <sup>1</sup>	4.12	Korea	December	200	160	New Technology

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(in millions of Korean won)	2023					
	Percentage of ownership (%)	Location	Closing month	Acquisition cost	Carrying amount	Main business
						Investment Fund
SKS-Victory New technology investment association No.1 <sup>1</sup>	18.05	Korea	December	500	477	New Technology Investment Fund
SKS-DA Unicorn Bio Fund NO.1 <sup>1</sup>	7.04	Korea	December	500	485	New Technology Investment Fund
SK Securities No.8 Special Purpose Acquisition Company <sup>2,5</sup>	0.13	Korea	December	5	10	Special Purpose Acquisition Company
THE CHAEUL FUND NO.11 <sup>1</sup>	4.69	Korea	December	150	146	New Technology Investment Fund
SKS-YP Fund No.2 <sup>1</sup>	2.27	Korea	December	150	245	New Technology Investment Fund
SKS-KNT-THEHAHM Global Biostar Fund NO.1 <sup>1</sup>	4.85	Korea	December	500	480	New Technology Investment Fund
SKS-Golden Oak Fund No.1 <sup>1</sup>	3.10	Korea	December	700	786	New Technology Investment Fund
Hisstory 2022 Fintech Fund <sup>1</sup>	2.26	Korea	December	130	110	New Technology Investment Fund
Golden Oak-SK Securities Innovation Unicorn Fund <sup>1</sup>	9.82	Korea	December	700	947	New Technology Investment Fund
Solaseado Smartcity Co., Ltd	38.43	Korea	December	1,000	998	Corporation
Happy Pet Lifecare Fund No.1 <sup>1</sup>	7.39	Korea	December	600	638	New Technology Investment Fund
SK Securities No.9 Special Purpose Acquisition Company <sup>2,5</sup>	0.40	Korea	December	20	36	Special Purpose Acquisition Company
ESG Blooming Private Equity Fund <sup>1</sup>	4.93	Korea	December	10,000	10,272	Private Equity Fund
SK Securities No.10 Special Purpose Acquisition Company <sup>2,5</sup>	0.30	Korea	December	10	20	Special Purpose Acquisition Company
ENSL 13th Venture Capital Fund	48.78	Korea	December	600	585	Investment Fund
NBH-Cape 2023 K-Farm Fund <sup>1</sup>	21.25	Korea	December	425	406	Investment Fund
BlockchainGlobal Co.,Ltd	23.55	Korea	December	2,700	2,802	Corporation
SKSPE-JBWoori New Technology Fund 1st <sup>1</sup>	25.93	Korea	December	4,200	3,999	New Technology Investment Fund
DVP-SKS Local Innovation Venture Fund <sup>1</sup>	4.67	Korea	December	300	295	Investment Fund
Happy Pet Lifecare Fund No.2 <sup>1</sup>	2.90	Korea	December	290	343	New Technology Investment Fund
SK Securities No.11 Special Purpose Acquisition Company <sup>2</sup>	3.23	Korea	December	5	15	Special Purpose Acquisition Company
SK Securities No.12 Special Purpose Acquisition Company <sup>2</sup>	3.23	Korea	December	10	19	Special Purpose Acquisition Company
SK Securities No.13 Special Purpose Acquisition Company <sup>2</sup>	4.76	Korea	December	20	33	Special Purpose Acquisition Company
Secondary battery Advanced Materials Fund No.1 <sup>1</sup>	2.25	Korea	December	50	50	New Technology Investment Fund
ZIKPAY Inc <sup>4</sup>	20.00	Korea	December	175	175	Corporation
Kiwoom-Moonchase-PTR Innovative New Drug Investment Fund <sup>1</sup>	1.32	Korea	December	100	96	Investment Fund
AJ Creative Tourism Venture Fund 1 <sup>1</sup>	20.00	Korea	December	703	2,088	Investment Fund
AJ Smart Tourism Venture Fund 2 <sup>1</sup>	30.33	Korea	December	3,684	3,403	Investment Fund
Green Energy New Technology Investment Fund <sup>1</sup>	0.46	Korea	December	250	84	Investment Fund
AJ-Sejong Agrifood Export Promotion Fund <sup>3</sup>	15.38	Korea	December	-	-	Investment Fund
AJ-ISU GYEONGGI Agri-Food Venture Fund <sup>1</sup>	10.00	Korea	December	372	966	Investment Fund
ISU-AJ Sports Fund <sup>1</sup>	15.63	Korea	December	2,363	2,213	Investment Fund
AJ LINK New Technology Investment Fund <sup>1</sup>	0.86	Korea	December	3	188	Investment Fund
AJ KOSNET Semicon One Venture Fund <sup>1</sup>	1.11	Korea	December	150	142	Investment Fund
Dattoz-AJ Growth of Global-Technology Fund III <sup>1</sup>	0.38	Korea	December	50	13	Investment Fund
J& NBH Investment Fund <sup>1</sup>	12.90	Korea	December	400	173	Investment Fund
NBH-MINEB YY New	0.45	Korea	December	18	17	Investment Fund



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	2023					
	Percentage of ownership (%)	Location	Closing month	Acquisition cost	Carrying amount	Main business
Technology Investment Fund <sup>1</sup>						
NOVA Fund-1 <sup>1</sup>	10.64	Korea	December	1,000	960	Investment Fund
NBH-N3 New Technology Business Investment Fund I <sup>1</sup>	5.11	Korea	December	700	671	Investment Fund
NBH-KOSNET Semicon Growth Venture Fund <sup>1</sup>	7.00	Korea	December	700	672	Investment Fund
NBH-KOSNET Semicon Next Venture Fund <sup>1</sup>	22.73	Korea	December	500	562	Investment Fund
D'Alba New Technology Business Investment Fund I <sup>1</sup>	21.43	Korea	December	1,710	3,946	Investment Fund
NBH-C-ONE NP Fund <sup>1</sup>	0.17	Korea	December	10	10	Investment Fund
CJ Cinema-index Fund No.1 <sup>1</sup>	5.41	Korea	December	480	540	Investment Fund
Dreamfarm Investment Fund No.1 <sup>1</sup>	5.42	Korea	December	1,100	330	Investment Fund
Rainist Co., Ltd.	21.31	Korea	December	95,000	85,989	Corporation
Cuber New Technology Business Investment Fund I <sup>1</sup>	15.63	Korea	December	250	243	Investment Fund
Forward-NBH New Technology Business Investment Fund 1 <sup>1</sup>	13.25	Korea	December	2,000	2,136	Investment Fund
Rechargeable battery value chain growth fund <sup>1</sup>	0.38	Korea	December	100	100	Investment Fund
LINEA-NBH Fund No.1 <sup>1</sup>	9.83	Korea	December	300	298	Investment Fund
Delta-NBH Global Food Tech Investment Fund No.1 <sup>1</sup>	6.12	Korea	December	30	30	Investment Fund
SKS Credit OF Private Equity Fund <sup>1</sup>	0.13	Korea	December	201	195	Private Equity Fund
Neo Value up Investment Fund <sup>1</sup>	0.83	Korea	December	100	89	New Technology Investment Fund
Solidium Synergy Fund <sup>1</sup>	2.29	Korea	December	500	500	New Technology Investment Fund
Chungnam-NCK Digital Tourism Venture Fund <sup>1</sup>	9.30	Korea	December	200	198	Investment Fund
WTS-NBH JEONBUK Agri-Food Venture Fund <sup>1</sup>	4.17	Korea	December	100	100	Investment Fund
				<u>₩ 228,989</u>	<u>₩ 232,441</u>	

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**8. Investments in associates (cont'd)**

(in millions of Korean won)

	2022					
	Percentage of ownership (%)	Location	Closing month	Acquisition cost	Carrying amount	Main business
KoFC KDBC-SKS Shared Growth No.3 Private Equity Fund <sup>1</sup>	9.80	Korea	December	₩ 3	₩ 27	Private Equity Fund
IBK SKS Private Equity Fund 2012 <sup>1</sup>	6.67	Korea	December	-	1,185	Private Equity Fund
No 1 Technology Financing Private Equity Fund <sup>1</sup>	10.00	Korea	December	20	2,318	Private Equity Fund
Waterbridge SKS Private Equity Fund <sup>1</sup>	5.17	Korea	December	4,500	471	Private Equity Fund
Daesin SKS Secondary Private Equity Fund <sup>1</sup>	7.35	Korea	December	4,628	6,312	Private Equity Fund
CAPE SKS 1st Private Equity Fund <sup>1</sup>	17.28	Korea	December	7,000	3,227	Private Equity Fund
Shinyoung SKS Co-Investment 2017 Private Equity Fund <sup>1</sup>	10.00	Korea	December	12,611	15,398	Private Equity Fund
SK No.6 Special Purpose Acquisition Company <sup>2</sup>	0.18	Korea	December	10	20	Special Purpose Acquisition Company
SKS-KIWOOM Pioneer Private Equity Fund <sup>1</sup>	9.76	Korea	December	15,000	10,700	Private Equity Fund
YD-SKS-KDB Social Value Fund <sup>1</sup>	4.65	Korea	December	1,752	1,717	Investment Fund
SKS-MAVI PEF <sup>1</sup>	4.83	Korea	December	10,000	9,276	Private Equity Fund
SKS-Stonebridge SK Southeast Asia Corporate Partnership PEF <sup>1</sup>	1.20	Korea	December	3,313	3,391	Private Equity Fund
Join Asset Global Asset Management <sup>1</sup>	28.57	Korea	December	1,000	1,186	Asset management
Daishin-SKS No.2 Private Equity Fund <sup>1</sup>	4.93	Korea	December	6,651	6,743	Private Equity Fund
SKS Korea Investment No. 1 Private Equity Fund <sup>1</sup>	7.21	Korea	December	6,683	7,467	Private Equity Fund
SKS-WizDomain New Technology Business Investment Fund I <sup>1</sup>	7.98	Korea	December	1,608	1,571	New Technology Investment Fund
Shinhan SKS Corporate Recovery Private Equity Fund <sup>1</sup>	8.71	Korea	December	3,261	3,345	Private Equity Fund
SKS-Wizdomain Big5 Innovation Investment Fund <sup>1</sup>	8.71	Korea	December	1,000	967	New Technology Investment Fund
FIRST On-line Investment Finance Company <sup>1</sup>	33.33	Korea	December	600	15	P2P Finance
SKS-VLP Fund No.1 <sup>1</sup>	11.99	Korea	December	200	329	New Technology Investment Fund
SKS-Yozma Fund No. 1 <sup>1</sup>	4.98	Korea	December	1,000	970	New Technology Investment Fund
SKS-Nautic No. 1 Fund <sup>1</sup>	19.80	Korea	December	1,000	969	New Technology Investment Fund
SKS-VLP Fund No. 2 <sup>1</sup>	2.00	Korea	December	100	97	New Technology Investment Fund
SKS-KNT Global Biostar Fund No. 1 <sup>1</sup>	9.22	Korea	December	1,000	965	New Technology Investment Fund
SKS-YP Fund No.1 <sup>1</sup>	3.95	Korea	December	1,000	972	New Technology Investment Fund
SKS-EMFOD Fund No.1 <sup>1</sup>	15.66	Korea	December	495	479	New Technology Investment Fund
SKS-Susung New technology investment association No.1 <sup>1</sup>	9.09	Korea	December	500	489	New Technology Investment Fund
SK Securities ACPC No.7 Special Purpose Acquisition Company <sup>2,5</sup>	0.55	Korea	December	20	36	Special Purpose Acquisition Company
WOO GEUM Co.,Ltd <sup>2</sup>	19.19	Korea	December	1,500	-	Corporation
SKS METIS Fund No.1 <sup>1</sup>	3.83	Korea	December	300	306	New Technology Investment Fund
SKS METIS Fund No.2 <sup>1</sup>	3.04	Korea	December	300	294	New Technology Investment Fund
SKS-Heungkuk Fund No.1 <sup>1</sup>	14.77	Korea	December	1,000	973	New Technology Investment Fund
SKS EcoService 1st Private Equity Fund <sup>1</sup>	14.08	Korea	December	4,622	5,730	Private Equity Fund

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	2022					
	Percentage of ownership (%)	Location	Closing month	Acquisition cost	Carrying amount	Main business
SKS Co-Investment 2021 Private Equity Fund <sup>1</sup>	6.25	Korea	December	16,209	17,572	Private Equity Fund
LD New Technology Business Investment Fund No. 5	38.46	Korea	December	1,000	984	New Technology Investment Fund
SKS-Honest Unicorn Digital Healthcare Fund No.1 <sup>1</sup>	5.75	Korea	December	500	488	New Technology Investment Fund
SKS METIS Fund No.3 <sup>1</sup>	6.35	Korea	December	500	491	New Technology Investment Fund
SKS-EMFOD Fund No.2 <sup>1</sup>	19.76	Korea	December	1,000	978	New Technology Investment Fund
SKS-Welcome Fund No.1 <sup>1</sup>	4.12	Korea	December	200	196	New Technology Investment Fund
SKS-Victory New technology investment association No.1 <sup>1</sup>	18.05	Korea	December	500	491	New Technology Investment Fund
SKS-DA Unicorn Bio Fund NO.1 <sup>1</sup>	7.04	Korea	December	500	493	New Technology Investment Fund
SK Securities No.8 Special Purpose Acquisition Company <sup>2,5</sup>	0.13	Korea	December	5	10	Special Purpose Acquisition Company
THE CHAEUL FUND NO.11 <sup>1</sup>	4.69	Korea	December	150	148	New Technology Investment Fund
SKS-YP Fund No.2 <sup>1</sup>	2.27	Korea	December	150	147	New Technology Investment Fund
SKS-KNT-THEHAHM Global Biostar Fund NO.1 <sup>1</sup>	4.85	Korea	December	500	493	New Technology Investment Fund
SKS-Golden Oak Fund No.1 <sup>1</sup>	3.10	Korea	December	700	690	New Technology Investment Fund
Hisstory 2022 Fintech Fund <sup>1</sup>	2.26	Korea	December	130	129	New Technology Investment Fund
Golden Oak-SK Securities Innovation Unicorn Fund <sup>1</sup>	12.07	Korea	December	700	700	New Technology Investment Fund
Kiwoom-Moonchase-PTR Innovative New Drug Investment Fund <sup>1</sup>	1.32	Korea	December	100	98	Investment Fund
AJ Agrifood Export Promotion Venture Fund II <sup>1</sup>	30.00	Korea	December	582	757	Investment Fund
AJ Creative Tourism Venture Fund 1 <sup>1</sup>	20.00	Korea	December	1,903	2,917	Investment Fund
AJ Smart Tourism Venture Fund 2 <sup>1</sup>	30.33	Korea	December	3,129	2,928	Investment Fund
Green Energy New Technology Investment Fund <sup>1</sup>	0.46	Korea	December	236	258	Investment Fund
AJ-Sejong Agrifood Export Promotion Fund <sup>1</sup>	15.38	Korea	December	323	328	Investment Fund
AJ-ISU GYEONGGI Agri-Food Venture Fund <sup>1</sup>	10.00	Korea	December	672	720	Investment Fund
ISU-AJ Sports Fund <sup>1</sup>	15.63	Korea	December	2,363	2,262	Investment Fund
AJ LINK New Technology Investment Fund <sup>1</sup>	0.86	Korea	December	50	48	Investment Fund
AJ KOSNET Semicon One Venture Fund <sup>1</sup>	1.11	Korea	December	150	145	Investment Fund
Dattoz-AJ Growth of Global-Technology Fund III <sup>1</sup>	0.38	Korea	December	50	31	Investment Fund
J& NBH Investment Fund <sup>1</sup>	12.90	Korea	December	400	394	Investment Fund
NBH-MINEB YY New Technology Investment Fund <sup>1</sup>	0.45	Korea	December	50	49	Investment Fund
NOVA Fund-1 <sup>1</sup>	10.64	Korea	December	1,000	975	Investment Fund
NBH-N3 New Technology Business Investment Fund I <sup>1</sup>	5.11	Korea	December	700	685	Investment Fund
NBH-KOSNET Semicon Growth Venture Fund <sup>1</sup>	7.00	Korea	December	700	686	Investment Fund
NBH-KOSNET Semicon Next Venture Fund <sup>1</sup>	22.73	Korea	December	500	490	Investment Fund
D'Alba New Technology Business Investment Fund I <sup>1</sup>	21.43	Korea	December	1,800	1,766	Investment Fund
NBH-C-ONE NP Fund <sup>1</sup>	0.17	Korea	December	10	10	Investment Fund
CJ Cinema-index Fund No.1 <sup>1</sup>	5.41	Korea	December	480	472	Investment Fund
Dreamfarm Investment Fund No.1 <sup>1</sup>	5.42	Korea	December	1,100	902	Investment Fund
Rainist Co., Ltd.	21.53	Korea	December	95,000	91,638	Investment Fund

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(in millions of Korean won)			2022			
	Percentage of ownership (%)	Location	Closing month	Acquisition cost	Carrying amount	Main business
Cuber New Technology Business Investment Fund I <sup>1</sup>	15.63	Korea	December	249	249	Investment Fund
				₩ 226,968	₩ 220,763	

<sup>1</sup> Classified as investments in associates as the Company is the general partner of the investees and can make important decisions regarding financial and operation policies of the investees.

<sup>2</sup> Although the Group's ownership is less than 20%, the Group has significant influence over the investees through their Board of Directors and thus was included as associate.

<sup>3</sup> As of December 31, 2023, the original investment has been fully returned. However, the Group is entitled to its proportionate share of the residual property in accordance with the Articles of Association.

<sup>4</sup> It was re-classified from a subsidiary to an associate due to loss of control for the year ended December 31, 2023.

<sup>5</sup> The closing prices of stocks with investments in associates of the Group are as follows:

(in Korean won)	2023	2022
SK Securities ACPC No.7 Special Purpose Acquisition Company <sup>1</sup>	₩ -	₩ 3,995
SK Securities No.8 Special Purpose Acquisition Company <sup>2</sup>	2,240	2,070
SK Securities No.9 Special Purpose Acquisition Company	2,100	-
SK Securities No.10 Special Purpose Acquisition Company	2,165	-

<sup>1</sup> The entity ceases to exist due to the merger. The Group does not have significant influence over the existing entity.

<sup>2</sup> The entity is undergoing a preliminary merger review, and trading is suspended until the outcome of the review is announced.

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**8. Investments in associates (cont'd)**

Summary of financial information of associates as of and the years ended December 31, 2023 and 2022 is as follows:

(in millions of Korean won)

	2023					
	Total assets	Total liabilities	Total equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
KoFC KDBC-SKS Shared Growth No.3 Private Equity Fund	₩ 332	₩ -	₩ 332	₩ 5	₩ 51	₩ 51
IBK SKS Private Equity Fund 2012	20,121	-	20,121	2,363	2,350	2,350
No 1 Technology Financing Private Equity Fund	13,746	-	13,746	(8,386)	(8,399)	(8,399)
Waterbridge SKS Private Equity Fund	87,000	2,249	84,751	13	13	13
Daesin SKS Secondary Private Equity Fund	30,470	61	30,409	14,773	14,304	14,304
CAPE SKS 1st Private Equity Fund	29,722	954	28,768	10,114	10,097	10,097
Shinyoung SKS Co-Investment 2017 Private Equity Fund	96,055	212	95,843	22,665	21,700	21,700
SKS-KIWOOM Pioneer Private Equity Fund	619	618	1	15,575	13,084	13,084
YD-SKS-KDB Social Value Fund	42,763	588	42,175	1,857	1,258	1,258
SKS-MAVI PEF	212,727	309	212,418	22,628	21,411	21,411
SKS-Stonebridge SK Southeast Asia Corporate Partnership PEF	197,625	1,532	196,093	3,615	2,074	2,074
Join Asset Global Asset Management	4,207	74	4,133	2,053	53	53
Daishin-SKS No.2 Private Equity Fund	182,116	573	181,543	18,290	15,889	15,889
SKS Korea Investment No. 1 Private Equity Fund	94,021	387	93,634	1,456	(179)	(179)
SKS-WizDomain New Technology Business Investment Fund I	21,813	302	21,511	27	1,810	1,810
Shinhan SKS Corporate Recovery Private Equity Fund	65,206	230	64,976	846	(85)	(85)
SKS-Wizdomain Big5 Innovation Investment Fund	13,278	119	13,159	9	2,055	2,055
FIRST On-line Investment Finance Company	200	971	(771)	10	(700)	(700)
SKS-VLP Fund No.1	3,194	-	3,194	-	452	452
SKS-Yozma Fund No. 1	12,214	2	12,212	177	6,580	6,580
SKS-Nautic No. 1 Fund	3,593	225	3,368	30	(14)	(14)
SKS-KNT Global Biostar Fund No. 1	10,189	4	10,185	-	(283)	(283)
SKS-YP Fund No.1	114,830	7	114,823	8	90,225	90,225
SKS-Susung New technology investment association No.1	6,070	8	6,062	-	682	682
WOO GEUM Co.,Ltd	-	-	-	-	-	-
SKS METIS Fund No.1	7,905	12	7,893	2	(221)	(221)
SKS METIS Fund No.2	6,981	-	6,981	91	(2,680)	(2,680)
SKS-Heungkuk Fund No.1	6,537	1	6,536	-	(52)	(52)
SKS EcoService 1st Private Equity Fund	47,427	214	47,213	9,254	8,820	8,820
SKS Co-Investment 2021 Private Equity Fund	371,700	612	371,088	32,402	29,984	29,984
SKS-Honest Unicorn Digital Healthcare Fund No.1	7,008	-	7,008	-	(1,491)	(1,491)
SKS-EMFOD Fund No.2	5,868	8	5,860	-	914	914
SKS-Welcome Fund No.1	3,946	62	3,884	-	(870)	(870)
SKS-Victory New technology investment association No.1	2,653	8	2,645	-	(75)	(75)
SKS-DA Unicorn Bio Fund NO.1	6,896	5	6,891	-	(104)	(104)
SK Securities No.8 Special Purpose Acquisition Company	8,077	701	7,376	-	93	93
THE CHAEUL FUND NO.11	3,111	-	3,111	1	(58)	(58)
SKS-YP Fund No.2	10,765	-	10,765	2	4,294	4,294

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	2023					
	Total assets	Total liabilities	Total equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
SKS-KNT-THEHAHM Global Biostar Fund NO.1	9,897	5	9,892	2	(268)	(268)
SKS-Golden Oak Fund No.1	25,392	10	25,382	4	3,107	3,107
Hisstory 2022 Fintech Fund	4,917	40	4,877	1	(817)	(817)
Golden Oak-SK Securities Innovation Unicorn Fund	9,647	-	9,647	7	2,521	2,521
Solaseado Smartcity Co., Ltd	1,994	-	1,994	-	(6)	(6)
Happy Pet Lifecare Fund No.1	8,633	-	8,633	-	513	513
SK Securities No.9 Special Purpose Acquisition Company	9,933	872	9,061	-	49	49
ESG Blooming Private Equity Fund	209,021	501	208,520	7,660	5,520	5,520
SK Securities No.10 Special Purpose Acquisition Company	7,935	1,477	6,458	-	(7)	(7)
ENSL 13th Venture Capital Fund	1,222	23	1,199	1	(31)	(31)
NBH-Cape 2023 K-Farm Fund	1,967	57	1,910	3	(90)	(90)
BlockchainGlobal Co.,Ltd	6,132	377	5,755	606	(728)	(728)
SKSPE-JBWoori New Technology Fund 1st	15,500	77	15,423	(500)	(777)	(777)
DVP-SKS Local Innovation Venture Fund	6,428	118	6,310	9	(110)	(110)
Happy Pet Lifecare Fund No.2	11,811	-	11,811	-	1,811	1,811
SK Securities No.11 Special Purpose Acquisition Company	1,985	1,517	468	-	(20)	(20)
SK Securities No.12 Special Purpose Acquisition Company	1,985	1,395	590	-	(16)	(16)
SK Securities No.13 Special Purpose Acquisition Company	1,992	1,313	679	-	(7)	(7)
Secondary Battery Advanced Materials Fund No.1	2,209	-	2,209	-	(9)	(9)
ZIKPAY Inc.	1,049	1,262	(213)	60	(102)	(102)
Kiwoom-Moonchase-PTR Innovative New Drug Investment Fund	7,279	3	7,276	-	(160)	(160)
AJ Creative Tourism Venture Fund 1	11,659	234	11,425	6,672	4,594	4,594
AJ Smart Tourism Venture Fund 2	11,367	146	11,221	14	(262)	(262)
Green Energy New Technology Investment Fund	18,259	-	18,259	5	(938)	(938)
AJ-Sejong Agrifood Export Promotion Fund	1,144	833	311	1,565	1,267	1,267
AJ-ISU GYEONGGI Agri-Food Venture Fund	9,278	151	9,127	1,898	1,826	1,826
ISU-AJ Sports Fund	14,521	460	14,061	299	18	18
AJ LINK New Technology Investment Fund	21,882	22	21,860	10,973	9,292	9,292
AJ KOSNET Semicon One Venture Fund	12,914	112	12,802	1	(236)	(236)
Dattoz-AJ Growth of Global-Technology Fund III	12,146	-	12,146	-	(323)	(323)
J& NBH Investment Fund	3,030	9	3,021	4	(28)	(28)
NBH-MINEB YY New Technology Investment Fund	4,094	21	4,073	276	156	156
NOVA Fund-1	9,026	-	9,026	44	(143)	(143)
NBH-N3 New Technology Business Investment Fund I	13,136	-	13,136	-	(262)	(262)
NBH-KOSNET Semicon Growth Venture Fund	9,655	48	9,607	-	(196)	(196)
NBH-KOSNET Semicon Next Venture Fund	2,114	13	2,101	-	(54)	(54)
D'Alba New Technology Business Investment Fund I	8,062	-	8,062	407	239	239
NBH-C-ONE NP Fund	5,552	104	5,448	-	(112)	(112)
CJ Cinema-index Fund No.1	10,049	57	9,992	1,487	1,255	1,255
Dreamfarm Investment Fund No.1	19,790	90	19,700	9	(360)	(360)
Rainist Co., Ltd.	43,054	2,812	40,242	5,948	(21,804)	(21,804)
Cuber New Technology Business	1,561	-	1,561	-	(32)	(32)

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	2023					
	Total assets	Total liabilities	Total equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
Investment Fund I						
Forward-NBH New Technology Business Investment Fund 1	14,958	-	14,958	-	(142)	(142)
Rechargeable battery value chain growth fund	35,329	-	35,329	5	(271)	(271)
LINEA-NBH Fund No.1	3,034	-	3,034	-	(17)	(17)
Delta-NBH Global Food Tech Investment Fund No.1	488	5	483	-	(7)	(7)
SKS Credit OF Private Equity Fund	12,001	-	12,001	28	(109)	(109)
Neo Value up Investment Fund	1,967	57	1,910	3	(90)	(90)
Solidium Synergy Fund	21,559	-	21,559	23	(242)	(242)
Chungnam-NCK Digital Tourism Venture Fund	2,149	24	2,125	1	(24)	(24)
WTS-NBH JEONBUK Agri-Food Venture Fund	2,400	2	2,398	-	(1)	(1)
	<u>₩ 2,434,091</u>	<u>₩ 25,295</u>	<u>₩ 2,408,796</u>	<u>₩ 187,395</u>	<u>₩ 236,349</u>	<u>₩ 236,349</u>

(in millions of Korean won)

	2022					
	Total assets	Total liabilities	Total equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
KoFC KDBC-SKS Shared Growth No.3 Private Equity Fund	₩ 291	₩ 10	₩ 281	₩ 20	₩ (3)	₩ (3)
IBK SKS Private Equity Fund 2012	17,832	60	17,772	113	(177)	(177)
No 1 Technology Financing Private Equity Fund	23,376	191	23,185	4,272	3,807	3,807
Waterbridge SKS Private Equity Fund	87,000	2,247	84,753	-	-	-
Daesin SKS Secondary Private Equity Fund	86,007	165	85,842	30,814	27,726	27,726
CAPE SKS 1st Private Equity Fund	19,624	953	18,671	-	(22,229)	(22,229)
Shinyoung SKS Co-Investment 2017 Private Equity Fund	154,247	263	153,984	3,275	(5,262)	(5,262)
SK No.5 Special Purpose Acquisition Company	-	-	-	-	(699)	(699)
SK No.6 Special Purpose Acquisition Company	13,076	1,759	11,317	-	56	56
SKS-KIWOOM Pioneer Private Equity Fund	110,338	718	109,620	-	(16,545)	(16,545)
YD-SKS-KDB Social Value Fund	37,503	586	36,917	1,337	741	741
SKS-MAVI PEF	192,292	284	192,008	1	(12,689)	(12,689)
SKS-Stonebridge SK Southeast Asia Corporate Partnership PEF	193,650	1,379	192,271	12,676	10,857	10,857
Join Asset Global Asset Management	4,228	76	4,152	2,670	(523)	(523)
Daishin-SKS No.2 Private Equity Fund	137,396	519	136,877	15,036	9,571	9,571
SKS Korea Investment No. 1 Private Equity Fund	103,883	304	103,579	19,003	17,524	17,524
SKS-WizDomain New Technology Business Investment Fund I	19,986	285	19,701	21	(274)	(274)
Shinhan SKS Corporate Recovery Private Equity Fund	38,632	219	38,413	2,142	1,256	1,256
SKS-Wizdomain Big5 Innovation Investment Fund	11,223	119	11,104	20	(221)	(221)
FIRST On-line Investment Finance Company	555	511	44	55	(1,092)	(1,092)
SKS-VLP Fund No. 1	2,742	-	2,742	1,200	1,113	1,113
SKS-Yozma Fund No. 1	19,505	4	19,501	3	(414)	(414)
SKS-Nautic No. 1 Fund	5,021	125	4,896	-	(109)	(109)
SKS-VLP Fund No. 2	4,855	2	4,853	1	(107)	(107)
LD New Technology Business Investment Fund I	-	-	-	582	303	303
SKS-KNT Global Biostar Fund No. 1	10,472	4	10,468	1	(291)	(291)
SKS-YP Fund No.1	24,605	7	24,598	9	(468)	(468)

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	2022					
	Total assets	Total liabilities	Total equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
SKS-EMFOD Fund No.1	3,068	9	3,059	-	(85)	(85)
SKS-Starquest Fund No.1 <sup>1</sup>	-	-	-	2	16	16
SKS-Susung New technology investment association No.1	5,389	9	5,380	1	(102)	(102)
SK Securities ACPC No.7 Special Purpose Acquisition Company	7,070	543	6,527	-	(42)	(42)
WOO GEUM Co.,Ltd	-	-	-	-	-	-
SKS METIS Fund No.1	8,003	11	7,992	2	(254)	(254)
Unicorn Builder Fund No.1 <sup>1</sup>	-	-	-	478	156	156
SKS METIS Fund No.2	9,661	-	9,661	91	(176)	(176)
SKS-Heungkuk Fund No.1	6,589	1	6,588	-	(181)	(181)
Wizteria Investment Management, LLC	-	-	-	-	(225)	(225)
SKS EcoService 1st Private Equity Fund	40,895	214	40,681	10,228	9,794	9,794
SKS Co-Investment 2021 Private Equity Fund	281,644	500	281,144	34,667	21,872	21,872
LD New Technology Business Investment Fund NO. 5	2,562	3	2,559	-	(41)	(41)
SKS-Honest Unicorn Digital Healthcare Fund No.1	8,499	-	8,499	1	(201)	(201)
SKS METIS Fund No.3	7,731	-	7,731	1	(139)	(139)
SKS-EMFOD Fund No.2	4,954	8	4,946	-	(114)	(114)
SKS-Welcome Fund No.1	4,755	1	4,754	-	(96)	(96)
SKS-Victory New technology investment association No.1	2,728	8	2,720	-	(50)	(50)
SKS-DA Unicorn Bio Fund NO.1	6,999	5	6,994	-	(106)	(106)
SK Securities No.8 Special Purpose Acquisition Company	7,956	673	7,283	-	41	41
THE CHAEUL FUND NO.1	3,166	-	3,166	-	(34)	(34)
SKS-YP Fund No.2	6,471	-	6,471	-	(129)	(129)
SKS-KNT-THEHAHM Global Biostar Fund NO.1	10,165	5	10,160	7	(154)	(154)
SKS-Golden Oak Fund No.1	22,284	9	22,275	14	(325)	(325)
Hisstory 2022 Fintech Fund	5,695	-	5,695	-	(55)	(55)
Golden Oak-SK Securities Innovation Unicorn Fund	5,800	1	5,799	-	(1)	(1)
Kiwoom-Moonchase-PTR Innovative New Drug Investment Fund	7,438	3	7,435	1	(159)	(159)
AJ Agrifood Export Promotion Venture Fund II	3,263	406	2,857	59	47	47
AJ Creative Tourism Venture Fund 1	14,818	232	14,586	5,299	5,058	5,058
AJ Smart Tourism Venture Fund 2	9,729	76	9,653	15	(211)	(211)
Green Energy New Technology Investment Fund	55,979	-	55,979	-	2,804	2,804
AJ-Sejong Agrifood Export Promotion Fund	4,246	832	3,414	85	78	78
AJ-ISU GYEONGGI Agri-Food Venture Fund	7,257	60	7,197	1,457	735	735
ISU-AJ Sports Fund	14,913	433	14,480	42	(207)	(207)
AJ LINK New Technology Investment Fund	5,548	27	5,521	1	(105)	(105)
AJ KOSNET Semicon One Venture Fund	13,099	62	13,037	3	(250)	(250)
Dattoz-AJ Growth of Global-Technology Fund III	8,110	-	8,110	-	(325)	(325)
J& NBH Investment Fund	3,060	9	3,051	2	(31)	(31)
NBH-MINEB YY New Technology Investment Fund	10,999	57	10,942	16	(209)	(209)
NOVA Fund-1	9,170	-	9,170	46	(142)	(142)
NBH-N3 New Technology Business Investment Fund I	13,398	-	13,398	-	(295)	(295)
NBH-KOSNET Semicon Growth Venture Fund	9,848	45	9,803	-	(196)	(196)



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	2022					
	Total assets	Total liabilities	Total equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
NBH-KOSNET Semicon Next Venture Fund	2,166	11	2,155	-	(45)	(45)
D'Alba New Technology Business Investment Fund I	8,243	-	8,243	-	(157)	(157)
NBH-C-ONE NP Fund	5,560	-	5,560	-	(170)	(170)
CJ Cinema-index Fund No.1	8,793	56	8,737	3	(143)	(143)
Dreamfarm Investment Fund No.1	20,150	89	20,061	2	(230)	(230)
Rainist Co., Ltd.	66,929	4,542	62,387	4,102	(41,764)	(41,764)
Cuber New Technology Business Investment Fund I	1,593	-	1,593	-	(7)	(7)
	<u>₩ 2,084,732</u>	<u>₩ 19,730</u>	<u>₩ 2,065,002</u>	<u>₩ 149,876</u>	<u>₩ 5,296</u>	<u>₩ 5,296</u>

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**8. Investments in associates (cont'd)**

Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023					
	Beginning balance	Acquisition (disposals)	Share of profit (loss) of associates	Share of other comprehensive income (loss) of associates	Others	Ending balance
KoFC KDBC-SKS Shared Growth No.3 Private Equity Fund	₩ 28	-	4	-	-	₩ 32
IBK SKS Private Equity Fund 2012	1,185	-	156	-	-	1,341
No 1 Technology Financing Private Equity Fund	2,318	(95)	(848)	-	-	1,375
Waterbridge SKS Private Equity Fund	471	-	-	-	-	471
Daesin SKS Secondary Private Equity Fund	6,312	(6,852)	2,776	-	-	2,236
CAPE SKS 1st Private Equity Fund	3,227	-	1,745	-	-	4,972
Shinyoung SKS Co-Investment 2017 Private Equity Fund	15,397	(7,983)	2,170	-	-	9,584
SK No.6 Special Purpose Acquisition Company <sup>1</sup>	20	(10)	(10)	-	-	-
SKS-KIWOOM Pioneer Private Equity Fund	10,700	(11,977)	1,277	-	-	-
YD-SKS-KDB Social Value Fund	1,717	186	59	-	-	1,962
SKS-MAVI PEF	9,276	(48)	1,034	-	-	10,262
SKS-Stonebridge SK Southeast Asia Corporate Partnership PEF	3,391	250	25	-	-	3,666
Join Asset Global Asset Management	1,186	-	(5)	-	-	1,181
Daishin-SKS No.2 Private Equity Fund	6,744	1,419	781	-	-	8,944
SKS Korea Investment No. 1 Private Equity Fund	7,466	(697)	(19)	-	-	6,750
SKS-WizDomain New Technology Business Investment Fund I	1,571	-	144	-	-	1,715
Shinhan SKS Corporate Recovery Private Equity Fund	3,345	2,321	(8)	-	-	5,658
SKS-Wizdomain Big5 Innovation Investment Fund	967	-	179	-	-	1,146
FIRST On-line Investment Finance Company	15	20	(35)	-	-	-
SKS-VLP Fund No. 1	329	-	54	-	-	383
SKS-Yozma Fund No. 1	969	(690)	329	-	-	608
SKS-Nautic No. 1 Fund	970	(300)	(3)	-	-	667
SKS-VLP Fund No. 2 <sup>1</sup>	97	(100)	3	-	-	-
SKS-KNT Global Biostar Fund No. 1	965	-	(26)	-	-	939
SKS-YP Fund No. 1	972	-	2,859	-	(200)	3,631
SKS-EMFOD Fund No. 1 <sup>1</sup>	478	(1,329)	851	-	-	-
SKS-Susung New technology investment association No. 1	489	-	62	-	-	551
SK Securities ACPC No.7 Special Purpose Acquisition Company <sup>1</sup>	36	(20)	(16)	-	-	-
WOO GEUM Co.,Ltd	-	-	-	-	-	-
SKS METIS Fund No.1	306	-	(9)	5	-	302
SKS METIS Fund No.2	294	-	(82)	-	-	212
SKS-Heungkuk Fund No.1	973	-	(8)	-	-	965
SKS EcoService 1st Private Equity Fund	5,730	-	920	-	-	6,650

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	2023					
	Beginning balance	Acquisition (disposals)	Share of profit (loss) of associates	Share of other comprehensive income (loss) of associates	Others	Ending balance
SKS Co-Investment 2021 Private Equity Fund	17,572	3,750	1,871	-	-	23,193
LD New Technology Business Investment Fund NO. 5 <sup>1</sup>	984	(1,303)	319	-	-	-
SKS-Honest Unicorn Digital Healthcare Fund No.1	488	-	(85)	-	-	403
SKS METIS Fund No.3 <sup>1</sup>	491	-	9	-	(500)	-
SKS-EMFOD Fund No.2	978	-	180	-	-	1,158
SKS-Welcome Fund No.1	196	-	(36)	-	-	160
SKS-Victory New technology investment association No.1	491	-	(14)	-	-	477
SKS-DA Unicorn Bio Fund NO.1	493	-	(8)	-	-	485
SK Securities No.8 Special Purpose Acquisition Company	10	-	-	-	-	10
THE CHAEUL FUND NO.11	148	-	(2)	-	-	146
SKS-YP Fund No.2	147	-	98	-	-	245
SKS-KNT-THEHAHM Global Biostar Fund NO.1	493	-	(13)	-	-	480
SKS-Golden Oak Fund No.1	690	-	96	-	-	786
Hisstory 2022 Fintech Fund	129	-	(19)	-	-	110
Golden Oak-SK Securities Innovation Unicorn Fund	700	-	247	-	-	947
Solaseado Smartcity Co., Ltd	-	1,000	(2)	-	-	998
Happy Pet Lifecare Fund No.1	-	600	38	-	-	638
SK Securities No.9 Special Purpose Acquisition Company	-	20	-	16	-	36
ESG Blooming Private Equity Fund	-	10,000	272	-	-	10,272
SK Securities No.10 Special Purpose Acquisition Company	-	10	-	10	-	20
ENSL 13th Venture Capital Fund	-	600	(15)	-	-	585
NBH-Cape 2023 K-Farm Fund	-	425	(19)	-	-	406
BlockchainGlobal Co., Ltd	-	2,700	(194)	296	-	2,802
SKSPE-JBWoori New Technology Fund 1st	-	4,200	(201)	-	-	3,999
DVP-SKS Local Innovation Venture Fund	-	300	(5)	-	-	295
Happy Pet Lifecare Fund No.2	-	290	53	-	-	343
SK Securities No.11 Special Purpose Acquisition Company	-	5	(1)	11	-	15
SK Securities No.12 Special Purpose Acquisition Company	-	10	(1)	10	-	19
SK Securities No.13 Special Purpose Acquisition Company	-	20	-	13	-	33
Secondary Battery Advanced Materials Fund No.1	-	50	-	-	-	50
ZIKPAY Inc.	-	-	-	-	175	175
Kiwoom-Moonchase-PTR Innovative New Drug Investment Fund	98	-	(2)	-	-	96
AJ Agrifood Export Promotion Venture Fund II <sup>1</sup>	757	(757)	-	-	-	-
AJ Creative Tourism Venture Fund 1	2,917	(1,200)	371	-	-	2,088
AJ Smart Tourism Venture Fund 2	2,928	555	(80)	-	-	3,403
Green Energy New Technology Investment Fund	258	-	(174)	-	-	84
AJ-Sejong Agrifood Export Promotion Fund	328	(411)	83	-	-	-
AJ-ISU GYEONGGI Agri-Food Venture Fund	720	(300)	546	-	-	966
ISU-AJ Sports Fund	2,262	-	(49)	-	-	2,213
AJ LINK New Technology Investment Fund	48	(47)	187	-	-	188

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	2023					
	Beginning balance	Acquisition (disposals)	Share of profit (loss) of associates	Share of other comprehensive income (loss) of associates	Others	Ending balance
AJ KOSNET Semicon One Venture Fund	145	-	(3)	-	-	142
Dattoz-AJ Growth of Global-Technology Fund III	31	-	(18)	-	-	13
J& NBH Investment Fund	394	-	(221)	-	-	173
NBH-MINEB YY New Technology Investment Fund	49	(32)	-	-	-	17
NOVA Fund-1	976	-	(16)	-	-	960
NBH-N3 New Technology Business Investment Fund I	685	-	(14)	-	-	671
NBH-KOSNET Semicon Growth Venture Fund	686	-	(14)	-	-	672
NBH-KOSNET Semicon Next Venture Fund	490	-	72	-	-	562
D'Alba New Technology Business Investment Fund I	1,766	(90)	2,270	-	-	3,946
NBH-C-ONE NP Fund	10	-	-	-	-	10
CJ Cinema-index Fund No.1	472	-	68	-	-	540
Dreamfarm Investment Fund No.1	902	-	(572)	-	-	330
Rainist Co., Ltd.	91,638	-	(5,649)	-	-	85,989
Cuber New Technology Business Investment Fund I	249	-	(6)	-	-	243
Forward-NBH New Technology Business Investment Fund 1	-	2,000	136	-	-	2,136
Rechargeable battery value chain growth fund	-	100	-	-	-	100
LINEA-NBH Fund No.1	-	300	(2)	-	-	298
Delta-NBH Global Food Tech Investment Fund No.1	-	30	-	-	-	30
SKS Credit OF Private Equity Fund	-	201	1	(7)	-	195
Neo Value up Investment Fund	-	100	(11)	-	-	89
Solidium Synergy Fund	-	500	-	-	-	500
Chungnam-NCK Digital Tourism Venture Fund	-	200	(2)	-	-	198
WTS-NBH JEONBUK Agri-Food Venture Fund	-	100	-	-	-	100
	<u>₩ 220,763</u>	<u>₩ (1,979)</u>	<u>₩ 13,828</u>	<u>₩ 354</u>	<u>₩ (525)</u>	<u>₩ 232,441</u>

(in millions of Korean won)

	2022					
	Beginning balance	Acquisition (disposals)	Share of profit (loss) of associates	Share of other comprehensive income (loss) of associates	Others	Ending balance
KoFC KDBC-SKS Shared Growth No.3 Private Equity Fund	₩ 65	₩ -	₩ (38)	₩ -	₩ -	₩ 27
IBK SKS Private Equity Fund 2012	1,233	-	(48)	-	-	1,185
No 1 Technology Financing Private Equity Fund	3,649	(1,696)	365	-	-	2,318
Waterbridge SKS Private Equity Fund	471	-	-	-	-	471
Daesin SKS Secondary Private Equity Fund	7,311	(3,038)	2,039	-	-	6,312
CAPE SKS 1st Private Equity Fund	7,048	-	(3,842)	21	-	3,227
Shinyoung SKS Co-Investment 2017 Private Equity Fund	15,738	188	(528)	-	-	15,398
SK No.5 Special Purpose Acquisition Company <sup>1</sup>	19	(32)	13	-	-	-
SK No.6 Special Purpose Acquisition Company	20	-	-	-	-	20
SKS-KIWOOM Pioneer Private Equity Fund	12,315	-	(1,615)	-	-	10,700

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	2022					
	Beginning balance	Acquisition (disposals)	Share of profit (loss) of associates	Share of other comprehensive income (loss) of associates	Others	Ending balance
YD-SKS-KDB Social Value Fund	1,485	232	-	-	-	1,717
SKS-MAVI PEF	9,937	(48)	(613)	-	-	9,276
SKS-Stonebridge SK Southeast Asia Corporate Partnership PEF	2,889	372	130	-	-	3,391
Join Asset Global Asset Management	1,670	(142)	(237)	(105)	-	1,186
Daishin-SKS No.2 Private Equity Fund	7,690	(1,417)	470	-	-	6,743
SKS Korea Investment No. 1 Private Equity Fund	8,677	(2,470)	1,260	-	-	7,467
SKS-WizDomain New Technology Business Investment Fund I	1,185	408	(22)	-	-	1,571
Shinhan SKS Corporate Recovery Private Equity Fund	1,477	1,802	66	-	-	3,345
SKS-Wizdomain Big5 Innovation Investment Fund	1,301	-	(334)	-	-	967
FIRST On-line Investment Finance Company	526	-	(664)	153	-	15
SKS-VLP Fund No. 1	495	(300)	134	-	-	329
SKS-Yozma Fund No. 1	1,010	-	(40)	-	-	970
SKS-Nautic No. 1 Fund	1,018	-	(49)	-	-	969
SKS-VLP Fund No. 2	89	-	8	-	-	97
LD New Technology Business Investment Fund I <sup>1</sup>	991	(1,126)	135	-	-	-
SKS-KNT Global Biostar Fund No. 1	992	-	(27)	-	-	965
SKS-YP Fund No.1	991	-	(19)	-	-	972
SKS-EMFOD Fund No.1	493	-	(14)	-	-	479
SKS-Starquest Fund No.1 <sup>1</sup>	289	(231)	(58)	-	-	-
SKS-Susung New technology investment association No.1	498	-	(9)	-	-	489
SK Securities ACPC No.7 Special Purpose Acquisition Company	22	-	(1)	-	15	36
WOO GEUM Co.,Ltd	1,264	-	(1,013)	(251)	-	-
SKS METIS Fund No.1	383	-	(94)	17	-	306
Unicorn Builder Fund No.1 <sup>1</sup>	493	(506)	13	-	-	-
SKS METIS Fund No.2	299	-	(5)	-	-	294
SKS-Heungkuk Fund No.1	1,000	-	(27)	-	-	973
Wizteria Investment Management, LLC <sup>1</sup>	3,567	(3,548)	(19)	-	-	-
SKS EcoService 1st Private Equity Fund	4,640	-	1,090	-	-	5,730
SKS Co-Investment 2021 Private Equity Fund	4,686	11,519	1,367	-	-	17,572
LD New Technology Business Investment Fund NO. 5	-	1,000	(16)	-	-	984
SKS-Honest Unicorn Digital Healthcare Fund No.1	-	500	(12)	-	-	488
SKS METIS Fund No.3	-	500	(9)	-	-	491
SKS-EMFOD Fund No.2	-	1,000	(22)	-	-	978
SKS-Welcome Fund No.1	-	200	(4)	-	-	196
SKS-Victory New technology investment association No.1	-	500	(9)	-	-	491
SKS-DA Unicorn Bio Fund NO.1	-	500	(7)	-	-	493
SK Securities No.8 Special Purpose Acquisition Company	-	5	3	-	2	10
THE CHAEUL FUND NO.1	-	150	(2)	-	-	148
SKS-YP Fund No.2	-	150	(3)	-	-	147
SKS-KNT-THEHAHM Global Biostar Fund NO.1	-	500	(7)	-	-	493

**SK Securities Co., Ltd. and Subsidiaries**  
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(in millions of Korean won)

	2022					
	Beginning balance	Acquisition (disposals)	Share of profit (loss) of associates	Share of other comprehensive income (loss) of associates	Others	Ending balance
SKS-Golden Oak Fund No.1	-	700	(10)	-	-	690
Hisstory 2022 Fintech Fund	-	130	(1)	-	-	129
Golden Oak-SK Securities Innovation Unicorn Fund	-	700	-	-	-	700
Kiwoom-Moonchase-PTR Innovative New Drug Investment Fund	100	-	(2)	-	-	98
AJ Agrifood Export Promotion Venture Fund II	512	-	245	-	-	757
AJ Creative Tourism Venture Fund 1	3,790	(2,000)	1,127	-	-	2,917
AJ Smart Tourism Venture Fund 2	2,090	925	(87)	-	-	2,928
Green Energy New Technology Investment Fund	10	240	8	-	-	258
AJ-Sejong Agrifood Export Promotion Fund	556	(166)	(62)	-	-	328
AJ-ISU GYEONGGI Agri-Food Venture Fund	956	(300)	64	-	-	720
ISU-AJ Sports Fund	1,481	750	31	-	-	2,262
AJ LINK New Technology Investment Fund	49	-	(1)	-	-	48
AJ KOSNET Semicon One Venture Fund	148	-	(3)	-	-	145
Dattoz-AJ Growth of Global-Technology Fund III	49	-	(18)	-	-	31
J& NBH Investment Fund	398	-	(4)	-	-	394
NBH-MINEB YY New Technology Investment Fund	50	-	(1)	-	-	49
NOVA Fund-1	991	-	(16)	-	-	975
NBH-N3 New Technology Business Investment Fund I	700	-	(15)	-	-	685
NBH-KOSNET Semicon Growth Venture Fund	700	-	(14)	-	-	686
NBH-KOSNET Semicon Next Venture Fund	-	500	(10)	-	-	490
D'Alba New Technology Business Investment Fund I	-	1,800	(34)	-	-	1,766
NBH-C-ONE NP Fund	-	10	-	-	-	10
CJ Cinema-index Fund No.1	-	480	(8)	-	-	472
Dreamfarm Investment Fund No.1	-	1,100	(198)	-	-	902
Rainist Co., Ltd.	-	65,000	(3,362)	-	30,000	91,638
Cuber New Technology Business Investment Fund I	-	250	(1)	-	-	249
	<u>₩ 120,506</u>	<u>₩ 75,091</u>	<u>₩ (4,686)</u>	<u>₩ (165)</u>	<u>₩ 30,017</u>	<u>₩ 220,763</u>

<sup>1</sup>. During the current and prior periods, it was excluded from associate due to a loss of significant influence.

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**8. Investments in associates (cont'd)**

Commitment amounts of equity investments in relation to investments in associates as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won, USD)

	Investment agreements	2023		2022	
		Accumulated investments	Remaining agreements	Accumulated investments	Remaining agreements
KoFC KDBC-SKS Shared Growth No.3 Private Equity Fund	₩ 9,800	₩ 9,509	₩ 291	₩ 9,509	₩ 291
IBK SKS Private Equity Fund 2012	20,000	18,394	1,606	18,394	1,606
No 1 Technology Financing Private Equity Fund	10,000	8,466	1,534	8,466	1,534
Waterbridge SKS Private Equity Fund	4,500	4,500	-	4,500	-
Daesin SKS Secondary Private Equity Fund	15,000	13,675	1,325	13,675	1,325
CAPE SKS 1st Private Equity Fund	7,000	7,000	-	7,000	-
Shinyoung SKS Co-Investment 2017 Private Equity Fund	25,000	23,672	1,328	23,672	1,328
SKS-KIWOOM Pioneer Private Equity Fund	10,200	10,200	-	10,200	-
YD-SKS-KDB Social Value Fund	2,000	1,938	62	1,752	248
SKS-MAVI PEF	10,000	10,000	-	10,000	-
SKS Stonebridge SK Southeast Asia Corporate Partnership PEF	\$ 6,000,000	\$ 3,014,358	\$ 2,985,642	\$ 2,819,358	\$ 3,180,642
Daishin-SKS No.1 Private Equity Fund	₩ 11,750	₩ 11,280	₩ 470	₩ 8,531	₩ 3,220
SKS Korea Investment No. 1 Private Equity Fund	9,400	8,915	485	8,915	485
SKS-WizDomain New Technology Business Investment Fund I	2,010	1,608	402	1,608	402
Shinhan SKS Corporate Recovery Private Equity Fund	9,075	5,686	3,389	3,261	5,814
SKS-Wizdomain Big5 Innovation Investment Fund	1,000	1,000	-	1,000	-
SKS-VLP Fund No. 1	500	500	-	500	-
SKS-Yozma Fund No. 1	1,000	1,000	-	1,000	-
SKS-Nautic No. 1 Fund	1,000	1,000	-	1,000	-
SKS-KNT Global Biostar Fund No. 1	1,000	1,000	-	1,000	-
SKS-YP Fund No.1	800	800	-	1,000	-
SKS-Susung New technology investment association No.1	500	500	-	500	-
SKS METIS Fund No.1	300	300	-	300	-
SKS METIS Fund No.2	300	300	-	300	-
SKS-Heungkuk Fund No.1	1,000	1,000	-	1,000	-
SKS EcoService 1st Private Equity Fund	5,000	5,000	-	5,000	-
SKS Co-Investment 2021 Private Equity Fund	20,000	19,959	41	16,209	3,791
SKS-Honest Unicorn Digital Healthcare Fund No.1	500	500	-	500	-
SKS-EMFOD Fund No.2	1,000	1,000	-	1,000	-
SKS-Welcome Fund No.1	200	200	-	200	-
SKS-Victory New technology investment association No.1	500	500	-	500	-
SKS-DA Unicorn Bio Fund NO.1	500	500	-	500	-
THE CHAEUL FUND NO.1	150	150	-	150	-
SKS-YP Fund No.2	150	150	-	150	-
SKS-KNT-THEHAHM Global Biostar Fund NO.1	500	500	-	500	-
SKS-Golden Oak Fund No.1	700	700	-	700	-
Hisstory 2022 Fintech Fund	130	130	-	130	-
Golden Oak-SK Securities Innovation Unicorn Fund	700	700	-	700	-
Happy Pet Lifecare Fund No.1	600	600	-	-	-
ESG Blooming Private Equity Fund	10,000	10,000	-	-	-
ENSL 13th Venture Capital Fund	1,000	600	400	-	-

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	Investment agreements	2023		2022	
		Accumulated investments	Remaining agreements	Accumulated investments	Remaining agreements
NBH-Cape 2023 K-Farm Fund	4,250	425	3,825	-	-
SKSPE-JBWoori New Technology Fund 1st	4,200	4,200	-	-	-
DVP-SKS Local Innovation Venture Fund	1,000	300	700	-	-
Happy Pet Lifecare Fund No.2	290	290	-	-	-
Secondary Battery Advanced Materials Fund No.1	50	50	-	-	-
Kiwoom-Moonchase-PTR Innovative New Drug Investment Fund	100	100	-	100	-
AJ Creative Tourism Venture Fund 1	4,000	3,903	97	3,903	96
AJ Smart Tourism Venture Fund 2	3,700	3,684	16	3,129	571
Green Energy New Technology Investment Fund	300	300	-	300	-
AJ-Sejong Agrifood Export Promotion Fund	2,000	488	1,512	488	1,512
AJ-ISU GYEONGGI Agri-Food Venture Fund	1,000	972	28	972	28
ISU-AJ Sports Fund	2,500	2,364	136	2,363	137
AJ LINK New Technology Investment Fund	50	50	-	50	-
AJ KOSNET Semicon One Venture Fund	150	150	-	150	-
Dattoz-AJ Growth of Global-Technology Fund III	50	50	-	50	-
J& NBH Investment Fund	400	400	-	400	-
NBH-MINEB YY New Technology Investment Fund	50	50	-	50	-
NOVA Fund-1	1,000	1,000	-	1,000	-
NBH-N3 New Technology Business Investment Fund I	700	700	-	700	-
NBH-KOSNET Semicon Growth Venture Fund	700	700	-	700	-
NBH-KOSNET Semicon Next Venture Fund	500	500	-	500	-
D'Alba New Technology Business Investment Fund I	1,800	1,800	-	1,800	-
NBH-C-ONE NP Fund	10	10	-	10	-
CJ Cinema-index Fund No.1	600	480	120	480	120
Dreamfarm Investment Fund No.1	1,100	1,100	-	1,100	-
Cuber New Technology Business Investment Fund I	250	250	-	250	-
Forward-NBH New Technology Business investment Fund 1	2,000	2,000	-	-	-
Rechargeable battery value chain growth fund	100	100	-	-	-
LINEA-NBH Fund No.1	300	300	-	-	-
Delta-NBH Global Food Tech Investment Fund No.1	30	30	-	-	-
SKS Credit OF Private Equity Fund	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ -
Neo Value up Invenstment Fund	₩ 100	₩ 100	₩ -	₩ -	₩ -
Solidium Synergy Fund	500	500	-	-	-
Chungnam-NCK Digital Tourism Venture Food	2,000	200	1,800	-	-
WTS-NBH JEONBUK Agri-Food Venture Food	500	100	400	-	-



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**9. Derivatives**

The carrying amounts of derivatives and nominal amounts of unsettled derivatives contracts as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)	Carrying amounts				Nominal amounts of unsettled derivatives contracts	
	2023		2022		2023	2022
	Assets	Liabilities	Assets	Liabilities		
<b>Exchange-traded derivatives</b>						
Interest rate derivatives						
Interest rate futures	₩ -	₩ -	₩ -	₩ -	₩ 300,556	₩ 228,166
Interest rate swap	-	-	-	-	1,619,300	1,689,300
Equity derivatives						
Stock price index futures	-	-	-	-	89,889	109,466
Stock option	7	2	1,412	914	1,114	127,412
Foreign currency derivatives						
Currency futures	-	-	-	-	21,265	18,892
Commodity derivatives						
Commodity futures	-	-	-	-	1,735	8,497
	₩ 7	₩ 2	₩ 1,412	₩ 914	₩ 2,033,859	₩ 2,181,733
<b>Over-the-counter (OTC) derivatives</b>						
Interest rate derivatives						
Interest rate swap	₩ 3,349	₩ 3,966	₩ 5,899	₩ 4,838	₩ 107,381	₩ 124,889
Equity derivatives						
Stock option	688	-	2,372	-	3,136	9,123
Foreign currency derivatives						
Currency swap	44,549	43,858	65,165	64,399	1,773,502	1,996,751
Commodity derivatives						
Commodity option	167	-	238	-	2,000	2,000
Commodity swap	21	60,157	45	72,989	280,794	263,916
Credit derivatives						
Credit default swap	-	-	414	414	-	335,038
Adjustment of valuation of derivatives						
Adjustment of valuation of credit risk	(431)	(1,102)	(64)	(866)	-	-
Adjustment of valuation of profit / loss on transaction	(190)	1,027	(870)	570	-	-
	₩ 48,153	₩ 107,906	₩ 73,199	₩ 142,284	₩ 2,166,813	₩ 2,371,718
	₩ 48,160	₩ 107,908	₩ 74,611	₩ 143,198	₩ 4,200,672	₩ 4,913,451

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**9. Derivatives (cont'd)**

Details of gain (loss) on derivative instruments for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
<b>Gain on derivative instruments</b>				
<b>Exchange-traded derivatives</b>				
Gain on sales of futures	₩	124,406	₩	169,893
Gain on settlements of futures		3,158		7,096
Gain on foreign futures transaction		13,118		26,759
Gain on settlement of foreign futures		375		511
Gain on sales of options		26,988		65,984
Gain on valuation of options		2		488
Gain on foreign option transactions		-		457
Gain on other derivative instruments		4,243		27,695
		<u>172,290</u>		<u>298,882</u>
<b>Over-the-counter (OTC) derivatives</b>				
Gain on disposal of OTC derivatives		149,549		110,453
Gain on valuation of OTC derivatives		25,242		68,155
		<u>174,791</u>		<u>178,608</u>
	₩	<u>347,081</u>	₩	<u>477,490</u>
<b>Loss on derivative instruments</b>				
<b>Exchange-traded derivatives</b>				
Loss on sales of futures	₩	114,005	₩	148,699
Loss on settlement of futures		4,114		4,307
Loss on foreign futures transactions		13,308		23,942
Loss on settlement of foreign futures		733		13
Loss on sales of options		24,831		50,859
Loss on valuation of options		2		443
Loss on foreign options transactions		-		561
Loss on other derivative instruments		5,813		22,219
		<u>162,806</u>		<u>251,043</u>
<b>Over-the-counter (OTC) derivatives</b>				
Loss on disposal of OTC derivatives		142,707		99,869
Loss on valuation of OTC derivatives		17,116		52,635
		<u>159,823</u>		<u>152,504</u>
		<u>322,629</u>		<u>403,547</u>
<b>Net gain on derivative instruments</b>	₩	<u>24,452</u>	₩	<u>73,943</u>

There are no derivatives held for the purpose of cash flows hedging as of December 31, 2023 and 2022.

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**December 31, 2023 and 2022**

**10. Loan receivables**

Details of loan receivables as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023				
	Loan receivables	Loss allowance	Present value discount	Loan origination fees and costs	Book value
Broker's loans	₩ 375,637	₩ (4,974)	₩ -	₩ -	₩ 370,663
Bonds purchased under repurchase agreements	183,300	-	-	-	183,300
Loans to employees	12,673	(5,614)	(494)	-	6,565
Loans	392,547	(20,634)	-	(616)	371,297
Advances for customers	1,255	(1,255)	-	-	-
Private placement corporate bonds	1,855	(73)	-	1	1,783
Other loan receivables	308,999	(34,460)	-	-	274,539
	₩ 1,276,266	₩ (67,010)	₩ (494)	₩ (615)	₩ 1,208,147

(in millions of Korean won)

	2022				
	Loan receivables	Loss allowance	Present value discount	Loan origination fees and costs	Book value
Broker's loans	₩ 287,356	₩ (5,155)	₩ -	₩ -	₩ 282,201
Bonds purchased under repurchase agreements	179,500	(296)	-	-	179,204
Loans to employees	7,129	(61)	(286)	-	6,782
Loans	467,086	(16,276)	-	(1,927)	448,883
Advances for customers	1,255	(1,255)	-	-	-
Private placement corporate bonds	14,262	(127)	-	(878)	13,257
Other loan receivables	307,300	(25,737)	-	-	281,563
	₩ 1,263,888	₩ (48,907)	₩ (286)	₩ (2,805)	₩ 1,211,890

Changes in the loss allowance of loan receivables for the years ended December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023			
	12-month expected credit losses	Lifetime expected credit loss		Book value
		Non credit-impaired loans	Credit-impaired loans	
Beginning balance	₩ 10,883	₩ 1,643	₩ 36,382	₩ 48,908
Transfer to 12 month expected credit losses	853	(391)	(462)	-
Transfer to lifetime expected credit loss	(2,194)	2,235	(41)	-
Transfer to credit-impaired loans	(884)	(491)	1,375	-
Impairment (reversal of provision)	(1,632)	4,519	31,304	34,191
Other adjustments	(1,094)	(435)	2,669	1,140
Write-off	(22)	(73)	(17,134)	(17,229)
Ending balance	₩ 5,910	₩ 7,007	₩ 54,093	₩ 67,010

**SK Securities Co., Ltd. and Subsidiaries**  
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**10. Loan receivables (cont'd)**

(in millions of Korean won)

	2022			
	12-month expected credit losses	Lifetime expected credit loss		Book value
		Non credit- impaired loans	Credit-impaired loans	
Beginning balance	₩ 3,051	₩ -	₩ 6,959	₩ 10,010
Transfer to 12 month expected credit losses	112	(105)	(7)	-
Transfer to lifetime expected credit loss	(157)	181	(24)	-
Transfer to credit-impaired loans	(780)	(602)	1,382	-
Impairment (reversal of provision)	10,696	2,517	26,187	39,400
Other adjustments	(2,039)	(348)	1,885	(502)
Ending balance	₩ 10,883	₩ 1,643	₩ 36,382	₩ 48,908

Changes in total book value of loan receivables for the years ended December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023			
	12-month expected credit loss	Lifetime expected credit loss		Book value
		Non credit- impaired loans	Credit-impaired loans	
Beginning balance	₩ 1,103,665	₩ 67,232	₩ 92,990	₩ 1,263,887
Transfer to 12 month expected credit loss	29,506	(3,892)	(25,614)	-
Transfer to lifetime expected credit loss	(153,125)	153,331	(206)	-
Transfer to credit-impaired loans	(60,794)	(11,955)	72,749	-
Net increase and decrease	(52,054)	11,264	(4,809)	(45,599)
Others	66,353	629	9,326	76,308
Write off	(550)	(126)	(17,654)	(18,330)
Ending balance	₩ 933,001	₩ 216,483	₩ 126,782	₩ 1,276,266

(in millions of Korean won)

	2022			
	12-month expected credit loss	Lifetime expected credit loss		Book value
		Non credit- impaired loans	Credit-impaired loans	
Beginning balance	₩ 1,095,316	₩ 3,080	₩ 11,345	₩ 1,109,741
Transfer to 12 month expected credit loss	5,250	(5,245)	(5)	-
Transfer to lifetime expected credit loss	(54,488)	54,680	(192)	-
Transfer to credit-impaired loans	(83,699)	(2,705)	86,404	-
Net increase and decrease	136,553	16,818	(7,415)	145,956
Others	4,824	622	6,952	12,398
Write off	(91)	(18)	(4,099)	(4,208)
Ending balance	₩ 1,103,665	₩ 67,232	₩ 92,990	₩ 1,263,887

**SK Securities Co., Ltd. and Subsidiaries**  
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**11. Property and equipment**

Details of property and equipment as of December 31, 2023 and 2022 are as follows:

*(in millions of Korean won)*

	2023		
	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 11,952	₩ -	₩ 11,952
Buildings	6,733	(888)	5,845
Vehicles	225	(81)	144
Furniture and equipment	32,582	(22,926)	9,656
Construction in Progress	2,272	-	2,272
Others	18,008	(16,298)	1,710
	₩ 71,772	₩ (40,193)	₩ 31,579

*(in millions of Korean won)*

	2022		
	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 11,952	₩ -	₩ 11,952
Buildings	6,734	(662)	6,072
Vehicles	151	(54)	97
Furniture and equipment	32,132	(19,926)	12,206
Construction in Progress	2,181	-	2,181
Others	17,765	(15,777)	1,988
	₩ 70,915	₩ (36,419)	₩ 34,496

Changes in property and equipment for the years ended December 31, 2023 and 2022 are as follows:

*(in millions of Korean won)*

	2023						
	Land	Buildings	Vehicles	Furniture and equipment	Construction in Progress	Others	Total
Beginning balance	₩ 11,952	₩ 6,072	₩ 97	₩ 12,206	₩ 2,181	₩ 1,988	₩ 34,496
Acquisition	-	-	74	1,358	91	536	2,059
Disposals	-	-	-	-	-	-	-
Depreciation	-	(227)	(27)	(3,876)	-	(662)	(4,792)
Adjust for consolidation procedures	-	-	-	(32)	-	(152)	(184)
Ending balance	₩ 11,952	₩ 5,845	₩ 144	₩ 9,656	₩ 2,272	₩ 1,710	₩ 31,579

*(in millions of Korean won)*

	2022						
	Land	Buildings	Vehicles	Furniture and equipment	Construction in Progress	Others	Total
Beginning balance	₩ 11,847	₩ 6,298	₩ 117	₩ 9,881	₩ 91	₩ 1,798	₩ 30,032
Acquisition	41	-	20	6,289	982	1,384	8,716
Disposals	-	-	(15)	(24)	-	(3)	(42)
Depreciation	-	(226)	(25)	(3,940)	-	(1,191)	(5,382)
Others	64	-	-	-	1,106	-	1,172
Ending balance	₩ 11,952	₩ 6,072	₩ 97	₩ 12,206	₩ 2,181	₩ 1,988	₩ 34,496

**SK Securities Co., Ltd. and Subsidiaries**  
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**12. Leased Assets**

Details of the leased assets as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Securities sold:		
Capital lease payment receivables	₩ 4,013	₩ 5,400
Provision for capital lease payment receivables	(20)	(244)
Operating lease assets	25,106	22,459
Accumulated depreciation	(9,158)	(10,189)
Prepaid lease expenses	232	2,460
Initial direct costs	42	54
Lease assets subject to termination	40	44
	₩ 20,255	₩ 19,984

Changes in capital lease payment receivables for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Beginning balance	₩ 5,400	₩ 7,085
Net increase and decrease	(1,196)	(1,685)
Write-off	(191)	-
Ending balance	₩ 4,013	₩ 5,400

Changes in provision for capital lease payment receivables for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Beginning balance	₩ 244	₩ 157
Net increase and decrease	(32)	-
Write-off	(191)	87
Ending balance	₩ 21	₩ 244

Changes in operating lease assets for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Beginning balance	₩ 12,270	₩ 14,802
Acquisitions and disposals	8,126	(1,937)
Depreciation	(4,448)	(4,469)
Ending balance	₩ 15,948	₩ 12,270

**SK Securities Co., Ltd. and Subsidiaries**  
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**12. Leased Assets (cont'd)**

Details of minimum lease payments of capital lease payment receivables for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Within 1 year	₩ 1,901	₩ 2,544
1-2 years	1,904	1,624
2-3 years	508	1,601
3-4 years	129	121
4-5 years	-	-
Over 5 years	-	-
	₩ 4,442	₩ 5,890
Unrealized interest income	(429)	(490)
Net investment in the lease	₩ 4,013	₩ 5,400

Details of minimum lease payments of operating lease payment receivables as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Within 1 year	₩ 6,326	₩ 5,452
1-2 years	4,215	2,986
2-3 years	2,633	1,365
3-4 years	1,410	389
4-5 years	447	67
Over 5 years	-	-
	₩ 15,031	₩ 10,259

**SK Securities Co., Ltd. and Subsidiaries**  
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**13. Right-of-use assets**

Details of the right-of-use assets as of December 31, 2023 and 2022 are as follows:

*(in millions of Korean won)*

	2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Buildings	₩ 99,493	₩ (25,003)	₩ (85)	₩ 74,405
Vehicles	2,105	(1,361)	-	744
Others	2,160	(715)	-	1,445
	₩ 103,758	₩ (27,079)	₩ (85)	₩ 76,594

*(in millions of Korean won)*

	2022		
	Acquisition cost	Accumulated depreciation	Book value
Buildings	₩ 99,607	₩ (20,916)	₩ 78,691
Vehicles	2,446	(1,098)	1,348
Others	4,858	(2,066)	2,792
	₩ 106,911	₩ (24,080)	₩ 82,831

Changes in the right-of-use assets for the years ended December 31, 2023 and 2022 are as follows:

*(in millions of Korean won)*

	2023			
	Buildings	Vehicles	Others	Total
Beginning balance	₩ 78,690	₩ 1,349	₩ 2,792	₩ 82,831
Acquisition	2,311	198	741	3,250
Disposals	(133)	(32)	-	(165)
Depreciation	(6,841)	(771)	(2,088)	(9,700)
Impairment loss	(85)	-	-	(85)
Adjustments	463	-	-	463
Ending balance	₩ 74,405	₩ 744	₩ 1,445	₩ 76,594

  

	2022			
	Buildings	Vehicles	Others	Total
Beginning balance	₩ 90,126	₩ 1,134	₩ 142	₩ 91,402
Acquisition	6,444	1,043	4,812	12,299
Disposals	(831)	(14)	(22)	(867)
Depreciation	(6,585)	(814)	(2,140)	(9,539)
Adjustments	(10,464)	-	-	(10,464)
Ending balance	₩ 78,690	₩ 1,349	₩ 2,792	₩ 82,831



**SK Securities Co., Ltd. and Subsidiaries**  
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**14. Intangible assets**

Changes in intangible assets for the years ended December 31, 2023 and 2022 are as follows:

(in millions of  
Korean won)

	2023						
	Definite useful life			Indefinite useful life			Total
	Development costs	Software	Others	Membership <sup>1</sup>	Goodwill	Others <sup>2</sup>	
Beginning balance	₩ 11,949	₩ 8,274	₩ 199	₩ 11,037	₩ 10,991	₩ 31	₩ 42,481
Acquisition	3,005	1,851	137	1,781	-	-	6,774
Disposals	-	-	-	(2,134)	-	-	(2,134)
Amortization	(3,780)	(3,084)	(88)	-	-	-	(6,952)
Impairments (reversal of impairments)	-	-	-	1,021	(894)	-	127
Transferred	-	-	-	-	-	(31)	(31)
Changes in the scope of consolidation	(746)	(29)	-	-	-	-	(775)
Ending balance	₩ 10,428	₩ 7,012	₩ 248	₩ 11,705	₩ 10,097	₩ -	₩ 39,490

(in millions of  
Korean won)

	2022						
	Definite useful life			Indefinite useful life			Total
	Development costs	Software	Others	Membership <sup>1</sup>	Goodwill	Others <sup>2,3</sup>	
Beginning balance	₩ 8,227	₩ 8,226	₩ 146	₩ 11,146	₩ 10,665	₩ 6,948	₩ 45,358
Acquisition	6,616	3,120	120	1,519	326	31	11,731
Disposals	-	(1)	-	(1,628)	-	-	(1,629)
Amortization	(2,894)	(3,071)	(67)	-	-	-	(6,032)
Transferred	-	-	-	-	-	(6,948)	(6,947)
Ending balance	₩ 11,949	₩ 8,274	₩ 199	₩ 11,037	₩ 10,991	₩ 31	₩ 42,481

<sup>1</sup> Memberships include golf clubs and condominium memberships and others and are intangible assets with indefinite useful lives. Recoverable amounts were estimated based on market values on membership exchanges. Impairment losses are recognized as non-operating expenses. When the market value of the impaired membership exceeded the acquisition price, the previously recognized impairment loss was reversed and reflected as non-operating income.

<sup>2</sup> The Group recognized credit purchased to offset the amounts of carbon exhausted in 2021 as intangible assets. The intangible asset was removed after use.

<sup>3</sup> By the end of the 2021, the Group purchased the certifications of greenhouse gas emission reduction in external business(KOC; Korea offset credits) to join the carbon credits trading market and recognized it as an intangible asset with indefinite useful life. The business rights were replaced by other assets from intangible assets for the year ended December 31, 2022.

**SK Securities Co., Ltd. and Subsidiaries**  
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**14. Intangible assets(cont'd)**

Details of the assets that had valuation for impairment for the years ended December 31, 2023 and 2022 are as follows:

*(in millions of Korean won)*

	2023	2022
	₩	₩
Goodwill	10,097	10,991

The recoverable amount used in the impairment valuation was assessed based on value in use. The value in use was determined by applying the discounted cash flow (DCF) method, which is a traditional approach, taking into account the characteristics of the financial institution.

(1) Valuation date and forecast period

The valuation date for the recoverable amount was September 30, 2023, and the forecast period for the value in use assessment was 5.25 years after the valuation date, and the value after the forecast period was calculated as perpetual value.

(2) Discount rate and perpetual growth rate

The discount rate is applied by calculating the required rate of return for shareholders and the cost of equity, and the perpetual growth rate after is 0% to 1%.

(3) The main assumptions used to estimate future cash flows are macroeconomic indicators such as GDP growth, wage growth, and lending rates.

Based on the results of the impairment assessment, the recoverable amount exceeds the carrying amount by 13,248 million won, so no impairment loss is recognized.

**SK Securities Co., Ltd. and Subsidiaries**  
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**15. Other assets**

Details of other assets as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
<b>Other financial assets</b>				
Other receivables	₩	409,386	₩	220,495
Accrued income		52,749		44,923
Guarantee deposits		17,248		19,230
Loss allowance		(11,264)		(9,538)
		<u>468,119</u>		<u>275,110</u>
<b>Other non-financial assets</b>				
Advanced payments		5,853		5,050
Prepaid expenses		8,981		8,639
Carbon credit permits		7,394		19,237
Net defined benefit assets		873		5,779
Others		115		402
		<u>23,216</u>		<u>39,107</u>
	₩	<u>491,335</u>	₩	<u>314,217</u>

Changes in the loss allowance of other assets for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023			
	12-month expected credit losses	Lifetime expected credit losses		Carrying amount
		Credit not impaired other assets	Credit-impaired other assets	
Beginning balance	₩ 1,202	₩ 17	₩ 8,319	₩ 9,538
Transfer to 12 month expected credit losses	2	(1)	(1)	-
Transfer to lifetime expected credit losses	(3)	3	-	-
Transfer to credit-impaired other assets	(860)	(4)	864	-
Impairment (reversal of provision)	499	66	3,513	4,078
Write off	-	-	(2,352)	(2,352)
Ending balance	₩ 840	₩ 81	₩ 10,343	₩ 11,264

<i>(in millions of Korean won)</i>	2022			
	12-month expected credit losses	Lifetime expected credit losses		Carrying amount
		Credit not impaired other assets	Credit-impaired other assets	
Beginning balance	₩ 1,235	₩ 4	₩ 7,618	₩ 8,857
Transfer to 12 month expected credit losses	1	(1)	-	-
Transfer to lifetime expected credit losses	(1)	1	-	-
Transfer to credit-impaired other assets	(13)	(5)	18	-
Impairment (reversal of provision)	(38)	1	662	625
Others	18	17	21	56
Ending balance	₩ 1,202	₩ 17	₩ 8,319	₩ 9,538

**SK Securities Co., Ltd. and Subsidiaries**  
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**15. Other assets (cont'd)**

Changes in total carrying amount of other assets for the years ended December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023			
	12-month expected credit losses	Lifetime expected credit losses		Carrying amount
		Credit not impaired other assets	Credit-impaired other assets	
Beginning balance	₩ 276,056	₩ 226	₩ 8,366	₩ 284,648
Transfer to 12 month expected credit losses	19	(18)	(1)	-
Transfer to lifetime expected credit losses	(244)	245	(1)	-
Transfer to credit- impaired other assets	(1,156)	-	1,156	-
Net increase	192,070	1,414	3,644	197,128
Write off	(15)	(11)	(2,367)	(2,393)
Ending balance	₩ 466,730	₩ 1,856	₩ 10,797	₩ 479,383

\*Other assets (advanced payments, prepaid expenses, etc.) that are not subject to reserve the loss allowance are excluded.

(in millions of Korean won)

	2022			
	12-month expected credit losses	Lifetime expected credit losses		Carrying amount*
		Credit not impaired other assets	Credit-impaired other assets	
Beginning balance	₩ 514,568	₩ 29	₩ 7,650	₩ 522,247
Transfer to 12 month expected credit losses	22	(22)	-	-
Transfer to lifetime expected credit losses	(202)	202	-	-
Transfer to credit- impaired other assets	(48)	(1)	49	-
Net increase and decrease	(238,278)	19	671	(237,588)
Write off	(6)	(1)	(4)	(11)
Ending balance	₩ 276,056	₩ 226	₩ 8,366	₩ 284,648

\*Other assets (advanced payments, prepaid expenses, etc.) that are not subject to reserve the loss allowance are excluded.

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**15. Other assets (cont'd)**

Changes in carbon credit permits associated with short-term gains and losses for the years ended December 31, 2023 and 2022 are as follows:

*(Ton, in millions of Korean won)*

	2023	
	Number of carbon credit permits	Carrying amount
Beginning balance	₩ 1,177,286	₩ 19,237
Purchase	10,612,606	102,148
Disposal	(10,970,173)	(114,666)
Reclassification	-	-
Valuation	-	675
Ending balance	₩ 819,719	₩ 7,394

*(Ton, in millions of Korean won)*

	2022	
	Number of carbon credit permits	Carrying amount
Beginning balance	₩ 676,979	₩ 23,570
Purchase	1,101,042	21,697
Disposal	(809,287)	(22,428)
Reclassification	208,552	3,307
Valuation	-	(6,909)
Ending balance	₩ 1,177,286	₩ 19,237

**SK Securities Co., Ltd. and Subsidiaries**  
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**16. Investment in Properties**

Details of investment in properties as of December 31, 2023 and 2022 are as follows:

*(in millions of Korean won)*

		2023			
		Acquisition cost	Accumulated depreciation	Carrying amount	Fair value
Land	₩	4,656	₩ -	₩ 4,656	₩ 4,656
Buildings		2,312	(168)	2,144	2,312
	₩	6,968	₩ (168)	₩ 6,800	₩ 6,968

*(in millions of Korean won)*

		2022			
		Acquisition cost	Accumulated depreciation	Carrying amount	Fair value
Land	₩	4,656	₩ -	₩ 4,656	₩ 4,656
Buildings		2,312	(84)	2,228	2,312
	₩	6,968	₩ (84)	₩ 6,884	₩ 6,968

Changes in carrying amount of investment in properties for the years ended December 31, 2023 and 2022 are as follows:

*(in millions of Korean won)*

		2023			
		Beginning balance	Depreciation	Ending balance	
Land	₩	4,656	₩ -	₩ 4,656	
Buildings		2,228	(84)	2,144	
	₩	6,884	₩ (84)	₩ 6,800	

*(in millions of Korean won)*

		2022			
		Beginning balance	Changes in the scope of consolidation	Ending balance	
Land	₩	4,656	₩ -	₩ 4,656	
Buildings		2,312	(84)	2,228	
	₩	6,968	₩ (84)	₩ 6,884	

**SK Securities Co., Ltd. and Subsidiaries**  
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**December 31, 2023 and 2022**

**17. Deposits**

Details of deposits as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
<b>Customers' deposits</b>		
Customers' deposits for brokerage	₩ 422,015	₩ 401,671
Customers' deposits for exchange-traded derivatives trading	123,942	124,044
Customers' deposits for subscription	-	141
Customers' deposits for savings	392,766	459,632
Customers' deposits for beneficiary certificates	58,052	90,741
	<u>996,775</u>	<u>1,076,229</u>
<b>Import guarantee deposits</b>		
Collateral for credit loans	57	259
Other collateral*	40,746	30,647
	<u>40,803</u>	<u>30,906</u>
<b>Other deposits</b>		
Customers' deposits for giro	1	1
	<u>1</u>	<u>1</u>
	<u>₩ 1,037,579</u>	<u>₩ 1,107,136</u>

\*As a security right holder under a loan contract, the Group received cash collateral set by the counterparty.

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**18. Financial liabilities at FVTPL**

Details of financial liabilities at FVTPL as of December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Financial liabilities held for trading	₩ 125,901	₩ 134,600
Financial liabilities designated at fair value through profit or loss	826,935	629,888
	₩ 952,836	₩ 764,488

Details of financial liabilities held for trading as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Securities sold:		
Stocks	₩ 125,901	₩ 99,719
Government bonds, local government bonds	-	34,835
ETF	-	46
	₩ 125,901	₩ 134,600

Details of financial liabilities designated at fair value through profit or loss as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	Reason	2023	2022
Equity linked securities sold	Hybrid financial instrument	₩ 663	₩ 2,370
Equity linked bonds sold		759,764	516,717
		760,427	519,087
Other derivatives-linked securities sold	Hybrid financial instrument	472	596
Other derivatives-linked bonds sold		66,036	110,205
		66,508	110,801
		₩ 826,935	₩ 629,888

The difference between the carrying amount and maturity disbursement required to be paid at contractual maturity of financial liabilities designated at fair value through profit or loss as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Maturity disbursement	₩ 819,114	₩ 634,471
Carrying amount	826,935	629,888
Difference from carrying amount	₩ (7,821)	₩ 4,583

The variation accumulated amount in the fair value of a financial liability is designated as at fair value through profit or loss due to changes in credit risk for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	Items that recognize changes in fair value resulting from changes in credit risk in other comprehensive income	
	2023	2022
Beginning accumulated amount	₩ 562	₩ (270)
Fair value variation	(866)	1,088
Income taxes effects	201	(256)
Ending accumulated amount	₩ (103)	₩ 562



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**19. Borrowings**

Details of borrowings and bonds sold under repurchase agreements as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)	Creditor	Annual interest rate (%) as of December 31,		
		2023	2023	2022
Call money	Hyundai Asset Management Co.,Ltd. and others	3.80 ~ 4.02	₩ 50,000	₩ -
<b>Borrowings</b>				
Borrowings of distribution finance	Korea Securities Financial Corp.	4.33	150,183	127,263
Borrowings secured by securities	Korea Securities Financial Corp.	4.43 ~ 5.59	124,110	123,093
Noted discounted	Korea Securities Financial Corp. and others	3.95 ~ 5.30	60,000	40,000
Borrowings from banks	Korea Development Bank and others	2.50 ~ 8.50	30,188	33,192
CP	Hanyang Securities Co.,Ltd. and others	5.22 ~ 8.70	193,500	350,000
Asset backed short-term bonds	Daol Investment & Securities Co., Ltd. and others	0 ~ 10.0	282,920	229,100
Other borrowings	Korea Investment & Securities Co.,Ltd. and others	0.00 ~ 5.33	100,332	109,437
			<u>941,233</u>	<u>1,012,085</u>
<b>Bonds sold under repurchase agreements</b>				
Bonds sold under repurchase agreements	Customers	3.40 ~ 5.20	1,433,889	1,108,618
Bonds sold under repurchase agreements	Institutions	3.56 ~ 5.00	420,800	985,600
			<u>1,854,689</u>	<u>2,094,218</u>
			₩ <u>2,845,922</u>	₩ <u>3,106,303</u>

Details of bonds issued by the Group as of December 31, 2023 and 2022 are as follows:

		Annual interest rate (%) as of December 31,		
(in millions of Korean won)	Maturity date	2023	2023	2022
21 <sup>st</sup> Subordinated bonds				
Subordinated bonds of SK Securities Co., Ltd.	2026.03.20	4.60	₩ 50,000	₩ 50,000
Discount on bonds			(2)	(3)
			49,998	49,997
22 <sup>nd</sup> Subordinated bonds				
Subordinated bonds of SK Securities Co., Ltd.	2027.01.29	4.45	50,000	50,000
Discount on bonds			(24)	(32)
			49,976	49,968
23 <sup>th</sup> Senior bonds				
Senior bonds of SK Securities Co., Ltd.	2027.06.25	4.70	55,000	55,000
Discount on bonds			(19)	(23)

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(in millions of Korean won)	Maturity date	Annual interest rate (%) as of December 31, 2023	2023	2022
			54,981	54,977
24 <sup>th</sup> Subordinated bonds				
Subordinated bonds of SK Securities Co., Ltd.	2027.07.09	4.70	10,000	10,000
Discount on bonds			-	-
			10,000	10,000
25 <sup>th</sup> Subordinated bonds				
Subordinated bonds of SK Securities Co., Ltd.	2028.02.10	5.20	20,000	20,000
Discount on bonds			(3)	(3)
			19,997	19,997
26 <sup>th</sup> Subordinated bonds				
Subordinated bonds of SK Securities Co., Ltd.	2028.03.11	5.20	15,000	15,000
Discount on bonds			-	-
			15,000	15,000
27 <sup>th</sup> Subordinated bonds				
Subordinated bonds of SK Securities Co., Ltd.	2028.04.28	5.70	32,000	32,000
Discount on bonds			(40)	(49)
			31,960	31,951
28 <sup>th</sup> Subordinated bonds				
Subordinated bonds of SK Securities Co., Ltd.	2028.06.30	6.00	12,000	12,000
Discount on bonds			-	-
			12,000	12,000
29 <sup>th</sup> Subordinated bonds				
Subordinated bonds of SK Securities Co., Ltd.	2028.07.27	6.00	12,000	12,000
Discount on bonds			-	-
			12,000	12,000
30 <sup>th</sup> Subordinated bonds				
Subordinated bonds of SK Securities Co., Ltd.	2028.08.30	6.50	5,000	5,000
Discount on bonds			-	-
			5,000	5,000
1 <sup>st</sup> Senior bonds of NBH CAPITAL CO.,Ltd. unguaranteed senior bond	2023.09.20	-	-	7,000
Discount on bonds			-	-
			-	7,000
2 <sup>nd</sup> Senior bonds of NBH CAPITAL CO.,Ltd. unguaranteed senior bond	2024.10.11	7.50	5,000	-
Discount on bonds			-	-
			5,000	-
			₩ 265,912	₩ 267,890

**20. Retirement benefits**

**20.1 Defined benefit plan**

The Group operates defined benefit plans. The plan assets and the actuarial valuation of defined benefit obligations are calculated by independent actuaries. The level of benefits provided depends on employees' length of service and their salary in the final years leading up to retirement. The majority of benefit payments are from trustee administered funds.

Details of net defined benefit liabilities/assets recognized in the consolidated statements of financial position as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Present value of defined benefit obligations	₩ 57,308	₩ 51,833
Fair value of plan assets	(58,181)	(57,777)
Net defined benefit liabilities/assets	₩ (873)	₩ (5,944)

Changes in the defined benefit obligations for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Beginning balance	₩ 51,833	₩ 57,742
Current service costs	9,681	10,703
Interest expenses	2,634	2,104
Remeasurements:		
Actual loss arising from changes in financial assumptions	2,394	(8,371)
Actual loss arising from changes in demographic assumptions	(330)	-
Actual loss arising from experience adjustments	(1,103)	(235)
Benefits paid	(7,801)	(10,110)
Ending balance	₩ 57,308	₩ 51,833

Changes in the fair value of plan assets for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Beginning balance	₩ 57,777	₩ 51,540
Interest income on plan assets	2,412	1,767
Remeasurements	(666)	56
Contributions paid	8,250	13,400
Benefits paid	(9,592)	(8,986)
Ending balance	₩ 58,181	₩ 57,777

Expenses related to the defined benefit plans for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Current service costs	₩ 9,681	₩ 10,703
Interest expenses	2,634	2,104
Interest income on plan assets	(2,412)	(1,767)
	₩ 9,903	₩ 11,040

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**20. Retirement benefits (cont'd)**

Plan assets as of December 31, 2023 and 2022 consist of:

<i>(in millions of Korean won)</i>	2023		2022	
	Quoted price	Composition (%)	Quoted price	Composition (%)
Deposits	₩ 18,271	31.40	₩ 11,112	19.23
Guaranteed interest contract	15,457	26.57	19,501	33.75
Others	24,453	42.03	27,164	47.02
Fair value of plan assets	₩ 58,181	100.00	₩ 57,777	100.00

The significant actuarial assumptions as of December 31, 2023 and 2022 are as follows:

	2023	2022
Discount rate	4.32%~5.07%	5.29% ~ 5.98%
Mortality rate	0.03%~0.04%	0.04%
Turnover rate	9.11%~16.31%	8.78% ~ 19.31%
Future salary increasing rate	4.45%~4.79%	4.54% ~ 4.98%

The sensitivity of the defined benefit obligations to changes in the principal assumptions is as follows:

<i>(in millions of Korean won)</i>	2023		
	Current amounts	1%point increase	1%point decrease
Discount rate	₩ 57,308	₩ 54,503	₩ 60,420
Future salary growth rate	57,308	60,461	54,417

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The sensitivity of the defined benefit obligations to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Impact of defined benefit obligations on future cash flows

The Group reviews the funding level on an annual basis and has a policy of eliminating deficit from the fund.

The expected maturity analysis of undiscounted pension benefits as of December 31, 2023, is as follows:

<i>(in millions of Korean won)</i>	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Between 5 and 10 years	Over 10 years	Total
Pension benefits	₩ 8,447	₩ 12,289	₩ 27,032	₩ 46,516	₩ 57,717	₩ 152,001

The weighted-average duration of the defined benefit obligations is 5.361 ~ 6.17 years.

**20.2 Defined contribution plan**

Expenses related to the defined contribution plans for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Defined contribution plan	₩ 2,058	₩ 1,706

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**21. Lease liabilities**

Details of lease liabilities as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Nominal amount	₩ 114,428	₩ 121,349
Present value discount	(30,677)	(33,929)
Carrying amount	₩ 83,751	₩ 87,420

Changes in lease liabilities for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Beginning balance	₩ 87,420	₩ 93,714
Recognition	2,888	11,340
End of the lease term	(88)	(676)
Interest expenses	3,396	3,474
Payments	(11,247)	(11,380)
Adjustments	1,382	(9,052)
Ending balance	₩ 83,751	₩ 87,420

Total cash outflows from lease liabilities for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Repayment of lease liabilities	₩ 11,247	₩ 11,380
Lease payments for leases of low-value assets	185	146
	₩ 11,432	₩ 11,526

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**22. Other liabilities**

Details of other liabilities as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
<b>Other financial liabilities</b>				
Other payables	₩	377,015	₩	211,078
Accrued expenses		30,004		29,015
Leasehold deposits received		187		73
Lease deposits		2,065		3,003
Liabilities of non-controlling interests		15,448		11,751
		424,719		254,920
<b>Other non-financial liabilities</b>				
Advances received		365		385
Unearned income		5,542		7,683
Taxes withheld		6,976		6,892
Accrued expenses		36,217		49,889
Others		3,377		5,174
		52,477		70,023
	₩	477,196	₩	324,943

**23. Provisions**

Changes in provisions for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	Provision for restoration <sup>1</sup>		Provision for litigation <sup>2</sup>		Provision for guarantee	
	2023	2022	2023	2022	2023	2022
Beginning balance	₩ 4,654	₩ 6,588	₩ 2,650	₩ 10,370	₩ 313	₩ 108
Increase & decrease	(1,011)	(1,050)	-	-	-	-
Utilization	(24)	(20)	(2,000)	(669)	-	-
Additional provisions (Reversal)	(41)	(864)	5,860	(7,051)	(243)	205
Ending balance	₩ 3,578	₩ 4,654	₩ 6,510	₩ 2,650	₩ 70	₩ 313

<sup>1</sup>The provision for restoration represents the estimated costs to restore the existing leased properties which are discounted to the present value using the appropriate discount rate at the end of the reporting period. Disbursements of such costs are expected to incur at the end of the lease contract. Such costs are reasonably estimated using the average restoration expenses, which is calculated based on the actual costs incurred for the past five years using the five-year average inflation rate.

<sup>2</sup>As of December 31, 2023, the Group recognized provision for litigation by considering expected ratio of losing a lawsuit in relation to claim for damages regarding arbitrary purchase and sale (Note 41).

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**23. Provisions (cont'd)**

Changes in provisions of the off-balance-sheet items for the years ended December 31, 2023 and 2022 are as follows:

*(in millions of Korean won)*

	2023			
	12-month expected credit losses	Lifetime expected credit loss		Carrying amount
		Credit not impaired loans	Credit-impaired loans	
Beginning balance	₩ 191	₩ 111	₩ 11	₩ 313
Transfer to 12 month expected credit losses	-	-	-	-
Transfer to lifetime expected credit loss	(23)	23	-	-
Transfer to credit-impaired loans	(1)	-	1	-
Impairment (reversal of provision)	(142)	(109)	8	(243)
Ending balance	₩ 25	₩ 25	₩ 20	₩ 70

*(in millions of Korean won)*

	2022			
	12-month expected credit losses	Lifetime expected credit loss		Carrying amount
		Credit not impaired loans	Credit-impaired loans	
Beginning balance	₩ -	₩ -	₩ -	₩ -
Transfer to 12 month expected credit losses	-	-	-	-
Transfer to lifetime expected credit loss	(20)	20	-	-
Transfer to credit-impaired loans	-	-	-	-
Impairment (reversal of provision)	141	91	(27)	205
Others	70	-	38	108
Ending balance	₩ 191	₩ 111	₩ 11	₩ 313

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**24. Equity**

**(a) Details of equity as of December 31, 2023 and 2022 are summarized as follows:**

*(in millions of Korean won)*

	2023	2022
<b>Owners' equity:</b>		
Issued capital		
Ordinary shares	₩ 236,295	₩ 236,295
Preferred shares	1,956	1,956
	<u>238,251</u>	<u>238,251</u>
Capital surplus		
Paid-in capital in excess of par value	17,983	17,983
Gain on capital reduction	52,088	52,088
Other reserves	265	237
	<u>70,336</u>	<u>70,308</u>
Elements of other stock holders' equity		
Treasury stocks	(40,364)	(40,364)
Stock option	5,037	5,037
Other capital adjustments	(122)	(122)
	<u>(35,449)</u>	<u>(35,449)</u>
Accumulated other comprehensive income		
Remeasurements of net defined benefit liabilities	(8,179)	(6,932)
Gain (loss) on translation of foreign operations	2,167	1,915
Changes in the fair value of financial assets at FVOCI	122,159	116,344
Changes in the risk of own credit risk	(103)	563
Share of other comprehensive income (loss) of associates	386	32
	<u>116,430</u>	<u>111,922</u>
Retained earnings		
Earned profit reserves	4,943	4,281
Reserve for credit losses	8,680	9,212
Reserve for loss on electronic financial transactions	1,000	1,000
Voluntary reserves	4,055	-
Retained earnings before appropriations	<u>228,078</u>	<u>231,601</u>
	<u>246,756</u>	<u>246,094</u>
	<u>₩ 636,324</u>	<u>₩ 631,126</u>
<b>Non-controlling interests</b>	10,914	10,207

**(b) Issued capital**

Total number of shares of the Parent Company authorized to issue is 3 billion shares, while total number of ordinary shares issued and preferred shares issued are 472,590,171 and 3,912,514, respectively. The par value per share is ₩500.

**(c) Paid-in capital in excess of par value**

In 2018, the Parent Company incurred a paid-in capital in excess of par value of ₩17,983 million through increase in paid-in capital allocated to third parties and shareholder preference shares.



## 24. Equity (cont'd)

### (d) Gain on capital reduction

The Parent Company split the par value of its shares from ₩2,500 per share to ₩500 per share, and executed 5 to 1 share consolidation on July 2, 2003, as approved by the Board of Directors on May 13, 2003, and the shareholders on May 30, 2003. As a result, the Parent Company's equity decreased by ₩648,059 million while reserves (gain on capital reduction) increased by the same amount.

The ₩595,971 million out of ₩648,059 million was used to reduce the accumulated deficit (including ₩170,507 million in amortization of discounts on stock issuance and ₩3,321 million in compensation for loss on disposal of treasury stock), as approved by the shareholders on May 28, 2004, and as of December 31, 2023, the gain on capital reduction is ₩52,088 million.

### (e) Treasury stock

Treasury stocks is composed of 8,083,968 shares endowed by the largest shareholder in December 2002 and 3,200,000 shares acquired on February 25, 2016 under the approval of board of directors, and 14,200,000 shares acquired under the approval of board of directors in March, 2020 and April, 2020, respectively. According to the board decision in October 2021, 19,000,000 shares of treasury stock were acquired through the stock market (16,389,277 shares acquired in 2021, 2,610,723 shares acquired in Q1 2022). Accordingly, the Group holds 58,683,968 shares of treasury stock in total as of December 31, 2023.

### (f) Share-based payments

The Group granted share-based payments as of December 31, 2023 as follows:

	Stock option(Granted in 2019)	Stock option(Granted in 2020)
Grantees	Management and directors	Management and directors
Grant date	March 29, 2019	March 25, 2020
Number of shares granted	23,500,000 shares	32,000,000 shares
Settlement	Equity settlement or cash settlement	Equity settlement or cash settlement
Vesting condition	After three years of service from the grant date	After two years of service from the grant date
Exercise period	March 30, 2022~March 29, 2029	March 26, 2022~March 25, 2029
Exercise price	Type One: ₩900 Type Two: ₩707	Type One: ₩800 Type Two: ₩650
Shares granted	Type One: 19,000,000 shares Type Two: 4,500,000 shares	Type One: 28,000,000 shares Type Two: 4,000,000 shares
Shares outstanding as of December 31, 2023	Type One: 19,000,000 shares Type Two: 4,500,000 shares	Type One: 28,000,000 shares Type Two: 4,000,000 shares
Shares exercisable as of December 31, 2023	Type One: 19,000,000 shares Type Two: 4,500,000 shares	Type One: 28,000,000 shares Type Two: 4,000,000 shares

Assumptions used in fair valuation of share- based payments are as follows:

	Stock option(Granted in 2019)	Stock option(Granted in 2020)
Option pricing model	Binomial Tree	Binomial Tree
Risk free rate	1.75%, 1.72%, 1.60%, 1.71%	1.15%
Expected volatility (120 days KOSPI)	15.83%	34.45%
Share price at the grant date	₩669	₩455
Fair value	Type One: ₩102.77 Type Two: ₩167.48	Type One: ₩70.42 Type Two: ₩89.84

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**24. Equity (cont'd)**

The Group recognized share-based payments in equity or expenses for the years ended December 31, 2023 and 2022 are as follows:

(in millions of Korean won)	2023			
	Stock option(Granted in 2019)		Stock option(Granted in 2020)	
	Type One	Type Two	Type One	Type Two
Estimated vested shares as of December 31, 2023 <sup>1</sup>	19,000,000 shares	4,500,000 shares	28,000,000 shares	4,000,000 shares
Fair value of the liability	₩ 1,952	₩ 754	₩ 1,972	₩ 359
Cumulated share-based payment expenses already recognized	1,952	754	1,972	359
Stock option as of December 31, 2023	1,952	754	1,972	359

  

(in millions of Korean won)	2022			
	Stock option(Granted in 2019)		Stock option(Granted in 2020)	
	Type One	Type Two	Type One	Type Two
Estimated vested shares as of December 31, 2022 <sup>1</sup>	19,000,000 shares	4,500,000 shares	28,000,000 shares	4,000,000 shares
Fair value of the liability	₩ 1,952	₩ 754	₩ 1,972	₩ 359
Cumulated share-based payment expenses already recognized	1,796	693	1745	318
Expenses recognized during the year ended December 31, 2022	156	61	227	41
Stock option as of December 31, 2022	1,952	754	1,972	359

<sup>1</sup> All stock options are vested because of end of services as of December 31, 2023.

No changes in the number of granted stock option for the years ended December 31, 2023 and 2022.

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**24. Equity (cont'd)**

**(g) Accumulated other comprehensive income**

Changes in accumulated other comprehensive income (loss) for the years ended December 31, 2023 and 2022 are as follows:

*(in millions of Korean won)*

	2023			
	Beginning balance	Valuation	Tax effect	Ending balance
Remeasurements of net defined benefit liabilities	₩ (6,932)	₩ (1,627)	₩ 380	₩ (8,179)
Gain on translation of foreign operations	1,915	252	-	2,167
Gain (loss) on valuation of equity instruments at FVOCI	116,344	7,562	(1,747)	122,159
Changes in the risk of own credit risk	562	(866)	201	(103)
Share of other comprehensive income (loss) of associates	32	354	-	386
	₩ 111,921	₩ 5,675	₩ (1,166)	₩ 116,430

*(in millions of Korean won)*

	2022			
	Beginning balance	Valuation	Tax effect	Ending balance
Remeasurements of net defined benefit liabilities	₩ (13,386)	₩ 8,661	₩ (2,207)	₩ (6,932)
Gain on translation of foreign operations	601	1,314	-	1,915
Gain (loss) on valuation of equity instruments at FVOCI	102,840	15,817	(2,313)	116,344
Changes in the risk of own credit risk	(270)	1,088	(256)	562
Share of other comprehensive income (loss) of associates	180	(137)	(11)	32
	₩ 89,966	₩ 26,742	₩ (4,786)	₩ 111,922

**24. Equity (cont'd)**

**(h) Retained earnings**

**1) Earned profit reserve**

The Commercial Code of the Republic of Korea requires the Parent Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital. The reserve is not available for cash dividends payment, but may be transferred to issued capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed.

**2) Reserve for loss on electronic financial transactions**

According to Article 9 of the Electronic Financial Transaction Act and Article 5 of the Electronic Financial Transaction Supervisory Rule, the Parent Company recognizes reserve for loss on electronic financial transactions to compensate users' losses on accidents caused by forged or falsified documents and accidents that occurred in electronically transporting or processing contracts or ordering trades.

**3) Reserve for credit loss**

The Parent Company is required to appropriate, as a reserve for credit losses, a difference between the provision for impairment in accordance with K-IFRS and that under the Regulations on Financial Investment Services 3-8, Article 38 of Regulation On Supervision Of Mutual Savings Bank Business and Article 11 of Regulation On Supervision Of Specialized Credit Finance Business if the provision for impairment in accordance with K-IFRS is less than that in accordance with the Regulations on Financial Investment Services. The accumulated provision for impairment required for supervisory purposes is determined by using the minimum reserve rate regulated in Regulations on Financial Investment Services.

The reserve for credit losses is similar to voluntary reserve for retained earnings. When the existing reserve for credit losses exceeds the required reserve at the end of the reporting period, the excess amount can be reversed. When undisposed deficit exists, reserve for credit losses is waived until the undisposed deficit is reversed.

Balance of reserve for credit losses as of December 31, 2023 and 2022 are summarized as follows:

<i>(in millions of Korean won)</i>	2023	2022
Beginning balance of reserve for credit loss	₩ 8,680	₩ 9,212
Provision for (reversal of) reserve for credit loss, scheduled	14,741	(532)
Ending balance of reserve for credit loss	₩ 23,421	₩ 8,680

Details of profit after adjusting for reserve for credit losses and provision for (reversal of) reserve for credit losses for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Profit for the year	₩ 2,551	₩ 9,420
Provision for (reversal of) reserve for credit loss	14,741	(532)
Profit after reflecting reserve for credit loss <sup>1</sup>	₩ (12,190)	₩ 9,952
Earnings per share after reflecting reserve for credit loss (in Korean won)	₩ (29)	₩ 24

<sup>1</sup> Adjusted profit after provision of regulatory reserve for credit losses is not in accordance with K-IFRS and calculated on the assumption that provision (reversal) of regulatory reserve for credit losses before income tax is adjusted to the profit.

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**24. Equity (cont'd)**

**(i) Statement of appropriation of retained earning**

Details of the Parent Company's statement of appropriation of retained earnings for the years ended December 31, 2023 and 2022 are as follows:

*(in millions of Korean won)*

	2023	2022
	Expected date of appropriation: March 25, 2024	Date of appropriation: March 31, 2023
I. Retained earnings before appropriations		
Retained earnings before appropriations from beginning year	₩ 208,186	₩ 205,532
Profit for the year	2,134	4,441
	<u>210,320</u>	<u>209,973</u>
II. Appropriations of Retained Earnings		
Earned profit reserves	86	211
Provision for (reversal of) reserve for credit loss	14,741	(532)
Dividends	855	2,109
Ordinary shares dividends	828	2,070
Preferred shares dividends	27	39
	<u>15,682</u>	<u>1,787</u>
III. Retained earnings before appropriations carried over to subsequent year	₩ 194,638	₩ 208,186

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**25. Net commission income**

Commission income and expenses for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
<b>Commission income</b>				
Brokerage commissions	₩	66,276	₩	64,711
Underwriting commissions		33,129		32,861
Brokerage commissions on collective investment securities		8,006		8,905
Management fee on asset management		2,759		3,705
Fees on beneficiary certificates		2,230		3,612
Underwriting fees		300		825
Fees on financial services		8,799		17,819
Commission on derivatives linked securities		418		713
Trust fees and commissions received from trust account		7,244		10,122
Commission on debt guarantee		18,072		20,872
Fees on operating lease		6,732		6,061
Commission on private equity funds		15,781		11,214
Commission on credit offering		10,482		133
Others		3,572		6,906
		<u>183,800</u>		<u>188,459</u>
<b>Commission expenses</b>				
Trading commissions		5,606		5,599
Discretionary fees		18		33
Commissions paid on remittance		361		420
Fees on securities lending and borrowing		2,421		4,572
Others		2,520		2,827
		<u>10,926</u>		<u>13,451</u>
<b>Net commission income</b>	₩	<u>172,874</u>	₩	<u>175,008</u>

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**26. Gain and loss related to financial instruments at FVTPL**

Details of gain and loss related to financial instruments at FVTPL for the years ended December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023	2022
<b>Gain related to financial instruments at FVTPL</b>		
Gain on disposal of financial assets at FVTPL	₩ 250,453	₩ 305,148
Gain on valuation of financial assets at FVTPL	80,964	13,975
Gain on repayment of financial assets designated at fair value through profit or loss	-	401
Gain on valuation of financial assets designated at fair value through profit or loss	19,593	10,228
Gain on valuation of financial liabilities held for trading	7,797	12,216
Gain on repayment of financial liabilities designated at fair value through profit or loss	2,474	137
Gain on valuation of financial liabilities designated at fair value through profit or loss	1,181	5,238
Gain on derivative instruments	347,082	477,491
	<u>709,544</u>	<u>824,834</u>
<b>Loss related to financial instruments at FVTPL</b>		
Loss on disposal of financial assets at FVTPL	220,311	241,593
Loss on valuation of financial assets at FVTPL	23,255	74,721
Loss on repayment of financial assets designated at fair value through profit or loss	-	57
Loss on valuation of financial assets designated at fair value through profit or loss	249	6,709
Loss on valuation of financial liabilities held for trading	10,347	1,513
Loss on repayment of financial liabilities designated at fair value through profit or loss	29,356	8,885
Loss on valuation of financial liabilities designated at fair value through profit or loss	20,748	4,257
Loss on derivative instruments	322,630	403,547
	<u>626,896</u>	<u>741,282</u>
<b>Net gain on valuation and disposal of financial instruments at FVTPL</b>	₩ 82,648	₩ 83,552

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**27. Net interest income**

Details of interest income and expenses for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
<b>Interest income</b>		
Interest on broker's loans	₩ 13,362	₩ 14,494
Interest on purchased loans	65,831	68,583
Interest on loans	16,921	12,679
Interest on bonds	78,656	57,763
Interest on securities loaned	8	4
Interest on corporate commercial papers	1,297	1,076
Interest on asset backed short-term bonds	3,237	2,155
Interest on deposits with KSFC	3,068	1,851
Interest on certificate of deposits	7	2
Interest on due from financial institution	6,721	2,916
Interest on bonds purchased under resale agreements	3,530	959
Gain on transaction of certificate of deposits	27	41
Interest on deposits	6,213	3,193
Interest on other receivables	296	329
Interest on lease on finance lease receivables	357	541
Others	5,339	3,731
	<u>204,870</u>	<u>170,317</u>
<b>Interest expenses</b>		
Interest on borrowings	58,242	40,866
Interest on customer's deposits	22,264	13,060
Interest on bonds sold under repurchase agreements	67,808	37,594
Loss on transaction of certificate of deposits	-	1
Interest on bonds	13,009	13,363
Interest on securities lending and borrowing	190	200
Interest on call money	365	-
Others	5,652	10,540
	<u>167,530</u>	<u>115,624</u>
<b>Net interest income</b>	<u>₩ 37,340</u>	<u>₩ 54,693</u>

**28. Gain and loss related to financial instruments at amortized cost**

Details of gain and loss related to financial instruments at amortized cost for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
<b>Gain on disposal of securities at amortized cost</b>	₩ 1	₩ -
<b>Gain on valuation and disposal of loan receivables</b>		
Gains on valuation of loans receivable	1,430	527
Gains on disposal of loans receivable	1,245	2,034
	<u>2,676</u>	<u>2,561</u>
<b>Loss on valuation and disposal of loan receivables</b>		
Loss on valuation of loans receivable	232	-
Loss on disposal of loans receivable	776	30
	<u>1,008</u>	<u>30</u>
<b>Net gain on valuation and disposal of financial instruments at amortized cost</b>	<u>₩ 1,668</u>	<u>₩ 2,531</u>



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**29. Dividend income**

Details of dividend income for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Dividend income	₩ 12,482	₩ 11,758
Distribution income	2,078	2,561
	₩ 14,560	₩ 14,319

**30. Selling and administrative expenses**

Details of selling and administrative expenses for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
<b>Salaries and other benefits</b>		
Salaries	₩ 111,755	₩ 118,840
Retirement benefits	11,961	12,746
Long-term employee benefits	(70)	(70)
Early retirement benefits	-	1,835
Employee welfare	23,599	26,645
	147,245	159,996
<b>Depreciation</b>	14,574	15,004
<b>Depreciation on operating lease assets</b>	4,448	4,469
<b>Amortization of intangible assets</b>	6,951	6,032
<b>Other selling and administrative expenses</b>		
Computer system operations	20,211	18,331
Rentals	6,212	6,085
Service fees	18,919	21,753
Entertainment	7,024	8,634
Advertising	1,092	3,063
Training	433	641
Taxes and dues	10,976	11,886
Legal	17	19
Business meetings	224	429
Printings	531	734
Travel	760	756
Vehicle maintenance	678	653
Supplies	756	1,696
Utilities	92	72
Insurance	5,034	3,513
Event	1,279	2,845
Others	1,709	2,220
	75,947	83,330
	₩ 249,165	₩ 268,831

**SK Securities Co., Ltd. and Subsidiaries**  
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**31. Other operating income and expenses**

Details of other operating income and expenses for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
<b>Gain on foreign currency transactions</b>		
Gain on foreign currency transactions	₩ 21,834	₩ 28,529
Gain on foreign currency translations	2,172	8,065
	<u>24,006</u>	<u>36,594</u>
<b>Other operating income</b>		
Reversal of provisions	40	8,530
Sales of terminated leases	1,829	2,771
Gains on early expiration or termination of leases	87	159
Gains on valuation and disposal of carbon credit permits	1,682	829
Others	1,389	1,313
	<u>5,027</u>	<u>13,602</u>
	<u>29,033</u>	<u>50,196</u>
<b>Loss on foreign currency transactions</b>		
Loss on foreign currency transactions	22,857	39,292
Loss on foreign currency translations	1,185	1,035
	<u>24,042</u>	<u>40,327</u>
<b>Other operating expenses</b>		
Contribution to provisions	5,617	820
Cost of terminated leases sold	-	1,409
Losses on valuation and disposal of carbon credit permits	7,986	10,825
Others	9	120
	<u>13,612</u>	<u>13,174</u>
	<u>37,654</u>	<u>53,501</u>
<b>Net Loss on other operating income and expenses</b>	<u>₩ (8,621)</u>	<u>₩ (3,305)</u>

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**32. Non-operating income and expenses**

Details of non-operating income and expenses for the years ended December 31, 2023 and 2022 are as follows:

*(in millions of Korean won)*

**Non-operating income**

	2023	2022
Gain on disposal of property and equipment	₩ -	₩ 19
Gain on disposal of intangible assets	999	3,305
Rent	190	110
Share of profit of associates	22,346	9,077
Gain on disposal of investments in associates	1,853	160
Lease-related income	33	2
Reversal of impairments	1,021	-
Government subsidies	1	270
Gain on restoration	24	-
Others	3,211	1,036
	<u>29,678</u>	<u>13,979</u>

**Non-operating expenses**

Loss on disposal of property and equipment	-	12
Loss on disposal of intangible assets	-	1
Loss on disposal of investment property	67	7
Share of loss of associates	8,516	13,761
Loss on disposal of investments in associates	100	163
Donations	54	110
Lease-related expense	-	44
Impairments losses	978	-
Others	27,180	7,609
	<u>₩ 36,895</u>	<u>₩ 21,707</u>

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**33. Income and deferred tax**

Income tax expenses for the years ended December 31, 2023 and 2022 consists of:

<i>(in millions of Korean won)</i>	2023	2022
Current income tax	₩ 2,827	₩ 4,030
Changes in deferred tax arising from temporary differences	(2,844)	9,339
Deferred tax charged (credited) directly to the equity	(1,167)	(4,787)
Income tax refund	387	(3,107)
Period adjustment of income tax	3,419	(3,928)
Others	72	-
Income tax expenses	₩ 2,694	₩ 1,547

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

<i>(in millions of Korean won)</i>	2023	2022
Profit before income tax	₩ 5,881	₩ 10,156
Statutory income tax rate	20.53%	21.78%
Income tax using the Group's statutory tax rate	₩ 1,207	₩ 2,212
Adjustments:		
Non-taxable income	(262)	(293)
Non-deductible expenses	1,288	1,582
Additional income tax refund for the prior periods	387	(3,107)
Others	74	1,153
Income tax expenses	₩ 2,694	₩ 1,547
Effective tax rate	45.81%	15.23%

Changes in deferred tax assets and liabilities during the years ended December 31, 2023 and 2022 without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

<i>(in millions of Korean won)</i>	2023				
	Beginning balance	Period adjustment	Profit or loss	Other comprehensive income	Ending balance
Accrued income	₩ (4,612)	₩ -	₩ (444)	₩ -	₩ (5,056)
Financial assets at FVTPL	13,172	53	(22,742)	-	(9,517)
Financial assets at FVOCI	(35,146)	-	-	(1,747)	(36,893)
Valuation of derivative instruments	(3,898)	-	(206)	-	(4,104)
Changes in the risk of own credit risk	170	-	(340)	200	30
Financial liabilities at FVTPL	(3,515)	-	5,934	-	2,419
Defined benefit liabilities	(1,340)	-	839	379	(122)
Investments in associates	4,756	548	(3,070)	1	2,235
Gain on assets contributed	2,707	-	(12)	-	2,695
Accrued expenses	469	1,196	3,114	-	4,779
Others	12,724	1,622	9,658	-	24,004
	₩ (14,513)	₩ 3,419	₩ (7,269)	₩ (1,167)	₩ (19,530)

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**33. Income and deferred tax (cont'd)**

(in millions of Korean won)

	2022				
	Beginning balance	Period adjustment	Profit or loss	Other comprehensive income	Ending balance
Accrued income	₩ (3,772)	₩ -	₩ (840)	₩ -	₩ (4,612)
Financial assets at FVTPL	12,064	-	1,108	-	13,172
Financial assets at FVOCI	(33,418)	-	585	(2,313)	(35,146)
Valuation of derivative instruments	(6,021)	-	2,123	-	(3,898)
Changes in the risk of own credit risk	(86)	-	512	(256)	170
Financial liabilities at FVTPL	(467)	-	(3,048)	-	(3,515)
Defined benefit liabilities	1,628	-	(761)	(2,207)	(1,340)
Investments in associates	2,065	(131)	2,833	(11)	4,756
Gain on assets contributed	2,824	-	(117)	-	2,707
Accrued expenses	8,499	(5,629)	(2,401)	-	469
Others	11,510	1,832	(618)	-	12,724
	₩ (5,174)	₩ (3,928)	₩ (624)	₩ (4,787)	₩ (14,513)

Temporary differences which were not recognized due to uncertainty of their realization as of December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	2022
<b>Taxable temporary difference:</b>		
Goodwill	₩ (10,097)	₩ (10,991)
<b>Deductible temporary difference:</b>		
Subsidiaries	17,773	14,970
	₩ 7,676	₩ 3,979

Income tax effects related to components of other comprehensive income for the years ended December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023			2022		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Remeasurements of net defined benefit liabilities	₩ (10,624)	₩ 2,445	₩ (8,179)	₩ (8,998)	₩ 2,066	₩ (6,931)
Changes in the risk of own credit risk	(133)	30	(103)	733	(170)	563
Gain on translation of foreign operations	2,167	-	2,167	1,915	-	1,915
Changes in the fair value of financial assets at FVOCI	159,051	(36,892)	122,159	151,490	(35,146)	116,344
Share of other comprehensive income of associates	386	-	386	32	-	32
	₩ 150,847	₩ (34,417)	₩ 116,430	₩ 145,171	₩ (33,249)	₩ 111,922

## **34. Financial risk management**

### **34.1 General information of risk management**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks.

The Group manages the group level risk with the following measures:

- Independence of the risk management organization and its operations
- Training and securing risk management experts
- Risk management based on standardized procedures and policies
- Risk advisory & control on investments and operation
- Established risk management system enabling risk recognition, assessment, evaluation and management
- Performance evaluation based on risks
- Building entity level risk management environment
- Establishing risk management strategy of each department

The Group has established and operates a risk management committee, which builds risk management policies and approves major risk management procedures. The risk management committee sets up risk management strategy, builds risk management control environments and makes decisions on risk management. The Group also has established the risk management execution committee and the risk management subcommittee to deal with the Group's working level risk management and minor risk management issues.

In addition, the Group establishes and operates a risk management expert review body to support reasonable decision-making with professional support and has a risk management department within the risk management headquarters as a risk management working organization that implements risk management strategies and policies through appropriate procedures and systems. Also, the Group assigns risk management roles to the front-line departments that will perform risk management practices to build up consistency, prior and post-management systems for risk management across the enterprise.

### **34.2 Credit risk**

#### **(i) General information of credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's due from banks, loans and receivables from customers and debt securities.

#### **(ii) Risk management of credit risk**

The purpose of credit risk management is to secure safe revenue and enhance asset soundness by setting limitations to operations bearing credit risks, thus controlling the incurrence of excessive losses and minimizing credit risks by operating an optimal credit portfolio.

Credit risk management of the Group is as follows:

A credit limit is based on credit exposure, risks of counterparties to transactions and credit concentration risks, and may be set with an additional credit limit, by the risk management division.

Limits of credit risks are measured as follows:

- Exposure: invested amount
- Credit risks: standard method of BIS, Value at Risk (VaR) and net capital ratio (NCR)
- Credit concentrated risks: based on counterparties to transactions, group of corporations, credit ratings, and countries

**34. Financial risk management (cont'd)**

Credit risks of a class of assets are measured daily or monthly, and reported to the risk management committee.

The Group has a risk management division under the risk management committee to manage credit risks.

The risk management division monitors transaction limits of each division and provides solutions to reduce credit risks, and has responsibility to report to the Risk Management Committee the current status of credit risks, including the following:

- Exposures and VaRs classified by counterparties, credit ratings, group of corporations, countries and departments
- Credit Risk limits and management
- Credit Risk measurement model and its propriety
- Setting credit alarm policy and action plan

The risk management division monitors credit risks and limits of each department and advises risk management procedures.

**(iii) Maximum exposures to credit risks**

The Group's maximum exposures to credit risks of financial instruments as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
<b>Balance account</b>		
Cash and due from banks	₩ 426,380	₩ 528,370
Financial assets at FVTPL <sup>1</sup>	2,962,040	3,216,592
Securities at amortized cost	19,998	44
Derivative assets	48,160	74,611
Loan receivables	1,208,147	1,211,890
Other financial assets	468,119	275,111
	<u>5,132,844</u>	<u>5,306,618</u>
<b>Off balance account</b>		
Other commitments <sup>2</sup>	₩ -	₩ 12,000
Unused loan commitments <sup>2</sup>	₩ 21,172	₩ 44,290

<sup>1</sup> Investments in equity securities, including shares, investments in partnership, and collective investment securities are excluded.

<sup>2</sup> This is the amount of the conditional cash deficiency support on asset-backed securities, etc. and is explained in Note 41.(3).

**(iv) Credit enhancements**

Credit enhancements to reduce credit risks are as follows:

- Margins loans to customers and loans secured by securities

The Group recognizes loans to its customers without collateral as margin loans to customers. The interest rates of the loans range from 4.5% to 9.5% and the maturity is equal to or less than 180 days. Overdue margin loans are reclassified to loans recoverable and the interest rate is changed to 11.0% at the maximum.

Loans secured by securities are originated within 70% of the securing share value. The interest rates range from 8.0% to 9.0% and the maturities are equal to or less than 90 days (up to 450 days). The customers are required to deposit securities with values at more than 140% of their loans. If a customer cannot meet the ratio, the Group sells the deposited customer's securities and pays off the loans.

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**34. Financial risk management (cont'd)**

**(v) Information on the credit ratings of financial assets**

Credit ratings of financial assets that are neither past due nor impaired as of December 31, 2023 and 2022 are as follows:

**1) Financial assets at fair value through profit or loss and derivative assets**

(in millions of Korean won)	2023					
	Credit ratings					
	AAA	AA	A	Lower than A	Others	Total
Financial assets at FVTPL <sup>1</sup>	₩ 1,508,463	₩ 964,179	₩ 254,183	₩ -	₩ 181,911	₩ 2,908,736
Financial assets at amortized cost	19,998	-	-	-	-	19,998
Derivative assets	37,501	10,075	584	-	-	48,160
	₩ 1,565,962	₩ 974,254	₩ 254,767	₩ -	₩ 181,911	₩ 2,976,894

(in millions of Korean won)	2022					
	Credit ratings					
	AAA	AA	A	Lower than A	Others	Total
Financial assets at FVTPL <sup>1</sup>	₩ 1,828,956	₩ 1,080,208	₩ 115,333	₩ 5,172	₩ 144,094	₩ 3,173,763
Securities at amortized cost	44	-	-	-	-	44
Derivative assets	35,731	32,371	6,508	-	1	74,611
	₩ 1,864,731	₩ 1,112,579	₩ 121,841	₩ 5,172	₩ 144,095	₩ 3,248,418

<sup>1</sup> The items exclude corporate commercial papers and asset backed short-term bond.

The above credit ratings are classified according to the credit rating of the external credit rating agency.

**2) Corporate commercial papers**

(in millions of Korean won)	2023	2022
A2	₩ 1,599	₩ 14,155
A1	18,169	-
	₩ 19,768	₩ 14,155

The above credit ratings are classified according to the credit rating of the external credit rating agency.

**3) Asset backed short-term bond**

(in millions of Korean won)	2023	2022
A2	₩ 33,536	₩ 28,673

The above credit ratings are classified according to the credit rating of the external credit rating agency.



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**34. Financial risk management (cont'd)**

**4) Cash and due from banks, loan receivables and other financial assets**

(in millions of Korean won)

	2023		
	Prime	Normal	Total
Cash and due from banks	₩ 426,380	₩ -	₩ 426,380
Loan receivables	926,006	209,475	1,135,481
Other financial assets	466,234	1,742	467,976
	₩ 1,818,620	₩ 211,217	₩ 2,029,837

(in millions of Korean won)

	2022		
	Prime	Normal	Total
Cash and due from banks	₩ 528,370	₩ -	₩ 528,370
Loan receivables	1,089,694	65,588	1,155,282
Other financial assets	275,037	42	275,079
	₩ 1,893,101	₩ 65,630	₩ 1,958,731

The Group classified cash and due from banks, loan receivables and other financial assets into prime or normal based on the internal credit ratings.

**(vi) Information on the impaired loan receivables and other financial assets**

Details of impaired loan receivables and other financial assets, and fair value of collateral and other credit enhancements as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023			
	Carrying amount before impairment loss	Impairment loss	Carrying amount after recognition of impairment loss	Fair value of collateral and other credit enhancements
Loan receivables	₩ 126,756	₩ (54,090)	₩ 72,666	₩ 37,171
Other financial assets	10,769	(10,626)	143	-
	₩ 137,525	₩ (64,716)	₩ 72,809	₩ 37,171

(in millions of Korean won)

	2022			
	Carrying amount before impairment loss	Impairment loss	Carrying amount after recognition of impairment loss	Fair value of collateral and other credit enhancements
Loan receivables	₩ 92,988	₩ (36,380)	₩ 56,608	₩ 21,318
Other financial assets	8,332	(8,300)	32	4
	₩ 101,320	₩ (44,680)	₩ 56,640	₩ 21,322

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**34. Financial risk management (cont'd)**

**(vii) Concentration of credit risks by industry**

Concentration of credit risks by industry as of December 31, 2023 and 2022, consists of:

(in millions of Korean won)	2023		2022	
	Amount	Composition (%)	Amount	Composition (%)
<b>Cash and due from banks</b>				
Government and government invested institution	₩ 238,666	55.97	₩ 289,814	54.85
Finance and insurance	187,714	44.03	238,556	45.15
	426,380	100.00	528,370	100.00
<b>Financial assets at FVTPL</b>				
Government and government invested institution	1,385,071	46.76	1,589,975	49.43
Finance and insurance	1,134,240	38.29	1,290,994	40.14
Others	442,729	14.95	335,623	10.43
	2,962,040	100.00	3,216,592	100.00
<b>Securities at amortized cost</b>				
Government and government invested institution	19,998	100.00	44	100.00
	19,998	100.00	44	100.00
<b>Derivative instrument</b>				
Government and government invested institution	1,079	2.24	4,879	6.54
Finance and insurance	46,766	97.11	69,717	93.44
Others	315	0.65	15	0.02
	48,160	100.00	74,611	100.00
<b>Loan receivables</b>				
Finance and insurance	183,301	15.17	643,271	53.08
Others	1,024,846	84.83	568,619	46.92
	1,208,147	100.00	1,211,890	100.00
<b>Other financial assets</b>				
Government and government invested institution	73,239	15.65	206,931	75.23
Finance and insurance	4,053	0.87	5,423	1.97
Others	390,827	83.48	62,757	22.80
	468,119	100.00	275,111	100.00
	₩ 5,132,844		₩ 5,306,618	

**34. Financial risk management (cont'd)**

**34.3 Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises when a repayment of liabilities is requested earlier than expected or when funds are not available.

The objective of liquidity risk management is to set standards and procedures in relation to assets, liabilities and cash flow management of the Group, and to put it into action to secure stability and liquidity in relation to funding and operating.

The Group's risk management committee manages liquidity risks. The risk management organization of the Group is responsible for performing the following duties in relation to liquidity risk and reporting the current status of liquidity risk to the risk management committee.

- Report on liquidity status analysis
- Setting and managing liquidity scenarios
- Monitoring liquidity risk limits
- Develop measures to cope with liquidity crisis and review the adequacy of liquidity measurement indicators
- Setting maturity and changing measurement standards
- Report on the adequacy of liquidity risk limits

The risk management department reports the daily liquidity risk limits to a member of the risk management execution committee and reports regularly liquidity risk management status to the risk management committee.

The Group manages liquidity risks in accordance with "Finance investment company liquidity risk management standard" issued by the Financial Supervisory Service.

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**34. Financial risk management (cont'd)**

**(a) Contractual maturities for financial instruments**

The Group's financial assets and liabilities classified by its maturity as of December 31, 2023 and 2022 are as follows:

(in millions of  
Korean won)

	2023					
	1 month or Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
<b>Financial assets</b>						
Cash and due from banks <sup>1</sup>	₩ 426,303	₩ -	₩ -	₩ 84	₩ -	₩ 426,387
Financial assets at FVTPL	695,261	351,202	729,705	1,090,424	95,448	2,962,040
Securities at amortized cost	19,956	-	40	2	-	19,998
Derivative assets	192	721	2,961	42,297	1,988	48,159
Loan receivables <sup>1</sup>	354,170	371,708	327,944	208,795	14,595	1,277,212
Other financial assets <sup>1,2</sup>	462,185	259	8,201	6,784	8,748	486,177
	<u>1,958,067</u>	<u>723,890</u>	<u>1,068,851</u>	<u>1,348,386</u>	<u>120,779</u>	<u>5,219,973</u>
<b>Financial liabilities</b>						
Deposits	1,037,579	-	-	-	-	1,037,579
Financial liabilities at FVTPL	153,059	28,307	648,505	97,394	25,571	952,836
Borrowings <sup>1</sup>	2,402,640	265,836	109,343	380,350	2,517	3,160,686
Derivative liabilities	24,942	-	7,240	43,047	32,680	107,909
Lease liabilities <sup>1</sup>	248	100	433	3,968	110,019	114,768
Other financial liabilities	424,719	-	-	-	-	424,719
	<u>4,043,187</u>	<u>294,243</u>	<u>765,521</u>	<u>524,759</u>	<u>170,787</u>	<u>5,798,497</u>
	<u>₩ (2,085,120)</u>	<u>₩ 429,647</u>	<u>₩ 303,330</u>	<u>₩ 823,627</u>	<u>₩ (50,008)</u>	<u>₩ (578,524)</u>

<sup>1</sup> Cash flows include both principal and interest, and are undiscounted.

<sup>2</sup> Included finance lease receivables.

**SK Securities Co., Ltd. and Subsidiaries**  
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**34. Financial risk management (cont'd)**

(in millions of  
Korean won)

	2022					
	1 month or Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
<b>Financial assets</b>						
Cash and due from banks <sup>1</sup>	₩ 525,408	₩ -	₩ 3,000	₩ -	₩ -	₩ 528,408
Financial assets at FVTPL	548,250	78,113	1,412,847	1,011,236	166,147	3,216,593
Securities at amortized cost	-	-	2	43	1	46
Derivative assets	8,121	-	26,572	37,151	2,767	74,611
Loan receivables <sup>1</sup>	225,526	420,493	286,070	319,590	12,390	1,264,069
Other financial assets <sup>1,2</sup>	266,618	1,935	5,651	10,447	8,388	293,039
	<u>1,573,923</u>	<u>500,541</u>	<u>1,734,142</u>	<u>1,378,467</u>	<u>189,693</u>	<u>5,376,766</u>
<b>Financial liabilities</b>						
Deposits	1,107,136	-	-	-	-	1,107,136
Financial liabilities at FVTPL	136,217	25,653	516,012	63,891	22,718	764,491
Borrowings <sup>1</sup>	2,556,724	137,570	329,142	308,780	100,074	3,432,290
Derivative liabilities	30,908	8	35,843	31,684	44,754	143,197
Lease liabilities <sup>1</sup>	876	1,684	9,018	27,461	82,088	121,127
Other financial liabilities	289,983	-	-	-	-	289,983
	<u>4,121,844</u>	<u>164,915</u>	<u>890,015</u>	<u>431,816</u>	<u>249,634</u>	<u>5,858,224</u>
	<u>₩ (2,547,921)</u>	<u>₩ 335,626</u>	<u>₩ 844,127</u>	<u>₩ 946,651</u>	<u>₩ (59,941)</u>	<u>₩ (481,458)</u>

<sup>1</sup> Cash flows include both principal and interest, and are undiscounted.

<sup>2</sup> Included finance lease receivables.

**(b) The Remaining Period of Off-balance Accounts**

In case the counterparty requests for the acquisition of private placement corporate bonds, the acquisition should be made immediately even though the purchase agreement (acquisition agreement for private placement corporate bonds, etc.) provided by the Group has not expired. The investment commitment is an additional funding commitment which is frequently executed upon the request by executors to the extent of the remaining balance of commitments.

The details of the off-balance accounts and investment commitments (unexecuted balance) as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won, USD)

	2023	2022
Other agreements	₩ -	₩ 12,000
Investment commitments in associates	₩ 19,967	₩ 24,926
Investment commitments in associates(foreign currency)	USD 2,985,642	USD 3,180,642
Unused loan commitments	₩ 21,172	₩ 44,290

**34. Financial risk management (cont'd)**

**34.4 Market risk**

**(a) Market risk management**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group's risk management committee makes certain decisions, such as setting limits and establishing policies on market risk management. The risk management organization of the Group is responsible for performing the following duties in relation to market risk and reporting the current status of market risk to the risk management committee:

- Setting and managing limits of the market risk
- Monitor limits of the market risk
- Review the adequacy of the market risk limits
- Measure/manage/report market risk daily

The risk management division measures and manages market risks daily and reports the results to the risk management committee on a regular basis. Moreover, if there is a loss of more than a certain amount or if anything unusual occurs, it is reported to the risk management committee.

The Group measures market risks with the standard model approach or the internal model approach (10 days of retention period, 99% of confidence level). The internal model approach sets the parametric VaR of Delta-Gamma method as its basic measure of market risk and also utilizes the VaR of Monte-Carlo Simulation and historical simulation method as a supporting measurement. If it is difficult to apply internal models such as VaR or objectively prove the measurement criteria, the risk management department can measure market risks and manage the limit on a daily basis according to the standard method of measuring market risk in the supervisory regulations.

34. Financial risk management (cont'd)

(b) Qualitative information

1) VaR

VaR is the maximum loss for a certain period due to market fluctuations under the normal distribution assumption. Ten days of retention of assets are assumed when calculating the VaR and the VaR is calculated based on the data of the past 250 days moving-average, the variance- covariance method and the sided confidence interval of 99%. VaR is one of the commonly used market risk measurement techniques. However, this approach has some limitations. The VaR estimates the possible loss under specific confidence levels based on past market data, which, however, do not reflect all the possible future conditions or environment. As a result, the changes in assumptions may change the VaR result. In addition, the retention period that is typically used is ten days, which assumes that the period is sufficient to liquidate the related positions. If this period is not enough, or too long, the VaR results may underestimate or overestimate the potential loss.

2) Back-Testing

In order to verify the adequacy and reliability of the VaR model, the risk management department periodically conducts a back-testing to compare the actual gains and losses with the results of the VaR calculation, and reports the results to the risk management committee.

3) Stress Testing

The risk management division performs stress tests under various scenarios to mitigate the limit of VaR analysis. The Group performs stress testing at least once a year that considers changes in the financial environment. When the market fluctuates severely, the Group shortens the stress test intervals. The risk management division reports the stress test results to the risk management committee and utilizes the results to set risk limits or establish risk management strategies or capital allocation.

The following table presents the reasonably possible range of losses on the Group's financial assets and liabilities by risk classification as of and for the years ended December 31, 2023 and 2022:

(in millions of Korean won)

	2023			
	Average	Minimum	Maximum	Ending balance
Interest rate risk	₩ 5,652	₩ 2,615	₩ 9,954	₩ 4,901
Equity price risk	3,535	662	9,377	2,248
Foreign exchange rate risk	1,661	870	3,786	1,436
Other risk	1	-	8	-
Portfolio diversification effect				(2,271)
Total VaR	₩ 7,730	₩ 3,787	₩ 13,753	₩ 6,314

(in millions of Korean won)

	2022			
	Average	Minimum	Maximum	Ending balance
Interest rate risk	₩ 5,724	₩ 1,767	₩ 16,045	₩ 5,011
Equity price risk	5,630	510	11,373	3,266
Foreign exchange rate risk	3,421	1,167	9,219	2,045
Other risk	23	-	396	-
Portfolio diversification effect				(5,598)
Total VaR	₩ 11,114	₩ 4,619	₩ 17,054	₩ 4,723

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**34. Financial risk management (cont'd)**

**4) Currency risk**

The foreign currency denominated financial instruments exposed to foreign exchange risk by major currencies as of December 31, 2023 and 2022 are as follows:

(in millions of  
Korean won)

	2023					
	USD	EUR	HKD	JPY	Others	Total
<b>Financial assets</b>						
Cash and due from banks	₩ 25,237	₩ 645	₩ 6,962	₩ 1	₩ 1,056	₩ 33,901
Financial assets at FVTPL	59,376	21,612	-	2,791	-	83,779
Derivative assets <sup>1</sup>	3,183	-	-	-	-	3,183
Other financial assets	362	-	-	-	-	362
	₩ 88,158	₩ 22,257	₩ 6,962	₩ 2,792	₩ 1,056	₩ 121,225
<b>Financial liabilities</b>						
Deposits	₩ 5,951	₩ -	₩ 224	₩ -	₩ 252	₩ 6,427
Derivative liabilities	3,729	21,592	-	2,791	-	28,112
Borrowings	61,863	-	-	-	-	61,863
	₩ 71,543	₩ 21,592	₩ 224	₩ 2,791	₩ 252	₩ 96,402

<sup>1</sup> Included guarantee trading deposits for foreign exchange-traded future classified as deposits.

(in millions of  
Korean won)

	2022					
	USD	EUR	HKD	GBP	Others	Total
<b>Financial assets</b>						
Cash and due from banks	₩ 23,581	₩ 1,392	₩ 1,852	₩ 1	₩ 1,034	₩ 27,860
Financial assets at FVTPL	75,481	20,811	1,995	6,791	-	105,078
Derivative assets <sup>1</sup>	5,788	-	-	-	-	5,788
Other financial assets	625	-	-	-	-	625
	₩ 105,475	₩ 22,203	₩ 3,847	₩ 6,792	₩ 1,034	₩ 139,351
<b>Financial liabilities</b>						
Deposits	₩ 7,865	₩ -	₩ 223	₩ -	₩ 296	₩ 8,384
Financial liabilities designated at FVTPL	9,639	-	-	-	-	9,639
Derivative liabilities	4,801	20,792	-	6,775	-	32,368
Borrowings	73,523	-	-	-	-	73,523
	₩ 95,828	₩ 20,792	₩ 223	₩ 6,775	₩ 296	₩ 123,914

<sup>1</sup> Included guarantee trading deposits for foreign exchange-traded future classified as deposits.



34. Financial risk management (cont'd)

5) Interest Rate Benchmark Reform - Phase 2 amendments

The amendments in Interest Rate Benchmark Reform - Phase 2 include exceptions that allows an entity to adjust the effective interest rate rather than the carrying amount of a financial instrument when it is measured at amortized cost, and to continue hedge accounting without interruption when an interest rate change occurs.

Through the OTC derivatives working council, the Group have joined the ISDA Protocol in response to the abolition of LIBOR, and as part of our participation in the ISDA Protocol, the Group have made alternative arrangements with our counterparties for all contracts remaining after the cessation of LIBOR calculation (post-June 23).

Details of the financial instruments remained at LIBOR-related interest rates as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)	2023		2022	
	USD LIBOR carrying amount		USD LIBOR carrying amount <sup>1</sup>	
	Assets	Liabilities	Assets	Liabilities
<b>Derivative instruments<sup>2</sup></b>				
Derivatives (interest rate/swaps) ₩	- ₩	- ₩	5,896 ₩	4,588 ₩

<sup>1</sup> Excludes financial instruments maturing before June 30, 2023.

<sup>2</sup> There are no non-derivative financial instruments directly impacted by the replacement of the USD LIBOR interest rate benchmark.

**34. Financial risk management (cont'd)**

**34.5 Capital risk management**

The Group actively maintains a strong capital base to prevent the losses of investors and customers and to mitigate inherent risks in the operation of the Group's business. The capital adequacy of securities companies is measured by the Net Capital Ratio ("NCR") regulated by the Financial Supervisory Services ("FSS"), and the Group measures NCR and reports to the FSS on a monthly basis.

**(a) Capital management**

The Group's primary purpose of capital management is to maximize value to its shareholders, and to maintain competitive credit ratings for its on-going operation as a going concern. Also, in order to fulfil required capital maintenance imposed externally, the Group is actively carrying out its capital management.

The Group manages and adjusts its capital structure to meet the changes in the market and in the characteristics of risks in relation to the operating activities. The Group may adjust amounts of dividends paid to the shareholders, increase or decrease capital to maintain and adjust its capital structure.

Compared to prior years, the Group has not changed its capital management policies or procedures.

**(b) Regulatory capital**

In order to maintain capital adequacy of financial investment businesses, the FSS regulates the companies in financial investment businesses to maintain its NCR above 100%, and for security companies which do not maintain a certain level of NCR are advised to improve its management. Regulations on management improvement by NCR are as follows:

- NCR 50% or over ~ below 100%: Management improvement advised
- NCR 0% or over ~ below 50%: Management improvement demanded
- NCR below 0%: Management improvement ordered

The Group manages NCR according to its consolidated financial statements and details of NCR as of December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	2023
1. Net capital	
Net assets on the consolidated statement of financial position	₩ 638,964
Deductions	231,463
Inclusions	263,270
	670,771
2. Total risks	
Market risk	168,036
Credit risk	88,125
Operating risk	37,250
	293,411
3. Retained capital (1 - 2)	377,360
4. Minimum capital requirement	₩ 134,225
5. Net Capital Ratio: (3 / 4) * 100 (%)	281.14

### **35. Operating segments**

The Group abides by K-IFRS 1108 which adopts the management approach upon identifying operating segments and disclosing relevant information of reportable segments. The Group makes the disclosures based on the internal information which is reported to and reviewed by management for resource allocation and performance evaluation. It is expected to be useful for the information users to understand the Group from the management's point of view. The Group's reportable segments are classified by business units followed by respective types of business, which is based on the organization management and internal reporting structure.

#### **Segment information**

The general descriptions by operating segments as of December 31, 2023, are as follows:

Description	Area of business
Brokerage trading segment	Securities company's general brokerage services
IB segment	Providing corporate finance services such as IPO, PF and others, and investment finance services such as M&A, PEF and real estate for IB customers
Proprietary trading segment	Trading of securities, bonds and derivatives
Savings banking Business	A unit that measures and reports the performance of retail banking and corporate banking in savings bank, a major subsidiary.
Others	Operations other than the three segments above, such as, management supporting, research center/risk management, and management monitoring such as internal financial monitoring/audit, others.

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**35. Operating segments (cont'd)**

The following table provides information for each operating segment for the years ended December 31, 2023 and 2022:

(in millions of  
Korean won)

	2023						
	Brokerage trading	IB	Proprietary trading	Savings banking business	Others	Adjustment in consolidation	Total
<b>Income and expenses</b>							
Net commission income	₩ 80,200	₩ 115,259	₩ 111	₩ (706)	₩ 135	₩ (22,125)	₩ 172,874
Net interest income	15,771	2,465	(7,366)	15,711	10,433	325	37,339
Net Gain(loss) on valuation or disposal of financial instruments	22,322	9,469	55,413	464	(2,307)	(1,045)	84,316
Dividends income	154	4,456	9,953	-	-	(3)	14,560
Others	(146,836)	(121,692)	(32,912)	(15,251)	(13,629)	27,112	(303,208)
<b>Profit or loss</b>							
Profit (loss) before income tax	(28,388)	9,957	25,200	218	(5,368)	4,263	5,882
Income tax expense	(541)	(2,007)	-	(279)	(2,605)	2,738	(2,694)
<b>Profit (loss) for the year</b>	₩ (28,929)	₩ 7,950	₩ 25,200	₩ (61)	₩ (7,973)	₩ 7,001	₩ 3,188

(in millions of  
Korean won)

	2022						
	Brokerage trading	IB	Proprietary trading	Savings banking business	Others	Adjustment in consolidation	Total
<b>Income and expenses</b>							
Net commission income	₩ 86,077	₩ 182,414	₩ 468	₩ 25	₩ (65)	₩ (93,911)	₩ 175,008
Net interest income	18,238	10,257	(5,843)	28,674	3,423	(57)	54,692
Net Gain(loss) on valuation or disposal of financial instruments	8,013	86,980	(9,342)	692	(220)	(41)	86,082
Dividends income	77	3,002	11,655	60	-	(475)	14,319
Others	(151,649)	(234,096)	(27,472)	(23,912)	(19,679)	136,862	(319,946)
<b>Profit or loss</b>							
Profit (loss) before income tax	(39,244)	48,557	(30,535)	5,539	(16,541)	42,380	10,156
Income tax expense	540	(1,154)	-	(1,307)	(1,125)	1,499	(1,547)
<b>Profit (loss) for the year</b>	₩ (38,704)	₩ 47,403	₩ (30,535)	₩ 4,232	₩ (17,666)	₩ 43,879	₩ 8,609

\* Rewrite prior period segment information by the change in classification in the current year.

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**35. Operating segments (cont'd)**

The following table provides information for each operating segment as of December 31, 2023 and 2022.

*(in millions of  
Korean won)*

	2023						Total
	Brokerage trading	IB	Proprietary trading	Savings Banking Business	Others	Consolidations Adjustments	
Cash and due from banks	₩ 199,993	₩ 25,949	₩ 14,140	₩ 39,857	₩ 148,442	₩ (2,001)	₩ 426,380
Financial assets at FVTPL	491,734	251,686	2,918,002	23,832	13,493	(32,931)	3,665,816
Financial assets at FVOCI	-	-	167,241	-	-	-	167,241
Securities at amortized cost	-	-	-	19,998	-	-	19,998
Investments in associates	5,492	610,586	-	-	(330)	(383,306)	232,442
Derivative assets	-	-	48,160	-	-	-	48,160
Loan receivables	370,821	378,062	-	350,953	184,887	(76,576)	1,208,147
Property and equipment	2,645	440	235	10,122	18,166	(29)	31,579
Deferred tax assets	-	-	-	152	-	-	152
Other assets	355,390	45,653	93,401	13,417	141,284	34	649,179
	₩ 1,426,075	₩ 1,312,376	₩ 3,241,179	₩ 458,331	₩ 505,942	₩ (494,809)	₩ 6,449,094

*(in millions of  
Korean won)*

	2022						Total
	Brokerage trading	IB	Proprietary trading	Savings Banking Business	Others	Consolidations Adjustments	
Cash and due from banks	₩ 228,327	₩ 31,536	₩ 34,067	₩ 46,064	₩ 188,777	₩ (401)	₩ 528,370
Financial assets at FVTPL	490,953	198,312	3,016,770	39,480	15,236	(7,933)	3,752,818
Financial assets at FVOCI	-	-	159,876	-	-	-	159,876
Securities at amortized cost	-	-	-	44	-	-	44
Investments in associates	5,846	594,695	-	-	(330)	(379,448)	220,763
Derivative assets	-	-	74,611	-	-	-	74,611
Loan receivables	282,253	480,833	-	416,713	183,476	(151,385)	1,211,890
Property and equipment	3,503	743	299	10,363	19,670	(82)	34,496
Deferred tax assets	234	279	-	398	-	(911)	-
Other assets	203,705	66,459	52,032	18,661	147,361	(6,245)	481,973
	₩ 1,214,821	₩ 1,372,857	₩ 3,337,655	₩ 531,723	₩ 554,190	₩ (546,405)	₩ 6,464,841

\* Rewrite prior period segment information by the change in classification in the current year.

### **36. Fair value**

#### **(a) Measurement of fair value**

The fair value of the Group's financial instruments traded in active markets where available are valued based on the published market price or the dealer price quotations, which are the best evidence of fair value.

If the market for a financial instrument is not active, fair value is established either by using a valuation technique or independent third-party valuation service. The Group uses diverse valuation techniques using certain assumptions which are based on the inputs observable in markets at the end of each reporting period.

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, with reference to the current fair value of another instrument that is substantially same, discounted cash flow analysis and option pricing models.

The Group classifies and discloses fair values of financial instruments into the following three-level hierarchy:

- Level 1: Financial instruments measured at quoted prices from active markets are classified as fair value level 1.
- Level 2: Financial instruments measured using valuation techniques where all significant inputs are observable market data are classified as level 2.
- Level 3: Financial instruments measured using valuation techniques where one or more significant inputs are not based on observable market data are classified as level 3.

#### **(b) Financial instruments at amortized cost**

The method of measuring the fair value of financial instruments at amortized cost is as follows:

Type	Measurement methods of fair value
Cash and due from banks	The Book value and the fair value of cash are identical while most deposits are floating interest rate deposits or short-term instrument deposits. For this reason, the Book value is used as a substitute figure for the fair value.
Loan receivables	The fair values of the loan receivables are measured by discounting the expected cash flows by discount rates factoring in the market interest rate and credit risk. The difference between carrying amount and the fair value for loan receivables is not significant. For this reason, we use the carrying amount as the fair value.
Deposits and borrowings	The Book value and the fair value of demand deposits with short-term maturities are identical. The fair values of borrowings are measured by discounting the contractual cash flows by the market interest rate that takes residual risk into consideration.
Other financial assets and other financial liabilities	The Book value is used as a substitute figure for the fair value.
Lease liabilities	The fair value of the lease liabilities is measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of the end of the reporting period.

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**36. Fair value (cont'd)**

Financial instruments at amortized cost as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023	
	Carrying amount	Fair value
<b>Financial assets</b>		
Cash and due from banks <sup>1</sup>	₩ 426,380	₩ 426,380
Securities at amortized cost <sup>1</sup>	19,998	19,998
Loan receivables <sup>1</sup>	1,208,147	1,208,147
Other financial assets <sup>1 2</sup>	472,112	472,112
	₩ 2,126,637	₩ 2,126,637
<b>Financial liabilities</b>		
Deposits <sup>1</sup>	1,037,579	1,037,579
Borrowings	3,111,834	3,098,523
Lease liabilities	83,751	64,081
Other financial liabilities <sup>1</sup>	418,353	418,353
	₩ 4,651,517	₩ 4,618,536

(in millions of Korean won)

	2022	
	Carrying amount	Fair value
<b>Financial assets</b>		
Cash and due from banks <sup>1</sup>	₩ 528,370	₩ 528,370
Securities at amortized cost <sup>1</sup>	44	44
Loan receivables <sup>1</sup>	1,211,890	1,211,890
Other financial assets <sup>1</sup>	280,266	280,266
	₩ 2,020,570	₩ 2,020,570
<b>Financial liabilities</b>		
Deposits <sup>1</sup>	1,107,136	1,107,136
Borrowings	3,374,193	3,354,512
Lease liabilities	87,420	71,050
Other financial liabilities <sup>1</sup>	293,058	293,058
	₩ 4,861,807	₩ 4,825,756

<sup>1</sup> For cash and due from banks, loan receivables, other financial assets, deposits and other financial liabilities, the carrying amounts are disclosed as fair value because the difference between carrying amount and fair value is not significant.

<sup>2</sup> Included Finance lease receivables.

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**36. Fair value (cont'd)**

Fair value hierarchy of financial instruments at amortized cost of which the fair values are disclosed as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

		2023			
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Cash and due from banks	₩ 426,380	₩ 182,815	₩ 243,565	₩ -	₩ 426,380
Securities at amortized cost	19,998	-	19,998	-	19,998
Loan receivables	1,208,147	-	-	1,208,147	1,208,147
Other financial assets <sup>1</sup>	472,112	-	-	472,112	472,112
	₩ 2,126,637	₩ 182,815	₩ 263,563	₩ 1,680,259	₩ 2,126,637
<b>Financial liabilities</b>					
Deposits	₩ 1,037,579	₩ -	₩ -	₩ 1,037,579	₩ 1,037,579
Borrowings	3,111,834	-	252,600	2,845,923	3,098,523
Lease liabilities	83,751	-	-	64,081	64,081
Other financial liabilities	418,353	-	-	418,353	418,353
	₩ 4,651,517	₩ -	₩ 252,600	₩ 4,365,936	₩ 4,618,536

(in millions of Korean won)

		2022			
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Cash and due from banks	₩ 528,370	₩ 235,562	₩ 292,808	₩ -	₩ 528,370
Securities at amortized cost	44	-	44	-	44
Loan receivables	1,211,890	-	-	1,211,890	1,211,890
Other financial assets <sup>1</sup>	280,266	-	-	280,266	280,266
	₩ 2,020,570	₩ 235,562	₩ 292,852	₩ 1,492,156	₩ 2,020,570
<b>Financial liabilities</b>					
Deposits	₩ 1,107,136	₩ -	₩ -	₩ 1,107,136	₩ 1,107,136
Borrowings	3,374,193	-	248,209	3,106,303	3,354,512
Lease liabilities	87,420	-	11,832	59,219	71,050
Other financial liabilities	293,058	-	-	293,058	293,058
	₩ 4,861,807	₩ -	₩ 260,041	₩ 4,565,715	₩ 4,825,756

<sup>1</sup> Included Finance lease receivables.



36. Fair value (cont'd)

(c) Financial instruments at fair value

Fair value hierarchy of financial instruments that are measured at fair value as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023			
	Fair value	Level 1	Level 2	Level 3
<b>Financial assets</b>				
Financial assets at FVTPL	₩ 3,665,816	₩ 573,619	₩ 2,729,238	₩ 362,959
Financial assets at FVOCI	167,241	-	-	167,241
Derivative assets <sup>1</sup>	48,160	7	47,470	683
	₩ 3,881,217	₩ 573,626	₩ 2,776,708	₩ 530,883
<b>Financial liabilities</b>				
Financial liabilities at FVTPL	₩ 952,836	₩ 125,901	₩ -	₩ 826,935
Derivative liabilities	107,908	2	47,081	60,825
	₩ 1,060,744	₩ 125,903	₩ 47,081	₩ 887,760

(in millions of Korean won)

	2022			
	Fair value	Level 1	Level 2	Level 3
<b>Financial assets</b>				
Financial assets at FVTPL	₩ 3,752,818	₩ 619,145	₩ 2,759,338	₩ 374,335
Financial assets at FVOCI	159,876	-	-	159,876
Derivative assets <sup>1</sup>	74,611	1,412	71,060	2,139
	₩ 3,987,305	₩ 620,557	₩ 2,830,398	₩ 536,350
<b>Financial liabilities</b>				
Financial liabilities at FVTPL	₩ 764,488	₩ 134,600	₩ -	₩ 629,888
Derivative liabilities	143,198	914	68,905	73,379
	₩ 907,686	₩ 135,514	₩ 68,905	₩ 703,267

<sup>1</sup> The amount reflects the adjusted profit or loss amount of the transaction date.

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**36. Fair value (cont'd)**

Changes in level 3 of the fair value hierarchy for the years ended December 31, 2023 and 2022 are as follows:

(in millions of  
Korean won)

	2023					
	Financial assets at FVTPL	Financial assets at FVOCI	Derivative assets	Financial liabilities at FVTPL	Derivative liabilities	Total
Beginning balance	₩ 374,335	₩ 159,876	₩ 2,139	₩ (629,888)	₩ (73,379)	₩ (166,917)
Profit or loss	3,905	-	749	(46,450)	8,188	(33,608)
Other comprehensive Income	-	7,365	-	(867)	-	6,498
Purchases	63,372	-	638	-	-	64,010
Sales	(59,689)	-	(2,843)	-	-	(62,532)
Issuances	-	-	-	(864,808)	(61,246)	(926,054)
Settlements	-	-	-	715,078	65,612	780,690
Others	(18,964)	-	-	-	-	(18,964)
Ending balance	₩ 362,959	₩ 167,241	₩ 683	₩ (826,935)	₩ (60,825)	₩ (356,877)

(in millions of  
Korean won)

	2022					
	Financial assets at FVTPL	Financial assets at FVOCI	Derivative assets	Financial liabilities at FVTPL	Derivative liabilities	Total
Beginning balance	₩ 283,707	₩ 141,560	₩ (14)	₩ (156,791)	₩ (96,951)	₩ 171,511
Profit or loss	79,154	-	686	(7,767)	11,097	83,170
Other comprehensive Income	-	15,816	-	1,088	-	16,904
Purchases	225,347	2,500	3,723	-	-	231,570
Sales	(208,445)	-	(2,256)	-	-	(210,701)
Issuances	-	-	-	(755,316)	(60,389)	(815,705)
Settlements	-	-	-	288,898	72,864	361,762
Others	(5,428)	-	-	-	-	(5,428)
Ending balance	₩ 374,335	₩ 159,876	₩ 2,139	₩ (629,888)	₩ (73,379)	₩ (166,917)

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**36. Fair value (cont'd)**

The valuation techniques and the fair value measurement input variables of financial assets and liabilities categorized within level 2 of the fair value hierarchy as of December 31, 2023 and 2022 are as follows:

	Valuation technique	Input variable
<b>Financial assets</b>		
Financial assets at FVTPL	Purchase case method, Asset based approach, MonteCarlo	Recent transaction price, Discount rate, volatility of underlying asset, correlation coefficient between underlying assets (correlation coefficient of PER) and dividend rate
Derivative assets	DCF, Closed Form, FDM, MonteCarlo	Underlying asset price, interest rate, volatility of underlying asset, correlation coefficient between underlying assets (correlation coefficient of PER) and dividend rate
<b>Financial liabilities</b>		
Derivative liabilities	DCF, Closed Form, FDM, MonteCarlo	Underlying asset price, interest rate, volatility of underlying asset, correlation coefficient between underlying assets (correlation coefficient of PER) and dividend rate

The quantitative information of valuation techniques, input variables, and significant but unobservable input variables of financial assets and liabilities categorized within level 3 of the fair value hierarchy as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

		2023		
	<u>Valuation technique</u>	<u>Input variable</u>	<u>Range (weighted average, %)</u>	<u>Impact of fair value on non-observable input variable changes</u>
<b>Financial assets</b>				
Financial assets at FVTPL	Purchase case method	Recent transaction price	-	-
	DCF, MonteCarlo	Volatility	13.27 ~ 68.20	Increase or decrease in fair value due to increase in volatility
		Discount rate	6.09 ~ 28.13	Decrease in fair value due to increase in discount rate
Financial assets at FVOCI	DCF	Growth rate	1.00	Increase in fair value due to increase in growth rate
		Discount rate	12.74 ~ 14.10	Decrease in fair value due to increase in discount rate
		Volatility	0.1 ~ 34.46	Increase or decrease in fair value due to increase in volatility
Derivative assets	DCF, Closed Form, FDM, MonteCarlo	Discount rate	2.11 ~ 6.49	Decrease in fair value due to increase in discount rate
		<b>Financial liabilities</b>		
Financial liabilities at FVTPL	DCF, Closed Form, FDM, MonteCarlo	Volatility	0.1 ~ 34.46	Increase or decrease in fair value due to increase in volatility
Derivative liabilities	MonteCarlo	Discount rate	2.11 ~ 6.49	Decrease in fair value due to increase in discount rate

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**36. Fair value (cont'd)**

(in millions of  
Korean won)

(in millions of Korean won)			2022			
			Valuation technique	Input variable	Range (weighted average, %)	Impact of fair value on non-observable input variable changes
<b>Financial assets</b>						
Financial assets at FVTPL	Trading comparables	Recent transaction price etc.			-	-
Financial assets at FVOCI	DCF, MonteCarlo	Volatility			15.9 ~ 32.8	Increase or decrease in fair value due to volatility
		Discount rate			8.90 ~ 66.9	Decrease in fair value due to increase in discount rate
	DCF	Growth rate			1.00	Increase in fair value due to growth rate
		Discount rate			11.26 ~ 12.40	Decrease in fair value due to increase in discount rate
Derivative assets	DCF, Closed Form, FDM, MonteCarlo	Volatility			12.86 ~ 165.98	Increase or decrease in fair value due to volatility
		Discount rate			1.93 ~ 11.12	Decrease in fair value due to increase in discount rate
<b>Financial liabilities</b>						
Financial liabilities at FVTPL	DCF, Closed Form, FDM, MonteCarlo	Volatility			12.86 ~ 165.98	Increase or decrease in fair value due to volatility
Derivative liabilities		Discount rate			1.93 ~ 11.12	Decrease in fair value due to increase in discount rate

**36. Fair value (cont'd)**

**Sensitivity analysis on unobservable inputs**

Sensitivity analysis of financial instruments is performed to measure favourable and unfavourable changes in the fair value of financial instruments which are affected by the unobservable parameters, using a statistical technique. When the fair value is affected by more than two input parameters, the amounts represent the most favourable or most unfavourable.

The results of the sensitivity analysis for the effect on profit or loss from changes in inputs for each financial instrument, which is categorized within Level 3 and subject to sensitivity analysis, as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023			
	Recognized in profit or loss		Recognized in other comprehensive income	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
<b>Financial assets</b>				
Financial assets at FVTPL <sup>1</sup>	₩ 12,946	₩ (12,962)	₩ -	₩ -
Financial assets at FVOCI <sup>2</sup>	-	-	9,137	(6,623)
Derivative assets	-	(12)	-	-
	₩ 12,946	₩ (12,974)	₩ 9,137	₩ (6,623)
<b>Financial liabilities</b>				
Financial liabilities at FVTPL	28	-	-	-
	₩ 28	₩ -	₩ -	₩ -

(in millions of Korean won)

	2022			
	Recognized in profit or loss		Recognized in other comprehensive income	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
<b>Financial assets</b>				
Financial assets at FVTPL <sup>1</sup>	₩ 13,484	₩ (13,484)	₩ -	₩ -
Financial assets at FVOCI <sup>2</sup>	-	-	9,176	(6,352)
Derivative assets	2	(25)	-	-
	₩ 13,486	₩ (13,509)	₩ 9,176	₩ (6,352)
<b>Financial liabilities</b>				
Financial liabilities at FVTPL	26	(2)	-	-
Derivative liabilities	-	-	-	-
	₩ 26	₩ (2)	₩ -	₩ -

<sup>1</sup> For some equity securities, measured by changes in fair value based on the increased or decreased stock price and volatility of stock price by 10% that are unobservable inputs.

<sup>2</sup> For shares and equity investments in Korea Exchange, Korea Securities Finance Corp. and Korea Securities Depository, changes in their fair value are calculated by increasing or decreasing simultaneously the growth ratio and discount rate, which are significant unobservable inputs, by 1%.

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**36. Fair value (cont'd)**

**(d) Day 1 profit or loss**

When the fair values of financial instruments are measured using valuation techniques where one or more significant inputs are not based on observable market data (that is, over the counter derivatives) and the transaction price are different from the fair values, the Group recognizes fair value of financial instruments as the transaction price. The differences between fair value of financial instrument and the transaction price are not recognized in profit or loss as incurred, but deferred on a straight-line basis over the maturity of the financial instruments.

Day 1 profit or loss for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Beginning balance	₩	5,073	₩	(2,192)
New transactions		4,817		7,149
Amounts recognized in profit or loss during the year		(7,369)		116
Ending balance	₩	2,521	₩	5,073

**37. Financial instruments by category**

Categorizations of financial assets and liabilities as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023				
	Financial assets at FVTPL	Financial assets at FVOCI	Financial assets at amortized cost	Derivative instruments	Total
<b>Financial assets</b>					
Cash and due from banks	₩ -	₩ -	₩ 426,380	₩ -	₩ 426,380
Financial assets at FVTPL	3,665,816	-	-	-	3,665,816
Financial assets at FVOCI	-	167,241	-	-	167,241
Securities at amortized cost	-	-	19,998	-	19,998
Derivative assets	-	-	-	48,160	48,160
Loan receivables	-	-	1,208,147	-	1,208,147
Other financial assets	-	-	468,119	-	468,119
	₩ 3,665,816	₩ 167,241	₩ 2,122,644	₩ 48,160	₩ 6,003,861

<i>(in millions of Korean won)</i>	Financial liabilities at FVTPL				
	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss	Financial liabilities at amortized cost	Derivative instruments	Total
<b>Financial liabilities</b>					
Deposits	₩ -	₩ -	₩ 1,037,579	₩ -	₩ 1,037,579
Financial liabilities at FVTPL	125,901	826,935	-	-	952,836
Borrowings	-	-	3,111,834	-	3,111,834
Derivative liabilities	-	-	-	107,908	107,908
Other financial liabilities	-	-	424,720	-	424,720
	₩ 125,901	₩ 826,935	₩ 4,574,133	₩ 107,908	₩ 5,634,877

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**37. Financial instruments by category (cont'd)**

(in millions of Korean won)

	2022				
	Financial assets at FVTPL	Financial assets at FVOCI	Financial assets at amortized cost	Derivative instruments	Total
<b>Financial assets</b>					
Cash and due from banks	₩ -	₩ -	₩ 528,370	₩ -	₩ 528,370
Financial assets at FVTPL	3,752,818	-	-	-	3,752,818
Financial assets at FVOCI	-	159,876	-	-	159,876
Securities at amortized cost	-	-	44	-	44
Derivative assets	-	-	-	74,611	74,611
Loan receivables	-	-	1,211,890	-	1,211,890
Other financial assets	-	-	275,109	-	275,109
	₩ 3,752,818	₩ 159,876	₩ 2,015,413	₩ 74,611	₩ 6,002,718

(in millions of Korean won)

	Financial liabilities at FVTPL				
	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss	Financial liabilities at amortized cost	Derivative instruments	Total
<b>Financial liabilities</b>					
Deposits	₩ -	₩ -	₩ 1,107,136	₩ -	₩ 1,107,136
Financial liabilities at FVTPL	134,599	629,889	-	-	764,488
Borrowings	-	-	3,374,193	-	3,374,193
Derivative liabilities	-	-	-	143,198	143,198
Other financial liabilities	-	-	254,920	-	254,920
	₩ 134,599	₩ 629,889	₩ 4,736,249	₩ 143,198	₩ 5,643,935

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**37. Financial instruments by category (cont'd)**

Net gain or net loss on each category of financial instruments for the years ended December 31, 2023 and 2022 are as follows:

*(in millions of Korean won)*

	2023	2022
<b>Financial assets at FVTPL</b>		
Gain on disposal	₩ 211,454	₩ 252,736
Gain on valuation	100,557	24,204
Loss on disposal	(153,851)	(215,117)
Loss on valuation	(23,504)	(81,431)
Interest income	83,190	63,130
	₩ 217,846	₩ 43,522
<b>Financial assets at FVOCI</b>		
Gain on valuation <sup>1</sup>	₩ 7,562	₩ 15,816
	₩ 7,562	₩ 15,816
<b>Financial assets at amortized cost</b>		
Gain on disposal	₩ 1,273	₩ 2,074
Loss on disposal	(775)	(31)
Impairment loss	(38,206)	(40,081)
Gain on valuation	1,430	527
Loss on valuation	(232)	-
Interest income	121,041	106,100
	₩ 84,531	₩ 68,589
<b>Derivatives</b>		
Gain on transactions	₩ 172,291	₩ 298,882
Gain on transactions (OTC)	174,791	178,607
Loss on transactions	(162,806)	(251,041)
Loss on transactions (OTC)	(159,824)	(152,506)
	₩ 24,452	₩ 73,942
<b>Financial liabilities held for trading</b>		
Gain on disposal	₩ 38,999	₩ 52,813
Gain on valuation	7,797	12,216
Loss on disposal	(66,460)	(26,534)
Loss on valuation	(10,346)	(1,513)
	₩ (30,010)	₩ 36,982
<b>Financial liabilities designated at fair value through profit or loss</b>		
Gain on repayment	₩ 2,474	₩ 137
Gain on valuation	1,181	5,238
Loss on repayment	(29,356)	(8,885)
Loss on valuation	(20,749)	(4,257)
	₩ (46,450)	₩ (7,767)
<b>Financial liabilities at amortized cost</b>		
Interest expense	₩ (162,101)	₩ (105,124)
	₩ (162,101)	₩ (105,124)

<sup>1</sup> Changes in the fair value of financial assets at FVOCI are recognized as other comprehensive income and all other items are recognized in the profit or loss. Financial assets at FVOCI are the amount before directly subtracting deferred tax.



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**37. Financial instruments by category (cont'd)**

Offsetting financial assets and financial liabilities

The Group has derivative instruments and repurchase agreements that are subject to an enforceable master netting arrangement or similar agreement.

Financial assets subject to offsetting, enforceable master netting arrangements or other similar agreements as of December 31, 2023 and 2022 are as follows:

*(in millions of  
Korean won)*

	2023					
	Gross assets	Gross liabilities offset	Net amounts presented in the consolidated statement of financial position	Amounts not offset		Net amount
				Financial instruments	Financial collateral	
Derivatives	₩ 47,096	₩ -	₩ 47,096	₩ 5,181	₩ -	₩ 41,915
Bonds purchased under repurchase agreements	178,800	-	178,800	178,800	-	-
Other receivables	669,408	348,089	321,319	157,378	-	163,941
	₩ 895,304	₩ 348,089	₩ 547,215	₩ 341,359	₩ -	₩ 205,856

*(in millions of  
Korean won)*

	2022					
	Gross assets	Gross liabilities offset	Net amounts presented in the consolidated statement of financial position	Amounts not offset		Net amount
				Financial instruments	Financial collateral	
Derivatives	₩ 63,481	₩ -	₩ 63,481	₩ 16,335	₩ -	₩ 47,146
Bonds purchased under repurchase agreements	177,400	-	177,400	177,400	-	-
Other receivables	391,910	205,453	186,457	94,730	-	91,727
	₩ 632,791	₩ 205,453	₩ 427,338	₩ 288,465	₩ -	₩ 138,873

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**37. Financial instruments by category (cont'd)**

Financial liabilities subject to offsetting, enforceable master netting arrangements or other similar agreements as of December 31, 2023 and 2022 are as follows:

(in millions of  
Korean won)

	2023					
	Gross liabilities	Gross assets offset	Net amounts presented in the consolidated statement of financial position	Amounts not offset		Net amount
				Financial instruments	Financial collateral	
Derivatives	₩ 69,625	₩ -	₩ 69,625	₩ 5,181	₩ -	₩ 64,444
Bonds sold under repurchase agreements	1,854,689	-	1,854,689	1,854,689	-	-
Other payables	684,536	348,089	336,447	157,378	-	179,069
Securities sold	125,901	-	125,901	125,901	-	-
	₩ 2,734,751	₩ 348,089	₩ 2,386,662	₩ 2,143,149	₩ -	₩ 243,513

(in millions of  
Korean won)

	2022					
	Gross liabilities	Gross assets offset	Net amounts presented in the consolidated statement of financial position	Amounts not offset		Net amount
				Financial instruments	Financial collateral	
Derivatives	₩ 89,640	₩ -	₩ 89,640	₩ 16,335	₩ -	₩ 73,305
Bonds sold under repurchase agreements	2,094,218	-	2,094,218	2,094,218	-	-
Other payables	388,076	205,453	182,623	94,730	-	87,893
Securities sold	134,600	-	134,600	134,600	-	-
	₩ 2,706,534	₩ 205,453	₩ 2,501,081	₩ 2,339,883	₩ -	₩ 161,198

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**38. Transferred assets that are not derecognized in the entirety**

Details of securities sold under repurchase (at fixed price) agreements that do not qualify for derecognition as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>		2023		2022	
Transferred assets not derecognized in entirety	Financial assets at FVTPL	₩	1,979,958	₩	2,182,756
Related liabilities	Bonds sold under repurchase agreements		1,854,689		2,094,218

In the consolidated group, there are SPCs for asset-backed securitization (under Asset-backed Securitization Act and Commercial Act) and beneficiary certificates, which pay off commercial papers and short-term bonds with cash inflows of purchased assets. Although the Group has a contractual right to receive cash flows from these transactions, the cash inflow to the Group in fact is transferred to the holders of the commercial papers and short-term bonds. The securities and loans held by SPCs for ABS and some beneficiary certificates in the consolidated group, have not met the criteria to be removed. As the Group obtains a contractual right to receive the cash flows from these transactions, the details of the financial assets and liabilities in relation to the contractual obligations to pay cash flows to one or more payees under a certain commitment as of December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>		2023		2022	
<b>Transferred assets not derecognized in entirety</b>					
Financial assets at FVTPL		₩	95,342	₩	95,701
Investments in associates			250		-
Loan receivables			235,149		171,750
		₩	330,741	₩	267,451
<b>Related liabilities</b>					
Other borrowings		₩	338,807	₩	289,284
		₩	338,807	₩	289,284

If the Group lends securities held, the ownership is transferred to borrower. However, since the securities are transferred back to the Group by the end of lending period, the Group has almost all risks and rewards related to the ownership of the securities and thus continues to recognize all of securities loaned. The book value of the securities which have been transferred through lending but not been removed yet as of December 31, 2023 and December 31, 2022 are ₩ 16,541 million and ₩ 9,892 million, respectively.

The subsidiary of the Group trusts the management lease receivables in the trustee's trust account in a monetary bond trust method, and the trust account issues a type 1 beneficiary certificate and a type 2 beneficiary certificate based on the trust property trusted by the company, and the subsidiary provides credit reinforcement by acquiring a type 2 beneficiary certificate.

<i>(in millions of Korean won)</i>		2023		2022	
Transferred assets not derecognized in entirety	Operating lease assets	₩	3,533	₩	8,269
Related liabilities	Borrowings		4,970		4,912

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**39. Earnings per share**

**(1) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the number of shares.

**(a) Weighted average number of ordinary shares**

	2023			2022		
	Number of shares	Days	Weighted number of shares	Number of shares	Days	Weighted number of shares
Ordinary shares	472,590,171	365	172,495,412,415	472,590,171	365	172,495,412,415
Weighted average number of treasury shares	58,683,968	365	21,419,648,320	58,644,453	365	21,405,225,364
Weighted average number of ordinary shares outstanding <sup>1</sup>	413,906,203	365	151,075,764,095	413,945,718	365	151,090,187,051

<sup>1</sup> The weighted average number of ordinary shares outstanding is calculated as total number of ordinary shares issued divided by the period outstanding. The treasury share held until the disposal date, after date of acquisition, is excluded from the number of ordinary shares outstanding.

**(b) Basic earnings per share**

*(in Korean won, except for share information)*

	2023	2022
Profit for the year	₩ 2,551,279,241	₩ 9,419,890,957
Preferred share dividends <sup>1</sup>	(39,366,121)	(107,580,260)
Profit for the year attributable to ordinary share owners of the parent	2,511,913,120	9,312,310,697
Weighted average number of ordinary shares outstanding	413,906,203	413,945,718
Basic earnings per share	6.07	22.50

<sup>1</sup> The Parent Company's preferred shares were issued before 1996. Such preferred shares have right to receive dividends one percent more than cash dividend of ordinary shares' par value. Dividends on preferred shares were estimated considering the corresponding right and basic earnings per preferred share for the years ended December 31, 2023 and 2022 are ₩10.06 and ₩15.58.

**(2) Diluted earnings per share**

*(in Korean won, except for share information)*

	2023	2022
Profit attributable to ordinary equity holders	₩ 2,511,913,120	₩ 9,312,310,697
Effect of dilutive potential ordinary shares:		
Share-based payment (stock options)	-	-
Profit for the year for the purposes of diluted earnings per share	2,511,913,120	9,312,310,697
Weighted average number of ordinary shares outstanding	413,906,203	413,945,718
Dilutive potential ordinary shares <sup>1</sup>	148,614	261,466
	₩ 414,054,817	₩ 414,207,184
Diluted earnings per share	₩ 6.07	₩ 22.48

<sup>1</sup> The weighted average number of dilutive potential ordinary shares was calculated using If-Converged Method, assuming that all dilutive potential ordinary shares with dilutive effects are converted at the beginning of the year.

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**40. Pledged assets**

Assets pledged as collateral as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

Pledged assets	Provided to	Purpose	2023	2022
<b>Financial Assets at FVTPL</b>				
Bonds	Korea Exchange	Margin for over the counter derivatives	₩ 8,557	₩ 8,650
Bonds	Korea Exchange	Collective funds for over the counter derivatives	-	1,332
Bonds	Korea Securities Finance Corp.	Loan transaction	-	100,890
Bonds	Korea Securities Depository	Loan transaction	60,781	76,019
Bonds	Korea Securities Depository	RP borrowings	1,972,509	2,255,015
Bonds	Others	ELS and others	49,817	146,559
			<u>2,091,664</u>	<u>2,588,465</u>
Shares	Korea Securities Depository	Intermediation of loan transaction	204,397	160,951
Shares	Korea Securities Finance Corp.	Loan transaction	37,616	36,267
Shares	Samsung Futures	Derivatives trading	-	283
			<u>242,013</u>	<u>197,501</u>
<b>Financial Assets at FVOCI</b>				
Shares	Korea Securities Finance Corp.	Loan transaction	150,039	142,297
			<u>150,039</u>	<u>142,297</u>
<b>Due from banks</b>				
Long-term bank deposits	Kookmin Bank	Deposit for micro payment	2,000	3,000
Guarantee deposits for trading	Korea Securities Finance Corp.	Guarantee deposits for KSFC trading	43,500	44,000
Reserve Deposits		Domestic exchange transaction, Cashier's check	9,000	9,000
Federation of savings banks deposits	Federation of savings banks	Domestic exchange transaction	3,000	3,000
			<u>57,500</u>	<u>59,000</u>
			<u>₩ 2,541,216</u>	<u>₩ 2,987,263</u>

**41. Commitments and contingencies**

**(1) Lawsuits**

Lawsuits for which the Group is the defendant are as follows:

*(in millions of Korean won)*

Lawsuits	Plaintiff	Date of filing a lawsuit	Litigation amount	Status
Claim for damages <sup>1</sup>	Leenos Co., Ltd and others	2018-06-22	₩ 12,000	Third trial closed
Claim for damages <sup>1</sup>	Daol Savings Bank Co., Ltd.	2018-08-22	2,000	Third trial closed
Claim for damages <sup>1</sup>	SBI SAVINGS BANK	2020-03-20	201	First trial ongoing
Claim for damages <sup>1</sup>	Shinhan Securities Co., Ltd	2020-10-29	500	First trial ongoing
Claim for damages <sup>1</sup>	MIRAE ASSET SECURITIES CO.LTD, B.N.W Investment Co., Ltd	2023-07-13	5,000	First trial ongoing
Claim for damages <sup>1</sup>	KDB CAPITAL CORPORATION	2023-07-18	7,000	First trial ongoing
Deposits return	Kim Nam Seop	2023-11-23	4	First trial ongoing
Claim for damages <sup>2</sup>	EUGENE INVESTMENT & SECURITIES CO., LTD	2021-03-19	1,106	First trial ongoing
			₩ 27,811	

<sup>1</sup> The plaintiffs filed a claim for the investment in Warterbridge SKS Private Equity Fund against the Group and Waterbridge Partners Co., Ltd, who are co-executive members(GP), for violation of the NEC's duties.

<sup>2</sup> PTR Asset Management, a subsidiary of the Group, is the operator of PTR Eventus No. 1 and 2. The plaintiff filed a lawsuit for compensation for damage against Eventus Equity Partners Co., Ltd. and PTR Asset Management for violation of the NEC's duties. The fund is in the form of fund of funds (re-indirect), and we believe that the PEF management company, the actual operator, is primarily responsible for this case.

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**41. Commitments and contingencies (cont'd)**

**(2) Commitments and credit limits with financial Institution**

As of December 31, 2023 and 2022, details of the Group's commitments and credit limits with financial institutions are as follows:

*(in millions of Korean won)*

Counterparties	Product	2023	2022
Shinhan Bank	Intraday overdraft	₩ 10,000	₩ 10,000
Kookmin Bank	Intraday overdraft	32,000	32,000
Woori Bank	Intraday overdraft	5,000	5,000
	Loan commitment	19,000	19,000
Woori investment Bank	Bill discount	20,000	20,000
Korea Securities Finance Corp.	Finance for securities business-financing	400,000	400,000
	Finance for securities business-lenders	5,000	-
	Finance for bond acquisition	380,000	380,000
	Working capital loans	100,000	100,000
	Notes discounted	150,000	150,000
	Collateral loans	230,000	200,000
	Day fund trading	200,000	200,000
Korea Development Bank	Loan commitment	-	2,000
Federation of savings banks <sup>1</sup>	Domestic exchange service	7,000	7,000
	Check	5,000	5,000
OK Savings bank	Loan commitment	2,000	2,000
		₩ 1,565,000	₩ 1,532,000

<sup>1</sup> The Group may borrow up to the limit of 95% of the reserve deposit, of which can be borrowed after deducting the amount used for domestic exchange and checks.

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**41. Commitments and contingencies (cont'd)**

**(3) Other Commitments**

The unexecuted investment commitments in associates are as follows:

<i>(in millions of Korean won, USD)</i>		2023		2022
Investment commitments in associates <sup>1</sup>	₩	19,967	₩	24,926
Investment commitments in associates(foreign currency) <sup>1</sup>	USD	2,985,642	USD	3,180,642

<sup>1</sup> This is the additional investment commitments which is frequently executed by the executor to the extent of the commitment balance.

The details on Unused loan commitments entered into by the Group as of December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>		2023		2022
Unused loan commitments	₩	21,172	₩	44,290

**(4) Securities deposited and securities borrowed**

As of December 31, 2023 and 2022, securities deposited by clients and securities borrowed but not sold are summarized as follows:

<i>(in millions of Korean won)</i>		2023		2022	valuation
Securities deposited					
Brokerage customer's securities	₩	61,286,623	₩	52,734,077	Fair value
Securities savings customer's securities		31,210		21,186	Fair value
Fund investment customer's securities		10,841,328		10,676,366	Basic price
Others		5,103		10,155	Fair value
		<u>72,164,264</u>		<u>63,441,784</u>	
Securities borrowed	₩	<u>309,707</u>	₩	<u>410,430</u>	Fair value



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**42. Related party transactions**

As of December 31, 2023 and 2022, the major shareholder of the Parent Company is J&W BIG Co., Ltd., and the related parties of the Parent Company as of December 31, 2023 are as follows.

Relationship	Company name
Associates	KoFC KDBC-SKS Shared Growth No.3 Private Equity Fund IBK SKS Private Equity Fund 2012 No 1 Technology Financing Private Equity Fund Waterbridge SKS Private Equity Fund Daesin SKS Secondary Private Equity Fund CAPE SKS 1st Private Equity Fund Shinyoung SKS Co-Investment 2017 Private Equity Fund SKS-KIWOOM Pioneer Private Equity Fund YD-SKS-KDB Social Value Fund SKS-MAVI PEF SKS-Stonebridge SK Southeast Asia Corporate Partnership PEF Join Asset Global Asset Management Daishin-SKS No.2 Private Equity Fund SKS Korea Investment No. 1 Private Equity Fund SKS-WizDomain New Technology Business Investment Fund I Shinhan SKS Corporate Recovery Private Equity Fund SKS-Wizdomain Big5 Innovation Investment Fund FIRST On-line Investment Finance Company SKS-VLP Fund No. 1 SKS-Yozma Fund No. 1 SKS-Nautic No. 1 Fund SKS-KNT Global Biostar Fund No. 1 SKS-YP Fund No.1 SKS-Susung New technology investment association No.1 WOO GEUM Co.,Ltd SKS METIS Fund No.1 SKS METIS Fund No.2 SKS-Heungkuk Fund No.1 SKS EcoService 1st Private Equity Fund SKS Co-Investment 2021 Private Equity Fund SKS-Honest Unicorn Digital Healthcare Fund No.1 SKS-EMFOD Fund No.2 SKS-Welcome Fund No.1 SKS-Victory New technology investment association No.1 SKS-DA Unicorn Bio Fund NO.1 SK No.8 Special Purpose Acquisition Company THE CHAEUL FUND NO.1 SKS-YP Fund No.2 SKS-KNT-THEHAHM Global Biostar Fund NO.1 SKS-Golden Oak Fund No.1 Hisstory 2022 Fintech Fund Golden Oak-SK Securities Innovation Unicorn Fund Solaseado Smartcity Co., Ltd Happy Pet Lifecare Fund No.1 SK Securities No.9 Special Purpose Acquisition Company ESG Blooming Private Equity Fund SK Securities No.10 Special Purpose Acquisition Company (약호 SK Securities No.10 SPAC) ENSL 13th Venture Capital Fund NBH-Cape 2023 K-Farm Fund BlockchainGlobal Co.,Ltd SKSPE-JBWoori New Technology Fund 1st DVP-SKS Local Innovation Venture Fund Happy Pet Lifecare Fund No.2 SK Securities No.11 Special Purpose Acquisition Company

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Relationship	Company name
	SK Securities No.12 Special Purpose Acquisition Company
	SK Securities No.13 Special Purpose Acquisition Company
	Secondary Battery Advanced Materials Fund No.1
	ZIKPAY Inc.
	Kiwoom-Moonchase-PTR Innovative New Drug Investment Fund
	AJ Creative Tourism Venture Fund 1
	AJ Smart Tourism Venture Fund 2
	Green Energy New Technology Investment Fund
	AJ-Sejong Agrifood Export Promotion Fund
	AJ-ISU GYEONGGI Agri-Food Venture Fund
	ISU-AJ Sports Fund
	AJ LINK New Technology Investment Fund
	AJ KOSNET Semicon One Venture Fund
	Dattoz-AJ Growth of Global-Technology Fund III
	J& NBH Investment Fund
	NBH-MINEB YY New Technology Investment Fund
	NOVA Fund-1
	NBH-N3 New Technology Business Investment Fund I
	NBH-KOSNET Semicon Growth Venture Fund
	NBH-KOSNET Semicon Next Venture Fund
	D'Alba New Technology Business Investment Fund I
	NBH-C-ONE NP Fund
	CJ Cinema-index Fund No.1
	Dreamfarm Investment Fund No.1
	Cuber New Technology Business Investment Fund I
	Rainist Co., Ltd.
	Forward-NBH New Technology Business Investment Fund 1
	Rechargeable battery value chain growth fund
	LINEA-NBH Fund No.1
	Delta-NBH Global Food Tech Investment Fund No.1
	SKS Credit OF Private Equity Fund
	Neo Value up Investment Fund
	Solidium Synergy Fund
	Chungnam-NCK Digital Tourism Venture Fund
	WTS-NHB JEONBUK Agri-Food Venture Fund
Others <sup>1</sup>	J&W Partners Co., Ltd.
	J&W BIG Private Equity Investment Co., Ltd.
	Hestia Enertech Limited
	CHANGWON ENERTECH CO., LTD
	DAEBOO
	Hannam environment Co.,Ltd
	SKS-MAVI contents Limited

<sup>1</sup>Affiliates of J&W BIG Co., Ltd. which is the largest shareholder of the Company.

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**42. Related party transactions (cont'd)**

Sales and purchases with related parties for the years ended December 31, 2023 and 2022 are as follows:

(in millions of Korean won)	2023		2022	
	Revenue and others	Expenses and others	Revenue and others	Expenses and others
<b>Associates</b>				
IBK SKS Private Equity Fund 2012	₩ 2	₩ -	₩ 95	₩ -
No 1 Technology Financing Private Equity Fund	2	-	159	-
Daesin SKS Secondary Private Equity Fund	223	-	401	-
CAPE SKS 1st Private Equity Fund	-	-	177	-
Shinyoung SKS Co-Investment 2017 Private Equity Fund	454	-	506	-
SKS-KIWOOM Pioneer Private Equity Fund	625	-	682	-
YD-SKS-KDB Social Value Fund	251	-	290	-
SKS-MAVI PEF	840	-	770	-
SKS-Stonebridge SK Southeast Asia Corporate Partnership PEF	911	-	1,081	-
Daishin-SKS No.2 Private Equity Fund	1,036	-	1,150	-
SKS Korea Investment No. 1 Private Equity Fund	777	-	646	-
SKS-WizDomain New Technology Business Investment Fund I	136	-	128	-
Shinhan SKS Corporate Recovery Private Equity Fund	442	-	389	-
SKS-Wizdomain Big5 Innovation Investment Fund	103	-	104	-
SKS-VLP Fund No. 1	42	-	42	-
SKS-Yozma Fund No. 1	161	-	161	-
SKS-Nautic No. 1 Fund	61	-	60	-
SKS-VLP Fund No. 2	34	-	50	-
SKS-KNT Global Biostar Fund No. 1	109	-	108	-
SKS-YP Fund No.1	230	-	230	-
SKS-EMFOD Fund No.1	386	-	24	-
SKS-Starquest Fund No.1	-	-	48	-
SKS-Susung New technology investment association No.1	41	-	41	-
SKS METIS Fund No.1	103	-	103	-
Unicorn Builder Fund No.1	-	-	101	-
SKS METIS Fund No.2	136	-	136	-
SKS-Heungkuk Fund No.1	139	-	139	-
SKS EcoService 1st Private Equity Fund	420	-	420	-
SKS Co-Investment 2021 Private Equity Fund	2,130	-	1,609	-
SKS-Honest Unicorn Digital Healthcare Fund No.1	177	-	159	-
SKS METIS Fund No.3	70	-	108	-
SKS-EMFOD Fund No.2	30	-	33	-
SKS-Welcome Fund No.1	81	-	61	-
SKS-Victory New technology investment association No.1	22	-	16	-
SKS-DA Unicorn Bio Fund NO.1	48	-	30	-
THE CHAEUL FUND NO.1	30	-	15	-
SKS-YP Fund No.2	40	-	22	-
SKS-KNT-THEHAHM Global Biostar	77	-	40	-

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	2023		2022	
	Revenue and others	Expenses and others	Revenue and others	Expenses and others
Fund NO.1				
SKS-Golden Oak Fund No.1	371	-	159	-
Hisstory 2022 Fintech Fund	34	-	13	-
Golden Oak-SK Securities Innovation Unicorn Fund	71	-	1	-
Happy Pet Lifecare Fund No.1	32	-	-	-
ESG Blooming Private Equity Fund	1,423	-	-	-
NBH-Cape 2023 K-Farm Fund	43	-	-	-
SKSPE-JBWoori New Technology Fund 1st	41	-	-	-
DVP-SKS Local Innovation Venture Fund	70	-	-	-
Happy Pet Lifecare Fund No.2	19	-	-	-
Secondary Battery Advanced Materials Fund No.1	1	-	-	-
AJ Agrifood Export Promotion Venture Fund II	2	-	6	-
AJ Creative Tourism Venture Fund 1	233	-	223	-
AJ Smart Tourism Venture Fund 2	265	-	294	-
Green Energy New Technology Investment Fund	145	-	131	-
AJ-ISU GYEONGGI Agri-Food Venture Fund	74	-	109	-
ISU-AJ Sports Fund	149	-	133	-
AJ LINK New Technology Investment Fund	242	-	33	-
AJ KOSNET Semicon One Venture Fund	46	-	49	-
Dattoz-AJ Growth of Global-Technology Fund III	130	-	130	-
J& NBH Investment Fund	9	-	9	-
NBH-MINEB YY New Technology Investment Fund	60	-	112	-
NOVA Fund-1	94	-	94	-
NBH-N3 New Technology Business Investment Fund I	78	-	79	-
NBH-KOSNET Semicon Growth Venture Fund	90	-	90	-
NBH-KOSNET Semicon Next Venture Fund	22	-	21	-
D'Alba New Technology Business Investment Fund I	84	-	72	-
NBH-C-ONE NP Fund	21	-	23	-
CJ Cinema-index Fund No.1	111	-	92	-
Dreamfarm Investment Fund No.1	159	-	44	-
Cuber New Technology Business Investment Fund I	16	-	4	-
Forward-NBH New Technology Business Investment Fund 1	40	-	-	-
Rechargeable battery value chain growth fund	276	-	-	-
LINEA-NBH Fund No.1	8	-	-	-
Delta-NBH Global Food Tech Investment Fund No.1	2	-	-	-
SKS Credit OF Private Equity Fund	700	-	-	-
Neo Value up Investment Fund	85	-	-	-
Solidium Synergy Fund	155	-	-	-
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<i>(in millions of Korean won)</i>	2023		2022	
	Revenue and others	Expenses and others	Revenue and others	Expenses and others
Chungnam-NCK Digital Tourism Venture Fund	10	-	-	-
WTS-NHB JEONBUK Agri-Food Venture Fund	1	-	-	-
	<u>₩ 15,781</u>	<u>₩ -</u>	<u>₩ 12,255</u>	<u>₩ -</u>

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**42. Related party transactions (cont'd)**

Outstanding balances arising from sales and purchases of goods and services as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023		2022	
	Receivables	Payables	Receivables	Payables
<b>Associates</b>				
IBK SKS Private Equity Fund 2012	₩ -	₩ -	₩ 52	₩ -
No 1 Technology Financing Private Equity Fund	-	-	170	-
Waterbridge SKS Private Equity Fund	1,793	-	1,793	-
Daesin SKS Secondary Private Equity Fund	29	-	79	-
CAPE SKS 1st Private Equity Fund	477	-	777	-
Shinyoung SKS Co-Investment 2017 Private Equity Fund	102	-	252	-
SK No.6 Special Purpose Acquisition Company <sup>1</sup>	-	-	990	-
SKS-KIWOOM Pioneer Private Equity Fund	114	-	686	-
YD-SKS-KDB Social Value Fund	251	-	368	-
SKS-MAVI PEF	212	-	406	-
SKS-Stonebridge SK Southeast Asia Corporate Partnership PEF	911	-	1,307	-
Daishin-SKS No.2 Private Equity Fund	283	-	830	-
SKS Korea Investment No. 1 Private Equity Fund	190	-	406	-
SKS-Wizdomain Exponential Innovation No. 1 Investment Fund	136	-	128	-
Shinhan SKS Corporate Recovery Private Equity Fund	113	-	117	-
SKS-Wizdomain Big5 Innovation Investment Fund <sup>1</sup>	52	-	52	-
FIRST On-line Investment Finance Company <sup>1</sup>	900	-	900	-
SKS-Nautic No. 1 Fund	134	-	74	-
SK Securities ACPC No.7 Special Purpose Acquisition Company <sup>1</sup>	-	-	580	-
SKS-Heungkuk Fund No.1	1	-	1	-
SKS EcoService 1st Private Equity Fund	212	-	296	-
SKS Co-Investment 2021 Private Equity Fund	592	-	524	-
SKS-Welcome Fund No.1	41	-	-	-
SK No.8 Special Purpose Acquisition Company <sup>1</sup>	395	-	395	-
Hisstory 2022 Fintech Fund	12	-	-	-
Golden Oak-SK Securities Innovation Unicorn Fund	-	-	1	-
SK Securities No.9 Special Purpose Acquisition Company <sup>1</sup>	980	-	-	-
ESG Blooming Private Equity Fund	499	-	-	-
SK Securities No.10 Special Purpose Acquisition Company <sup>1</sup>	990	-	-	-
NBH-Cape 2023 K-Farm Fund	25	-	-	-
BlockchainGlobal Co.,Ltd	300	-	-	-
SKSPE-JBWoori New Technology Fund 1st	41	-	-	-
DVP-SKS Local Innovation Venture	70	-	-	-

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	2023		2022	
	Receivables	Payables	Receivables	Payables
Fund				
SK Securities No.11 Special Purpose Acquisition Company <sup>1</sup>	995	-	-	-
SK Securities No.12 Special Purpose Acquisition Company <sup>1</sup>	990	-	-	-
SK Securities No.13 Special Purpose Acquisition Company <sup>1</sup>	980	-	-	-
ZIKPAY Inc. <sup>1 2</sup>	925	-	-	-
AJ Agrifood Export Promotion Venture Fund II	-	-	39	-
AJ Creative Tourism Venture Fund 1	235	-	567	-
AJ Smart Tourism Venture Fund 2	146	-	76	-
AJ-Sejong Agrifood Export Promotion Fund	416	-	38	-
AJ-ISU GYEONGGI Agri-Food Venture Fund	74	-	30	-
ISU-AJ Sports Fund	149	-	143	-
AJ LINK New Technology Investment Fund	4	-	5	-
AJ KOSNET Semicon One Venture Fund	22	-	24	-
J& NBH Investment Fund	2	-	2	-
NBH-MINEB YY New Technology Investment Fund	11	-	28	-
NBH-KOSNET Semicon Growth Venture Fund	23	-	23	-
NBH-KOSNET Semicon Next Venture Fund	6	-	6	-
NBH-C-ONE NP Fund	21	-	-	-
CJ Cinema-index Fund No.1	28	-	28	-
Dreamfarm Investment Fund No.1	40	-	40	-
Delta-NBH Global Food Tech Investment Fund No.1	1	-	-	-
SKS Credit OF Private Equity Fund	292	-	-	-
Chungnam-NCK Digital Tourism Venture Fund	10	-	-	-
WTS-NHB JEONBUK Agri-Food Venture Fund	1	-	-	-
	₩ 15,226	₩ -	₩ 12,233	₩ -

<sup>1</sup> Convertible bonds that the Group owned before deduction of convertible right adjustments.

<sup>2</sup> It was re-classified from a subsidiary to an affiliated company for the year ended December 31,2023.

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

**42. Related party transactions (cont'd)**

There are no borrowing transactions with related parties for the years ended December 31, 2023 and 2022.  
Significant loan transactions with related parties for the years ended December 31, 2023 and 2022 are as follows:

2023

(in millions of Korean won)

	Accounts	Beginning balance	Increase	Decrease	Ending balance
<b>Associates</b>					
SK No.6 Special Purpose Acquisition Company	Corporate bonds	₩ 990	₩ -	₩ (990)	₩ -
SK Securities ACPC No.7 Special Purpose Acquisition Company	Corporate bonds	580	-	(580)	-
FIRST On-line Investment Finance Company	Corporate bonds	900	-	-	900
SK No.8 Special Purpose Acquisition Company	Corporate bonds	395	-	-	395
SK Securities No.9 Special Purpose Acquisition Company	Corporate bonds	-	980	-	980
SK Securities No.10 Special Purpose Acquisition Company	Corporate bonds	-	990	-	990
BlockchainGlobal Co. Ltd	Corporate bonds	-	300	-	300
SK Securities No.11 Special Purpose Acquisition Company	Corporate bonds	-	995	-	995
SK Securities No.12 Special Purpose Acquisition Company	Corporate bonds	-	990	-	990
SK Securities No.13 Special Purpose Acquisition Company	Corporate bonds	-	980	-	980
ZIKPAY Inc. <sup>1</sup>	Corporate bonds	800	-	-	800
ZIKPAY Inc. <sup>1</sup>	Private placement bonds	-	125	-	125

<sup>2</sup> It was re-classified from a subsidiary to an affiliated company for the year ended December 31, 2023.

(in millions of Korean won)

2022

	Accounts	Beginning balance	Increase	Decrease	Ending balance
<b>Associates</b>					
SK No.5 Special Purpose Acquisition Company <sup>1</sup>	Corporate bonds	₩ 990	₩ -	₩ (990)	₩ -
SK No.6 Special Purpose Acquisition Company	Corporate bonds	990	-	-	990
SK Securities ACPC No.7 Special Purpose Acquisition Company	Corporate bonds	580	-	-	580
FIRST On-line Investment Finance Company	Corporate bonds	-	900	-	900
SK No.8 Special Purpose Acquisition Company	Corporate bonds	-	395	-	395

<sup>1</sup> During prior period, the entity ceases to exist due to the merger, and the related receivables have been transferred to the existing entity. The Group does not have significant influence over the existing entity.



**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

**42. Related party transactions (cont'd)**

Details of capital transactions with related parties for the years ended December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023	
	Investments <sup>1</sup>	Collection <sup>1</sup>
<b>Associates</b>		
No 1 Technology Financing Private Equity Fund	₩ -	₩ 95
Daesin SKS Secondary Private Equity Fund	-	6,852
Shinyoung SKS Co-Investment 2017 Private Equity Fund	-	7,983
SK No.6 Special Purpose Acquisition Company	-	10
SKS-KIWOOM Pioneer Private Equity Fund	-	11,977
YD-SKS-KDB Social Value Fund	(186)	-
SKS-MAVI PEF	-	48
SKS-Stonebridge SK Southeast Asia Corporate Partnership PEF	(250)	-
Daishin-SKS No.2 Private Equity Fund	(2,750)	1,330
SKS Korea Investment No. 1 Private Equity Fund	-	697
Shinhan SKS Corporate Recovery Private Equity Fund	(2,425)	104
FIRST On-line Investment Finance Company	(20)	-
SKS-Yozma Fund No. 1	-	690
SKS-Nautic No. 1 Fund	-	300
SKS-VLP Fund No. 2	-	100
SKS-EMFOD Fund No.1	-	1,329
SK Securities ACPC No.7 SPAC	-	20
SKS Co-Investment 2021 Private Equity Fund	(3,750)	-
LD New Technology Business Investment Fund No.5	-	1,303
Solaseado Smartcity Co., Ltd	(1,000)	-
Happy Pet Lifecare Fund No.1	(600)	-
SK Securities No.9 Special Purpose Acquisition Company	(20)	-
ESG Blooming Private Equity Fund	(10,000)	-
SK Securities No.10 Special Purpose Acquisition	(10)	-
ENSL 13th Venture Capital Fund	(600)	-
NBH-Cape 2023 K-Farm Fund	(425)	-
BlockchainGlobal Co.,Ltd	(2,700)	-
SKSPE-JBWoori New Technology Fund 1st	(4,200)	-
DVP-SKS Local Innovation Venture Fund	(300)	-
Happy Pet Lifecare Fund No.2	(290)	-
SK Securities No.11 Special Purpose Acquisition Company	(5)	-
SK Securities No.12 Special Purpose Acquisition Company	(10)	-
SK Securities No.13 Special Purpose Acquisition Company	(20)	-
Secondary Battery Advanced Materials Fund No.1	(50)	-
AJ Agrifood Export Promotion Venture Fund II	-	757
AJ Creative Tourism Venture Fund 1	-	1,200
AJ Smart Tourism Venture Fund 2	(555)	-
AJ-Sejong Agrifood Export Promotion Fund <sup>1</sup>	-	411
AJ-ISU GYEONGGI Agri-Food Venture Fund <sup>1</sup>	-	300
AJ LNK New Technology Investment Fund	-	47

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

(in millions of Korean won)

	2023	
	Investments <sup>1</sup>	Collection <sup>1</sup>
NBH-MINEB YY New Technology Investment Fund	-	32
D'Alba New Technology Business Investment Fund I	-	90
Forward-NBH New Technology Business Investment Fund 1	(2,000)	-
Rechargeable battery value chain growth fund	(100)	-
LINEA-NBH Fund No.1	(300)	-
Delta-NBH Global Food Tech Investment Fund No.1	(30)	-
SKS Credit OF Private Equity Fund	(201)	-
Neo Value up Investment Fund	(100)	-
Solidium Synergy Fund	(500)	-
Chungnam-NCK Digital Tourism Venture Fund	(200)	-
WTS-NHB JEONBUK Agri-Food Venture Fund	(100)	-
	₩ (33,697)	₩ 35,675

(in millions of Korean won)

	2022	
	Investments <sup>1</sup>	Collection <sup>1</sup>
<b>Associates</b>		
No 1 Technology Financing Private Equity Fund	₩ -	₩ 1,696
Daesin SKS Secondary Private Equity Fund	-	3,037
Shinyoung SKS Co-Investment 2017 Private Equity Fund	(500)	313
YD-SKS-KDB Social Value Fund	(232)	-
SKS-MAVI PEF	-	48
SKS-Stonebridge SK Southeast Asia Corporate Partnership PEF	(372)	-
Join Asset Global Asset Management	-	142
Daishin-SKS No.2 Private Equity Fund	(733)	2,150
SKS Korea Investment No. 1 Private Equity Fund	(768)	3,238
SKS-Wizdomain Exponential Innovation No. 1 Investment Fund	(408)	-
Shinhan SKS Corporate Recovery Private Equity Fund	(1,802)	-
SKS-VLP Fund No. 1	-	300
LD New Technology Business Investment Fund I	-	1,126
SKS-Starquest Fund No.1	-	231
Unicorn Builder Fund No.1	-	506
Wizteria Investment Management, LLC	-	3,548
SKS Co-Investment 2021 Private Equity Fund	(11,519)	-
LD New Technonology Business Investment Fund No.5	(1,000)	-
SKS-Honest Unicorn Digital Healthcare Fund No.1	(500)	-
SKS METIS Fund No.3	(500)	-
SKS-EMFOD Fund No.2	(1,000)	-
SKS-Welcome Fund No.1	(200)	-
SKS-Victory New technology investment association No.1	(500)	-
SKS-DA Unicorn Bio Fund NO.1	(500)	-
SK Securities No.8 Special Purpose Acquisition Company	(5)	-
THE CHAEUL FUND NO.1	(150)	-
SKS-YP Fund No.2	(150)	-
SKS-KNT-THEHAHM Global Biostar Fund NO.1	(500)	-
SKS-Golden Oak Fund No.1	(700)	-

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

(in millions of Korean won)

	2022	
	Investments <sup>1</sup>	Collection <sup>1</sup>
Hisstory 2022 Fintech Fund	(130)	-
Golden Oak-SK Securities Innovation Unicorn Fund	(700)	-
AJ Creative Tourism Venture Fund 1	-	2,000
AJ Smart Tourism Venture Fund 2	(925)	-
Green Energy New Technology Investment Fund	(290)	64
AJ-Sejong Agrifood Export Promotion Fund <sup>1</sup>	-	166
AJ-ISU GYEONGGI Agri-Food Venture Fund <sup>1</sup>	-	300
ISU-AJ Sports Fund	(750)	-
NBH-KOSNET Semicon Next Venture Fund	(500)	-
D'Alba New Technology Business Investment Fund I	(1,800)	-
NBH-C-ONE NP Fund	(10)	-
CJ Cinema-index Fund No.1	(730)	250
Dreamfarm Investment Fund No.1	(1,100)	-
Rainist Co., Ltd.	(65,000)	-
No 1 Technology Financing Private Equity Fund	(250)	-
	<u>₩ (94,224)</u>	<u>₩ 19,115</u>

<sup>1</sup> The amount of investments and collection is the amount of capital transactions for the years ended December 31, 2023 and 2022, instead of its book value.

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

**42. Related party transactions (cont'd)**

There are no payment guarantees and collateral provided by the Group for the financial supports to the related parties, and no collateral and payment guarantees are provided by the related parties as of December 31, 2023 and 2022.

Dividends paid to the majority shareholders for the years 2023 and 2022 are ₩281(million) and ₩844(million).

Registered directors with significant roles and responsibilities on planning, operation and control of the Group's activities are regarded as the major management of the Group. Key management personnel compensation for the years ended December 31, 2023 and 2022 are as follows:

*(in millions of Korean won)*

	2023				
	Number of persons	Salaries	Retirement benefits	Share-based payment	Total
Executive directors	4	₩ 2,815	₩ 1,153	₩ -	₩ 3,968
Non-executive directors	5	264	-	-	264

*(in millions of Korean won)*

	2022				
	Number of persons	Salaries	Retirement benefits	Share-based payment	Total
Executive directors	3	₩ 2,800	₩ 612	₩ 409	₩ 3,821
Non-executive directors	5	253	-	-	253

**43. Interests in unconsolidated structured entities**

Details of information about its interests in unconsolidated structured entities, which the Group does not have control over, including the nature, purpose and activities of the structured entity and how the structured entity is financed as of December 31, 2023 are as follows:

Nature	Purpose	Activities	Financing method
Asset backed securitization SPC	1) Early encashment by selling securitized assets 2) To obtain commission income by providing credit facilities or purchase agreement of securitized assets	1) The implementation of securitization 2) Purchase and collect of securitized assets 3) Issuance and repayment of asset-backed securities	1) Issuance of asset backed securities
Investment funds	1) Investment in beneficiary certificates 2) Investment in PEF and investment vehicle	1) Management and operation of fund asset 2) Payment of management fee and allocation of fund revenue	1) Sales of beneficiary certificates 2) Investments by partners
Project financing SPC	1) Funding and investment for real estate development	1) Social overhead capital construction or real estate development	1) Investments by investors and borrowings from financial institutions

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

**43. Interests in unconsolidated structured entities (cont'd)**

Details of scale of unconsolidated structured entities and nature of the risks associated with an entity's interests in unconsolidated structured entities as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)	2023							
	Asset backed securitization		Project financing		Total			
	SPC	Investment funds	SPC					
Total assets of unconsolidated structured entities	₩	1,582,669	₩	4,817,274	₩	2,213,239	₩	8,613,182
Assets recognized on the consolidated statement of financial position								
Financial Assets at FVTPL		28,197		208,646		840		237,683
Investments in associates		-		141,164		-		141,164
Loans		77,939		-		16,908		94,847
	₩	106,136	₩	349,810	₩	17,748	₩	473,694
Maximum exposure to loss								
Possessed assets	₩	106,136	₩	349,810	₩	17,748	₩	473,694
Purchase commitment, Investment commitment and loan commitment	₩	284	₩	20,136	₩	465	₩	20,885
(in millions of Korean won)	2022							
	Asset backed securitization		Project financing		Total			
	SPC	Investment funds	SPC					
Total assets of unconsolidated structured entities	₩	2,009,849	₩	15,315,029	₩	427,964	₩	17,752,842
Assets recognized on the consolidated statement of financial position								
Financial Assets at FVTPL		42,829		195,752		840		239,421
Investments in associates		-		127,858		-		127,858
Loans		104,013		-		18,554		122,567
	₩	146,842	₩	323,610	₩	19,394	₩	489,846
Maximum exposure to loss								
Possessed assets	₩	146,842	₩	323,610	₩	19,394	₩	489,846
Purchase commitment, Investment commitment and loan commitment	₩	12,680	₩	28,107	₩	1,765	₩	42,552

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

**44. Consolidated statements of cash flows**

Significant non-cash transactions for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Gains and losses on valuation of financial assets at FVOCI	₩ 7,365	₩ 15,816
Recognition of right-of-use assets	3,251	12,299
Increase in the equity share in associates due to the replacement of financial assets at FVTPL	-	30,000

Changes in liabilities arising from financing activities for the years ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023				
	Borrowings	Bonds	Lease liabilities	Accrued dividends	Total
Beginning balance	₩ 3,106,303	₩ 267,890	₩ 87,420	₩ -	₩ 3,461,613
Cash flows	(256,629)	(2,000)	(7,818)	(2,109)	(268,556)
Effect of exchange rate changes	(609)	-	-	-	(609)
New contracts	-	-	2,888	-	2,888
Others	(3,142)	22	1,261	2,109	250
Ending balance	₩ 2,845,923	₩ 265,912	₩ 83,751	₩ -	₩ 3,195,586

  

<i>(in millions of Korean won)</i>	2022				
	Borrowings	Bonds	Lease liabilities	Accrued dividends	Total
Beginning balance	₩ 3,235,134	₩ 305,789	₩ 93,714	₩ -	₩ 3,634,637
Cash flows	(127,099)	(38,057)	(11,380)	(6,326)	(182,862)
Effect of exchange rate changes	(1,733)	-	-	-	(1,733)
New contracts	-	-	11,340	-	11,340
Others	1	158	(6,524)	6,326	231
Ending balance	₩ 3,106,303	₩ 267,890	₩ 87,420	₩ -	₩ 3,461,613

**SK Securities Co., Ltd. and Subsidiaries**  
**Notes to the consolidated Financial Statements**  
**December 31, 2023 and 2022**

**45. Revenue from contracts with customers**

Under K-IFRS 1115 *Revenue from Contracts with Customers*, the segments and the timing of recognizing revenue for each revenue stream for the years ended December 31, 2023 and 2022 are as follows:

(in millions of  
Korean won)

	2023						Total
	Brokerage trading	IB	Proprietary trading	Savings banking business	Others	Adjustment in consolidation	
<b>Fee revenue by segment</b>	₩ 86,873	₩ 117,553	₩ 418	₩ 328	₩ 574	₩ (21,946)	₩ 183,800
<b>Timing of revenue recognition</b>							
Recognized at a point in time	81,224	94,059	418	328	574	(21,946)	154,657
Recognized over time	5,649	23,494	-	-	-	-	29,143
	₩ 86,873	₩ 117,553	₩ 418	₩ 328	₩ 574	₩ (21,946)	₩ 183,800

(in millions of  
Korean won)

	2022						Total
	Brokerage trading	IB	Proprietary trading	Savings banking business	Others	Adjustment in consolidation	
<b>Fee revenue by segment</b>	₩ 92,870	₩ 186,978	₩ 713	₩ 1,406	₩ 428	₩ (93,936)	₩ 188,459
<b>Timing of revenue recognition</b>							
Recognized at a point in time	84,173	165,982	713	1,406	428	(93,936)	158,766
Recognized over time	8,697	20,996	-	-	-	-	29,693
	₩ 92,870	₩ 186,978	₩ 713	₩ 1,406	₩ 428	₩ (93,936)	₩ 188,459



**Independent Auditor's Report on  
Internal Control over Financial Reporting for Consolidation Purposes**

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of SK Securities Co., Ltd.

**Opinion on Internal Control over Financial Reporting for Consolidation Purposes**

We have audited Internal Control over Financial Reporting (ICFR) of ABC Company and its subsidiaries (collectively referred to as the "Group") for consolidation purposes as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Group maintained, in all material respects, effective ICFR for consolidation purposes as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements including material accounting policy information, and our report dated March 15, 2024 expressed an unqualified opinion.

**Basis for Opinion on Internal Control over Financial Reporting for Consolidation Purposes**

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for consolidation purposes* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of ICFR for consolidation purposes and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting for Consolidation Purposes**

Management is responsible for designing, implementing and maintaining effective ICFR for consolidation purposes, and for its assessment about the effectiveness of ICFR for consolidation purposes, included in the accompanying Management's report on the effectiveness of Internal Control over financial reporting for consolidation purposes.

Those charged with governance have the responsibilities for overseeing ICFR for consolidation purposes.

**Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for Consolidation Purposes**

Our responsibility is to express an opinion on ICFR for consolidation purposes of the Group based on our audit. We conducted the audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR for consolidation purposes was maintained in all material respects.

An audit of ICFR for consolidation purposes involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of ICFR for consolidation purposes and testing and evaluating the design and operating effectiveness of ICFR for consolidation purposes based on the assessed risk.



**Definition and Inherent Limitations of Internal Control over Financial Reporting for Consolidation Purposes**

An entity's ICFR for consolidation purposes is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. An entity's ICFR for consolidation purposes includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR for consolidation purposes may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Seoul, Korea

*March 15, 2024*

This report is effective as at *March 15, 2024*, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the Group's ICFR for consolidation purposes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

# **Management's Report on the Effectiveness of Internal Control over Financial Reporting for Consolidation Purposes**

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors, and Audit Committee of SK Securities Co., Ltd.

We, as the Chief Executive Officer (CEO) and the Internal Control over Financial Reporting Officer of SK Securities Co., Ltd. (the Company), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting (ICFR) for consolidation purposes for the year ended December 31, 2023.

The Company's management, including ourselves, is responsible for designing and operating ICFR for consolidation purposes.

We assessed the design and operating effectiveness of ICFR for consolidation purposes in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable consolidated financial statements.

We designed and operated ICFR for consolidation purposes in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ICFR Committee). And, we conducted an evaluation of ICFR for consolidation purposes based on *Best Practice Guidance for Evaluating and Reporting Internal Control over Financial* established by the ICFR Committee.

Based on the assessment results, we believe that the Company's ICFR for consolidation purposes, as at December 31, 2023, is designed and operating effectively, in all material respects, in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein.

We also certify that this report does not contain or present any statements which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

March 5, 2024

Chief Executive Officer      Jeon, Woo Jong

Internal Accounting Manager Seo, Young Soo