


KYOBOLIFE 2022



# KYOBO LIFE ANNUAL REPORT 2022

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# Prologue

**We will materialize a new growth engine for the digital era in preparation for the VUCA (Volatility, Uncertainty, Complexity, Ambiguity) environment.**

Kyobo Life, established in 1958 by its founder Yong-ho Shin, is a testament to the belief that education serves as the foundation for a nation's growth and progress. Throughout its existence, the company has been a trailblazer in the insurance industry, weathering numerous challenges through unyielding innovation. Today, Kyobo Life stands tall as a respected and reliable financial entity, garnering recognition both domestically and internationally.

In spite of the challenging business environment in 2022, characterized by the English dictionary publisher Collins selecting 'Perma-crisis' as its Word of the Year, meaning 'an extended period of instability and insecurity', Kyobo Life has laid the groundwork for thriving in the digital era and heightened its ability to confront difficulties. These endeavors align with the company's pursuit towards its 'Vision 2025': 'To become the leading financial company delivering value in art & culture by 2025.'

To this end, Kyobo Life launched its first two-sided marketplace platform, 'Nalcee,' and integrated various digital customer-contact-channels that had been dispersed into mobile channel. Further, Kyobo Life opened financial MyData service for the first time in insurance industry.

We have put efforts to create digital ecosystem by converging new digital technologies and creative ideas through Corporate Venture Capital(CVC). Moreover, we have upgraded customers' convenience through innovation of work process so that we can secure the same level of competitiveness with Big-tech companies and digital platform based insurers.

Additionally, Kyobo Life has successfully recruited skilled professionals in the digital domain, fostering a culture of innovation and enhancing organizational competencies. Moreover, the company has established a digital infrastructure for providing both digital and physical customer experiences that evoke positive emotional connections.

Kyobo Life views the volatile business landscape as a chance to demonstrate its versatility and fortitude. The company is prepared to undertake significant transformations if required, continuously exploring avenues for optimization and advancement. As a premier organization, Kyobo Life is committed to delivering novel and fulfilling experiences to its clientele through expeditious decision-making, prompt implementation, and agile refinement.

# CEO Message

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Dear customers, investors, government agencies, and local community members,

Over this past year, the Korean economy suffered great turmoil as the prolonged COVID-19 situation was combined with the 'Three Highs,' namely high prices, high interest rates, and high Won-Dollar exchange rate. A complex crisis is expected to be brought on by these internal and external economic uncertainties, but I hope all the major players in the economy will marshal their wisdom to overcome the challenges and bring about a strong growth surge.

I would like to present Kyobo Life's major achievements in 2022 followed by an outline of our key management goals for 2023.



## The Year In Review

Last year, Kyobo Life consistently promoted both digital transformation and an 'Ambidextrous Management' approach, which pursues innovation of the insurance business and securing future growth engines at the same time. These efforts are aimed at the realization of Vision 2025, our stated goal of becoming a 'leading financial company delivering value in art and culture.'

We have strengthened the competitiveness of our insurance business and greatly improved customer convenience by innovating the core business processes. While integrating separated digital channels to contact customers, focusing on the mobile space, we launched financial MyData service for the first time in the insurance industry.

In addition, we have launched 'Nalcee', the Kyobo Group's first two-sided market platform; opened a pilot program of senior care and nursing services for customers in their 50s and older; and invested in Corporate Venture Capital (CVC) for securing new growth engines.

We have maintained the industry-best global credit ratings, including an 'A1' grade from Moody's for eight consecutive years and an 'A+' grade from Fitch for ten years in a row. Kyobo Life has also been ranked first in the life insurance sector in the 'Korean Sustainability Index' for 13 years in a row. We have made a company-wide effort to preemptively respond to the introduction of a new accounting standard for insurance contracts, IFRS17, and a new solvency regulation, K-ICS.

As a result, Kyobo Life recorded total assets of KRW 131 trillion, a net income of KRW 4,876 billion, and an ROE of 5.37% on a consolidated basis in FY2022. The risk-based capital (RBC) ratio, which is a key measure of the financial soundness of life insurers, was 180.6% thanks to continuous profit generation.

### Insurance Business

The year of 2022 was highly competitive year as the traditional life insurance market contracted from social/demographic changes, property & casualty (P&C) insurers and general agencies engaged in aggressive marketing activities, and big tech companies were forcing their way into the insurance arena while we are still struggling to overcome the prolonged Covid-19 pandemic and witnessing an economic downturn due to the high interest rates, high prices and high value of the Dollar against the Won.

Kyobo Life responded aggressively to these developments by shifting from company-centered mass marketing to a customer-centered marketing approach so as to elaborate strategies that can preemptively identify and provide customers with the kinds of value they seek.

We have remained true to life insurance business essentials while at the same time supporting customers to expand their coverage assets, focusing on a marketing of protection-type insurance that reflects customer and market needs. Meanwhile, we have launched competitive savings products in a timely manner to respond to interest rate hikes and other economic condition changes.

Such distinctive marketing activities have enabled us to make meaningful achievements in each segment of insurance sales, especially with the number of new customers and monthly initial premiums outperforming our business plan.

### Asset Management

In 2022, volatility of global financial market was intensified due to the US-China conflict coupled with the Russo-Ukraine war. Aggressive base rate hikes by central banks at home and abroad aimed to rein in prolonged inflation caused a spike in domestic and foreign government bond yields. In addition, the stock market has been hammered the hardest since the 2008 financial crisis.

Kyobo Life achieved sound performance in terms of both profitability and risk management despite the uncertainty of the highly volatile investment environment.

On the profitability front, we improved our investment portfolio to secure a stable source of recurring yields by intensifying long-term government bond investments that can secure stable cash flow when interest rates rise and expanding assets with high risk-adjusted returns, including policy loans, credit loans, and alternative investments.

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For risk management, we reduced the portion of risky assets with high market volatility in preparation for a deepening economic recession and deployed a strategic foreign asset hedging policy to stably manage credit/market risks.

As a consequence, we performed fairly well in the asset management area, including our operating asset yield and other key management indicators.

## Management Support

In terms of management support, we established a foundation for success in the digital era and aggressively took on new challenges.

Kyobo Life is creating an ecosystem that allows startups with excellent technology to constantly enter. We have established a Corporate Venture Capital (CVC) fund and promoted open innovation that strengthens strategic investment in and collaboration with promising startups that have been secured through the Innostage (Innovation+Stage) Program and external professional organizations.

Meanwhile, the launch of 'Nalcee', Kyobo Group's first two-sided market platform, is another effort to procure a driver of growth for the future. We will continue to secure and enhance the unique competitiveness of our platform by establishing a collaboration system with affiliates as well as external companies so that stakeholders will be able to interact in our platform vigorously.

Last year, Kyobo Life laid the groundwork for ESG management by elaborating policies for the environmental, social, and governance sectors. We also established a management organization system to efficiently promote ESG management, introducing the Sustainable ESG Committee under the Board of Directors.

## The Year Ahead

This year, Korea's economic growth rate is expected to be in the upper one percent range amidst a full-blown global economic downturn. Provided household debt defaults and corporate bankruptcies are increased amid the growing burden of household and corporate debt fueled by rising interest rates and a heightened credit crunch risk in the capital market due to depressed investor sentiment, even another financial crisis could be triggered. In addition, we must stay vigilant to changes of the international landscape such as the ongoing war in Ukraine, the conflict between China and the United States over Taiwan, and North Korea's military provocations.

Competition in the market is getting fiercer as big tech and platform companies are accelerating their entry into the finance/insurance industry. By contrast, the financial authorities' efforts to ease regulations in the insurance sector, to include relaxing the 'one company, one license' policy, will provide Kyobo Life with new opportunities for innovation and growth.

The current business environment is a complex realm of factors, making it difficult to predict when, where, and in what form of new crises and opportunities will emerge. As a result, we are getting more familiar with the acronym VUCA, which describes a volatile, uncertain, complex, and ambiguous environment.

Therefore, Kyobo Life will closely monitor changes in the business environment and strive for risk management, while preemptively responding to changes in customers and markets to move forward on a new path towards growth.

Accordingly, Kyobo Life has set the 2023 management directive as 'materializing a new growth engine for the digital era in preparation for the VUCA environment.' This directive reflects our commitment to creating a stable performance for survival, as well as boldly investing in and promptly executing anything helpful for future growth.

Under this management directive, the following major initiatives will be put into practice:

- 
- First,** we will improve adaptability for the VUCA environment.
  - Second,** we will strengthen competitiveness of the insurance business through customer-oriented marketing.
  - Third,** we will provide upgraded customer experience by utilizing data.
  - Fourth,** we will accelerate open innovation(OI).
  - Fifth,** we will create day-to-day innovations from a division level.
  - Sixth,** we will secure the experience of success by establishing platform for two-sided market.
  - Seventh,** we will strengthen stability of asset management for the VUCA environment.
  - Eighth,** we will internalize advanced consumer protection culture.
- 

Despite an uneasy business landscape, Kyobo Life will continue to introduce groundbreaking innovations for survival and future growth. We ask for your interest in and support for Kyobo Life, as we continue to march towards our Vision 2025 of becoming a 'leading financial company delivering value in art and culture.'

Thank you for your continued faith in Kyobo Life.

March 2023

Chairman & CEO Chang Jae Shin

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# Financial Highlights

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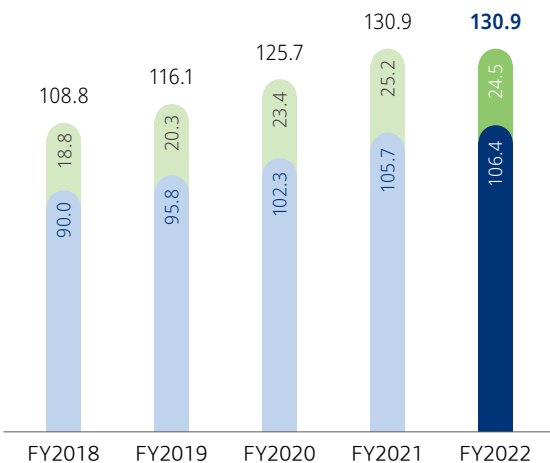
(Based on Consolidated Statements)

## Growth

### Total Assets

(Unit: KRW Tn)

● General Account ● Separate Account



### Total Shareholders' Equity (Controlling Interests)

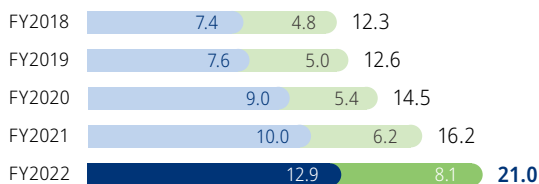
(Unit: KRW Tn)



### Premium Income

(Unit: KRW Tn)

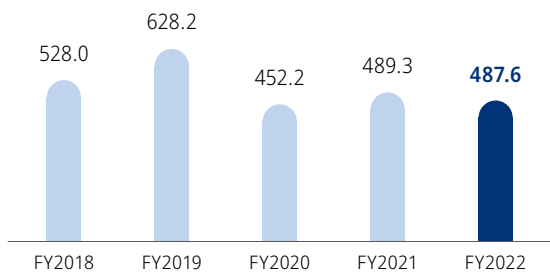
● General Account ● Separate Account



## Profitability

### Net Income (Controlling Interests)

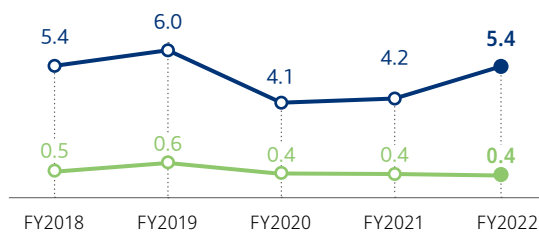
(Unit: KRW Bn)



### Profitability

(Unit: %)

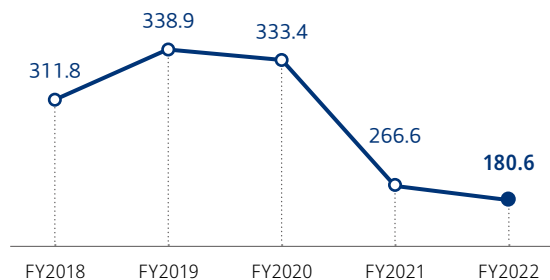
● ROE ● ROA



## Stability

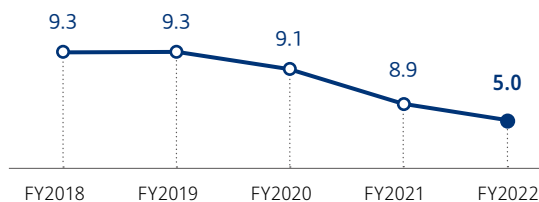
### RBC Ratio

(Unit: %)



### Equity to Asset Ratio

(Unit: %)





## Key Figures

### Summary of Income Statement

(Unit: KRW Bn)

	FY2018	FY2019	FY2020	FY2021	FY2022
Operating Revenues	14,671.0	15,495.8	18,644.9	19,715.1	26,195.2
Operating Expenses	13,863.9	14,590.5	17,960.6	18,999.9	25,623.3
Operating Profit	807.1	905.3	684.3	715.2	572.0
Non-operating Profit	-23.4	3.3	-17.9	8.9	-27.9
Profit Before Tax	783.6	908.5	666.4	724.1	544.1
Income Tax Expense	219.3	241.0	188.6	198.4	42.8
Net Income	564.4	667.5	477.8	525.7	501.2
Net Income attributable to Controlling Interests	528.0	628.2	452.2	489.3	487.6

### Summary of Statement of Financial Position

(Unit: KRW Bn)

	FY2018	FY2019	FY2020	FY2021	FY2022
<b>Total Assets</b>	<b>108,819.9</b>	<b>116,053.4</b>	<b>125,704.7</b>	<b>130,934.9</b>	<b>130,880.6</b>
Cash and Deposits	2,383.2	2,649.7	1,940.6	2,897.0	2,837.4
Securities	61,079.9	66,181.6	70,800.7	73,089.0	70,267.9
Loans	20,720.0	20,762.6	22,353.3	23,725.3	24,829.9
Investment in Associates	96.9	35.2	36.3	71.7	85.6
Investment Property	1,083.5	1,129.5	1,094.7	1,058.1	1,047.6
Property and Equipment	1,288.6	1,367.7	1,378.7	1,414.9	1,452.0
Intangible Assets	72.8	328.9	296.3	257.4	269.0
Other Assets	3,303.3	3,323.0	4,431.1	3,249.1	5,636.3
Separate Account Assets	18,791.7	20,275.1	23,373.0	25,172.4	24,455.0
<b>Total Liabilities</b>	<b>98,255.5</b>	<b>104,781.7</b>	<b>113,925.2</b>	<b>118,980.1</b>	<b>123,955.1</b>
Policy Reserve	69,488.0	73,038.9	76,686.2	79,287.1	81,702.0
Policyholder's Equity Adjustment	894.8	1,416.5	1,461.8	719.6	163.3
Other Liabilities	8,617.2	9,588.2	11,846.8	12,926.4	15,725.7
Separate Account Liabilities	19,255.6	20,738.1	23,930.4	26,046.9	26,364.1
<b>Total Shareholders' Equity</b>	<b>10,564.3</b>	<b>11,271.8</b>	<b>11,779.5</b>	<b>11,954.8</b>	<b>6,925.5</b>
<b>Total Shareholders' Equity attributable to Controlling Interests</b>	<b>10,151.0</b>	<b>10,822.4</b>	<b>11,454.8</b>	<b>11,596.5</b>	<b>6,552.5</b>

\*Reflecting changes in financial statements in FY2019 and FY2020, which were rewritten due to changes in accounting policies

### Financial Ratio

(Based on Separate Statements)

	FY2018	FY2019	FY2020	FY2021	FY2022
Ratio of New Business	11.0%	10.9%	12.3%	12.2%	14.1%
Increase Ratio of Business in Force	-1.0%	-2.3%	-0.6%	0.3%	1.6%
Ratio of Lapses and Surrenders	7.7%	8.6%	8.1%	7.2%	7.5%
Ratio of Claims Paid	74.0%	84.0%	73.5%	73.1%	81.4%
13 <sup>th</sup> Month Persistency Rate	78.8%	77.8%	80.8%	82.3%	81.7%
13 <sup>th</sup> Month Retention Rate	36.4%	31.5%	43.5%	41.2%	39.3%
Ratio of Operating Expenses (before deferral)	13.0%	12.5%	11.8%	10.7%	8.6%

# FY2022 at a Glance

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## An all-new point of contact! The launch of the integrated digital channel & 'Peach,' the first financial MyData service launched by the insurance business

The integrated digital channel launched in September 2022 is a digital space that showcases all experiences that Kyobo Life has to offer. The consolidation and integration of PC and mobile application services into a unified platform has undergone a transformation, resulting in a differentiated and expanded range of services and contents. The newly revamped channel now offers a more diverse array of offerings that transcend the realm of conventional insurance services and leverages cutting-edge mobile technology to deliver an unparalleled and innovative customer experience. Kyobo Life's integrated digital channel will be constantly upgraded for being a new venue of digitalized Kyobo Life that aims to become the leading financial company delivering value in art&culture.

In January 2022, Kyobo Life launched 'Peach,' a mobile financial assistant that utilizes personal financial information from disparate sources to deliver additional value to customers. This is the first of its kind launched by an insurance business.

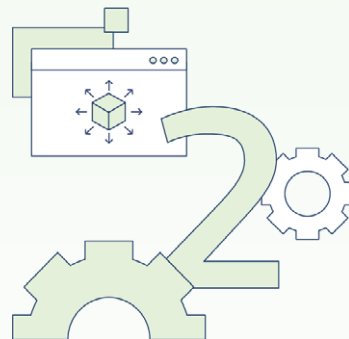
'Peach' has garnered significant acclaim for not only its seamless integration of personal financial data but also for offering differentiated services which play to the strengths of Kyobo Life. These include life cycle asset management services that take advantage of the companies accumulated know-how in the life-long management of customer assets as well as the 'Together Investment' community which leverages Kyobo Life's strengths in financial planning for retirement and corporate pension.

Throughout this era of connectivity and integration, 'Peach' will continue providing novel services and thus serve as a leader in the industry.

## Enhancing core business competitiveness through innovation in the core insurance business process

Kyobo Life is accelerating efforts to innovate business processes in subscription, persistency, and benefit payments as measures against competition from Big Tech companies that wield digital technologies and mega-platforms. Dedicating ourselves to finding points of improvement in simplifying insurance subscription processes and implementing speedy and accurate benefit payments, we are pushing forward innovation throughout the entire process.

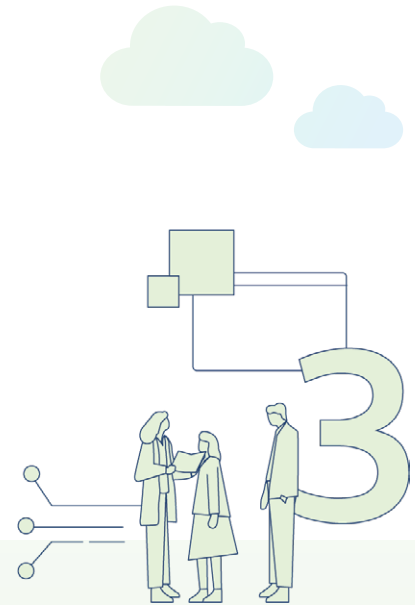
We led the insurance industry in upgrading business process as we have applied advanced OCR text recognition technology to benefits claims documents; implemented K-PASS, a pre-subscription inquiry system; adopted video conferencing systems for minimizing face-to-face contact in customer coverage activities; and expanded non-face-to-face services through the digital channel. As a result, there have been substantial improvements to our core business competitiveness through significantly faster subscriptions and benefit payments. Kyobo Life remains steadfast in our commitment to drive innovation and continually identify latent customer requirements while addressing persistent pain points.



### Nurturing digital professionals with proficiency in the insurance industry through the in-house venture cultivation program and professional degree programs

Kyobo Life recognizes the crucial role that a talented workforce plays in determining the success or failure of a company in today's rapidly evolving business landscape. To this end, the company has adopted a proactive approach to talent acquisition, seeking out individuals with diverse backgrounds and skill sets, and providing ongoing opportunities for capacity building and professional development for its employees. The Kyobo in-house venture cultivation program which uncovered the potential for the two-sided market platform business idea is directly carrying forward the in-house venture through two in-house business teams. The second iteration of the venture program is currently in operation, bringing to light the company's efforts to embrace challenges.

In addition, over the year 2022, we have drawn the blueprint of digital transition through integrated digital experts training system that facilitates the growth of both individual employees and the entire company. Kyobo Life is offering a range of programs including the Kyobo AI Big Data Graduate School Program, a digital leadership education program, the DT Translator and support program for obtaining various data management qualifications, to foster the growth of digital proficiency among employees and executives.



### Practicing advanced customer protection on the foundation of ESG management

Kyobo Life's improved core business competitiveness has also led to strengthened customer protection. Process/Regulation improvements and implementation of new technologies such as expanded VOC management support systems not only have reduced processing time but also have improved accuracy and transparency of business processes.

We have been acknowledged our capacity for consumer protection standards by certifying Consumer Centered Management(CCM) for eight consecutive times and selected the premier institution in financial consumer protection evaluation. In 2022, Kyobo Life was selected as Korea's best Korean Consumer Protection Index (KCPI) company.

The trend towards ESG management has gained global prominence, mandating all organizations and nations to pursue sustainable growth with regards to environmental, social, and governance factors.

At Kyobo Life, we align with the belief that growth should be cultivated in tandem with our stakeholders and as such, have established comprehensive ESG policies and structures to fulfill this objective.

Foundations for ESG management have been established through setting ESG policies; acquiring global certifications such as Environmental management systems (ISO 14001) and Anti-bribery management systems (37001); acquiring global initiative certifications from initiatives such as the TCFD·PSI; and establishing the first Kyobo New Technology Investment Partnership Fund.

Adhering to the steadfast commitment of Kyobo Life to stay ahead of the changing demands of the current era, we are dedicated to maintaining a robust and efficient management structure while striving to be a shining example of a company that is fully aligned with Environmental, Social, and Governance (ESG) standards.





## HONESTY & INTEGRITY

We will always be honest and sincere in every respect.



# CORPORATE SOCIAL RESPONSIBILITY

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We have been growing together with a variety of stakeholders 14

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We maintain a lucid shareholding structure and a transparent decision-making system 16

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## Sustainability Management

We pursue long-term mutual growth with all stakeholders 20

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## Community Relations

We create a healthy society, the world where we live together 22



# Vision

**Through ceaseless innovation, we will become the leading financial company delivering value in art & culture.**

In the context of the dynamic business landscape, Kyobo Life has instituted a comprehensive Digital Transformation Based Strategy (DBS) aimed at enhancing its insurance operations while also securing future growth engines. This strategic initiative has given rise to the company's Vision2025, which aspires to establish Kyobo Life to become the leading financial company delivering value in art & culture. In pursuit of this vision, Kyobo Life will focus on leveraging its digital expertise to drive innovation not just in its core insurance business, but also in the wider spheres of art and culture and non-insurance finance sectors, in order to bring Vision2025 to life.



## FY2023 Management Directive

### The third year of DBS: In preparation for the VUCA environment, materialize a new growth engine for the digital era

We are currently navigating through a VUCA environment, a period of unheralded new potential risks and opportunities. Amid this environment, innovation is required to secure the performance stability necessary for survival and to ensure the future growth of the company. Furthermore, we need to realize the company's long-term growth engine. In this context, Kyobo Life has set the FY2023 Management Directive in the third year of DBS as, 'In preparation of a VUCA (Volatility, Uncertainty, Complexity, Ambiguity) environment, materialize a new growth engine for the digital era.' To this end, we will carry out the following major initiatives.

#### Major initiatives

01

Improve adaptability for the VUCA environment



05

Create day-to-day innovations from a division level



02

Strengthen competitiveness of insurance business through customer-oriented marketing



06

Secure the experience of success by establishing platform for two-sided market



03

Provide upgraded customer experience by utilizing data



07

Strengthen stability of asset management for the VUCA environment



04

Accelerate open innovation (OI) to create a strong business ecosystem



08

Internalize advanced consumer protection culture



# Corporate History

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## 1958-1996

- Aug. 07, 1958** Established Daehan Education Insurance Co., Ltd. (current Kyobo Life Insurance Co., Ltd.)
- Sep. 21, 1964** Received a presidential citation on the 1<sup>st</sup> 'Savings Day'
- Sep. 25, 1969** The founder, Yong Ho Shin, received the 'Order of civil merit'
- Nov. 15, 1979** Established Kyobo Real Estate Management Co., Ltd. (current Kyobo Realco, Inc.)
- Jul. 30, 1980** Moved Head office to 1, Jongno-1ga, Jongno-gu, Seoul
- Dec. 24, 1980** Established Kyobo Book Centre Co., Ltd.
- Jun. 27, 1983** The founder, Yong Ho Shin, received the 'Founder's award' from the International Insurance Society (IIS)
- Jun. 01, 1987** Grand opening of Kye Seong Won (HRD training center)
- Apr. 01, 1994** Acquired Daehan Securities and renamed it to Kyobo Securities Co., Ltd.
- Apr. 03, 1995** Renamed Daehan Education Insurance Co., Ltd. to Kyobo Life Co., Ltd.
- Aug. 02, 1995** Acquired Korea Computing Information Co., Ltd. and renamed it to Kyobo Information & Communication Co., Ltd.
- Jul. 08, 1996** The founder, Yong Ho Shin, became a laureate of the Insurance Hall of fame by the International Insurance Society (IIS)
- Aug. 06, 1996** The founder, Yong Ho Shin, became the first entrepreneur to receive the 'Geum-gwan order of culture merit'



## 1997-2010

- Jul. 15, 1997** International Insurance Society (IIS) established the 'Shin Research Award', in the honor of the founder, Yong-Ho Shin
- Dec. 08, 1998** Established Saengbo Real Estate Trust Co., Ltd. (current Kyobo Asset Trust Co., Ltd.)
- Dec. 01, 2001** Proclaimed 'Kyobo Vision 2010' and unveiled new Corporate identity (CI)
- Feb. 28, 2002** Established A&D Credit Information Co., Ltd.
- Jul. 05, 2002** Established Kyobo Insurance Investigation Co., Ltd. (current KCA Claim Adjustment Co., Ltd.)
- Dec. 11, 2002** Established Kyobo Dasomi, a special unit dedicated to community service
- Jun. 24, 2003** Received the 1<sup>st</sup> grand prize from the 'Corporate ethics award' by Korean Ethics Studies Association
- Nov. 17, 2004** Won the grand prize at 'Korean customer satisfaction management award' for the five consecutive years and inducted into the Hall of fame by Korea Management Association
- Jul. 11, 2007** Received the CCMS (Consumer Complaints Management System) Certification, the first in the insurance industry
- Dec. 21, 2007** Obtained approval for and launched trust business
- Jan. 08, 2008** Launching of Korea's first social enterprise, 'Dasomi Foundation'
- May. 19, 2008** Received presidential citation for 'Best family-friendly company'
- Jul. 31, 2008** Obtained 'A2' credit rating from Moody's Investors Service
- Aug. 28, 2008** Established a joint venture with AXA Group, Kyobo AXA Investment Managers Co., Ltd.
- Nov. 09, 2009** Won 'Best Life Insurance Company in Asia of 2009' award at the International Reinsurance Conference (IRC)
- Sep. 01, 2010** Joined the UN Global Compact, an international pact for corporate social responsibility





## 2011-2020

- Apr. 15, 2011 Proclaimed 'Kyobo Vision 2015'
- Oct. 28, 2012 The Chairman & CEO, Chang Jae Shin, received the 'Personality of the Year Award 2012' at International Reinsurance Conference (IRC)
- Oct. 11, 2013 Received the 'Consumer Grand Prize 2013' by Korean Society of Consumer Studies
- Nov. 05, 2013 Obtained 'A+' credit rating from Fitch Ratings
- Dec. 02, 2013 Established Kyobo Life Planet Life Insurance Company Co., Ltd.
- Aug. 20, 2014 The Chairman & CEO, Chang Jae Shin, received the '29<sup>th</sup> KASBA CEO Grand Prize' from the Korean Academic Society of Business Administration
- Dec. 07, 2015 Credit rating upgraded to 'A1' by Moody's Investors Service
- Jan. 08, 2016 Proclaimed 'Kyobo Vision 2020'
- Feb. 18, 2016 Received the '12<sup>th</sup> Transparency Award' from the Five Major Business Associations in Korea
- Nov. 30, 2017 The Chairman & CEO, Chang Jae Shin, was awarded the highest French order of merit, 'Légion d'Honneur'
- Dec. 01, 2017 Received the 'Fair Trade Commissioner's Citation' at the '22<sup>nd</sup> Consumer Rights Day Awards', hosted by Korea Fair Trade Commission
- Jul. 26, 2018 Received 'Presidential Award' at the '18<sup>th</sup> Korea Digital Management Innovation Awards', hosted by the Korea Knowledge Information Center
- Oct. 24, 2018 The Chairman & CEO, Chang Jae Shin, received the 'Eungwan Order of Culture Merit'
- Oct. 18, 2019 Inducted into the hall of fame of Korean Sustainability Index (KSI)  
The Chairman & CEO, Chang Jae Shin, received the '1<sup>st</sup> Korean Sustainability Management CEO Award'
- Oct. 29, 2019 Received 'Technology Initiative of the Year' at the 2019 Asia Insurance Industry Awards
- Dec. 12, 2019 The Chairman & CEO, Chang Jae Shin, received the grand prize at the 'Humane Entrepreneurship Award' from the International Council for Small Business and was inducted into the Hall of fame for Consumer Centered Management (CCM)
- Dec. 17, 2019 Received 'Citation from the Governor of the Financial Supervisory Service' for High-performing Institute in Financial Consumer Protection
- Mar. 03, 2020 Received the 'Tower for the high-income taxpayer (KRW 400 billion)' on the 54<sup>th</sup> Taxpayers Day
- Oct. 22, 2020 Received the grand prize at 'the 7<sup>th</sup> Korean Reading Management Best Workplace Certification Awards' ('Minister's Award' from the Ministry of Culture, Sports and Tourism)
- Dec. 10, 2020 Received 'the Minister's commendation' from the Ministry of Science and ICT at 'the 2020 Korea ICT Innovation Awards'
- Dec. 31, 2020 Selected as 'The Best Institution for Financial Consumer Protection' from the Assessment of performance by the 'Financial Supervisory Service'



## 2021-

- Apr. 28, 2021 Proclaimed 'Kyobo Vision 2025'
- Jul. 01, 2021 Certified Consumer Centered Management (CCM) for eight consecutive times
- Nov. 30, 2021 Nominated as 'Korea's best KCP!' company by 'Korea Management Association Consulting (KMAC)'
- Jan. 03, 2022 Maintained 'A1' credit rating from Moody's Investors Service for eight consecutive years
- Jan. 28, 2022 Launched 'Peach,' a financial MyData service business (a personal credit information management business)
- Apr. 20, 2022 Maintained 'A+' credit rating from Fitch Ratings for ten consecutive years
- Aug. 31, 2022 Received 'Certification of International Standard for Environmental Management System' (ISO 14001)
- Oct. 28, 2022 Received 'Certification of International Standard for Anti-Bribery Management System' (ISO 37001)
- Nov. 24, 2022 Topped the 'Korean Sustainability Index' (KSI) in the life insurance division for thirteen consecutive years
- Dec. 02, 2022 Received 'Family-friendly company certification' for fifteen consecutive years, designated as 'Best family-friendly company'



# Transparent Management

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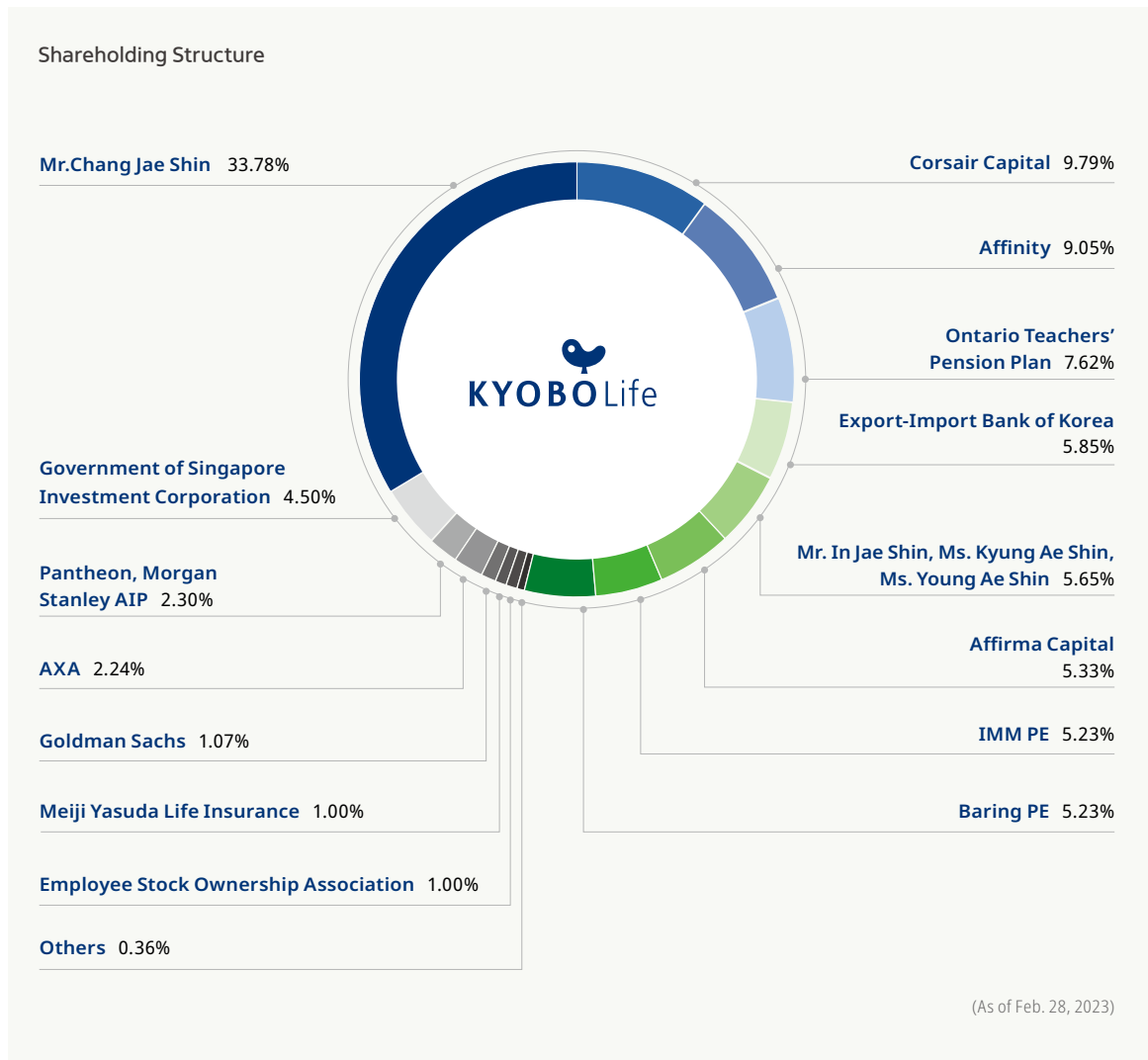
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We maintain a lucid shareholding structure and a transparent decision-making system

## Shareholding Structure

Kyobo Life boasts a sound governance framework characterized by a clear and comprehensible equity structure, with its principal shareholder, Mr. Chang Jae Shin, holding a substantial 33.78% stake in the company. In 2007, Corsair Capital, Affirma Capital, and AXA became shareholders through a combination of capital infusion and purchasing existing shares. Subsequently, in 2012, Kyobo Life attracted additional investors including the Ontario Teachers' Pension Plan (OTPP) and Affinity, who acquired shares from Daewoo International and Korea Asset Management Corporation (KAMCO). More recently, in 2017, Pantheon and Morgan Stanley AIP acquired a portion of OTPP's shares and became new shareholders in the company.



### The Board of Directors

As a final decision-making body that reviews and approves major corporate policies, the Board of Directors consists of two inside directors, five outside directors with expertise in finance, management, accounting, digital and law, and one non-standing director. The outside directors, who comprise the majority of the Board, act as supervisors to ensure transparent management while balancing interests between the company and its stakeholders. In addition, all businesses except those related to shareholders' general meetings and those unique to the Board and its directors have been delegated to committees under the Board to enhance the efficiency of decision-making.

### Audit Committee

Comprised of three outside directors, the Audit Committee functions independently from the Board of Directors and other executive bodies, responsible for evaluating and improving the appropriateness of the internal control system and business performance. The Committee establishes a variety of internal auditing plans including general and special audits, evaluates execution results, and makes suggestions on follow-up and corrective measures.

### Executive Candidate Recommendation Committee

The Executive Candidate Recommendation Committee enhances management transparency by nominating candidates for various positions, including the chief executive position which requires candidates with integrity, proficiency, leadership and managerial competence required for a CEO of an insurer. The Committee also recommends candidates for the outside director position that are independent, competent, and experts in fields in alignment with the company's strategic goals. Audit Committee Members candidates equipped with the necessary capabilities and expertise to carry out overall supervision work, which includes conducting independent audits on directors and management are also recommended by the Committee.

### Risk Management Committee

The Risk Management Committee, established within the Board of Directors at Kyobo Life, is responsible for defining the overarching principles and strategic guidelines for risk management. It is charged with approving major corporate initiatives in light of potential risks and providing the necessary oversight to ensure that risk management strategies are implemented in a comprehensive and proactive manner. Through continuous risk assessments and the development of comprehensive risk management plans, the Committee endeavors to maintain a proactive posture in its risk management efforts, with regular reporting to the Board of Directors on the outcome of its activities.

### Remuneration Committee

The Remuneration Committee designs the remuneration scheme for executives and employees who are responsible for making major decisions on corporate management and performing tasks that significantly affect corporate risks in a way of the company's performance with the risks to follow. Particularly, the Remuneration Committee operates the remuneration system in a balanced manner such that it may prevent members of the management level from excessive risk-taking for the sake of higher remuneration.

### Management Committee

The Management Committee makes overall management decisions including short to long-term management directives and business plans, the undertaking of new businesses, and financial matters such as disposal/transfer of major assets, reporting the outcomes to the Board of Directors.

### Sustainable ESG Committee

The sustainable ESG Committee plays the role of the final decision-making body for ESG management, and is responsible for discussing major policies and the ESG strategy direction in pursuit of common growth with all stakeholders as well as the consideration and decision on major items related to the environment, social, and governance.

Board of Directors	
Chairman & CEO	
Chang Jae Shin	
President & CEO	
Jung Bum Pyun	
Outside Director	Outside Director
Sung Sik Hwang	Beom Ha Jee
Outside Director	Outside Director
Chul Joo Lee	Hyo Eun Mun
Outside Director	Non-Standing Director
Young Ju Lee	Hari R. Rajan

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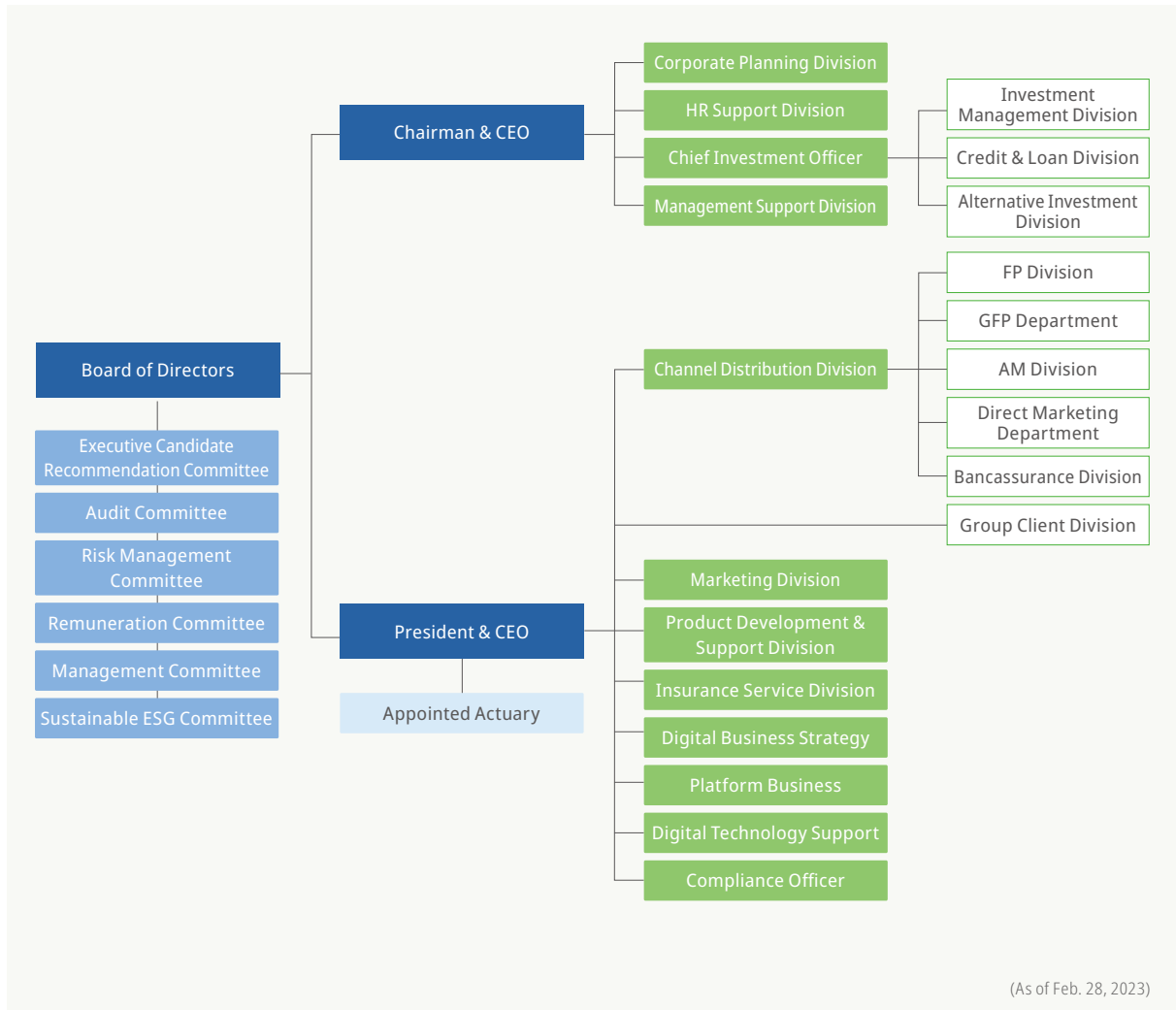
Senior Executive Vice President(SEVP)	
Jin Ho Park	Chief Financial Officer/ Head of Retirement Pension Consulting Center
Sam Geol Lyoo	Chief Investment Officer
Dae Kyu Cho	Head of Corporate Planning Division/ Head of HR Division

Executive Vice President(EVP)	
Ki Ryong Cho	Head of Legal Services Division/ Compliance Officer/Compliance Program Manager
Woo Kyung Chang	Head of Digital Business Strategy
Mee Young Lee	Head of Marketing Division
Jae Myeong Park	Head of Audit Team
Gyu Sik Cho	Head of Channel Distribution Division
Jin Mo Jang	Head of Public Relations

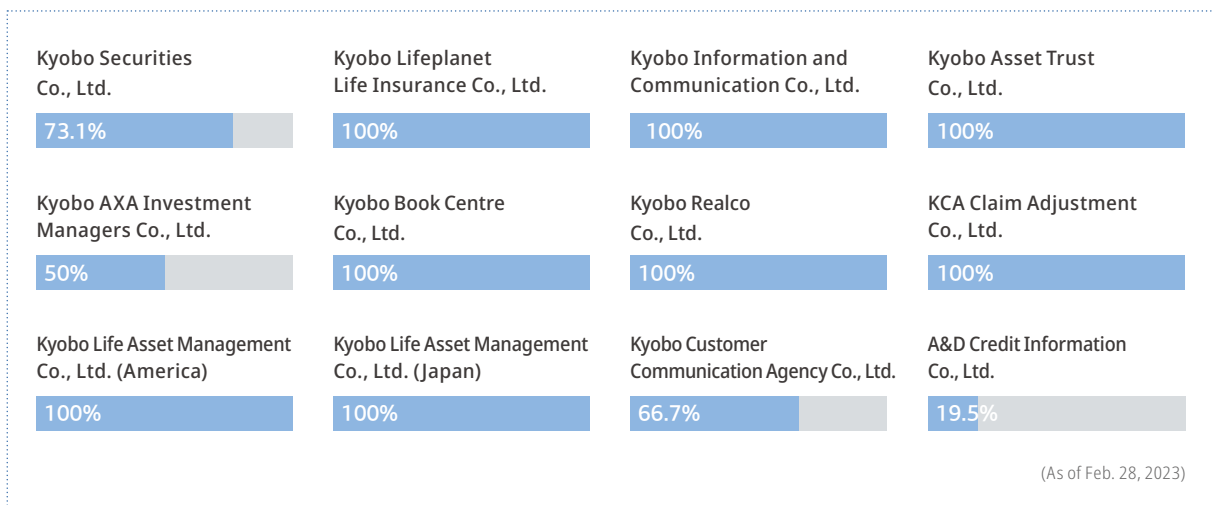
Senior Vice President(SVP)	
Seong Ju Park	Head of Bancassurance Division
Young Kyu Youn	Head of Insurance Service Division
Chul Lee	Head of Digital Transformation Support
Kwan Sang Lee	Head of Gangnam FP Division
Byung Doo Noh	Head of Marketing Support Division
Gil Hong Cho	Head of Group Client Division
Hong Yoo	Chief Customer Officer(CCO)/ Head of Customer Care Center/ Financial Consumer Protection Manager
Bong Hyun Jeong	Head of IT Support Division
Kwang Soo Mun	Head of Gyeongin FP Division
Young Dae Son	Head of Gangbuk FP Division
Kyoung Bae Kim	Head of IR & Actuary & Accounting Division/ Internal Accounting Manager
Hong Min Chung	Head of Policy Research Support
Jong Kil Park	Chief Risk Officer/ Risk Manager
Hye Ok Kim	Head of Direct Marketing Department
Jong Hoon Kim	Head of Platform Business/ Head of Platform Business Team 2
Ji Hyun Jo	Head of Platform Business Team 1
Woo Chul Jung	Head of Busan FP Division
Jae Hyuck Jeong	Head of Credit & Loan Division
Kyong Won Noh	Head of Financial Management Team
Gyoung Jong Suh	Head of Product Development & Support Division
Jun Hyun Kim	Head of Daegu FP Division
Ji Woo Kim	Head of Variable Asset Management
Young Min Kim	Head of Group Digital Transformation
Sung Soo Kim	Head of Digital Technology Support/ Head of Cloud Establishment TF
Seung Yong Rho	Head of Joongbu FP Division
Gi Hwan Jung	Head of Honam FP Division
Gi Beom Kim	Head of AM Division
Sung Il Moon	Head of Group Sales Division 1
Young Mi Moon	Head of Group Sales Division 2
Young Jae Kim	Head of Healthcare Center
Hwan Kang	Head of Labor-Management Support Division
Tae Dong Lee	Head of New Technology Team
Nam Kyu Lee	Chief Information Security Officer(CISO)/ Chief Privacy Officer(CPO)/ Credit Information Protection Manager
Seung Won Kim	Head of Human Resource Management Team
Jung Sik Park	Head of Human Resource Development Team
Sang Yeol Lee	Head of Alternative Investment Division
Dong Mo Lee	Head of Asset Portfolio Management Team

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## Organization Chart



## Overview of the Affiliates



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We pursue long-term mutual growth with all stakeholders.

## Promotion of Sustainable Management

Kyobo Life has established the sustainable management philosophy of 'Pursuing mutual growth with all stakeholders' and we have stated it in the preface of the 2012 articles of association. In 2010, we were the first Korean insurer to join the UN Global Compact, showing our commitment to sustainable management. We have also been publishing the Sustainability Report since 2011, making us the first life insurance player to do so. Through this yearly report, we have shared our annual performance and efforts in the field of ESG with stakeholders. As recognition for our efforts, we became the first financial institution to be inducted into the Korean Sustainability Index (KSI) Hall of Fame in 2019, and we were ranked No.1 for sustainability in the life insurance industry in 2022 for 13 consecutive years.









**The Company, as an enterprise in pursuit of long-term common growth with its stakeholders, sets the basics for the Company's management as below.**

<The Preface of Kyobo Life's Articles of Association>

The sustainable management philosophy of Kyobo Life is presented under the 'Sustainable Management System,' where all our stakeholders are identified, and our pledges and principles set forth.

## Sustainable Management System

Sustainable Management Philosophy		Pursuit of Common Growth with All Stakeholders					
For Stakeholders							
Commitments	Provide optimum insurance coverage	Succeed together with its consultants	Grow together with its employees	Be attractive to investors	Pursue win-win cooperation with its partners and ecosystem players	Grow together with the gov't and local communities	
Principles	<p>1 We will take heed of the voice of customers and manage the company from their perspective.</p> <p>2 We will enhance service quality from insurance subscription, and persistency to benefits payment.</p>	<p>3 We will respect and trust our consultants as business partners.</p> <p>4 We will establish fair standards, and support our consultants to engage in their sales and service activities with ease.</p> <p>5 We will support our consultants to grow as insurance experts.</p>	<p>6 We will maintain a cheerful corporate culture of joy, pride, and trust.</p> <p>7 We will provide equal opportunities and reward according to fair evaluations.</p> <p>8 We will support our employees to grow and develop into insurance experts.</p>	<p>9 We will continue generating outstanding results through good growth.</p> <p>10 We will enhance the company's value through preemptive risk management on finance and non-finance.</p>	<p>11 We will grow together with our partners through fair transaction.</p> <p>12 We will collaborate with ecosystem players to achieve win-win growth.</p>	<p>13 We will observe the tax law and related regulations to fulfill our duty of tax cooperation.</p> <p>14 We will exercise our social and environmental responsibility to the fullest as a corporate citizen.</p>	

## ESG activities

In order to pursue genuine sustainable management, Kyobo Life has established and disclosed ESG policies. Based on the ESG policies, we have identified and are carrying forward implementation tasks in the respective fields of environment, social, and governance. In addition, we have joined ESG-related global initiatives such as UNGC (United Nations Global Compact), CDP (Carbon Information Disclosure Project), UNEP FI (United Nations Environment Planning Finance Initiative), PSI (Principles for Sustainable Insurance), and TCFD (Task Force on Climate-Related Financial Disclosure). Kyobo Life will continue to push ahead with ESG management in an earnest manner to pursue mutual growth with all stakeholders.

### Environmental (E)

Kyobo Life has joined in the transition toward a low-carbon economy as a response against climate change risks through our declaration of coal phase out finance. In this regard, we will not participate in project financing related to the construction of new coal-fired power plants both in Korea and overseas. Also, we are committed to ceasing the acquisition of bonds issued by special purpose companies (SPCs) for new coal-fired power plants, ceasing the acquisition of general bonds for the construction of coal power plants, and expanding eco-friendly investments that take into account sustainable factors such as renewable energy. Furthermore, we have joined the Carbon Disclosure Information Project(CDP), a global environmental initiative, and joined the Task Force on Climate-Related Financial Disclosures (TCFD).

Moreover, in order to raise executives' and employees' awareness of environmental protection and to encourage voluntary participation, we are holding environment-related education jointly hosted by the Ministry of Environment and holding in-house eco-friendly campaigns.

### Social (S)

Kyobo Life has long maintained trust with and delivered value to all stakeholders based on our management philosophy that 'the values pursued by mankind should be respected and realized.' Based on the human rights policy established in 2022, we established the 'Employee Grievance Reception Center' and made continued efforts to create a culture of sincere respect for human rights through human rights impact assessments.

Since the 2000 enactment and declaration of the 'Kyobo Ethics Charter', the first of its kind in the industry, all executives and employees renew their pledge to 'Practicing Ethical Duty' every year. In 2022, we received the 'Anti-Bribery Management System (ISO 37001) Certification' to further strengthen our ethical management system and minimize the risk of corruption.

### Governance (G)

Kyobo Life has built an efficient and stable governance system for sustainable growth and the promotion of stakeholders' interests and rights in a balanced manner. Specifically, the business progress at the management level is reported to the Board of Directors, the majority of which is composed of outside directors to ensure sound decision-making.

To propel ESG management forward, the 'Sustainable ESG Committee' was formed within the Board of Directors and the 'ESG Working Level Council' was created in 2022. We will further strengthen the momentum for ESG management through systematic ESG governance.

## The ESG Roadmap

		2022~2023	2023~2024	2024~2025
	Direction for major tasks	Build the foundation for the ESG management	Internalize ESG and enhance the executing power	Generate the ESG business performance
<b>E</b>	<b>Respond to climate change, Enhance the environmental management</b>	<b>Build the environmental management system</b> - Establish an environmental policy - Push forward with acquiring the certification of environment management system	<b>Enhance the environmental management system</b> - Develop the classification system for eco-friendly products - Develop the methodology for measuring climate risk	<b>Strengthen the environmental management</b> - Build the mid to long-term objectives to respond climate change - Set detailed operation standards for managing climate risks
<b>S</b>	<b>Proliferate the mutual-growth culture</b>	<b>Build the mutual-growth system</b> - Build human right policy and check human rights - Build a policy against sexual/general harassment at work	<b>Enhance the mutual-growth system</b> - Promote anti-corruption management system certification - Promote personal information protection system certification	<b>Strengthen the mutual-growth system</b> - Expand the scope of the mutual-growth management
<b>G</b>	<b>Build the ESG decision-making system</b>	<b>Build the ESG decision-making system</b> - Newly establish the Sustainable ESG Committee - Build sustainable investment policy	<b>Enhance the ESG decision-making system</b> - Prepare the ESG reflection within the voting right guideline - Elaborate a sustainable investment policy	<b>Advance the ESG decision-making system</b> - Promote the ESG reflection within the voting right guideline - Enhance the independence of committees in the BOD

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**We create a healthy society, a world where we live together.**

Kyobo Life recognizes and upholds the timeless ideals upheld by humanity, and endeavors to assist individuals in the realization of these principles. The company's primary corporate social responsibility initiatives are executed through the 'Kyobo Dasomi Volunteers,' established in December 2002. These efforts primarily concentrate on helping those in need overcome hardships and our youth become mature human beings with healthy minds and bodies who could practice continued self-growth and empathy.



## 01 Sharing Healthy Life with Others

### Wow Dasomi Project for the Hearing-Impaired

The 'Wow Dasomi Project for the Hearing-Impaired' is devoted to aiding children with congenital hearing impairment by supporting them to recover through timely treatment. Our efforts encompass financing for hearing assessments, cochlear implant procedures, and language therapy to overcome language disorder caused by the hearing impairment. The outcome of these interventions enables these children to integrate into mainstream educational environments and live fulfilling lives. We remain steadfast in our commitment to the 'Wow Dasomi Project', to ensure that these children can realize their aspirations without being affected by their disability.





## Ties of Love

The 'Ties of Love' program sponsors underprivileged children including child-headed families, children from single-parent households, and abandoned children. The 'Fund of Love' is formed from voluntary donations from monthly payrolls of employees and the company's contribution. The proceeds of the fund are delivered in accordance with proper procedure to ensure it is sent on raising the children. Kyobo Life will continue its warm support so that more children may enjoy happiness.

## Kyobo Life Cup: Youth Athletic Competition

We have been dedicated to fostering wisdom, virtue, and physical health in the youth since 1985 through the annual Kyobo Life Cup (Youth Athletic Competition). As the one and only comprehensive sports competition for the youth athletes hosted by private corporation in Korea, the event showcases main events such as track and field, swimming, judo, table tennis, gymnastics, ice sports, and tennis. The competition is held in partnership with local governments in major cities nationwide, offering a unique opportunity to stimulate local economic growth.



## Kyobo Scholarship Program for the Youth athletes

We select fourteen outstanding youth athletes (top two per discipline) from the Kyobo Life Cup Youth Athletic Competition to support them from the 1st grade of middle school to the 3rd grade of high school with a scholarship worth KRW 2 million every year as well as various supporting programs (mental care program, rehabilitation therapy, mentoring program). This program serves as a foundation for nurturing talented athletes, helping them grow into leaders in various walks of society.

We will continue to extend support and provide holistic education to the youth athletes so that they may grow up to become leaders who have a positive impact on society.



# 02 Creating Dreams and Hopes Together

## Kyobo Dream Makers

### ICT future talent cultivation project

We support economic independence by offering advanced training programs such as drone operation, web-toon design and writing, Craftsman 3D Printer Operation, and coding that are useful for the 4th industrial era as well as an academic career support through the acquisition of national certifications.

### ICT experience and education project

The ICT Experience and Education Initiative provide young individuals with the opportunity to participate in a plethora of cutting-edge activities, including computer programming, unmanned aerial vehicles, cutting-edge 3D pens, autonomous RC vehicles, and the deployment of advanced design tools. This program empowers the youth to cultivate their creative potential, thus equipping them to thrive in the digital era.



## Let's Make an Impact on the World! Up!

It is a new social contribution project that identifies and nurtures impact enterprises that offer digital-based education and services to underprivileged children and youth, a key player of the future.

### What is Impact Enterprises?



They are vital economic players with sustainable growth and financial stability based on innovative products and services which is dedication to supporting the unprivileged.

### Let's Add an Impact on the World! Up! aims to

1

Offer opportunities to learn ICT based digital services and skills

2

Identify and cultivate impact enterprises that deliver ICT-based services

3

Establish a new social contribution frame that overcomes financial constraints

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**Preemptive finance education project for institutionalized children**

This project aims to help children under protective care to have successful independent living. Through collaborative efforts of employees, we provide various programs such as character building, emotional intelligence, and finance education to the institutionalized children. Through the finance education, we deliver basics of finance including value of money and types of finance to preschool children, education and consulting on economic activities after they leave institutions or foster home for middle and high school children. With our unwavering support and guidance, these children will be empowered to thrive as thriving and productive members of society. We will continue to provide careful and precise support to institutionalized children for their settlement.



**Independent living support project**

In order to help youth who needs to live on their own after they leave institutions or foster home for preparing any economic difficulties that they will encounter, we provide education on financial independence. Our program enlists finance experts to serve as mentors and leverages the insights and expertise of former recipients of the 'Kyobo Life Hope Dasom Scholarship'. The mentors will conduct assessments of the mentees' financial literacy and provide personalized guidance, based on their analysis of the mentees' income and expenses. Additionally, we sponsor expenses for activities to become financially independent and offer opportunities to experience financial instruments such as savings and funds. We will support them to successfully navigate financial independence with the knowledge and confidence.

**Kyobo leadership program for the youth, 'CHANGE'**

'CHANGE' aims to provide hands-on experience, build character, and foster wisdom, culminating in talented and well-rounded youth. We hope that this youth will become a leader who is considerate of others, creative, and unafraid of challenges and who will achieve common goals at the head of a team. Sub-programs named 'I CHANGE' and 'WE CHANGE' allow the youth to broaden their scope from being mindful of themselves to that being mindful of society at large. Moreover, as the youth engage in team discussions and presentations, communicative and relationship-building skills will be improved. We will invest much effort to help the youth, who are the hope of our society in the future, become true leaders that have positive impacts on society.

**Grand tour of Asia for college students**

This program provides college students with opportunities to take trips overseas, serving as a steppingstone for students to develop into global talents versed in the histories and cultures of Asian countries. It aims to develop leadership and follower-ship of college students, who are the key players of the future by helping them set their vision and goals. The program sponsors trip to Asian countries such as China, Japan, Vietnam, and Mongolia, allowing students to gain knowledge of, feel, and experience the culture and history of Asian countries. Students may also develop creativity and a mindset that welcomes challenges through exchanges with local people and engaging in lectures. Kyobo Life will continue to offer the youth opportunities to experience the broader world so that they may dream big and have grand visions.

**03 A Beautiful Life of Sharing Together**

**Kyobo Dasomi volunteer team**

A total of 143 volunteer teams, comprised of Kyobo's employees, undertake various activities, putting into practice the joy of sharing while caring for neighbors in need. In connection with local welfare facilities, the team carries out volunteer activities on a regular basis, showing our warmhearted love to the local community. Kyobo Life will continue create programs tailored to the local community so that we may reach more communities in need.



**The 'One Branch-One School' financial education**

We have set up sisterhood relationships with local elementary, middle, and high schools to provide various financial education opportunities. This will contribute to closing the financial knowledge gap among students in various regions and minimize blind spots in financial education. The activities make active use of educational tools that reflect real-life cases and gamified teaching aids while also providing hands-on experience, field trips, and career counseling. Kyobo Life will continue to support various programs so that people can gain a proper understanding and knowledge on finance from an early age.

## Social contribution projects for global society

### Kyobo Dasomi Global Volunteers

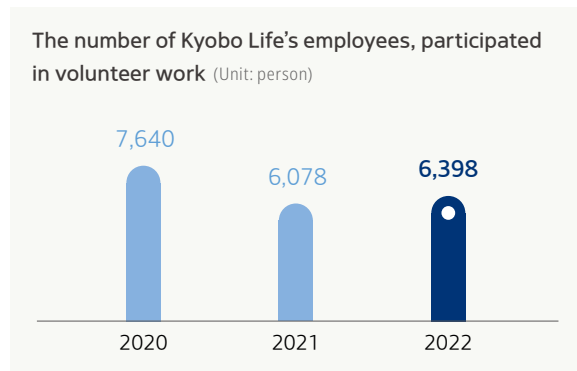
The 'Dasomi Global Volunteer' program, comprised of Kyobo Life's employees, has undertaken volunteer activities since 2011, aimed at enhancing the educational and living conditions in developing nations such as Vietnam and Laos. The volunteers have contributed to the construction of homes and have taken part in the creation of educational facilities. Furthermore, they have supported underprivileged farmers by participating in seed-planting agriculture projects. Our volunteers have also organized memorable events, such as athletic competitions and graduation yearbook photoshoots, for the local children. We will further improve educational environment so that the children can continue their learning while providing comfortable shelters known as 'House of Love'.

### Building schools and improving educational environment

This project aims to build and improve educational infrastructure by constructing school buildings and educational facilities in Myanmar, Vietnam, Laos, and Indonesia that lack educational infrastructure for better opportunities of learning. Throughout the upgraded educational surroundings, people will be able to shape their dream of the future.

### Dasomi global tree-planting project for economic independence

The objective of this project is to empower underprivileged farmers in Vietnam through the provision of grapefruit seeds, essential agricultural resources, and ongoing education on advanced farming methods. This will lay the foundation for economic independence and better income of the farmers. We will provide steadfast supports to farming communities abroad, thereby creating a virtuous cycle of economic prosperity and mutual sharing.



## 04 The Beautiful Companionship of Moving Forward Together

Kyobo Life facilitates the professional and efficient operation of public welfare projects through its public welfare foundations.

### The Daesan Agriculture Foundation

Daesan Agriculture Foundation is the first public welfare foundation in Korea dedicated to supporting rural areas. The Foundation hosts the Daesan Agriculture Awards, one of the most prestigious agriculture awards, carries out next-generation agriculture talent training programs and conducts farmer-led agricultural research projects. The Foundation contributes to bringing urban and rural communities together to build a happy and sustainable society through various public welfare projects, including one-day farming, urban and rural exchanges, and local welfare programs that elevate and understand the value of agriculture.



### The Daesan Foundation

The Foundation implements cultural projects for public interests aiming to support cultural development, globalization of Korean literature works, and cultural education to the youth. These projects include hosting awards, such as the Daesan Literary Awards for College Students and Daesan Literary Awards for the Youth; supporting research, publication, and translation of Korean and international literature; and holding the Seoul International Forum for Literature along with various reading campaigns.

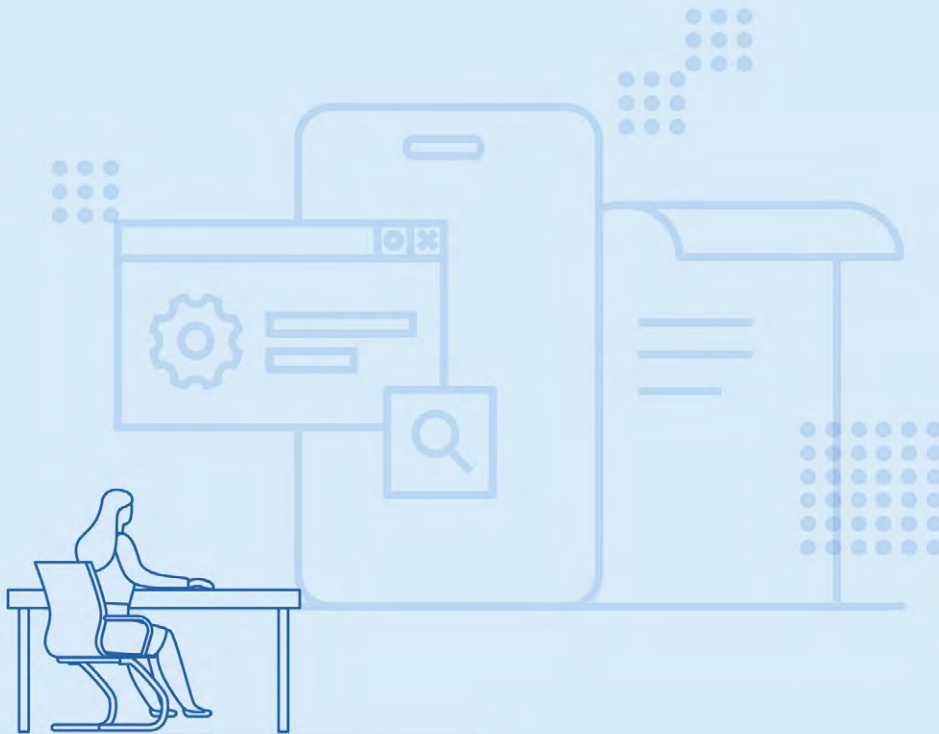
### Kyobo Foundation for Education

Established in 1997 through contributions from Kyobo Life, the Kyobo Foundation for Education aims to contribute to 'Promotion of national education' and the 'Prosperity of Human Culture'. The Foundation drives various educational projects including hosting the 'Kyobo Education Awards', character education, leadership training, and education on importance of all living creatures, pursuing its sustainable growth of itself.



## CUSTOMER-ORIENTED

We will always put our customers first in our thoughts and actions.



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## Brand

The brand of Kyobo Life promotes respect for human values 30

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## People

We aim for mutual growth with all employees 34

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## Digital Innovation

We pursue digital innovation for a better customer experience and securing new growth engines 36



# Customer



## We place the highest priority on our customer and always strive to drive customer value innovation

Kyobo Life always strive to think from the customer perspective and become a company that provides the best customer insurance coverage. By reinforcing the competitive edge of our products and channels based on the sincere understanding of customers, we are committed to providing the exceptional qualities of 'financial benefit's and 'psychological comfort' beyond customers' expectation throughout the entire process of subscription-persistency-payment. Furthermore, by focusing on the creation of core insurance value, we are actively supporting our customer to overcome hardships and seek dreams with the spirit of mutual help.

### Implementation of 'Lifelong Care Service' to Keep Our Promise on Insurance Coverage for Customers

Kyobo Life offers 'Lifelong Care Service' based on the philosophy of 'services for existing customer should be prioritized over new business'. It is our commitment to building a win-win relationship that satisfies both customer expectations while also being able to actively respond to market changes through customer-centered management. It entails regular visits from all of our Financial planners(FPs) to our customer to provide them with better understanding on the coverages of the policies they subscribed and help them file any unclaimed benefits. We also identify any changes in customers' need and financial status throughout the course of their life and help them maintain the most optimal coverages of their policies. As a result, we have provided 'Lifelong Care Service' to about 2.3 million customers over the last 12 years. The Lifelong Care Services enabled Kyobo Life to gain prominence and be benchmarked by a number of companies in recognition of our efforts to sow new seeds of growth in the insurance culture with the recovery of customer trust fulfilling customer protections.

### Customer-Contact-Channels and Advanced IT Systems Based on New Digital Technologies for Greater Customer Value

Kyobo Life offers its customers a variety of services through the Customer Plazas and customer centers in order to serve them better in handling diverse financial tasks conveniently and swiftly.

We have also constructed advanced IT systems using new digital technologies to offer real-time services for subscription, persistency, and benefits payment via the company website and mobile application. Specifically, we have built a mobile system accessible from smartphones and tablet PCs to support sales operation so that our consultants may provide one-stop insurance services without any physical or time constraints. In addition, we have developed unique services for smart coverage analysis and illness prediction by utilizing web scraping and Big Data.

### Practicing Advanced Consumer Protection

To mark the first anniversary of the enforcement of the Financial Consumer Protection Act, the Kyobo Consumer Protection Charter was amended to further align with consumer protection. Also, through pledge to practicing consumer protection we have concretely established that financial consumer rights protection is not only the core value of sustainable growth of the company, but that all employees are the main agents of financial consumer protection practice.

Systemic foundations for consumer protections have been put in place, including the launch of a new VOC (The voice of customers) management support system for VOC counselling and handling in order to more accurately and quickly process customers' voices received through various channels. Also, a tablet version of VOC management support system was developed to enable face-to-face counselling and to provide real-time information to

customers in the digital environment. We have also installed a non-face-to-face video counselling system for the financially vulnerable, facilitating both online and offline customer counseling.

A VOC town meeting is held every week by the consumer protection department to prevent complaints in advance and ensure timely improvement to work processes. Important issues are presented to the 'Consumer Protection Working-level Council' and the 'Consumer Protection Committee' to facilitate rapid decision-making by management that may be applied to providing consumers with differentiated products and services.

In the sales field, the 'Removing Mis-selling Consulting' is carried out by a customer protection oversight department so that the 'Financial Consumer Protection Act' is well understood and the 'six restrictions on sales activities' are faithfully complied. Removing Mis-selling consulting policy's aim includes ensuring the sound understanding of the Financial Consumer Protection Act, providing case-oriented education for preventing customer complaints in advance, supporting tailored consultation by listening from the sales field, and to come up with improvement measures. Through the Removing Mis-selling consulting, the importance of compliance with laws and practicing complete subscription is normalized to enhance capabilities for customer protection.

With our continuous efforts to protect consumers, Kyobo Life has been nominated to the Consumer-Centered Management (CCM) Certification Hall of Fame, hosted by the Fair Trade Commission (FTC) having acquired the certificate for eight consecutive times.

In addition, we were selected as an excellent company for two consecutive years by the Korea Financial Consumer Protection Index (KCPI) by receiving an excellent rating from the consumer perception survey hosted by Korea Management Association Consulting (KMAC) for each stage of insurance subscription. In order to maintain our current status as an industry leader in consumer protection practice, Kyobo Life will practice consumer protection by preventing complaints from consumers, improving the speed and accuracy of handling complaints and taking follow-up measures with innovative consumer-oriented business processes, thereby increasing value to customers to ensure consumer centered management is truly attained.

With the attitude that all innovation starts from our mindset to put customer first, we will continue to strive to settle advanced customer protection culture by practicing VOC management.

### **Upgraded Comprehensive Financial Planning Advisory Service**

Kyobo Life has established the Kyobo Asset Management System (KAMS) to provide customized and comprehensive financial solutions aligned with customer life cycles and economic cyclical-ity. With KAMS, we provide customized wealth management services including multiplication, protection and succession of customer assets by cooperating with wealth managers and advisors equipped with a wide array of experience and expertise from a

long-term perspective that reaches down to the young generation. Moreover, we provide differentiated seminars on asset management, real estate, tax, and labor service for wealthy and middle-class customers. In consideration of the increase in preference for contactless services brought about by the COVID-19 pandemic, we implement webinars on asset management and video conferences for consulting services.

Kyobo Life's comprehensive asset management service allows us to provide individual customers with optimal coverage planning for their family, health, and retirement in accordance with their financial goals. For corporate customers, we conduct analysis on their corporate and financial status and review the adequacy of management and shareholding composition to provide specialized services, including consulting to address various issues (including wages, retirement payment, dividends, and compensation for bereaved families) and succession plans of family businesses.

Kyobo Life, in 2022 alone, provided 6,876 rounds of consultation to 4,965 customers, held 328 asset management seminars, which shows our continued efforts to provide upgraded financial planning advisory service.

### **The 'DA-Win Service' to Help Corporate Clients Grow and Be Successful**

Kyobo Life provides a CSV (Create Shared Value) program named 'DA-Win Service', which stands for mutual growth of Kyobo and its corporate clients by sharing customer satisfaction knowhow with our corporate clients for presenting our management philosophy of sharing.

The DA-win service is a customized corporate training program and it provides support for educational programs on how to improve quality of customer service, organizational activation for employee satisfaction, and legally required education.

Since 2005, around 20,000 corporate clients including public institutions, medical institutions, and general corporations have provided DA-Win service to 1.2 million customers. Through the service, Kyobo Life's management philosophy to prioritize our customers and support their success has been shared.

### **Humanities Website, 'Read, Walk, and Feel in Gwanghwamun' for Digital Communication With Our Customers**

In order to provide differentiated customer experience through use of the ever-evolving digital environment, Kyobo Life operates a website with humanities content named 'Read, Walk, and Feel in Gwanghwamun' ([www.kyobostory.co.kr](http://www.kyobostory.co.kr)), which reflects the company's brand philosophy of 'respecting human values'. The website includes various videos and lectures to help customers enjoy humanities-related contents and it offers lending services for steady sellers in the humanities section through the digital library incorporating with Kyobo Book Centre. As of 2022, around 62,000 customers have visited the website per month and Kyobo Life plans to expand our bond with customers by utilizing new digital technologies.

# Brand



## The brand of Kyobo Life promotes respect for human values

Human beings are the most valuable existence in the world and the very reason for Kyobo life's existence. All products and services offered by Kyobo Life are deeply rooted in the respect for value that human beings pursue. The Brand of Kyobo Life's vision is in line with this profound understanding of human beings, helping people pursue their dearest dreams throughout their lives overcoming every adversity by mutual support.

### Corporate Brand

#### Our Pledge to Customers

Brand Platform of Kyobo Life is based on the philosophy of our respect for human value that consists of the vision that 'the dearest value a human being pursues should be respected and realized', missions defining responsibility and methods based on such brand philosophy, and our pledge describing the values and benefits we wish to deliver to society and our customers. In order to effectively deliver the brand platform, Kyobo Life has a system to express its brand with visual, linguistic, auditory, spatial-environmental means.

#### Practicing Brand Promises Through Systematic Brand Management

Kyobo Life has set out a brand strategy and brand management system (rules/policies etc.) since 2003. Based on the infrastructure needed for systematic brand management, we consistently developed products/services and conducted marketing and communications activities to share the brand value. As a result, Kyobo Life was recognized with a brand value worth of over KRW 1,346.5 Billion\* from a credible global brand ratings agency.

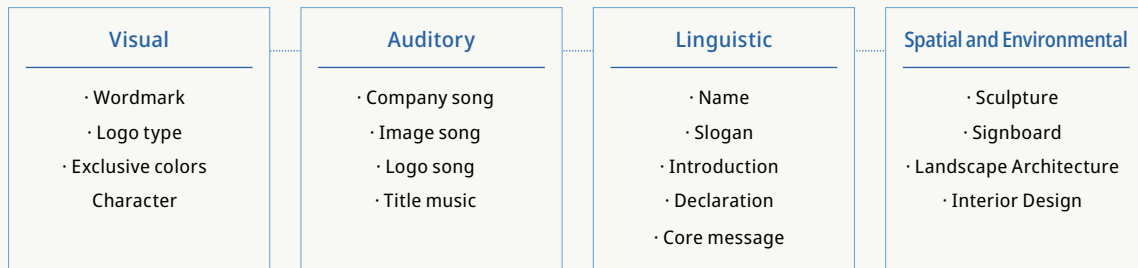
(\*As of the 2022, announced by Interbrand)



## Kyobo Life's Brand Platform and Expression System



## Brand Expression System



## FP Brand

To overcome the limitations posed by contactless channels, Kyobo Life has launched our FP brand in reflection of our commitment to improve the competitive edge of our financial planners through emotional communication at the point-of-contact with customers and to build stronger relationships between customers and financial planners.

**KYOBOLIFE**

**Faithful Companion by Your Side**  
**Kyobo Life FP**

We present you with the blooming path.  
We design a life you always wanted.  
We make your everyday life pleasant.  
We protect you as a friend.  
Kyobo Life FP, a companion standing by your side

Kyobo Life's consultants (FP, Financial Planner) get closer to customers in a sincere and holistic manner.

**Kyobo Life's FP Brand to Become 'A Faithful Companion by Customers' Side'**

The FP brand consists of three target images that align with customers' expectations that reflect the unique strengths and differentiated points of Kyobo Life's financial planners, the brand concept that Kyobo Life's financial planners must pursue, and the ideal image that should be presented to customers. In addition, we have created design for our FP brand such as wordmarks and motifs to effectively promote our FP brand.

**FP Brand System and Its Visual Expression**



Basic Image	Special Image	Leading Image
Be Personalized & Specialized	Be First In Promise	Be Insightful

**Smart Friend**

We are smart friends for life who shape our customers' journeys of life to be filled with growth and enrichment.

**Faithful Companion by Your Side, Kyobo Life FP**

Kyobo Life financial planners are people who our customers can always trust and rely upon.  
We are within reach of the lives of our customers.  
We give the sincerest faith and trust to our customers.

**FP Brand Wordmark**



**FP Brand Design Concept and Motif**



**Connecting Hands**

This design visualizes Kyobo Life's FPs walking hand in hand as partners with its customers.

### Implementation of Coherent Brand Communications for Positive and Differentiated FP Brand Awareness

Kyobo Life continues to implement communications so that the FP image, 'a faithful companion by customer side,' is consistently delivered at various points-of-contact including on advertisements and publicity campaigns. It helps Kyobo Life reach out our customers more easily and be chosen by customers. Moreover, we are providing FP brand Kit with FP brand image so that our customer feels sense of professionalism of our consultants(FPs) during customer consultations.



# People



## We aim for mutual growth with all employees

Kyobo Life aims to achieve its vision of mutual growth with its all employees. We strive to make the company the 'most desirable workplace' by securing talented people, rewarding them for their achievements, and creating a corporate culture that encourages growth.

We will continue our efforts to achieve the goal of becoming the most desirable company to work for by balancing our corporate vision with employees' individual goals to forge a win-win relationship between the company and its employees.

### Strengthening the Job-Oriented HR Management System

Since 2010, Kyobo Life has strengthened the job-oriented HR management system in the entire HR system, including in personnel assignments, promotions, evaluations, and reward management. Since 2016, we have hired candidates suitable for respective jobs and the organization with our selective recruiting system which focuses more on job requirements. In 2020, we reorganized our remuneration system to be more job-oriented by expanding our job-based pay system.

Moreover, in 2022, in order to secure and manage talented personnel for enhancing competitiveness in the insurance business, we upgraded parts of our HR system that will be based on the job function by reflecting the latest market trend. Kyobo Life remains committed to reinforcement of our fair and objective 'job-oriented HR management system'.

### Strengthening the Performance Management System to Anchor the High-Performance Culture

Kyobo Life clearly states performance accountability for each job of the executives and the heads of business units. In addition, we are focusing much effort to anchor the field oriented 'High-Performance Work System (HPWS)' so that our employees clearly identify their personal vision, strategies, accountability, and performance targets, and encourage them to voluntarily immerse into their jobs to maximize performance.

### Strengthening Key Talent Management to Secure Future Corporate Competitiveness

Kyobo Life clearly recognizes that core talent management is our priority mission to achieve organizational competitiveness.

In 2005, a system to select and train core talent was established, and the 'KL (Kyobo Leader) - Session' has been in operation since 2006, which is a program for selection and management of candidates for heads of unit by the executives, the heads and directors of each business unit in charge and the HR department. In addition, we started to motivate professional personnel into core jobs including products development, actuarial work, risks management, asset management, and digital related work to contribute to the company's performance since 2012. In cases where specialized personnel are needed in core job areas, we secure a pool of talented personnel by implementing regular rounds of internal and external recruitment, thus increasing opportunities to discover and nurture internal and external talent.

When hiring executives, we minimize management risk through capacity and leadership building in executive candidates through the 'Management Executive Candidate Cultivation Course'.

### Securing Digital Talents and Strengthening Organizational Capabilities

Kyobo Life puts much effort into securing digital talent and building organizational capacities to discover new customer values via digital technologies.

By continuously hiring outstanding digital experts to implant new digital technologies and job performance capacity, we aim to spread a creative and innovative corporate culture and to support our incumbent talent to grow into digital experts with well-organized cultivation programs. In addition, we have adopted and are operating a new HR system suited to the digital age for offering various growth pathways to our employees.

### Supporting Personal Development for Laying the Foundation for Success in Digital Era

Kyobo Life has upgraded digital talent nurturing program (KYOBO Digital School) to expand and support digital capabilities and digital work experience for all employees, which is required for laying the foundations for success in the digital era.

Digital literacy and in-house digital certification, industry-academic collaborations, and the Big Data Insight Program were supported as part of the efforts for building digital capacity (from nurturing digital leadership to basic digital capacity building). Startup OJT programs were also conducted to adopt a new way of working from outside organizational cultures.

Also, a year-round mutual learning program that supports both job-related capacity building and meets individual needs, the 'Organization-wide regular and mutual Learning Program,' was formed and is being operated. Not only the existing capacity building program such as Bookstagram(Book) and Kyobo LABS (video) but mobile based knowledge sharing platform, 'K-stagram,' was created to generate and share work-related knowledge, experience, knowhow and best practice and lesson learned cases. Additionally, we provided ceaseless learning by creating hands-on working knowledge and opportunity to grow and have new learning experience by nurturing Kyobo Creators and Metaverse platform experts. Digital technology consignment training, certification training, department-level on-demand training are also being provided year-round.

We will support growth and development of the entire organization and employees through expanded capacity building programs, aligned with work & learning and advanced nurturing system for digital experts.

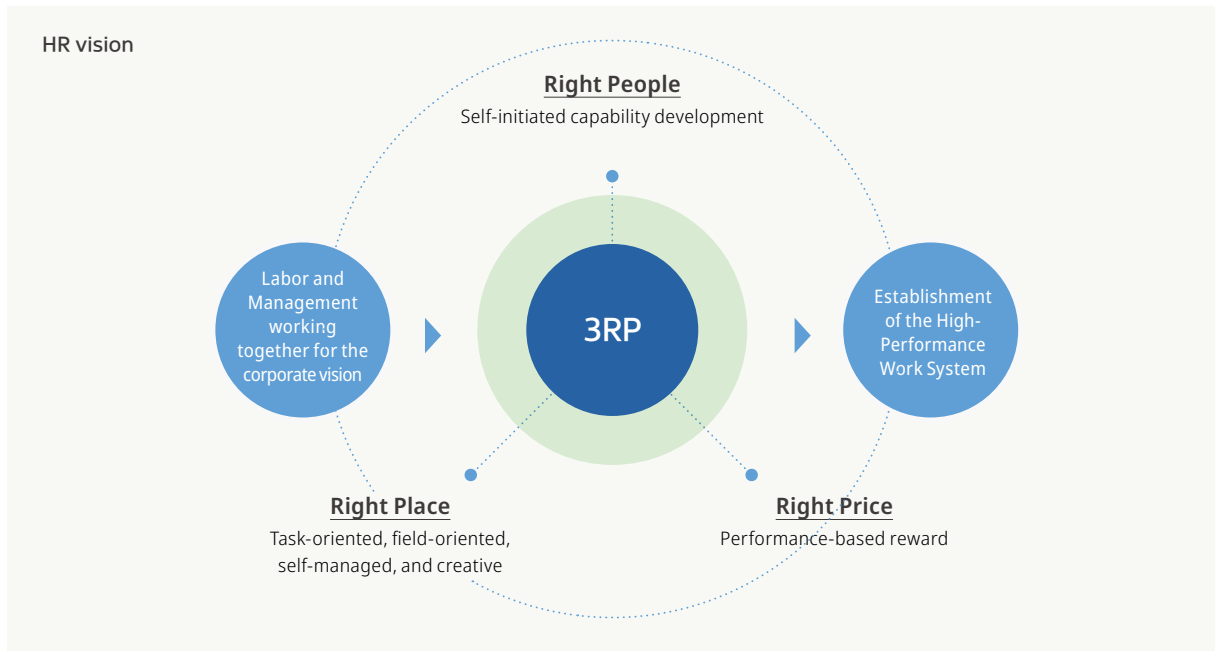
### Establishing Advanced Labor-Management Relations and Operating a Welfare System that Meets Employees' Needs

Kyobo Life complies with the laws and principles between labor and management and facilitates communications to build an advanced labor-management relationship. Through the regular labor-management council, we aim to achieve sustainable growth of the company and improve the quality of our employees' lives. Also, based on open communication and cooperation, we aim to establish a labor-management relationship anchored in mutual respect and trust.

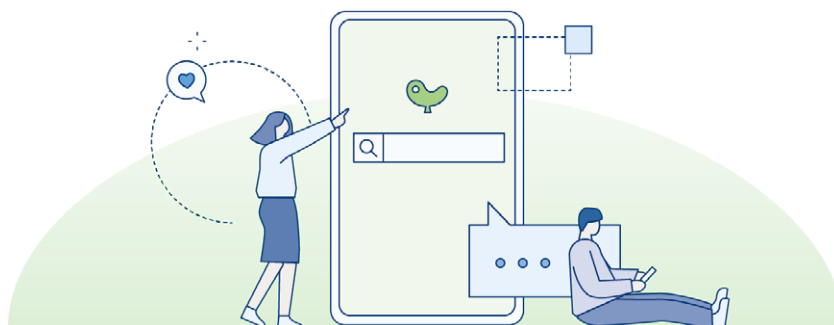
As a result, we became the company to be nominated as the 'Company with Excellent Labor-Management Culture' by the government and also received the 'Transparent Management Grand Prize Award' which is given to a company that has built a co-prosperous labor-management culture by the five major business associations in Korea.

Also, we have maintained family-friendly certification for 15 consecutive years since its implementation and selected the 1<sup>st</sup> Supreme Family-friendly Company by the Ministry of Gender Equality and Family as a result of supporting work and life balance and the creation of family friendly system including pregnant and child bearing supports, child caring supports and flexible working hours.

In addition, we are operating a welfare system and an in-house labor welfare fund to meet the diverse needs of our employees. Also, we are making efforts to operate the company welfare system in a sound and efficient manner by conducting the annual satisfaction survey and collecting feedback from beneficiary employees. We will maintain and develop stable and cooperative win-win labor-management relations, and remain steadfast in improving the working environment and welfare system so that performance is boosted through immersion into job by employees and the employees' quality of life is improved.



# Digital Innovation



## We pursue Digital Innovation for a better customer experience and securing new growth engines

The ever-changing business environment, triggered by technological development requires financial services to innovate from a fundamental level and to undergo digital transformation. Therefore, Kyobo Life continues to challenge itself to provide 'innovative customer experience that provides positive emotional experience,' to secure 'new growth engines for building a business ecosystem,' and accelerates digital innovation. We will remain committed to providing new and innovative values to our customers for the digital transformation era.

### Innovating Customer Experience and Work Process with Digital Technologies

#### Accelerating work process improvement with digital technologies

Through improvement of customers' convenience by accelerating work process innovation, Kyobo Life is enhancing its competitiveness in the insurance business. Particularly, active application of digital technologies to core insurance processes from subscription to benefits payment and customer service have produced fruitful results.

In subscriptions, various systems have been built, such as the pre-subscription inquiry system (K-PASS), required document supplementation, subscriptions through mobile, and an immediate-delivery system of insurance policies so that the time from subscription to policy distribution has dramatically been reduced to under nine hours. In benefits payment, efforts such as refinements of the AI based screening models, raise automated underwriting rate through digital technology, upgrades Optical Character Recognition(OCR) system, and an immediate payment system after completion of screening were established so that the time from insurance claims to benefits payment has been reduced to the top levels of the industry, according to the Life Insurance Association figures. In customer service, we continued to make efforts to discover and resolve the customer inconvenience. Through the adoption of the VOC management

support system, VOC online mediation system, and the immediate customer service support process, the number of customer complaints have greatly reduced and the response time to the complaints has shortened to under 24hours.

Also, the use of AI technology has accelerated company-wide digital innovation. To provide 24/7 customer convenience service, product monitoring, customer consultations, and other call center based work processes have been replaced with AI voice bots. We will develop AICC (AI Contact Center) for customers to utilize various additional services. Moreover, we are improving insurance business productivity by converging AI technologies and other useful technologies such as STT (Speech to Text), TA (Text Analytics), Chatbot, and OCR (Optical Character Recognition). Further, day-to-day work process improvements for employees are being actively implemented. The work process automation tool, RPA (Robotic Process Automation), is particularly being used to continually automate large quantities of simple and repetitive tasks. Also, the RPA Portal System serves as an integrated management system for aligning processes and upgrading productivity by another step. Thus, we have automated 50, 103, and 61 work processes in 2020, 2021, and 2022 respectively. By 2022, we have cut back 120,000 hours of work hours per year, putting solid Work Smart Culture.

### Customer experience innovation through digital channel integration and adoption of digital customer journey

To provide differentiated online and offline customer experiences, Kyobo Life launched a new mobile based digital channel (Mobile Application, PC and Mobile homepage) that integrates digital customer-contact-channels in September 2022. Separated services by financial functions such as insurance, retirement pension, loans and funds were integrated to the mobile platform to enhance customer convenience. Also, the channel provides not only various content such as education, books, culture, and leisure, but also a matching service for caregivers and visiting nursing services for seniors. Furthermore, we will expand open business structure for diversifying our non-insurance services and providing digital experience based on a more detailed understanding of our customers.

Additionally, we are pushing ahead with providing digital journey that provides customized experiences based on internal and external information of our customer and remind the need of insurance products. Through the journey, we will lay the groundwork for providing innovative experiences of our insurance/non-insurance products and services by securing various data and new customers.

### Creating data-based customer value

Kyobo Life, for the first time in the insurance industry, acquired an official license for a personal credit information management business and launched financial MyData service, 'Peach', specialized in finance, health education and culture in January 2022. We have provided distinct customer experiences through specialized services that highlights expertise in insurance such as financial assistance in my hand, open banking, budget for health, finance education, and art&culture. Furthermore, we have strived to enhance competitiveness of our core business by securing qualified customer information in conjunction with financial data and public data of our customer and providing retirement plan. We will create new customer value by identifying differentiated services tied to MyData service as our customer can check accounts in different banks through open banking that we participated for the first time in insurance industry and transmit cash through it in the near future.

In addition to the launch of financial MyData service, we have made efforts to create customer value based on data insight by integrating customer data from various sources and accumulating data analysis capabilities in 2022. To this end, we have surveyed demand on data utilization from the entire company, refined customer-centered data system, and promoted data collaboration with the entire Kyobo group. With these efforts, Kyobo Life has established a Deep Learning-based prediction model that allows rapid response to the

volatile business environment, and is providing upgraded customized services through a customer profile-based behavior prediction system. In addition, we have strengthened the competitiveness of the insurance business by operating machine learning algorithms for providing the best customer-consultant matching. Kyobo Life will continue to deliver higher level of customer value through data-driven digital transformation efforts.

### Innovating Corporate Culture into Creative and Challenging

#### Making innovative idea into reality, innovation lab for accelerating innovation

The Innovation Lab is where research and experiments are conducted for improving financial processes, novel products/services, and business models. This space is a frontier and propagator of innovation in corporate culture that promotes new challenges. As a driver of change, we spread and implemented SPRINT, a design-thinking-based activities for work process innovation. We accelerated innovation through SPRINT that identifies and executes tasks for innovation and encouraged voluntary participations and communication between employees with various topics and activities, embracing different culture, generation and trend.

Kyobo Life will multiply customer value by realizing customer value innovation based on accumulated experiences, expanding innovation area from the entire company to its affiliates and stakeholders.

#### The creative and challenging Kyobo In-house venture: Rooted in corporate culture

The Kyobo In-house Venture supports the business ideas of employees to become reality. Currently, there are 15 in-house venture teams were selected and succeeding the spirit of challenge and creativity.

Active support is given from the proof-of-concept stage, coaching, consulting, and to marketing costs supports for generating fruitful results. Member of in-house venture who received the best assessment is assigned as task force leader and is accelerating to make the venture successful.

Kyobo Life will continue to nurture in-house venture so that it can lead commercialization and bear fruitful results through active support. We will strive to settle spirit of challenging and creativity as our organizational culture.

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## Securing New Growth Engines through Establishing a Digital Business Ecosystem

### Establishing a digital business ecosystem through Open Innovation

Kyobo Life actively encourages the growth of an Open Innovation ecosystem. In order to cooperate with innovative startups, we have set up the Corporate Venture Capital(CVC) and we took the first step by raising the First Kyobo New Technology Investment Association Fund in November, 2021. Also, we will invest in and cooperate with startups by raising the First Kyobo Tech Value Up Fund, targeting promising business fields such as Robotics/Hardware, ICT, Platform, Bio/health care.

Since the launch of Innostage in 2019, we have continued to discover, nurture, and collaborate with promising startups with outstanding technologies and ideas including 'Tictocroc' which provides new experiences for customers of Kyobo Edu Care and Kyobo Book Centre with child care service, 'Jejememe', which received the grand prize at Google Play Store's App of the Year and Best Hidden Gems 'Lomin', which reduced time for filing benefits claims by using OCR technology; and 'Frientrip', an activities platform that developed and sold accident insurance products with Kyobo Life Planet.

In 2022, Kyobo Life operated an Open Innovation program, linking between businesses, local governments, and universities. Such efforts were recognized, and we have been awarded Korea's Win-Win Management Leader Award in the field of Innovation Best Practice for two consecutive years at the '2022 Korea Management Awards' hosted by the Korea Management Association. We will continue to actively discover, collaborate with, and invest in promising startups for securing new growth engines and expand the Open Innovation ecosystem.

### A novel approach to digital business ecosystem expansion: the two-sided market platform

Kyobo Life aims to become leading financial company delivering value in art and culture. To realize this vision, the company is exploring new business opportunities across different fields, including finance/investment, education, culture, and healthcare.

In this regard, we have launched 'Nalcee' Kyobo Group's first two-sided market platform in May 2022. It provides a collaborative space for writers and readers, promoting the growth and success of writers. We are now focusing on attracting new users and showcasing successful cases to differentiate its services. Additionally, we are preparing to further develop 'Nalcee' as a reader-centric platform and commercialize its intellectual property.

In addition, we are also in the process of launching a health promotion platform that will serve as a data-based health information sharing community for childcare and infant feeding habits. In the future, we will upgrade the platform so that the accumulated child-caring information will be linked with the child growth/development, and mental care services.

We will remain dedicated to exploring new business opportunities in the various healthcare sectors.



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## TENACITY & CREATIVITY

We will always innovate, starting over again if at first we do not succeed.

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## We will pursue innovations in products and distribution channels with digital transformation

The essence of life insurance lies in practicing the love for humanity through mutual support so that everyone can overcome potential hardships. Kyobo Life takes a sense of great pride in its mission as it lives up to our essence and spirit of life insurance, thus, we put our best efforts to provide differentiated products and services. In order to provide peace of mind and financial security that go beyond customers' expectations, we are actively promoting innovations in our products and distribution channels, especially through accelerated customer-centered digital innovations. We will strive to create a world where everyone may be protected from being discouraged by unexpected hardships, so that they will be able to achieve their precious dreams.

### Insurance Market in 2022

The year of 2022 was highly competitive year as the traditional life insurance market contracted from social/demographic changes, general insurers/agencies avidly engaged in aggressive marketing activities, and big tech companies were forcing their way into the insurance arena while we are still struggling to overcome the prolonged Covid-19 pandemic and witnessing economic downturn due to the high interest rate and high price. Product development including health insurance and insurance for the elderly and the sick was invigorated. Meanwhile, interest rate hikes prompted insurers to secure liquidity, driving up competition for sale of short-term savings products. In addition, customers have become accustomed to the non-face-to-face daily interactions since COVID-19. As a response, regulatory improvements were made actively for expanding digital experiences and options for financial consumers.

### Insurance Business Performance of Kyobo Life in 2022

In 2022, we analyzed and had more understanding customer needs to promote customer-centered marketing and created new customer value through innovative products and new services. We have established a customer-centered marketing system to proactively discover and deliver values that meets the customer needs through sophisticated marketing strategy based on customer data, going beyond the traditional mass marketing method. Twenty-six targets were derived through multidimensional analysis such as customer life stage, financial attitude and behavior, and potential demand for insurance. We also elevated our understanding of target customer to be able to provide differentiated values for each individual customer. In addition, we expanded our customer's coverage assets through protection-type products (whole life, critical illness, strategic coverage, health coverage) that meet customer and market needs and launched competitive savings products for responding to the interest rate hikes. In order to secure competitiveness in insurance sales, we increased sales organization by recruiting qualified consultants and strengthened the training program of new consultants for providing optimal coverage and persistency services to more customers. We also accelerated the digitalization of sales support tools for making growth-oriented sales culture. We accelerated digital transformation and pushed forward with

improving customer experience by maximizing customer convenience at the digital point-of-contact through upgraded financial MyData service and renewal of Kyobo Life's digital channel.

### Insurance Market Outlook for 2023

In 2023, we forecast the advent of a VUCA environment, bringing prolonged inflation, economic slowdown, high interest rates, and changes in consuming generation. As a result, it is expected that customers will have less capacity for insurance subscription, have more risk management burdens, and less liquidity. In addition, the International Accounting Standards for Insurance Contracts (IFRS17) and the new Solvency Regulation (K-ICS) have been implemented. Also, consumer protection policy by the financial authorities for enhancing consumer rights protection, transparency and social responsibility of financial institutions are expected to be strengthened. Market competition will intensify as big tech and platform companies are expected to accelerate their entry into the finance and insurance industry due to the deregulation of online insurance products recommendation services for platform companies. As a result, insurers are expected to proactively respond to market changes, providing renewed customer experience with upgraded products and services.

### Insurance Business Strategies for Kyobo Life in 2023

In 2023, we will establish a customer-centered marketing system based on customer needs (with data) and move forward with the transition to an insurance sales system that is firstly preferred by customers. To this end, the company will accurately capture and analyze changes in customer and market preference in a timely manner. Also, we will identify specific market with high growth potential and make efforts to predominant the market through efficient resource allocation for strengthening competitiveness of insurance business that is already in mature stage. In addition, we will conduct differentiated marketing, centered with protection type products for each target customer needs and expand the product range for medium and low priced cancer, health, nursing, and insurance for the sick so that we can provide better products that meet the needs of our customers. In addition, we will increase the customer convenience and the efficiency of day-to-day work processes by wider utilization of digital-based non-face-to-face channels.

# Asset Management

**We will stay true to the principles of asset management for life insurers by creating continued and stable investment profits with long-term perspective**

The basic principle of asset management at Kyobo Life is to create a steady, continuous stream of profits by building an optimum asset portfolio that complies with all constraints related to asset management, such as risk limits and duration targets. By adhering to an Asset Liability Management (ALM) strategy in consideration of the long-term nature of life insurance products, we have produced steady profits driven by long-term Strategic Asset Allocation (SAA) and surplus earnings from utilizing short-term Tactical Asset Allocation (TAA) which responds actively to volatility in the financial market.

## Financial Market in 2022

In 2022, the global economy saw rising inflation due to increased demand driven by stimulus measures in 2021, supply constraints after the pandemic, and the prolonged war between Russia and Ukraine. After the re-proliferation of the coronavirus due to the Omicron variant, it seemed that economic activities among advanced countries were normalized, but we faced falling asset prices and economic slowdown due to a rising policy rates. In addition, as prices have not stabilized due to rising oil prices and the pressure of appreciation of dollar currency, we have struggled from vicious cycle of high prices, high interest rates, and high exchange rates.

Since the pandemic, the global financial market has seen increased volatility due to various intertwined issues such as liquidity and supply chain disruptions, globalization regression, triggered by the U.S.-China conflict, and geopolitical risks due to the war between Russia and Ukraine. The yield on U.S. treasury bonds rose rapidly due to prolonged inflation caused by a surge in the Consumer Price Index (CPI) and interest rate hikes by the Fed. Meanwhile, stock market rally was witnessed among stocks for high-tech companies at the beginning of the year, but as the MSCI index was hit -16.3% due to inflation and peaking bond yields, it was recorded the worst performance since the 2008 Financial Crisis.

Growth rate of Korea's economy was also expected to be lower due to slowing consumption amid volatile internal and external economic condition, however, domestic market interest rate was increased as the key interest rate was increased by 2.25%p, seven times in a row. The credit spread widened sharply due to the 'Lego-land' Crisis, but rapidly narrowed as the market interest rate was declined at the end of the year. The Korean stock market was relatively sluggish, reflecting global supply chain constraints and concerns over economic slowdown.

## Kyobo Life's Asset Management Performance in 2022

In 2022, the asset management division responded actively to the highly volatile financial market and achieved sound performance both in profitability and risk management. In terms of profitability, we defend recurring assets yield from decline by expanding comparatively high-yield assets including policy loans, credit loans, and alternative investments. In addition, we secured a stable source of recurring profit through alternative investments and bond assets with high interest rate under rising interest rate trend. The performance of variable insurance assets surpassed the benchmarks through flexible adjustment of equity and bond portfolios in response to market changes.

With respect to risk management, we were able to respond preemptively to policy and regulatory changes, such as the implementation of the K-ICS, by continually downsizing cash flow mismatch between asset and liability utilizing interest rate hikes. Sound management of credit and market risk was conducted through reduction of risky assets and strategic overseas assets hedging. Furthermore, we have prepared for increasing household debt risk due to high interest rates by consistently striving to improve the qualitative structure of retail loan assets through such as strengthened management of delinquency rates.

## Financial Market Outlook in 2023

In 2023, inflationary pressure will be eased at some extent due to the full-fledged impact of last year's rapid tightening monetary policy, but global economic growth is still expected to decline. In the global bonds market, volatility is expected as the pace of price stabilization fluctuates and concerns over economic recession is growing. However, interest rates are expected to decrease gradually during second half, reflecting expectations of the ease of tightening monetary policy by FED. The global stock market is likely to fall further due to economic recession and credit risk concerns, but the slower pace of monetary policy tightening may result in rebounding equity prices, which means volatility of the market is still remained.

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The Korean economy is expected to face continual export shrinkage due to rising economic uncertainties stemming from geopolitical risks such as the intensifying U.S.-China conflict, the prolonged war between Russia and Ukraine, and North Korea's military provocations. In addition, the Korea's economic growth rate is expected to be below 2.0% in 2023 due to deepening household debt and sluggish private consumption. The Korean bond market will see interest rates fall due to lack of credit liquidity and a decrease in net exports. The Korean stock market remains bearish amid uncertainties and concerns over an economic slowdown during the final phase of the rate hike. However, it is expected to show a gradual recovery through pace adjustment of monetary tightening and expansion of corporate investment.

**Asset Management Strategies for Kyobo Life in 2023**

In 2023, crisis and opportunity factors are expected to coexist due to downward pressure on the economy and changes in the regulatory conditions. In terms of asset management, we will put emphasis on risk management, considering the factors while strengthening stability of asset management.

First, we will strengthen risk management in preparation for economic recession and its prolongation. We will increase the proportion of liquid assets to secure capabilities against liquidity shortage and strengthen asset cash flow management. In addition, we will focus on risk management of invested assets by further reducing the proportion of risky assets with high sensitivity to market and continuing monitoring of assets with potential of distress.

Second, we will reduce profit and loss volatility through downsizing of asset that can increase volatility in valuation profit and loss, such as stocks and beneficiary certificates as response to the expected IFRS 9 introduction in 2023.

Third, we will actively pursue achieving the profit target for 2023. To this end, we will take into consideration the economic outlook and market conditions to achieve target recurring profits. Also, we will achieve non-recurring profits target by securing capital gains from active bonds and alternative assets.

Fourth, we will focus on securing capacity to select and invest in promising VC (Venture Capital) and establishing VC networks at home and abroad to secure future profit sources.

Finally, we will expand application of AI technology across all asset management processes to build systems and cultures suitable for the evolving digital era.

# Risk Management

## We maximize corporate value with thorough and strategic risk management

Risk management is part of the core competitiveness for insurance companies. Kyobo Life makes vigorous efforts in quantifying risk factors and establishing an integrated management system overseeing various risks to reinforce soundness of management and reduce or eliminate business uncertainties in advance. In an effort to systematically manage group-wide risks, we continue to reinforce our group risk management system while managing group capital adequacy ratio. Also, we are smoothly preparing relevant systems and infrastructures in order to cope with the upcoming implementation of IFRS17 and K-ICS in 2023. Kyobo Life will be steadfast in terms of developing various measures to reduce required capital while expanding available capital. We believe that such thorough risk management has not only been serving as a foundation to increase corporate value for the mid to long-term, but also will create new business opportunities, while being committed to the essence of life insurance.

### Strategic Risk Management to Maximize Corporate Value

In order to secure and maintain financial soundness, we have set limits and constantly monitor risks that may affect corporate capital. In addition, to enhance our mid to long-term corporate value, the ALM policy which considers both assets and liabilities has been adopted. In particular, we are establishing and improving systems and infrastructures through risk control assessments for each business unit incorporating company-wide non-financial risks including operational, strategic, and reputational risks so that the company-wide risk management system performs soundly.

### Systematic Risk Management for Management Stability

Kyobo Life measures potential risks involved with daily business operations, which include sales activities and asset management, and set appropriate risk limits that allows to maintain sound business activities within its available capital level. Also, we have set guidelines to maintain capital solvency ratio at levels above the minimum level required by financial authorities even when facing a simultaneous outbreaks of multiple risks.

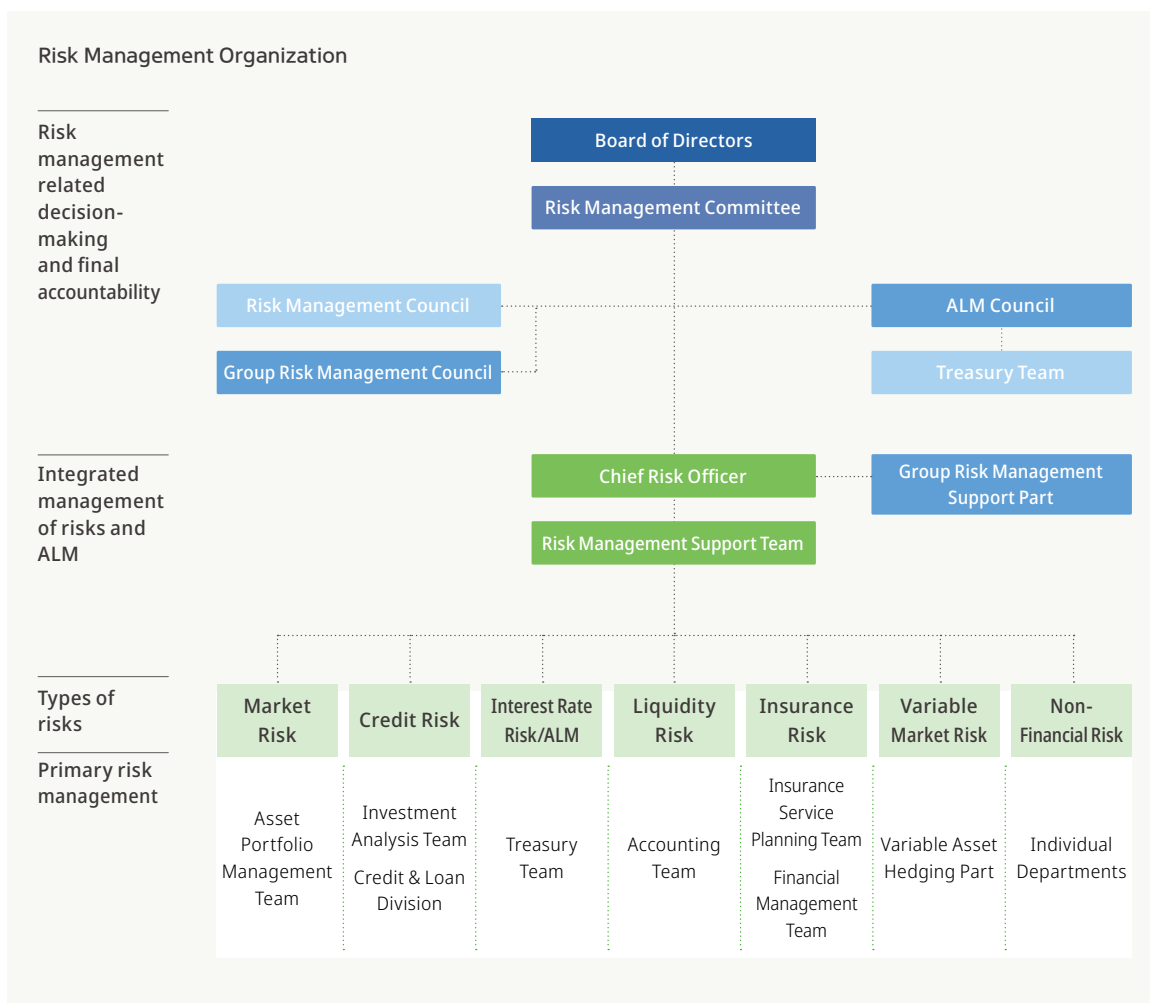
Meanwhile, we leverage preemptive risk management techniques, which include acceptance, reduction, transfer, and avoidance of risk, to manage risks at appropriate levels within the guidelines. We also conduct adequacy tests on a regular basis and if necessary, make adjustments of limits on total risks or individual risk.

In addition, we are establishing a preemptive risk management system for preventing or reducing potential losses caused by rapid changes in the financial market. Our risk management system captures changing risks and copes with them through prior risk review by the risk management team for important decision making, ex-ante and phased risk limit management, review the observation of risk limits, and adjustment of the risk limits, setting and management of loss limits of securities, and regular monitoring on various risk factors.

In an effort to ensure business resilience even in the worst of times, we have also devised various scenarios by risk type, prepared contingency plans and conducted simulation trainings on a regular basis to review the appropriateness of such plans.

## Risk Management System

Kyobo Life classifies risk into market, credit, interest rate, liquidity, insurance, variable insurance market, and non-financial risks for managing them systemically by establishing management strategies tailored for each risk.



### Market and Credit Risks

We have established asset portfolios, taking into account risk limits to ensure potential asset losses caused by changes to the financial environment for managing it at a withstanding levels. In operating assets, we are regularly monitoring whether market and credit risks limits, risky assets limits, loss limits of securities and derivatives, transaction limits by lender, group, and industry are observed. Also, to prevent asset distress stemming from risk occurrence including changes in interest rates, stock prices, foreign exchange rates, weakening of household capacity to repay debt, and decreasing collateral value of holding assets, we have established and are operating a system that monitors various risk factors at all times. At the same time, we are improving personal and corporate credit rating models for better managing credit risk of transaction counterpart.

### Interest Rate Risk

In order to minimize the variance of net asset value incurred by interest rate fluctuations, we have established and are operating a strategy to consistently manage the asset-liability duration gap through asset portfolio management and liabilities duration monitoring using replicating portfolios.

In addition, in accordance with the company's business plan, we have set the limit for annual interest rate risk level and built a regular monitoring/review system so that our policy to minimize interest rate risk remains sound.

## Insurance Risk

In response to the implementation of the K-ICS, we are shifting toward an insurance risk management system that secures enough capital even under the crisis. We set Insurance risk limits and are conducting monitoring and adequacy checks for maintaining an appropriate levels of insurance risk, considering available capital through reduction of volatility in net asset, triggered by fluctuations in risk loss ratio, surrender rates, and expense ratio. To secure stable mortality/morbidity gain, we continue to refine the underwriting criteria, strengthen insurance claim screening to prevent insurance payments for fraud claims, reduce probability of loss in advance through regular analysis of mortality/morbidity gain, and set/manage targets for mortality/morbidity gain.

## Liquidity Risk

The minimum liquidity level is set and managed to avoid unexpected liquidity shortages which may result from claims paid and providing policy loans. In addition, we set and monitor indicators for liquidity management which includes liquidity gap, liquidity ratio, and benefit to premium income ratio. Specifically, in preparation for possible cash outflow that may occur because of drastic changes in the financial market, we review and supplement our contingency plans by conducting simulation training based on liquidity crisis scenarios on an annual basis.

## Variable Insurance Market Risk

In order to reduce losses from fluctuation of net asset value of variable insurances due to financial market variables, we set risk limits and are closely monitoring the status against risk limits. We also execute dynamic hedging using derivatives to reduce volatility in profit and loss due to changes in market conditions and to maintain our capital at a stable level even in the crisis.

## Non-Financial Risk

To achieve company-wide management goals, Kyobo Life has set a standard scenario that embraces overall non-financial risks such as business conditions changes, legal risks, operational risks by each business unit and department so that we can conduct scenario-based Risk Control Self-Assessment on business environment changes. We have also developed and operated key risk indicators for continued monitoring and timely response.

## ALM Policy for Long-Term Risk Management

Kyobo Life utilizes the Asset-Liability Management (ALM) policy to maintain interest rate risk at stable levels amidst the volatile financial environment and secure a long-term, stable spread gain. For continuous structural improvement of assets and liabilities, in the liability segment, we maintain monitoring through replicating portfolios. In the asset segment, we built an asset portfolio that is able to maintain a stable duration gap between assets and liabilities by managing the scale and duration of interest-bearing assets.

Furthermore, we are making constant efforts to improve our ALM system by increasing accuracy in calculation of cash flow from assets and liabilities.

## Climate Risk Response

Kyobo Life is participating in the development of a management model in co-operation with industrial, government, and academia to more accurately identify and systematically manage climate risks that are gradually emerging due to climate change. In addition, we are preparing to reduce regulatory risks related to disclosure, such as climate risk management indicators and establishment of reduction targets.

## Response to the International Accounting Standards for Insurance Contracts (IFRS 17), and Korean-Insurance Capital Standard(K-ICS)

In response to the upcoming introduction of the new International accounting standards for insurance contracts (IFRS 17) and Korean-Insurance Capital Standard (K-ICS), we are systematically bracing up our infrastructure and system. Kyobo Life will make consistent efforts to minimize potential shocks that the new systems may bring about and to enhance our financial soundness by closely cooperating with financial authorities and the insurance industry.

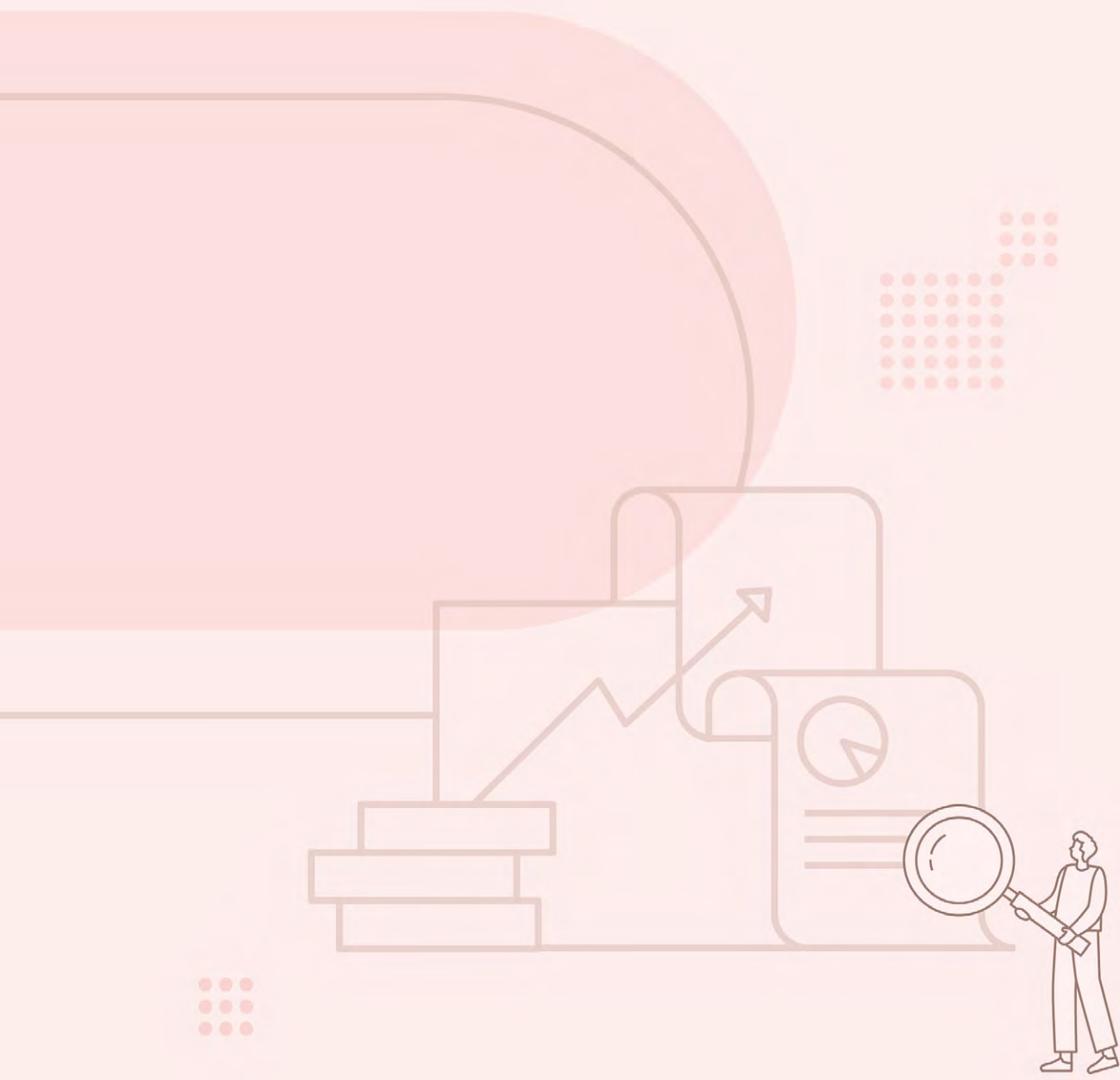
## Integrated supervision system for financial conglomerates

As a measure to effectively manage risks at the financial conglomerate level, the 'Act on the Supervision of Financial Conglomerates' came into effect in June 2021. In response, Kyobo Life has established and is operating a risk management system in which risks of the Kyobo Financial Group\* are comprehensively and systematically managed. In addition, protective measures for financial consumers have been deployed, Kyobo Life has disclosed ownership and governance structure, internal control and risk management, capital adequacy, and internal transaction and risk concentration on a quarterly basis.

\* Major affiliated financial companies of Kyobo Financial Group: Kyobo Life, Kyobo Securities, Kyobo Life Planet Life Insurance, Kyobo AXA Asset Management, Kyobo Asset Trust

## The ORSA system

In 2017, the supervisory authority introduced the Own Risk and Solvency Assessment (ORSA), a system for insurers to assess their own risk and solvency as part of advancing insurers' risk management systems. Accordingly, Kyobo Life adopted ORSA in 2019 and has conducted assessment every year. The results are reported to the Board of Director and incorporated into our management policies to improve our risk management.



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Management's Discussion and Analysis



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**I. Introduction**

Management's Discussion and Analysis contain the past performance of Kyobo Life, forward-looking statements with respect to changes in the economic environment, the outlook of the life insurance industry, and Kyobo Life's target goals and strategies for the upcoming years. These statements would be inevitably influenced by unpredictable external factors, which may cause the actual economic environment or performance of Kyobo Life to differ from the projections stated or implied herein. Thus, readers are encouraged to cautiously consider these possibilities in understanding the content of Management's Discussion and Analysis.

The fiscal year of Kyobo Life commences on January 1 and ends on December 31. Thus, in this document, 'Fiscal Year 2022', 'FY2022', or '2022' refers to a period from January 1, 2022, to December 31, 2022, and the same applies to other years.

Two types of accounting principles standards, Generally Accepted Accounting Principles (GAAP) and the Statutory Accounting Principles (SAP), are applied to life insurance companies in Korea. Despite the fact that GAAP and SAP result in different operating profits due to the differences arising from the distinct classifications of operating and non-operating activities, it is important to note that the resulting pre-tax profits are the same. Management's Discussion and Analysis of Kyobo Life's FY2022 Annual Report is based on SAP, under which revenues and expenses related to each activity (investment and insurance) are distinguished.

**II. Key Financial Performance Overview**

**1. Growth**

Kyobo Life has grown steadily over the past few years through its excellent asset management capabilities, thorough risk management system, market-leading product development capabilities, and strong exclusive consultant channels. However, in 2022, the sharp rise in interest rates resulted in deepening bond valuation losses, thus it was a year in total assets and total equity decreased. At the end of FY2022, total assets fell 1.7% year-on-year to KRW 117.2 trillion which was attributable to the bond valuation losses, and total equity recorded KRW 5.9 trillion, despite rising of the retained earnings 2.4% year-on-year to KRW 7.9 trillion. On the other hand, premium income grew 31.2% year-on-year to KRW 20.7 trillion through customer-centered digital innovation, product development to meet various needs of customers, and flexible sales strategies to respond to rapidly changing market conditions.

**2. Profitability**

The business environment in 2022 was difficult for both asset management and insurance businesses due to increased volatility in the financial market and intensified competition due to big tech and non-life insurance companies' entry into the life insurance market. However, Kyobo Life's net income for FY2022 recorded KRW 395.2 billion, similar to the previous year, which is mainly attributable to the efforts to secure a profit-oriented product portfolio strategy and a source of recurring income in the asset management sector.

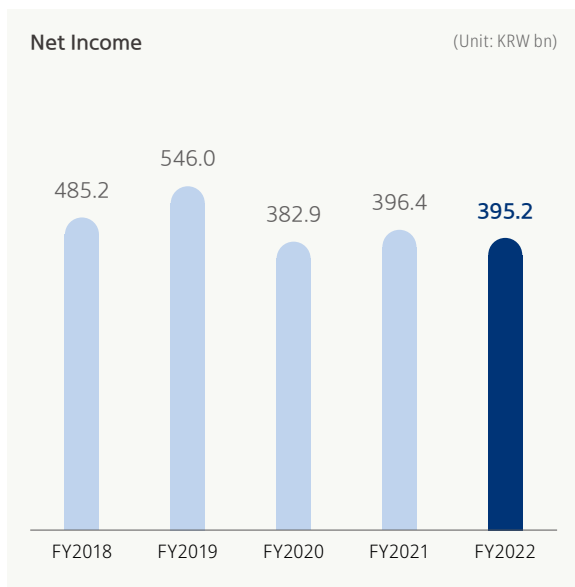
**Growth Indicators**

(Unit: KRW bn)

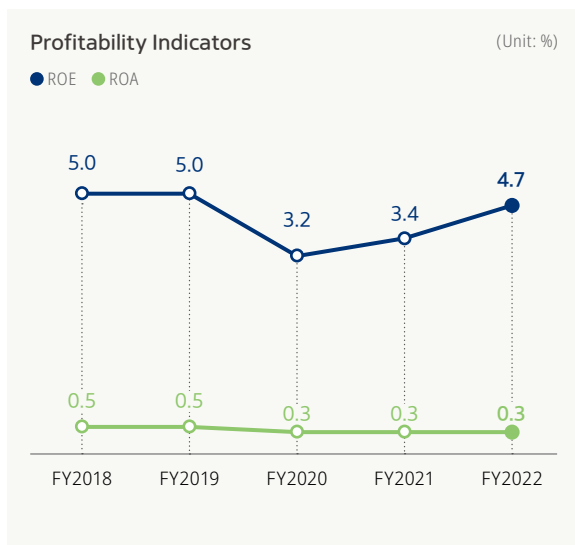
	FY2018	FY2019	FY2020	FY2021	FY2022
Total Assets	101,488.2	107,893.5	115,486.1	119,149.3	117,175.7
Total Capital	10,003.4	11,689.2	12,093.9	11,024.0	5,909.7
Premium Income	12,168.3	12,435.5	14,280.0	15,808.3	20,736.1
General Accounts	7,334.0	7,436.7	8,836.6	9,560.7	12,658.4
Separate Accounts	4,834.3	4,998.8	5,443.4	6,247.6	8,077.7

\* The retroactive effect of the change in accounting policy (Liability Adequacy Test) was not reflected.

\* Equity capital when reflecting the retroactive effect: (FY2019: 10,592.5 / FY2020: 10,997.2)



ROE in FY2022 increased to 4.7%, up 1.3%p year-on-year.

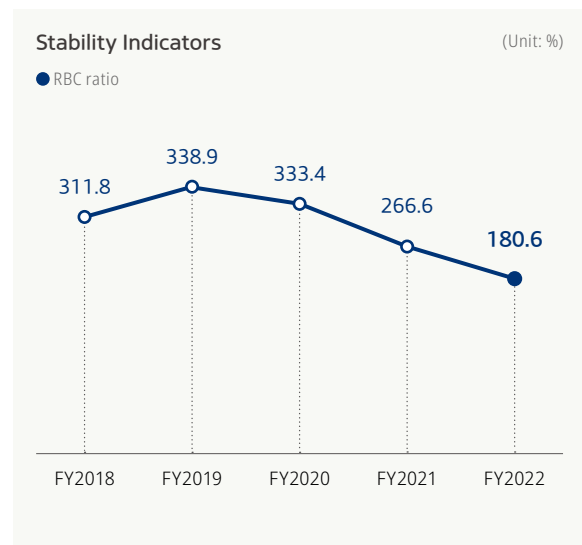


\* ROE = {Net income / (Beginning total capital + Ending total capital) / 2}  
 \* ROA = {Net income / (Beginning total assets + Ending total assets) / 2}  
 \* The retroactive effect of the change in accounting policy (Liability Adequacy Test) was not reflected.

### 3. Stability (Financial Soundness)

In order to reduce and eliminate business uncertainties in advance and enhance management stability, Kyobo Life makes vigorous efforts to quantify risk factors and manage/control various risks systematically. Kyobo Life has managed its RBC ratio effectively since the introduction of the RBC system by continuously generating net income, improving asset-liability structures, minimizing the mismatch of cash flow between assets and liabilities, and thorough risk management.

Kyobo Life's RBC ratio at the end of FY2022 was 180.6%, down 86.0%p from the previous year. This was mainly attributable to a drop in the available capital due to an increase in the valuation loss on securities, resulting from rising interest rates, amid mounting required capital brought by intensified credit risk caused by the expansion of alternative investments for better investment yield. From 2023, with the introduction of the new solvency regulation (K-ICS), mark to market valuation of both assets and liabilities will be introduced and required capital will significantly increase. Even under the new regime, Kyobo Life will maintain strong financial soundness indicators through continuous profit generation, ALM policy promotion, and active risk management.



\* RBC Ratio = Solvency margin / RBC total risk  
 \* Based on consolidated financial statements

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**III. Insurance Business Analysis**

**1. Premium Income**

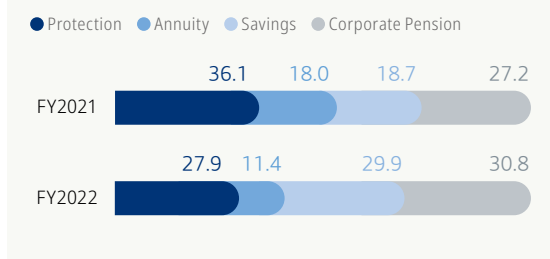
In 2022, as the number of surrenders increased due to market interest rate hike, competition among insurers to secure liquidity was fierce. Marketing competition has also intensified due to competition for protection-type products with non-life insurers and big tech companies' entrance into the insurance market. In response, Kyobo Life secured sufficient liquidity by temporarily selling short-term savings products with competitive interest rate and releasing innovative products that meet customer needs by utilizing data. In addition, the utilization of digital technology has dramatically reduced the processing time for each step from subscription to the payment of insurance proceeds, resulting in a great improvement of customer convenience. As a result, premium income for savings products increased 110.0% year-on-year, and premium income for protection-type products grew 1.3% despite fierce market competition. In addition, premium income from corporate pension increased 48.6% year-on-year due to the provision of various corporate pension products and top-tier financial soundness in the industry.

Accordingly, Kyobo Life's premium income for FY2022 recorded KRW 20.7 trillion, up by 31.2% from the previous year.

**Premium Income by Product** (Unit: KRW bn)

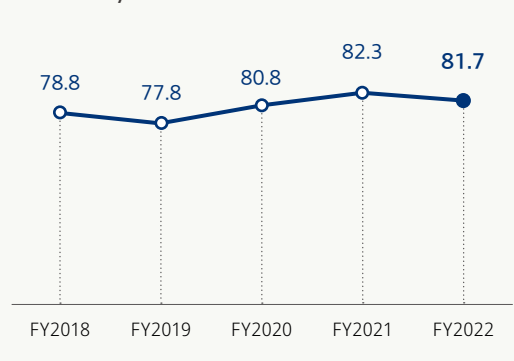
	FY2021	FY2022	Change
Protection	5,708.0	5,784.8	1.3%
Annuity	2,846.7	2,358.5	-17.2%
Savings	2,958.1	6,211.3	110.0%
Corporate Pension	4,295.4	6,381.5	48.6%
<b>Total</b>	<b>15,808.3</b>	<b>20,736.1</b>	<b>31.2%</b>

**Composition of Premium Income by Product** (Unit: %)



The 13<sup>th</sup> month persistency ratio for FY2022 fell 0.6%p year-on-year because the surrender rate of savings products skyrocketed as the gap between banks' deposits rate and insurers' crediting rates widened due to the inverted yield curve.

**Persistency Ratio in the 13<sup>th</sup> month** (Unit: %)



\* 13<sup>th</sup> month Persistency Ratio = Persisted contract amount in the 13<sup>th</sup> month / Total subscribed contract amount in the 13<sup>th</sup> month (Overdue twice, accumulation basis)

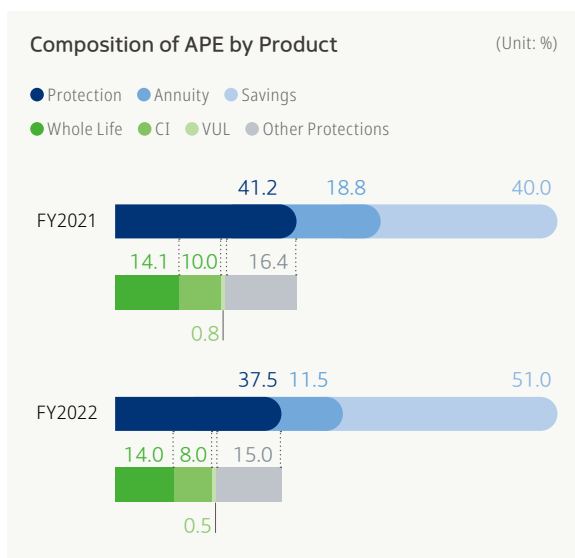
**2. New business**

Total Annualized Premium Equivalent (APE) in FY2022 recorded KRW 2.1 trillion. Kyobo Life's APE of whole life products grew 11.1% year-on-year and other protections products grew 1.8% year-on-year, which is mainly attributable to the launch of new products that reflect customers' needs, such as "Kyobo The Better Whole-Life Insurance," which lowered premiums and increased coverages, and "Kyobo It's Alright Cancer Insurance," which acquired exclusive rights in recognition of its originality. The APE of savings products increased by 41.8% year-on-year as fixed rate single payment savings product, launched in response to rising interest rates, is gained popularities in the market. It is the result of a short-term strategy to promptly respond to rapidly changing market conditions. Kyobo Life's strategy to focus on the sales of protection-type products to remain committed to providing optimal customer coverage, which is the essence of life insurance will remain unchanged.

**APE by Product** (Unit: KRW bn)

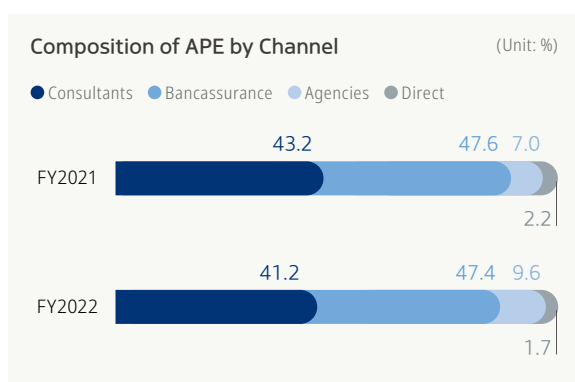
	FY2021	FY2022	Change
<b>Protection</b>	<b>780.1</b>	<b>788.9</b>	<b>1.1%</b>
Whole Life	266.1	295.6	11.1%
CI	189.8	168.2	-11.3%
VUL	14.6	9.7	-33.0%
Other Protections	309.7	315.3	1.8%
<b>Annuity</b>	<b>355.3</b>	<b>241.8</b>	<b>-31.9%</b>
<b>Savings</b>	<b>757.6</b>	<b>1,074.6</b>	<b>41.8%</b>
<b>Total</b>	<b>1,893.0</b>	<b>2,105.3</b>	<b>11.2%</b>

\* Excluding Corporate Pension



### 3. Sales by Channel

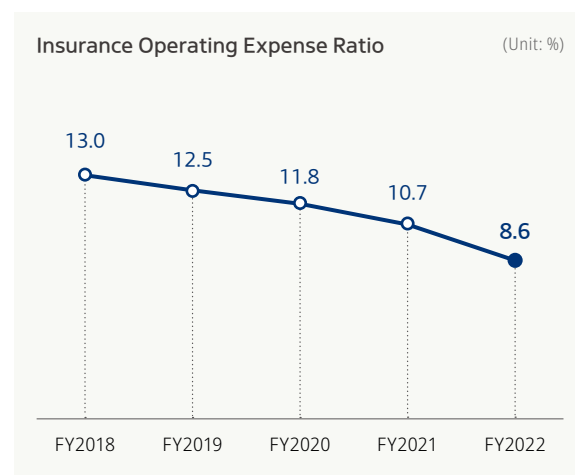
In order to meet the various needs of customers, Kyobo Life has provided differentiated products and services through various channels including Consultant (its main sales channel), Bancassurance, Agency, Direct channel, and Corporate sales channel. The proportion of the consultant channel, in terms of new business APE, fell by 2.0%p in FY2022, which is attributable to increased agency sales of protection-type products as the general agency market expanded.



\* Excluding Corporate Pension

### 4. Insurance Operating Expenses

For the past several years, Kyobo Life has steadily executed profit-oriented management to attain expense efficiency. The expense ratio for FY2022 fell 2.1%p from the previous year to 8.6% due to increased premium income along with efforts to reduce overhead costs and streamline branches.



\* Insurance Operating Expenses Ratio = Operating Expenses before deferral/Premium Income, including Separate Account

Actual expenses in FY2022 showed an increase of 5.2% from the previous year and recorded KRW 1.8 trillion, mainly stemming from the result of a 17.9% year-on-year increase in acquisition costs, or KRW 137.7 billion, due to the expansion of fixed rate savings product subscriptions.

### Insurance Operating Expenses

(Unit: KRW bn)

	FY2021	FY2022	Change
<b>Insurance Operating Expenses</b>	<b>1,188.5</b>	<b>1,160.2</b>	<b>-2.4%</b>
Acquisition Costs	767.6	905.3	17.9%
Maintenance Costs	926.3	876.9	-5.3%
Deferred Acquisition Costs	505.4	622.0	23.1%
<b>Actual Insurance Operating Expenses</b>	<b>1,693.9</b>	<b>1,782.2</b>	<b>5.2%</b>

\* Insurance Operating Expenses = Acquisition Costs + Maintenance Costs - Deferred Acquisition Costs

\* Actual Insurance Operating Expenses = Acquisition Costs + Maintenance Costs

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In FY2022, the gap between bank deposit rates and insurance companies' crediting rate widened sharply and it led to a surge in surrenders and early withdrawals. Also, as the maturity of savings products, which was mass-sold right before the 2013 tax law revision that reduced tax exemptions, arrived, claim payments went up by 49.7% to KRW 11.6 trillion.

Provisions for the policy reserve were reduced by 26.5% compared to the previous year to KRW 2.4 trillion as a decrease in provisions for minimum guarantee reserve due to interest rate hikes. In order to analyze expenses for insurance sales, it is desirable to take into account claim payments and provisions for the policy reserve at the same time, and according to the analysis of expenses for insurance sales in FY2022 using the aforementioned method, the sum of claim payments and provisions for the policy reserve increased by 27.1% from the previous year.

**Claims Paid & Increase in Policy Reserve** (Unit: KRW bn)

	FY2021	FY2022	Change
<b>Claims Paid</b>	<b>7,761.0</b>	<b>11,616.3</b>	<b>49.7%</b>
Insurance Claims	1,063.3	1,825.2	71.7%
Refunds	6,680.7	9,773.2	46.3%
Dividends	17.0	17.9	5.0%
<b>Increase in Policy Reserve</b>	<b>3,259.6</b>	<b>2,395.2</b>	<b>-26.5%</b>
<b>Claims Paid + Increase in Policy Reserve</b>	<b>11,020.6</b>	<b>14,011.5</b>	<b>27.1%</b>

**IV. Asset Management Analysis**

**1. Asset Portfolio**

Kyobo Life maintains its asset management policy from the long-term perspective which involves managing an optimal asset portfolio based on the strategy suited for the nature of long-term insurance liability, namely the Asset Liability Management (ALM) strategy, and constant generation of stable profits. Operating assets of Kyobo Life at the end of

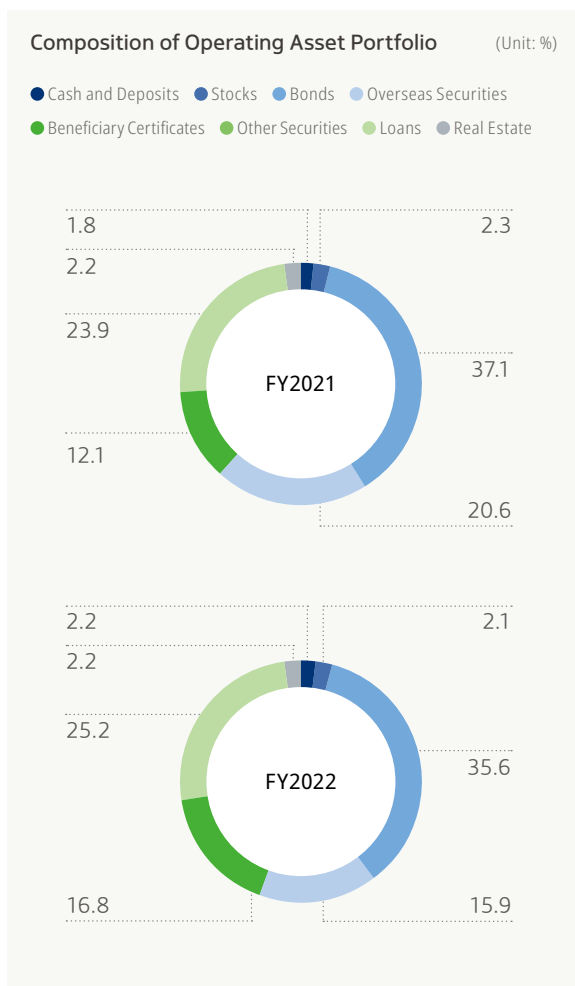
FY2022 were reduced by 3.2% to KRW 88.6 trillion from the previous year due to a fall in the book value of securities as a consequence of rising interest rates. Kyobo Life increased the proportion of liquid assets in preparation for claim payments due to increased surrender rate and the arrival of savings insurance maturity and minimized bond sales while expanding the purchase of relatively high-interest domestic long-term bonds in the face of rising interest rates.

**Asset Portfolio**

(Unit: KRW bn)

	FY2021	FY2022	Change
<b>Operating Assets</b>	<b>91,522.0</b>	<b>88,581.1</b>	<b>-3.2%</b>
Cash and Deposits	1,638.7	1,975.1	20.5%
Stocks	2,099.8	1,839.9	-12.4%
Bonds	33,975.4	31,491.0	-7.3%
Overseas Securities	18,829.0	14,018.6	-25.5%
Beneficiary Certificates	11,101.5	14,903.4	34.2%
Other Securities	21.8	14.8	-32.3%
Loans	21,865.6	22,366.1	2.3%
Real Estate	1,990.0	1,972.3	-0.9%
<b>Non-operating Assets</b>	<b>2,265.1</b>	<b>4,127.1</b>	<b>82.2%</b>
Deferred Acquisition Costs	1,151.5	1,171.9	1.8%
Derivative Instruments	120.3	390.7	224.6%
Other Non-operating Assets	993.3	2,564.5	158.2%
<b>General Account Assets</b>	<b>93,787.1</b>	<b>92,708.2</b>	<b>-1.2%</b>

In terms of the composition of operating assets by asset type at the end of FY2022, domestic bonds, which accounted for the greatest proportion, slightly declined from the previous year to 35.6%, and overseas securities' share fell 4.7%p year-on-year to reduce risks amid increased foreign exchange hedge costs.



## 2. Investment Income

Kyobo Life's investment income in FY2022 was KRW 2.9 trillion, down 3.7% from the previous year. Kyobo Life strives for the continuous growth of recurring income to secure stable investment income. Accordingly, under recurring income, interest income from bonds and loan assets increased by KRW 115.5 billion compared to the previous year, and dividend income from alternative investment assets increased by KRW 139.8 billion compared to the previous year. Non-recurring income recorded KRW 47.5 billion loss, with disposal gain falling KRW 344.6 billion (69.0%) year-on-year.

## Investment Income

(Unit: KRW bn)

	FY2021	FY2022	Change
<b>Recurring Investment Income</b>	<b>2,762.7</b>	<b>2,991.5</b>	<b>8.3%</b>
Interest Income	2,352.0	2,467.5	4.9%
Dividend Income	586.4	726.2	23.8%
Rental Income	88.8	93.3	5.0%
Commissions Income	17.7	20.0	12.5%
Investment Administration Expense	189.9	188.7	-0.7%
Interest Expense	92.3	126.7	37.2%
<b>Non-recurring Investment Income</b>	<b>295.4</b>	<b>-47.5</b>	<b>-116.1%</b>
Gain/Loss on Disposition	499.5	154.9	-69.0%
Gain/Loss on Valuation	24.1	-44.0	-282.6%
Gain/Loss on Impairment	-37.3	-46.3	24.1%
Gain/Loss on Derivative Instruments	-204.0	-82.2	-59.7%
Others	13.1	-29.8	-327.2%
<b>Investment Income</b>	<b>3,058.1</b>	<b>2,944.0</b>	<b>-3.7%</b>

As a result of minimizing disposal of bonds under high-interest rate conditions, the return on investment fell 0.13%p year-on-year to 3.32%, but the return on recurring investment yield improved 0.26%p year-on-year to 3.38% as recurring income, a source of long-term stable profits, grew significantly.



\* Return on Investment = Investment income / {(Beginning operating asset + Ending operating asset - Investment income) / 2}

\* Recurring Investment Yield = [Recurring Investment income / {(Beginning operating asset + Ending operating asset - Recurring Investment income) / 2}]

\* Recurring Income = Interest Income + Dividend Income + Rental Income + Commissions Income - Investment Administration Expense - Interest Expense

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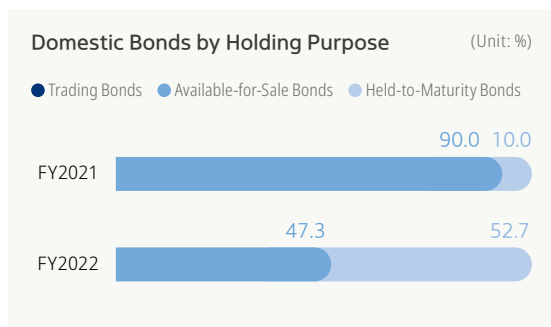
### 3. Domestic Bonds

Kyobo Life's domestic bond balance at the end of FY2022 was KRW 31.5 trillion, down 7.3 % from the previous year. In the face of rising interest rates, Kyobo Life continuously expand the purchase of long-term bonds for longer duration and stable interest income, but the book value of bonds decreased due to bond valuation losses caused by rising interest rates.

#### Investment in Domestic Bonds (Unit: KRW bn)

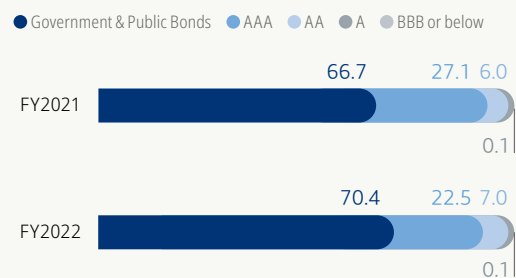
	FY2021	FY2022	Change
Trading Bonds	0.0	0.0	0.0%
Available-for-Sale Bonds	30,575.9	14,903.2	-51.3%
Held-to-Maturity Bonds	3,399.5	16,587.8	388.0%
<b>Total</b>	<b>33,975.4</b>	<b>31,491.0</b>	<b>-7.3%</b>

Available-for-sale bonds took up 47.3% of domestic bonds at the end of FY2022, while held-to-maturity bonds accounted for 52.7%, up 42.7%p from the end of the previous year. This is the result of reclassifying about KRW 18 trillion of bonds from available-for-sale bonds to held-to-maturity bonds to reduce capital sensitivity to interest rates in the face of sharp interest rate fluctuations.



Looking at the proportion of domestic bonds by holding purpose, 99.99% are government and public bonds, and bonds with A or higher credit ratings. As a result of efforts to improve asset soundness in preparation for an economic slowdown, the proportion of government and public bonds increased by 3.7%p from the end of the previous year.

#### Domestic Bonds by Credit Rating (Unit: %)



### 4. Overseas Securities

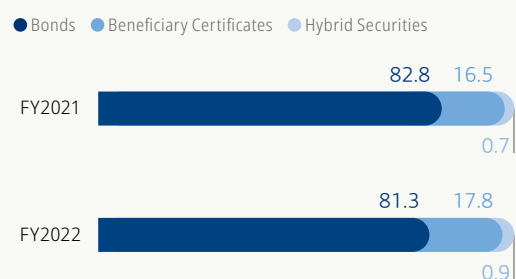
As of the end of FY2022, Kyobo Life's balance of overseas securities is KRW 14.0 trillion, down KRW 4.8 trillion (25.5%) from the previous year. Similar to domestic bonds, the decrease in overseas securities balances is due to valuation losses resulting from rising interest rates, but it is also attributable to a decrease in after hedge returns due to increased hedge costs.

#### Investment in Overseas Securities (Unit: KRW bn)

	FY2021	FY2022	Change
Bonds	15,593.5	11,402.5	-26.9%
Beneficiary Certificates	3,111.7	2,492.1	-19.9%
Hybrid Securities	123.9	124.0	0.1%
<b>Total</b>	<b>18,829.0</b>	<b>14,018.6</b>	<b>-25.5%</b>
<b>Total (USD Mn)</b>	<b>15,882.8</b>	<b>11,061.8</b>	<b>-30.4%</b>

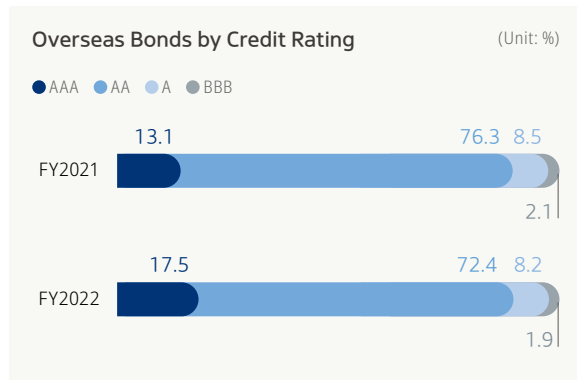
At the end of FY2022, the proportion of overseas bonds among overseas securities was 81.3%, down 1.5%p from the previous year, and the proportion of overseas beneficiary certificates was 17.8%, up 1.3%p from the previous year.

#### Composition of Overseas Securities (Unit: %)





At the end of FY2022, 100% of the overseas bonds held by Kyobo Life were investment-grade bonds, 98.1% of which were rated at A or higher. As the global economy is expected to slow down or stagnate in 2023 due to governments' tapering and base rate hikes by central banks around the world, Kyobo life adjusted its portfolio to have more high credit bonds. As a result, the proportion of AAA-rated bonds increased 4.4%p from the end of last year.



### 5. Loan Asset Management

In FY2022, in regard to loans, Kyobo Life focused on expanding policy loans with higher risk adjusted return, real estate project financing and unsecured retail loans centered on prime customers. Real estate project financing selectively invested in stable projects that included guarantees from the Korea Housing & Urban Guarantee Corporation, and as a result, despite the Legoland event and short-term credit market crunch, there was no single insolvency on the project financing. Kyobo Life is strengthening the management of vulnerable borrowers and continuing to improve the qualitative structure of retail loans in preparation for the realization of potential risks caused by continuous interest rate hikes.

As of the end of FY2022, Kyobo Life's balance of loan asset is KRW 22.4 trillion, up 2.3% from the previous year. Project financing increased by about KRW 1.4 trillion (33.1%) year-on-year, and as a result of reducing low-credit borrowers to manage credit risks, retail loans decreased by KRW 97.4 billion, and corporate loans decreased by KRW 1.2 trillion.

### Loan Asset Breakdown

(Unit: KRW bn)

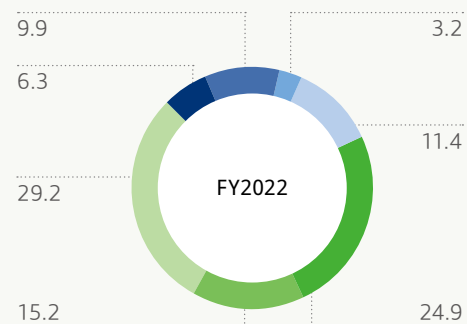
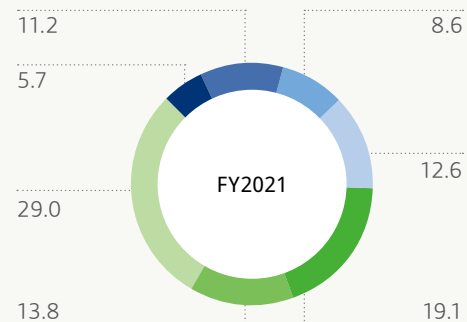
	FY2021	FY2022	Change
Unsecured Retail Loans	1,253.6	1,406.0	12.2%
Secured Retail Loans	2,455.2	2,205.4	-10.2%
Corporate Loans	1,871.5	711.4	-62.0%
SOC	2,753.2	2,545.8	-7.5%
Project Financing	4,184.1	5,570.1	33.1%
Retail Estate Loans	3,008.2	3,401.1	13.1%
Policy Loans	6,339.7	6,526.2	2.9%
<b>Total</b>	<b>21,865.6</b>	<b>22,366.1</b>	<b>2.3%</b>

In terms of the composition of loans for FY2022, policy loans took up the greatest proportion of 29.2%, while project financing accounted for 24.9%, an increase of 5.8%p from the previous year.

### Adequacy Ratio of Loan Assets

(Unit: %)

● Unsecured Retail Loans ● Secured Retail Loans ● Corporate Loans  
● SOC ● Project Financing ● Retail Estate Loans ● Policy Loans



Prologue

Corporate  
Social Responsibility

Intangible Value Drivers

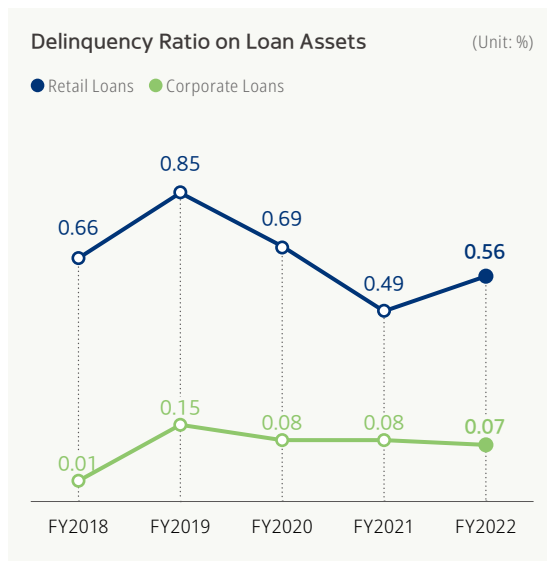
Market & Strategy

**Financial Section**

Management's  
Discussion and Analysis

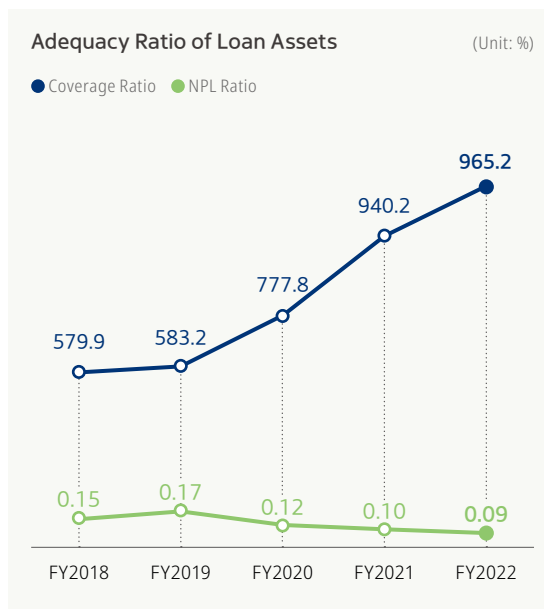
Appendix

The delinquency ratio of retail loans increased by 0.07%p year-on-year, which is mainly attributable to the rapid interest rate hike, but the delinquency ratio of corporate bonds remains stable.



\* Delinquency Ratio = Amount delinquent for a month or longer / Loan assets (excl. policy loans)

Kyobo Life has consistently pursued a preemptive risk management policy and improved the financial soundness of its loan assets. In particular, Kyobo Life entered into a Memorandum of Understanding (MOU) with the Korea Asset Management Corporation (KAMCO) and concluded a sale of real estate loans with long-term delinquency to support borrowers struggling with financial fragility and to reduce credit deteriorated assets. As a consequence, the NPL ratio continues to improve.



\* NPL Ratio = (Sub-standard loan assets / Total loan assets)

\* Coverage Ratio = (Total allowance / Sub-standard loan assets)

# Appendix

Auditors' Report(Consolidated)

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Auditors' Report(Separate)

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Business Network

Kyobo Life Insurance Co., Ltd.  
and its subsidiaries

Consolidated financial statements

**for the years ended December 31, 2022 and 2021  
with the independent auditor's report**

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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  
Kyobo Life Insurance Co., Ltd.**

### Opinion

We have audited the accompanying consolidated financial statements of Kyobo Life Insurance Co., Ltd. and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income (loss), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

We conducted our audit 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.

### Other Matters

The consolidated financial statements of the Group for the year ended December 31, 2021, were audited by another auditor who expressed an unqualified opinion on those statements on March 11, 2022.

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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

March 3, 2023

This report is effective as of March 3, 2023, 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.



**Kyobo Life Insurance Co., Ltd.**  
**and its subsidiaries**  
**Consolidated financial statements**  
**for the years ended December 31, 2022 and 2021**

**"The accompanying consolidated financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Group."**

Chang Jae, Shin  
Chief Executive Officer  
Kyobo Life Insurance Co., Ltd.

(Address) 1, Jong-ro, Jongno-gu, Seoul, Republic of Korea  
(Contact) 1588-1001

**Kyobo Life Insurance Co., Ltd. and its subsidiaries**  
**Consolidated statements of financial position**  
**As of December 31, 2022 and 2021**

<i>(In won)</i>	<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>			
Cash and due from banks	5,13,14,46,54,56	₩ 2,837,409,514,414	2,897,044,192,397
Financial assets designated at fair value through profit or loss	6,13,14,46,54,56	345,939,045,698	526,970,498,303
Financial assets held for trading	7,13,14,46,54	10,907,935,312,020	7,214,309,602,349
Derivative assets	13,14,30	1,366,601,919,280	461,752,545,264
Available-for-sale financial assets	8,13,14,46,54	33,065,588,245,954	60,794,119,995,826
Held-to-maturity financial assets	9,13,14,46, 10,13,14,46,	25,948,485,082,345	4,553,550,393,992
Loan receivables	54,56 11,13,14,34,	24,829,881,670,579	23,725,308,922,506
Other receivables	46,54	1,332,952,925,867	1,397,655,373,024
Investments in associates and a joint venture	12,53,56	85,589,962,605	71,670,152,838
Investment properties	15	1,047,557,654,643	1,058,099,935,135
Property and equipment	16	1,451,960,254,637	1,414,876,099,291
Intangible assets	17	268,994,694,432	257,351,416,395
Deferred acquisition costs	18	1,178,649,428,597	1,158,428,811,992
Current tax assets	48	31,153,831,729	2,600,572,314
Deferred tax assets	48	1,507,125,584,860	11,486,476,236
Other assets	19,34	219,829,236,270	197,249,529,720
Defined benefit assets	28	-	19,960,970,432
Separate account assets	31,56	24,454,955,802,415	25,172,428,654,955
<b>Total assets</b>		<b>₩ 130,880,610,166,345</b>	<b>130,934,864,142,969</b>
<b>Liabilities</b>			
Liabilities under insurance contracts	20,54,56	₩ 81,701,959,985,716	79,287,141,125,443
Policyholders' equity adjustments	21,54,56	163,323,424,130	719,615,616,198
Financial liabilities designated at fair value through profit or loss	13,14,23	4,231,097,442,724	3,564,848,850,228
Financial liabilities held for trading	13,14,24	98,389,002,820	117,483,707,750
Derivative liabilities	13,14,30	2,557,983,563,467	890,411,888,037
Borrowings	13,14,25 13,14,26,34	5,644,625,427,333	3,541,752,624,582
Other financial liabilities	46	2,292,105,099,267	3,084,838,505,261
Provisions	27,50	24,556,446,635	22,223,341,525
Defined benefit liabilities	28	79,607,817,188	1,433,717,690
Current tax liabilities	48	229,599,423,045	55,245,493,616
Deferred tax liabilities	48	72,643,398,261	877,940,357,169
Other liabilities	29	495,086,855,366	770,261,962,994
Separate account liabilities	31,56	26,364,145,223,767	26,046,892,940,587
<b>Total liabilities</b>		<b>123,955,123,109,719</b>	<b>118,980,090,131,080</b>
<b>Equity</b>			
Capital stock	32	102,500,000,000	102,500,000,000
Hybrid bonds	32	1,108,898,948,213	1,020,053,815,983
Capital surplus	32	513,879,671,872	520,179,448,547
Capital adjustments	32	(116,375,971,377)	(12,001,961,598)
Accumulated other comprehensive income	32	(3,388,805,211,057)	1,914,204,928,207
Retained earnings	32	8,332,357,807,138	8,051,586,120,865
Equity attributable equity holders of the parent company		<u>6,552,455,244,789</u>	<u>11,596,522,352,004</u>
Non-controlling interests	32	373,031,811,837	358,251,659,885
<b>Total equity</b>		<b>6,925,487,056,626</b>	<b>11,954,774,011,889</b>
<b>Total liabilities and equity</b>		<b>₩ 130,880,610,166,345</b>	<b>130,934,864,142,969</b>

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

**Kyobo Life Insurance Co., Ltd. and its subsidiaries**  
**Consolidated statements of comprehensive income**  
**For the years ended December 31, 2022 and 2021**

<i>(In won)</i>	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>Operating revenues</b>	56		
Premium income	33	₩ 12,926,896,184,356	9,951,251,048,174
Reinsurance income	34	170,797,181,445	145,302,878,081
Interest income	13,35	3,095,503,472,175	2,736,945,014,846
Gain on valuation and disposal of financial instruments	13,36	4,722,613,005,336	2,385,434,025,595
Gain on foreign currency transaction	13,46	2,007,778,523,248	1,408,978,440,084
Fee and commission income	37	413,620,619,719	519,614,717,861
Dividend income	13,38	718,840,839,098	557,742,747,191
Rental income	15	84,541,732,780	82,841,943,773
Separate account commissions earned		743,166,415,090	761,335,568,932
Separate account income	31	300,729,335,975	216,538,669,319
Other operating income	39	1,010,757,680,061	949,124,174,355
		<u>26,195,244,989,283</u>	<u>19,715,109,228,211</u>
<b>Operating expenses</b>	56		
Provision for liabilities under insurance contracts		2,300,633,471,134	3,518,883,856,647
Insurance claims paid	40	11,982,504,087,215	7,895,323,135,455
Reinsurance premium expenses	34	176,652,611,511	149,741,120,811
Operating and administrative expenses	41	1,072,916,139,517	1,113,371,482,045
Amortization of deferred acquisition costs	18	603,535,104,567	538,975,343,364
Asset management expenses	42	136,201,249,866	136,254,375,419
Interest expenses	13,43	519,174,107,128	275,402,525,335
Loss on valuation and disposal of financial instruments	13,44	6,031,922,468,219	3,349,214,547,375
Loss on foreign currency transaction	13,46	890,305,482,660	200,644,473,217
Separate account commissions		36,237,285,399	29,036,392,475
Separate account expenses	31	298,767,609,405	216,538,669,319
Other operating expenses	45	1,574,441,157,394	1,576,502,660,278
		<u>25,623,290,774,015</u>	<u>18,999,888,581,740</u>
<b>Operating profit</b>	56	<u>571,954,215,268</u>	<u>715,220,646,471</u>
<b>Non-operating income</b>	47,56	26,174,235,437	35,270,093,496
<b>Non-operating expenses</b>	47,56	<u>54,071,175,141</u>	<u>26,400,360,839</u>
<b>Profit before income tax expenses</b>	56	544,057,275,564	724,090,379,128
<b>Income tax expenses</b>	48,56	<u>42,808,777,158</u>	<u>198,375,098,544</u>
<b>Profit for the year</b>	56	<u>₩ 501,248,498,406</u>	<u>525,715,280,584</u>

*(Continued)*

**Kyobo Life Insurance Co., Ltd. and its subsidiaries**  
**Consolidated statements of comprehensive income (loss), continued**  
**For the years ended December 31, 2022 and 2021**

<i>(In won)</i>	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Revaluation loss of property and equipment	₩	5,860,464,012	(7,499,945,712)
Remeasurements on defined benefit liabilities		30,163,282,227	18,990,023,688
		<u>36,023,746,239</u>	<u>11,490,077,976</u>
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Loss on valuation of available-for-sale financial assets		(5,029,858,985,316)	(1,774,420,932,986)
Gain on valuation of investments in associates		11,975,463	1,153,838
Gain on valuation of derivative instruments for hedging		13,845,280,306	36,329,079,300
Other comprehensive loss from separate accounts		(319,124,583,816)	(69,058,152,873)
Foreign currency translation adjustments for foreign operations		348,634,119	499,393,270
		<u>(5,334,777,679,244)</u>	<u>(1,806,649,459,451)</u>
<b>Other comprehensive loss for the year, net of income tax</b>		<u>(5,298,753,933,005)</u>	<u>(1,795,159,381,475)</u>
<b>Total comprehensive loss for the year</b>	₩	<u>(4,797,505,434,599)</u>	<u>(1,269,444,100,891)</u>
<b>Profit for the year attributable to:</b>			
Owners of the parent company	₩	487,562,999,689	489,316,350,757
Non-controlling interests		13,685,498,717	36,398,929,827
	₩	<u>501,248,498,406</u>	<u>525,715,280,584</u>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the parent company	₩	(4,815,447,139,575)	(1,308,512,423,163)
Non-controlling interests		17,941,704,976	39,068,322,272
	₩	<u>(4,797,505,434,599)</u>	<u>(1,269,444,100,891)</u>
<b>Earnings per share</b>			
Basic and diluted earnings per share	52	₩	<u>4,241</u>
			<u>4,497</u>

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

**Kyobo Life Insurance Co., Ltd. and its subsidiaries**  
**Consolidated statements of changes in equity**  
**For the years ended December 31, 2022 and 2021**

(in won)	Equity attributable to equity holders of the parent company							Total equity	
	Capital stock	Hybrid bonds	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Subtotal		Non-controlling interests
₩	102,500,000,000	551,437,935,983	520,373,285,673	(12,031,362,407)	3,712,033,702,127	6,580,533,240,459	11,454,846,801,835	324,698,094,286	11,779,544,896,121
<b>Balance at January 1, 2021</b>									
<b>Retrospective effect of changes in accounting policy</b>									
₩	102,500,000,000	551,437,935,983	520,373,285,673	(12,031,362,407)	3,712,033,702,127	7,693,333,725,242	12,567,647,286,618	324,698,094,286	12,892,345,380,904
<b>Balance at January 1, 2021 (adjusted)</b>									
<b>Total comprehensive loss:</b>									
Profit for the year	-	-	-	-	489,316,350,757	489,316,350,757	(1,308,512,423,163)	39,068,322,272	(1,269,444,100,891)
Other comprehensive income (loss) :									
Gain (loss) on valuation of available-for-sale financial assets	-	-	-	-	(1,797,828,773,920)		489,316,350,757	36,398,929,827	525,715,280,584
Gain on valuation of investments in associates	-	-	-	-	(1,797,828,773,920)		(1,797,828,773,920)	2,669,392,445	(1,795,159,381,475)
Gain on valuation of derivative instruments for hedging	-	-	-	-	(1,776,561,882,651)		(1,776,561,882,651)	2,140,949,665	(1,774,420,932,986)
Other comprehensive loss from separate accounts	-	-	-	-	881,039		881,039	272,799	1,153,838
Foreign currency translation adjustments for foreign operations	-	-	-	-	36,329,079,300		36,329,079,300	-	36,329,079,300
Loss on revaluation of property and equipment	-	-	-	-	(69,058,132,873)		(69,058,132,873)	-	(69,058,132,873)
Remeasurements gain on defined benefit liabilities	-	-	-	-	499,393,270		499,393,270	-	499,393,270
Transactions with shareholders:									
Annual dividends	-	468,615,880,000	(193,837,126)	29,400,809	18,461,853,707	(130,921,062,500)	337,530,381,183	528,169,981	18,990,023,688
Issuance of hybrid bonds	-	468,615,880,000	-	-	(102,500,000,000)	(102,500,000,000)	(468,615,880,000)	(7,344,418,051)	(109,844,418,051)
Payment of hybrid bonds dividends	-	-	-	-	-	(28,421,062,500)	(28,421,062,500)	-	(28,421,062,500)
Compensation expense associated with incentive stock options	-	-	-	29,400,809	-	-	29,400,809	10,157,937	39,558,746
Acquisition and disposal of subsidiaries	-	-	1,625,666,315	-	-	-	1,625,666,315	-	1,625,666,315
Disproportionate dividend of investments in subsidiaries	-	-	(1,819,503,441)	-	-	(142,892,634)	(1,819,503,441)	1,819,503,441	-
Others:									
₩	102,500,000,000	1,020,053,815,983	520,179,448,547	(12,001,961,598)	1,914,204,928,207	8,051,586,120,865	11,496,522,352,004	358,251,699,885	11,954,774,011,889
<b>Balance at December 31, 2021</b>									

(Continued)

**Kyobo Life Insurance Co., Ltd. and its subsidiaries**  
**Consolidated statements of changes in equity, continued**  
**For the years ended December 31, 2022 and 2021**

(in won)	Equity attributable to equity holders of the parent company							Total equity	
	Capital stock	Hybrid bonds	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Subtotal		Non-controlling interests
Balance at January 1, 2022	₩ 102,500,000,000	1,020,053,815,983	520,179,448,547	(12,001,961,598)	1,914,204,928,207	8,051,586,120,865	11,596,222,352,004	358,251,659,885	11,954,774,011,889
Retrospective effect of changes in accounting policy	-	-	-	-	-	-	-	-	-
Balance at January 1, 2022 (adjusted)	102,500,000,000	1,020,053,815,983	520,179,448,547	(12,001,961,598)	1,914,204,928,207	8,051,586,120,865	11,596,222,352,004	358,251,659,885	11,954,774,011,889
Total comprehensive loss:	-	-	-	-	(5,303,010,139,264)	487,562,999,689	(4,815,447,139,575)	17,941,704,976	(4,797,505,434,599)
Profit for the year	-	-	-	-	-	487,562,999,689	487,562,999,689	13,685,498,717	501,248,498,406
Other comprehensive income (loss):	-	-	-	-	(5,303,010,139,264)	-	(5,303,010,139,264)	4,256,206,259	(5,298,753,933,005)
Gain (loss) on valuation of available-for-sale financial assets	-	-	-	-	(5,032,612,626,186)	-	(5,032,612,626,186)	2,753,640,869	(5,029,858,985,317)
Gain on valuation of investments in associates	-	-	-	-	8,582,205	-	8,582,205	3,303,259	11,975,464
Gain on valuation of derivative instruments for hedging	-	-	-	-	13,845,280,306	-	13,845,280,306	-	13,845,280,306
Other comprehensive loss from separate accounts	-	-	-	-	(319,124,583,816)	-	(319,124,583,816)	-	(319,124,583,816)
Foreign currency translation adjustments for foreign operations	-	-	-	-	348,634,119	-	348,634,119	-	348,634,119
Gain on revaluation of property and equipment	-	-	-	-	5,860,464,012	-	5,860,464,012	-	5,860,464,012
Remeasurements gain on defined benefit liabilities	-	-	-	-	28,664,110,096	-	28,664,110,096	1,499,172,131	30,163,282,227
Transactions with shareholders:	-	88,845,132,230	(6,299,776,675)	(104,374,009,779)	-	(206,640,845,833)	(228,469,500,057)	(3,161,553,024)	(231,631,053,081)
Annual dividends	-	-	-	-	-	(153,750,000,000)	(153,750,000,000)	(8,160,464,500)	(161,910,464,500)
Issuance of hybrid bonds	-	640,283,068,213	-	-	-	(52,890,845,833)	640,283,068,213	-	640,283,068,213
Payment of hybrid bonds dividends	-	-	-	-	-	(52,890,845,833)	(52,890,845,833)	-	(52,890,845,833)
Redeem of hybrid bonds	-	(551,437,935,983)	-	(104,412,064,071)	-	-	(655,850,000,000)	-	(655,850,000,000)
Comensation expense associated with incentive stock options	-	-	-	38,054,238	-	-	38,054,238	13,147,685	51,201,923
Acquisition and disposal of subsidiaries	-	-	(1,447,767,499)	-	-	-	(1,447,767,499)	133,754,615	(1,314,012,884)
Disproportionate dividend of investments in subsidiaries	-	-	(4,852,009,176)	-	-	-	(4,852,009,176)	4,852,009,176	-
Others:	-	-	-	-	-	(150,467,583)	(150,467,583)	-	(150,467,583)
Balance at December 31, 2022	₩ 102,500,000,000	1,108,898,948,213	513,879,671,872	(116,375,971,377)	(3,388,805,211,057)	8,332,357,807,138	6,552,455,244,789	373,031,811,837	6,925,487,056,626

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

**Kyobo Life Insurance Co., Ltd. and its subsidiaries**  
**Consolidated statements of cash flows**  
**For the years ended December 31, 2022 and 2021**

<i>(In won)</i>	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>			
<b>Profit before income tax expenses</b>	<b>₩</b>	544,057,275,564	724,090,379,128
<b>Adjustments for:</b>			
Interest income		(3,095,503,472,175)	(2,736,945,014,846)
Interest expenses		519,174,107,128	275,402,525,335
Dividend income		(718,840,839,098)	(557,742,747,191)
<b>Other adjustments to reconcile profit before income tax expenses to net cash provided by operating activities:</b>			
Loss on valuation of financial assets held for trading, net		453,332,614,732	118,689,460,181
Loss (gain) on valuation of financial liabilities held for trading, net		(5,780,910,136)	160,727,620
Gain on valuation of financial assets designated at FVTPL, net		(5,571,648,473)	(650,643,574)
Gain on valuation of financial liabilities designated at FVTPL, net		(460,096,645,958)	(70,363,470,124)
Gain on disposal of available-for-sale financial assets, net		(151,912,611,527)	(497,254,453,150)
Loss (gain) on valuation of available-for-sale financial assets, net		49,992,072,641	(24,205,930,471)
Impairment losses on available-for-sale financial assets		36,510,126,471	31,988,786,740
Provision for (reversal of) loan losses		48,767,568,728	(15,249,191,064)
Gain on foreign currency transaction, net		(880,264,291,248)	(1,109,810,421,654)
Loss (gain) on valuation of derivatives, net		921,798,149,919	1,033,919,859,766
Loss on disposal of derivatives, net		94,628,368,089	22,288,740,921
Gain on investments in associates and joint ventures, net		(5,393,080,224)	(10,613,925,827)
Amortization of deferred acquisition costs		603,535,104,567	538,975,343,364
Depreciation of investment properties		10,585,163,525	7,222,492,276
Impairment losses on investment properties		-	1,113,634
Loss on disposal of property and equipment and investment properties, net		3,062,804,130	5,868,540,266
Depreciation of property and equipment		97,796,905,946	110,466,127,878
Impairment losses on property and equipment		-	36,328,769
Loss (gain) on disposal of intangible assets, net		101,238,180	(131,577,244)
Amortization of intangible assets		71,675,542,197	66,738,562,268
Impairment losses on intangible assets		1,344,954,736	6,316,487
Provision for liabilities under insurance contracts		2,300,633,471,134	3,518,883,856,647
Reversal of reinsurance assets		(3,724,046,256)	(6,441,455,483)
Retirement benefits		60,832,560,630	66,047,117,363
(Reversal of) bad debt expenses on other assets		4,342,488,930	(4,368,935,713)
Gain on cancellation of lease contracts		(370,964,521)	(673,640,793)
Other gain, net		(3,618,855,060)	(13,760,822,911)
		<u>3,242,206,081,152</u>	<u>3,767,768,906,172</u>
<b>Changes in operating assets and liabilities:</b>			
Due from banks		161,185,305,634	(334,693,367,593)
Financial assets designated at FVTPL		186,603,101,078	(194,123,555,479)
Financial assets held for trading		(4,083,581,209,455)	(156,844,134,846)
Loan receivables		(1,135,460,114,343)	(1,322,823,870,865)
Other receivables		100,080,289,715	158,841,941,300
Derivative assets		(1,378,908,465,537)	471,197,557,931
Deferred acquisition costs		(623,755,721,172)	(508,717,249,782)
Other assets		(26,752,678,346)	9,847,349,775
Separate account assets		717,472,852,540	(1,799,475,283,944)
Liabilities under insurance contracts		111,585,279,680	192,062,228,584
Financial liabilities designated at FVTPL		1,051,172,999,029	472,518,172,430
Financial liabilities held for trading		(13,313,794,794)	(296,485,815,250)
Derivative liabilities		985,172,310,593	(350,660,726,198)
Other financial liabilities		(778,518,785,796)	269,001,901,341
Provisions		(1,790,300,492)	(872,581,420)

*(Continued)*

**Kyobo Life Insurance Co., Ltd. and its subsidiaries**  
**Consolidated statements of cash flows, continued**  
**For the years ended December 31, 2022 and 2021**

<i>(In won)</i>	<u>Note</u>	<u>2022</u>	<u>2021</u>
Defined benefit liabilities	₩	77,126,934,229	(87,122,133,873)
Other liabilities		(282,222,371,353)	132,281,922,995
Separate account liabilities		(116,930,824,053)	2,021,284,341,851
		<u>(5,050,835,192,843)</u>	<u>(1,324,783,303,043)</u>
Income taxes paid		(262,929,931,837)	(51,279,818,269)
Interest received		2,811,989,873,012	2,309,373,761,712
Interest paid		(513,725,657,115)	(270,222,104,040)
Dividends received		718,839,439,098	557,856,030,849
<b>Net cash inflow (outflow) from operating activities</b>		<u>(1,805,568,317,114)</u>	<u>2,693,518,615,807</u>
<b>Cash flows from investing activities:</b>			
Acquisition of available-for-sale financial assets		(13,902,648,867,024)	(15,386,582,846,883)
Disposal of available-for-sale financial assets		17,538,559,063,503	16,724,891,036,902
Acquisition of held-to-maturity financial assets		(3,567,767,451,531)	(4,542,284,889,357)
Redeem of held-to-maturity financial assets		5,750,725,000	-
Cash inflows from derivatives held for hedging		219,439,758,035	55,504,226,280
Cash outflows from derivatives held for hedging		(60,570,703,622)	(39,613,342,094)
Acquisition of investments in associates		(19,539,239,062)	(34,000,070,920)
Disposal of investments in associates		2,535,961,756	-
Receipt of dividends from associates and a joint venture		8,493,750,000	5,946,750,000
Acquisition of property and equipment and investment properties		(68,483,842,521)	(70,283,646,299)
Disposal of property and equipment and investment properties		1,006,589,437	504,335,269
Acquisition of intangible assets		(76,835,220,570)	(30,540,800,079)
Disposal of intangible assets		2,898,466,912	987,091,738
Increase in leasehold deposits		(60,851,238,708)	(30,258,643,500)
Decrease in leasehold deposits		14,552,438,232	89,940,575,590
Cash inflows from disposal of subsidiaries		-	55,145,677,048
Cash outflows due to the business combination		(1,958,133,506)	-
<b>Net cash inflow (outflow) from investing activities</b>		<u>34,582,056,331</u>	<u>(3,200,644,546,305)</u>
<b>Cash flows from financing activities:</b>			
Decrease in non-controlling interests		(8,160,464,500)	(7,344,418,052)
Issuance of hybrid bonds		640,283,068,213	468,615,880,000
Increase in leasehold deposits received		6,954,727,178	18,812,611,810
Decrease in leasehold deposits received		(8,263,834,474)	(29,360,101,236)
Dividends paid		(101,808,945,000)	(102,500,000,000)
Payment of hybrid bond dividends		(39,789,275,000)	(26,599,625,000)
Redeem of hybrid bonds		(551,437,935,983)	-
Fees and commissions charged on Redeem of hybrid bonds		(104,412,064,017)	-
Increase in borrowings, net		2,025,840,625,036	885,351,235,665
Payment of lease liabilities		(51,389,128,879)	(49,960,491,261)
Acquisition of interests in subsidiaries with no change in control		(116,173,907)	(69,075,327)
<b>Net cash inflow (outflow) from financing activities</b>		<u>1,807,700,598,667</u>	<u>1,156,946,016,599</u>
<b>Effect of exchange rate fluctuations on cash and cash equivalents held</b>		<u>33,606,694</u>	<u>3,058,626,319</u>
<b>Net increase in cash and cash equivalents</b>		<u>36,747,944,578</u>	<u>652,878,712,420</u>
Cash and cash equivalents at the beginning of year		<u>1,413,604,816,813</u>	<u>760,726,104,393</u>
<b>Cash and cash equivalents at the end of year</b>	₩	<u>1,450,352,761,391</u>	<u>1,413,604,816,813</u>

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



**Kyobo Life Insurance Co., Ltd. and its subsidiaries**  
**Consolidated statements of comprehensive income**  
**For the years ended December 31, 2022 and 2021**

**1. Reporting entity**

Kyobo Life Insurance Co., Ltd., the controlling company, and its subsidiaries included in consolidation (collectively referred to as the “Group”) are summarized as follows:

**(1) Controlling Company**

Kyobo Life Insurance Co., Ltd. (the “Company”) was established on June 30, 1958, and primarily engages in the life insurance business as permitted by the *Insurance Business Law* of the Republic of Korea. The Group's head office is located at Jongno-ro 1, Jongno-gu, Seoul, the Republic of Korea.

As of December 31, 2022, the Group has 7 Financial Planner (FP) offices, 70 supporting offices and 481 branches in the Republic of Korea and engages in the life insurance business and its related reinsurance contracts. The following table lists the number of currently available insurance products and discontinued but currently effective insurance products as of December 31, 2022.

Type	Insurance products in effect		Total
	Available	Discontinued	
Individual annuity	13	85	98
Pure endowment	20	45	65
Death	37	196	233
Endowment	2	44	46
Group insurance	18	26	44
	90	396	486

**(2) Shareholders**

The Group's major shareholders and their respective shareholdings as of December 31, 2022 are as follows:

Shareholders	Number of shares	Ownership (%)
Chang-Jae Shin	34,627,370	33.78
Corsair Korea Investors LLC	10,038,830	9.79
Guardian Holdings Limited	9,276,250	9.05
Tiger Holdings LP	7,813,250	7.62
The Export-Import bank of Korea	5,995,005	5.85
KLI Investors LLC	5,460,825	5.33
Hoenir Inc.	5,355,625	5.23
KLIC Holdings Limited	5,355,625	5.23
Apfin Investment Pte Ltd	4,612,500	4.50
In-Jae Shin	2,593,000	2.53
Life Investors of Korea IP	2,361,750	2.30
AXA	2,300,000	2.24
Kyung-Ae Shin	1,750,010	1.71
Young-Ae Shin	1,449,960	1.41
Triumph II Investments (Ireland) Limited	1,100,000	1.07
Meiji Yasuda Life Insurance Company	1,025,000	1.00
Others	1,385,000	1.35
	102,500,000	100.00

**(3) Subsidiaries**

	County of domicile	Reporting date	Ownership (%)		Industry
			2022	2021	
Kyobo Securities Co., Ltd.	Korea	31-Dec	73.10	73.10	Stock brokerage
Kyobo Book Center Co., Ltd.	Korea	31-Dec	100	100	Retail of books and magazines
Kyobo Hottracks Co., Ltd.	Korea	31-Dec	100	100	Retail of stationery
Kyobo Info. & Comm. Co., Ltd.	Korea	31-Dec	100	100	Software advisory and development
The Planics Co., Ltd.	Korea	31-Dec	100	100	Data processing and data analysis, provision
Kyobo Realco Inc.	Korea	31-Dec	100	100	Non-residential property managements
Jeil Total Management Co., Ltd.	Korea	31-Dec	100	100	Safety and cleaning service
KCA Claim Adjustment Co., Ltd.	Korea	31-Dec	100	100	Service related to insurance and pension
KCA Service Co., Ltd.	Korea	31-Dec	100	100	Service
Kyobo Life Planet Life Insurance Company	Korea	31-Dec	100	100	On-line life insurance
Fortress Innovation Co., Ltd	Korea	31-Dec	69.2	-	Actuary software development and sales
Kyobo Asset Trust Co., Ltd.	Korea	31-Dec	100	100	Real Estate Trust
Kyobo Life Asset Management (USA) Co., Ltd.	USA	31-Dec	100	100	Asset management
Kyobo Life Asset Management (Japan)	Japan	31-Dec	100	100	Asset management

**Kyobo Life Insurance Co., Ltd. and its subsidiaries**  
**Consolidated statements of cash flows, continued**  
**For the years ended December 31, 2022 and 2021**

Co., Ltd.						
Consus BTL Private Special Asset Investment Trust 1	Korea	31-Dec	57.20	57.20	Beneficiary certificates	
Consus Hope BTL Private Special Asset Investment Trust 1	Korea	31-Dec	66.70	66.70	Beneficiary certificates	
Consus New Energy Private Special Asset Investment Trust 2	Korea	31-Dec	68.80	68.80	Beneficiary certificates	
KIAMCO SHIPPING Private Equity Special Asset Investment Trust KX-No.1	Korea	31-Dec	100	100	Beneficiary certificates	
Kyobo new technology Investment Association No. 1	Korea	31-Dec	100	100	Investment association	
Districtyangjoo Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Caba chic 3rd Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Goeun angol 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Exelstonered 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Doublerich 5th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Doublerich 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Doublerich 8th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Atlantisgogyong 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Autodream 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
K-hotel 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Gabriel 2nd Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Geobukseom Island Rich 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
SJgreat 3rd Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
X-med 7th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
K Logistics 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Lycos 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Oblique 5th Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
SJgreat 7th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
BrightStar 4th Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
BrightStar 2nd Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Whitewood 7th Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
X-med 9th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Intgreen 2nd Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
T-pro 3rd Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Yangdocube 1st Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Metagreen 3rd Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Metagreen 1st Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Easytree 3rd Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Metagreen 6th Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Metagreen 8th Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Theflex 1st Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
BrightStar 9th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Easyplant 4th Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Ujur 2nd Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Theteras 1st Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
BrightStar 10th Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Ujur 5th Co.,Ltd.	Korea	31-Dec	-	-	SPC (*1)	
HW Yeouido 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Pinix Living 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Pinix Living 2nd Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Intgreen 9th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Entrepo JinCheon Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Asan JS 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
KCQ 3rd Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
KCQ 4th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Stadblue 4th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Ujureu 7th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
K Seongjeong 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Perfectdream 2nd Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Dreamgusam Siheung 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Entrepo JinCheon 4th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
F.I Sancheok Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Entrepo Icheon 5th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Dream Spare 2nd Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Easy Plant 8th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Dream Spare 6th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Great Ocean 2nd Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	
Dreamgusam Nonhyeon 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)	

**Kyobo Life Insurance Co., Ltd. and its subsidiaries**  
**Consolidated statements of cash flows, continued**  
**For the years ended December 31, 2022 and 2021**

Pinix Logistics 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)
Pinix Logistics 2nd Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)
Easy Plant 9th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)
Pinix Living 4th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)
K Logistics 2nd Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)
Dearbody 4th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)
Perfectdream 9th Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)
Highlightful 2nd Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)
Highlightful 3rd Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)
H1 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)
Dream Gusam Songlim 1st Co., Ltd.	Korea	31-Dec	-	-	SPC (*1)
Kyobo Securities target income solution 1Y General Private Equity Investment Trust U-4	Korea	31-Dec	99.87	-	Collective investment
Kyobo Securities target income solution General Private Equity Investment Trust U-6	Korea	31-Dec	99.93	-	Collective investment

(\*1) The Group concluded that it has control over these companies, as it has substantial rights that give the Group the ability to direct the relevant activities, and is exposed to variable returns and has the ability to affect the variable returns.

**(4) Changes in subsidiaries**

Changes in subsidiaries during the year ended December 31, 2022 are as follows:

1) Newly acquired subsidiaries:

Subsidiaries	Reason
HW Yeonido 1st Co., Ltd.	The Group concluded that it has control over these structured companies for the purpose of investing in real estate-related loans, etc. companies, as it has existing rights that give the Group the ability to direct the relevant activities, and is exposed to variable returns and has the ability to affect the variable returns.
Dream Smile Suyu 1st Co., Ltd.	
Pinix Living 1st Co., Ltd.	
Pinix Living 2nd Co., Ltd.	
Intgreen 9th Co., Ltd.	
Entrepo JinCheon Co., Ltd.	
Asan JS 1st Co., Ltd.	
Easy Plant 7th Co., Ltd.	
K Singal 1st Co., Ltd.	
KCQ 3rd Co., Ltd.	
KCQ 4th Co., Ltd.	
Stadblue 4th Co., Ltd.	
Ujureu 7th Co., Ltd.	
Doublerich 2nd Co., Ltd.	
K Seongjeong 1st Co., Ltd.	
Perfectdream 1st Co., Ltd.	
Perfectdream 2nd Co., Ltd.	
Dreamgusam Siheung 1st Co., Ltd.	
Metagreen 4th Co., Ltd.	
Entrepo JinCheon 4th Co., Ltd.	
F.I Sancheok Co., Ltd.	
Entrepo Icheon 5th Co., Ltd.	
Dream Spare 2nd Co., Ltd.	
Easy Plant 8th Co., Ltd.	
Dream Spare 6th Co., Ltd.	
Great Ocean 2nd Co., Ltd.	
Neo Live Co., Ltd.	
Dreamgusam Nonhycon 1st Co., Ltd.	
Pinix Logistics 1st Co., Ltd.	
Pinix Logistics 2nd Co., Ltd.	
Easy Plant 9th Co., Ltd.	
Pinix Living 4th Co., Ltd.	
K Logistics 2nd Co., Ltd.	

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Dearbody 4th Co., Ltd.  
 Perfectdream 9th Co., Ltd.  
 Highlightful 2nd Co., Ltd.  
 Highlightful 3rd Co., Ltd.  
 H1 1st Co., Ltd.  
 Dream Gusam Songlim 1st Co., Ltd.  
 Kyobo Securities target income solution 1Y General  
 Private Equity Investment Trust U-4  
 Kyobo Securities target income solution General  
 Private Equity Investment Trust U-6

Fortress Innovation Co., Ltd. Included in consolidation due to acquisition of new shares

2) Jjibest 4th Co., Ltd., Atlantisjisa 1st Co., Ltd., H house 1st Co., Ltd., Excel stone park 1st Co., Ltd., Gabriel 3rd Co., Ltd. Gabriel 4th Co.,  
 Schwa BIT 1st Co., Ltd., SJgreat 8th Co., Redmax 1th Co., Ltd. I-pro 1st Co., Ltd., Whitewood 5th Co., Intgreen 3rd Co., Ltd., Metagreen  
 9th Co., Ltd., Intgreen 6th Co.,Ltd., Ujur 4th Co.,Ltd ,DreamthegreenYangpyeong 1st Co., Ltd., DreamthegreenYangpyeong 2nd Co., Ltd.,  
 Dream Smile Suyu 1st Co., Ltd., Easy Plant 7th Co., Ltd., K Singal 1st Co., Ltd., Doublerich 2nd Co., Ltd., Perfectdream 1st Co., Ltd.,  
 Metagreen 4th Co., Ltd., Neo Live Co., Ltd. were excluded from consolidation due to the termination of commitment for the year ended  
 December 31, 2022.

**(5) Financial information of subsidiaries**

1) Financial information of subsidiaries as of and for the year ended December 31, 2022 is as follows:

Name of subsidiary	Assets	Liabilities	Revenue	Net profit or loss	Total comprehensive income (loss)
Kyobo Securities Co., Ltd.	₩ 13,260,652	11,809,400	4,081,460	52,040	68,615
Kyobo Book Center Co., Ltd.	499,031	239,711	835,022	(15,375)	(11,588)
Kyobo Hottracks Co., Ltd.	48,380	30,247	109,617	832	2,575
Kyobo Info. & Comm. Co., Ltd.	82,898	9,392	83,117	1,228	1,228
The Planics Co.,Ltd.	4,368	1,792	456	(2,337)	(2,337)
Kyobo Realco Inc.	71,838	25,113	116,592	5,110	6,076
Jeil Total Management Co., Ltd.	5,095	2,154	22,060	403	417
KCA Claim Adjustment Co., Ltd.	38,413	2,750	40,631	3,908	4,612
KCA Service Co., Ltd.	16,680	3,338	34,594	2,542	3,100
Kyobo Life Planet Life Insurance Company	642,752	607,106	290,203	(13,864)	(50,138)
Fortress Innovation Co., Ltd	2,515	874	4,183	982	982
Kyobo Asset Trust Co., Ltd.	411,779	61,966	112,168	30,202	28,402
Kyobo Life Asset Management (USA) Co., Ltd.	8,668	12	1,515	181	124
Kyobo Life Asset Management (Japan) Co., Ltd.	2,416	222	1,628	397	238
Consus BTL Private Special Asset Investment Trust 1	29,955	13,868	918	(608)	(608)
Consus Hope BTL Private Special Asset Investment Trust 1	26,251	9,022	1,773	273	273
Consus New Energy Private Special Asset Investment Trust 2	11,478	3,809	465	194	194
KIAMCO SHIPPING Private Equity Special Asset Investment Trust KX-No.1	13,389	1,523	661	(971)	(971)
Kyobo new technology Investment Association No. 1	77,108	3,233	179	(2,983)	(3,286)
Districtyangjoo Co.,Ltd.	15,524	15,620	1,609	(34)	(34)
Caba chic 3rd Co., Ltd.	3,614	3,614	245	-	-
Goemun angol 1st Co., Ltd.	4,051	4,048	331	5	5
Exelstonered 1st Co., Ltd.	3,075	3,074	368	-	-
Doublerich 5th Co., Ltd	1,197	1,197	50	-	-

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Doublerich 1st Co., Ltd	15,301	15,327	3,430	(3)	(3)
Doublerich 8th Co., Ltd	12,446	12,446	1,253	-	-
Atlantisgogyeong 1st Co., Ltd	9,512	9,468	1,113	71	71
Autodream 1st Co., Ltd	12,267	12,217	1,087	103	103
K-hotel 1st Co., Ltd	8,361	8,301	937	51	51
Gabriel 2nd Co., Ltd.	3,220	3,233	281	(4)	(4)
Geobukseom Island Rich 1st Co., Ltd.	6,088	6,110	825	28	28
SJgreat 3rd Co., Ltd.	15,563	15,573	1,468	12	12
X-med 7th Co., Ltd.	10,163	10,129	1,128	12	12
K Logistics 1st Co., Ltd.	9,928	10,120	799	96	(53)
Lycos 1st Co., Ltd.	10,124	10,121	757	-	-
Oblique 5th Co., Ltd.	711	864	-	(57)	(57)
SJgreat 7th Co., Ltd.	1,917	1,918	199	6	6
BrightStar 4th Co., Ltd.	2,643	2,644	264	-	-
BrightStar 2nd Co., Ltd.	8,346	8,357	750	14	14
Whitewood 7th Co., Ltd.	12,530	12,530	1,106	-	-
X-med 9th Co., Ltd.	352	400	15	2	2
Intgreen 2nd Co., Ltd.	10,145	10,144	998	57	57
I-pro 3rd Co., Ltd.	5,675	5,671	547	(2)	(2)
Yangdocube 1st Co., Ltd.	30,583	30,583	2,838	-	-
Metagreen 3rd Co., Ltd.	15,268	15,268	1,119	-	-
Metagreen 1st Co., Ltd.	9,222	9,222	942	-	-
Easytree 3rd Co., Ltd.	3,066	3,047	202	18	18
Metagreen 6th Co., Ltd.	7,109	7,109	406	-	-
Metagreen 8th Co., Ltd.	5,204	5,204	508	-	-
Theflex 1st Co., Ltd.	12,110	12,139	958	(22)	(22)
BrightStar 9th Co., Ltd.	20,334	20,341	1,395	(6)	(6)
Easyplant 4th Co., Ltd.	6,111	6,112	1,361	(1)	(1)
Ujur 2nd Co., Ltd.	6,135	6,135	480	-	-
Theteras 1st Co., Ltd.	6,382	6,136	581	(106)	(106)
BrightStar 10th Co., Ltd.	5,127	5,127	400	-	-
Ujur 5th Co., Ltd.	20,941	21,045	947	(104)	(104)
IIW Yeouido 1st Co., Ltd.	4,404	4,488	1,482	(84)	(84)
Pinix Living 1st Co., Ltd.	21,120	20,551	1,815	568	568
Pinix Living 2nd Co., Ltd.	10,453	10,405	1,497	48	48
Intgreen 9th Co., Ltd.	10,146	10,104	892	43	43
Entrepo JinCheon Co., Ltd.	5,134	5,134	398	-	-
Asan JS 1st Co., Ltd.	3,181	3,181	334	-	-
KCQ 3rd Co., Ltd.	1,017	1,019	90	(3)	(3)
KCQ 4th Co., Ltd.	1,020	1,020	88	1	1
Stadblue 4th Co., Ltd.	1,028	1,028	113	-	-
Ujureu 7th Co., Ltd.	12,945	12,949	905	(3)	(3)
K Seongjeong 1st Co., Ltd.	6,190	6,187	343	2	2
Perfectdream 2nd Co., Ltd.	10,584	10,938	2,425	(354)	(354)
Dreamgusam Siheung 1st Co., Ltd.	7,735	7,737	438	(3)	(3)
Entrepo JinCheon 4th Co., Ltd.	2,229	2,229	176	-	-
F.I Sanchcok Co., Ltd.	2,154	2,154	169	-	-
Entrepo Icheon 5th Co., Ltd.	9,459	9,251	1,094	208	208
Dream Sparc 2nd Co., Ltd.	4,068	4,070	181	(2)	(2)
Easy Plant 8th Co., Ltd.	3,094	3,094	634	-	-

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Company	Assets	Liabilities	Revenue	Net profit or loss	Total comprehensive income (loss)
Dream Spare 6th Co., Ltd.	₩ 10,431	10,431	613	-	-
Great Ocean 2nd Co., Ltd.	5,240	5,002	320	138	215
Dreamgusam Nonhyeon 1st Co., Ltd.	25,769	26,446	3,136	(677)	(677)
Pinix Logistics 1st Co., Ltd.	10,284	10,200	551	84	84
Pinix Logistics 2nd Co., Ltd.	10,391	10,390	590	2	2
Easy Plant 9th Co., Ltd.	5,070	5,070	451	-	-
Pinix Living 4th Co., Ltd.	3,047	3,045	103	2	2
K Logistics 2nd Co., Ltd.	6,623	6,573	413	50	50
Dearbody 4th Co., Ltd.	27,047	27,089	669	(42)	(42)
Perfectdream 9th Co., Ltd.	8,571	8,572	129	(1)	(1)
Highlightful 2nd Co., Ltd.	6,232	6,233	293	(1)	(1)
Highlightful 3rd Co., Ltd.	3,637	3,637	219	-	-
H1 1st Co., Ltd.	1,526	1,800	-	(27)	(216)
Dream Gusam Songlim 1st Co., Ltd.	9,609	9,609	78	-	-
Kyobo Securities target income solution 1Y General Private Equity Investment Trust U-4	381,082	292,995	608	(12,013)	(12,013)
Kyobo Securities target income solution General Private Equity Investment Trust U-6	545,088	415,507	637	(25,518)	(25,518)

2) Financial information of subsidiaries as of and for the year ended December 31, 2021 is as follows:

Company	Assets	Liabilities	Revenue	Net profit or loss	Total comprehensive income (loss)
Kyobo Securities Co., Ltd.	₩ 11,485,770	10,090,300	2,256,390	141,751	152,146
Kyobo Hottracks Co., Ltd.	45,583	30,025	94,991	(1,243)	(208)
Kyobo Book Center Co., Ltd.	493,506	226,408	792,579	1,178	6,955
Kyobo Info. & Comm. Co., Ltd.	82,484	10,206	62,636	3,585	3,531
Kyobo Realco Inc.	68,456	27,807	119,546	(89)	13
Jeil Total Management Co., Ltd.	4,914	2,389	17,504	148	145
KCA Claim Adjustment Co., Ltd.	36,886	5,835	39,984	3,862	4,121
KCA Service Co., Ltd.	14,714	4,472	33,255	1,230	1,276
Kyobo Life Planet Life Insurance Company	770,629	684,844	410,982	(15,891)	(32,229)
Kyobo Asset Trust Co., Ltd.	386,673	65,262	77,499	23,165	21,938
Kyobo Life Asset Management (USA) Co., Ltd.	8,622	91	2,111	555	1,106
Kyobo Life Asset Management (Japan) Co., Ltd.	2,246	289	1,552	414	373
Kyobo new technology Investment Association No. 1.	39,721	1,275	-	(270)	(270)
The Planics	3,120	177	-	(57)	(57)
Consus BTL Private Special Asset Investment Trust 1	33,141	14,212	409	275	275
Consus Hope BTL Private Special Asset Investment Trust 1	29,800	9,741	831	502	502
Consus New Energy Private Special Asset Investment Trust 2	15,283	4,725	491	449	449
KIAMCO Shipping Private Equity Special Asset Investment Trust KX-No.1	14,375	176	251	294	294
Jjibest 4th Co., Ltd.	7,162	7,163	561	-	-
Atlantisjisa 1st Co., Ltd.	8,226	8,239	877	(10)	(10)
Districtyangjoo Co., Ltd.	15,432	15,494	1,407	(22)	(22)
Caba chic 3rd Co., Ltd.	3,673	3,673	245	-	-

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H house 1st Co., Ltd.	2,547	2,539	901	2	2
Goeun angol 1st Co., Ltd.	4,044	4,046	243	1	1
Excel stone park 1st Co., Ltd.	5,126	5,125	439	-	-
Gabriel 3rd Co., Ltd.	4,634	4,634	360	-	-
Exelstonered 1st Co., Ltd.	3,076	3,075	368	-	-
Doublerich 5th Co., Ltd.	1,257	1,257	210	-	-
Doublerich 1st Co., Ltd.	30,971	30,995	2,359	(24)	(24)
Doublerich 8th Co., Ltd.	12,340	12,340	1,100	-	-
Atlantisgogycong 1st Co., Ltd.	9,350	9,377	910	(28)	(28)
Autodream 1st Co., Ltd.	12,164	12,218	1,089	25	25
Gabriel 4th Co., Ltd.	9,222	9,225	720	(3)	(3)
K-hotel 1st Co., Ltd.	8,290	8,281	818	-	-
Gabriel 2nd Co., Ltd.	5,178	5,186	246	2	2
Geobukseom Island Rich 1st Co., Ltd.	6,048	6,098	777	(50)	(50)
SJgreat 3rd Co., Ltd.	15,504	15,526	2,003	(22)	(22)
Suhwa BIT 1st Co., Ltd.	5,175	5,176	686	(1)	(1)
X-med 7th Co., Ltd.	20,617	20,596	1,696	21	21
K Logistics 1st Co., Ltd.	10,026	10,120	601	22	(94)
SJgreat 8th Co., Ltd.	7,153	7,154	529	(1)	(1)
Lycos 1st Co., Ltd.	10,125	10,123	573	3	3
Oblique 5th Co., Ltd.	708	804	-	(96)	(96)
SJgreat 7th Co., Ltd.	1,905	1,912	142	(7)	(7)
Redmax 1st Co., Ltd.	15,384	15,382	675	2	2
BrightStar 4th Co., Ltd.	2,627	2,627	153	-	-
I-pro 1st Co., Ltd.	7,817	7,815	296	2	2
Whitewood 5th Co., Ltd.	6,080	6,080	616	-	-
BrightStar 2nd Co., Ltd.	8,215	8,239	339	(24)	(24)
Whitewood 7th Co., Ltd.	12,402	12,402	559	-	-
X-med 9th Co., Ltd.	350	400	8	(50)	(50)
Intgreen 2nd Co., Ltd.	10,084	10,140	498	(56)	(56)
I-pro 3rd Co., Ltd.	6,160	6,153	249	7	7
Yangdocube 1st Co., Ltd.	30,523	30,523	1,082	-	-
Metagreen 3rd Co., Ltd.	15,192	15,192	379	-	-
Metagreen 1st Co., Ltd.	9,163	9,163	318	-	-
Intgreen 3rd Co., Ltd.	15,161	15,123	368	38	38
Easytree 3rd Co., Ltd.	3,198	3,197	74	1	1
Metagreen 6th Co., Ltd.	4,077	4,077	313	-	-
Metagreen 8th Co., Ltd.	5,172	5,172	226	-	-
Metagreen 9th Co., Ltd.	295	296	-	-	-
Theflex 1st Co., Ltd.	12,141	12,148	204	(7)	(7)
Brightstar 9th Co., Ltd.	20,107	20,107	253	-	-
Intgreen 6th Co., Ltd.	1,848	1,848	24	-	-
Easyplant 4th Co., Ltd.	6,083	6,083	270	-	-
Ujur 2nd Co., Ltd.	6,080	6,080	167	-	-
Theteras 1st Co., Ltd.	6,476	6,124	463	352	352
BrightStar 10th Co., Ltd.	5,097	5,097	35	-	-
Ujur 4th Co., Ltd.	8,115	8,115	25	-	-
Ujur 5th Co., Ltd.	15,365	15,365	21	-	-
DreamthegreenYangpyeong 1st Co., Ltd.	37,162	37,264	80	(102)	(102)
DreamthegreenYangpyeong 2nd Co., Ltd.	15,386	15,392	42	(6)	(6)

# Kyobo Life Insurance Co., Ltd. and its subsidiaries

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#### 2. Basis of preparation and significant accounting policies

##### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("KIFRS"), as prescribed in the Act on External Audits of Corporations. The accompanying consolidated financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets designated at fair value through profit or loss, available-for-sale (AFS) financial assets, financial liabilities designated at fair value through profit or loss, retirement benefits that have been measured at fair value. The consolidated financial statements are presented in Korean won (KRW) and all amounts are rounded to the nearest millions, except when otherwise indicated.

The consolidated financial statements as of and for the year ended December 31, 2022 were authorized for issue by the Board of Directors on March 3, 2023. The consolidated financial statements may be revised and authorized at regular general meeting of shareholders scheduled on March 24, 2023.

##### 2.2 Basis of consolidation

The consolidated financial statements comprise the consolidated financial statements of the Group and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

If the investee has less than a majority of the voting rights, the Group considers all facts and circumstances when assessing whether it has power over the investee:

- Contractual arrangements between investors and other voting rights holders
- Rights arising from other contractual arrangements
- Voting rights and potential voting rights of the Group

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, the subsidiary's assets (including goodwill), liabilities, non-controlling interests and other items of equity are derecognized on the date of loss of control, and the resulting gain or loss is recognized in profit or loss. Residual investments in previous subsidiaries are recognized at fair value.

##### 2.3 Significant accounting policies

###### 2.3.1 Investment in associates and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The consolidated financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as 'Valuation of investments in associates' in the consolidated statement of comprehensive income.



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Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

**2.3.2 Fair value measurement**

The Group measures financial instruments and partial non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At the end of each reporting period, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**2.3.3 Foreign currencies**

The Group's consolidated financial statements are presented in Korean won, which is also the Group's functional currency.

**(1) Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

**(2) Foreign operations**

On consolidation, the assets and liabilities of foreign operations are translated into Korean won at the rate of exchange prevailing at the end of each reporting period and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

**2.3.4 Property and equipment**

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the current income when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

The estimated useful lives and depreciation methods of the Group's property and equipment are as follows:

Descriptions	Useful lives	Depreciation method
Buildings	50 years	Straight-line
Structures	50 years	Straight-line
Vehicles	5 years	Reducing-balance

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		/ Straight-line
Equipment	5 years	Reducing-balance
		/ Straight-line
Others	5 years	Straight-line

**2.3.5 Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(1) Group as a lessee

Upon adoption of KIFRS 1116, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

1) Right-of-use asset

The Group recognizes the right-of-use asset at the commencement date (i.e. the date on which the underlying asset is available). Right-of-use assets are measured at cost and the Group measures the right-of-use assets applying a cost model after the commencement date. To apply a cost model, the Group measured with deductions of any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The cost of a right-of-use asset includes the amount of the lease liability recognized and the amount of initial direct costs, less any incentives received or lease payments made at or before the commencement date of the lease. The cost of a right-of-use asset also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use assets are depreciated on a straight-line basis over the earlier of the estimated useful life or the lease term.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use assets are depreciated from the commencement date to the estimated useful life of the underlying asset. The Group performs an impairment review of the right-of-use assets.

Right-of-use assets of the Group are included in property and equipment (See Note 16).

2) Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments over the lease term. Lease payments comprise of fixed lease payments (including in-substance fixed lease payments), variable lease payments that depend on the index or rate, and the amount expected to be paid under the residual value guarantee, excluding the lease incentives to be received. In addition, if the Group is reasonably certain to exercise the purchase option, the exercise price of the purchase option and if the lease term reflects the Group exercising an option to terminate the lease, then the payments of penalties for terminating the lease are included in the lease payments. Fluctuations that do not depend on the index or rate are recognized as an expense for the period in which the event of the lease payment occurs.

In calculating the present value of the lease, the Group uses the incremental borrowing rate at inception if it is not readily possible to determine the implicit interest rate of the lease. The Group increases the carrying amount of the lease liability by reflecting interest on the lease liability after the commencement date of the lease, and reduces the carrying amount of the lease liability by reflecting the lease payments. In addition, the Group shall remeasure the lease liability to reflect the change in the lease, reflect the change in the lease term, or change in the valuation of the underlying asset purchase option.

Lease liabilities of the Group are included in other financial liabilities (See Note 26).

3) Short-term leases and leases for which the underlying asset is of low value

The Group elects to apply exemptions of recognition for both short-term leases which are a lease term of 12 months or less and without purchase option and leases of low-value assets. The Group recognizes the lease payments associated with short-term leases and leases of low-value assets as an expense on a straight-line basis over the lease term.

(2) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The Group recognizes lease payments from operating leases as income on a straight-line basis and initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

**2.3.6 Investment properties**

Property held for the purpose of earning rentals or benefiting from capital appreciation is classified as Investment properties. Investment properties is measured initially at its cost. Transaction costs are included in the initial measurement. Subsequently, Investment properties is carried at depreciated cost less any accumulated impairment losses.

Investment properties is depreciated on a basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed.

The estimated useful lives and depreciation methods of the Group's investment properties are as follows:

Descriptions	Useful lives	Depreciation method
Buildings	50 years	Straight-line
Structures	50 years	Straight-line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period and accounted for on a prospective basis in case of the effect of any changes in estimation.

In the event that it is no longer possible to expect future economic benefits through the disposal or use of investment properties, the Group removes them from its consolidated financial statements, and the resulting difference between the disposal amount and the carrying amount is reflected in profit or loss at the time of derecognition. In addition, if the purpose of the asset's use has changed, the Group reclassifies to another account or to Investment properties from another account.

**2.3.7 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization

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and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Descriptions	Useful lives	Amortization method
Software	5 years	Straight-line
Development costs	5 years	Straight-line
Other intangible assets	5 years	Straight-line

Membership	Indefinite	-
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Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate that the technical feasibility of completing the intangible asset so that the asset will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset, the ability to measure reliably the expenditure during development and the ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

### 2.3.8 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. On the other hand, acquisition cost by inventory includes purchase cost, conversion cost and other costs incurred in bringing inventory to its current location and condition. Unit cost of inventories is determined using the first-in, first-out method and the retail inventory method. On the other hand, net realizable value is calculated by deducting estimated additional costs of completion and selling expenses from the estimated selling price in the normal course of business.

### 2.3.9 Impairment of non-financial assets

The Group assesses, at the end of each reporting period, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

#### 1) Goodwill

Goodwill is tested for impairment annually at the end of each reporting period and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

#### 2) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually at the end of each reporting period at the CGU level and when circumstances indicate that the carrying value may be impaired.

### 2.3.10 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts.

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**2.3.11 Financial instruments – initial recognition and subsequent measurement**

**(1) Financial assets**

**1) Initial recognition and measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

For purposes of subsequent measurement financial assets are classified in four categories as follows :

**2) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading and financial assets designated upon initial recognition at FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by KIFRS 1039. The Group has not designated any financial assets at FVTPL.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the consolidated statement of comprehensive income. Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL.

**3) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statement of comprehensive income. The losses arising from impairment are recognized in the consolidated statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

**4) Held-to-maturity financial assets**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortized cost using the EIR, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance income in the consolidated statement of comprehensive income. The losses arising from impairment are recognized in the consolidated statement of comprehensive income as finance costs.

**5) Available-for-sale (AFS) financial assets**

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held-for-trading nor designated at FVTPL. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealized gains or losses recognized in OCI and credited in the AFS reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the consolidated statement of comprehensive income in finance costs. Interest earned while holding AFS financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of comprehensive income.

**6) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. If continuing involvement is provided in the form of a guarantee for the transferred asset, the degree of continuing involvement is measured as the smaller of the initial carrying amount of the asset and the maximum amount that may be required to be repaid from consideration received. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

**(2) Impairment of financial assets**

The Group evaluates whether there is objective evidence that a financial asset or group of financial assets is impaired at the end of each reporting period. Only when there is objective evidence of impairment as a result of one or more events (hereinafter referred to as "impairment events") after initial recognition and the impairment event has an effect on the estimated future cash flows of a financial asset or group of financial assets that can be estimated reliably A financial asset or group of financial assets is impaired.

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The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that :

- significant financial difficulties of the issuer or obligor of financial assets
- breach of contract, such as default or delay in payment of interest or principal repayment
- the possibility of borrower bankruptcy or other financial restructuring is high
- observable data indicating that there is a measurable decrease in estimated future cash flows after initial recognition, such as changes in economic conditions in a country or region that are correlated with default on assets included in a group of financial assets.

#### 1) Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that impairment has occurred, impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the original effective interest rate (the effective interest rate calculated at the time of initial recognition). In this case, future bad debts that have not yet occurred are not included in the projected future cash flows. For floating rate loan receivables, the current effective interest rate is applied as the discount rate for measuring impairment loss.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in statement of comprehensive income. Interest income (recorded as finance income in the consolidated statement of comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

#### 2) Available-for-sale (AFS) financial investments

For AFS financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of comprehensive income – is removed from OCI and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of comprehensive income, the impairment loss is reversed through the consolidated statement of comprehensive income.

#### (3) Financial liabilities

##### 1) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement of financial liabilities differs based on the classification of financial liabilities.

##### 2) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by KIFRS 1039. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in profit or loss.

##### 3) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

##### (4) Offsetting of financial instruments

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

### 2.3.12 Derivative financial instruments and hedge accounting

#### (1) Initial recognition and subsequent measurement

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The Group uses derivative financial instruments, such as forward currency contracts, currency swaps, and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

#### 1) Fair value hedges

The change in the fair value of a hedging derivative is recognized in the consolidated statement of comprehensive income as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of comprehensive income as finance costs.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

#### 2) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of comprehensive income as other operating expenses. Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs.

When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

#### 2.3.13 Non-current assets and disposal groups held for sale

The Group classifies non-current assets and disposal groups as held-for-sale if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities are not depreciated or amortized once classified as held-for-sale or as held for distribution. Also, assets and liabilities classified as held-for-sale or for distribution are presented as separate in the consolidated statement of financial position.

#### 2.3.14 Employee benefits

The Group operates both defined benefit pension plan and defined contribution pension plan, which the Group makes contributions to the separately administered funds, respectively.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes restructuring-related costs or redundancy payments

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'operating and administrative expenses' and 'asset management expenses' in consolidated statement of comprehensive income.

##### (1) Retirement benefits: defined contribution plans

When an employee has rendered service to the Group during a period, the Group recognizes the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Group recognizes that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

##### (2) Retirement benefits: defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of plan assets is deducted. The calculation is performed annually by an independent actuary using the projected unit credit method.

The discount rate is the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Group recognizes all actuarial gains and losses arising from actuarial assumption changes and experiential adjustments in profit and loss when incurred.

If the net amount that is calculated by subtracting the fair value of the plan assets from the present value of the defined benefit pension plans is an asset, the Group measures at lower of an excess contribution to the defined benefit pension plans or the upper limit recognized as an asset that is calculated by using the interest rate of the corporate bonds of a companies with high credit ratings at the end of the reporting period.

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#### (3) Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

#### (4) Other benefits for the vested employees

Other benefits for the vested employees who have rendered services for a long-term period of time with regard to considerations for the employees who have rendered services for a long period of time, if the employees' benefits are not expected to be paid within 12 months after the end of an annual reporting period, the Group recognizes the net sum of service costs for long-term services and net interests on net defined benefit liabilities (assets) as a current profit or loss.

#### (5) Redundancy payments

If employees are laid off upon a request from the Group, the Group can give more retirement benefits in comparison to when the employees voluntarily leave the Group. With regard to the redundancy payment that is a difference between the amount that the Group pays to the employee who voluntarily leaves the Group and the amount that the Group pays to the employee who is dismissed by the Group, the Group recognizes the liability and the expense of the redundancy payment earlier of when the Group cannot withdraw a proposal for the termination benefits or when it recognizes restructuring costs accompanied by the redundancy payment.

#### 2.3.15 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

#### 2.3.16 Deferred acquisition costs

If the actual new contract cost exceeds 50% of the standard cancellation deduction (100% for actual medical insurance and savings insurance), the Group shall not exceed the same amount, but if the premium already paid exceeds the standard cancellation deduction, the premium will be paid over 7 years. However, if the Group's outstanding contract cost for the entire long-term insurance contract as of the end of the reporting period is greater than the difference between the net premium premium reserve and the cancellation refund premium reserve, the excess is further amortized in the fiscal year. In addition, if there is an amortization balance on the cancellation date of the long-term insurance contract, the entire amount is amortized in the fiscal year to which the cancellation date belongs. Meanwhile, the amount exceeding the standard cancellation deduction and new contract costs incurred due to short-term insurance contracts with an insurance period of less than one year are fully covered in the fiscal year.

#### 2.3.17 Classification of insurance contracts

The Group recognizes a contract as an insurance contract if under the contract one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

The Group assesses representative contract's insurance risk of an insurance product considering the claims paid when the insured event occurs or does not occur. If a contract is exposed to financial risk without significant insurance risk, the contract is classified as an investment contract. Financial risk is the risk of a possible future change in one or more specified interest rates, financial instrument prices, commodity prices, foreign exchange rates, index of prices or rates, credit rating or credit index or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The Group applies "KIFRS 1104 Insurance Contracts" for insurance contracts and investment contracts with discretionary participation features. Investment contracts with no discretionary participation features are accounted for in accordance with "KIFRS 1039 Financial Instruments: Recognition and Measurement".

A contract that was initially qualified as an insurance contract remains to be classified as insurance contract until all rights and obligations are extinguished or expired. However, the Group reclassifies an investment contract to an insurance contract if insurance risk becomes significant.

#### 2.3.18 Insurance contracts liabilities

The Group provides various policy reserves in accordance with the Insurance Business Act, relevant regulations and the terms and conditions in insurance contracts as follows:

##### (1) Premium reserve

Premium reserve is a liability related to future payment of claims. Premium reserve is calculated by deducting the actuarial present value of future premiums to be received after the reporting date from the actuarial present value of future payment of claims with respect to long-term insurance contracts.

##### (2) Reserve for unearned premium

Reserve for unearned premium is the amount calculated according to the method set forth in the insurance premium and liability reserve calculation manual for the premiums for the period after the next period among the premiums for which the payment due date has arrived before the end of the reporting period.

##### (3) Guarantee reserve

Guarantee reserve is the amount that must be accumulated to guarantee a certain level or higher for contracts that are being maintained as of the end of the reporting period. The larger amount is accumulated between the average amount of the top 30% of expected net loss and the standard accumulation standard amount by insurance type and minimum guarantee.

##### (4) Reserve for outstanding claims

Reserve for outstanding claims is an estimate of loss for insured events that have occurred prior to the date of statement of financial position but for which a fixed value cannot be determined, which includes the following:

- Estimated amount: The expenses to be incurred in the course of settlement of the insured event, such as lawsuit or arbitration (if partial amount is settled, the remainder is recognized)

- Reserve for ineffective contracts: Reserve for ineffective contracts due to default in premium payment (Partial amount of surrender value)

- Unpaid claims: The amount of claims, surrender value and dividend to be paid is determined but not paid yet

- IBNR (Incurred But Not Reported): Estimated amount using a reasonable statistical method considering the Group's experience rate

##### (5) Reserves for participating policyholder's dividends

Reserves for participating policyholder's dividends comprise reserve for guaranteed dividend, reserve for mortality dividend, reserve for interest dividend, reserve for expense dividend, reserve for long term duration and reserve for revaluation dividends.

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The Group calculates each reserve for the participating policyholders' dividends by the methods described below:

- Reserve for guaranteed dividend:

A reserve to compensate for the difference between expected rate of interest and the average interest rate of time deposit for the reporting period. The Group records this reserve only for the contracts which were initiated before October 1, 1997.

- Reserve for mortality dividend:

A reserve to compensate for the difference between expected mortality rate and actual mortality rate. The Group has been recording this reserve only for the contracts which are or are expected to be effective for more than a year as of the reporting date, excluding nonparticipating policies, since 1983.

- Reserve for interest dividend:

A reserve to compensate for the difference between expected interest rate of each insurance product and dividend benchmark rate. The Group has been recording this reserve only for the contracts that are or are expected to be effective for more than a year from the reporting date, excluding nonparticipating policies, since 1987. However, the interest dividends from reserve insurance sold after October 1, 1997 are based on the interest dividends deducted from the expected rate.

- Reserve for expense dividend:

A reserve to compensate for the difference between expected operation expense rate and expense dividend benchmark rate. The Group has been recording this reserve only for the contracts which are or are expected to be effective for more than a year as of the reporting date, excluding nonparticipating policies, since 2001.

- Reserve for long-term duration dividend:

A reserve for the long-term contracts which is calculated by the following formula:

(Net level premium reserve of prior reporting period - Deferred acquisition costs) \* {0.1% + (Number of years passed - 6) \* 0.02%}

- The Group has been recording this reserve only for the contracts that remain for more than six years as of the reporting date, excluding nonparticipating policies, since 1987.

- Reserve for revaluation dividends:

The Group records this reserve only for the contracts that remained for more than two years from March 31, 1989 and more than one year from March 31, 1999, respectively.

(6) Dividend reserve for policyholders' income participation

Dividend reserve for policyholders' income participation refers to the amount to be reserved, in lump sum and depending on the business performance, for the purpose of distributing reserves after paying stockholders as future dividends to policyholders or for additional accumulation as part of policy reserve other than the reserve for policyholders' dividend.

(7) Reserve for losses on dividend insurance contract

In accordance with the Regulation on Supervision of Insurance Business, the Group accumulates reserve for losses of participating insurance contract within 30/100 of policyholders' share in dividend-paying insurance income. A reserve for compensation for losses on dividend-paying insurance contracts accumulated shall be used for replenishing the losses of the participating insurance contract, and the balance after the replenishment shall be used as for the source of policyholders' dividend for individual policyholders, for five fiscal years from the end of the fiscal year when the accumulation is made.

#### 2.3.19 Reinsurance asset

The Group cedes insurance risk by reinsurance agreements with reinsurers. Reinsurance assets represent recoverable amounts due from reinsurance companies.

Reinsurance assets are reviewed for impairment at each reporting date. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded as the profit or loss in the consolidated statements of comprehensive income.

#### 2.3.20 Liability adequacy test

For all insurance contracts held by the Group to which KIFRS No. 1104 'Insurance Contracts' apply, the Group determines the future cash flows expected to arise from the insurance contracts as of the end of the reporting period, including cash flows from options, guarantees, and claims processing costs. When the current estimate exceeds the book value of insurance contract liabilities, the excess is additionally accumulated as insurance contract liabilities. The subject of the liability adequacy test is the premium reserve, reserve for unearned premium and guarantee reserve, and the premium reserve is the amount obtained by deducting deferred acquisition cost and policy loan under Article 6-3 of Regulation on Supervision of Insurance Business Act from the net premium reserve. However, liabilities assessed using current estimates and liabilities for which payment obligations have been confirmed are excluded.

In addition, the estimation of future cash flow for the assessment of the adequacy of insurance contract liabilities is divided into fixed interest rate dividend insurance, fixed interest rate non-dividend insurance, interest rate linked dividend insurance, interest rate linked non-dividend insurance and variable insurance. The surplus or shortage of insurance contract liabilities for each evaluation unit can be offset at the level of individual insurance companies as a whole.

#### 2.3.21 Separate accounts

The Group carries separate accounts for retirement insurance, retirement pension and variable life insurance products according to the provision in the Korean Insurance Business Law. The separate account assets (liabilities) are stated at net of accounts payable and accounts receivable in general account incurred in the course of transactions between general accounts and separate accounts.

Revenues and expenses of investment-linked type separate account are not presented in the general account statement of operations, while the revenues and expenses of guaranteed-interest type separate account are accounted for in the general account statement of operations in gross amounts as separate account income and separate account expense, respectively.

#### 2.3.22 Trust accounts

The Group obtained the authorization to operate a trust business from the Financial Service Commission and operates its trust business. In accordance with the regulation on trust business, trust estates are recognized as separate accounts and trust fee related to operating, administration and disposal of trust estates is recognized as trust fee in operating revenue.

#### 2.3.23 Policyholders' equity adjustment

Policyholders' equity adjustments consist of reserves for stabilization of participating policyholders' dividends, reserves for social contributions and net gain (loss) from valuation of investment securities. The stabilization reserves for participating policyholders' dividends and reserves for social contributions funds are the amounts reserved for future dividends to participating policyholders and future social contributions through asset revaluation surplus for land and building in accordance with Asset Revaluation Law. Unrealized holding gains or losses on available-for-



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sale securities, on held-to-maturity securities and on valuation of investment in associates and subsidiaries are allocated to policyholder's equity adjustment using the current year's ratio of policyholders' equity and shareholders' equity.

#### 2.3.24 Reserves for unpaid life insurance policy benefit

Pursuant to the unrestricted management of reserves for unpaid life insurance policy benefit by Financial Supervisory Services (FSS), the Group pays life insurance policy benefits at the request of a policyholder even if the legitimate obligation to pay has expired.

#### 2.3.25 Equity capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

When the Group repurchases its share capital, the amount of the consideration paid is recognized as a deduction from equity and classified as treasury shares. The profits or losses from the purchase, disposal, reissue, or retirement of treasury shares are not recognized as current profit or loss. If the Group acquires and retains treasury shares, the consideration paid or received is directly recognized in equity.

#### 2.3.26 Recognition of revenue and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Group recognizes the income when the followings criteria are met.

##### (1) Premium income

Premium income is recognized at the time when such premium payment becomes due. If premium income is received before the premium due date, the Group records unearned insurance premium based on fractional period calculation.

##### (2) Interest income and interest expense

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

##### (3) Commissions income recognition

The Group applied the following five-step revenue recognition model for the fee income in accordance with KIFRS 1115.

- identify the contracts with a customer.
- identify the performance obligations in the contract
- determine the transaction price
- allocate the transaction price to each performance obligation
- recognize revenue when a performance obligation is satisfied

The Group recognizes its financial service fees and commissions based on its objectives, and in conformity with accounting standards of related financial instruments as below.

##### 1) Fees and commissions earned by performance of meaningful action

Fees and commissions earned by delivering meaningful performances such as negotiating on behalf of third parties' transactions, such as stock or other securities transactions and underwriting of business settlements, or as a consideration for participating in negotiation are recognized as revenue upon completion of the delivery of services.

##### 2) Fees and commissions earned by providing services

Fees and commissions levied as a consideration for providing services for a certain period of time, such as asset management fees, trust fees, guarantee service fees, are recognized as revenue when the service is provided. Also, when it is not probable that a specific loan commitment will be entered into, and when the loan commitment does not fall under the scope of KIFRS1039 Financial instruments: recognition and measurement, related commitment fee is recognized over the commitment period.

##### 3) Fees forming a part of effective interest income of financial instruments

Fees forming a part of effective interest of financial instruments are generally recognized as adjustments to effective interest rates. These fees include costs incurred for activities such as the valuation of the financial status of borrowers, guarantee, collaterals and other commitments, administrative expenditures, and expenditures made for issuance of financial liabilities. However, if the financial instrument is recognized at fair value through profit or loss, related fees and commissions are recognized in profit or loss at the initial recognition of the financial instrument.

##### (4) Sale of goods

###### 1) Identify the performance obligations in the contract

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

###### 2) Price concession

The Group provides to customer a price concession at the time of sale. In accordance with KIFRS 1115, if consideration payable to a customer is not a payment for a distinct good or service from the customer, the Group accounts for all of the consideration payable to the customer as a reduction of the transaction price.

###### 3) Obligations for returns and refunds

The Group recognizes a refund liability if the Group expects to refund some or all of that consideration to the customer and adjusts revenue for the transferred products. The Group recognizes as an asset for the Group's right to recover products from a customer when the customer exercises a right of return and adjusts cost of sales for any expected costs to recover those products. The amount expected to be refunded to the customer and the amount of the right to recover the goods shall be measured applying the return experience rate based on the past practice.

###### 4) Customer loyalty program

Under the customer loyalty program, the Group provides to customer the points that entitle the customers to future discounted purchases. The Group allocates part of the consideration received to the customer loyalty program and the amount of allocation is measured based on the relative

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stand-alone selling prices. The amount allocated under the customer loyalty program is deferred and recognized as revenue when the points are used or extinguished.

#### (5) Rendering of services

Revenue from services rendered is recognized in profit or loss when recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, in proportion to the stage of completion of the transaction at the reporting date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

#### (6) Dividends

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### (7) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included as revenue in the consolidated statement of comprehensive income due to its operating nature.

### 2.3.27 Current and deferred tax

#### (1) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

#### (2) Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.

Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.4 Changes in accounting policies and disclosures

#### 2.4.1 New and amended standards and interpretations adopted

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2022. The Group has not early applied standards, interpretations or amendments that have been issued but have not been implemented. The nature and the impact of each new standard or amendment is described below:

##### (1) Amendment to KIFRS 1116 'Leases' – Covid-19-Related Rent Concessions

KIFRS 1116 'Leases' (Revised) – The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022. A lessee shall apply the practical expedient consistently to eligible contracts with similar characteristics and in similar circumstances. However, the Group has not received COVID-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

##### (2) Amendment to KIFRS 1103 'Business Combination' – Reference to the Conceptual Framework for Financial Reporting

The amendments update a reference of definition of assets and liabilities to be recognized in a business combination in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets, and Korean IFRS 2121 Levies. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendment does not have a significant impact on the financial statements.

##### (3) Amendment to KIFRS 1016 'Tangible assets' – Proceeds before intended use

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment does not have a significant impact on the financial statements

##### (4) Amendment to KIFRS 1037 'Provisions, Contingent Liabilities and Contingent Assets' – Onerous Contracts—Cost of Fulfilling a Contract

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The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendment does not have a significant impact on the financial statements.

**(5) Annual Improvement of KIFRS 2018-2020**

Annual improvements of KIFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The amendment does not have a significant impact on the financial statements.

- KIFRS 1101 First time Adoption of Korean International Financial Reporting Standards – Subsidiaries that are first-time adopters
- KIFRS 1109 Financial Instruments – Fees related to the 10% test for derecognition of financial liabilities
- KIFRS 1041 Agriculture – Measuring fair value

**(6) Amendments to KIFRS 1107 Financial Instruments: Disclosures, KIFRS 1109 Financial Instruments, KIFRS 1039 Financial Instruments: Recognition and Measurement, KIFRS 1104 Insurance Contracts and KIFRS 1116 Leases – Interest Rate Benchmark Reform – (Phase 2)**

The amendment provides a temporary waiver to address the impact on financial reporting when the Interbank Loan Rate (IBOR) is replaced by an alternative risk-free reference indicators (RFRs).

The amendments provide a number of practical reliefs including

- Contractual changes, or changes in cash flows that are directly affected by the reforms, are treated as if they were changed to variable interest rates, such as fluctuations in market interest rates.
- Changes required by the interest rate indicator reform allow the hedging designation and hedging documentation to be possible without disrupting the hedging relationship.
- A temporary exemption that is deemed to meet the requirement that financial instruments referencing the RFRs must be separately identifiable if they are designated as hedging elements.

The Group applied for the first time the amendment to ‘Interest Rate Benchmark Reform Phase 2 -KIFRS 1109, KIFRS 1039, KIFRS 1107, KIFRS 1104 and KIFRS 1116’, from the annual period beginning on or after January 1, 2021. The Group applied these amendments retrospectively. In accordance with the transitional provisions permitted in the Phase 2 amendments, the Group has not restated the separate financial statements of the prior period reflecting the application of the amendments, and has not reflected additional disclosures. There is no effect on the amount of the opening balance of equity due from retrospective application.

The Group is exposed to IBOR, which is subject to reform for its financial assets. As of December 31, 2022, the main IBORs exposed are the London Interbank Loan Rate (LIBOR) and CD rates, and the alternative to LIBOR is the Secured Overnight Financing Rate (SOFR), and alternative to CD rates is The Korea Overnight Financing Repo rate (KOFRR).

The Group expects that such interest rate benchmark reform shall affect the Group’s operation, risk management procedures and the hedge accounting. The Group is primarily exposed to operational risk due to interest rate benchmark reform. This includes, for example, the application of new substitutional provisions with derivative counterparties, the renewal of contractual terms and conditions and the modification of controls related to interest rate benchmark reform. Financial risk is primarily confined to interest rate risk. In a hedging relationship, ineffectiveness may arise due to uncertainty about the timing and methodology of replacement of interest rates related to the hedged items and hedging instrument, or differences in the timing of replacement.

The Group monitors the progress of the conversion from the IBOR to the new interest rate benchmark by reviewing the total amount of contracts that have not yet been converted to an alternative interest rate benchmark and the amount of those contracts that contain an appropriate replacement clause. If the contractual interest is a contract in which interest is indexed to an interest rate benchmark subject to an interest rate benchmark reform, the Group considers the contract to have not been converted to an alternative interest rate benchmark, even if the contract contains an alternative provision to provide for the discontinuation of the IBOR.

The total amount of the contract that has not yet transitioned is as follows:

(In millions of won)

Interest Rate Benchmark	Currencies	Financial assets (*)	Derivatives (*)
CD	KRW	138,924	6,091,500
LIBOR	USD	1,488,193	11,528

(\*) Financial assets and derivatives are based on carrying amount and nominal amount, respectively, and if the assets that are incorporated to the beneficiary certificates involve an interest rate benchmark subject to interest rate benchmark reform, the calculation is based on the carrying amount of all beneficiary certificates.

**(7) Criteria for liability adequacy test**

**1) Nature in the change of accounting policy**

In accordance with the regulations on supervision of insurance business, the criteria for liability adequacy test as of December 31, 2022 were changed, but there was no impact on the consolidated financial statements for the years ended December 31, 2022 and 2021.

**3. Significant accounting judgments, estimates and assumptions**

**3.1 Estimates and changes**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**(1) Fair value measurement of financial instruments**

The fair value of financial instruments without an active market was calculated by applying valuation techniques including the discounted cash flow method. When observable market information is not available for the inputs used in these valuation techniques, significant estimates are required to determine fair value. This judgment includes consideration of input variables such as liquidity risk, credit risk, and volatility. Changes to these factors may affect the fair value of financial instruments.

**(2) Impairment on loans and receivables**

Individual and collective allowance for doubtful accounts is calculated to assess impairment on loans and receivables. When individual allowance for doubtful accounts. When individual allowance for doubtful accounts is calculated, expected recoverable amount is calculated by estimated

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future cash flows considering borrowers' sales or collateral. In addition, when the collective allowance for doubtful accounts is calculated, default rates, duration of loss and loss rates at bankruptcy are estimated based on historical impairment.

#### (3) Impairment of non-financial assets

The Group tests non-financial assets for impairment at the end of every reporting period. The intangible assets with goodwill and indefinite useful lives are tested for impairment whenever there is an indication that the intangible asset may be impaired. Other non-financial assets are tested for impairment whenever there is an indication that the carrying value cannot be recovered. The value in use calculation is based on the management's assumption on future expected cash flows generated from CGU or asset. For the calculation of present value of future expected cash flows, adequate discount rate should be chosen.

#### (4) Deferred tax asset

Deferred tax assets are recognized for unused tax losses to the extent that it is highly probable that future taxable income will be available to which the tax losses can be used. The Group's management exercises critical judgment to determine the recognizable amount of deferred tax assets based on its future tax strategy and the timing and level of tax profits.

#### (5) Development costs

Development costs are capitalized in accordance with the accounting policy as mentioned in Note 2.3. Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

#### (6) Defined benefit plans

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting period.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'A+' rating or above, as set by an internationally acknowledged rating agency. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

#### (7) Lease period of a contract with options to extend and terminate

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, and any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. If the Group possesses such options, the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

#### (8) Provision for decommissioning

The Group has recognized a provision for decommissioning obligations associated with a leased building. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs.

#### (9) Income tax

There are different kinds of transactions and calculation methods which make final tax determination uncertain. Based on an estimate of the additional taxes to be imposed, if there is a difference between final tax amount and initially recognized tax amount, the difference will affect current income tax and deferred income tax assets and liabilities at the period when such determinations is made.

#### (10) Special Taxation for Facilitation of Investment and Mutually-Beneficial Cooperation

The Group shall pay an additional surtax where the use of corporate earnings on qualifying investments, wage increase and mutually-beneficial cooperation fall below a certain portion of its taxable income for 3 years from 2015. As the Group considers the Special Taxation for Facilitation of Investment and Mutually-Beneficial Cooperation on its undistributed earnings when computing its corporate income tax, the Group's income tax may change arising from changes in investment, wage growth, or mutually-beneficial cooperation.

#### (11) Liability adequacy test

The Group recognizes the shortfall as its loss by assessing the adequacy of insurance liability. In order to estimate the cash flow anticipated to occur from the current insurance contract, reasonable anticipation of cash inflows including premium income and that of cash outflows including insurance, refund, reserve, expenses etc. is required. For this purpose, scenario presented by Financial Supervisory Service, ratio of risk, ratio of cancellation and expense rate use the presumptions considering the experience of the past and the trend of the future. The long-term insurance uses the discount rate reflecting the past experience and the current market information in order to calculate the future cash flow into the current value. Also, adequacy of individually estimated claims is assessed for reserves by selecting the most adequate model according to the trend of claims paid among various statistical methods. The Group categorizes its insurance products based on characteristics of the products. For insurance products in the same category, the Group applies assumptions for the respective category consistently.

#### 4. Standards issued but not yet effective

The standards and interpretations that are issued, as of December 31, 2022, but not yet effective are disclosed below.

##### 4.1 KIFRS 1117 Insurance contracts

KIFRS 1117 'Insurance Contracts' was enacted on April 23, 2021 as a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, KIFRS 1117 will replace KIFRS 1104 Insurance Contracts (KIFRS 1104) that was issued in 2007.

##### 4.1.1 Changes in accounting policies

The main features of KIFRS 1117 are the measurement of current value of insurance liabilities, recognition of insurance income on an accrual basis, and classification of insurance gains and losses and investment gains and losses. Under the current KIFRS 1104, insurance liabilities are measured using past information (interest rates at the time of insurance sale, etc.), and when the Group receives premiums, the received premiums are recognized as insurance revenue on a cash basis and there was no obligation to separately present between insurance gains and losses and investment gains and losses. On the other hand, under KIFRS 1117, insurance liabilities are measured at current value using a discount rate that reflects assumptions and risks at the present time (reporting date), and insurance revenue reflects services provided by insurance Companies to policyholders for each fiscal year. Therefore, revenue is recognized on an accrual basis, and insurance gains and losses and investment gains and losses are separately presented.

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When an insurance company prepares financial statements by applying KIFRS 1117, the parts that are expected to cause significant differences from current financial statements are as follows: These are not inclusive of all differences and are subject to change based on the results of additional analyzes in the future.

(1) Measurement of insurance liabilities

According to KIFRS 1117, insurance companies estimate all cash flows from insurance contracts and measure insurance liabilities using a discount rate that reflects assumptions and risks at the time of reporting.

Specifically, an insurance company identifies a portfolio of insurance contracts consisting of contracts that are exposed to similar risks and managed together, and within that portfolio, groups of insurance contracts are classified into contracts with similar profitability. Thereafter, the group of insurance contracts is measured as the sum of estimated future cash flows (including cash flows related to policy loans, reflecting the time value of money, etc.), risk adjustments, and contractual service margins. With the introduction of KIFRS 1117, an account of contractual service margin is newly introduced, which means unrealized profit to be recognized as insurance contractual services are provided in the future. On the other hand, a reinsurance contract refers to an insurance contract issued by a reinsurance company to compensate for insurance claims paid arising from original insurance contracts issued by other insurance companies, and when estimating the present value of future cash flows for a group of insurance contracts ceded, assumptions consistent with the underlying group of original insurance contracts are applied.

(2) Recognition and assessment of financial results

According to KIFRS 1117, insurance revenue is recognized on an accrual basis by reflecting services (insurance coverage) provided by insurance companies to policyholders each fiscal year, and, investment elements paid, regardless of the insured event, to the policyholder (surrender, maturity refund, etc.) are excluded from insurance revenue. In addition, information users can identify the source of profit and loss as insurance profit and loss and investment profit and loss are presented separately.

And an insurance company includes the time value of money and financial risks related to the group of insurance contracts and the effects of their changes in insurance finance profit or loss. An accounting policy must be selected to determine whether to classify insurance finance gains and losses for the period into current profit or loss and other comprehensive income.

(3) Accounting policies related to the transition of insurance contracts

According to the transitional provisions of KIFRS 1117, an insurance company can apply the full retrospective approach or the amended retrospective approach or the fair value approach for a group of insurance contracts issued before the transition date (January 1, 2022, the starting date of the annual reporting period immediately before the initial application date) to adjust the existing cost-based value to the current value.

In principle, an insurance company should identify, recognize, and measure a group of insurance contracts (the full retrospective approach) as if it had continued to apply KIFRS 1117 even before the date of transition, if this method is impracticable, however, either the modified retrospective approach or the fair value approach may be selected and applied. However, in the case of a group of insurance contracts with direct participation feature that meet certain conditions, the fair value approach can be applied even if the full retrospective approach is applicable.

On the other hand, the modified retrospective approach is a method to obtain results very close to the full retrospective approach by using reasonable and supportable information available without excessive cost or effort and the fair value approach is a method of evaluating a group of insurance contracts using the fair value appraisal in accordance with KIFRS 1113 (fair value measurement). When applying the fair value approach, the contractual service margin for remaining coverage liabilities is calculated as the difference between the fair value of the group of insurance contracts and the fulfillment cash flow at the date of transition.

(4) Accounting policies to be applied

The accounting policies expected to be actually applied after the implementation of KIFRS 1117 are as follows.

	KIFRS 1104	KIFRS 1117
Measurement of Insurance Contract liabilities	Measured at cost using past information	<ul style="list-style-type: none"> <li>• Measured at current value using information at the time of reporting</li> <li>• Evaluation Model: General Model, Variable Fee Approach</li> <li>• Transition method on the date of transition               <ol style="list-style-type: none"> <li>1) Contracts issued in 2019-2021: Fully retroactive approach</li> <li>2) Contracts issued in or before 2019 : Fair value approach</li> </ol> </li> </ul>
Recognition of Insurance revenue	Cash basis	Accrual basis
Classification and segmentation of insurance finance gains and losses	Included in investment gain or loss	<ul style="list-style-type: none"> <li>• Separate presentation of insurance finance gains and losses from investment gains and losses</li> <li>• Separated into current profit or loss and other comprehensive income</li> </ul>

**4.1.2 Preparation of the adoption of KIFRS 1117**

In order to prepare for the adoption of KIFRS 1117, the Company has organized and operated an internal professional workforce which consists of 38 professional employees since September 2016.

In February 2016, the Group requested the accounting firm and actuarial firm to establish an accounting system such as insurance liability assessment system, and in March 2020, the integrated accounting system was first completed, and from June 2021, the KIFRS 1117 upgrade project has been carried out and as of December 31 2022, system upgrade is carried out and produced the transitioned financial statements to which KIFRS 1117 was applied and annual financial statements for the year ended December 31, 2022.

The Company has continuously carried out consistency check over financial statements and systems and external auditors are conducting a preliminary audit of our accounting policies, major methodologies and financial statements related to KIFRS 1117 as of December 31, 2022. The financial statements to which KIFRS 1117 was applied and produced by the Group are subject to change depending on the results of consistency check and details of preliminary audit. The Group has been converting the governance system for the introduction of KIFRS 1117, and plans to establish an overall internal control over financial reporting in the future. In addition, the Company has established an in-house training course related to KIFRS 1117 to provide internal and external training to executives and employees who are related with accounting, actuary and insurance products.

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Kyobo Life Planet Co., Ltd. has organized and operated an internal professional workforce consisting of 9 members to prepare for the introduction of KIFRS 1117 since October 2018. In October 2018, Kyobo Life Planet Co., Ltd. requested the accounting firm and actuarial firm to establish an accounting system such as insurance liability assessment system, and in March 2021, the development of integrated accounting system was completed. In December 2021, the KIFRS conversion project was carried out, and system advancement and consistency check were completed in June 2022 and currently, system stabilization and financial impact analysis are being performed.

Kyobo Life Planet Co., Ltd. has established an in-house training course related to KIFRS 1117 to provide internal and external training to executives and employees who are related with accounting, actuary, and insurance products.

The Board of Directors and management were reported on the status of preparations of adoption of KIFRS 1117 twice for each year ended December 31, 2022 and 2021.

The Group's financial statements prepared under KIFRS 1117 calculated by the Group may be changed depending on the results of conformity verification and details of preliminary audit.

**4.1.3 Assessment of financial impacts**

The results of the financial impact assessment for the first application of KIFRS 1117 to the financial statements for the year ended December 31, 2022, using the accounting system, etc, established are as follows. The results of this analysis are subject to change depending on additional information available in the future and economic conditions.

(1) Statement of financial position

Account	KIFRS 1104(A) (*1)	Account	KIFRS 1117(B) (*2)	Variance (B-A)
Asset	W 130,880,610	Asset	121,538,464	(9,342,146)
Financial asset	100,634,793	Financial asset	118,252,422	-
Reinsurance asset	35,575	Insurance contract asset	-	-
Other asset	30,210,242	Reinsurance contract asset	178,259	-
		Other asset	3,107,783	-
Liabilities	123,955,123	Liabilities	106,987,571	(16,967,552)
Insurance contract liabilities	81,701,960	Insurance contract liabilities	78,005,642	-
Other liabilities	42,253,163	Reinsurance contract liabilities	218,241	-
		Other liabilities	28,763,688	-
Equity	6,925,487	Equity	14,550,893	7,625,406

(2) Statement of Comprehensive income

Account	KIFRS 1104(A) (*1)	Account	KIFRS 1117(B) (*2)	Variance (B-A)
Operating revenue	W 26,195,245	Operating revenue	16,228,842	(9,966,403)
Premium income	12,926,897	Insurance revenue	3,332,841	-
Investment income	8,536,957	Investment income	9,305,744	-
Other operating income	4,731,391	Other operating income	3,590,257	-
Operating expense	25,623,291	Operating expense	15,725,272	(9,898,019)
Provision for liabilities under insurance contracts	2,300,634	Insurance service expenses	3,473,515	-
Insurance claims paid	11,982,504	Investment expenses	9,848,342	-
Operating and administrative expenses	1,072,916	Other operating expenses	2,403,416	-
Amortization of deferred acquisition costs	603,535			
Investment expenses	6,551,097			
Other operating expenses	3,112,605			
Operating profit (loss)	571,954	Operating profit (loss)	503,570	(68,384)
Non-operating income	26,174	Non-operating income	26,858	684

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Non-operating expenses	54,071	Non-operating expenses	53,832	(239)
	-			
Income tax expenses	42,809	Income tax expenses	34,342	(8,467)
	-			
Profit (loss) for the period	501,248	Profit (loss) for the period	442,255	(58,993)
Other comprehensive income (loss)	(5,298,754)	Other comprehensive income (loss)	2,984,015	8,282,769
Total comprehensive income (loss) for the period	(4,797,506)	Total comprehensive income (loss) for the period	3,426,270	8,223,776

(3) Statement of Cash flow

Account	KIFRS 1104(A) (*1)	KIFRS 1117(B) (*2)	Variance (B-A)
Cash flows from operating activities	₩ (1,805,568)	1,092,808	2,898,376
Cash flows from investing activities	34,582	(2,893,196)	(2,927,778)
Cash flows from financing activities:	1,807,701	1,807,701	-

(\*1) KIFRS 1104, 'Insurance Contracts' and KIFRS 1039, 'Financial Instruments: Recognition and Measurement' are applied.

(\*2) KIFRS 1117, 'Insurance Contracts' and KIFRS 1039 'Financial Instruments: Recognition and Measurement' are applied.

**4.1.4 Financial impact of conversion method to KIFRS 1117**

The Company applies the fully retrospective approach to the group of insurance contracts issued within the two years (2020~2021) immediately preceding the transition date (January 1, 2022), and applies fair value approach to insurance contracts issued two years prior to the transition date (before 2019) to adjust the valuation of insurance contract liabilities from cost to current value. In accordance with the regulations on supervision of insurance business, the Company decided to apply the fair value approach to the insurance contracts held prior to 2019 through the resolution of the Board of Directors on November 15, 2022. Kyobo Life Planet Co., Ltd. adjusted the valuation of insurance contract liabilities from cost to current value by applying the fair value approach to all insurance contracts issued after the transition date (January 1, 2022). When applying the fair value approach, the fair value(KIFRS 1113) of insurance contracts was calculated by reflecting some adjustments to the value calculated based on the new insurance capital standard(K-ICS). As a result of analyzing the financial impact related to transition, insurance contract assets and insurance contract liabilities under KIFRS 1117 as of January 1, 2022 are as follows.

The results of this analysis are subject to change depending on the results of the consistency check and preliminary audit.

Transition method	Target year	KIFRS 1117		
		Insurance contract asset(*1)	Insurance contract liabilities (*1)	Contractual Service Margin (*2)
Fully retrospective approach	₩ 2020~2021	8,100	3,613,284	2,269,770
Fair value approach (*3)	Before 2019(*4)	155,095	86,042,754	2,309,940
<b>Total</b>		<b>163,195</b>	<b>89,656,038</b>	<b>4,579,710</b>

(\*1) Insurance contract assets and insurance contract liabilities include reinsurance contract assets and reinsurance contract liabilities, respectively, and present the total amount including all components.

(\*2) Contractual service margin included in insurance contract assets and insurance contract liabilities are added and presented.

(\*3) Nominal value substitutions such as insurance receivables and insurance payables are included in the fair value approach.

(\*4) KIFRS 1117 conversion effect of Kyobo Life Planet Co., Ltd. is included.

**4.1.5 Financial impact of conversion method to KIFRS 1117**

As of December 31, 2022, when KIFRS 1117 is applied to insurance liabilities, insurance contract assets and insurance contract liabilities are valued at Nil and ₩78,005,642 million, respectively, and reinsurance contract assets and reinsurance contract liabilities are valued at ₩178,259 million and ₩218,241 million, respectively. As the cash flow of policy loans of ₩8,225,364 million was reflected in insurance contract liabilities, the effect of reducing liabilities occurred, however, insurance contract liabilities are expected to increase due to the effect of high interest rate contracts held, etc. The results of this analysis are subject to change depending on additional information available in the future and economic conditions.

Item	Value	Assets under KIFRS 1117				Liabilities under KIFRS 1117					
		Total (A+B)	Insurance Contract Asset(A) *1)*2	Contractual Service Margin *4	Reinsurance Contract Asset (B) *1)*3	Contractual Service Margin *4	Total (C+D)	Insurance Contract Liabilities (C) *1)*2	Contractual Service Margin *4	Reinsurance Contract Liabilities (D) *1)*3	Contractual Service Margin *4
Value	₩	178,259	-	-	178,259	27,187	78,223,883	78,005,642	4,709,880	218,241	(23,698)

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- (\*1) Insurance (reinsurance) contract assets and insurance (reinsurance) contract liabilities, present the total amount including all components.  
(\*2) Assets and liabilities related to the group of insurance contracts issued by the insurance company are presented.  
(\*3) Assets and liabilities related to the group of reinsurance contracts (insurance contracts ceded) held by the insurance company are presented  
(\*4) Contractual service margins included in insurance (reinsurance) contract assets and insurance (reinsurance) contract liabilities are separately presented

**4.2 KIFRS 1109 Financial Instruments**

KIFRS 1109, published on September 25, 2015, is, in principle, effective for annual periods after January 1, 2018. Due to the amendments of KIFRS 1104, 'Insurance Contract', the Group met the qualification for the temporary exemption and as a result, the Group plans to receive temporary exemption from the application of KIFRS 1109 until the date of first application of KIFRS 1117. The Group met the qualification for the temporary exemption which require the ratio of insurance related liabilities as of December 31, 2015 to exceed 90% of the total liabilities and not to be significantly involved in non-insurance-related activities and as a result, KIFRS 1109 is applied from the fiscal year beginning on or after January 1, 2023.

KIFRS 1109 applies, in principle, retrospectively, but there are some exceptions, such as exemption from re-preparation of comparative information in case of classification, measurement and impairment of financial instruments, and hedge accounting is applied prospectively, except for some exceptions, such as accounting for the time value of options.

Main characteristics of KIFRS 1109 are the classification and measurements of financial assets in accordance with the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, impairment model of financial instruments based on expected credit losses, expansion of hedged item and the hedging instrument qualifies for hedge accounting and changes to the methods for assessing hedge effectiveness. For the introduction of KIFRS 1109, preparations such as financial impact analysis, accounting policy and accounting system establishment, and system stabilization are generally required. In addition, the impact on the financial statements of the accounting period in which the Standards are first applied may differ depending on the selection and judgment of accounting policies in accordance with the Standards, the financial instruments held by the Group and economic conditions during the period.

For the introduction of KIFRS 1109, the Group formed task force team from December 2019 to January 2021 and established KIFRS 1109 system. The Group received KIFRS 1109 consulting from July 2022 to prepare the application and in order to evaluate the financial impact of the initial application of KIFRS 1109, the Group evaluated the impact on the financial statements of December 2022 based on the current status and available information as of December 31, 2022. The expected financial impact on the financial statements when applying this standard is as follows. The results of the financial impact assessment as of December 31, 2022 are subject to change depending on additional information and related decisions made available to us in the future.

**4.2.1 Classification and measurement of financial assets**

The Group shall classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset as shown on the below table when the new standard KIFRS 1109 is adopted. Furthermore, if a hybrid contract contains a host that is an asset within the scope of this standard, an embedded derivative shall not be separated from the host and accounted for financial assets.

Business model objectives	Contractual cash flow characteristics	
	Principal and interest	Others
To collect the contractual cash flows	Measured at amortized cost (*1)	
To collect the contractual cash flows and to sell	Measured at fair value through other comprehensive income (*1)	Fair value through profit or loss (*2)
To sell and others	Measured at fair value through profit or loss	

(\*1) The Group may irrevocably designate a financial asset as measured at fair value through profit or loss to eliminate or significantly reduce accounting mismatch.

(\*2) The Group may make an irrevocable election for equity instruments not held for trading as measured at fair value through other comprehensive income.

Conditions to measure financial assets at amortized cost or fair value through other comprehensive income under KIFRS 1109 are more stringent than the conditions under KIFRS 1039. As a result, the portion of financial assets measured at fair value through profit or loss will increase which may lead to increases in volatility of profit or loss.

Under KIFRS 1109, only debt instruments that generate cash flows consisting only of principal and interest on the balance of principal on a specific date according to contractual conditions and are intended to receive contractual cash flows can be measured at amortized cost.

Under KIFRS 1109, debt instruments that generate cash flow consisting only of principal and interest on the balance of principal on a specific date according to the terms of the contract, and that operated to receive contractual cash flows and sell are measured at fair value through other comprehensive income.

Under KIFRS 1109, equity instruments that are not held for trading can be irrevocably selected at the time of initial recognition to be designated as fair value through other comprehensive income and the comprehensive income is not subsequently recycled to profit or loss.

Under KIFRS 1109, debt instruments of which cash flows under contractual terms do not consist only of principal and interest on the balance of principal, or of which main purpose is trading, and equity instruments that are not designated as fair value through other comprehensive income are measured at fair value through profit or loss.

The impact on the classification and measurement of financial assets (including derivatives) held by the Group as of December 31, 2022, estimated by applying KIFRS 1109, is as follows. The impact assessment results are subject to change depending on additional information available in the future.

Under KIFRS 1039	Under KIFRS 1109	₩	Book value	
			KIFRS 1039	KIFRS 1109
Loans and receivables				
Cash and due from banks	Financial asset at amortized cost		2,837,410	2,837,410
Loans (*1)	Financial asset at amortized cost		24,954,934	24,909,325
	Financial asset at fair value through profit or loss (*2)		-	11,543
Other financial assets (*1)	Financial asset at amortized cost		1,367,856	1,367,856



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Sub total		29,160,200	29,126,134
Financial assets held for trading			
Equity instrument	Financial asset at fair value through profit or loss	3,161,909	3,149,218
Debt instrument	Financial asset at fair value through profit or loss	7,736,164	7,748,904
Other financial assets	Financial asset at fair value through profit or loss	355,801	347,835
Derivative asset	Financial asset at fair value through profit or loss	975,940	971,894
	Derivative asset for hedge	390,663	390,663
Sub total		12,620,477	12,608,514
Available for sale financial assets			
Equity instrument	Financial asset at fair value through other comprehensive income	342,034	295,131
	Financial asset at fair value through profit or loss	14,733,724	14,780,513
Debt instrument	Financial asset at fair value through other comprehensive income	15,700,132	15,700,063
	Financial asset at fair value through profit or loss	1,039,698	1,041,715
Others	Financial asset at amortized cost	1,182,623	1,385,049
	Financial asset at fair value through other comprehensive income	67,377	-
	Financial asset at fair value through profit or loss	-	67,374
Sub total		33,065,588	33,269,845
Held-to maturity financial assets			
Debt instrument	Financial asset at fair value through other comprehensive income	25,452,390	21,551,116
	Financial asset at fair value through profit or loss	217,986	170,030
	Financial asset at amortized cost	278,109	278,108
Sub total		25,948,485	21,999,254
Total financial assets exclusive of Derivatives		₩ 100,720,352	96,882,558

(\*1) Presented on the basis of before deduction of allowance for bad debts.

(\*2) Convertible private placement corporate bonds (related assets of ₩10,807 million), which were separated and recognized in accordance with KIFRS 1039, were classified and measured as financial assets at fair value through profit or loss of ₩11,191 million in accordance with KIFRS 1109. In addition, ₩351 million of loan receivables measured at amortized cost in accordance with KIFRS 1039 were classified and measured as financial assets measured at fair value through profit or loss of ₩351 million, as a result of business model evaluation or contractual cash flow test in accordance KIFRS 1109.

When applying KIFRS 1109, ₩181,573 million of loans and receivables and held-to-maturity financial assets measured at amortized cost and ₩15,889,602 million of available for sale financial assets are classified as measured at fair value through profit or loss as of December 31, 2022, and the proportion of financial assets measured at fair value through profit or loss will increase from 12.53% to 29.20% of total financial assets, and volatility in profit or loss will intensify due to changes in the fair value of financial assets.

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**4.2.2 Classification and measurement of financial liabilities**

In accordance with KIFRS 1109, the amount of change in the fair value of the financial liability that is designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, not profit or loss. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. However, when the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch, the related change in the fair value shall be presented in profit or loss.

As some portion of the changes in fair value of the financial liability that is designated as at fair value through profit or loss, which was recognized as profit or loss under KIFRS 1039, shall be presented as other comprehensive income, the profit or loss related to fair value of financial liability may decrease.

There are no financial liabilities designated as fair value through profit or loss as of December 31, 2022, and it is not expected to have any impact on the financial statements.

**4.2.3 Impairment: Financial assets and contract assets**

Under KIFRS 1039, impairment is recognized based on incurred loss model only when there is an objective evidence of impairment. However, under the new standard KIFRS 1109, impairment is recognized based on expected credit loss impairment model for the debt instruments, lease receivables, contract assets, loan commitments, and financial guarantee contracts measured at amortized cost or financial assets that are measured at fair value through other comprehensive income.

Unlike KIFRS 1039 which is based on incurred loss model, credit losses may be recognized earlier under KIFRS 1109. As shown below, this standard requires to measure the amount for loss allowance in 3 stages based on the 12-month expected credit losses or lifetime expected credit losses depending on the degree of increase in credit risk of the financial assets since initial recognition.

Credit risk has not increased significantly since initial recognition(*1)	12-month expected credit losses: the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
Credit risk has increased significantly since initial recognition	Lifetime expected credit losses: the expected credit losses that result from all possible default events over the expected life of a financial instrument.
Credit-impaired	

(\*1) If the credit risk at the end of the reporting period is low, it can be assumed that the credit risk has not increased significantly.

On the other hand, KIFRS 1109 requires financial assets that are credit-impaired at initial recognition to account for only the cumulative change in lifetime expected losses since initial recognition as a loss allowance.

According to the results of the financial impact assessment, the balance of loan receivables subject to loan loss allowance calculation and the amount of loan loss allowance as of December 31, 2022 are estimated as follows:

Classification under KIFRS 1039	Classification under KIFRS 1109	Loan loss allowance under KIFRS 1039(A)	Loan loss allowance under KIFRS 1109(B)	Variance(B-A)
Loan and receivable				
Loan (*)	Financial asset at amortized cost	85,032	78,098	(6,934)
	Financial asset at fair value through profit or loss	-	-	-
Other financial assets	Financial asset at amortized cost	31,453	31,456	3

(\* ) Exclusive of policy loan

		Loan loss allowance under KIFRS 1109	
		Book Value	
Loan	Stage1	17,796,620	18,586
	Stage2	540,848	21,986
	Stage3	66,532	37,527
Other financial assets		1,367,856	31,456
Total		19,771,856	109,555

According to the results of the financial impact assessment, the balance of debt securities subject to loss allowance calculation and the amount of loss allowance as of December 31, 2022 are estimated as follows:

Classification under KIFRS 1039	Classification under KIFRS 1109	Loan loss allowance under KIFRS 1039(A)	Loan loss allowance under KIFRS 1109(B)	Variance(B-A)
Available for sale financial asset				

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Debt instruments	Financial asset at fair value through other comprehensive income	-	8,073	8,073
	Financial asset at amortized cost	-	17	17
Held to maturity financial asset				
Debt instruments	Financial asset at fair value through other comprehensive income	-	696	696
	Financial asset at amortized cost	-	1	1

According to the results of the financial impact assessment, provisions as of December 31, 2022 is estimated as follows:

Classification under KIFRS 1039	Classification under KIFRS 1109	Provision under KIFRS 1039(A)	Provision under KIFRS 1109(B)	Variance(B-A)
Payment guarantee and undrawn loan commitment	Non financial payment guarantee and undrawn loan commitment	-	8,594	8,594
Sub total		-	8,594	8,594
Financial guarantee contract	Financial guarantee contract	916	916	-
Sub total		916	916	-
		Provision under KIFRS 1109		
Provision	Stage1		8,417	
	Stage2		1,093	
	Stage3		-	
Total			9,510	

#### 4.2.4 Hedge accounting

New standard KIFRS 1109 retains the mechanics of hedge accounting (i.e. fair value hedge, cash flow hedge, and hedge of a net investment in a foreign operation) of current standard KIFRS 1039. However, this standard mitigated KIFRS 1039 by amending the complex and rule-based requirements related to hedge accounting under KIFRS 1039 to principle-based requirements to align hedge accounting more closely with risk management. Furthermore, this standard expanded the eligible hedged item and the hedging instrument and eased the requirement for the hedge accounting by removing quantitative threshold (80~125%) and changing hedge effectiveness test method.

When applying hedge accounting under KIFRS 1109, hedge accounting can be applied to some transactions that do not meet the requirements for risk hedge accounting under KIFRS 1039, which can reduce the volatility of profit or loss. In accordance with the transition for hedge accounting, when an entity first applied KIFRS 1109, it may choose as its accounting policy to continue to apply the hedge accounting under KIFRS 1039.

Meanwhile, among the risk management activities of the Group that were not subject to hedge accounting by not meeting the requirements for hedge accounting under KIFRS 1039 as of December 31, 2022, no additional hedge accounting has been applied to transactions to which hedge accounting can be applied with the adoption of KIFRS 1039.

#### 4.3 Amendments to KIFRS 1001 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

The classification is made as current or non-current depending on the substantive rights that exist at the end of the reporting period, and on the possibility of exercising the right to defer payment of liabilities or management's expectations are not taken into account. In addition, the transfer of own equity instruments is included in the settlement of liabilities, except when options to settle with equity instruments in compound financial instruments meet the definition of equity instruments and are recognized separately from liabilities. These amendments are effective for the annual periods beginning on or after January 1, 2023, with early application permitted. The Group is assessing the impact that the amendments will have on current practice and whether existing loan agreements will need to be renegotiated.

#### 4.4 KIFRS 1001 Presentation of Financial Statements - Accounting Policy Disclosure

IFRS practical statement 2 'Accounting Policy Disclosure' was amended to define and disclose material accounting policies and to provide guidance on how to apply the concept of materiality. These amendments are effective for the annual periods beginning on or after January 1, 2023, with early application permitted. The Group does not expect this amendment to have a material impact on the financial statements.

#### 4.5 KIFRS 1008 Accounting Policy, Changes in Accounting Estimates and Errors- Definition of Accounting Estimates

The amendments defined an accounting estimate and clarified how to distinguish it from a change in accounting policy. These amendments are effective for the annual periods beginning on or after January 1, 2023, with early application permitted. The Group does not expect this amendment to have a material impact on the financial statements.

#### 4.6 KIFRS 1012 'Corporate Tax' - Deferred income tax on assets and liabilities from a single transaction

In addition to the requirements for exceptions to initial recognition for transactions in which assets or liabilities are recognized for the first time, a requirement for transactions that do not generate same temporary differences to be added and to be deducted at the time of the transaction has been added. These amendments are effective for the annual periods beginning on or after January 1, 2023, with early application permitted. The Group does not expect this amendment to have a material impact on the financial statements.

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**5. Cash and due from banks**

(1) Cash and cash equivalents as of December 31, 2022 and 2021 are as follows:

		2022	2021
Cash	₩	1,292	4,659
Current deposits		4,041	17,906
Demand deposits		254,804	248,524
MMDA		1,015,462	1,068,522
Other deposits		174,754	73,994
	₩	<u>1,450,353</u>	<u>1,413,605</u>

(2) Due from banks as of December 31, 2022 and 2021 are as follows:

		2022	2021
Time deposits	₩	224,503	118,890
Margin on futures		221,969	215,407
Reserve for claims of customers' deposits		141,089	151,148
Other deposits		799,496	997,994
	₩	<u>1,387,057</u>	<u>1,483,439</u>

(3) Bank deposits with withdrawal restrictions as of December 31, 2022 and 2021 are as follows:

		2022	2021	Details
Demand deposits	₩	111	111	Partially seized
Guarantee deposits for checking accounts		27	17	Guarantee deposits for checking accounts
Time deposits		3,213	2,100	Payment settlement of micro payment etc.
Margin on futures		294,234	215,407	In relation to derivatives transactions
Reserve for claims of customers' deposits		141,089	151,148	Reserve for return of customer deposits
				Customers' deposits of overseas futures FX margin, deposits for loan transactions, etc.
Other deposits		278,004	742,723	
	₩	<u>716,678</u>	<u>1,111,506</u>	

**6. Financial assets designated at fair value through profit or loss**

Financial assets designated at fair value through profit or loss as of December 31, 2022 and 2021 are as follows:

		2022	2021
Hybrid financial instruments:			
Other embedded derivatives	₩	47,815	22,915
Valuation and management of fair value:			
Reserve for claims of customers' deposits (*)		298,124	504,055
	₩	<u>345,939</u>	<u>526,970</u>

(\*) Under the Capital Market and Finance Investment Services Act, the Group has reserved the amount required by the Financial Services Commission for claims of customers' deposits (trust) to Korea Securities Finance Corporation (KSFC) and its use is restricted.

**7. Financial assets held for trading**

(1) Financial assets held for trading as of December 31, 2022 and 2021 are as follows:

		2022	2021
Equity securities:			
Stocks	₩	2,040	34,038
Beneficiary certificates		3,081,697	656,719
Overseas securities		-	1,561
		<u>3,083,737</u>	<u>692,318</u>
Debt securities:			

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Government and public bonds	1,447,648	1,401,849
Special bonds	1,043,695	863,451
Financial institutions bonds	1,768,165	1,588,962
Corporate bonds	1,510,593	1,008,289
Overseas securities	940,112	1,177,011
Other securities	1,113,985	482,430
	<u>7,824,198</u>	<u>6,521,992</u>
	<u>₩ 10,907,935</u>	<u>7,214,310</u>

(2) Financial assets held for trading pledged as collateral as of December 31, 2022 and 2021 are as follows:

Purpose	2022	2021	Counter party
Payment of deposit and repurchase agreements, etc.	₩ 5,375,987	3,945,706	KSFC, etc.
Borrowing of bonds and Derivative contract, etc.	1,226,445	79,603	KSD, etc.
	<u>₩ 6,602,432</u>	<u>4,625,309</u>	

**8. Available-for-sale financial assets**

(1) Available-for-sale financial assets as of December 31, 2022 and 2021 are as follows:

	2022	2021
<b>Equity securities:</b>		
Listed shares	₩ 73,388	446,979
Unlisted shares	486,306	380,276
Equity investments	182,630	118,017
Beneficiary certificates (*1)	11,937,156	10,733,735
Overseas securities	2,492,075	3,111,654
Other securities	13,202	20,938
	<u>15,184,757</u>	<u>14,811,599</u>
<b>Debt securities:</b>		
Government and public bonds	8,826,383	19,688,798
Special bonds	3,615,246	7,440,100
Financial institutions bonds	810,462	1,113,560
Corporate bonds	2,124,840	3,101,849
Overseas securities	2,443,969	14,565,106
Other securities	-	24,120
	<u>17,820,900</u>	<u>45,933,533</u>
Cooperative Fund for default losses (*2)	59,931	48,988
	<u>₩ 33,065,588</u>	<u>60,794,120</u>

(\*1) The amount for Corsair related fund, the Group's major shareholder, were ₩202,602 million and ₩192,777 million as of December 31, 2022, and 2021 respectively, and dividend income recognized by the Group from the fund were ₩18,123 million and ₩10,515 million as of December 31, 2022 and 2021, respectively. Furthermore, the additional acquisition amount for years ended December 31, 2022 and 2021 were ₩7,151 million and ₩33,771 million, respectively, and disposal for years ended December 31, 2022 and 2021 were amounted to ₩15,550 million and ₩8,030 million, respectively.

(\*2) In accordance with Article 394 of the Capital Market and Finance Investment Services Act and Article 362 of enforcement decree of this Act, the Group reserved basic reserve of ₩1,000 million plus variable reserves as securities market joint funds and derivative market joint funds to compensate for damages from violation of transaction (derivative instrument transaction) in securities market or derivative market. The Group has no free rights to dispose the fund for its profit. The fair values of domestic currency debt securities and foreign currency debt securities of available-for-sale financial assets are based on the average prices of base prices on the latest business day, which are provided by Korea Asset Pricing (KAP) and KIS Pricing Inc, etc. The fair values of unlisted stocks and investments of which the posted prices are not available in an active market, are calculated based on the appraised values in the appraisal reports of KAP.

(2) Gain on valuation of available-for-sale financial assets accounted for as accumulated other comprehensive income and policyholder's equity adjustments as of December 31, 2022 and 2021 are as follows:

	2022	2021
Gain on valuation of available-for-sale securities	₩ (2,528,953)	2,449,164
Amount allocated to policyholder's equity adjustment	(135,476)	413,158

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Amount allocated to deferred tax liabilities	(623,896)	567,440
Amount allocated to accumulated other comprehensive income	(1,769,581)	1,468,566

(3) Unlisted shares and equity investments were recognized at acquisition costs of ₩60,042 million and ₩22,140 million as of December 31, 2022 and 2021, respectively, as the fair value cannot be reliably estimated.

(4) Impairment losses on available-for-sale financial assets for the years ended December 31, 2022 and 2021 amounted to ₩40,214 million and ₩35,693 million, respectively. Reversal of impairment losses on available-for-sale financial assets for years ended December 31, 2022 and 2021 were ₩3,704 million and ₩3,704 million, respectively.

(5) Available for sale financial assets pledged as collateral as of December 31, 2022 and 2021 are as follows:

Collateral	Purpose	2022	2021	Counter party
Government and public bonds, etc.	Collateral for derivatives	₩ 701,175	815,282	NH Securities, etc
	Repurchase agreements(*)	244,331	209,349	KSFC, etc.
	Loans for agency funding	148,270	133,069	KSFC
		₩ 1,093,776	1,157,700	

(\*)The transaction falls under an agreement to repurchase securities at a specific price on the contract expiration date at the same time as the sale, and is a financial instrument for which the conditions for derecognition have not been met.

(6) As the intention to hold available for sale financial assets changed during the current year, the Group reclassified some of its available for sale financial assets as held to maturity financial assets on March 2, April 1, and October 4, 2022, respectively. The carrying amounts of available for sale financial assets as of March 2, April 1, May 13, and October 4, 2022 are ₩5,298,029 million, ₩5,812,401 million, ₩274,339 million and ₩ 6,730,661 million respectively and for the reclassified held to maturity financial assets, future interest income is recognized by recalculating the effective interest rate that matches the fair value at the date of reclassification with expected future cash flows. The effective interest rates calculated as of the date of reclassification of held to maturity financial assets reclassified on March 2, April 1, May 13, and October 4, 2022 are 2.594%~2.909% and 1.262%~4.660%, 2.521% to 3.622% and 3.177% to 6.605%, respectively.

The carrying amounts of held-to-maturity financial assets reclassified on March 2, April 1, May 13, and October 4, 2022 are ₩ 5,328,961 million, ₩ 5,911,635 million, ₩ 276,283 million, and ₩ 6,201,979 million, respectively. Values are ₩ 4,260,055 million, ₩ 4,984,360 million, ₩ 263,018 million, and ₩ 6,221,345 million, respectively. Other comprehensive losses on available-for-sale financial assets that would have been recognized if not reclassified are ₩ 1,047,885 million, ₩ 911,983 million, ₩ 13,265 million, and other comprehensive income of ₩ 44,062 million, respectively.

**9. Held to maturity financial assets**

(1) Held to maturity financial assets as of December 2022 and 2021 are as follows:

	2022	2021
Debt securities:		
Government and public bonds	₩ 13,641,667	2,961,281
Special bonds	2,278,580	390,000
Financial bonds	132,465	-
Corporate bonds	813,194	50,000
Overseas securities	9,082,579	1,152,269
	₩ 25,948,485	4,553,550

(2) Held to maturity financial assets pledged as collateral as of December 31, 2022 and 2021 are as follows:

Collateral	Purpose	2022	2021	Counter party
Government and public bonds, etc.	Collateral for derivatives	₩ 1,302,031	-	KSD, etc.
	Overdraft	1,053,900	-	SC Bank, etc.
	Sales of RP(*)	786,576	-	Yuanta securities, etc.
		₩ 3,142,507	-	

(\*)The transaction falls under an agreement to repurchase securities at a specific price on the contract expiration date at the same time as the sale, and is a financial instrument for which the conditions for derecognition have not been met.

**10. Loan receivables**

(1) Loan receivables as of December 31, 2022 and 2021 are as follows:

	2022	2021
Policy loan receivables	₩ 6,550,935	6,358,188
Loan receivables secured by investment securities	682,203	749,320
Loan receivables secured by real estate	6,238,803	6,105,133
Unsecured loan receivables	8,954,934	8,641,166
Guaranteed loan receivables	1,018,981	1,084,559
Other loan receivables	1,509,079	873,056
	24,954,935	23,811,422
Less: Present value discount	(10,266)	(4,894)

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Less: Allowance for loss on loan receivables	(86,512)	(54,016)
Less: Deferred loan origination costs and fees	(28,275)	(27,203)
	<u>W 24,829,882</u>	<u>23,725,309</u>

(2) Changes in allowance for loss on loan receivables for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Beginning balance	₩ 54,016	78,242
Provision (Reversal) for other receivables, net	48,767	(15,249)
Write-off, etc.	(28,023)	(20,856)
Unwinding effect	(394)	(411)
Recovery of bad debts	12,146	12,290
	<u>W 86,512</u>	<u>54,016</u>

(3) Changes in deferred loan origination costs and fees for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Beginning balance	₩ (27,203)	(19,505)
Loan originations	(12,856)	(12,093)
Amortization	11,784	4,395
	<u>W (28,275)</u>	<u>(27,203)</u>

**11. Other receivables**

(1) Details of other receivables as of December 31, 2022 and 2021 are as follows:

	2022	2021
Insurance receivables:		
Premiums transferred automatically	₩ 48,118	2,425
Insurance settlement adjustments	3,489	3,162
Reinsurance receivables	81,974	70,320
Other insurance receivables	22,956	144
	<u>156,537</u>	<u>76,051</u>
Accounts receivables, etc.	274,658	540,517
Guarantee deposits	219,327	168,754
Accrued income	636,014	583,092
Others	76,389	59,678
Finance lease receivables	4,931	2,044
	<u>1,367,856</u>	<u>1,430,136</u>
Less: Present value discount	(3,450)	(4,125)
Less: Allowance for other receivables	(31,453)	(28,356)
	<u>₩ 1,332,953</u>	<u>1,397,655</u>

(2) Changes in allowance for other receivables for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Beginning balance	₩ 28,356	34,150
Provision (Reversal) for other receivables, net	4,342	(4,369)
Recovery of bad debts	1	(3,759)
Write-off, etc.	(1,246)	2,334
	<u>W 31,453</u>	<u>28,356</u>

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(3) Amounts of gross investment and present value of minimum lease payment of Finance lease receivables as of December 31, 2022 and 2021 are as follows:

		2022	
		Gross investment	Present value of minimum lease payment
Not later than 1 year	₩	4,121	4,057
1 ~5 years		5,290	5,497
Later than 5 years		253	247
Ending balance	₩	9,664	9,801
		2021	
		Gross investment	Present value of minimum lease payment
Not later than 1 year	₩	3,179	3,065
1 ~5 years		3,664	3,416
Later than 5 years		607	590
Ending balance	₩	7,450	7,071

(4) The unrealized interest income of gross investment from finance lease receivable was ₩279million as of December 31, 2022.

**12. Investments in associates and a joint venture**

(1) Investments in associates and a joint venture as of December 31, 2022 and 2021 are summarized as follows:

	Country of domicile	Reporting date	2022		2021		
			Book value	Owner -ship (%)	Book value	Owner -ship (%)	
<b>Associates:</b>							
A&D Credit Information Co., Ltd. (*1)	Korea	Dec. 31, 2022	₩ 3,403	19.50	3,381	19.50	
Songsan Industrial Complex Development Co., Ltd. (*1, *4)	Korea	Sept30, 2022	-	15.00	-	15.00	
Pusan Millak PFV (*1)	Korea	Dec. 31, 2022	724	5.00	-	5.00	
Jinjeop2 REIT Co., Ltd. (*1)	Korea	Dec. 31, 2022	59	0.13	59	0.13	
Guri Galmae REIT Co., Ltd. (*1)	Korea	Dec. 31, 2022	20	0.03	19	0.03	
Yeouido H2 PFV (*1,*4)	Korea	Dec. 31, 2022	-	5.00	161	5.00	
Logistec Yangsan Co., Ltd. (*1)	Korea	Dec. 31, 2022	272	19.90	205	19.90	
Hera Park City development PFV (*1)	Korea	Dec. 31, 2022	591	19.50	709	19.50	
Hera Park City development AMC (*1)	Korea	Dec. 31, 2022	26	19.50	36	19.50	
Chungju Biz Core City Co., Ltd. (*1,*4)	Korea	Dec. 31, 2022	-	10.00	-	10.00	
Peco-city Co., Ltd. (*1)	Korea	Dec. 31, 2022	15	12.50	15	12.50	
Osong Smart Valley Co., Ltd. (*1)	Korea	Dec. 31, 2022	8	10.00	-	-	
Kyobo 9 Special Purpose Acquisition Company (*1,3)	Korea	Dec. 31, 2022	-	-	19	0.26	
Kyobo 10 Special Purpose Acquisition Company (*1)	Korea	Dec. 31, 2022	118	1.32	117	1.32	
Kyobo 11 Special Purpose Acquisition Company (*1)	Korea	Dec. 31, 2022	20	0.23	19	4.17	
Kyobo 12 Special Purpose Acquisition Company (*1)	Korea	Dec. 31, 2022	20	0.17	-	-	
Kyobo 13 Special Purpose Acquisition Company (*1)	Korea	Dec. 31, 2022	20	4.00	-	-	
Kyobo NH Healthcare New Technology Investment Association 1st (*2)	Korea	Dec. 31, 2022	2,635	13.89	2,297	13.89	
NH Kyobo AI solution New Technology Investment Association (*2)	Korea	Dec. 31, 2022	1,110	8.70	1,042	8.70	
Kyobo Kiwoom New Materials & Technology Investment Association (*2)	Korea	Dec. 31, 2022	1,988	12.50	2,212	12.50	
Kyobo Hanyang ESG New Technology Investment Association (*2)	Korea	Dec. 31, 2022	1,289	11.76	1,095	11.76	
Kyobo Axis Future & New Technology Investment Association 1st (*2)	Korea	Dec. 31, 2022	1,504	9.43	1,985	9.43	



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Kyobo-YG Iguimu newTechnology Investment Association(*2)	Korea	Dec. 31, 2022		946	11.49	973	11.50
KB Kyobo New Mobility New Technology Investment Association(*2)	Korea	Dec. 31, 2022		1,849	19.05	-	-
Kyobo Advanced Materials & Technology Investment Association(*2)	Korea	Dec. 31, 2022		1,808	19.42	-	-
NH Daishin Kyobo Healthcare(*2)	Korea	Dec31, 2022	₩	2,548	18.75	-	-
KYOBO-SP Advanced Materials New Technology Investment Association	Korea	Dec31, 2022		2,417	21.69	-	-
SBI-NTU-Kyobo Digital Innovation Fund(*2)	Singapore	Dec31, 2022		5	0.75	-	-
NPC&C Co.Ltd.(*3)	Korea	Dec31, 2022		-	-	2,754	30.70
Marston General Private Real Estate Investment Trust No. 61	Korea	Aug31, 2022		19,980	32.78	20,000	32.80
The Givers	Korea	Dec31, 2022		9,917	29.80	-	-
				<u>53,292</u>	-	<u>37,098</u>	-
<b>Joint venture:</b>							
Kyobo AXA Investment Management Co., Ltd.	Korea	Dec31, 2022		<u>32,298</u>	50.00	<u>34,572</u>	50.00
				<u>₩ 85,590</u>		<u>71,670</u>	

(\*1) The entities are classified as associates even though the Group holds less than 20% of shares since members of the Group's Board of Directors are also the members of the entities' board and thus have significant influence over the entities.

(\*2) The entities are classified as associates even though the Group holds less than 20% of shares. Since the Group can participate in decision-making related to the investees' financial and operating policies as a general manager, and thus has significant influence over the entities.

(\*3) The entities are excluded from associates since the Group sold its equity interest for the year ended December 31, 2022.

(\*4) The entity was excluded from the associates for the year ended December 31, 2022.

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(2) Changes in investments in associates and a joint venture for the years ended December 31, 2022 and 2021 are as follows:

	2022					
	Beginning balance	Acquisition	Disposals	Gain (loss) on equity-method accounting	Dividend	Ending balance
<b>Associates:</b>	₩					
A&D Credit Information Co., Ltd.	3,381	-	-	71	(49)	3,403
Songsan Industrial Complex Development Co., Ltd.	-	-	-	-	-	-
Pusan Millak PFV	-	-	-	724	-	724
Jinjeop2 REIT Co., Ltd.	59	-	-	-	-	59
Guri Galmac REIT Co., Ltd.	19	-	-	1	-	20
Yeouido H2 PFV	161	-	-	(162)	1	-
Logistar Yangsan Co., Ltd.	205	-	-	67	-	272
Hera Park City development PFV	709	-	-	(118)	-	591
Hera Park City development AMC	36	-	-	(10)	-	26
Chungju Biz Core City Co., Ltd.	-	-	-	-	-	-
Peco-city Co., Ltd.	15	-	-	-	-	15
Osong Smart Valley Co., Ltd.	-	10	-	(2)	-	8
Kyobo 9 Special Purpose Acquisition Company	19	-	(10)	-	(9)	-
Kyobo 10 Special Purpose Acquisition Company	117	-	-	1	-	118
Kyobo 11 Special Purpose Acquisition Company	19	-	-	-	-	19
Kyobo 12 Special Purpose Acquisition Company	-	10	-	(1)	11	20
Kyobo 13 Special Purpose Acquisition Company	-	10	-	(4)	14	20
Kyobo NH Healthcare New Technology Investment Association Ltd	2,297	-	-	338	-	2,635
NII Kyobo AI solution New Technology Investment Association	1,042	-	-	68	-	1,110
Kyobo Kiwoom New Materials & Technology Investment Association	2,212	-	-	(224)	-	1,988
Kyobo Hanyang ESG New Technology Investment Association	1,095	-	-	194	-	1,289
Kyobo Axis Future & New Technology Investment Association Ist	1,985	-	-	(481)	-	1,504
Kyobo-YG Ilgum newTechnology Investment Association	973	-	-	(27)	-	946
KB Kyobo New Mobility New Technology Investment Association	-	2,000	-	(151)	-	1,849
Kyobo Advanced Materials & Technology Investment Association	-	2,000	-	(192)	-	1,808
NH Daishin Kyobo Healthcare	-	3,000	-	(452)	-	2,548
KYOBO-SP Advanced Materials New Technology Investment Association	-	2,500	-	(83)	-	2,417
SBI-NTU-Kyobo Digital Innovation Fund	-	9	-	(4)	-	5
NPC&C Co.,Ltd.	2,754	-	(2,618)	(136)	-	-
Marston General Private Real Estate Investment Trust No. 61	20,000	-	-	(20)	-	19,980
The Givers	-	10,000	-	(84)	-	9,916
	37,098	19,539	(2,628)	(687)	(49)	53,290
<b>Joint ventures:</b>						
Kyobo AXA Investment Management Co., Ltd.	34,572	-	-	6,171	(8,445)	32,298
	71,670	19,539	(2,628)	5,484	(8,494)	85,588

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(2) Changes in investments in associates and a joint venture for the years ended December 31, 2022 and 2021 are as follows, continued:

	2021					
	Beginning balance	Acquisition	Gain (loss) on equity-method accounting	Dividend	Changes in equity	Ending balance
<b>Associates:</b>	₩					
A&D Credit Information Co., Ltd.	3,367	-	63	-	-	3,381
Hwaseong-Jeongnam General Industry Complexes Co., Ltd.	382	-	(382)	(49)	-	-
Songsan Industrial Complex Development Co., Ltd.	57	-	(57)	-	-	-
Jinjeop2 REIT Co., Ltd.	59	-	-	-	-	59
Guri Galmae REIT Co., Ltd.	19	-	-	-	-	19
Yeouido H2 PFV	228	50	(116)	-	(1)	161
Logistec Yangsan Co., Ltd.	-	398	(187)	-	(6)	205
Here Park City development PFV	-	975	(266)	-	-	709
Itara Park City development AMC	-	20	16	-	-	36
Chungju Biz Core City Co., Ltd.	-	10	(10)	-	-	-
Peco-city Co., Ltd.	-	38	(23)	-	-	-
Kyobo 9 Special Purpose Acquisition Company	19	-	-	-	-	15
Kyobo 10 Special Purpose Acquisition Company	117	-	-	-	-	19
Kyobo 11 Special Purpose Acquisition Company	-	10	-	-	8	117
Kyobo NH Healthcare New Technology Investment Association 1st	-	2,500	(203)	-	-	2,297
NH Kyobo AI solution New Technology Investment Association	-	1,000	42	-	-	1,042
Kyobo Kiwoon New Materials & Technology Investment Association	-	2,000	212	-	-	2,212
Kyobo Hunyung ESG New Technology Investment Association	-	1,000	95	-	-	1,095
Kyobo Axis Future & New Technology Investment Association 1st	-	2,000	(15)	-	-	1,985
Kyobo-YG Ilgum new Technology Investment Association	-	1,000	(27)	-	-	973
NPC&C Co.Ltd.	-	3,000	(246)	-	-	2,754
Marslan General Private Real Estate Investment Trust No. 61	-	20,000	-	-	-	20,000
	4,248	34,001	(1,103)	(49)	1	37,098
<b>Joint ventures:</b>						
Kyobo AXA Investment Management Co., Ltd.	32,012	-	8,458	(5,898)	-	34,572
	36,260	34,001	7,355	(5,947)	1	71,670

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(3) Accumulated unrecognized change in equity due to discontinued use of the equity method as of December 31, 2022 and 2021 are as follows:

		December 31, 2022	
		Unrecognized losses	Accumulated unrecognized losses
Songsan Industrial Complex Development Co., Ltd.	₩	788	1,305
Yeouido H2 PFV		213	213
Pusan Millak PFV		25	25
	₩	1,026	1,543
		December 31, 2021	
		Unrecognized losses	Accumulated unrecognized losses
Hwasong-Jeongnam General Industry Complexes Co., Ltd.	₩	319	306
Songsan Industrial Complex Development Co., Ltd.		517	517
Pusan Millak PFV		893	1,222
	₩	1,729	2,045

(4) Condensed financial information of the Group's associates and a joint venture as of December 31, 2022 and 2021 are summarized as follows:  
2022

		Assets	Liabilities	Operating profit	Net income (loss)
<b>Associates:</b>					
A&D Credit Information Co., Ltd.	₩	27,038	9,585	44,216	365
Songsan Industrial Complex Development Co., Ltd.		100,785	109,482	13,589	(2,403)
Pusan Millak PFV		52,792	38,316	89,823	12,885
Jinjicop2 REIT Co., Ltd.		44,007	221	-	-
Guri Galmae REIT Co., Ltd.		71,041	402	-	(10)
Yeouido H2 PFV		68,076	72,344	26,394	(9,627)
Logistec Yangsan Co., Ltd.		8,010	6,643	138	(254)
Hera Park City development PFV		18,029	15,000	43	(591)
Hera Park City development AMC		160	26	540	(36)
Chungju Biz Core City Co., Ltd.		156	404	-	(249)
Peco-city Co., Ltd.		117	-	-	(183)
Osong Smart Valley Co., Ltd.		84	-	-	(16)
Kyobo 10 Special Purpose Acquisition Company		9,896	903	139	44
Kyobo 11 Special Purpose Acquisition Company		10,905	2,212	150	60
Kyobo 12 Special Purpose Acquisition Company		13,946	2,071	164	54
Kyobo 13 Special Purpose Acquisition Company		9,877	1,805	59	(12)
Kyobo NH Healthcare New Technology Investment Association 1st		19,018	43	2,623	2,439
NH Kyobo AI solution New Technology Investment Association		12,828	58	1,022	783
Kyobo Kiwoom New Materials & Technology Investment Association		15,943	40	4	(1,793)
Kyobo Hanyang ESG New Technology Investment Association		10,979	21	1,743	1,649
Kyobo Axis Future & New Technology Investment Association 1st		16,022	80	5	(5,099)
Kyobo-YG Ilguimu newTechnology Investment Association		8,275	46	1	(235)
KB Kyobo New Mobility New Technology Investment Association		9,748	40	2	(792)
Kyobo Advanced Materials & Technology Investment Association		9,312	-	-	(988)
NH Daishin Kyobo Healthcare		13,587	-	-	(2,413)
KYOBO-SP Advanced Materials New Technology Investment Association		11,147	5	-	(383)
SBI-NTU-Kyobo Digital Innovation Fund		700	25	-	(580)
Marston General Private Real Estate Investment Trust No. 61		32,678	5,813	7	(45)
The Givers		9,967	261	616	(435)
<b>Joint venture:</b>					
Kyobo AXA Investment Management Co., Ltd.		78,756	14,159	41,508	12,342

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		2021			Net income (loss)
		Assets	Liabilities	Operating profit	
<b>Associates:</b>					
A&D Credit Information Co., Ltd.	₩	25,777	8,439	507	322
Hwaseong-Jeongnam General Industry Complexes Co., Ltd.		29,914	31,593	292	(243)
Songsan Industrial Complex Development Co., Ltd.		136,474	139,923	12,807	(1,538)
Pusan Millak PFV		96,238	120,683	32,075	(19,711)
Jinjeop2 REIT Co., Ltd.		44,007	212	-	-
Guri Galmae REIT Co., Ltd.		71,041	979	-	-
Yeouido II2 PFV		50,726	47,514	800	(2,334)
Logistec Yangsan Co., Ltd.		7,128	6,099	256	(942)
Hera Park City development PFV		3,637	-	-	(1,363)
Hera Park City development AMC		204	20	450	83
Chungju Biz Core City Co., Ltd.		103	102	-	(99)
Peco-city Co., Ltd.		117	-	-	(183)
Kyobo 9 Special Purpose Acquisition Company		8,788	1,594	41	(40)
Kyobo 10 Special Purpose Acquisition Company		9,821	873	44	(13)
Kyobo 11 Special Purpose Acquisition Company		10,797	2,165	6	(40)
Kyobo NH Healthcare New Technology Investment Association 1st		16,536	-	1	(1,464)
NH Kyobo AI solution New Technology Investment Association		11,987	-	597	487
Kyobo Kiwoom New Materials & Technology Investment Association		17,699	3	1,756	1,696
Kyobo Hanyang ESG New Technology Investment Association		9,310	1	836	808
Kyobo Axis Future & New Technology Investment Association 1st		21,045	3	1	(158)
Kyobo-YG Ilguimu new Technology Investment Association		8,464	-	-	(236)
NPC&C Co.Ltd.		3,261	743	(803)	(801)
Marston General Private Real Estate Investment Trust No. 61		20,992	5,715	-	(33)
<b>Joint venture:</b>					
Kyobo AXA Investment Management Co., Ltd.		88,305	19,167	21,965	16,911

(5) The market value for associates and a joint venture which are publicly traded as of December 31, 2022 and 2021 are summarized as follows:

		December 31, 2022		December 31, 2021	
		Fair value	Book value	Fair value	Book value
Kyobo 9 Special Purpose Acquisition Company	₩	-	-	21	19
Kyobo 10 Special Purpose Acquisition Company		152	118	149	117
Kyobo 11 Special Purpose Acquisition Company		20	20	22	19
Kyobo 12 Special Purpose Acquisition Company		20	20	-	-
Kyobo 13 Special Purpose Acquisition Company		20	20	-	-

(6) Details of accumulated other comprehensive income for associates and a joint venture allocated to policyholder's equity adjustments and deferred tax liabilities as of December 31, 2022 and 2021 are as follows:

		2022		2021	
Gain on valuation of associates	₩		54		40
Amount allocated to policyholder's equity adjustment			8		6
Amount allocated to deferred tax liabilities			13		9
Amount allocated to accumulated other comprehensive income			33		25

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**13. Classification by categories of financial instruments**

(1) The carrying amounts of each category of financial assets and financial liabilities as of December 31, 2022 and 2021 are summarized as follows:

	2022		2022					Total
	Financial assets at fair value through profit or loss	W	Financial assets at fair value through profit or loss	Hedging purpose derivatives	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	
<b>Financial assets:</b>								
Cash and due from banks	-		-	-	2,837,410	-	-	2,837,410
Financial assets designated at fair value through profit or loss	345,939		-	-	-	-	-	345,939
Financial assets held for trading	10,907,935		-	-	-	-	-	10,907,935
Derivatives	1,162,563		-	204,039	-	-	-	1,366,602
Available-for-sale financial assets	-		33,065,588	-	-	-	-	33,065,588
Held-to-maturity financial assets	-		-	-	25,948,485	-	-	25,948,485
Loan receivables	-		-	-	24,829,882	-	-	24,829,882
Other receivables	-		-	-	1,332,953	-	-	1,332,953
	<b>₩ 12,416,437</b>		<b>₩ 33,065,588</b>	<b>204,039</b>	<b>29,000,245</b>	<b>-</b>	<b>-</b>	<b>100,634,794</b>
<b>Financial liabilities:</b>								
Financial liabilities designated at fair value through profit or loss	-		-	-	-	4,231,097	-	4,231,097
Financial liabilities held for trading	-		-	-	-	98,389	-	98,389
Derivatives	-		-	926,077	-	1,631,907	-	2,557,984
Borrowings	-		-	-	-	-	5,644,625	5,644,625
Other financial liabilities	-		-	-	-	-	2,292,105	2,292,105
	<b>₩ -</b>		<b>₩ -</b>	<b>926,077</b>	<b>-</b>	<b>5,961,393</b>	<b>7,936,730</b>	<b>14,824,200</b>

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	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Held-to-maturity financial assets	Loans and receivables	Hedging purpose derivatives	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Total
<b>Financial assets:</b>								
Cash and due from banks	-	-	-	2,897,044	-	-	-	2,897,044
Financial assets designated at fair value through profit or loss	526,970	-	-	-	-	-	-	526,970
Financial assets held for trading	7,214,310	-	-	-	-	-	-	7,214,310
Derivatives	376,443	-	-	-	85,310	-	-	461,753
Available-for-sale financial assets	-	60,794,120	-	-	-	-	-	60,794,120
Held-to-maturity financial assets	-	-	4,553,550	-	-	-	-	4,553,550
Loan receivables	-	-	-	23,725,309	-	-	-	23,725,309
Other receivables	-	-	-	1,397,655	-	-	-	1,397,655
	<b>₩ 8,117,723</b>	<b>60,794,120</b>	<b>4,553,550</b>	<b>28,020,008</b>	<b>85,310</b>	<b>-</b>	<b>-</b>	<b>101,570,711</b>
<b>Financial liabilities:</b>								
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	3,564,849	-	3,564,849
Financial liabilities held for trading	-	-	-	-	-	117,484	-	117,484
Derivatives	-	-	-	-	423,432	466,980	-	890,412
Borrowings	-	-	-	-	-	-	3,541,753	3,541,753
Other financial liabilities	-	-	-	-	-	-	3,084,839	3,084,839
	<b>₩ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>423,432</b>	<b>4,149,313</b>	<b>6,626,592</b>	<b>11,199,337</b>

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(2) Gains (losses) on categories of financial instruments for the year ended December 31, 2022 is as follows:

	2022						
	Interest income (expense)	Gain (loss) on disposal	Gain (loss) on valuation	Net profit and loss Reversal of impairment loss	Other operating income (expense) (*1)	Subtotal	Other comprehensive income(loss) (*2)
₩							
Financial assets designated at fair value through profit or loss	-	1,031	5,572	-	-	6,603	-
Financial assets held for trading	173,536	(69,976)	(453,333)	-	86,583	(263,190)	-
Available-for-sale financial assets	712,711	151,913	(49,992)	(36,510)	2,165,027	2,943,149	(3,235,393)
Held-to-maturity financial assets	684,334	-	-	-	(350,083)	334,251	(1,794,465)
Trading purpose derivatives	(5,992)	(393,682)	(308,866)	-	-	(708,540)	-
Hedging purpose derivatives	(51,413)	89,843	(612,932)	-	-	(574,502)	13,845
Loans and receivables	1,164,604	581	-	(53,110)	22,912	1,134,987	-
Financial liabilities designated at fair value through profit or loss	-	(62,963)	460,097	-	(75,172)	321,962	-
Financial liabilities held for trading	-	16,970	5,781	-	-	22,751	-
Financial liabilities measured at amortized cost	(80,943)	-	-	-	(23,970)	(104,913)	-
₩	2,596,837	(266,283)	(953,673)	(89,620)	1,825,297	3,112,558	(5,016,013)

(\*1) Including gain or loss from foreign currency transaction and dividend income.

(\*2) Accumulated other comprehensive income after adjustment for income tax effect.



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	2021						
	Interest income (expense)	Gain (loss) on disposal	Gain (loss) on valuation	Net profit and loss	Other operating income (expense) (*1)	Subtotal	Other comprehensive income (loss) (*2)
				Impairment loss			
₩							
Financial assets designated at fair value through profit or loss	-	(381)	649	-	-	268	-
Financial assets held for trading	135,412	(30,472)	(118,689)	-	81,688	67,939	-
Available-for-sale financial assets	1,318,824	497,255	24,206	(31,989)	1,709,502	3,517,798	(1,774,421)
Held-to-maturity financial assets	39,217	-	-	-	28,450	67,667	-
Trading purpose derivatives	(5,074)	(282,818)	(132,248)	-	2,390	(417,750)	-
Hedging purpose derivatives	(33,055)	(17,662)	(901,672)	-	-	(952,389)	36,329
Loans and receivables	1,047,272	(295)	-	19,618	59,442	1,126,037	-
Financial liabilities designated at fair value through profit or loss	-	(76,811)	70,363	-	(79,168)	(85,616)	-
Financial liabilities held for trading	-	17,224	(161)	-	-	17,063	-
Financial liabilities measured at amortized cost	(41,054)	-	-	-	(36,228)	(77,282)	-
₩	2,461,542	106,040	(1,057,552)	(12,371)	1,766,076	3,263,735	(1,738,092)

(\*1) Including gain or loss from foreign currency transaction and dividend income.

(\*2) Accumulated other comprehensive income after adjustment for income tax effect.

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**14. Fair value of financial assets and liabilities**

(1) Book value and fair value of financial assets and liabilities as of December 31, 2022 and 2021 are as follows:

	2022		2021	
	Book value	Fair value	Book value	Fair value
<b>Financial assets:</b>				
Cash and due from banks	₩ 2,837,410	2,837,410	2,897,044	2,897,044
Financial assets designated at fair value through profit or loss	345,939	345,939	526,970	526,970
Financial assets held for trading	10,907,935	10,907,935	7,214,310	7,214,310
Derivative assets	1,366,602	1,366,602	461,753	461,753
Available-for-sale financial assets	33,065,588	33,065,588	60,794,120	60,794,120
Held-to-maturity financial assets	25,948,485	21,985,990	4,553,550	4,478,532
Loan receivables	24,829,882	23,854,476	23,725,309	23,525,226
Other receivables	1,332,953	1,332,466	1,397,655	1,396,973
	<u>₩ 100,634,794</u>	<u>95,696,406</u>	<u>101,570,711</u>	<u>101,294,928</u>
<b>Financial liabilities:</b>				
Financial liabilities designated at fair value through profit or loss	₩ 4,231,097	4,231,097	3,564,849	3,564,849
Financial liabilities held for trading	98,389	98,389	117,484	117,484
Derivative liabilities	2,557,984	2,557,984	890,412	890,412
Borrowings	5,644,625	5,644,626	3,541,753	3,541,753
Other financial liabilities	2,292,106	2,286,551	3,084,839	3,084,810
	<u>₩ 14,824,201</u>	<u>14,818,647</u>	<u>11,199,337</u>	<u>11,199,308</u>

(2) Financial instruments measured at the fair value

The Group classifies and discloses fair value of the 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.

Financial instruments measured at fair value as of December 31, 2022 and 2021 are as follows:

	2022			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets designated at fair value through profit or loss	₩ -	298,124	47,815	345,939
Financial assets held for trading	1,459,489	9,436,945	11,501	10,907,935
Derivative assets	7,448	1,248,274	110,880	1,366,602
Available-for-sale financial assets	10,185,285	9,548,342	13,331,962	33,065,589
	<u>₩ 11,652,222</u>	<u>20,531,685</u>	<u>13,502,158</u>	<u>45,686,065</u>
<b>Financial liabilities:</b>				
Financial liabilities designated at fair value through profit or loss	₩ -	-	4,231,097	4,231,097
Financial liabilities held for trading	98,389	-	-	98,389
Derivative liabilities	16,382	1,811,036	730,566	2,557,984
	<u>₩ 114,771</u>	<u>1,811,036</u>	<u>4,961,663</u>	<u>6,887,470</u>
<b>2021</b>				
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets designated at fair value through profit or loss	₩ -	504,055	22,915	526,970
Financial assets held for trading	1,569,544	5,641,766	3,000	7,214,310
Derivative assets	2,026	397,295	62,432	461,753
Available-for-sale financial assets	22,692,405	25,693,300	12,408,415	60,794,120

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	₩	24,263,975	32,236,416	12,496,762	68,997,153
Financial liabilities:					
Financial liabilities designated at fair value through profit or loss	₩	-	-	3,564,849	3,564,849
Financial liabilities held for trading		117,484	-	-	117,484
Derivative liabilities		8,722	697,590	184,100	890,412
	₩	126,206	697,590	3,748,949	4,572,745

(3) Changes in level 3 fair value hierarchy for the years ended December 31, 2022 and 2021 are as follows:

2022						
	Financial assets designated at fair value through profit or loss (*)	Financial assets held for trading (*)	Financial liabilities designated at fair value through profit or loss	Derivatives, net	Available-for-sale financial assets	Total
Beginning balance	₩ 22,915	3,000	(3,564,849)	(121,669)	12,408,414	8,747,811
Purchases/issuance	22,721	8,501	2,259,786	76,177	3,061,675	5,428,860
Settlements/disposals	(1,858)	-	(3,310,962)	(117,224)	(1,394,835)	(4,824,879)
Total income:	4,038	-	384,927	(456,969)	(572,120)	(640,124)
Profit or loss	4,038	-	384,927	(456,969)	(4,356)	(72,360)
Other comprehensive income	-	-	-	-	(567,764)	(567,764)
Transfer to level 3	-	-	-	-	(171,173)	(171,173)
Ending balance	₩ 47,816	11,501	(4,231,098)	(619,685)	13,331,961	8,540,495

2021						
	Financial assets designated at fair value through profit or loss (*)	Financial assets held for trading (*)	Financial liabilities designated at fair value through profit or loss	Derivatives, net	Available-for-sale financial assets	Total
Beginning balance	₩ 50,295	11,000	(3,083,526)	(65,321)	10,939,028	7,851,476
Purchases/issuance	10,025	3,500	(3,300,122)	127,307	3,044,983	(114,307)
Settlements/disposals	(36,516)	(11,500)	2,826,046	(38,509)	(1,600,792)	1,138,729
Total income:	(889)	-	(7,247)	(145,146)	25,195	(128,087)
Profit or loss	(889)	-	(7,247)	(145,146)	26,310	(126,972)
Other comprehensive income	-	-	-	-	(1,115)	(1,115)
Ending balance	₩ 22,915	3,000	(3,564,849)	(121,669)	12,408,414	8,747,811

There was no transfer between level 3 and other levels during the year ended December 31, 2021.

(4) Total gains or losses for the years ended December 31, 2022 and 2021 recognized in profit or loss and gains or losses relating to financial instruments in level 3 at the end of the reporting period are presented in the consolidated statement of comprehensive income as follows:

2022		
	Total losses	Losses relating to financial instruments held at the end of the reporting period
Recognized in profit or loss relating to financial instruments in level 3	₩ (126,989)	(72,745)

2021		
	Total losses	Gains relating to financial instruments held at the end of the reporting period
Recognized in profit or loss relating to financial instruments in level 3	₩ (64,070)	(126,971)

(5) Valuation techniques and inputs used in measuring fair value of financial instruments classified as level 2 as of December 31, 2022 and 2021 are as follows:

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Type of financial instrument	Valuation technique	Input variables
<b>Financial assets:</b>		
Financial assets designated at fair value through profit or loss	Discounted cash flow	Discount rate
Financial assets held for trading	Discounted cash flow, Standard price	Interest rate, foreign exchange rate, stock price, etc.
Derivative assets	Discounted cash flow, Option pricing model	Interest rate, foreign exchange rate, stock price, etc.
Available-for-sale financial assets	Discounted cash flow, Dividend discount model	Interest rate, foreign exchange rate, stock price, etc.
<b>Financial liabilities:</b>		
Derivative liabilities	Discounted cash flow, Option pricing model, Black-Scholes model	Interest rate, foreign exchange rate, stock price, etc.

(6) There was no transfer between level 1 and level 2 fair value measurement during the years ended December 31, 2022 and 2021.

(7) Information about significant unobservable inputs in measuring financial instruments categorized within level 3 as of December 31, 2022 and 2021 are as follows, continued:

December 31, 2022				
Type of financial instrument	Valuation technique	Input variables	Range of estimates for unobservable inputs	Fair value measurement sensitivity to unobservable inputs
<b>Financial assets:</b>				
Financial assets designated at fair value through profit or loss	T-F Model, Binomial model, Price formulas	Stock price	977,452won	Not standardized but depends on the structure of financial instrument
		Volatility	0%~99%	
		Discount rate Correlation coefficient Volatility	22.29% -0.99~0.99 0%~99%	
Derivative assets	Price formulas, Simulation, 1-factor Gaussian Copular model, Binomial model, Discounted cash flow	Correlation coefficient	-0.99~0.99	For CDS, increase in correlation coefficient would result in a higher fair value. For ELW, increase in volatility would result in higher fair value. Stock derivative option is not standardized but depends on the structure of financial instrument.
		Correlation coefficient	-0.99~0.99	
Available-for-sale financial assets	Discounted cash flow, Dividend discount model, Net asset method, Residual income model, etc.	Stock price	3,775~ 3,851won	A significant increase in stock price and volatility would result in a higher fair value
		Permanent growth rate	0.00%~1.00%	A significant increase in growth rate would result in a higher fair value
		Discount rate	4.44%~16.43%	A significant increase in discount rate would result in a lower fair value
		The volatility of liquidation value rate	0~1%	A significant increase in liquidation value rate would result in a higher fair value
<b>Financial liabilities:</b>				
Financial liabilities designated at fair value through profit or loss	Price formulas, Simulation	Volatility Correlation coefficient	0%~99% -0.99~0.99	Not standardized but depends on the structure of financial instrument
Derivative liabilities	Price formulas,	Volatility	0%~99%	For CDS, increase in

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December 31, 2021					
Type of financial instrument	Valuation technique	Input variables	Range of estimates for unobservable inputs	Fair value measurement sensitivity to unobservable inputs	
		Simulation, 1-factor Gaussian Copular model, Discounted cash flow	Correlation coefficient  Discount rate	-0.99~0.99  1.76%~3.15%	correlation coefficient would result in a higher fair value. For ELW, increase in volatility would result in higher fair value. Stock derivative option is not standardized but depends on the structure of financial instrument.
<b>Financial assets:</b>					
Financial assets designated at fair value through profit or loss	Price formulas, Binomial model, Simulation	Stock price The volatility of the underlying asset Discount rate Correlations	517,347won 0% ~ 99% -22.39% -0.99 ~ 0.99	Not standardized but depends on the structure of financial instrument	
Derivative assets	Price formulas, Simulation, 1-factor Gaussian Copular model, Binomial model, Discounted cash flow	The volatility of the underlying asset Correlations  Stock price	0% ~ 99% -0.99 ~ 0.99  4,325won ~4,413won	For CDS, increase in correlation coefficient would result in a lower fair value. For ELW, increase in volatility would result in higher fair value. Stock derivative option is not standardized but depends on the structure of financial instrument. For conversion rights, fair value is increased as the stock price rises. A significant increase in discount rate would result in a lower fair value, and a significant decrease in discount rate would result in a higher fair value.	
Available-for-sale financial assets	Discounted cash flow, Dividend discount model, Net asset method, Residual income model, etc.	Permanent growth rate  Discount rate  The volatility of liquidation value rate	0% ~ 2.00%  2.58%~26.57%  0% ~ 1%	A significant increase in growth rate would result in a higher fair value A significant increase in discount rate would result in a lower fair value A significant increase in liquidation value rate would result in a higher fair value	

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December 31, 2021				
Type of financial instrument	Valuation technique	Input variables	Range of estimates for unobservable inputs	Fair value measurement sensitivity to unobservable inputs
<b>Financial liabilities:</b>				
Financial liabilities designated at fair value through profit or loss	Price formulas, Simulation	The volatility of the underlying asset	0% ~ 99%	Not standardized but depends on the structure of financial instrument.
		Correlations	-0.99 ~ 0.99	
Derivative liabilities	Price formulas, Simulation, 1-factor Gaussian Copular model, Discounted cash flow	The volatility of the underlying asset	0% ~ 99%	For CDS, increase in correlation coefficient would result in a lower fair value. For ELW, increase in volatility would result in higher fair value. Stock derivative option is not standardized but depends on the structure of financial instrument. A significant increase in discount rate would result in a lower fair value and a significant decrease in discount rate would result in a higher fair value.
		Correlations	-0.99 ~ 0.99	
		Discount rate	-0.58%~0.51%	

(8) A sensitivity analysis for fair value measurement arising from changes in the significant unobservable inputs as of December 31, 2022 and 2021 are as follows:

		2022			
		Profit or loss		Other comprehensive income	
		Favorable change	Unfavorable change	Favorable change	Unfavorable change
<b>Financial assets:</b>	₩				
Financial assets designated at fair value through profit or loss (*1)		157	(155)	-	-
Derivative assets (*1)		1,454	(3,855)	-	-
Available-for-sale financial assets (*2)		-	-	144,008	(137,554)
Investments in associates		-	-	519	(518)
	₩	<u>1,611</u>	<u>(4,010)</u>	<u>144,527</u>	<u>(138,072)</u>
<b>Financial liabilities:</b>					
Financial liabilities designated at fair value through profit or loss (*1)	₩	35,357	(32,219)	-	-
Derivative liabilities (*1)		78,674	(70,788)	-	-
	₩	<u>114,031</u>	<u>(103,007)</u>	<u>-</u>	<u>-</u>

(\*1) A change in fair value is calculated by increasing or decreasing the correlation of the fluctuation range of correlations (-10%~10%), volatility (-10%~10%), underlying assets' price (-1%~1%) and discount rate (-1%~1%).

(\*2) A change in fair value is calculated by increasing or decreasing the correlation of permanent growth rate (-1%~1%), discount rate (-1%~1%) and liquidation value rate (-1%~1%).

		2021			
		Profit or loss		Other comprehensive income	
		Favorable change	Unfavorable change	Favorable change	Unfavorable change
<b>Financial assets:</b>	₩				
Financial assets designated at fair value through profit or loss (*1)		45	(121)	-	-
Derivative assets (*1)		(152)	(557)	-	-
Available-for-sale financial assets (*2)		-	-	142,077	(133,596)

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	₩	(107)	(678)	142,077	(133,596)
Financial liabilities:					
Financial liabilities designated at fair value through profit or loss (*1)					
Derivative liabilities (*1)	₩	31,923	(4,079)	-	-
		7,076	(29,466)	-	-
	₩	38,999	(33,545)	-	-

(\*1) A change in fair value is calculated by increasing or decreasing the correlation of the fluctuation range of correlations (-10%~10%), volatility (-10%~10%), underlying assets' price (-1%~1%) and discount rate (-1%~1%).

(\*2) A change in fair value is calculated by increasing or decreasing the correlation of permanent growth rate (-1%~1%), discount rate (-1%~1%) and liquidation value rate (-1%~1%).

(9) The fair value hierarchy of financial instruments which are not measured at fair value in the consolidated statement of financial position as of December 31, 2022 and 2021 are as follows:

		2022			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and due from banks	₩	1,292	2,836,118	-	2,837,410
Held-to-maturity financial assets		11,643,909	10,342,081	-	21,985,990
Loan receivables		-	-	23,854,476	23,854,476
Other receivables		-	-	1,332,466	1,332,466
	₩	11,645,201	13,178,199	25,186,942	50,010,342
Financial liabilities:					
Borrowings	₩	-	-	5,644,625	5,644,625
Other financial liabilities		-	-	2,286,552	2,286,552
	₩	-	-	7,931,177	7,931,177
		2021			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and due from banks	₩	4,659	2,892,385	-	2,897,044
Held-to-maturity financial assets		2,887,241	1,591,291	-	4,478,532
Loan receivables		-	-	23,525,226	23,525,226
Other receivables		-	-	1,396,973	1,396,973
	₩	2,891,900	4,483,676	24,922,199	32,297,775
Financial liabilities:					
Borrowings	₩	-	-	3,541,753	3,541,753
Other financial liabilities		-	-	3,084,810	3,084,810
	₩	-	-	6,626,563	6,626,563

(10) Offsetting financial assets and financial liabilities

Details of financial assets and financial liabilities subject to offsetting, enforceable master netting agreements and similar agreements as of December 31, 2022 and 2021 are as follows:

		2022					
		Financial assets and liabilities recognized	Offsetting financial assets and liabilities recognized	Financial assets and liabilities recognized after offset	Amount not offsetting in the statements of financial position		Net amounts
					Financial instruments	Cash collateral received	
Financial assets:							
Derivative assets	₩	1,366,602	-	1,366,602	864,825	19,263	482,514
Receivables from KRX Securities Lending Agreement		186,694	150,638	36,056	-	-	36,056
		769,495	-	769,495	769,495	-	-
	₩	2,322,791	150,638	2,172,153	1,634,320	19,263	518,570
Financial liabilities:							

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Securities sold	₩	98,389	-	98,389	98,389	-	-
Derivative liabilities		2,557,984	-	2,557,984	1,732,601	-	825,383
Bonds sold under repurchase agreements		2,954,145	-	2,954,145	2,954,145	-	-
Payables to KRX		181,240	150,638	30,602	-	-	30,602
	₩	<u>5,791,758</u>	<u>150,638</u>	<u>5,641,120</u>	<u>4,785,135</u>	<u>-</u>	<u>855,985</u>
2021							
		Financial assets and liabilities recognized	Offsetting financial assets and liabilities recognized	Financial assets and liabilities recognized after offset	Amount not offsetting in the statements of financial position		
					Financial instruments	Cash collateral received	Net amounts
Financial assets:							
Derivative assets	₩	461,753	-	461,753	272,187	66,279	123,287
Receivables from KRX		400,373	359,490	40,883	28,414	-	12,469
Securities Lending Agreement		380,651	-	380,651	380,651	-	-
	₩	<u>1,242,777</u>	<u>359,490</u>	<u>883,287</u>	<u>681,252</u>	<u>66,279</u>	<u>135,756</u>
Financial liabilities:							
Securities sold	₩	117,484	-	117,484	117,484	-	-
Derivative liabilities		890,412	-	890,412	674,537	-	215,875
Bonds sold under repurchase agreements		2,191,832	-	2,191,832	2,191,832	-	-
Payables to KRX		484,914	359,490	125,424	28,414	-	97,010
	₩	<u>3,684,642</u>	<u>359,490</u>	<u>3,325,152</u>	<u>3,012,267</u>	<u>-</u>	<u>312,885</u>

**15. Investment properties**

(1) Investment properties as of December 31, 2022 and 2021 are as follows:

		2022			
		Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩	753,970	-	(6,704)	747,266
Buildings		484,175	(178,207)	(10,991)	294,977
Structures		8,829	(3,249)	(265)	5,315
	₩	<u>1,246,974</u>	<u>(181,456)</u>	<u>(17,960)</u>	<u>1,047,558</u>
		2021			
		Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩	756,292	-	(6,953)	749,339
Buildings		482,058	(167,993)	(10,816)	303,249
Structures		8,860	(3,090)	(258)	5,512
	₩	<u>1,247,210</u>	<u>(171,083)</u>	<u>(18,027)</u>	<u>1,058,100</u>

(2) Changes in investment properties for the years ended December 31, 2022 and 2021 are as follows:

		2022					
		Beginning balance	Acquisitions	Depreciation	Impairment	Others (*1)	Ending balance
Land	₩	749,340	-	(649)	-	(1,425)	747,266
Buildings		303,249	1,070	(66)	(10,412)	1,136	294,977
Structures		5,511	-	-	(173)	(23)	5,315
	₩	<u>1,058,100</u>	<u>1,070</u>	<u>(715)</u>	<u>(10,585)</u>	<u>(312)</u>	<u>1,047,558</u>

(\*1) Others represent transfers from(to) property and equipment.



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		2021					Ending
		Beginning	Acquisitions	Depreciation	Impairment	Others (*)	balance
		balance					
Land	₩	775,812	-	-	-	(26,473)	749,339
Buildings		313,004	7,707	(7,044)	(1)	(10,417)	303,249
Structures		5,855	-	(178)	-	(165)	5,512
	₩	1,094,671	7,707	(7,222)	(1)	(37,055)	1,058,100

(\*1) Others represent transfers from (to) property and equipment.

(3) Gain on investment properties for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Rental income	₩	84,542	82,842
Direct operating expenses for investment properties:			
Generated from rental income		64,566	40,848
Not generated from rental income		7,258	5,908

(4) The fair value of investment properties as of December 31, 2022 and 2021 are ₩2,527,244 million and ₩2,080,794 million, respectively. The fair value is estimated by qualified and independent appraiser. The fair value of investment properties is classified as level 3.

Valuation techniques and inputs used in measuring investment properties as of December 31, 2022 are as follows:

Valuation technique	Input variables	Fair value measurement sensitivity to unobservable inputs
Cost approach, sales comparison, income approach	Discount rate, vacancy rate, operating expenses rate, etc.	An increase in discount rate, vacancy rate, operating expenses rate would result in a lower fair value

(5) Investment properties pledged as collateral as of December 31, 2022 and 2021 are as follows:

		2022	2021	Purpose
Woori Bank, etc.	Book value	₩ 59,352	62,672	Establishment of the right to collateral security
	Maximum credit amount	72,234	75,090	

**16. Property and equipment**

(1) Property and equipment as of December 31, 2022 and 2021 are as follows:

		2022			
		Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩	830,141	-	(4,876)	825,265
Buildings		670,906	(244,554)	(34,581)	391,771
Structures		20,476	(8,349)	(260)	11,867
Vehicles		2,293	(1,883)	-	410
Equipment		334,238	(261,726)	-	72,512
Construction in progress		29,047	-	-	29,047
Right-of-use asset (Real estate)		146,411	(49,884)	-	96,527
Right-of-use asset (Vehicles)		3,743	(1,661)	-	2,082
Others		61,648	(38,764)	(405)	22,479
	₩	2,098,903	(606,821)	(40,122)	1,451,960

		2021			
		Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩	828,684	-	(4,876)	823,808
Buildings		653,368	(231,615)	(34,794)	386,959
Structures		19,454	(7,787)	(266)	11,401

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Vehicles	2,560	(2,013)	-	547
Equipment	312,308	(253,494)	-	58,814
Construction in progress	29,301	-	-	29,301
Right-of-use asset				
(Real estate)	136,945	(58,404)	-	78,541
Right-of-use asset				
(Vehicles)	3,219	(1,231)	-	1,988
Others	58,260	(34,339)	(404)	23,517
	<u>2,044,099</u>	<u>(588,883)</u>	<u>(40,340)</u>	<u>1,414,876</u>
W				

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(2) Changes in property and equipment for the years ended December 31, 2022 and 2021 are as follows:

	2022						
	Beginning balance	Increase due to business combination	Acquisitions	Disposals/ Termination	Depreciation	Others (*1)	Ending balance
₩	823,808	-	124	(94)	-	1,428	825,266
Buildings	386,959	-	732	-	(12,781)	16,860	391,770
Structures	11,401	-	997	-	(554)	23	11,867
Vehicles	547	-	79	(38)	(249)	72	411
Equipment	58,814	14	36,100	(627)	(28,738)	6,949	72,512
Construction in progress	29,301	-	26,555	(371)	-	(26,438)	29,047
Right-of-use assets (Real estate)	78,541	30	81,450	(14,464)	(49,097)	66	96,526
Right-of-use assets (Vehicles)	1,989	2	1,273	(17)	(1,179)	14	2,082
Others	23,516	-	2,716	(77)	(5,143)	1,467	22,479
₩	1,414,876	46	150,026	(15,688)	(97,741)	441	1,451,960

(\*1) Others represent transfers to or from investment properties.

	2021						
	Beginning balance	Acquisitions	Disposals/ Termination	Depreciation	Impairments	Others (*1)	Ending balance
₩	797,298	37	-	-	-	26,473	823,808
Buildings	387,725	4,643	-	(15,807)	(27)	10,425	386,959
Structures	11,613	-	-	(377)	-	165	11,401
Vehicles	503	452	(78)	(330)	-	-	547
Equipment	65,432	24,380	(737)	(31,126)	-	865	58,814
Construction in progress	8,706	30,132	-	-	-	(9,537)	29,301
Right-of-use assets (Real estate)	87,285	82,742	(36,355)	(55,133)	-	-	78,541
Right-of-use assets (Vehicles)	861	2,041	(51)	(863)	-	-	1,988
Others	19,277	2,796	(542)	(6,829)	(9)	8,824	23,517
₩	1,378,700	147,223	(37,761)	(110,465)	(36)	37,215	1,414,876

(\*1) Others represent transfers to or from investment properties.

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(3) The changes in asset revaluation of land accounted in other comprehensive income and policyholder's equity adjustments and deferred tax liabilities as of December 31, 2022 and 2021 are as follows:

	2022	2021
Revaluation reserves	₩ 900,443	907,343
Amount allocated into policyholder's equity adjustment	123,922	128,982
Deferred tax liabilities	212,126	219,827
Amount allocated into other comprehensive income	564,395	558,534

(4) Reserve for revaluation as of December 31, 2022 is as follows:

Revaluation date	Amount
January 1, 1981	₩ 165
April 1, 1989	300
April 1, 1999	23,900
	24,365
Deferred tax effect	(19,863)
	₩ 4,502

As of April 1, 1999, a certain portion of the Group's property and equipment was revalued in accordance with the *Korean Asset Revaluation Law*. As a result, the revaluation difference amounting to ₩478,550 million was classified as asset revaluation reserve. Out of this amount, ₩47,800 million, excluding ₩430,750 million, was calculated as asset revaluation reserve. The asset revaluation reserve amounting to ₩23,900 million was transferred to capital stock during the year ended March 31, 2002. Out of ₩430,750 million, the amount of ₩64,000 million was transferred to the reserve for special participating policyholders' dividends and was paid during the year ended March 31, 2002, while the amount of ₩1,986 and ₩63,750 million transferred to reserve for social contributions in policyholders' equity. The amount of ₩126,438 million, out of the remainder amounting to ₩303,000 million, was used for dividends to policyholders for the year ended March 31, 2001, while the amount of ₩176,562 million was transferred to reserve for participating policyholder's dividends for stabilization.

On the other hand, on April 1, 1989, the company revaluated property and equipments in accordance with the Asset Revaluation Act, and resulted a revaluation difference of ₩ 226,500 million. After making payment on revaluation tax amount to ₩ 6,796 million, ₩ 131,823 million, excluding ₩ 87,882 million of policyholders' equity, was recorded as revaluation reserve, of which ₩65,600 million was transferred to capital. Out of ₩ 87,882 million of the policyholders' equity, ₩ 54,151 million was accounted for as policyholder special dividend reserve, and the remaining balance of ₩ 3,731 million and ₩ 30,000 million were appropriated as public project contribution funds. Among the revaluation reserve, ₩ 65,923 million of internal reserve was accumulated as the policyholder dividend stabilization reserve for the year ended December 31, 2019. Of the policyholder dividend stabilization reserve, ₩ 167,081 million was used as a policyholder dividend fund, and as of December 31, 2022, the policyholder dividend stabilization reserve amounts to ₩75,403 million.

**17. Intangible assets**

(1) Intangible assets as of December 31, 2022 and 2021 are as follows:

	2022			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Book value
Goodwill	₩ 62,911	-	(15,160)	47,751
Software	137,640	(99,947)	-	37,693
Development costs (*1)	360,417	(206,600)	-	153,817
Memberships	15,794	(125)	(823)	14,846
Customer relationships	25,861	(18,103)	-	7,758
Others	9,163	(2,034)	-	7,129
	₩ 611,786	(326,809)	(15,983)	268,994

(\*1) ₩57,987 million of development costs relating to the new generation system are included as of December 31, 2022 and the remaining useful life of the development cost is 1.75 years.

	2021			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Book value
Goodwill	₩ 61,132	-	(13,821)	47,311
Software	125,809	(85,347)	-	40,462
Development costs (*1)	294,329	(157,629)	-	136,700
Memberships	14,698	-	(965)	13,733
Customer relationships	25,862	(12,931)	-	12,931
Others	6,401	(187)	-	6,214
	₩ 528,231	(256,094)	(14,786)	257,351

(\*1) ₩88,310 million of development costs relating to the new generation system are included as of December 31, 2021 and the remaining useful life of the development cost is 2.75 years.

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(2) Changes in intangible assets for the years ended December 31, 2022 and 2021 are as follows:

	2022							
	Beginning balance	Increase due to business combination	Acquisitions	Disposals	Amortization	Impairment	Others (*1)	Ending balance
₩	47,311	1,779	-	-	-	(1,339)	-	47,751
Goodwill	40,462	-	11,376	(263)	(15,157)	-	1,275	37,693
Software	136,700	-	41,488	(2,637)	(50,508)	-	28,774	153,817
Development cost	13,733	-	1,212	(91)	(3)	(6)	-	14,845
Memberships	12,931	-	-	-	(5,172)	-	-	7,759
Customer relationships	6,214	872	1,373	(9)	(837)	-	(484)	7,129
Others	257,351	2,651	55,449	(3,000)	(71,677)	(1,345)	29,565	268,994
₩								
	47,311	1,779	-	-	-	(1,339)	-	47,751
	40,462	-	11,376	(263)	(15,157)	-	1,275	37,693
	136,700	-	41,488	(2,637)	(50,508)	-	28,774	153,817
	13,733	-	1,212	(91)	(3)	(6)	-	14,845
	12,931	-	-	-	(5,172)	-	-	7,759
	6,214	872	1,373	(9)	(837)	-	(484)	7,129
	257,351	2,651	55,449	(3,000)	(71,677)	(1,345)	29,565	268,994
	47,311	1,779	-	-	-	(1,339)	-	47,751
	40,462	-	11,376	(263)	(15,157)	-	1,275	37,693
	136,700	-	41,488	(2,637)	(50,508)	-	28,774	153,817
	13,733	-	1,212	(91)	(3)	(6)	-	14,845
	12,931	-	-	-	(5,172)	-	-	7,759
	6,214	872	1,373	(9)	(837)	-	(484)	7,129
	257,351	2,651	55,449	(3,000)	(71,677)	(1,345)	29,565	268,994

	2021						
	Beginning balance	Acquisitions	Disposals	Amortization	Impairment	Others (*1)	Ending balance
₩	47,311	5,313	(11)	(14,674)	-	-	47,311
Goodwill	49,217	6,333	-	(46,693)	-	617	40,462
Software	163,993	896	(535)	-	(6)	13,067	136,700
Development cost	13,378	-	-	(5,172)	-	-	13,733
Memberships	18,103	-	-	(199)	-	-	12,931
Customer relationships	4,295	2,700	-	(199)	-	(582)	6,214
Others	296,297	15,242	(546)	(66,738)	(6)	13,102	257,351
₩							
	47,311	5,313	(11)	(14,674)	-	-	47,311
	49,217	6,333	-	(46,693)	-	617	40,462
	163,993	896	(535)	-	(6)	13,067	136,700
	13,378	-	-	(5,172)	-	-	13,733
	18,103	-	-	(199)	-	-	12,931
	4,295	2,700	-	(199)	-	(582)	6,214
	296,297	15,242	(546)	(66,738)	(6)	13,102	257,351

(\*1) Others include transfers from in-process research and development cost of intangible assets, advanced payments, and others.

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(3) Impairment assessment of goodwill

Management reviews sales performance based on types of products by regions. Management of the Group allocates and manages goodwill by segments (legal entity) as follows:

		Beginning balance	Acquisitions	Impairment loss	Ending balance
Kyobo Hottracks Co., Ltd.	₩	7,600	-	-	7,600
Kyobo Asset Trust Co., Ltd.		39,711	-	-	39,711
Fortress Innovation Co., Ltd		-	1,779	1,339	440
	₩	47,311	1,779	1,339	47,751

Major assumptions, permanent growth rate and discount rate used in the calculation of value in use with regards to significant goodwill allocated to cash generating unit are as follows:

	Kyobo Hottracks Co., Ltd.				
	2023	2024	2025	2026	2027
Operating profit rate	0.38%	2.57%	3.84%	4.40%	4.81%
Permanent growth rate					1.00%
Discount rate					14.23%
Recoverable amount of cash-generating unit					26,664

Estimated sales for each year was calculated by analyzing and reviewing the Group's sales environment and middle and long-term sales plan based on sales results and data predicting future market volumes up to December 2022. Cost of sales were estimated based on the past performance results and future business plan. Selling and administrative expenses comprise of expenses related to sales, labor costs, expenses related to labor, fixed expenses, depreciation expenses and amortization expenses on intangible assets. As a result of estimating sales and cost of sales, the annual average operating profit rate for the forecasting period was 3.2%, and weighted average capital expenses, calculated by using average beta and liability ratio of the companies in the same industry listed on KOSPI and KOSDAQ, were 14.23%. The Group calculated recoverable amount using the DCF model.

Major assumptions, permanent growth rate and discount rate used in the calculation of value in use with regards to significant goodwill allocated to cash generating unit are as follows:

	Kyobo Asset Trust Co., Ltd.				
	2023	2024	2025	2026	2027
Operating profit rate	56.50%	56.60%	57.10%	58.90%	60.80%
Permanent Growth rate					-
Discount rate					11.60%
Recoverable amount of cash-generating unit					509,718

Operating income was estimated by reflecting past sales trends, external agency forecasts, and expert agency analysis based on the business plan provided by the company subject to impairment assessment. Operating expenses are estimated by dividing into personnel expenses, variable expenses, fixed expenses, amortization expenses for tangible and intangible assets, and bad debt expenses. As a result of the Group's estimation of sales and cost of sales, the annual average operating margin for the forecasting period was 57.98%, and the weighted average cost of capital calculated using the average beta and debt ratio of the same industry listed on the KOSPI and KOSDAQ was 11.6%. The Group used the DCF model to calculate the recoverable value.

Major assumptions, permanent growth rate and discount rate used in the calculation of value in use with regards to significant goodwill allocated to cash generating unit are as follows:

	Fortress Innovation Co., Ltd				
	2023	2024	2025	2026	2027
Operating profit rate	13.30%	26.90%	26.00%	39.90%	28.00%
Permanent Growth rate					1.00%
Discount rate					12.82%
Recoverable amount of cash-generating unit					3,761

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Operating income was estimated by reflecting Variable Guarantee Reserve System, IFRS17 System, ALM System, Pathwise Conversion related to past sales trends, external agency forecasts, and expert agency analysis based on the business plan provided by the company subject to impairment assessment. Operating expenses are estimated by dividing into personnel expenses, variable expenses, fixed expenses. As a result of the Group's estimation of sales and cost of sales, the annual average operating margin for the forecasting period was 26.82%, and the weighted average cost of capital calculated using the average beta and debt ratio of the same industry listed on the KOSPI and KOSDAQ was 12.82%. The Group used the DCF model to calculate the recoverable value.

**18. Deferred acquisition costs**

Changes in deferred acquisition costs for the years ended December 31, 2022 and 2021 are as follows:

		2022					
		Beginning balance	Acquisition costs		Deferred amount	Amortization of deferred acquisition costs	Ending balance
			Total generated acquisition cost	Immediately expensed amount			
Individual insurance	₩	1,113,285	873,820	(275,220)	598,600	(580,717)	1,131,168
Group insurance		45,144	29,057	(3,901)	25,156	(22,818)	47,482
	₩	<u>1,158,429</u>	<u>902,877</u>	<u>(279,121)</u>	<u>623,756</u>	<u>(603,535)</u>	<u>1,178,649</u>
		2021					
		Beginning balance	Acquisition costs		Deferred amount	Amortization of deferred acquisition costs	Ending balance
			Total generated acquisition cost	Immediately expensed amount			
Individual insurance	₩	1,144,477	744,677	(256,686)	487,991	(519,183)	1,113,285
Group insurance		44,210	26,057	(5,331)	20,726	(19,792)	45,144
	₩	<u>1,188,687</u>	<u>770,734</u>	<u>(262,017)</u>	<u>508,717</u>	<u>(538,975)</u>	<u>1,158,429</u>

**19. Other assets**

(1) Other assets as of December 31, 2022 and 2021 are as follows:

		2022	2021
Reinsurance assets	₩	35,575	31,850
Prepaid expenses		34,405	12,116
Advanced payments		18,829	42,922
Inventories		118,222	98,510
Others		12,798	11,852
	₩	<u>219,829</u>	<u>197,250</u>

(2) Inventories as of December 31, 2022 and 2021 are as follows:

		2022	2021
Merchandise	₩	116,454	99,001
Finished goods		3,191	849
Supplies		334	409
Sub-materials		-	-
Merchandise in transit		-	1
		<u>119,979</u>	<u>100,260</u>
Accumulated impairment loss, merchandise	₩	(1,604)	(1,554)
Accumulated impairment loss, finished goods		(152)	(196)

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	(1,756)	(1,750)
₩	118,223	98,510

(3) The amounts of inventories recognized as an expense which is included in cost of sales for the years ended December 31, 2022 and 2021 are ₩635,067 million and ₩549,376 million, respectively

(4) Contract assets included in other assets as of December 31, 2022 and 2021 are as follows:

	2022	2021
Refund assets (estimated return assets)	₩ 1,629	2,004
Due from customers	-	3,067
₩	1,629	5,071

**20. Liabilities under insurance contracts**

(1) Details of liabilities under insurance contracts as of December 31, 2022 and 2021 are as follows:

	2022				
	Pure endowment	Death	Endowment	Group	Total
Premium reserve	₩ 28,508,175	40,607,171	8,715,418	262,380	78,093,144
Unearned premium reserve	18	667	1	6,232	6,918
Reserve for outstanding claims	1,089,081	801,926	86,284	28,216	2,005,507
Reserve for participating policyholder's dividend	444,809	2,579	2,363	46	449,797
	30,042,083	41,412,343	8,804,066	296,874	80,555,366
Guarantee reserve					1,014,324
Dividends reserve for policyholder's income participation					71,802
Reserve for losses on dividend insurance contract					60,468
				₩	81,701,960

	2021				
	Pure endowment	Death	Endowment	Group	Total
Premium reserve	₩ 29,126,231	38,641,768	7,542,560	256,453	75,567,012
Unearned premium reserve	36	701	1	6,653	7,391
Reserve for outstanding claims	1,073,946	808,757	81,413	33,069	1,997,185
Reserve for participating policyholder's dividend	447,082	2,829	2,488	54	452,453
	30,647,295	39,454,055	7,626,462	296,229	78,024,041
Guarantee reserve					1,122,838
Dividends reserve for policyholder's income participation					72,355
Reserve for losses on dividend insurance contract					67,907
				₩	79,287,141



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(2) Changes in liabilities under insurance contracts for the years ended December 31, 2022 and 2021 are as follows:

		2022		
		Beginning balance	Increase(decrease)	Ending balance
Premium reserve	₩	75,567,012	2,526,133	78,093,145
Unearned premium reserve		7,391	(473)	6,918
Reserve for outstanding claims		1,997,185	8,323	2,005,508
Reserve for participating policyholder's dividend		452,453	(2,657)	449,796
Guarantee reserve		1,122,838	(108,515)	1,014,323
Dividends reserve for policyholder's income participation		72,355	(553)	71,802
Reserve for losses on dividend insurance contract		67,907	(7,439)	60,468
	₩	<u>79,287,141</u>	<u>2,414,819</u>	<u>81,701,960</u>
2021				
		Beginning balance	Increase(decrease)	Ending balance
Premium reserve	₩	73,072,929	2,494,083	75,567,012
Unearned premium reserve		8,314	(923)	7,391
Reserve for outstanding claims		1,948,903	48,282	1,997,185
Reserve for participating policyholder's dividend		451,724	729	452,453
Guarantee reserve		1,076,162	46,676	1,122,838
Dividends reserve for policyholder's income participation		56,829	15,526	72,355
Reserve for losses on dividend insurance contract		71,335	(3,428)	67,907
	₩	<u>76,686,196</u>	<u>2,600,945</u>	<u>79,287,141</u>

**21. Policyholder's equity adjustments**

Policyholder's equity adjustments as of December 31, 2022 and 2021 are as follows:

		2022	2021
Reserve for policyholder dividend stabilization	₩	75,403	78,004
Fund for public projects		99,466	99,466
Gain (loss) on valuation of available-for-sale financial assets		(135,476)	413,158
Gain on valuation of investment in associates		8	6
Gain on revaluation of property and equipment		123,922	128,982
	₩	<u>163,323</u>	<u>719,616</u>

**22. Liability adequacy tests (LAT)**

(1) Application of LAT

The Group reviewed the appropriateness of measurement of the premium reserve, unearned premium reserve, and guarantee reserve as the current holding contracts as of December 31, 2022. Premium reserve is calculated by deducting unamortized deferred acquisition costs and insurance contract loan from the net level premium reserve applying the Regulation on Supervision of Insurance Business Article 6-3. However, the liabilities using the current estimation and the liabilities for defined payment obligations are exempted from evaluation.

(2) Calculation of LAT

The Group assesses the appropriateness of LAT by calculating a valuation basis using the current values of all future cash flows that may arise from the insurance contracts currently held, and if the valuation basis amount exceeds the book value of a liability reserve, the Group recognizes the difference as an additional amount in the reserve.

(3) The assumptions and calculation methods

The assumptions and calculation methods used in the calculation of current estimates for future cash flows in the Liability Adequacy Test as of December 31, 2022 and 2021 are as follows:

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	2022	2021	2020
Discount rate (*1)	-2.84%~21.14%	-3.39%~19.54%	-3.98%~23.96%
Risk premium rate (*2)	21.0%~264.0%	19.5% ~ 247%	25%~232.5%
Surrender ratio (*3)	0.5%~54.5%	0.3% ~ 63.5%	0.3%~70%

(\*1) Scenario presented by Financial Supervisory Service

(\*2) The ratio of premium paid to risk premium by each product type, channel type, sale period, and lapse of time was calculated based on the past empirical statistics of recent 5 years or more.

(\*3) The surrender ratio was calculated by the ratio of surrender premium to overdue premium by product type, channel type, payment method and lapse of time based on the past empirical statistics of recent 5 years or more.

Acquisition costs of the operating and administrative expenses are calculated by applying ratio of actual acquisition cost to planned acquisition cost based on past statistics of recent 1 year by product type. Maintenance fee is based on past statistics of recent 1 year by insurance and insurance contracts.

(4) Result of LAT

The results of liability adequacy test as of December 31, 2022 and 2021 are as follows:

		2022		
		Reserve for test	LAT base	Premium surplus (deficit)
Participating:				
Interest rate-fixed	₩	11,274,185	16,339,697	(5,065,512)
Interest rate-linked		5,785,241	5,782,623	2,618
Non- participating:				
Interest rate-fixed		20,643,020	17,422,319	3,220,701
Interest rate-linked and investments-linked		33,380,388	15,391,857	17,988,531
	₩	<u>71,082,834</u>	<u>54,936,496</u>	<u>16,146,338</u>
		2021(*1)		
		Reserve for test	LAT base	Premium surplus (deficit)
Participating:				
Interest rate-fixed	₩	11,213,809	19,934,029	(8,720,220)
Interest rate-linked		5,852,418	5,741,354	111,064
Non- participating:				
Interest rate-fixed		16,182,009	16,535,468	(353,459)
Interest rate-linked and investments-linked		35,505,187	21,352,583	14,152,604
	₩	<u>68,753,423</u>	<u>63,563,434</u>	<u>5,189,989</u>
		2020(*1)		
		Reserve for test	LAT base	Premium surplus (deficit)
Participating:				
Interest rate-fixed	₩	11,143,268	20,945,969	(9,802,701)
Interest rate-linked		5,888,398	5,824,107	64,291
Non- participating:				
Interest rate-fixed		15,947,650	17,629,634	(1,681,984)
Interest rate-linked and investments-linked		32,696,001	20,916,428	11,779,573
	₩	<u>65,675,317</u>	<u>65,316,138</u>	<u>359,179</u>

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**23. Financial liabilities designated at fair value through profit or loss**

Financial liabilities designated at fair value through profit or loss as of December 31, 2022 and 2021 are as follows:

		2022	2021
Hybrid financial instruments:			
Equity-linked securities sold	₩	1,379,102	802,432
Derivatives-combined securities sold		99,186	434,163
Derivatives-combined debt sold		2,585,907	2,165,878
Credit risk adjustment		(4,009)	(1,192)
The settled amounts of valuation		170,911	163,568
	₩	<u>4,231,097</u>	<u>3,564,849</u>

**24. Financial liabilities held for trading**

Financial liabilities held for trading as of December 31, 2022 and 2021 are as follows:

		2022	2021
Securities sold:			
Equity	₩	80,201	106,426
Government bond and local government bond		18,188	11,058
	₩	<u>98,389</u>	<u>117,484</u>

**25. Borrowings**

Borrowings as of December 31, 2022 and 2021 are summarized as follows:

	Creditors	2022	2021
Bonds sold under repurchase Agreements (*)	Public offerings, Institutions	₩ 2,954,145	2,191,832
Subordinated debt securities issued	Pohang Fusion Tech District etc	7,148	4,525
Overdraft commitments	Standard Chartered Bank, etc.	500,000	-
Call money	Samsung Asset Management	200,000	-
Borrowings from KSFC	KSFC	209,627	134,088
Borrowings for general purpose	Woori Bank, etc.	-	5,000
Borrowings for equipment	Kookmin Bank, etc.	32,554	15,000
Debentures	Individuals, etc.	1,366,951	1,167,008
Other Borrowings	Individuals, etc.	374,200	24,300
		₩ <u>5,644,625</u>	<u>3,541,753</u>

(\*) It is a financial instrument that does not meet the requirement of removal condition as it belongs to the agreement which borrower should repurchases the stock with the fixed price at the end of the contract.

**26. Other financial liabilities**

(1) Other financial liabilities as of December 31, 2022 and 2021 are as follows:

		2022	2021
Insurance payables:			
Dormant policies	₩	35,856	33,567
Insurance settlement adjustments		8,723	7,415
Reinsurance payables		69,325	61,067
		<u>113,904</u>	<u>102,049</u>
Accounts payable		309,375	524,161
Accrued expenses		393,265	441,569
Leaschold deposits received		98,735	101,099
Less: Present value discount		(7,104)	(6,514)
Trust accounts liabilities		88,409	20,603
Customers' deposits		955,167	1,576,795
Securities deposit received		80,343	90,788
Non-controlling interests liabilities (*1)		28,577	29,463
Others		137,222	134,037
Lease liabilities (*2)		<u>94,212</u>	<u>70,789</u>

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(\*1) The cumulative amount of non-controlling interests in the consolidated beneficiary certificates.

(\*2) Lease liabilities are recognized and measured in accordance with KIFRS 1116.

(2) Lease expenses for the years ended December 31, 2022 and 2021 are as follows:

	2022		2021	
Short-term lease expenses (*1)	₩	2,897		1,276
Lease of low-value asset expenses (*1)		570		584
Interest expenses of lease liabilities		2,336		1,883
	₩	5,803		3,743

(\*1) The lease payments were recognized as an expense on a straight-line basis over the lease term.

(3) Details of lease liabilities by the maturity according to remaining lease terms as of December 31, 2022 and 2021 are as follows:

		2022		
		Less than 1 year	1 ~ 5 years	More than 5 years
Real estates	₩	45,388	67,425	20,021
Vehicles		599	1,491	-
	₩	45,987	68,916	20,021
		2021		
		Less than 1 year	1 ~ 5 years	More than 5 years
Real estates	₩	44,534	50,720	19,858
Vehicles		875	1,133	-
	₩	45,409	51,853	19,858

(4) Details of lease payments related to lease liabilities are ₩54,856 million and ₩51,820 million for the years ended December 31, 2022 and 2021, respectively.

**27. Provisions**

(1) Changes in provisions for years ended December 31, 2022 and 2021 are as follows:

		2022			
		Provision for decommissioning	Litigation	Others (*1)	Total
Beginning balance	₩	15,229	341	6,653	22,223
Charge for the year		7,532	-	2,369	9,901
Utilized		(1,155)	-	(3,004)	(4,159)
(Reversal of) provision, net		(7,183)	971	2,803	(3,409)
Ending balance	₩	14,423	1,312	8,821	24,556

(\*1) Refund liability of ₩1,810 million corresponding to the contract liability is included.

		2021			
		Provision for decommissioning	Litigation	Others (*1)	Total
Beginning balance	₩	15,470	534	8,188	24,192
Charge for the year		12,377	-	1,573	13,950
Utilized		(2,046)	-	(400)	(2,446)
(Reversal of) provision, net		(10,572)	(193)	(2,708)	(13,473)
Ending balance	₩	15,229	341	6,653	22,223

(\*1) Refund liability of ₩2,247 million corresponding to the contract liability is included.

(2) The nature of the provisions and the timing of the expected outflow of economic benefits for year ended as of December 31, 2022 are as follows:

2022

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		Less than 1 year	1 ~ 3 years	3 ~ 5 years	More than 5 years	Total
Provision for decommissioning	₩	4,841	4,751	3,035	1,795	14,422
Litigation		1,111	201	-	-	1,312
Other provisions		2,667	2,941	198	3,016	8,822
	₩	<u>8,619</u>	<u>7,893</u>	<u>3,233</u>	<u>4,811</u>	<u>24,556</u>

**28. Defined benefit liabilities (assets)**

(1) The Group operates a defined benefit plan based on compensation for pension of the employees and the period of services rendered. The Group has entrusted the plan assets of defined benefit obligations at Kookmin Bank and others.

Defined benefit plan liabilities (assets) as of December 31, 2022 and 2021 are summarized as follows:

		2022	2021
Present value of defined benefit obligations	₩	353,042	367,337
Fair value of plan assets		(273,434)	(385,864)
Defined benefit liabilities (assets)	₩	<u>79,608</u>	<u>(18,527)</u>

(2) Changes in the present value of defined benefit obligations for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Beginning balance	₩	367,337	397,317
Current service costs		62,644	64,438
Interest expenses		8,704	6,631
Remeasurements:		(48,105)	(27,685)
Actuarial gain from changes in financial assumptions		(52,750)	(25,175)
Effect of changes in demographic assumptions		(1,663)	(2,135)
Experience adjustments		6,307	(375)
Benefits paid by the plan		(35,984)	(73,364)
Past service costs		(1,554)	-
Ending balance	₩	<u>353,042</u>	<u>367,337</u>

(3) Changes in the fair value of plan assets for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Beginning balance	₩	385,864	369,310
Interest income		9,251	6,099
Remeasurements		(8,281)	(2,227)
Contributions paid into the plan		46,374	53,225
Benefits paid by the plan		(42,853)	(39,467)
Other administrative costs		(289)	(1,076)
Others		(116,632)	-
Ending balance	₩	<u>273,434</u>	<u>385,864</u>

(4) Plan assets as of December 31, 2022 and 2021 are as follows:

		2022		2021	
		Amount	Ratio (%)	Amount	Ratio (%)
Cash and cash equivalents (*)	₩	162,954	59.60	248,544	64.41
Equity securities		3,565	1.30	9,110	2.36
Debt securities		33,674	12.32	58,596	15.19
Investment fund		73,241	26.79	69,614	18.04
	₩	<u>273,434</u>	<u>100.00</u>	<u>385,864</u>	<u>100.00</u>

(\*) Cash and cash equivalents include products that guarantee the principal, such as bank deposits, equity-linked, interest rate-linked, and guaranteed interest contract.

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(5) Actuarial assumptions as of December 31, 2022 and 2021 are as follows:

	2022	2021
Discount rate (*)	2.4%~5.86%	2.10%~2.88%
Future salary increasing rate	2.2%~7.00%	3.00%~7.00%

(\*) Considering the timing of the payments of retirement benefits, the Group applied a rate of return of unsecured debenture bonds with a rating of AA+.

(6) Sensitivity analysis

Sensitivity analysis of the present value of defined benefit obligation as of December 31, 2022 is as follows:

	2022	
	1% Point Increase	1% Point Decrease
Discount rate	₩ (18,123)	20,196
Future salary increasing rate	21,105	(19,266)

(7) The weighted average maturity of the defined benefit obligation is 3.38~12.78 years as of December 31, 2022.

**29. Other liabilities**

Other liabilities as of December 31, 2022 and 2021 are as follows:

	2022	2021
Advances received	₩ 19,226	20,065
Unearned income(*1)	76,634	72,750
Withholdings	78,288	64,430
Value added tax withheld	9,635	12,475
Unearned insurance premium	291,373	578,612
Others(*2)	19,931	21,930
	₩ <u>495,087</u>	<u>770,262</u>

(\*) The Group provided a certain portion of the customer's purchase amounts as points, and the points awarded are accounted as deferred revenue to be recognized as sales at the time of use of the points in the future and deducted from sales. Amounts of customer loyalty programs are ₩11,744 million and ₩12,048 million as of December 31, 2022 and 2021, respectively.

(\*2) Others include the amount estimated to be paid in the future to the policyholder of the immediate annuity inheritance maturity type.

**30. Derivatives**

(1) The notional amounts of derivatives as of December 31, 2022 and 2021 are as follows:

1) Exchange traded

	2022	2021
<b>Interest rate related:</b>		
Interest rate futures	₩ 2,358,312	1,858,345
<b>Equity related:</b>		
Stock index futures	679,568	803,325
Stock index options	21,339	5,403
Overseas index futures	-	7,772
Stock subscription warrants	-	58
	<u>700,907</u>	<u>816,558</u>
<b>Commodity related:</b>		
Overseas commodity futures	7,599	5,019
Other	-	1,293
	<u>7,599</u>	<u>6,312</u>
	₩ <u>3,066,818</u>	<u>2,681,215</u>

2) Over the counter

	2022	2021
<b>Hedge related:</b>		
<b>Currency related:</b>		
Currency forwards	₩ 3,727,297	4,437,936
Currency swaps	9,174,751	10,804,662
	<u>12,902,048</u>	<u>15,242,598</u>
<b>Interest rate related:</b>		
Interest rate swaps	72,172	12,588
Interest rate forwards	4,926,531	2,282,081
	<u>4,998,703</u>	<u>2,294,669</u>
	<u>17,900,751</u>	<u>17,537,267</u>

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<b>Non-hedge related:</b>		
<b>Currency related:</b>		
Currency forwards	5,090,463	4,012,664
Currency swaps	12,874,980	10,423,019
	<u>17,965,443</u>	<u>14,435,683</u>
<b>Interest rates related:</b>		
Interest rate swaps	30,964,409	23,094,332
Interest rate options	3,695,277	11,064
	<u>34,659,686</u>	<u>23,105,396</u>
<b>Equity related:</b>		
Stock index options	621,994	136,549
Stock swaps	1,772,369	891,906
Conversion rights	9,756	15,776
	<u>2,404,119</u>	<u>1,044,231</u>
<b>Credit related:</b>		
Credit default swaps	11,959,067	9,599,188
<b>Commodity related:</b>		
Oversea commodity forward	7,599	5,019
	<u>66,995,914</u>	<u>48,189,517</u>
	<u>₩ 84,896,665</u>	<u>65,726,784</u>

(2) Fair values of derivative instruments for hedging as of December 31, 2022 and 2021 are as follows:

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
<b>Hedge related:</b>				
<b>Currency related:</b>				
Currency forwards	₩ 90,767	59,731	27,561	60,945
Currency swaps	70,098	409,299	51,551	284,677
	<u>160,865</u>	<u>469,030</u>	<u>79,112</u>	<u>345,622</u>
<b>Interest rate related:</b>				
Interest rate swaps	-	2,654	38	-
Interest rate forwards	43,174	454,393	6,160	77,810
	<u>43,174</u>	<u>457,047</u>	<u>6,198</u>	<u>77,810</u>
	<u>204,039</u>	<u>926,077</u>	<u>85,310</u>	<u>423,432</u>
<b>Non-hedge related:</b>				
<b>Currency related:</b>				
Currency forwards	118,657	70,608	8,574	34,339
Currency swaps	479,813	556,233	151,034	186,595
	<u>598,470</u>	<u>626,841</u>	<u>159,608</u>	<u>220,934</u>
<b>Interest rate related:</b>				
Interest rate swaps	164,010	98,315	34,238	61,093
Interest rate options	169,961	42,186	24,935	-
	<u>333,971</u>	<u>140,501</u>	<u>59,173</u>	<u>61,093</u>
<b>Equity related:</b>				
Preemptive rights	-	-	47	-
Stock index options	383	15,723	-	3,857
Stock warrants	-	381	-	7,173
Stock swaps	70,018	63,676	31,175	4,313
Conversion rights	5,131	-	4,821	-
Others	35,958	582,826	9,762	131,545
	<u>111,490</u>	<u>662,606</u>	<u>45,805</u>	<u>146,888</u>
<b>Credit related:</b>				
Credit default swaps	120,517	206,809	112,626	39,017

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Commodity related:				
Commodity swaps	147	144	36	35
	<u>1,164,595</u>	<u>1,636,901</u>	<u>377,248</u>	<u>467,967</u>
Adjustment of credit risk	(2,032)	(4,994)	(805)	(987)
	<u>₩ 1,366,602</u>	<u>2,557,984</u>	<u>461,753</u>	<u>890,412</u>

(3) A gain or loss on valuation of derivatives for years ended December 31, 2022 and 2021 are as follows:

	2022			
	Profit or loss		Accumulated other comprehensive income (*)	
	Gain	Loss	Gain	Loss
<b>Hedge related:</b>				
Currency related:				
Currency forwards	₩ 83,587	58,711	3,883	8,783
Currency swaps	25,491	675,003	328,873	25,549
	<u>109,078</u>	<u>733,714</u>	<u>332,756</u>	<u>34,332</u>
Interest rate related:				
Interest rate swaps	-	-	-	2,654
Interest rate forwards	11,704	-	31,470	454,393
	<u>11,704</u>	<u>-</u>	<u>31,470</u>	<u>457,047</u>
	<u>120,782</u>	<u>733,714</u>	<u>364,226</u>	<u>491,378</u>
<b>Non-hedge related:</b>				
Currency related:				
Currency forwards	118,305	59,844	-	-
Currency swaps	408,215	427,452	-	-
	<u>526,520</u>	<u>487,296</u>	<u>-</u>	<u>-</u>
Interest rate related:				
Interest rate swaps	239,345	497,832	-	-
Interest rate options	149,319	34,102	-	-
	<u>388,664</u>	<u>531,934</u>	<u>-</u>	<u>-</u>
Equity related:				
Stock warrants	1,365	120	-	-
Stock index options	10,194	5,195	-	-
Stock forwards and swaps	23,077	67,858	-	-
Conversion rights	1,080	1,232	-	-
	<u>35,715</u>	<u>74,405</u>	<u>-</u>	<u>-</u>
Credit related:				
Credit default swaps	42,637	211,514	-	-
Commodity related:				
Commodity swaps	108	139	-	-
	<u>993,644</u>	<u>1,305,288</u>	<u>-</u>	<u>-</u>
Adjustment of credit risk	4,179	1,401	-	-
	<u>₩ 1,118,605</u>	<u>2,040,403</u>	<u>364,226</u>	<u>491,378</u>

(\*) Accumulated other comprehensive income from cash flow hedge before adjustment for income tax effect.

	2021			
	Profit or loss		Accumulated other comprehensive income (*)	
	Gain	Loss	Gain	Loss
<b>Hedge related:</b>				



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<b>Currency related:</b>					
Currency forwards	₩	19,272	102,616	3,237	13,879
Currency swaps		6,572	772,117	22,286	140,819
		<u>25,844</u>	<u>874,733</u>	<u>25,524</u>	<u>154,699</u>
<b>Interest rate related:</b>					
Interest rate swaps		-	-	37	-
Interest rate forwards		4,338	57,122	1,822	20,688
		<u>4,338</u>	<u>57,122</u>	<u>1,860</u>	<u>20,688</u>
		<u>30,182</u>	<u>931,855</u>	<u>27,383</u>	<u>175,387</u>
<b>Non-hedge related:</b>					
<b>Currency related:</b>					
Currency forwards		25,906	44,184	-	-
Currency swaps		253,339	330,689	-	-
		<u>279,245</u>	<u>374,873</u>	<u>-</u>	<u>-</u>
<b>Interest rate related:</b>					
Interest rate swaps		61,846	23,513	-	-
Interest rate options		24,935	-	-	-
		<u>86,781</u>	<u>23,513</u>	<u>-</u>	<u>-</u>
<b>Equity related:</b>					
Stock warrants		4,434	72	-	-
Stock index options		1,761	5,520	-	-
Stock forwards and swaps		1	725	-	-
Conversion rights		1,363	9	-	-
Others		6,342	85,479	-	-
		<u>13,901</u>	<u>91,805</u>	<u>-</u>	<u>-</u>
<b>Credit related:</b>					
Credit default swaps		51,129	75,464	-	-
<b>Commodity related:</b>					
Commodity swaps		83	44	-	-
		<u>431,139</u>	<u>565,699</u>	<u>-</u>	<u>-</u>
Adjustment of credit risk		2,475	162	-	-
	₩	<u>463,796</u>	<u>1,497,716</u>	<u>27,383</u>	<u>175,387</u>

(\*) Accumulated other comprehensive income from cash flow hedge before adjustment for income tax effect.

(4) A gain or loss on hedging instruments and hedged items that apply fair value hedges for the years ended December 31, 2022 and 2021 are as follows:

		2022		2021	
		Gain	Loss	Gain	Loss
Hedged items	₩	140,106	(79,556)	201,909	(22,130)
Hedging instruments		212,586	(263,742)	60,616	(245,418)

(5) Cash flow hedges

Due to various reasons (i.e. currency swap contracts for cash flow hedges have reached maturity), the effective portion of hedges for the years ended December 31, 2022 and 2021 realized as gain on valuation of derivative instruments amounted to ₩2,250 million and ₩8,670 million, respectively, and loss on valuation of derivative instruments amounted to ₩6,048 million and ₩29,076 million, respectively. The ineffective portion of cash flow hedges recognized as current gains of ₩1 million and losses of ₩2 millions, respectively, for the years ended December 31, 2022 and 2021.

The maximum expected period during which the Group's cash flows are exposed to fluctuation risk is through September 13, 2029 based on derivative instrument contracts to which cash flow hedges are applied.

**31. Separate accounts**

(1) Assets and liabilities of separate accounts as of December 31, 2022 and 2021 are as follows:

	2022		2021	
	Assets	Liabilities	Assets	Liabilities

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Insurance contract and investment contract with discretionary participating features:					
Retirement insurance	₩	63,554	63,554	85,981	85,981
Variable life insurance		14,445,048	14,448,885	16,635,446	16,640,985
		<u>14,508,602</u>	<u>14,512,439</u>	<u>16,721,427</u>	<u>16,726,966</u>
Investments contract with no discretionary participating features:					
Retirement insurance		1,582	1,582	1,653	1,653
Retirement pension		11,575,383	11,921,055	9,325,204	9,347,986
		<u>11,576,965</u>	<u>11,922,637</u>	<u>9,326,857</u>	<u>9,349,639</u>
Separate accounts receivable		-	(70,931)	-	(29,712)
Separate accounts payable		<u>(1,630,611)</u>	<u>-</u>	<u>(875,855)</u>	<u>-</u>
	₩	<u>24,454,956</u>	<u>26,364,145</u>	<u>25,172,429</u>	<u>26,046,893</u>

(2) The statement of financial position of the separate accounts as of December 31, 2022 and 2021 are as follows:

1) Insurance contract and investments contract with discretionary participation feature

		2022	2021
Assets:			
Cash and due from banks	₩	407,154	335,682
Financial assets held for trading		12,761,590	15,289,313
Loan receivables		1,043,335	717,763
Other assets		205,580	311,698
General account credits		94,780	72,510
Total assets before consolidated adjustments		<u>14,512,439</u>	<u>16,726,966</u>
Consolidated adjustments		<u>(3,837)</u>	<u>(5,539)</u>
Total assets after consolidated adjustments	₩	<u>14,508,602</u>	<u>16,721,427</u>
Liabilities, reserve and accumulated other comprehensive income:			
Other liabilities	₩	56,016	137,372
General account debits		54,146	12,182
Total liabilities		<u>110,162</u>	<u>149,554</u>
Reserve for policy holders		<u>14,402,277</u>	<u>16,577,412</u>
Total reserve and accumulated other comprehensive income		<u>14,402,277</u>	<u>16,577,412</u>
Total liabilities, reserve and accumulated other comprehensive income	₩	<u>14,512,439</u>	<u>16,726,966</u>

2) Investments contract with no discretionary participation feature

		2022	2021
Assets:			
Cash and due from banks	₩	627,998	900,039
Financial assets designated at fair value through profit or loss		23,551	-
Financial assets held for trading		447,399	767,464
Available-for-sale financial assets		6,728,620	5,503,818
Loan receivables		2,163,648	1,490,524
Other assets		58,632	45,924
General account credits		1,535,832	803,345
Total assets before consolidated adjustments		<u>11,585,680</u>	<u>9,511,114</u>
Consolidated adjustments		<u>(8,714)</u>	<u>(184,257)</u>
Total assets after consolidated adjustments	₩	<u>11,576,966</u>	<u>9,326,857</u>

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Liabilities, reserve and accumulated other comprehensive income:			
Other liabilities	₩	34,432	31,989
General account debits		16,785	17,530
Total liabilities		51,217	49,519
Reserve for policy holders		11,871,419	9,300,120
Accumulated other comprehensive income		(454,444)	(20,541)
Total reserve and accumulated other comprehensive income		11,416,975	9,279,579
Total liabilities, reserve and accumulated other comprehensive income	₩	11,468,193	9,329,098

(3) The statement of profit or loss of the separate accounts for the years ended December 31, 2022 and 2021 are as follows:

1) Insurance contract and investments contract with discretionary participation feature

		2022		2021	
		Guaranteed interest contracts	Investment linked contracts	Guaranteed interest contracts	Investment linked contracts
Revenues:					
Premium income	₩	-	1,696,175	-	1,952,187
Interest income		1,420	192,446	948	115,990
Dividend income		29	97,076	6	100,504
Gain on securities		166	183,538	493	810,985
Gain on foreign currency transaction		-	27,381	-	7,386
Gain on transaction of derivatives		-	389,096	-	370,582
Other income		1,631	28,117	764	30,614
	₩	3,246	2,613,829	2,211	3,388,248
Expenses:					
Increase (decrease) in policy reserves	₩	(22,396)	(2,041,153)	(3,974)	(332,948)
Insurance claims paid		23,340	1,231,964	5,092	1,913,564
Minimum guarantee fee		-	98,645	-	102,769
Separate account commission		438	591,866	521	609,065
Commission fee		-	35,097	-	41,543
(Reversal of) provision for losses on loan receivables		(5)	(23)	(18)	12
Loss on securities		1,869	2,247,580	590	671,149
Loss on foreign currency transaction		-	10,815	-	1,770
Loss on transaction of derivatives		-	429,363	-	381,088
Other expenses		-	9,675	-	236
	₩	3,246	2,613,829	2,211	3,388,248

2) Investments contracts with no discretionary participation feature

		2022		2021	
		Guaranteed interest contracts	Investment linked contracts	Guaranteed interest contracts	Investment linked contracts
Revenues:					
Interest income	₩	220,430	918	131,637	429
Dividend income		19,527	1,102	11,081	774
Gain on securities		18,766	1,714	41,736	18,851
Gain on foreign currency transaction		1,441	7,879	1,063	2,546
Gain on transaction of derivatives		5,793	9,179	6,481	851
Other income		31,527	6	24,034	1,664
		297,484	20,798	216,032	25,115
Consolidated adjustments		-	-	(1,704)	-

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	₩	297,484	20,798	214,328	25,115
Expenses:					
Increase (decrease) in policy reserves	₩	177,119	(35,783)	114,131	16,312
Separate account commission		37,056	556	36,337	1,126
Commission fee		37	650	24	531
Provision for losses on loan receivables		2,095	-	(2,033)	-
Loss on securities		56,681	38,770	41,200	4,158
Loss on foreign currency transaction		30	2,301	365	463
Loss on transaction of derivatives		22,639	12,431	22,478	2,525
Other expenses		1,827	1,873	3,530	-
		297,484	20,798	216,032	25,115
Consolidated adjustments					
		(1,962)	-	(1,704)	-
	₩	295,522	20,798	214,328	25,115

(4) The Group provided ₩272,651 million and ₩372,989 million of separate account assets as collateral as of December 31, 2022 and 2021 for future substitute securities.

(5) Offsetting financial assets and financial liabilities

Details of financial assets and financial liabilities subject to offsetting, enforceable master netting agreements and similar agreements as of December 31, 2022 and 2021 are as follows:

		2022				
		Financial assets recognized	Offsetting financial assets recognized	Financial assets recognized after offset	Amount not offsetting in the statements of financial position	
					Financial instruments	Cash collateral received
						Net amounts
Financial assets:						
Securities Lending Agreement	₩	113,014	-	113,014	113,014	-
		2021				
		Financial assets recognized	Offsetting financial assets recognized	Financial assets recognized after offset	Amount not offsetting in the statements of financial position	
					Financial instruments	Cash collateral received
						Net amounts
Financial assets:						
Securities Lending Agreement	₩	509,778	-	509,778	509,778	-

(6) Securities lending and borrowing as of December 31, 2022 are as follows:

	Type	Amount	Valuation standard
Securities lent	Debt & Equity securities	₩ 113,014	Fair value

(7) In accordance with the regulations under *Trust Business Act*, the Group separately accounts for the trust assets from the existing assets and recognizes trust commission fee as operating revenue when receiving trust commission fee. As of December 31, 2022, the total amount of the trust funds under contract with the Group amounts to ₩11,087,270 million.

### 32. Equity

(1) Equity as of December 31, 2022 and 2021 are as follows:

	2022	2021
Capital stock:		
Common stock	₩ 102,500	102,500
Hybrid bonds:		
Hybrid bonds	1,108,899	1,020,054
Capital surplus:		
Share premium	359,937	359,937
Asset revaluation surplus	4,502	4,502
Others	149,441	155,740
	513,880	520,179

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Capital adjustments:		
Negative equity changes in equity method adjustments	(15,995)	(15,995)
Others	(100,381)	3,993
	(116,376)	(12,002)
Accumulated other comprehensive income, net of tax:		
Gain (loss) on valuation of available-for-sale financial assets	(1,769,582)	1,468,566
Loss on valuation of cash flow hedge derivatives	(93,457)	(107,303)
Gain on valuation of investment in associates	34	25
Other comprehensive loss of separate accounts	(334,016)	(14,891)
Gain on revaluation of property and equipment	564,394	558,534
Loss on valuation of held to maturity financial assets	(1,794,466)	-
Foreign currency translation adjustments for foreign operations	531	182
Remeasurement loss related to defined benefit liabilities	37,757	9,092
	(3,388,805)	1,914,205
Retained earnings:		
Legal reserve	51,250	51,250
Other statutory reserve	1,096,736	-
Regulatory reserve for loan loss	164,398	122,534
Retained earnings	7,016,974	7,874,802
Voluntary reserve	3,000	3,000
	8,332,358	8,051,586
Non-controlling interests	373,032	358,252
	₩ 6,925,488	11,954,774

(2) Capital stock

Capital stock as of December 31, 2022 and 2021 are as follows:

	2022	2021
Number of authorized shares	300,000,000 shares	300,000,000 shares
Par value per share in won	₩ 1,000	1,000
Number of issued common stocks outstanding	102,500,000 shares	102,500,000 shares
Capital stock	₩ 102,500	102,500

(3) Hybrid bonds

Hybrid bonds as of December 31, 2022 and 2021 are as follows:

	2022				
	Issue date	Maturity date	Interest rate (%)	Amount in foreign currency	Amount of KRW equivalent
Overseas hybrid bonds (*1)	June 15, 2022	June 15, 2052	5.90	\$ 500,000	₩ 644,850
Issuance costs (underwriting fees and other direct issuance costs)					(4,567)
					₩ 640,283
Domestic hybrid bonds (*2)	Sept. 10, 2021	Sept. 10, 2051	3.72	₩ 470,000	₩ 470,000
Issuance costs (underwriting fees and other direct issuance costs)					(1,384)
					₩ 468,616
					₩ 1,108,899

(\*1) Hybrid bonds above can be redeemed early after 5 years from the date of issuance and interest rate can be adjusted only once after 10 years from the date of issuance. Upon maturity date, the Group has the unconditional right to extend the maturity under the same condition.

(\*2) Hybrid bonds above can be redeemed early after 5 years from the date of issuance and standard interest rate and spread can be adjusted only once after 5 & 10 years from the date of issuance. Upon maturity date, the Group has the unconditional right to extend the maturity under the same condition.

	2021				
	Issue date	Maturity date	Interest rate (%)	Amount in foreign currency	Amount of KRW equivalent
Overseas hybrid bonds (*1)	July 24, 2017	July 24, 2047	3.95	\$ 500,000	₩ 557,000
Issuance costs (underwriting fees and other direct issuance costs)					(5,562)
					₩ 551,438
Domestic hybrid bonds (*2)	Sept. 10, 2021	Sept. 10, 2051	3.72	₩ 470,000	₩ 470,000
Issuance costs (underwriting fees and other direct issuance costs)					(1,384)
					₩ 468,616

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₩ 1,020,054

(\*1) Hybrid bonds above can be redeemed early after 5 years from the date of issuance and interest rate can be adjusted only once after 10 years from the date of issuance. Upon maturity date, the Group has the unconditional right to extend the maturity under the same condition.

(\*2) Hybrid bonds above can be redeemed early after 5 years from the date of issuance and standard interest rate and spread can be adjusted only once after 5 & 10 years from the date of issuance. Upon maturity date, the Group has the unconditional right to extend the maturity under the same condition.

(4) Accumulated other comprehensive income

Changes in accumulated other comprehensive income for the years ended December 31, 2022 and 2021 are as follows:

	2022								
	Gain (loss) on valuation of available-for-sale financial assets	Gain (loss) on valuation of derivatives	Gain on valuation of investments in associates	Other comprehensive income (expense) of separate account	Gain on revaluation of property and equipment	Foreign currency translation adjustments for foreign operations	Remeasurement gain (loss) related to defined benefit liabilities	Gain (loss) on valuation of held to maturity assets	Total
Beginning balance	₩ 1,468,566	(107,303)	25	(14,891)	558,534	182	9,092	-	1,914,205
Fair value evaluation	(6,462,489)	161,012	17	(426,776)	(6,899)	-	39,824	2,210	(6,693,101)
Realization to income	(1,006,814)	(140,161)	-	(7,128)	-	-	-	61,030	(1,093,073)
Effect of exchange rate difference	-	-	-	-	-	438	-	-	438
Policyholder's equity adjustment (*)	548,634	-	(2)	-	5,060	-	-	-	553,692
Income tax effects	1,191,335	(7,005)	(4)	114,779	7,700	(89)	(9,156)	636,234	1,933,794
Non-consolidated adjustments	(2,754)	-	(3)	-	-	-	(1,499)	-	(4,256)
Others	2,493,940	-	-	-	-	-	(505)	(2,493,940)	(505)
Ending balance	₩ (1,769,582)	(93,457)	33	(334,016)	564,395	531	37,756	(1,794,466)	(3,388,806)

(\*) Allocation to policyholder's equity adjustment during the reporting period.

	2021								
	Gain (loss) on valuation of available-for-sale financial assets	Gain (loss) on valuation of derivatives	Gain on valuation of investments in associates	Other comprehensive income (expense) of separate account	Gain on revaluation of property and equipment	Foreign currency translation adjustments for foreign operations	Remeasurement gain (loss) related to defined benefit liabilities	Total	
Beginning balance	₩ 3,245,126	(143,632)	24	54,167	566,034	(317)	(9,369)	3,712,033	
Fair value evaluation	(598,297)	172,489	1	(44,457)	-	-	25,458	(444,806)	
Realization to income	(2,577,560)	(122,380)	-	(50,795)	-	-	-	(2,750,735)	
Effect of exchange rate difference	-	-	-	-	-	640	-	640	
Policyholder's equity adjustment (*)	733,111	-	-	-	6,284	-	-	739,395	
Income tax effects	668,327	(13,780)	-	26,194	(13,784)	(141)	(6,469)	660,347	
Non-consolidated adjustments	(2,141)	-	-	-	-	-	(528)	(2,669)	
Ending balance	₩ 1,468,566	(107,303)	25	(14,891)	558,534	182	9,092	1,914,205	

(\*) Allocation to policyholder's equity adjustment during the reporting period.

(5) Retained earnings

1) Legal reserve

Legal reserve is restricted for the dividend to stockholders by law or legislation. According to the Commercial Act, the Group is required to appropriate a legal reserve in an amount equal to at least 10% of cash dividends for each accounting period until the reserve equals 50% of capital stock. The legal reserve may not be allocated in cash and may be used to reduce a deficit or may be transferred to capital based on the decision of board of directors.

2) Regulatory reserve for loan loss

When allowances for loan losses based on KIFRS for the assets subject to classification by asset soundness (such as loan receivables, insurance receivables, receivables, accrued revenue, suspense payments, bills receivables, etc.) in accordance with Regulations on Supervision of Insurance Business are less than the total of the reserves required by the Article 7-4 of Regulations on Supervision of Insurance Business, the difference is reserved as regulatory reserve for loan losses.

The regulatory reserve for loan losses is, in nature, an arbitrary reserve for retained earnings. When there are unappropriated deficits, regulatory reserve for loan losses are reserved after the deficits are appropriated. When the amount previously reserved for regulatory reserve for loan losses exceeds the amount of regulatory reserve for loan losses to be reserved as of the closing date, the reversal of the excess amount is allowed.

i) Regulatory reserve for loan losses as of December 31, 2022 and 2021 are as follows:

	2022	2021
Regulatory reserve for loan losses accumulated	₩ 164,398	122,534

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To be accumulated (reversed)		(1,029)	41,864
Balance	₩	163,369	164,398

ii) Provision for regulatory reserve for loan losses and income adjusted for regulatory reserve for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Profit for the year before legal reserve attributable to controlling interests	₩	487,563	489,316
Hybrid bonds interests		(52,891)	(28,421)
Reversal of regulatory reserve for loan		1,029	(41,864)
Profit adjusted for regulatory reserve (*)		435,701	419,031
Basic earnings per share adjusted for regulatory reserve in won		4,251	4,088

(\*) Profit adjusted for regulatory reserve above is non-KIFRS financial information. The adjustment amount is calculated under the assumption that provision for regulatory reserve is reflected in the current period net income without considering policyholders' equity adjustment and deferred tax effect.

(6) Share-based payment

1) Kyobo Securities has a share-based payment arrangement for its executives and employees as of December 31, 2022 and the share options granted under the arrangement are paid when its own shares are exercised and its details are as follows:

Grant date	The number of options granted	The number of options forfeited	The number of unexercised quantities	The number of exercisable options	Exercise price
2018. 3. 22	690,000	59,865	630,135	630,135	12,000 won
2021. 3. 24	280,000	5,000	275,000	-	10,000 won

2) Vesting condition and exercise period of the share-based payment as of December 31, 2022 are as follows:

Grant date	Vesting condition	Exercise period
2018. 3. 22	In case of service for more than 2 years from grant date (2018.3.22 ~ 2020.3.21)	within 5 years from the date 2 years have passed from grant date (2020.3.22 ~ 2025.3.21)
2021. 3.24	In case of service for more than 2 years from grant date (2021.3.24 ~ 2023.3.23)	within 5 years from the date two years have passed from grant date (2023.3.24 ~ 2028.3.23)

3) Kyobo securities used the binomial model to measure the fair value of share options, and inputs used are as follows:

		2018. 3. 22	2021. 3.24
Fair value of option per share	₩	1,027 won	433 won
Closing price of the day before grant date	₩	9,790 won	7,550 won
Exercise price	₩	12,000 won	10,000 won
Expected volatility (*)		12.17%	21.60%
Expected exercise period		4.5 years	4.5 years
Expected dividends		-	-
Risk-free interest rate (return on government bonds)		2.64%	1.59%

(\*) 120-day index volatility of the KOSPI market to which Kyobo Securities belongs was applied.

4) Kyobo Securities accounts for the compensation costs as an expense in the period covered by the contract. The details of the reimbursement are as follows:

		2022	2021
Compensation cost, gross	₩	749	749
Accumulated compensation expense		687	647
Compensation expense recognized in the current period		51	40
Residual compensation cost to be recognized		12	62

**33. Premium income**

Premium income for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Individual insurance:			
Pure endowment	₩	1,663,283	1,957,310
Death		4,835,712	4,706,597

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Endowment	6,282,857	3,144,239
	<u>12,781,852</u>	<u>9,808,146</u>
Group insurance:		
Pure protection	140,837	138,213
Savings	4,207	4,892
	<u>145,044</u>	<u>143,105</u>
₩	<u>12,926,896</u>	<u>9,951,251</u>

**34. Reinsurance ceded**

(1) Reinsurance assets and liabilities as of December 31, 2022 and 2021 are as follows:

	2022	2021
Reinsurance accounts receivable	₩ 81,974	70,320
Reinsurance assets:		
Reserve for unearned premium	7,361	6,239
Reserve for outstanding claims	2,736	3,016
Incurred but not reported	<u>25,478</u>	<u>22,595</u>
	<u>35,575</u>	<u>31,850</u>
₩	<u>117,549</u>	<u>102,170</u>
Reinsurance accounts payable	₩ 69,325	61,067

(2) Transactions with reinsurance companies for the years ended December 31, 2022 and 2021 are as follows:

		2022			
		Reinsurance expense	Reinsurance claim revenue	Reinsurance commission revenue	Profit from reinsurance asset
Individual insurance:					
Domestic	₩	173,572	127,221	37,101	3,607
Group insurance:					
Domestic		<u>3,081</u>	<u>2,751</u>	-	<u>117</u>
₩		<u>176,653</u>	<u>129,972</u>	<u>37,101</u>	<u>3,724</u>
		2021			
		Reinsurance expense	Reinsurance claim revenue	Reinsurance commission revenue	Profit from reinsurance asset
Individual insurance:					
Domestic	₩	147,043	103,160	33,400	6,219
Group insurance:					
Domestic		<u>2,698</u>	<u>2,301</u>	<u>1</u>	<u>223</u>
₩		<u>149,741</u>	<u>105,461</u>	<u>33,401</u>	<u>6,442</u>



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**35. Interest income**

Interest income for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Cash and due from banks	₩	35,581	16,418
Financial assets held for trading		173,535	135,412
Available-for-sale financial assets		712,711	1,318,824
Held to maturity financial assets		684,334	39,217
Loan receivables		1,122,446	1,023,416
Derivatives		356,389	196,220
Others		10,507	7,438
	₩	<u>3,095,503</u>	<u>2,736,945</u>

**36. Gain on valuation and disposal of financial instruments**

Gain on valuation and disposal of financial instruments for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Financial assets designated at fair value through profit or loss:			
Gain on valuation	₩	5,571	1,335
Gain on disposal		1,040	-
Financial assets held for trading:			
Gain on valuation		19,261	5,461
Gain on disposal		68,646	92,145
Available-for-sale financial assets:			
Reversal of impairment loss		3,704	3,704
Gain on disposal		491,037	700,571
Gain on valuation (*)		87	43,235
Loan receivables:			
Gain on disposal		910	1,539
Reversal of loan receivables		-	15,249
Other receivable			
Reversal of loan receivables		-	4,471
Financial liabilities designated at fair value through profit or loss:			
Gain on valuation		498,034	89,394
Gain on transaction		19,688	2,725
Trading liabilities:			
Gain on valuation		7,678	525
Gain on transaction		21,676	23,158
Derivatives:			
Gain on valuation		1,118,605	463,796
Gain on transaction		2,466,676	938,126
	₩	<u>4,722,613</u>	<u>2,385,434</u>

(\*) By applying fair value hedge accounting, changes in the fair value of the hedged item are recognized in profit or loss.

**37. Fee and commission income**

Fee and commission income for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Brokerage commissions	₩	127,700	239,296
Underwriting commissions		19,639	21,976
Credit placement fees		10,367	7,138
Asset management fees		11,537	17,212
Brokerage commissions on collective investment securities		8,397	8,647
Merger and acquisition fees		88,958	103,011
Others		147,023	122,335
	₩	<u>413,621</u>	<u>519,615</u>

**38. Dividend income**

Dividend income for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Financial assets held for trading:			
Equity securities	₩	924	983

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Beneficiary certificates	2,793	5,618
	<u>3,717</u>	<u>6,601</u>
Available-for-sale financial assets:		
Equity securities	38,544	40,058
Equity investments	5,179	1,026
Beneficiary certificates	535,471	377,297
Overseas securities	135,930	132,761
	<u>715,124</u>	<u>551,142</u>
	<u>₩ 718,841</u>	<u>557,743</u>

**39. Other operating income**

(1) Other operating income for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Merchandise sales	₩	871,373	823,464
Product sales		11,556	1,860
Other		124,056	122,905
Other operating profits		<u>3,773</u>	<u>895</u>
	<u>₩</u>	<u>1,010,758</u>	<u>949,124</u>

(2) The classification of revenue recognized into categories and the timing of revenue recognition of merchandise sales, product sales and other sales for the years ended December 31, 2022 and 2021 are as follows:

		2022			
		Book sales and publication	Facility management	Others	Total
At a point in time	₩	812,856	6,219	58,597	877,672
Over time		<u>19,523</u>	<u>107,606</u>	<u>2,184</u>	<u>129,313</u>
	<u>₩</u>	<u>832,379</u>	<u>113,825</u>	<u>60,681</u>	<u>1,006,985</u>
		2021			
		Book sales and publication	Facility management	Others	Total
At a point in time	₩	772,183	6,646	37,532	816,361
Over time		<u>18,716</u>	<u>111,976</u>	<u>1,176</u>	<u>131,868</u>
	<u>₩</u>	<u>790,899</u>	<u>118,622</u>	<u>38,708</u>	<u>948,229</u>

**40. Insurance claims paid**

The Group's insurance claims paid consist of benefit payments, surrenders for insurance and dividend expenses.

(1) Benefit payments for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Individual insurance:			
Pure endowment	₩	325,015	225,481
Death		440,604	448,462
Endowment		1,069,913	396,438
		<u>1,835,532</u>	<u>1,070,381</u>
Group insurance:			
Pure protection		21,309	24,969
Savings		259	408
		<u>21,568</u>	<u>25,377</u>
	<u>₩</u>	<u>1,857,100</u>	<u>1,095,758</u>

(2) Surrenders for insurance for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Individual insurance:			
Pure endowment	₩	3,211,863	2,353,530
Death		2,663,970	2,684,722
Endowment		4,150,237	1,665,103
		<u>10,026,070</u>	<u>6,703,355</u>

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Group insurance:		
Pure protection	68,186	68,149
Savings	13,288	11,049
	<u>81,474</u>	<u>79,198</u>
	₩ 10,107,544	6,782,553

(3) Dividend expenses for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Individual insurance:		
Pure endowment	₩ 16,807	15,898
Death	425	507
Endowment	546	540
	<u>17,778</u>	<u>16,945</u>
Group insurance:		
Pure protection	55	67
Savings	26	-
	<u>81</u>	<u>67</u>
	₩ 17,859	17,012

**41. Operating and administrative expenses**

Operating and administrative expenses for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Policy acquisition costs:		
Agent commission	₩ 466,324	467,588
Branch office operation	50,128	38,840
Sales promotion	125,530	79,094
Advertising expense	4,293	5,528
Others	256,602	179,684
	<u>902,877</u>	<u>770,734</u>
Maintenance expenses:		
Wages and salaries	220,554	225,925
Bonuses	100,554	97,611
Employment benefits	64,028	63,826
Severance benefits	50,874	105,319
Taxes and dues	131,612	111,593
Office rent	25,728	31,161
Depreciation	61,842	64,684
Commission	46,909	46,759
Outsourcing fee	8,042	6,646
Information technology	33,306	31,449
Collection	6,216	6,417
Others	44,130	59,964
	<u>793,795</u>	<u>851,354</u>
Deferred acquisition cost	<u>(623,756)</u>	<u>(508,717)</u>
	₩ 1,072,916	1,113,371

**42. Asset management expenses**

Asset management expenses for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Wages and salaries	₩ 24,891	24,495
Bonuses	11,685	10,897
Severance benefits	4,151	11,747
Employment benefits	6,509	6,552
Communication	3,199	2,851
Repairs and maintenance	5,605	5,599
Outsourcing fee	9,640	8,280
Commission	35,466	39,284
Taxes and dues	21,104	17,992

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Depreciation		2,104	2,325
Others		11,847	6,232
	₩	<u>136,201</u>	<u>136,254</u>

**43. Interest expenses**

Interest expenses for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Borrowings	₩	90,671	31,756
Derivatives		413,794	234,349
Others		14,709	9,298
	₩	<u>519,174</u>	<u>275,403</u>

**44. Loss on valuation and disposal of financial instruments**

Loss on valuation and disposal of financial instruments for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Financial assets designated at fair value through profit or loss:			
Loss on valuation	₩	-	686
Loss on disposal		9	381
Financial assets held for trading:			
Loss on valuation		472,593	124,150
Loss on disposal		138,622	122,617
Available-for-sale financial assets:			
Loss on valuation (*)		50,079	19,029
Loss on disposal		339,124	203,316
Impairment loss		40,214	35,693
Loan receivables:			
Provision for losses on loan receivables		48,768	-
Loss on disposal		329	1,834
Other receivables:			
Provision for other receivables		4,075	-
Financial liabilities designated at fair value through profit or loss:			
Loss on valuation		37,937	19,031
Loss on transaction		82,651	79,536
Trading liabilities:			
Loss on valuation		1,897	686
Loss on transaction		4,706	5,934
Derivatives:			
Loss on valuation		2,040,403	1,497,716
Loss on transaction		2,770,515	1,238,606
	₩	<u>6,031,922</u>	<u>3,349,215</u>

(\*) By applying fair value hedge accounting, changes in the fair value of the hedged item are recognized in profit or loss.

**45. Other operating expenses**

Other operating expenses for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Depreciation of investment properties	₩	9,652	6,289
Amortization of intangible assets		59,809	57,421
Fees and commission expense		70,871	114,225
Cost of sales-merchandise		635,101	592,650
Cost of sales-services		168,788	159,590
Cost of sales-products		6,488	1,171
Cost of other goods sold		11,159	20,080

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General and administrative expenses:

Employee costs	358,600	374,608
Depreciation	39,908	46,655
Other general expenses	205,356	181,604
Insurance discount	1,100	1,924
Others	7,609	20,286
	<u>1,574,441</u>	<u>1,576,503</u>
	₩	

**46. Foreign currency translation**

(1) Foreign currency denominated assets and liabilities as of December 31, 2022 and 2021 are as follows:

	2022		2021	
	Amount of foreign currency	Amount of KRW equivalent	Amount of foreign currency	Amount of KRW equivalent
Foreign cash and due from banks				
USD	306,137	₩ 387,968	663,576	₩ 786,669
JPY	5,080,631	48,428	983,526	10,133
EUR	10,732	14,501	17,690	23,745
Others	24,836	31,476	36,376	43,125
Financial assets at fair value through profit or loss				
USD	733,491	929,554	976,300	1,157,403
EUR	7,814	10,559	15,770	21,169
Available-for-sale financial assets				
USD	3,197,416	4,052,085	12,483,660	14,799,379
JPY	2,770,617	26,408	11,043,221	113,772
EUR	612,900	828,150	1,759,768	2,362,207
Others	19,245	29,400	1,590,511	401,402
Held-to-maturity financial assets				
USD	6,202,125	7,859,952	872,426	1,034,260
JPY	6,214,208	59,233	-	-
EUR	537,642	726,463	-	-
Others	1,526,816	436,932	137,397	118,009
Loan receivables				
USD	159,673	202,353	160,966	190,825
EUR	33,500	45,265	59,500	79,869
Others	172,486	172,920	173,769	176,269
Other receivables				
USD	703,180	891,140	445,542	528,190
JPY	344,317	3,282	30,830	318
EUR	15,135	20,450	12,453	16,716
Others	25,785	16,264	22,365	8,264
Financial assets total				
USD	11,302,022	₩ 14,323,052	15,602,470	₩ 18,496,726
JPY	14,409,773	137,351	12,057,577	124,223
EUR	1,217,723	1,645,388	1,865,181	2,503,706
Others	1,769,168	686,992	1,960,418	747,069
Financial liabilities				
USD	1,946,602	₩ 2,466,928	2,333,203	₩ 2,766,013
JPY	609,957	5,814	349,134	3,597
EUR	3,056	4,129	1,332	1,789
Others	7,132	9,120	9,055	10,735

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(2) Gain on foreign currency transactions for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Gain on foreign currency translation	₩ 1,643,670	1,245,249
Gain on foreign currency transaction	364,109	163,729
	<u>₩ 2,007,779</u>	<u>1,408,978</u>
Loss on foreign currency translation	₩ 758,602	135,439
Loss on foreign currency transaction	131,704	65,205
	<u>₩ 890,306</u>	<u>200,644</u>

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

(1) Non-operating income for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Gain on valuation of investments in associates and joint ventures	₩ 7,635	8,521
Gain on disposal of investments in associates and joint ventures	27	3,259
Gain on disposal of investment properties	103	-
Gain on disposal of property and equipment	233	343
Gain on disposal of intangible assets	23	143
Reversal of impairment loss on intangible assets	-	1
Miscellaneous gains	9,737	10,428
Others	8,415	12,575
	<u>₩ 26,173</u>	<u>35,270</u>

(2) Non-operating expenses for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Loss on valuation of investments in associates and joint ventures	₩ 2,151	1,166
Loss on disposal of investments in associates and joint ventures	118	-
Impairment loss on investment properties	-	1
Loss on disposal of investment properties	52	-
Impairment loss on property and equipment	-	36
Loss on disposal of property and equipment	3,347	6,211
Loss on disposal of intangible assets	124	11
Impairment loss on intangible assets	1,346	6
Donations	39,441	7,972
Miscellaneous losses	6,997	9,996
Others	494	1,001
	<u>₩ 54,070</u>	<u>26,400</u>

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**48. Income tax expenses**

(1) Income tax expenses for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Current income tax expenses	₩ 420,577	219,866
Origination and reversal of temporary differences	(2,300,936)	(682,640)
Income tax expense directly recognized in equity	1,934,118	660,347
Additional payment (refund) of income taxes	(10,951)	802
	<u>42,808</u>	<u>198,375</u>
Income tax expenses	₩ 42,808	198,375

(2) Income tax expenses calculated by multiplying profit before income tax expenses with the tax rate for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Profit before income taxes	₩ 544,057	724,090
Income taxes at statutory tax rates	142,729	189,695
Adjustments:		
Difference in tax rate, etc.	(26,816)	(11,852)
Additional payment (refund) of income taxes	(10,951)	802
Difference in tax rate, etc.	(20,681)	19,730
Others	(41,473)	
Income tax expenses	₩ 42,808	198,375
Effective tax rate	7.87%	27.40%

(3) Deferred tax expenses by origination and reversal of deferred tax assets and liabilities and temporary differences for the years ended December 31, 2022 and 2021 are as follows:

	2022		
	Beginning balance	Increase (decrease) (*)	Ending balance
Deferred tax assets:			
Depreciation	₩ 14,863	(808)	14,055
Loss on valuation of financial assets held for trading	15,175	223,936	239,111
Impairment loss on financial assets	22,049	(4,782)	17,267
Taxes and dues	10,700	325	11,025
Liability for defined benefit obligations	23,502	(2,277)	21,225
Loss on valuation of derivatives	88,151	138,084	226,235
Accrued bonus expenses	21,028	(1,665)	19,363
Miscellaneous losses (impairment loss on land)	2,956	(108)	2,848
Miscellaneous losses (dormant insurance payments)	9,222	247	9,469
Minimum policy holder reserves	376,035	(57,165)	318,870
Contingent liabilities	5,778	(917)	4,861
Loss on revaluation of land	3,630	(132)	3,498
Others	556,847	1,257,894	1,814,741
	<u>1,149,936</u>	<u>1,552,632</u>	<u>2,702,568</u>
Deferred tax liabilities:			
Gain on valuation of financial assets held for trading	(338,448)	338,448	-
Valuation gains on assets and liabilities in foreign currency	(157,607)	(137,610)	(295,217)
Interest income	(65,661)	(5,613)	(71,274)
Allowance related to asset revaluation	(22,514)	819	(21,695)
Gain on valuation of available-for-sale financial assets	(571,344)	535,580	(35,764)
Gain on revaluation of property and equipment	(224,812)	7,854	(216,958)
Others	(1,035,137)	150,546	(884,591)
	<u>(2,415,523)</u>	<u>890,024</u>	<u>(1,525,499)</u>
Excluded from deferred tax recognition	(399,133)	141,720	(257,413)
Deferred tax liabilities, net	₩ (866,454)	2,300,936	1,434,482

(\*) The amount on effects from the business combination was reflected.

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	2021		
	Beginning balance	Increase (decrease)	Ending balance
<b>Deferred tax assets:</b>			
Depreciation	W 14,965	(102)	14,863
Loss on valuation of financial assets held for trading	101	15,074	15,175
Impairment loss on financial assets	15,016	7,033	22,049
Valuation losses on assets and liabilities in foreign currency	152,899	(152,899)	-
Taxes and dues	9,461	1,239	10,700
Liability for defined benefit obligations	34,271	(10,769)	23,502
Loss on valuation of derivatives	26,692	61,459	88,151
Accrued bonus expenses	17,549	3,479	21,028
Miscellaneous losses (impairment loss on land)	2,956	-	2,956
Miscellaneous losses (dormant insurance payments)	9,629	(407)	9,222
Minimum policy holder reserves	351,549	24,486	376,035
Contingent liabilities	625	5,153	5,778
Loss on revaluation of land	3,630	-	3,630
Others	808,287	(251,440)	556,847
	<u>1,447,630</u>	<u>(297,694)</u>	<u>1,149,936</u>
<b>Deferred tax liabilities:</b>			
Gain on valuation of financial assets held for trading	(577,671)	239,223	(338,448)
Valuation gains on assets and liabilities in foreign currency	-	(157,607)	(157,607)
Interest income	(61,110)	(4,551)	(65,661)
Allowance related to asset revaluation	(22,514)	-	(22,514)
Gain on valuation of available-for-sale financial assets	(1,239,207)	667,863	(571,344)
Gain on valuation of derivatives	(282,221)	282,221	-
Gain on revaluation of property and equipment	(211,034)	(13,778)	(224,812)
Others	(924,372)	(110,765)	(1,035,137)
	<u>(3,318,129)</u>	<u>902,606</u>	<u>(2,415,523)</u>
<b>Excluded from deferred tax recognition</b>	<u>321,405</u>	<u>77,728</u>	<u>399,133</u>
<b>Deferred tax liabilities, net</b>	<u>W (1,549,094)</u>	<u>682,640</u>	<u>(866,454)</u>

(4) Deferred tax assets and liabilities that were directly charged or credited to equity for the years ended December 31, 2022 and 2021 are as follows:

	2022		2021	
	Amount	Tax effect	Amount	Tax effect
Revaluation reserves	W 24,366	(19,863)	24,366	(19,863)
Gain on valuation of available-for-sale financial assets	(2,393,502)	623,921	2,036,006	(567,440)
Loss on valuation of hedging instruments	(127,153)	33,695	(148,004)	40,701
Gain on valuation of investments in associates	46	(13)	34	(9)
Accumulated other comprehensive income (expense) in separate account	(454,444)	120,428	(20,540)	5,649
Gain on valuation of held-to-maturity financial assets	(2,430,700)	636,235	-	-
Gain on revaluation of property and equipment	776,521	(212,127)	778,361	(219,827)
Remeasurement gain (loss) related to defined benefit liabilities	51,111	(13,354)	13,719	(4,626)
Foreign currency translation adjustments for foreign operations	1,079	(549)	512	(330)
	<u>W (4,552,676)</u>	<u>1,168,373</u>	<u>2,684,454</u>	<u>(765,745)</u>

(5) Deferred tax assets and liabilities presented on a gross basis prior to any offsetting as of December 31, 2022 and 2021 are as follows:

	2022	2021
Deferred tax assets	W 2,702,568	1,149,936
Deferred tax liabilities	<u>(1,268,086)</u>	<u>(2,016,390)</u>



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Deferred tax assets (liabilities), net	₩	<u>1,434,482</u>	<u>(866,454)</u>
Current tax assets	₩	222,701	153,826
Current tax liabilities		<u>(421,147)</u>	<u>(206,471)</u>
Current tax liabilities, net	₩	<u>(198,446)</u>	<u>(52,645)</u>

Individual subsidiaries included in consolidation has no legal authority or intention to set off their corporate income tax. Therefore, the deferred tax assets of individual subsidiaries were separated to calculate net amounts above. As of December 31, 2022 and 2021, the Group represented separately in the consolidated financial statements ₩1,507,126 million and ₩ 11,486 million of the deferred tax assets, ₩72,643 million and ₩ 877,940 million of deferred tax liabilities, ₩31,154 million and ₩ 2,601 million of current tax assets and ₩229,599 million and ₩ 55,245 million of current tax liabilities as of December 31, 2022 and 2021, respectively.

**49. Employee benefits**

Details of employee benefits for the years ended December 31, 2022 and 2021 are as follows:

		<u>2022</u>	<u>2021</u>
Short-term and other long-term employee benefits	₩	694,861	713,414
Retirement benefits (*)		80,977	140,523

(\*) Retirement benefits include ₩645 million and ₩60,242 million of termination benefits for the years ended December 31, 2022 and 2021, respectively, and ₩20,088 million and ₩17,510 million of defined contribution plans for the years ended December 31, 2022 and 2021, respectively.

**50. Commitments and contingencies**

(1) Pending litigations

The Group has 355 pending litigations in which the Group is a defendant, such as claims for insurance payments and others, and the total legal proceedings amounts to ₩338,940 million as of December 31, 2022. In addition, the Group has 309 pending litigations in which the Group is a plaintiff with total claims of ₩41,201 million. As of the end of the current reporting period, the Group cannot reliably determine the outcome of the pending litigations and has recognized reserves of ₩6,462 million and provisions of ₩1,312 million for litigations as a defendant and plaintiff, respectively.

There is a possibility of additional payments related to the immediate pension products, which have previously been paid, due to the Financial Supervisory Service's announcement of the application of lump-sum regulation in July 2018. The Group reasonably estimated the additional payment amount as of December 31, 2022 and reflected in the consolidated financial statements.

The Company accused Deloitte Anjin LLC to Public Company Accounting Oversight Board (PCAOB) of violation of the valuation standards to calculate the market value of the Company's outstanding stock related to the put options exercised in accordance with the shareholder's agreement. Also, the Company prosecuted Deloitte Anjin LLC for violating the *Certified Public Accountant Act*.

(2) Insurance commitments

The contract amounts under the insurance contracts in the general and separate accounts as of December 31, 2022 are as follows:

	Number of contracts	Total contract amount
General accounts	<u>8,272,459</u>	<u>₩ 294,888,738</u>
Separate accounts	<u>1,023,297</u>	<u>12,051,950</u>
	<u>9,295,756</u>	<u>₩ 306,940,688</u>

(3) Reinsurance agreements

The reinsurance agreements of individual and group insurance as of December 31, 2022 are as follows:

Reinsurance method	Reinsurance company	Coding ratio (%)	Nature of risk
Surplus	SCOR Reinsurance Asia-Pacific	100	Risk from excessive contracts
Surplus	SCOR Reinsurance Asia-Pacific	100	Risk from excess number of contracts with individuals with high-risk occupations
Surplus	Korean Re	100	Kyobo Big Love Guarantee Insurance
Surplus	Pacific Life Re	Exceeding ₩100 million per person	Mortality (term insurance and whole life, insurance)
Surplus, Quota Share	Munich Re	60	Risk from excessive contracts
Surplus, Quota Share	Korean Re	40	Risk from excessive contracts
Quota Share	General Cologne Re	10	Individual medical insurance
Quota Share	General Cologne Re	10	Accidental insurance
Quota Share	General Cologne Re	30	CI whole life Reinsurance
Quota Share	General Cologne Re	30	SI Insurance
Quota Share	General Cologne Re	30	Second CI Guarantee reinsurance
Quota Share	Hannover Re	10	CI reinsurance
Quota Share	Hannover Re	10	Direct health insurance
Quota Share	Hannover Re	10 ~ 25	Individual medical Insurance
Quota Share	Hannover Re	30	Kyobo cancer insurance
Quota Share	Hannover Re	80	Facultative reinsurance

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Quota Share	Swiss Re	50	Re-diagnosis cancer insurance
Quota Share	Swiss Re	80	Target anticancer drug treatment
Quota Share	Munich Re	10	CI reinsurance
Quota Share	Munich Re	5 ~ 20	Whole life insurance
Quota Share	Munich Re	30	LTC (Silver care insurance)
Quota Share	Munich Re	30	Premier CI Insurance
Quota Share	Munich Re	80	Facultative reinsurance
Quota Share	RGA Re	20	Kyobo cancer insurance
Quota Share	RGA Re	30	Dental Benefits
Quota Share	RGA Re	50	Mortality (term insurance and whole life insurance), diagnosis (cancer, insurance for lifestyle disease)
Quota Share	RGA Re	80	Facultative reinsurance
Quota Share	RGA Re	90	Substandards insurance
Quota Share	SCOR Reinsurance Asia-Pacific	10	Individual medical Insurance
Quota Share	SCOR Reinsurance Asia-Pacific	15	CI reinsurance
Quota Share	SCOR Reinsurance Asia-Pacific	15	Direct health insurance
Quota Share	SCOR Reinsurance Asia-Pacific	30 ~ 60	Top Class cancer Insurance
Quota Share	SCOR Reinsurance Asia-Pacific	50	Dental & Juvenile Benefits
Quota Share	SCOR Reinsurance Asia-Pacific	80	Facultative reinsurance
Quota Share	Korean Re	10	CI whole life reinsurance
Quota Share	Korean Re	10 ~ 50	SI whole life insurance
Quota Share	Korean Re	15 ~ 25	Individual medical Insurance
Quota Share	Korean Re	30	Kyobo cancer Insurance
Quota Share	Korean Re	30	Disability (Let's go M Accidental insurance)
Quota Share	Korean Re	50	SI Insurance
Quota Share	Korean Re	50	Dementia Insurance
Quota Share	Korean Re	50	Mortality (term insurance),injuries (children, accident insurance),hospitalization/surgery, (children insurance), diagnosis (children, accident insurance, M3 cancer insurance, fine dust disease insurance, F women's Health Insurance, B women's Health Insurance,)
Quota Share	Korean Re	80	Facultative reinsurance
Quota Share	Korean Re	Main: 40 Special: 50	Kyobo cancer insurance

(4) Purchase commitment of commercial paper

The Group provides ABCP purchase commitments amounting to ₩41,200 million (December 31, 2021: ₩180,600 million) as of December 31, 2022 and details are as follows:

		Amounts	Period	Description
Neoxodium 1st Co., Ltd.	₩	20,200	2018.07.30~2024.05.22	ABCP purchase commitments
MKDREAM 5th Co., Ltd.		21,000	2018.11.12~2024.12.20	
	₩	41,200		

(5) Stand-by commitments

The Group provides guarantee of debts (purchase commitment etc.) of ₩231,708 million (December 31, 2021: ₩224,608 million) to SPC for the developer's projects on Songdo International City development as of December 31, 2022 and details are as follows:

Company	Trade Opponent	Amount	Description
Kyobo Securities Co., Ltd.	Ujur 8th Co., Ltd.	₩ 32,000	Debt guarantee
	Perfectdream 8th Co., Ltd.	16,900	
	Eco dream 1st Co., Ltd.	29,400	
	Bright Star 8th Co., Ltd.	67,500	
	Great Ocean 1st Co., Ltd.	6,000	
	Whitewood 8th Co., Ltd.	16,000	
	Teureoseuteuhoecheon 1st Co., Ltd.	20,000	
	Dream the First Geomdan 1st Co., Ltd.	12,000	
	Must Hakik 1st Co., Ltd.	10,000	
	Quadverthill Chuncheon 2nd Co., Ltd.	4,000	
	Dream Spare 9th Co., Ltd.	5,000	
	Dear buddy 3th Co., Ltd.	2,000	
	Doublerich 9th Co., Ltd.	4,000	
	Ujur 1th Co., Ltd.	3,000	
KCQ 1st Co., Ltd.	1,000		
KCQ 2th Co., Ltd.	1,000		

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Kyobo Asset Trust Co., Ltd	KCQ 5th Co., Ltd. Busan Geumjeong-gu Office	1,000 908	Equity guarantee
		₩	<u>231,708</u>

(6) Provided with payment guarantee of December 31, 2022 are as follows:

	Amount
Seoul Guarantee Insurance	₩ 222,436
Korea Specialty Contractor Financial Cooperative	8,565
Korea Housing & Urban Guarantee Corporation	8,594,405
Others	2,508
	₩ <u>8,827,914</u>

(7) Other commitments as of December 31, 2022 are as follows:

	Amount
Loan commitments	₩ 2,530,696
Investment commitments	4,389,872
	₩ <u>6,920,568</u>

(8) Overdraft commitments, etc.

The commitments and guarantees as of December 31, 2022 are as follows:

		Amount	Counter party	Descriptions
Kyobo Life Insurance Co., Ltd.	Overdraft commitments	₩ 290,000	Standard Chartered Bank, etc.	Bank overdraft
Kyobo Securities Co., Ltd.	Overdraft commitments	106,000	Woori Bank, etc.	Intra-day credit, Micro payment
	Limit commitments	1,075,000	KSFC	Securities distribution finance, CP issue limit commitments
Kyobo Book Center Co., Ltd.	Overdraft commitments	20,000	Woori Bank	Bank overdraft
	Limit commitments	20,000	Shinhan Bank, etc.	Corporate operating loan limit commitments
Kyobo Hottracks Co., Ltd.	Overdraft commitments	4,000	Woori Bank	Bank overdraft
	Limit commitments	15,000	Shinhan Bank, etc.	Corporate operating loan limit commitments
		₩ <u>1,530,000</u>		

(9) Securities lending and borrowing

Securities lending and borrowing as of December 31, 2022 are as follows:

	Type	Amount	Valuation standard
Securities lent	Equity securities	₩ 89,339	Fair value
	Debt securities	680,156	Fair value
Securities borrowed	Equity securities	200,225	Fair value
	Debt securities	3,336,272	Fair value

Securities lending transaction is a transaction that transfers the ownership of the same amount and kind of securities after a certain period of time and continues to be recognized as an asset of the Group because it does not meet the conditions for the derecognition of transfer of financial assets.

The Group executes loan transaction and keeps memorandum notes on borrowed securities from KSFC and Korea Securities Depository. The Group accounts for the transaction as financial liabilities designated at fair value through profit or loss when it sells borrowed securities or when it makes a short sale of the borrowed securities.

(10) The Group provided tenants with 3 overdraft checks (issue price of ₩ 694 million) as collateral for the lease deposit when the Group signed lease contracts for buildings owned by Kyobo Securities and sub-lease contracts for building owned by others as of December 31, 2022.

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**51. Related parties**

(1) The related parties as of December 31, 2022 and 2021 are as follows:

2022	
<b>Associates</b>	
A&D Credit Information Co., Ltd., Songsan Industrial Complex Development Co., Ltd., Pusan Millak PFV, Jinjeop2 REIT Co., Ltd., Guri Galmac REIT Co., Ltd., Yeoido H2 PFV, Pusan Eco delta city PFV, Logistec Yangsan Co., Ltd., Incheon Gundam 3rd PFV, Hera Park City development PFV, Hera Park City development AMC Co., Ltd., Incheon yeongjong PFV, Dongdaemoon Urban PFV, Chungju Biz Core City, Chungnam Naepo 1 PFV, Yangjuhoechun PFV, Pecocity, Incheon Youngjong 1st PFV, Changwon Gapo PFV, Osong Smart Vally Co., Ltd., Kyobo 10 Special Purpose Acquisition Company, Kyobo 11 Special Purpose Acquisition Company, Kyobo 12 Special Purpose Acquisition Company, Kyobo 13 Special Purpose Acquisition Company, KYOBO-NH Healthcare New Technology Investment Association No.1, NH-KYOBO AI Solution New Technology Investment Association, KYOBO-HANYANG ESG New Technology Investment Association, KYOBO-AXIS Future Technology New Technology Investment Association No.1, Kyobo-YG Ilguimu new Technology Investment Association, KB Kyobo New Mobility New Technology Investment Fund, Kyobo Advanced Materials New Technology Investment Association, NH Daishin Kyobo Healthcare 1st, KYOBO-SP Advanced Materials New Technology Investment Association, SBI-N'U-Kyobo Digital Innovation Fund, NPC&C Co., Ltd., Marston General Private Real Estate Investment Trust No. 61, The Givers Co., Ltd	
<b>Joint Ventures</b>	
Kyobo AXA Investment Managers Co., Ltd.	
<b>Others</b>	
Daesan Foundation For Rural Society, Daesan Foundation For Culture, Kyobo Foundation For Education	

2021		Location
<b>Associates</b>		
A&D Credit Information Co., Ltd., Hwaseong-Jeongnam General Industry Complexes Co., Ltd., Kyobo 9 Special Purpose Acquisition Company, Kyobo 10 Special Purpose Acquisition Company, Kyobo 11 Special Purpose Acquisition Company, Songsan Industrial Complex Development Co., Ltd., Pusan Millak PFV, Jinjeop2 REIT Co., Ltd., Guri Galmac Dacto Development Trust Management Property Investment Company, Yeoido H2 PFV, Pusan Eco delta city PFV, Logistec Yangsan Co., Ltd., Incheon Gundam 3rd PFV, Hera Park City development PFV, Hera Park City development AMC Co., Ltd., Incheon Yeongjong PFV, Dongdaemoon Urban PFV, Chungju Biz Core City Chungnam Naepo 1 PFV, Yangjuhoechun PFV, Peco-city, Incheon Yeongjong 1st PFV, Changwon gapo PFV, Kyobo NH Healthcare New Technology Investment Association 1, NH Kyobo AI solution New Technology Investment Association, Kyobo Kiwoom New Materials & Technology Investment Association, Kyobo Hanyang ESG New Technology Investment Association, Kyobo Axis Future & New Technology Investment Association 1, Kyobo-YG Ilguimu new Technology Investment Association, NPC&C Co., Ltd., Marston General Private Real Estate Investment Trust No. 61		Korea
<b>Joint Venture</b>		
Kyobo AXA Investment Managers Co., Ltd.		Korea
<b>Others</b>		
Daesan Foundation For Rural Society, Daesan Foundation For Culture, Kyobo Foundation For Education		Korea

(2) Significant balances with the related parties as of December 31, 2022 and 2021 are as follows:

Related party	Account	2022	2021
<b>Associates:</b>			
A&D Credit Information Co., Ltd.	Accounts payable	₩ 605	694
Kyobo 9 Special Purpose Acquisition Company(*2)	Retirement pension (*1)	463	550
Kyobo 10 Special Purpose Acquisition Company	Loan receivables	-	2,479
Kyobo 11 Special Purpose Acquisition Company	Loan receivables	2,012	1,947
Kyobo 12 Special Purpose Acquisition Company	Loan receivables	2,067	2,018
Kyobo 13 Special Purpose Acquisition Company	Loan receivables	976	-
HeraParkCity development PFV	Loan receivables	990	-
	Deposits	-	5,000

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	Repurchase Agreements	2,588	-
HeraParkCity development AMC Co., Ltd.	Deposits	70	100
<b>Joint Venture:</b>			
Kyobo AXA Investment Managers Co., Ltd.	Accounts payable	514	737
	Leasehold deposits received	805	805
	Deposits	181	536
<b>Others:</b>			
Daesan Foundation For Rural Society	Retirement insurance (*)	-	180
Daesan Foundation For Culture	Leasehold deposits received	1,363	1,363
	Retirement pension (*)	-	616
Kyobo Foundation For Education	Retirement pension (*)	-	583
Key management	Loan receivables	79	144

(\*1) Retirement insurance and pension are reserve for policyholder in separate account liabilities.

(\*2) It was excluded from the related parties for the year ended December 31, 2022.

(3) Significant transactions with the related parties for the years ended December 31, 2022 and 2021 are as follows:

Related party	Account	2022		2021	
		Revenues	Expenses	Revenues	Expenses
<b>Associates:</b>					
A&D Credit Information Co., Ltd.	Premium income (*1)	₩ 1	-	17	-
	Dividend income	49	-	49	-
	Claims paid (*1)	-	11	-	11
	Operating and administrative expenses	-	158	-	182
	Asset management expenses	-	7,037	-	7,472
Kyobo 9 Special Purpose Acquisition Company(*2)	Gain on valuation of derivatives	-	-	44	-
Kyobo 10 Special Purpose Acquisition Company	Gain on valuation of derivatives	33	-	57	-
Kyobo 11 Special Purpose Acquisition Company	Loss on valuation of derivatives	-	101	1,118	-
Kyobo 12 Special Purpose Acquisition Company	Loss on valuation of derivatives	-	30	-	-
Kyobo 13 Special Purpose Acquisition Company	Loss on valuation of derivatives	150	-	-	-
	Commission income	125	-	-	-
Yeouido H2 PFV	Commission income	594	-	343	-
Pusan Eco delta city PFV	Commission income	89	-	178	-
Logistec Yangsan Co.,Ltd.	Commission income	-	-	30	-
Incheon Gundam 3rd PFV	Commission income	-	-	188	-
Incheon Yeongjong PFV	Commission income	-	-	218	-
Chungnam Nacpo 1 PFV,	Commission income	-	-	32	-
Yangjuhoechun PFV	Commission income	292	-	744	-
Incheon Yeongjong 1st PFV	Commission income	881	-	163	-
Changwon gapo PFV	Commission income	60	-	24	-
Kyobo NH Healthcare New Technology Investment Association 1 <sup>st</sup>	Commission income	120	-	67	-
NH Kyobo AI solution New Technology Investment Association	Commission income	69	-	30	-
Kyobo Kiwoom New Materials & Technology Investment Association	Commission income	112	-	40	-
Kyobo Hanyang ESG New Technology Investment Association	Commission income	60	-	19	-
Kyobo Axis Future & New Technology Investment	Commission income	223	-	66	-

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Association 1*					
KYOBO Ygilguimu New Technology Investment Association	Commission income	52	-	9	-
KB-KYOBO New Mobility New Technology Investment Association(*3)	Commission income	34	-	-	-
KYOBO Advanced Materials New Technology Investment Association(*3)	Commission income	71	-	-	-
NH-DAISHIN-KYOBO Healthcare New Technology Investment Association No.1(*3)	Commission income	13	-	-	-
KYOBO-SP Advanced Materials New Technology Investment Association(*3)	Commission income	3	-	-	-
<b>Joint Venture:</b>					
Kyobo AXA Investment Managers Co., Ltd.	Premium income (*1)	2	-	33	-
	Commission income	1,113	-	1,469	-
	Dividend income	8,445	-	5,898	-
	Rental income	1,456	-	1,429	-
	Non-operating income	1	-	1	-
	Asset management expenses	-	2,407	-	3,117
<b>Others:</b>					
Daesan Foundation For Rural Culture & Society	Premium income (*1)	-	-	1	-
	Rental income	-	-	1	-
	Commission income	1	-	46	-
	Claims paid (*1)	-	1	-	2
	Non-operating expenses	-	-	-	731
Daesan Foundation For Culture	Premium income (*1)	-	-	4	-
	Rental income	62	-	63	-
	Commission income	6	-	48	-
	Other operating income	-	-	3	-
	Claims paid (*1)	-	1	-	10
	Operating and administrative expenses	-	42	-	55
	Non-operating expenses	-	2,172	-	1,206
Kyobo Foundation For Education & Culture	Premium income (*1)	1	-	3	-
	Rental income	-	-	1	-
	Commission income	1	-	1	-
	Other operating income	10	-	-	-
	Claims paid (*1)	-	1	-	8
	Non-operating expenses	-	1,047	-	1,047

(\*1) Premium income and claims paid belong to profit or loss in separate account.

(\*2) It was excluded from the related parties for the year ended December 31, 2022

(\*3) They were included in the related parties for the year ended December 31, 2022

(4) The financing transactions with the related parties for the years ended December 31, 2022 and 2021 are as follows:

Related party	2022		
	Loan transaction		Collection of investment
	Lending	Collection	
Osong Smart Valley Co., Ltd.	₩	-	10
Kyobo 12 Special Purpose Acquisition Company		990	10
Kyobo 13 Special Purpose Acquisition Company		990	10
KT-KYOBO New Mobility New Technology Investment Association		-	2,000
Kyobo Advanced Materials & Technology Investment Association		-	2,000
NH Daishin Kyobo Healthcare 1st		-	3,000
KYOBO-SP Advanced Materials New Technology Investment Association		-	2,500
SBI-NTU-Kyobo Digital Innovation Fund		-	9
Related party	2021		Collection of investment
	Loan transaction		
	Lending	Collection	

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		Lending	Collection	
Yeoido H2 PFV,	₩	-	-	50
Pusan Eco delta city PFV,		-	-	250
Logistec Yangsan Co.,Ltd.,		-	-	398
Incheon Gundam 3rd PFV,		-	-	250
Hera Park City development PFV,		-	-	975
Hera Park City development AMC Co., Ltd.,		-	-	20
Incheon Yeongjong PFV,		-	-	250
Dongdaemoon Urban PFV,		-	-	250
Chungju Biz Core City,		-	-	10
Chungnam Naepo 1 PFV,		-	-	250
Yangjuhoechun PFV,		-	-	250
Peco-city,		-	-	38
Incheon Yeongjong 1st PFV,		-	-	250
Changwon gapo PFV		-	-	250
Kyobo 11 Special Purpose Acquisition Company		990	-	10
Kyobo NH Healthcare New Technology Investment Association 1st,		-	-	2,500
NH Kyobo AI solution New Technology Investment Association,		-	-	1,000
Kyobo Kiwoom New Materials & Technology Investment Association,		-	-	2,000
Kyobo Hanyang ESG New Technology Investment Association,		-	-	1,000
Kyobo Axis Future & New Technology Investment Association 1st		-	-	2,000
Kyobo-YG Ilguimu newTechnology Investment Association		-	-	1,000
NPC&C Co., Ltd.		-	-	3,000
Marston General Private Real Estate Investment Trust No. 61		-	-	20,000

(5) The Group determined that the key management includes executives and external directors who have authority and responsibilities for decision making of the business plan, operations and control over the Group. Key management compensation for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Long and short-term employee benefits	₩	29,476	30,417
Retirement benefits		5,930	5,288
Share-based payment		51	40
	₩	35,457	35,745

(6) Transactions of securities through major related parties for the years ended December 31, 2022 and 2021 are as follows:

Related party	Type of securities	2022		2021	
		Buy	Sell	Buy	Sell
Kyobo AXA Investment Management Co., Ltd.	Beneficiary certificates.	1,604,875	1,214,910	1,982,251	2,938,155

**52. Earnings per share**

Basic earnings per share for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Profit for the year (*1)	₩	487,563	489,316
Dividends to hybrid bonds		(52,891)	(28,421)
Profit available for common stock	₩	434,672	460,895

Weighted average number of common shares outstanding	102,500,000 shares	102,500,000 shares
Earnings per share in won	4,241	4,497

(\*1) Profit for the year attributable to the controlling interests

The Group's basic earnings per share and diluted earnings per share are the same since there are no potential diluted shares for the years ended December 31, 2022 and 2021.

**53. Statement of cash flows**

(1) Significant non-cash transactions for the years ended December 31, 2022 and 2021 are as follows:

2022	2021
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Changes in valuation gain (loss) on available-for-sale financial assets	₩	(3,238,147)	(1,776,562)
Transfer between property and equipment and investment property		2,583	37,055
Changes in valuation gain (loss) on revaluation of property and equipment		5,860	(7,500)
Changes in valuation gain (loss) on derivatives for cash flow hedging purpose		13,845	36,329
Changes in other comprehensive income of associates		9	1
Changes in other comprehensive income (loss) in separate accounts		(319,125)	(69,058)
Changes in foreign currency translation adjustments for foreign operations		349	499
Remeasurements of defined benefit liabilities		28,664	18,462
Write-off of loan receivables, etc.		(28,023)	(20,856)
Write-off of Other receivables		(1,247)	(1,966)
Transfer from construction in progress		26,425	9,848
Reclassification of advanced payments related to acquisition of property and equipment		38	152
Reclassification of advanced payments related to acquisition of intangible assets		30,049	13,412
Changes in right-of-use assets (transfer, acquisition)		82,783	84,783
Changes in right-of-use assets (disposal)		(14,481)	(36,404)
Regulatory reserve for loan loss		41,864	(18,309)
Changes in policyholders' equity adjustments		(553,692)	(739,395)
Income tax expenses reflected in equity		1,933,350	660,347
Payment of dividends to hybrid bonds		52,891	-
Retrospective effect of changes in accounting policy		-	1,112,800

(2) Changes in liabilities from financing activities for the years ended December 31, 2022 and 2021 are as follows:

		2022			
		Lease liabilities	Borrowings	Leasehold deposits received	Total
Beginning balance	₩	70,789	3,541,753	94,585	3,707,127
Increase due to business combination		32	400	-	432
Cash flows from financing activities		(51,421)	2,025,841	(1,309)	1,973,111
Interest expense, etc.		74,813	76,632	(1,645)	149,800
Ending balance	₩	94,213	5,644,626	91,631	5,830,470

		2021			
		Lease liabilities	Borrowings	Leasehold deposits received	Total
Beginning balance	₩	78,164	2,619,813	106,992	2,804,969
Cash flows from financing activities		(49,960)	885,351	(10,547)	824,844
Interest expense, etc.		42,585	36,589	(1,860)	77,314
Ending balance	₩	70,789	3,541,753	94,585	3,707,127

**54. Transfer of financial assets**

(1) The financial instruments sold by the Group under repurchase condition at a fixed price and did not meet the derecognition condition as of December 31, 2022 and 2021 are as follows:

Purpose		2022	2021
Transfer	Financial assets held for trading	₩ 1,681,478	1,879,232
	Available-for-sale financial assets	229,552	109,719
		1,911,030	1,988,951
Related liabilities	Repurchase agreements(*)	2,474,311	2,134,859

(\*) ₩748,018 million and ₩355,650 million were traded as borrowed securities for the years ended December 31, 2022 and 2021.

(2) Details of asset-backed securities issued on the basis of the financial instrument held by the Group as the underlying assets as of December 31, 2022 and 2021 are as follows:

Purpose		2022	2021
Underlying asset	Available-for-sale financial assets	₩ 16,909	10,580
	Loan receivables	544,130	481,430
		561,039	492,010



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Asset-backed securities	Electronic short-term bonds	556,460	492,300
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(3) The ownership of securities is transferred if the Group lends securities; however, the Group continues to recognize the transferred securities because the Group has retained substantially all the risks and rewards of the ownership as the securities will be return to the Group at the expiration of the lending period. See details of transferred financial assets that were not derecognized for the entire securities in a lending agreement in Note 50.

**55. Risk management**

**55-1) General**

**(1) Risk management overview**

The objective of risk management is to effectively manage and control various uncertainties that prevent the Group from achieving its business goal. The controlling company supports its stable business activities by setting the appropriate risk limits to ensure the regulatory capital is maintained above the minimum risk based capital required by the Financial Supervisory Service even in the environment which various risks may actually realize simultaneously, and also comprehensively manages assets and liabilities portfolios to enhance profitability compared to risk. The controlling company's risk management process is as follows:

**1) Risk identification and classification**

The controlling company identifies risks related to market, credit, interest, insurance, liquidity, operation, strategy, reputation, and variable insurance guarantee as significant risks. Market, credit, interest, insurance, liquidity and variable insurance guarantee risks are classified as financial risks, while operation, strategy, reputation risks are classified as non-financial risks.

**2) Risk measurement and management**

Market, credit, interest, insurance and operational risks are measured using Value at Risk (VaR) method. Liquidity risk is periodically monitored and managed to ensure liquidity level is adequately maintained by setting the minimum liquidity limit that reflects cash flows and variability for the last 6 months. In addition, variable insurance guarantee risk is periodically measured using a Stress scenario.

The controlling company continues to maintain Asset-Liability Management (ALM) policy to secure long-term stable interest rate margins. In order to consistently improve the asset and liability structure, the product sales mix has been weighted more heavily in favor of investment linked products and floating-rate type policies, while cash flow stability has been strengthened through the increase of long-term fixed-rate interest assets. In addition, constant improvements are being made to the ALM systems.

**3) Risk control**

To hedge, accept, transfer and mitigate risks, the controlling company sets risk limits at adequate level and monitors if these limits are appropriate and in compliance with the risk management policies and procedures. The risk limits are adjusted as necessary, and a contingency plan is also placed in operation.

In addition, the risk management department provides timely feedbacks and ensures fast and proper decision making process for any important decision making matters.

**4) Risk monitoring and reporting**

The controlling company monitors various risk factors (e.g. interest rates, stock index, FX rates, etc.), risk quantities by each risk and related monitoring index, and regulatory related index (e.g. solvency margin) on a daily, monthly and quarterly basis using the check list, and if any unusual instances are identified, they are reported to the management and appropriate action is taken.

**(2) Risk management framework**

Risk management organization is divided into division in charge of risk management and division managing individual risks.

The controlling company's major risk management organization is as follows.

**1) Risk Management Committee**

The Risk Management Committee is comprised of three outside directors and has overall responsibility for establishing basic directions and major policies of risk management consistent with management strategies and setting appropriate risk limits for the controlling company.

**2) Risk Management Council**

The Risk Management Council sets the agenda that will be discussed at the Risk Management Committee, implements strategies established by the Risk Management Committee, sets the limit for each risk factor and prepares suitable solution when risk limit exceeds or may exceed the set limit.

**3) Risk Management Team**

The controlling company runs the Risk Management Team and a risk management unit for each risk to support the Risk Management Committee and the Risk Management Council. The Risk Management Team who is independent from the business operation departments plans and sees company level of financial and non-financial risk management by preparing risk management policies, regulations.

Risk Management Support Team, in charge of risk management, performs plan-see functions independent from Sales Department (including non-financial risk management) such as establishing risk management policies and plan, regulations and rules, and setting risk limits. Individual risk management departments perform Do functions and operate in 7 teams.

- Insurance risk: insurance risk management support team
- Interest rate: actuary infra team
- Market risk: asset portfolio management team
- Variable insurance guarantee risk: variable hedge part
- Credit risk: investment asset evaluation team/retail credit marketing team
- Liquidity risk: accounting team

**55-2) Regulatory capital adequacy**

**(1) Kyobo Life Insurance**

**1) Risk Based Capital (RBC)**

The controlling company measures, manages and discloses RBC (e.g. Solvency) ratio according to the Regulation on Supervision of Insurance Business to maintain required capital for the solvency margin.

RBC is available capital (e.g. Solvency) divided by required capital (e.g. Solvency Threshold). Available capital represents how capable the controlling company is in paying the liabilities to policy holders, even in cases of unexpected loss or decline in the value of assets. Required capital is the risk amount of the controlling company. This ratio indicates insurance company's financial strength and claim payment ability.

Available capital is comprised of capital, capital surplus and retained earnings. Required capital is computed considering insurance, interest rates, credit, market, operational risks and dispersion effect. In order to calculate risk based capital requirements, the computation is distinguished by insurance, interest, credit, market and operational risks considering the risk diversification effect. When the controlling company sets portfolio

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strategy, the impact of Risk Based Capital is considered and the internal risk quantity related to insurance, interest, credit, market and operational risks is measured through internal measurement models.

The FSS requires the Risk Based Capital to be maintained above 100% based on consolidated financial statements and for cases that do not meet the requirements, corrective actions will be taken so that financial competitiveness can be maintained.

	Solvency ratio	Remedial action
Improvement recommended	Above 50% and below 100%	-Requires increasing capital stock -Limits new business entering
Improvement required	Above 0% and below 50%	-Requires management replacement -Re-organization of subsidiaries -Suspension of management duties
Improvement commanded	Below 0%	-Insurance business suspension

Non-insurance financial companies or non-insurance companies are exempt from RBC ratio calculation for the consolidated financial statements. No companies subject to consolidation of the Group except for the controlling company have significant impact on RBC ratio calculation. Also, internal transactions between consolidated companies are not significant so that disclosures on risk are partially disclosed by consolidated company.

2) Measurement and management

The controlling company sets the total risk limits and guidance as a part of annual business plan to ensure, even though risks are possible, the risk capital (e.g. solvency margin) is greater than minimum required risk based capital on the standard guidelines promulgated by the Financial Supervisory Service. Risk capital is monitored on a monthly basis to maintain at appropriate level against the amount of total risks of the assets. The controlling company reviews acceptability of risk capital under the case of abnormally increased risks by measuring sensitivity and conducting scenario method stress test for significant risk factors with supplementing the limitation of Value at Risk base measurement.

(2) Kyobo Securities

1) Net Capital Ratio (NCR)

In order to prevent inevitable risks arising from operating activities and to minimize investors', customers' and other stakeholder's loss in wealth, Kyobo Securities are at their best in managing their capital. The management of capital adequacy is based on net capital ratio enacted by the FSS. Kyobo Securities reports their net capital ratio results to the FSS at the end of every month.

2) Capital management

The main objective of Kyobo Securities' capital management is to maximize each shareholder's value and maintain its competitive credit rating through main operations of Kyobo Securities. To satisfy the externally imposed capital requirements, Kyobo Securities actively carries out capital management. Kyobo Securities restructures capital according to the change in capital structure, changes in market and risks associated with operating activities. Kyobo Securities may maintain or change the capital structure by adjusting the shareholder's amount of dividend, right issue or through capital reduction. Compared with the prior year, Kyobo Securities have not changed any rules or procedures in their objective to manage their capital.

3) Regulatory capital status

In order to maintain capital adequacy of financial investment firms, the FSS has decided to regulate the net capital ratio at 100%. For security firms that do not meet this requirement at a certain minimum, the FSS will take certain actions accordingly. The actions are as follows:

- Net capital ratio is above 50% but below 100%: recommendation of improvement
- Net capital ratio is above 0% but below 50%: requirement of improvement
- Net capital ratio is below 0%: commandment of improvement

Kyobo Securities follows Net capital ratio stipulated by the FSS.

**55-3) Insurance risk**

(1) Overview

Insurance risk is the risk related to the insurance company's main service of contract acquisition and payment of insurance claims. Potential loss from insurance risk is incurred when there is a difference between the insurance premium collected from the policyholders and actual insurance claims paid.

(2) Management of insurance risk

Insurance risk management comprises of acceptance and administration of insurance contracts, calculation and adjustment of premium rate, review and payment of claims, reinsurance and closing accounts. Each insurance component is managed by a department operating for the risk component.

The Risk Management Team and other related departments conduct preemptive risk management when they develop or revise an insurance product. Insurance risk is continuously improved through regularly reviewing experience rate analysis, insurance risk measurement, underwriting and claims inspection process after product selling.

1) Underwriting

The Group reviews and improves the medical underwriting guideline based on the changes of medical environment. The Group reassesses and reinforces underwriting standards through profit and loss analysis over insurance contracts. Consultants are updated with the latest underwriting standards. The Group distributes underwriting manual for consultants to prevent miss-selling. Risk Management Supporting enhances the accuracy of the risk assessment over a subscribed insurance contract. It provides various risk information that are consistent and underwriting that is reasonable.

2) Risk management through reinsurance

The Group cedes an insurance contract to reinsurer if risks of the contract need to be transferred or diversified to ensure claims payment ability and to maintain financial sustainability of the Group. To achieve the objectives of reinsurance activity, the Group runs reinsurance business efficiently by profit-loss analysis, cedes insurance contracts to reliable reinsurer and observes relevant regulations through the internal control system.

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3) Developing insurance product

When an insurance product is developed or revised, the Group prices insurance premium based on the analysis of expected and actual insurance risk difference and sensitivity to the risk factors. The Group also reviews the appropriateness of the premium and the profitability of the products through the historical loss experience analysis. The Group reviews compliance of risk management policy and appropriateness of expected profit-loss based on experience rate as a part of post selling risk management for a high risk product. Policy and underwriting standard of the product would be revised in line with the result of the review to improve insurance risk.

4) Assessment of claims requests and payment

A standard process for accepting requests and claims payment is enacted to regulate the assessment process of claims requests. The Group pays reasonable benefit using insurance risk management system score, assessment process by types of claims and historical insurance loss experience analysis. The Group monitors deficiency of insurance policy through claim assessment process, and based on that, modifies insurance policies and contracts. The claims payment process is continuously improved reflecting the result of insurance event inspection process monitoring, internal audit and customer complaints etc.

(3) Insurance risk amount

Insurance risk of a life insurance company is measured by insurance premium risk. Reserve risk is managed by liability adequacy test as fluctuation of reserve for life insurance product is insignificant and claims are paid within a short period of time.

Insurance premium risk exposure is insurance risk premium for accidents such as death, disease, etc incurred within a year from December 31, 2022 and 2021 for all insurance contracts and the claims are to be paid for the next year.

The Group's insurance premium risk exposure and insurance premium risk amounts as of December 31, 2022 and 2021 are as follows:

		2022	
		Exposure	Insurance risk amount
Death	₩	467,162	77,958
Injury		44,898	32,617
Hospitalization		276,692	28,961
Operation, diagnosis		802,959	409,819
Medical expenses		276,985	88,118
Others		39,596	11,387
	₩	1,908,292	648,860
Before applying reinsurance ratio	₩		648,860
Possession ratio			91.63%
		2021	
		Exposure	Insurance risk amount
Death	₩	465,771	78,206
Injury		45,366	33,902
Hospitalization		278,274	29,420
Operation, diagnosis		777,376	413,334
Medical expenses		244,064	79,340
Others		39,813	12,947
	₩	1,850,664	647,149
Before applying reinsurance ratio	₩		647,149
Possession ratio			92.59%

(4) Credit risk from insurance contracts

1) Overview

Credit risk is the risk of financial loss to the Group due to debtor's bankruptcy or if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and the risk amount (the unexpected loss) exceeds the expected loss, and credit risk from insurance contract arising mainly from reinsurer's default risk.

The Group chooses blue chip reinsurance company based on the established standards including major financial indices used to assess the reinsurer for its credit rating, RBC, financial adequacy, ratio of market share etc. The Group regularly monitors if reinsurer's secure operation is maintained to prevent sudden decrease in its credit rating. If the Group finds that transactions with reinsurer are not secure, countermeasures such as contract termination take place.

2) Paid premium for ceded reinsurance based on credit ratings of reinsurer

The Group's ceded reinsurance premium as of December 31, 2022 and 2021 amounted to ₩176,653 million and ₩149,741 million respectively and all the counter parties have credit rating above AA-.

3) Asset details with reinsurers based on credit ratings

The Group's reinsurance receivables as of December 31, 2022 and 2021 amounted to ₩117,548 million and ₩102,170 million, respectively and all the counterparties have credit rating above AA-.

(5) Market risk from insurance contracts

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1) Overview

Market risk from insurance contracts is the risk that rises from the changes in market prices such as foreign exchange rates, interest rates and equity prices in certain insurance contract such as unit-linked variable or variable interest rate product that produces additional benefits (Guaranteed Minimum Death Benefit (GMDB), Guaranteed Minimum Annuity Benefit (GMAB) etc.) due to the contract term of providing guarantee amount above the contracted value.

2) Management of minimum guarantee risk of unit-linked variable products

The Group uses two types of risk management approaches for minimum guarantee risk of unit-linked variable products. For the passive management, the Group recognizes option and guarantees liability or reserves certain amount of the capital to cover the expected loss. For more active management, the guarantee risk of unit-linked variable products is measured and limited at the product development stage and static and dynamic hedging method or reinsurance can be used to mitigate the risk.

The Guarantee Risk Management task force team establishes optimal guarantee risk management strategy by continuously monitoring guarantee risk and analyzing effectiveness of the risk management strategy.

3) Liabilities of the interest rate-linked product for the minimum interest guarantee risk as of December 31, 2022 and 2021 are as follows:

	2022	2021
Below 0%	₩ 65,575	70,115
Over 0% and below 2%	25,032,910	24,613,077
Over 2% and below 3%	2,762,323	5,810,988
Over 3% and below 4%	12,581,974	12,049,366
Over 4%	2,289,350	2,219,157
	₩ 42,732,132	44,762,703

The guaranteed minimum interest rate is specified in insurance terms. The Group records the guarantee reserve if the disclosed interest rate is lower than the guaranteed minimum interest rate of the variable products.

4) Minimum guarantee risk of unit-linked variable products

Minimum guarantee risk of unit-linked variable products amounts as of December 31, 2022 and 2021 are as follows:

	2022	2021
GMAB	₩ 13,749	7,791
GMDB	268,768	264,425
GMWB	118	132
GLWB	15,456	17,670
Other	1,707	1,095
	₩ 299,798	291,113

**55-4) Interest rate risk**

(1) Overview

Interest rate risk is the risk in decrease of net assets incurred from interest rate fluctuation. It arises from the maturity structure and interest rate differences between interest bearing assets and liabilities.

(2) Measurement and management

1) Measurement

The Group measures interest rate risk with both the standard model and the internal model enacted by the Financial Supervisory Service. Interest risk calculation formula was as follows:

Interest rate risk = MAX{((interest bearing liabilities' exposure X liabilities' duration - interest bearing assets' exposure X asset duration) X interest rate variance), Risk amount of minimum interest}

Internal model = (interest bearing liabilities' exposure X liabilities' duration - interest bearing assets' exposure X asset duration) X interest rate variance

Duration: : Cash flow weighted average maturity or average recovery period of investment amount or price sensitivity to the change of interest.

Risk amount of minimum interest : Fixed interest liabilities X 2.83% + other liabilities X (1.41%~2.83%)

Interest risk amount by Standard model of Financial Supervisory Service RBC system is calculated by multiplying exposure of interest bearing asset and liability by duration. Whereas, the internal model calculates interest risk amount using effective duration calculated from the cash flow considered by the attributes of interest bearing assets and liabilities.

The confidence level of interest risk in internal model applies 99% (the probability of once occurring once in 100 years) as the same with the interest risk in standard model.

2) Management

Within an Asset Liability Management Framework, the Group is seeking to reduce the duration gap in the mid and long-term view by increasing interest bearing asset duration or asset amount or, decreasing liability duration. The Group sets the interest rate risk limit amount considering equity capital, solvency margin and risk management policies etc. and emergency situation scenario test assuming the unexpected abnormal economic crisis is also conducted on a regular basis.

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3) Interest risk exposure

Exposure to interest bearing asset and liabilities as of December 31, 2022 and 2021 are as follows:

		2022	2021
Interest bearing asset:			
Due from banks	₩	1,984,325	1,644,754
Investment securities (*1)		59,393,878	61,487,723
Loan receivables		22,418,974	21,913,473
		<u>83,797,177</u>	<u>85,045,950</u>
Interest bearing liabilities:			
Fixed interest rate contract		34,275,252	29,759,740
Interest rate linked contract		42,732,132	44,762,427
		<u>77,007,384</u>	<u>74,522,167</u>

(\*1) Including amounts of debt securities and bond type beneficiary certificate in available-for-sale financial instruments as well as held-to-maturity financial instruments.

(\*2) Assessed from the Kyobo Life Insurance Co., Ltd. and Kyobo Life Planet Life Insurance Company.\_

55-5) Credit risk

(1) Overview

Credit risk is the risk of financial loss to the Group due to debtor's bankruptcy or if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and the risk amount (the unexpected loss) exceeds the expected loss.

(2) Measurement and management

The Group measures credit risk using the standard model and the internal model. The standard model calculates credit risk amount according to the fourth clause of Article 7-2 of the Regulation on Supervision of Insurance Business.

The internal model calculates credit risk amount using VaR calculated from the Group's Credit Risk Management System after reflecting correlation and portfolio distribution effect. For corporate borrower, the Group uses mark-to-market method, and for individual borrower, the Group uses Default Mode (DM) using loan pool.

The Group manages credit risk by setting VaR limit and maximum credit exposure. Compliance with credit risk management policy is monitored by checking the breaches of the VaR limit on a monthly basis, and reviewing the risk tolerance by analysing credit risk amount under normal and stress situation.

The Group sets credit exposure limit for each borrower base on its industry and credit rating. The conformity of this limit is reviewed every month. After the loan initiation, credit review for each significant borrower is performed regularly. The Group revises exposure limit, decreases credit line, collects the loan or increases collateral if any symptom of credit rating drop.

After the loan initiation, credit review for each significant borrower is performed regularly. The Group revises exposure limit, decreases credit line, collects the loan or increases collateral if any symptom of credit rating drop. Appropriate steps, such as collection, are taken when the borrower's credit rating becomes speculative. The Group establishes action plan by reviewing the financial structure and payment ability of the currently or potentially problematic borrowers through designated units (e.g. Investment Asset Analysis Team, Loan Management Team, etc.).55.

(3) Maximum exposure to credit risk

The Group's maximum exposure to credit risk as of December 31, 2022 and 2021 are as follows:

		2022	2021
Cash and due from banks (*1)	₩	2,836,117	2,892,385
Financial assets designated at fair value through profit or loss (*2)		345,939	526,970
Financial assets held for trading (*2)		7,701,701	6,521,992
Available-for-sale financial assets (*2)		17,591,454	4,933,533
held-to-maturity financial assets (*)		25,670,377	4,553,550
Loan receivables (*3)		24,868,422	23,757,406
Other receivables (*3)		1,332,953	1,397,655
Derivative assets		1,366,602	461,753
	₩	<u>81,713,566</u>	<u>86,045,244</u>
Undrawn loan commitment	₩	2,530,696	2,991,811
investment agreement		4,389,872	4,667,992
Loan purchase agreement, etc.		230,800	223,700
ABCP purchase agreement		41,200	180,600
	₩	<u>7,192,568</u>	<u>8,064,103</u>

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(\*1) The maximum exposure amounts for cash and due from banks in the consolidated statement of financial position exclude cash on hand without credit risk.

(\*2) Financial instruments of equity securities in financial assets designated at fair value through profit or loss, financial assets held-for-trading, and available-for-sale financial assets in the consolidated statement of financial position are excluded.

(\*3) The maximum exposure amounts for loans and other receivables are presented as net of allowance.

(4) Impairment information of loan receivables

Past due or impairment information for loan receivables as of December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Neither past due nor impaired	₩ 24,750,852	23,695,636
Past due but not impaired	122,917	69,819
Impaired	<u>81,165</u>	<u>45,967</u>
	24,954,934	23,811,422
Less: allowance	<u>(86,512)</u>	<u>(54,016)</u>
	<u>₩ 24,868,422</u>	<u>23,757,406</u>

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(5) Credit soundness of loan receivables neither past due nor impaired  
Credit soundness of loan receivables that are neither past due nor impaired as of December 31, 2022 and 2021 are as follows:

	2022						2021					
	Policy loan receivables	Loan receivables secured by investment securities	Loan receivables secured by real estate	Unsecured loan receivables and guaranteed loan receivables	Other loan receivables	Total	Policy loan receivables	Loan receivables secured by investment securities	Loan receivables secured by real estate	Unsecured loan receivables and guaranteed loan receivables	Other loan receivables	Total
₩	-	-	83,041	2,502,133	-	2,502,133	-	-	-	-	-	-
	-	-	-	1,086,979	16,386	1,186,405	-	-	114,728	1,149,213	65,737	1,329,678
	-	-	-	1,192,628	898,287	2,090,914	-	-	-	915,377	433,859	1,349,236
	-	-	-	322,896	297,666	620,562	-	-	120,104	474,119	202,467	796,690
	23,209	-	-	-	-	-	20,000	-	-	-	-	20,000
	6,526,247	682,203	3,520,537	3,285,469	249,104	7,078,319	719,320	3,120,623	3,067,129	125,726	36,745	6,313,478
	6,549,456	682,203	2,534,221	1,446,780	83,067	11,272,519	739,320	2,715,461	1,346,104	864,534	11,173,931	
	-	-	6,137,799	9,838,885	1,544,310	24,750,852	-	6,070,916	9,664,565	-	-	23,695,636
	-	-	(8,445)	(18,765)	(3,842)	(31,052)	-	(1,561)	(14,419)	(523)	-	(16,748)
₩	6,549,456	682,203	6,129,354	9,818,120	1,540,668	24,719,800	6,356,301	6,069,355	9,650,146	864,011	-	23,678,888
₩	6,526,247	-	2,137,422	25,929	897	8,690,494	6,356,301	739,075	51,209	1,223	-	10,002,128
	-	-	-	-	-	-	-	2,854,075	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	6,356,301	719,320	3,120,623	3,067,129	125,726	6,313,478	6,356,301	2,715,461	1,346,104	864,534	11,173,931	
	6,356,301	739,320	6,070,916	9,664,565	864,534	23,695,636	6,356,301	(245)	(14,419)	(523)	-	(16,748)
₩	6,356,301	739,075	6,069,355	9,650,146	864,011	23,678,888	6,356,301	739,075	51,209	1,223	-	10,002,128
₩	6,356,301	739,320	2,854,075	51,209	1,223	10,002,128	6,356,301	739,320	51,209	1,223	-	10,002,128

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Credit rating above is classified by Risk Based Capital Manual enacted by the FSS. Retail loan included in other is classified by internal credit rating which is rated by Behaviour Scoring System (BSS).

Classification of retail loan receivables as of December 31, 2022 and 2021 are as follows:

		2022	2021
Gifts (Grade1~4)	₩	2,177,685	2,139,080
Normal (Grade5~8)		983,493	1,035,964
Disadvantage (Grade 9~10)		5,524	4,544
Other (i.e. risk free, etc.)		266,017	292,830
	₩	3,432,719	3,472,418

(6) Aging analysis of loan receivables that were past due but not impaired

Aging analysis of loan receivables that were past due but not impaired as of December 31, 2022 and 2021 are as follows:

		2022					
		Loan receivables secured by investment securities	Unsecured loan receivables	Guaranteed loan receivables	Other loan receivables	Total	
Less than 30 days	₩	87,672	26,546	692	-	114,910	
31~60 days		673	3,638	53	-	4,364	
61~90 days		912	2,593	136	-	3,641	
91 days~		-	-	-	3	3	
		89,257	32,777	881	3	122,918	
Less: allowance		(7,882)	(3,336)	-	-	(11,218)	
	₩	81,375	29,441	881	3	111,700	
Mitigation of credit risk due to collateral	₩	32,142	-	881	3	33,026	
		2021					
		Loan receivables secured by investment securities	Loan receivables secured by real estate	Unsecured loan receivables	Guaranteed loan receivables	Other loan receivables	Total
Less than 30 days	₩	10,000	30,688	22,732	1,779	47	65,246
31~60 days		-	321	2,163	384	-	2,868
61~90 days		-	22	1,638	18	-	1,678
91 days~		-	-	-	-	27	27
		10,000	31,031	26,533	2,181	74	69,819
Less: allowance		(2,000)	(10)	(2,443)	(2)	-	(4,455)
	₩	8,000	31,021	24,090	2,179	74	65,364
Mitigation of credit risk due to collateral	₩	8,000	31,017	-	2,181	74	41,272



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(7) Impaired loan receivables  
 Impaired loan receivables as of December 31, 2022 and 2021 are as follows:

	2022									
	Individual assessing					Collective assessing				
	Unsecured loan receivables	Unsecured loan receivables	Other loan receivables	Policy loan receivables	Loan receivables secured by real estate	Unsecured loan receivables	Guaranteed loan receivables	Unsecured loan receivables	Guaranteed loan receivables	Total
Impaired	₩ 7,900	8,380	37,329	1,479	3,847	20,228	2,002	20,228	2,002	81,165
Less: allowance	(1,900)	(8,380)	(18,579)	(1,479)	(797)	(12,963)	(101)	(12,963)	(101)	(44,199)
	₩ 6,000	-	18,750	-	3,050	7,265	1,901	7,265	1,901	36,966
Mitigation of credit risk due to collateral	₩ 6,000	-	46	-	3,784	-	2,002	-	2,002	11,832
	2021									
	Individual assessing					Collective assessing				
	Unsecured loan receivables	Other loan receivables	Policy loan receivables	Loan receivables secured by real estate	Unsecured loan receivables	Unsecured loan receivables	Guaranteed loan receivables	Unsecured loan receivables	Guaranteed loan receivables	Total
Impaired	₩ 8,961	8,447	1,887	3,188	20,330	3,154	20,330	3,154	45,967	
Less: allowance	(8,961)	(8,402)	(1,887)	(86)	(13,316)	(161)	(13,316)	(161)	(32,813)	
	₩ -	45	-	3,102	7,014	2,993	7,014	2,993	13,154	
Mitigation of credit risk due to collateral	₩ -	45	-	3,177	-	3,154	-	3,154	6,376	

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(8) Risk concentration by industry sector of loan receivables  
An analysis of concentration by industry sector of loan receivables as of December 31, 2022 and 2021 are as follows:

	2022					Total
	Real estate and lease	Wholesale, retail, Transportation and lodging	Finance and insurance	Electricity, gas, stream and water supply	Construction	
₩	-	-	-	-	-	6,550,935
Policy loan receivables	-	-	-	-	-	-
Loan receivables secured by investment securities	-	-	-	-	-	682,203
Loan receivables secured by real estate	2,063,869	59,129	1,931,669	-	-	6,238,803
Unsecured loan receivables	2,037,773	718,836	821,974	1,654,960	1,120,659	8,954,934
Guaranteed loan receivables	697,633	-	-	-	252,535	1,018,981
Other loan receivables	273,042	95,062	911,800	179,885	2,875	1,509,079
₩	5,072,316	873,028	3,665,443	1,834,845	1,376,069	24,954,934
	2021					Total
	Real estate and lease	Wholesale, retail, Transportation and lodging	Finance and insurance	Electricity, gas, stream and water supply	Construction	
₩	612	9,351	534	3,150	6,266	6,358,188
Policy loan receivables	-	-	-	-	-	-
Loan receivables secured by investment securities	-	-	-	-	-	749,320
Loan receivables secured by real estate	1,875,859	59,129	1,752,169	-	-	6,105,135
Unsecured loan receivables	2,075,201	837,065	706,667	1,547,635	1,029,890	8,641,165
Guaranteed loan receivables	602,508	-	-	-	339,983	1,084,559
Other loan receivables	171,798	93,014	357,400	176,448	2,875	873,055
₩	4,725,978	998,559	2,816,770	1,727,233	1,379,014	23,811,422

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(9) Credit rating of debt securities

Credit rating of debt securities as of December 31, 2022 and 2021 are as follows:

	2022						Total
	Government and public bonds	Special bonds	Financial institutions bonds	Corporate bonds	Overseas securities	Other securities	
Risk-free	₩ 23,915,698	2,207,943	-	508,285	1,981,113	-	28,613,039
AAA	-	3,921,910	823,973	1,849,517	8,475,642	298,124	15,369,166
AA+ ~ AA-	-	807,668	1,887,119	1,930,267	1,265,819	1,039,642	6,930,515
A+ ~ BBB-	-	-	-	157,344	645,016	59,347	861,707
BBB- and below	-	-	-	2,407	92,847	-	95,254
Unrated	-	-	-	808	6,224	62,811	69,843
₩	23,915,698	6,937,521	2,711,092	4,448,628	12,466,661	1,459,924	51,939,524

	2021						Total
	Government and public bonds	Special bonds	Financial institutions bonds	Corporate bonds	Overseas securities	Other securities	
Risk-free	₩ 24,051,928	3,419,292	-	658,192	3,309,213	-	31,438,625
AAA	-	4,625,814	906,475	1,645,554	10,812,355	504,055	18,494,253
AA+ ~ AA-	-	648,445	1,796,047	1,611,614	1,876,758	324,231	6,257,095
A+ ~ BBB-	-	-	-	237,572	835,559	202,367	1,275,498
BBB- and below	-	-	-	6,467	54,528	-	60,995
Unrated	-	-	-	739	5,973	2,867	9,579
₩	24,051,928	8,693,551	2,702,522	4,160,138	16,894,386	1,033,520	57,536,045

(10) Risk concentration by industry sector of debt securities  
An analysis of concentration by industry sector of debt securities as of December 31, 2022 and 2021 are as follows:

	2022						Total
	Government owned entity	Finance and insurance	Electricity, gas, steam and water supply	Construction	Real estate and lease	Others	
Financial assets designated at fair value through profit or loss	₩ -	298,124	-	-	45,262	2,553	345,939
Financial assets held for trading	1,546,953	4,560,812	199,857	-	-	1,516,577	7,824,199
Available-for-sale financial assets	12,163,783	3,013,736	869,712	628,452	51,916	1,093,301	17,820,900



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profit or loss									
Financial assets held for trading	6,021,423	209,988	85,913	25,412	-	179,256	6,521,992		
Available-for-sale financial assets	34,751,758	8,597,578	280,570	1,081,146	20,106	1,202,375	45,933,533		
Held-to-maturity assets	3,401,281	845,636	-	-	-	306,633	4,553,550		
	<b>₩ 44,701,432</b>	<b>9,653,202</b>	<b>366,483</b>	<b>1,106,558</b>	<b>20,106</b>	<b>1,688,264</b>	<b>57,536,045</b>		

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**55-6) Market risk**

(1) Overview

Market risk is the risk that the Group incurs loss due to decrease in asset value caused by changes in market prices such as foreign exchange rates, interest rates and stock prices.

(2) Measurement and management

The Group measures market risk using the standard model and the internal model. The standard model evaluates the market risk according to the fifth clause of Article 7-2 of the Regulation on Supervision of Insurance Business. One-year 99% VaR is utilized for the internal model. The Group mainly uses the delta-normal method that assumes normal distribution return rate and linear valuation. The Group also measures daily VaR based on simulation method as an assistance method.

The market risk limit is set up based on VaR and monitored daily so that it stays below the annual market risk limit. Other than VaR, the sensitivity indices, for instance, the duration and the beta are used as a supplementary market risk measurement. In order to supplement VaR measurement method, loss measurement is conducted under a variety of scenarios covering severe market condition such as IMF or financial economic crisis in 2008. The Group regularly reviews the impact of loss on profit or loss before dividends and RBC ratio and establishes countermeasure plan. In addition, the Group maintains adequate level of risk in holding equities by managing investment limit and foreign exchange translation hedge of asset group that influences market risk.

The Group sets limit per individual asset class by aggregating the exposure per individual asset which can be transferred to each book in order to prevent concentration of operating assets and promote soundness of assets held by the Group.

(3) Group's market risk analysis

Sensitive analysis of foreign exchange rate, interest rate and equity market as of December 31, 2022 and 2021 are as follow:

2022			
	Risk factor	Income effect (*1)	Capital effect (*2)
Foreign exchange	₩ 100 increase in KRW/USD FX Rate	₩ (12,205)	6,512
	₩ 100 decrease in KRW/USD FX Rate	12,205	(6,512)
Interest rate	100bp increase	42,809	839
	100bp decrease	(42,809)	(839)
Stock prices	10% increase in equity index	-	11
	10% decrease in equity index	-	(11)

(\*1) Profit before income tax expenses.

(\*2) Changes in accumulated other comprehensive income are calculated before adjusting policyholders' equity and allocating the deferred tax.

2021			
	Risk factor	Income effect (*1)	Capital effect (*2)
Foreign exchange	₩ 100 increase in KRW/USD FX Rate	₩ 52,162	50,921
	₩ 100 decrease in KRW/USD FX Rate	(52,162)	(50,921)
Interest rate	100bp increase	(8,795)	(1,996)
	100bp decrease	8,795	1,996
Stock prices	10% increase in equity index	-	108
	10% decrease in equity index	-	(108)

(\*1) Profit before income tax expenses.

(\*2) Changes in accumulated other comprehensive income are calculated before adjusting policyholders' equity and allocating the deferred tax.

(4) Market risk analysis of Kyobo Securities

An analysis of VaR for trading portfolio held by Kyobo Securities for the years ended December 31, 2022 and 2021 are as follows:

2022				
	Average	Maximum	Minimum	December 31, 2022
Equities	₩ 3,669	7,109	1,977	2,118
Interest rate	1,275	2,327	351	1,149
Foreign exchange	1,259	2,059	756	1,502
Portfolio diversification	-	-	-	1,296
<b>Total VaR</b>	<b>₩ 5,153</b>	<b>8,552</b>	<b>3,204</b>	<b>3,473</b>

2021				
	Average	Maximum	Minimum	December 31, 2021
Equities	₩ 1,500	3,847	345	3,495
Interest rate	762	1,704	307	792
Foreign exchange	383	1,433	49	307
Portfolio diversification	-	-	-	879
<b>Total VaR</b>	<b>₩ 2,233</b>	<b>4,569</b>	<b>913</b>	<b>3,715</b>

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**55-7) Liquidity risk**

(1) Overview

Liquidity risk is the risk that the Group is unable to meet its payment obligations arising from financial liabilities as they fall due or raise funds with high interest rates and unfavorable disposal of securities to solve the shortage of funds or facing inability to pay due to unexpected cash flows.

(2) Recognition and management

1) Management index of liquidity risk

Liquidity risk is measured by liquidity gap and liquidity ratio. Liquidity ratio is the percentage of the Group's assets convertible to cash with the within 3 months maturities against claims paid for the past three months. This ratio is an indicator that measures the Group's ability to pay off its short-term debt obligations and the Group maintains the ratio as around 150%.

Liquidity gap is the index representing shortage or oversupply of the cash flow within a month, a quarter, half a year, and more than a year. The Group calculates liquidity gap on a monthly or weekly basis and manages supply and demand schedule of the cash flow to ensure this index stays in positive.

2) Management

- Periodic establishment of plans for demand and supply of fund

All cash flow information from financial assets and liability and insurance liability is gathered for liquidity risk management on a monthly or weekly basis to prepare for unforeseen cash flow surplus and deficit. And funds are daily checked if they flow by the schedule and any changes are reflected on the fund schedule.

For the analysis of long-term cash flow projection of insurance liability, the Group utilizes ALM system. The Group prepares for unforeseen cash flow deficit caused by the concentrated number of maturities.

- Maintaining target liquidity fund level

The Group keeps a certain amount of the liquidity fund to prepare for unexpected liquidity deficit. The level of liquidity fund is revised dynamically in line with trend of the financial market status and the volatility of claim payments.

- Liquidity contingency plan

The Group sets a contingency plan to appropriately respond to emergency situation such as the massive claim of the cash payment in an economic crisis.

Liquidity contingency plan defines an action plan regarding the priorities of funding, roles & responsibilities of each department and the form of the emergency committee. Simulated liquidity exercise under various possible scenarios is performed regularly so as to investigate and improve its contingency plans.

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(3) Liquidity risk exposure

	2022					
	Less than 3 months	3~6 months	6 months~1 year	1~5 years	More than 5 years	Total
<b>Insurance contracts and financial liabilities:</b>						
Liabilities under insurance contracts	₩ 589,245	389,487	957,783	8,949,810	70,808,929	81,695,254
Financial liabilities designated at fair value through profit or loss (*1)	735,695	917,412	659,664	732,156	1,186,171	4,231,098
Trading liabilities	80,201	-	18,188	-	-	98,389
Derivative liabilities (*1)	180,860	169,014	240,641	1,326,254	641,215	2,557,984
Borrowings	3,603,574	131,522	543,996	435,699	-	4,714,791
Other financial liabilities (*2)	2,189,300	1,247	21,179	165,142	31,175	2,408,043
	<u>₩ 7,378,875</u>	<u>1,608,682</u>	<u>2,441,451</u>	<u>11,609,061</u>	<u>72,667,490</u>	<u>95,705,539</u>

(\*1) Adjustments to Day 1 profit or loss and credit risk adjustments are excluded.

(\*2) Lease liabilities are excluded (See Note 26(3)).

	2022					
	Less than 3 months	3~6 months	6 months~1 year	1~5 years	More than 5 years	Total
<b>Commitments:</b>						
Loans commitments (*3)	₩ 2,530,696	-	-	-	-	2,530,696
Equity investment commitments (*3)	4,374,105	-	-	15,767	-	4,250,582
ABCP purchase commitments (*3)	-	-	-	41,200	-	41,200
Loans purchase commitments, etc. (*3)	36,000	4,000	137,900	52,900	-	230,800
	<u>₩ 6,940,801</u>	<u>4,000</u>	<u>137,900</u>	<u>109,867</u>	<u>-</u>	<u>7,192,568</u>

(\*3) These are the maximum amounts that the Group may pay in future by the contract. As of December 31, 2022, the Group expects that actual payments will be less than the commitment amounts in consideration of past experiences and characteristics of commitment, and it is difficult to reasonably estimate the timing, amounts, and feasibility of actual payment.



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	2021					Total
	Less than 3 months	3~6 months	6 months~1 year	1~5 years	More than 5 years	
<b>Insurance contracts and financial liabilities:</b>						
Liabilities under insurance contracts	₩ 1,010,287	405,703	1,163,306	7,050,439	68,494,444	78,124,179
Financial liabilities designated at fair value through profit or loss (*1)	432,618	171,810	484,121	987,899	1,488,402	3,564,850
Trading liabilities	-	-	117,484	-	-	117,484
Derivative liabilities (*1)	108,593	54,781	81,258	439,532	206,248	890,412
Borrowings	2,839,050	-	300,000	403,533	-	3,542,583
Other financial liabilities (*2)	3,018,194	3,412	27,176	177,528	37,490	3,263,800
	<u>₩ 7,408,742</u>	<u>635,706</u>	<u>2,173,345</u>	<u>9,058,931</u>	<u>70,226,584</u>	<u>89,503,308</u>

(\*1) Adjustments to Day 1 profit or loss and credit risk adjustments are excluded.

(\*2) Lease liabilities are excluded (See Note 26(3)).

	2021					Total
	Less than 3 months	3~6 months	6 months~1 year	1~5 years	More than 5 years	
<b>Commitments:</b>						
Loans commitments (*3)	₩ 2,991,811	-	-	-	-	2,991,811
Equity investment commitments (*3)	4,667,152	-	-	-	840	4,667,992
ABCP purchase commitments (*3)	45,300	23,000	30,600	81,700	-	180,600
Loans purchase commitments, etc. (*3)	-	10,000	48,000	165,700	-	223,700
	<u>₩ 7,704,263</u>	<u>33,000</u>	<u>78,600</u>	<u>247,400</u>	<u>840</u>	<u>8,064,103</u>

(\*3) These are the maximum amounts that the Group may pay in future by the contract. As of December 31, 2022, the Group expects that actual payments will be less than the commitment amounts in consideration of past experiences and characteristics of commitment, and it is difficult to reasonably estimate the timing, amounts, and feasibility of actual payment.

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**56. Interests in unconsolidated structured entities**

(1) The nature, purposes and activities of the unconsolidated structured entities which the Group had interest in as of December 31, 2022, and how these structured entities are financed were summarized as follows:

Nature	Purposes	Activities	Financing methods
Asset securitization	(1) Encashment by transferring securitized assets (2) Investment fee collection by providing credit offering and ABCP purchase commitments to SPC	(1) Carrying out a plan to securitized assets (2) Taking over and collecting securitized assets (3) Issuing and redeeming ABS and ABCP	(1) Issuance of ABS and ABCP
Project financing	(1) Project financing loans for social overhead capital (SOC) and real estate (2) Lending loans to shipbuilding/airplane SPC	(1) Constructing social overhead capital and real estate (2) Manufacturing and purchasing shipbuilding/airplanes	(1) Entering into loan commitments, credit offering and investment commitments (with credit line)
Investment fund	(1) Investment in beneficiary certificates (2) Investment in PEF and cooperatives	(1) Management and operation of fund assets (2) Payment of fund management fees and sharing of profits from asset management	(1) Sales of beneficiary certificates (2) Investment by general managers and limited liability partners

(2) Total assets of the unconsolidated structured entities, carrying value of equity and maximum exposure to loss related to the Group's interests in unconsolidated structured entities as of December 31, 2022 are as follows:

Type	Asset-backed securitization	Project financing	Investment fund	Total
Total assets of the unconsolidated structured entities	₩ 21,917,972	121,178,427	1,109,047,926	1,252,144,325
Carrying value of assets:				
Loan receivables	204,212	9,691,866	303,529	10,199,607
Financial assets held for trading	478,169	-	3,111,745	3,589,914
Available-for-sale financial assets	2,360,546	11,516,113	2,856,263	16,732,922
Financial assets held-to maturity	307,561	46,991	-	354,552
Other assets	6,274	105,225	46,378	157,877
	₩ 3,356,762	21,360,195	6,317,915	31,034,872
Maximum exposure to loss (*)	₩ 3,628,762	27,538,732	6,943,346	38,110,840
Deduction method of maximum exposure	Purchase commitment /Credit offering	Loan commitment /Investment commitment	Loan commitment	

(\*) The maximum amounts exposed to losses included investment assets in the consolidated financial statements.

(3) As of December 31, 2022, there was no financial support or any other support provided for consolidated or unconsolidated structured entities without contractual consideration.

**57. Operating segments**

(1) Operating segments consist of insurance segment, securities segment and other segments. Other segments contain retails, property managements and insurance related services, etc.

(2) Information of income and expense for each operating segment for the years ended December 31, 2022 and 2021 are as follows:

	2022				
	Insurance	Securities	Others	Consolidated adjustments	Total
Operating revenues	₩ 21,005,804	4,081,459	1,361,395	(253,413)	26,195,245
Operating expenses	20,547,975	4,011,936	1,324,278	(260,898)	25,623,291
Operating profit	457,829	69,523	37,117	7,485	571,954
Non-operating income	35,575	3,062	2,648	(15,111)	26,174
Non-operating expenses	60,045	3,083	2,251	(11,308)	54,071
Profit before income tax expenses	433,359	69,502	37,514	3,682	544,057

**Kyobo Life Insurance Co., Ltd. and its subsidiaries**  
**Notes to the consolidated financial statements**  
**December 31, 2022 and 2021**

(In millions of won)

Income tax expenses		52,302	17,462	14,517	(41,473)	42,808
Profit for the year	₩	381,057	52,040	22,997	45,155	501,249
		2021				
		Insurance	Securities	Others	Consolidated adjustments	Total
Operating revenues	₩	16,426,157	2,256,390	1,243,640	(211,078)	19,715,109
Operating expenses		15,949,608	2,062,042	1,199,651	(211,412)	18,999,889
Operating profit		476,549	194,348	43,989	335	715,221
Non-operating income		53,751	2,741	4,888	(26,110)	35,270
Non-operating expenses		25,640	1,753	4,642	(5,635)	26,400
Profit before income tax expenses		504,660	195,336	44,235	(20,141)	724,090
Income tax expenses		124,108	53,585	10,238	10,444	198,375
Profit for the year	₩	380,552	141,751	33,997	(30,585)	525,715

(3) Information of assets and liabilities for each operating segment as of December 31, 2022 and 2021 are as follows:

2022						
		Insurance	Securities	Others	Consolidated adjustments	Total
Cash and due from banks	₩	1,984,947	836,429	88,465	(72,432)	2,837,409
Securities		61,404,627	8,529,848	333,472	-	70,267,947
Loan receivables		22,422,728	2,188,908	218,246	-	24,829,882
Investments in associates and a joint venture		1,414,415	29,534	65,608	(1,423,967)	85,590
Separate account assets		24,467,507	-	-	(12,552)	24,454,955
Others		6,124,720	1,675,933	641,955	(37,781)	8,404,827
	₩	117,818,944	13,260,652	1,347,746	(1,546,732)	130,880,610
Liabilities under insurance contracts	₩	81,701,960	-	-	-	81,701,960
Policyholders' equity adjustments		143,551	-	-	19,773	163,324
Separate account liabilities		26,481,632	-	-	(117,487)	26,364,145
Others		3,546,572	11,809,400	408,152	(38,430)	15,725,694
	₩	111,873,715	11,809,400	408,152	(136,144)	123,955,123
2021						
		Insurance	Securities	Others	Consolidated adjustments	Total
Cash and due from banks	₩	1,645,387	1,200,848	180,991	(130,182)	2,897,044
Securities		65,323,574	7,388,504	376,872	-	73,088,950
Loan receivables		21,917,156	1,703,339	104,814	-	23,725,309
Investments in associates and a joint venture		1,396,865	15,928	56,465	(1,397,588)	71,670
Separate account assets		25,362,225	-	-	(189,796)	25,172,429
Others		4,275,137	1,178,024	516,827	9,474	5,979,462
	₩	119,920,344	11,486,643	1,235,969	(1,708,092)	130,934,864

**Kyobo Life Insurance Co., Ltd. and its subsidiaries**  
**Notes to the consolidated financial statements**  
**December 31, 2022 and 2021**

(In millions of won)

Liabilities under insurance contracts	W	79,287,141	-	-	-	79,287,141
Policyholders' equity adjustments		699,418	-	-	20,198	719,616
Separate account liabilities		26,228,909	-	-	(182,016)	26,046,893
Others		2,595,132	10,091,174	420,463	(180,329)	12,926,440
	W	108,810,600	10,091,174	420,463	(342,147)	118,980,090

(4) Geographical information

A geographical information is not disclosed as revenues are primarily derived from customers in the Republic of Korea, and long-term assets, such as property and equipment, are located in the Republic of Korea, where the Group's head office is domiciled.

(5) The Group has no single external customer from which revenues amount to 10 percent or more of the Group's operating revenues for the year ended December 31, 2022.

**58. Business combination**

The Group obtained the approval from the Financial Services Commission on December 15, 2021 to acquire 60% of the shares in Fortress innovation Co., Ltd. through stock purchase on January 20, 2022 and acquired control. An additional 9.2% stake was acquired through a paid-in capital increase. The Group accounted for the business combination as the basis of the business combination as there was no significant change in the financial statements of the subsidiaries from the beginning of the year to the time of stock acquisition.

The main purpose of the business combination was to consolidate its own actuarial calculation capabilities.

(1) Details of business combinations for the year ended December 31, are as follows:

Company name	2022				Cost of business combination
	Business activity	Purpose	Date		
Fortress innovation Co., Ltd.	Development and supply of application software	Acquisition of business	January 20, 2022	W	1,980

(2) All cost of business combination incurred for the year ended December 31, 2022 is in cash.

(3) The fair values of assets acquired and liabilities assumed as a result of a business combination at the acquisition date are as follows:

Item	Account	Amount
Assets	Cash and cash equivalents	22
	Account receivables	62
	Tangible assets	74
	Intangible assets	872
	Lease hold deposits	128
	Deferred tax assets	32
		1,190
Liabilities	Account payable	5
	Deposit	18
	Borrowing	400
	VAI payable	53
	Lease liabilities	60
	Others	127
	Deferred tax liabilities	192
	855	
Total		W 334

(4) Goodwill arising from business combinations for the year ended December 31, 2022 is as follows:

Description	Amount
Cost of business combination (A)	W 1,980
Fair value of assets, net (B)	201
Goodwill (C=A-B)	1,779

(5) Net cash outflows from business combinations for the year ended December 31, 2022 are as follows:

Description	Amount
Cost of business combination (A)	W 1,980
Cash and cash equivalents acquired from business combination (B)	22
Cash outflows, net (C=A-B)	1,958

**Kyobo Life Insurance Co., Ltd. and its subsidiaries**  
**Notes to the consolidated financial statements**  
**December 31, 2022 and 2021**

*(In millions of won)*

(6) The Group incurred expenses of ₩16 million, including legal fees and evaluation fees in relation to the business combination, and these fees were recognized as fee expenses in the consolidated statement of comprehensive income.

**59. Events after the reporting period**

The Group formed Kyobo Securities and Kyobo Tech Value Industry Association 1 on January 31, 2023 through a resolution of the Board of Directors on December 6, 2022 for financial investment purposes to secure a foundation for future profits and strengthen the Group's competitiveness in venture investment (Kyobo Life Insurance Co., Ltd ₩14 billion, Kyobo Securities Co., Ltd. ₩1 billion).

Kyobo Life Insurance Co., Ltd.

Separate financial statements

**for the years ended December 31, 2022 and 2021  
with the independent auditor's report**

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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  
Kyobo Life Insurance Co., Ltd.**

### Opinion

We have audited the accompanying separate financial statements of Kyobo Life Insurance Co., Ltd. (the Company), which comprise the separate statement of financial position as at December 31, 2022, and the separate statement of comprehensive income (loss), separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

We conducted our audit 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the 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.

### Other Matters

The separate financial statements of the Company for the year ended December 31, 2021, were audited by another auditor who expressed an unqualified opinion on those statements on March 11, 2022.

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

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations.

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

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

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

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

March 3, 2023

This report is effective as of March 3, 2023, 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 separate 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.

**Kyobo Life Insurance Co., Ltd.**  
**Separate financial statements**  
**for the years ended December 31, 2022 and 2021**

**“The accompanying separate financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company.”**

**Chang Jae, Shin**  
**Chief Executive Officer**  
**Kyobo Life Insurance Co., Ltd.**

**(Address) 1, Jong-ro, Jongno-gu, Seoul, Republic of Korea**  
**(Contact) 1588-1001**

**Kyobo Life Insurance Co., Ltd.**  
**Separate statements of financial position**  
**As of December 31, 2022 and 2021**

<i>(In won)</i>	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>Assets</b>			
Cash and duc from banks	5,13,14,44, 49	₩ 1,975,094,943,329	1,638,709,813,158
Financial assets designated at fair value through profit or loss	6,13,14	1,553,088,249	867,774,370
Financial assets held for trading	7,13,14	3,058,039,599,259	512,028,719,284
Derivative assets	13,14,28	390,662,831,210	120,339,526,579
Available-for-sale financial assets	8,13,14,44	32,123,310,245,149	59,566,124,691,389
Held-to-maturity financial assets	9,13,14,44 10,13,14,44	25,670,376,531,394	4,551,725,208,992
Loans	,49 11,13,14,32	22,366,085,185,296	21,865,600,738,002
Other receivables	,44,49	790,425,625,197	692,332,695,535
Investments in subsidiaries, associates and joint ventures	12,13,14	1,414,414,836,809	1,396,865,060,502
Investment properties	15,49	1,174,479,175,463	1,152,819,677,868
Property and equipment	16,49	884,856,855,903	919,293,723,671
Intangible assets	17,49	143,785,928,801	166,756,953,880
Deferred acquisition costs	18	1,171,943,444,591	1,151,452,275,770
Deferred tax assets	46	1,498,061,562,528	-
Other assets	19,32	45,109,770,653	52,142,524,782
Separate account assets	29	24,467,507,359,828	25,362,225,010,716
<b>Total assets</b>		<b>₩ 117,175,706,983,659</b>	<b>119,149,284,394,498</b>
<b>Liabilities</b>			
Liabilities under insurance contracts	20	₩ 81,159,892,491,516	78,650,496,756,425
Policyholders' equity adjustments	21	143,550,962,431	699,418,492,623
Derivative liabilities	13,14,28	1,267,195,849,360	535,939,333,898
Borrowing liabilities	13,14,23 13,14,23,24	930,000,000,000	-
Other financial liabilities	,32,44,49	687,164,831,173	596,687,825,753
Provisions	25	10,418,844,774	10,575,076,550
Current tax liabilities	46	220,985,898,080	30,454,233,931
Deferred tax liabilities	46	-	771,405,936,757
Net defined benefit liabilities	26	4,702,647,176	-
Other liabilities	26,27	360,423,921,154	601,439,901,674
Separate account liabilities	29,49	26,481,632,136,743	26,228,908,712,937
<b>Total liabilities</b>		<b>111,265,967,582,407</b>	<b>108,125,326,270,548</b>
<b>Equity</b>			
Capital stock	30	102,500,000,000	102,500,000,000
Hybrid bonds	30	1,108,898,948,213	1,020,053,815,983
Capital surplus	30	365,936,339,794	365,936,339,794
Capital adjustments	30	(113,406,860,884)	(8,994,796,867)
Accumulated other comprehensive income	30	(3,442,393,827,679)	1,844,828,259,157
Retained earnings	30	7,888,204,801,808	7,699,634,505,883
<b>Total equity</b>		<b>5,909,739,401,252</b>	<b>11,023,958,123,950</b>
<b>Total liabilities and equity</b>		<b>₩ 117,175,706,983,659</b>	<b>119,149,284,394,498</b>

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

Kyobo Life Insurance Co., Ltd.  
Separate statements of comprehensive income  
For the years ended December 31, 2022 and 2021

<i>(In won)</i>	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>Operating revenues</b>			
Premium income	31,49	₩ 12,658,374,400,464	9,560,669,431,813
Reinsurance income	32	168,473,615,813	143,456,810,510
Interest income	13,33,49	2,467,452,649,005	2,351,997,169,901
Gain on valuation and disposal of financial instruments	13,34	1,780,811,203,754	1,082,997,008,831
Gain on foreign currency transaction	13,44	1,761,361,330,018	1,250,280,754,960
Fee and commission Income	35,49	23,658,726,321	22,809,217,432
Dividend income	13,36,49	710,792,448,075	551,726,428,238
Rental income	15,49	93,296,367,897	88,829,486,894
Separate account commissions earned		743,166,415,090	761,335,558,932
Separate account income	29,49	300,729,335,975	218,242,857,260
Other operating income	37	3,200,000,000	-
		<u>20,711,316,492,412</u>	<u>16,032,344,724,771</u>
<b>Operating expenses</b>			
Provision for liabilities under insurance contracts		2,395,210,345,952	3,259,604,306,930
Insurance claims paid	38,49	11,616,327,384,368	7,760,961,378,641
Reinsurance premium expenses	32	174,125,873,236	147,848,039,562
Operating and administrative expenses	39,49	1,160,193,865,791	1,188,458,228,050
Amortization of deferred acquisition costs	18	601,510,107,398	537,128,900,964
Asset management expenses	40,49	188,678,658,344	189,949,137,412
Interest expenses	13,41,49	126,651,042,940	92,281,925,232
Loss on valuation and disposal of financial instruments	13,42	2,939,607,414,956	2,003,241,360,571
Loss on foreign currency transaction	13,44	632,352,579,642	26,843,258,505
Separate account commissions		36,237,285,399	29,036,382,475
Separate account expenses	29,49	300,729,335,975	218,242,857,260
Other operating expenses	43	69,560,962,597	86,341,092,104
		<u>20,241,184,856,598</u>	<u>15,539,936,867,706</u>
<b>Operating profit</b>		<u>470,131,635,814</u>	<u>492,407,857,065</u>
<b>Non-operating income</b>	45,49	35,512,519,088	53,712,975,776
<b>Non-operating expenses</b>	45,49	<u>58,413,893,880</u>	<u>25,569,808,609</u>
<b>Profit before income tax expenses</b>		447,230,261,022	520,551,024,232
<b>Income tax expenses</b>	46	<u>52,019,119,264</u>	<u>124,108,023,946</u>
<b>Profit for the year</b>	₩	<u>395,211,141,758</u>	<u>396,443,000,286</u>

*(Continued)*

Kyobo Life Insurance Co., Ltd.  
 Separate statements of comprehensive income (loss), continued  
 For the years ended December 31, 2022 and 2021

<i>(In won)</i>	<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Other comprehensive income (loss)</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Revaluation of property and equipment	30	₩ 5,608,543,808	(7,813,138,308)
Remeasurements on defined benefit liabilities	30	<u>15,755,804,472</u>	<u>10,087,382,322</u>
		<u>21,364,348,280</u>	<u>2,274,244,014</u>
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Loss on valuation of available-for-sale financial assets	30	(5,001,389,151,917)	(1,767,563,114,063)
Loss on valuation of investments in associates and subsidiaries	30	(1,917,979,689)	(6,058,923,283)
Gain on valuation of derivative instruments	30	13,845,280,306	36,329,079,300
Other comprehensive loss from separate accounts	30	<u>(319,124,583,816)</u>	<u>(69,058,152,873)</u>
		<u>(5,308,586,435,116)</u>	<u>(1,806,351,110,919)</u>
<b>Other comprehensive loss for the year, net of income tax</b>		<u>(5,287,222,086,836)</u>	<u>(1,804,076,866,905)</u>
<b>Total comprehensive loss for the year</b>		<u>₩ (4,892,010,945,078)</u>	<u>(1,407,633,866,619)</u>
<b>Earnings per share</b>			
Basic and diluted earnings per share	50	<u>₩ 3,340</u>	<u>3,590</u>

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

**Kyobo Life Insurance Co., Ltd.**  
**Separate statements of changes in equity**  
**For the years ended December 31, 2022 and 2021**

<i>(In won)</i>	Capital stock	Hybrid bonds	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total
<b>Balance as of January 1, 2021</b>	₩ 102,500,000,000	551,437,935,983	365,936,339,794	(8,994,796,867)	3,648,905,126,062	7,434,112,568,097	12,093,897,173,069
<b>Total comprehensive income:</b>	-	-	-	-	(1,804,076,866,905)	396,443,000,286	(1,407,633,866,619)
Profit for the year	-	-	-	-	-	396,443,000,286	396,443,000,286
Other comprehensive income	-	-	-	-	(1,804,076,866,905)	-	(1,804,076,866,905)
Loss on valuation of available-for-sale financial assets	-	-	-	-	(1,767,563,114,063)	-	(1,767,563,114,063)
Loss on valuation of investments in associates and subsidiaries	-	-	-	-	(6,058,923,283)	-	(6,058,923,283)
Gain on valuation of derivative instruments for hedging	-	-	-	-	36,329,079,300	-	36,329,079,300
Other comprehensive loss in separate accounts	-	-	-	-	(69,058,152,873)	-	(69,058,152,873)
Loss on revaluation of property and equipment	-	-	-	-	(7,813,138,308)	-	(7,813,138,308)
Remeasurements of defined benefit liabilities	-	-	-	-	10,087,382,322	-	10,087,382,322
<b>Transactions with owners:</b>	-	-	-	-	-	(130,921,062,500)	337,694,817,500
Annual dividends	-	468,615,880,000	-	-	-	(102,500,000,000)	(102,500,000,000)
Issuance of hybrid bond	-	468,615,880,000	-	-	-	-	468,615,880,000
Payment of hybrid bond dividends	-	-	-	-	-	(28,421,062,500)	(28,421,062,500)
<b>Balance as of December 31, 2021</b>	₩ 102,500,000,000	1,020,053,815,983	365,936,339,794	(8,994,796,867)	1,844,828,259,157	7,699,634,505,883	11,023,958,123,950

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

**Kyobo Life Insurance Co., Ltd.**  
**Separate statements of changes in equity, continued**  
**For the years ended December 31, 2022 and 2021**

<i>(in won)</i>	Capital stock	Hybrid bonds	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total
<b>Balance as of January 1, 2022</b>	₩ 102,500,000,000	1,020,053,815,983	365,936,339,794	(8,994,796,867)	1,844,828,259,157	7,699,634,505,883	11,023,958,123,950
<b>Total comprehensive income:</b>	-	-	-	-	(5,287,222,086,836)	395,211,141,758	(4,892,010,945,078)
Profit for the year	-	-	-	-	-	395,211,141,758	395,211,141,758
Other comprehensive income	-	-	-	-	(5,287,222,086,836)	-	(5,287,222,086,836)
Loss on valuation of available-for-sale financial assets and held-to-maturity financial assets	-	-	-	-	(5,001,389,151,917)	-	(5,001,389,151,917)
Loss on valuation of investments in associates and subsidiaries	-	-	-	-	(1,917,979,689)	-	(1,917,979,689)
Gain on valuation of derivative instruments for hedging	-	-	-	-	13,845,280,306	-	13,845,280,306
Other comprehensive loss in separate accounts	-	-	-	-	(319,124,583,816)	-	(319,124,583,816)
Gain on revaluation of property and equipment	-	-	-	-	5,608,543,808	-	5,608,543,808
Remeasurements of defined benefit liabilities	-	-	-	-	15,755,804,472	-	15,755,804,472
<b>Transactions with owners:</b>	-	88,845,132,230	-	(104,412,064,017)	-	(206,640,845,833)	(222,207,777,620)
Annual dividends	-	-	-	-	-	(153,750,000,000)	(153,750,000,000)
Issuance of hybrid bond	-	640,283,068,213	-	-	-	-	640,283,068,213
Payment of hybrid bond dividends	-	-	-	-	-	(52,890,845,833)	(52,890,845,833)
Payment of hybrid bond	-	(551,437,935,983)	-	(104,412,064,017)	-	-	(655,850,000,000)
<b>Balance as of December 31, 2022</b>	₩ 102,500,000,000	1,108,898,948,213	365,936,339,794	(113,406,860,884)	(3,442,393,827,679)	7,888,204,801,808	5,909,739,401,252

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



**Kyobo Life Insurance Co., Ltd.**  
**Separate statements of cash flows**  
**For the years ended December 31, 2022 and 2021**

<i>(In won)</i>	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>			
<b>Profit before income tax expenses</b>	<b>₩</b>	447,230,261,022	520,551,024,232
<b>Adjustments for:</b>			
Interest income		(2,467,452,649,005)	(2,351,997,169,901)
Interest expenses		126,651,042,940	92,281,925,232
Dividend income		(726,154,807,326)	(586,373,286,056)
<b>Other adjustments to reconcile profit before income tax expenses to net cash provided by operating activities:</b>			
Loss on valuation of financial assets at fair value through profit or loss		-	132,171,904
Gain on valuation of financial assets held for trading, net		(5,380,320,644)	(28,719,284)
Gain on disposal of available-for-sale financial assets, net		(150,560,266,895)	(494,493,074,992)
Impairment losses on available-for-sale financial assets		35,470,126,471	31,718,786,740
Loss (gain) on valuation of available-for-sale financial assets, net		50,079,498,449	(24,205,930,471)
Provision for (reversal of) for loan losses		21,936,926,376	(17,169,846,071)
Gain on foreign currency transaction, net		(878,332,595,364)	(1,113,321,016,537)
Loss on valuation of derivative, net		682,657,287,029	1,044,499,746,920
Loss on disposal of derivatives, net		94,628,368,089	22,288,740,921
Loss on investments in subsidiaries, associates and joint ventures, net		10,883,576,324	2,566,352,870
Amortization of deferred acquisition costs		601,510,107,398	537,128,900,964
Depreciation of investment properties		10,513,613,811	10,222,464,877
Impairment losses on investment properties		-	1,113,634
Loss on disposal of property and equipment and investment properties, net		2,682,535,331	5,006,629,527
Depreciation of property and equipment		64,052,972,239	67,428,400,735
Impairment losses on property and equipment		-	36,328,769
Loss (gain) on disposal of intangible assets		123,225,305	(121,375,000)
Amortization of intangible asset		58,342,537,529	56,103,669,889
Provision for liabilities under insurance contracts		2,395,210,345,952	3,259,604,306,930
Reversal of reinsurance assets		(3,575,532,724)	(6,285,852,557)
Retirement benefits		44,331,774,159	44,968,979,078
Reversal expenses on other assets		1,102,407,767	(1,119,704,171)
Gain on cancellation of lease contracts		(336,001,787)	(344,556,625)
Other gain, net		(6,338,236,301)	(10,967,723,343)
		<u>3,029,002,348,514</u>	<u>3,413,648,794,707</u>
<b>Changes in operating assets and liabilities:</b>			
Due from banks		(315,235,375,947)	(98,496,575,899)
Financial assets at fair value through profit or loss		(685,313,879)	(999,946,274)
Financial assets held for trading		(2,540,630,559,331)	899,457,569,849
Loans		(499,143,570,241)	(1,102,892,617,940)
Other receivables		(55,466,323,270)	12,756,730,639
Derivative assets		(201,098,947,619)	570,385,104,060
Deferred acquisition costs		(622,001,276,219)	(505,444,758,097)
Other assets		3,363,441,253	(4,461,779,208)
Separate account assets		894,717,650,888	(1,803,358,991,606)
Liabilities under insurance contracts		111,585,279,680	192,062,228,584
Derivative liabilities		(255,285,435,018)	(368,248,917,389)
Other financial liabilities		18,247,829,276	78,634,044,068
Provisions		(960,683,697)	(1,189,569,316)
Defined benefit liabilities		(18,221,108,456)	(58,233,508,025)
Other liabilities		(234,687,269,386)	140,930,910,404
Separate account liabilities		(181,459,683,427)	2,034,437,173,518
		<u>(3,896,961,345,393)</u>	<u>(14,662,902,632)</u>

*(Continued)*

**Kyobo Life Insurance Co., Ltd.**  
**Separate statements of changes in equity**  
**For the years ended December 31, 2022 and 2021**

<i>(In won)</i>	<i>Note</i>	<b>2022</b>	<b>2021</b>
Income taxes refund (paid)	₩	(199,659,828,353)	11,911,306,152
Interest received		2,191,042,526,277	1,927,981,419,960
Interest paid		(122,311,963,423)	(88,274,906,543)
Dividends received		710,791,048,075	551,849,632,238
<b>Net cash inflow (outflow) from operating activities</b>		<b>(907,823,366,672)</b>	<b>3,476,915,837,389</b>
<b>Cash flows from investing activities:</b>			
Acquisition of available-for-sale financial assets		(12,147,615,493,941)	(13,084,404,499,005)
Disposal of available-for-sale financial assets		15,800,921,475,195	14,746,908,032,842
Acquisition of held-to-maturity financial assets		(3,567,766,851,531)	(4,542,283,609,357)
Disposal of held-to-maturity financial assets		5,750,000,000	-
Cash inflows from derivatives held for hedging		219,439,758,035	55,504,226,280
Cash outflows from derivatives held for hedging		(60,570,703,622)	(39,613,342,094)
Acquisition of investments in associates and subsidiaries		(36,119,808,368)	(335,000,318,641)
Disposal of investments in associates and subsidiaries		7,406,595,344	49,906,276,899
Dividends of investments in associates and subsidiaries		15,362,359,251	34,646,857,818
Acquisition of property and equipment and investment properties		(12,704,927,337)	(22,531,329,066)
Disposal of property and equipment and investment properties		177,250,000	241,740,000
Acquisition of intangible assets		(30,981,682,000)	(18,848,970,600)
Disposal of intangible assets		-	240,000,000
Increase in leasehold deposits		(11,218,804,872)	(6,488,628,700)
Decrease in leasehold deposits		12,050,219,292	10,907,607,257
<b>Net cash inflow (outflow) from investing activities</b>		<b>194,129,385,446</b>	<b>(3,150,815,956,367)</b>
<b>Cash flows from financing activities:</b>			
Increase in leasehold deposits received		6,022,945,300	14,985,544,780
Decrease in leasehold deposits received		(6,872,067,334)	(27,935,603,836)
Dividends paid		(101,808,945,000)	(102,500,000,000)
Issuance of hybrid bond		640,283,068,213	468,615,880,000
Payment of hybrid bond		(551,437,935,983)	-
Hybrid bonds dividend		(42,206,062,500)	(26,599,625,000)
Exchange rate differences and commissions of hybrid bond Payment		(104,412,064,017)	-
Payment of lease liabilities		(34,574,217,395)	(35,299,786,550)
Increase in borrowings		930,000,000,000	-
<b>Net cash inflow from financing activities</b>		<b>734,994,721,284</b>	<b>291,266,409,394</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents held</b>		<b>(150,985,835)</b>	<b>34,291,076</b>
<b>Net increase in cash and cash equivalents</b>		<b>21,149,754,223</b>	<b>617,400,581,492</b>
Cash and cash equivalents at the beginning of year		1,155,035,243,427	537,634,661,935
<b>Cash and cash equivalents at the end of year</b>	5	<b>₩ 1,176,184,997,650</b>	<b>1,155,035,243,427</b>

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

**Kyobo Life Insurance Co., Ltd.**  
**Notes to the separate financial statements**  
**December 31, 2022 and 2021**

(In millions of won)

**1. Company information**

Kyobo Life Insurance Co., Ltd. (the "Company") was established on June 30, 1958, and primarily engages in the life insurance business as permitted by the *Insurance Business Law* of the Republic of Korea. The Company's head office is located at Jungno-ro 1, Jungno-gu, Seoul, the Republic of Korea.

As of December 31, 2022, the Company has 7 Financial Planner (FP) offices, 70 supporting offices, 481 branches in the Republic of Korea and engages in the life insurance business and its related reinsurance contracts. The following table lists the number of currently available insurance products and discontinued but currently effective insurance products as of December 31, 2022.

Type	Insurance products in effect		
	Available	Discontinued	Total
Individual annuity	13	85	98
Pure endowment	20	45	65
Death	37	196	233
Endowment	2	44	46
Group insurance	18	26	44
	90	396	486

The Company's major shareholders and their respective shareholdings as of December 31, 2022 are as follows:

Shareholders	Number of shares (in shares)	Ownership (%)
Chang-Jae Shin	34,627,370	33.78%
Corsair Korea Investors LLC	10,038,830	9.79%
Guardian Holdings Limited	9,276,250	9.05%
Tiger Holdings LP	7,813,250	7.62%
The Export-Import bank of Korea	5,995,005	5.85%
KLI Investors LLC	5,460,825	5.33%
KLIC Holdings Limited	5,355,625	5.23%
Hoonir Inc.	5,355,625	5.23%
Apfin Investment Pte Ltd	4,612,500	4.50%
In-Jae Shin	2,593,000	2.53%
Life Investors of Korea LP	2,361,750	2.30%
AXA	2,300,000	2.24%
Kyung-Ae Shin	1,750,010	1.71%
Young-Ae Shin	1,449,960	1.41%
Triumph II Investments (Ireland) Limited	1,100,000	1.07%
Meiji Yasuda Life Insurance Company	1,025,000	1.00%
Employee stock ownership association, etc.	1,385,000	1.35%
	102,500,000	100.00

**2. Basis of preparation and significant accounting policies**

**2.1 Basis of preparation**

The separate financial statements have been prepared in accordance with the Korean International Financial Reporting Standards ("KIFRS"), as prescribed in the *Act on External Audits of Stock Companies, Etc. in the Republic of Korea*. The accompanying separate financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The separate financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets designated at fair value through profit or loss, available-for-sale (AFS) financial assets, financial liabilities designated at fair value through profit or loss, retirement benefits that have been measured at fair value. The separate financial statements are presented in Korean won (KRW) and all amounts are rounded to the nearest millions, except when otherwise indicated.

The separate financial statements as of and for the year ended December 31, 2022 were authorized for issue by the Board of Directors on March 3, 2023. The separate financial statements may be revised and authorized at regular general meeting of shareholders scheduled on March 24, 2023.

**2.2 Significant accounting policies**

**2.2.1 Subsidiaries and associates in the separate financial statements**

These separate financial statements are prepared and presented in accordance with KIFRS 1027 Separate Financial Statements. The Company applied the cost method or fair value method to investments in subsidiaries and associates in accordance with KIFRS 1027 or KIFRS 1039. Dividends from a subsidiary are recognized in profit or loss when the right to receive the dividend is established.

**2.2.2 Fair value measurement**

The Company measures financial instruments, including derivative instruments, and partial non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the

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**Notes to the separate financial statements**  
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*(In millions of won)*

asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At the end of each reporting period, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**2.2.3 Foreign currencies**

The Company's separate financial statements are presented in Korean won, which is the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

**2.2.4 Property and equipment**

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The estimated useful lives and depreciation methods of the Company's property and equipment are as follows:

Descriptions	Useful lives	Depreciation method
Buildings	50 years	Straight-line
Structures	50 years	Straight-line
Vehicles	5 years	Declining-balance
Equipment	5 years	Declining-balance
Others	5 years	Straight-line

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the current income when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at the end of the reporting period end and adjusted prospectively, if appropriate.

**2.2.5 Lease**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**2.2.5.1 The Company as a lessee**

Upon adoption of KIFRS 1116, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

• Right-of-use asset

The Company recognizes the right-of-use asset at the commencement date (i.e. the date on which the underlying asset is available). Right-of-use assets are measured at cost and the Company measures the right-of-use assets applying a cost model after the commencement date. To apply a cost model, the Company measured with deductions of any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The cost of a right-of-use asset includes the amount of the lease liability recognized and the amount of initial direct costs, less any incentives received or lease payments made at or before the commencement date of the lease. The cost of a right-of-

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use asset also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use assets are depreciated on a straight-line basis over the earlier of the estimated useful life or the lease term.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the right-of-use assets are depreciated from the commencement date to the estimated useful life of the underlying asset. The Company performs an impairment review of the right-of-use assets.

Right-of-use assets of the Company are included in property and equipment (See Note 16).

• **Lease liability**

At the commencement date, the Company measures the lease liability at the present value of the lease payments over the lease term. Lease payments comprise of fixed lease payments (including in-substance fixed lease payments), variable lease payments that depend on the index or rate, and the amount expected to be paid under the residual value guarantee, excluding the lease incentives to be received. In addition, if the Company is reasonably certain to exercise the purchase option, the exercise price of the purchase option and if the lease term reflects the company exercising an option to terminate the lease, then the payments of penalties for terminating the lease are included in the lease payments. Fluctuations that do not depend on the index or rate are recognized as an expense for the period in which the event of the lease payment occurs.

In calculating the present value of the lease, the Company uses the incremental borrowing rate at inception if it is not readily possible to determine the implicit interest rate of the lease. The Company increases the carrying amount of the lease liability by reflecting interest on the lease liability after the commencement date of the lease, and reduces the carrying amount of the lease liability by reflecting the lease payments. In addition, the Company shall remeasure the lease liability to reflect the change in the lease, reflect the change in the lease term, or change in the valuation of the underlying asset purchase option.

Lease liabilities of the Company are included in other financial liabilities (See Note 24).

• **Short-term leases and leases for which the underlying asset is of low value**

The Company elects to apply exemptions of recognition for both short-term leases which are a lease term of 12 months or less and without purchase option and leases of low-value assets. The Company recognizes the lease payments associated with short-term leases and leases of low-value assets as an expense on a straight-line basis over the lease term.

**2.2.5.2 The Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The company recognizes lease payments from operating leases as income on a straight-line basis and initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned. Conditional rent is recognized as revenue when the rent is received.

**2.2.6 Investment properties**

Property held for the purpose of earning rentals or benefiting from capital appreciation is classified as investment property. Investment property is measured initially at its cost. Transaction costs are included in the initial measurement. Subsequently, investment property is carried at depreciated cost less any accumulated impairment losses.

Investment property are depreciated on a basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed.

The estimated useful lives and depreciation methods of the Company's investment properties are as follows:

Descriptions	Useful lives	Depreciation method
Buildings	50 years	Straight-line
Structures	50 years	Straight-line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period and accounted for on a prospective basis in case of the effect of any changes in estimation.

In the event that it is no longer possible to expect future economic benefits through the disposal or use of investment properties, the Company removes them from its financial statements, and the resulting difference between the disposal amount and the carrying amount is reflected in profit or loss at the time of derecognition. In addition, if the purpose of the asset's use has changed, the Company reclassifies to another account or to an investment property from another account.

**2.2.7 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Descriptions	Useful lives	Amortization method
Software	5 years	Straight-line
Development costs	5 years	Straight-line
Membership	Indefinite	-

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the

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change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate that the technical feasibility of completing the intangible asset so that the asset will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset, the ability to measure reliably the expenditure during development and the ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

**2.2.8 Impairment of non-financial assets**

The Company assesses, at the end of the reporting period, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**2.2.9 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. For the purpose of the separate statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

**2.2.10 Financial Instruments – Initial recognition and subsequent measurement**

**(1) Financial assets**

**1) Initial recognition and measurement**

Financial assets subject to application of the KIFRS 1039 are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

For purposes of subsequent measurement financial assets are classified in four categories as follows:

**2) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading and financial assets designated upon initial recognition at FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. All derivatives, including embedded derivatives that are accounted for separately from the principal contract, are classified as the financial assets at FVTPL unless the derivative is designated as an effective hedging instrument.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of comprehensive income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL.

**3) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

**4) Held-to-maturity financial assets**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortized cost using the EIR, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs

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that are an integral part of the EIR. The EIR amortization is included as finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income as losses on valuation of financial instruments.

**5) Available-for-sale (AFS) financial assets**

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealized gains or losses recognized in OCI and credited in the AFS reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of comprehensive income in finance costs. Interest earned while holding AFS financial investments is reported as interest income using the EIR method.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of comprehensive income.

**6) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's separate statement of financial position) when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. If continuing involvement is provided in the form of a guarantee for the transferred asset, the degree of continuing involvement is measured as the smaller of the initial carrying amount of the asset and the maximum amount that may be required to be repaid from consideration received. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

**(2) Impairment of financial assets**

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**1) Financial assets carried at amortized cost**

For financial assets carried at amortized cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in statement of comprehensive income. Interest income (recorded as finance income in the statement of comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

**2) Available-for-sale (AFS) financial investments**

For AFS financial investments, the Company at the end of the reporting period whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss – is removed from OCI and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent

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year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

(3) Financial liabilities

1) Initial recognition and measurement

Financial liabilities subject to application of the KIFRS 1039 are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, derivative financial instruments. Subsequent measurement of financial liabilities differs based on the classification of financial liabilities.

2) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by KIFRS 1039. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in Profit or loss. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in KIFRS 1039 are satisfied. The Company has not designated any financial liability as at FVTPL.

3) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in Profit or loss.

(4) Offsetting of financial instruments

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

**2.2.11 Derivative financial instruments and hedge accounting**

The Company uses derivative financial instruments, such as forward currency contracts, currency swaps, and interest rate swaps to hedge its foreign currency risks, interest rate risks respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(1) Fair value hedges

The change in the fair value of a hedging derivative is recognized in the statement of comprehensive income as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of comprehensive income as finance costs.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

(2) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of comprehensive income as other operating expenses. Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

**2.2.12 Non-current assets held for sale**

The Company classifies non-current assets and disposal groups as held-for-sale if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities are not depreciated or amortized once classified as held-for-sale or as held for distribution. Also, assets and liabilities classified as held-for-sale or for distribution are presented as separate items in the statement of financial position.

**2.2.13 Employee benefits**

The Company operates both defined benefit pension plan and defined contribution pension plan, which the Company makes contributions to the



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separately administered funds, respectively.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Company) and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes restructuring-related costs or redundancy payments

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under 'operating and administrative expenses' and 'asset management expenses' in separate statement of comprehensive income.

**(1) Retirement benefits: defined contribution plans**

When an employee has rendered service to the Company during a period, the Company recognizes the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Company recognizes that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

**(2) Retirement benefits: defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of plan assets is deducted. The calculation is performed annually by an independent actuary using the projected unit credit method.

The discount rate is the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Company recognizes all actuarial gains and losses arising from actuarial assumption changes and experiential adjustments in profit and loss when incurred.

If the net amount that is calculated by subtracting the fair value of the plan assets from the present value of the defined benefit pension plans is an asset, the Company measures at lower of an excess contribution to the defined benefit pension plans or the upper limit recognized as an asset that is calculated by using the interest rate of the corporate bonds of companies with high credit ratings at the end of the reporting period.

**(3) Short-term employee benefits**

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Company during an accounting period, the Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

**(4) Other benefits for the vested employees**

Other benefits for the vested employees who have rendered services for a long-term period of time with regard to considerations for the employees who have rendered services for a long period of time, if the employees' benefits are not expected to be paid within 12 months after the end of an annual reporting period, the Company recognizes the net sum of service costs for long-term services and net interests on net defined benefit liabilities (assets) as a current profit or loss.

**(5) Redundancy payments**

If employees are laid off upon a request from the Company, the Company can give more retirement benefits in comparison to when the employees voluntarily leave the Company. With regard to the redundancy payment that is a difference between the amount that the Company pays to the employee who voluntarily leaves the Company and the amount that the Company pays to the employee who is dismissed by the Company, the Company recognizes the liability and the expense of the redundancy payment earlier of when the Company cannot withdraw a proposal for the termination benefits or when it recognizes restructuring costs accompanied by the redundancy payment.

**2.2.14 Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

**2.2.15 Deferred acquisition costs**

If the actual new contract cost exceeds 50% of the standard cancellation deduction (100% for actual medical insurance and savings insurance), the Company shall not exceed the same amount, but if the premium already paid exceeds the standard cancellation deduction, the premium will be paid over 7 years. However, if the Company's outstanding contract cost for the entire long-term insurance contract as of the end of the reporting period is greater than the difference between the net premium premium reserve and the cancellation refund premium reserve, the excess is further amortized in the fiscal year. In addition, if there is an amortization balance on the cancellation date of the long-term insurance contract, the entire amount is amortized in the fiscal year to which the cancellation date belongs. Meanwhile, the amount exceeding the standard cancellation deduction and new contract costs incurred due to short-term insurance contracts with an insurance period of less than one year are fully covered in the fiscal year.

**2.2.16 Classification of insurance contracts**

The Company recognizes a contract as an insurance contract if under the contract one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The Company assesses representative contract's insurance risk of an insurance product considering the claims paid when the insured event occurs or does not occur.

If a contract is exposed to financial risk without significant insurance risk, the contract is classified as an investment contract. Financial risk is the risk of a possible future change in one or more specified interest rates, financial instrument prices, commodity prices, foreign exchange rates, index of prices or rates, credit rating or credit index or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The Company applies KIFRS '1104 Insurance Contract' for insurance contracts and investment contracts with discretionary participation features. Investment contracts with no discretionary participation features are accounted for in accordance with KIFRS '1039 Financial Instruments: Recognition and Measurement'.

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A contract that was initially qualified as an insurance contract remains to be classified as insurance contract until all rights and obligations are extinguished or expired. However, the Company reclassifies an investment contract to an insurance contract if insurance risk becomes significant.

**2.2.17 Insurance contracts liabilities**

The Company provides various policy reserves in accordance with the Insurance Business Act, relevant regulations and the terms and conditions in insurance contracts as follows:

(1) Premium reserve

Premium reserve is a liability related future payment of claims. Premium reserve is calculated by deducting the actuarial present value of future premiums to be received after the reporting date from the actuarial present value of future payment of claims with respect to long-term insurance contracts.

(2) Reserve for unearned premium

Reserve for unearned premium is the amount calculated according to the method set forth in the insurance premium and liability reserve calculation manual for the premiums for the period after the next period among the premiums for which the payment due date has arrived before the end of the reporting period.

(3) Guarantee reserve

Guarantee reserve is the amount that must be accumulated to guarantee a certain level or higher for contracts that are being maintained as of the end of the reporting period. The larger amount is accumulated between the average amount of the top 30% of expected net loss and the standard accumulation standard amount by insurance type and minimum guarantee.

(4) Reserve for outstanding claims

Reserve for outstanding claims is an estimate of loss for insured events that have occurred prior to the date of statement of financial position but for which a fixed value cannot be determined, which includes the following:

- Estimated amount: The expenses to be incurred in the course of settlement of the insured event, such as lawsuit or arbitration (if partial amount is settled, the remainder is recognized.)

- Reserve for ineffective contracts: Reserve for ineffective contracts due to default in premium payment (Partial amount of surrender value)

- Unpaid claims: The amount of claims, surrender value and dividend to be paid is determined but not paid yet

- IBNR (Incurred But Not Reported): Estimated amount using a reasonable statistical method considering the Company's experience rate

(5) Reserves for participating policyholder's dividends

Reserves for participating policyholder's dividends comprise reserve for guaranteed dividend, reserve for mortality dividend, reserve for interest dividend, reserve for expense dividend, reserve for long term duration and reserve for revaluation dividends.

The Company calculates each reserve for the participating policyholders' dividends by the methods described below:

- Reserve for guaranteed dividend:

A reserve to compensate for the difference between expected rate of interest and the average interest rate of time deposit for the reporting period.

The Company records this reserve only for the contracts which were initiated before October 1, 1997.

- Reserve for mortality dividend:

A reserve to compensate for the difference between expected mortality rate and actual mortality rate. The Company has been recording this reserve only for the contracts which are or are expected to be effective for more than a year as of the reporting date, excluding nonparticipating policies, since 1983.

- Reserve for interest dividend:

A reserve to compensate for the difference between expected interest rate of each insurance product and dividend benchmark rate. The Company has been recording this reserve only for the contracts that are or are expected to be effective for more than a year from the reporting date, excluding nonparticipating policies, since 1987. However, the interest dividends from reserve insurance sold after October 1, 1997 are based on the interest dividends deducted from the expected rate.

- Reserve for expense dividend:

A reserve to compensate for the difference between expected operation expense rate and expense dividend benchmark rate. The Company has been recording this reserve only for the contracts which are or are expected to be effective for more than a year as of the reporting date, excluding nonparticipating policies, since 2001.

- Reserve for long-term duration dividend:

A reserve for the long-term contracts which is calculated by the following formula:

$(\text{Net level premium reserve of prior reporting period} - \text{Deferred acquisition costs}) * \{0.1\% + (\text{Number of years passed} - 6) * 0.02\%$

The Company has been recording this reserve only for the contracts that remain for more than six years as of the reporting date, excluding nonparticipating policies, since 1987.

- Reserve for revaluation dividends:

A reserve for the participating policy holder's portion of asset revaluation. The Company records this reserve only for the contracts that remained for more than two years from March 31, 1989 and more than one year from March 31, 1999, respectively.

(6) Dividend reserve for policyholders' income participation

Dividend reserve for policyholders' income participation refers to the amount to be reserved, in lump sum and depending on the business performance, for the purpose of distributing reserves after paying stockholders as future dividends to policyholders or for additional accumulation as part of policy reserve other than the reserve for policyholders' dividend.

(7) Reserve for losses on dividend insurance contract

In accordance with the Regulation on Supervision of Insurance Business, the Company accumulates reserve for losses of participating insurance contract within 30/100 of policyholders' share in dividend-paying insurance income. A reserve for compensation for losses on dividend-paying insurance contracts accumulated shall be used for replenishing the losses of the participating insurance contract, and the balance after the replenishment shall be used as for the source of policyholders' dividend for individual policyholders, for five fiscal years from the end of the fiscal year when the accumulation is made.

**2.2.18 Reinsurance asset**

The Company cedes insurance risk by reinsurance agreements with reinsurers. Reinsurance assets represent recoverable amounts due from reinsurance companies. Reinsurance assets are reviewed for impairment at each reporting date. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from

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the reinsurer. The impairment loss is recorded as the profit or loss in the separate statements of comprehensive income.

**2.2.19 Liability adequacy test**

For all insurance contracts held by the Company to which KIFRS 1104 'Insurance Contracts' apply, the Company determines the future cash flows expected to arise from the insurance contracts as of the end of the reporting period, including cash flows from options, guarantees, and claims processing costs. When the current estimate exceeds the book value of insurance contract liabilities, the excess is additionally accumulated as insurance contract liabilities. The subject of the liability adequacy test is the premium reserve, reserve for unearned premium and guarantee reserve, and the premium reserve is the amount obtained by deducting deferred acquisition cost and policy loan under Article 6-3 of Regulation on Supervision of Insurance Business Act from the net premium reserve. However, liabilities assessed using current estimates and liabilities for which payment obligations have been confirmed are excluded.

In addition, the estimation of future cash flow for the assessment of the adequacy of insurance contract liabilities is divided into fixed interest rate dividend insurance, fixed interest rate non-dividend insurance, interest rate linked dividend insurance, interest rate linked non-dividend insurance and variable insurance. The surplus or shortage of insurance contract liabilities for each evaluation unit can be offset at the level of individual insurance companies as a whole.

**2.2.20 Separate accounts**

The Company carries separate accounts for retirement insurance, retirement pension and variable life insurance products according to the provision in the Korean Insurance Business Law. The separate account assets (liabilities) are stated at net of accounts payable and accounts receivable in general account incurred in the course of transactions between general accounts and separate accounts.

Revenues and expenses of investment-linked type separate account are not presented in the general account statement of operations, while the revenues and expenses of guaranteed-interest type separate account are accounted for in the general account statement of operations in gross amounts as separate account income and separate account expense, respectively.

**2.2.21 Trust accounts**

The Company obtained the authorization to operate a trust business from the Financial Service Commission and operates its trust business. In accordance with the regulation on trust business, trust estates are recognized as separate accounts and trust fee related to operating, administration and disposal of trust estates is recognized as trust fee in operating revenue.

**2.2.22 Policyholders' equity adjustment**

Policyholders' equity adjustments consist of reserves for stabilization of participating policyholders' dividends, reserves for social contributions and net gain (loss) from valuation of investment securities. The stabilization reserves for participating policy holders' dividends and reserves for social contributions funds are the amounts reserved for future dividends to participating policyholders and future social contributions through asset revaluation surplus for land and building in accordance with Asset Revaluation Law. Unrealized holding gains or losses on available-for-sale securities, on held-to-maturity securities and on valuation of investment in associates and subsidiaries are allocated to policyholder's equity adjustment using the current year's ratio of policyholders' equity and shareholders' equity.

**2.2.23 Reserves for unpaid life insurance policy benefit**

Pursuant to the unrestricted management of reserves for unpaid life insurance policy benefit by Financial Supervisory Services (FSS), the Company pays life insurance policy benefits at the request of a policyholder even if the legitimate obligation to pay has expired.

**2.2.24 Equity capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

When the Company repurchases its share capital, the amount of the consideration paid is recognized as a deduction from equity and classified as treasury shares. The profits or losses from the purchase, disposal, reissue, or retirement of treasury shares are not recognized as current profit or loss. If the Company acquires and retains treasury shares, the consideration paid or received is directly recognized in equity.

**2.2.25 Recognition of revenue and expenses**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Company recognizes the income when the followings criteria are met.

(1) Premium income

Premium income is recognized at the time when such premium payment becomes due. If premium income is received before the premium due date, the Company records unearned insurance premium based on fractional period calculation.

(2) Interest income and interest expense

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

(3) Fee and commission

The company applied the following five-step revenue recognition model for the fee income in accordance with KIFRS 1115.

- identify the contracts with a customer.
- identify the performance obligations in the contract
- determine the transaction price
- allocate the transaction price to each performance obligation
- recognize revenue when a performance obligation is satisfied

The company recognizes its financial service fees and commissions based on its objectives, and in conformity with accounting standards of related financial instruments as below.

1) Fees and commissions earned by performance of meaningful action

Fees and commissions earned by delivering meaningful performances such as negotiating on behalf of third parties' transactions, such as stock or other securities transactions and underwriting of business settlements, or as a consideration for participating in negotiation are recognized as revenue upon completion of the delivery of services.

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2) Fees and commissions earned by providing services

Fees and commissions levied as a consideration for providing services for a certain period of time, such as asset management fees, trust fees, guarantee service fees, are recognized as revenue when the service is provided. Also, when it is not probable that a specific loan commitment will be entered into, and when the loan commitment does not fall under the scope of KIFRS 1039 Financial instruments: recognition and measurement, related commitment fee is recognized over the commitment period.

3) Fees forming a part of effective interest income of financial instruments

Fees forming a part of effective interest of financial instruments are generally recognized as adjustments to effective interest rates. These fees include costs incurred for activities such as the valuation of the financial status of borrowers, guarantee, collaterals and other commitments, administrative expenditures, and expenditures made for issuance of financial liabilities. However, if the financial instrument is recognized at fair value through profit or loss, related fees and commissions are recognized in profit or loss at the initial recognition of the financial instrument.

(4) Dividends

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(5) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included as revenue in the statement of comprehensive income due to its operating nature.

**2.2.26 Current and deferred income tax**

(1) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

(2) Deferred income tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred income tax asset to be recovered.

(2) Deferred income tax, continued

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

**2.3 Changes in accounting policies and disclosures**

**2.3.1 New and amended standards and interpretations adopted**

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2022. The Company has not early applied standards, interpretations or amendments that have been issued but have not been implemented. The nature and the impact of each new standard or amendment is described below:

**(1) Amendment to KIFRS 1116 'Leases' – Covid-19-Related Rent Concessions beyond June 30, 2021**

KIFRS 1116 'Leases' (Revised) – The scope of application of the practical expedient, which makes lessees may not evaluate whether rent discounts, etc., incurred in connection with COVID-19 are changes in lease, has been expanded to reduce or exempt lease payments that affect lease payments to be paid before June 30, 2022. The lessee should consistently apply the practical expedient to contracts of similar characteristics in similar circumstances. However, the Company has not received COVID-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

**(2) Amendment to KIFRS 1103 'Business Combination' – Reference to the Conceptual Framework**

The definition of assets and liabilities to be recognized in a business combination has been amended to refer to the revised conceptual framework for financial reporting, but added an exception to apply this standard to liabilities and contingent liabilities that fall within the scope of KIFRS

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1037 'Provisions, Contingent Liabilities and Contingent Assets' and Interpretation 2121 'Charges' and clarified that contingent assets are not recognized at the acquisition date. The amendments to this standard do not have a material impact on the financial statements.

**(3) Amendment to KIFRS 1016 'Property, Plant and Equipment' – Proceeds before intended use**

The standard requires an entity to recognize in profit or loss, together with the cost of production, revenue from the sale of items produced before the asset is used in the intended manner and deduction from the acquisition cost of tangible assets is prohibited. The amendments to this standard do not have a material impact on the financial statements.

**(4) Amendment to KIFRS 1037 'Provisions, Contingent Liabilities and Contingent Assets' – Onerous Contracts—Cost of Fulfilling a Contract**

The standard clarified that when identifying onerous contracts, the scope of cost of fulfilling a contract is the allocation of incremental costs to fulfill the contract and other costs directly attributable to the performance of the contract. The amendments to this standard do not have a material impact on the financial statements.

**(5) Annual Improvement to KIFRS 2018-2020**

The annual improvements 2018-2020 of the KIFRS is effective for fiscal years beginning on or after January 1, 2022, and early application is permitted. The amendments to this standard do not have a material impact on the financial statements.

- KIFRS 1101 First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adopter

- KIFRS 1109 Financial Instruments – Fees in the '10 percent' Test for Derecognition of Financial Liabilities

- KIFRS 1041 Agriculture – Fair Value Measurements

**(6) Amendments to KIFRS 1107 Financial Instruments: Disclosures, KIFRS 1109 Financial Instruments, KIFRS 1039 Financial Instruments: Recognition and Measurement, KIFRS 1104 Insurance Contracts and KIFRS 1116 Leases – Interest Rate Benchmark Reform – (Phase 2)**

The amendment provides a temporary waiver to address the impact on financial reporting when the Interbank Loan Rate (IBOR) is replaced by an alternative risk-free reference indicators (RFRs).

The amendments provide a number of practical reliefs including

- Contractual changes, or changes in cash flows that are directly affected by the reforms, are treated as if they were changed to variable interest rates, such as fluctuations in market interest rates.
- Changes required by the interest rate indicator reform allow the hedging designation and hedging documentation to be possible without disrupting the hedging relationship.
- A temporary exemption that is deemed to meet the requirement that financial instruments referencing the RFRs must be separately identifiable if they are designated as hedging elements.

These amendments had no impact on the separate financial statements of the Company. The Company apply the practical expedient in the future when it becomes applicable

The Company applied for the first time the amendment to 'Interest Rate Benchmark Reform Phase 2 -KIFRS 1109, KIFRS 1039, KIFRS 1107, KIFRS 1104 and KIFRS 1116', from the annual period beginning on or after January 1, 2021. The Company applied these amendments retrospectively. In accordance with the transitional provisions permitted in the Phase 2 amendments, the Company has not restated the separate financial statements of the prior period reflecting the application of the amendments, and has not reflected additional disclosures. There is no effect on the amount of the opening balance of equity due from retrospective application.

The Company is exposed to IBOR, which is subject to reform for its financial assets. As of December 31, 2022, the main IBORs exposed are the London Interbank Loan Rate (LIBOR) and CD rates, and the alternative to LIBOR is the Secured Overnight Financing Rate (SOFR), and alternative to CD rates is The Korea Overnight Financing Repo rate (KOPR).

The Company expects that such interest rate benchmark reform shall affect the Company's operation, risk management procedures and the hedge accounting. The Company is primarily exposed to operational risk due to interest rate benchmark reform. This includes, for example, the application of new substitutional provisions with derivative counterparties, the renewal of contractual terms and conditions and the modification of controls related to interest rate benchmark reform. Financial risk is primarily confined to interest rate risk. In a hedging relationship, ineffectiveness may arise due to uncertainty about the timing and methodology of replacement of interest rates related to the hedged items and hedging instrument, or differences in the timing of replacement.

The Company monitors the progress of the conversion from the IBOR to the new interest rate benchmark by reviewing the total amount of contracts that have not yet been converted to an alternative interest rate benchmark and the amount of those contracts that contain an appropriate replacement clause. If the contractual interest is a contract in which interest is indexed to an interest rate benchmark subject to an interest rate benchmark reform, the Company considers the contract to have not been converted to an alternative interest rate benchmark, even if the contract contains an alternative provision to provide for the discontinuation of the IBOR.

The total amount of the contract that has not yet transitioned is as follows:

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Interest Rate Benchmark	Currencies	Financial assets (*)	Derivatives (*)
CD	KRW	138,924	6,091,500
LIBOR	USD	1,488,193	11,528

(\*) Financial assets and derivatives are based on carrying amount and nominal amount, respectively, and if the assets that are incorporated to the beneficiary certificates involve an interest rate benchmark subject to interest rate benchmark reform, the calculation is based on the carrying amount of all beneficiary certificates.

**(7) Criteria for liability adequacy test**

**1) Nature in the change of accounting policy**

In accordance with the regulations on supervision of insurance business, the criteria for liability adequacy test as of December 31, 2022 were changed, but there was no impact on the financial statements for the years ended December 31, 2022 and 2021.

**3. Significant accounting judgments, estimates and assumptions**

**3.1 Estimates and changes**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of

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resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**(1) Fair value measurement of financial instruments**

The fair value of financial instruments without an active market was calculated by applying valuation techniques including the discounted cash flow method. When observable market information is not available for the inputs used in these valuation techniques, significant estimates are required to determine fair value. This judgment includes consideration of input variables such as liquidity risk, credit risk, and volatility. Changes to these factors may affect the fair value of financial instruments.

**(2) Impairment losses on available-for-sale equity investments**

When the Company assesses whether there is any indication that available-for-sale equity investments may be impaired, it considers the duration and degrees of decline in the fair value below the cost. When the decline in fair value below the cost of available-for-sale equity investments is significant or prolonged, the Company reclassifies the accumulated valuation loss on fair value previously recognized in equity to current loss. Starting from this year, the Company has applied new standards of determining the impairment loss of AFS equity investments as 'significant' or 'prolonged' when the decline in fair value below the cost of the equity investments is more than 50% and prolonged for more than 1 year. These changes are reasonable considering the local regulations and economic situation.

**(3) Impairment on loans and receivables**

Individual and collective allowance for doubtful accounts is calculated to assess impairment on loans and receivables. When individual allowance for doubtful accounts. When individual allowance for doubtful accounts is calculated, expected recoverable amount is calculated by estimated future cash flows considering borrowers' sales or collateral. In addition, when the collective allowance for doubtful accounts is calculated, default rates, duration of loss and loss rates at bankruptcy are estimated based on historical impairment.

**(4) Impairment of non-financial assets**

The Company tests non-financial assets for impairment at the end of every reporting period. The intangible assets with goodwill and indefinite useful lives are tested for impairment whenever there is an indication that the intangible asset may be impaired. Other non-financial assets are tested for impairment whenever there is an indication that the carrying value cannot be recovered. The value in use calculation is based on the management's assumption on future expected cash flows generated from CGU or asset. For the calculation of present value of future expected cash flows, adequate discount rate should be chosen.

**(5) Development costs**

Development costs are capitalized in accordance with the accounting policy as mentioned in Note 2.2. Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

**(6) Defined benefit plans**

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of the reporting period.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'A-' rating or above, as set by an internationally acknowledged rating agency. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

**(7) Lease period of a contract with options to extend and terminate**

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, and any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. In assessing whether the company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the company consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. If the company possesses such options, the company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. After the commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

**(8) Provision for decommissioning**

The Company has recognized a provision for decommissioning obligations associated with a leased building. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs.

**(9) Income tax**

There are different kinds of transactions and calculation methods which make final tax determination uncertain. Based on an estimate of the additional taxes to be imposed, if there is a difference between final tax amount and initially recognized tax amount, the difference will affect current income tax and deferred income tax assets and liabilities at the period when such determinations is made.

**(10) Special Taxation for Facilitation of Investment and Mutually-Beneficial Cooperation**

The Company shall pay an additional surtax where the use of corporate earnings on qualifying investments, wage increase and mutually-beneficial cooperation fall below a certain portion of its taxable income. As the Company considers the Special Taxation for Facilitation of Investment and Mutually-Beneficial Cooperation on its undistributed earnings when computing its corporate income tax, the Company's income tax may change arising from changes in investment, wage growth, or mutually-beneficial cooperation.

**(11) Liability adequacy test**

The Company recognizes the shortfall as its loss by assessing the adequacy of insurance liability. In order to estimate the cash flow anticipated to occur from the current insurance contract, reasonable anticipation of cash inflows including premium income and that of cash outflows including insurance, refund, reserve, expenses etc. is required. For this purpose, scenario presented by Financial Supervisory Service, ratio of risk, ratio of cancellation and expense rate use the presumptions considering the experience of the past and the trend of the future. The long-term insurance uses the discount rate reflecting the past experience and the current market information in order to calculate the future cash flow into

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the current value. Also, adequacy of individually estimated claims is assessed for reserves by selecting the most adequate model according to the trend of claims paid among various statistical methods. The Company categorizes its insurance products based on characteristics of the products. For insurance products in the same category, the Company applies assumptions for the respective category consistently.

**4. Standards issued but not yet effective**

The standards and interpretations that are issued, as of December 31, 2022, but not yet effective are disclosed below.

**4.1 KIFRS 1117 Insurance contracts**

KIFRS 1117 'Insurance Contracts' was enacted on April 23, 2021 as a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, KIFRS 1117 will replace KIFRS 1104 Insurance Contracts (KIFRS 1104).

**4.1.1 Changes in accounting policies**

The main features of KIFRS 1117 are the measurement of current value of insurance liabilities, recognition of insurance income on an accrual basis, and classification of insurance gains and losses and investment gains and losses. Under the current KIFRS 1104, insurance liabilities are measured using past information (interest rates at the time of insurance sale, etc.), and when the Company receives premiums, the received premiums are recognized as insurance revenue on a cash basis and there was no obligation to separately present between insurance gains and losses and investment gains and losses. On the other hand, under KIFRS 1117, insurance liabilities are measured at current value using a discount rate that reflects assumptions and risks at the present time (reporting date), and insurance revenue reflects services provided by insurance Companies to policyholders for each fiscal year. Therefore, revenue is recognized on an accrual basis, and insurance gains and losses and investment gains and losses are separately presented.

When an insurance company prepares financial statements by applying KIFRS 1117, the parts that are expected to cause significant differences from current financial statements are as follows: These are not inclusive of all differences and are subject to change based on the results of additional analyzes in the future.

(1) Measurement of insurance liabilities

According to KIFRS 1117, insurance companies estimate all cash flows from insurance contracts and measure insurance liabilities using a discount rate that reflects assumptions and risks at the time of reporting.

Specifically, an insurance company identifies a portfolio of insurance contracts consisting of contracts that are exposed to similar risks and managed together, and within that portfolio, groups of insurance contracts are classified into contracts with similar profitability. Thereafter, the group of insurance contracts is measured as the sum of estimated future cash flows (including cash flows related to policy loans, reflecting the time value of money, etc.), risk adjustments, and contractual service margins. With the introduction of KIFRS 1117, an account of contractual service margin is newly introduced, which means unrealized profit to be recognized as insurance contractual services are provided in the future. On the other hand, a reinsurance contract refers to an insurance contract issued by a reinsurance company to compensate for insurance claims paid arising from original insurance contracts issued by other insurance companies, and when estimating the present value of future cash flows for a group of insurance contracts ceded, assumptions consistent with the underlying group of original insurance contracts are applied.

(2) Recognition and assessment of financial results

According to KIFRS 1117, insurance revenue is recognized on an accrual basis by reflecting services (insurance coverage) provided by insurance companies to policyholders each fiscal year, and, investment elements paid, regardless of the insured event, to the policyholder (surrender, maturity refund, etc.) are excluded from insurance revenue. In addition, information users can identify the source of profit and loss as insurance profit and loss and investment profit and loss are presented separately.

And an insurance company includes the time value of money and financial risks related to the group of insurance contracts and the effects of their changes in insurance finance profit or loss. An accounting policy must be selected to determine whether to classify insurance finance gains and losses for the period into current profit or loss and other comprehensive income.

(3) Accounting policies related to the transition of insurance contracts

According to the transitional provisions of KIFRS 1117, an insurance company can apply the full retrospective approach or the amended retrospective approach or the fair value approach for a group of insurance contracts issued before the transition date (January 1, 2022, the starting date of the annual reporting period immediately before the initial application date) to adjust the existing cost-based value to the current value.

In principle, an insurance company should identify, recognize, and measure a group of insurance contracts (the full retrospective approach) as if it had continued to apply KIFRS 1117 even before the date of transition, if this method is impracticable, however, either the modified retrospective approach or the fair value approach may be selected and applied. However, in the case of a group of insurance contracts with direct participation feature that meet certain conditions, the fair value approach can be applied even if the full retrospective approach is applicable.

On the other hand, the modified retrospective approach is a method to obtain results very close to the full retrospective approach by using reasonable and supportable information available without excessive cost or effort and the fair value approach is a method of evaluating a group of insurance contracts using the fair value appraisal in accordance with KIFRS 1113 (fair value measurement). When applying the fair value approach, the contractual service margin for remaining coverage liabilities is calculated as the difference between the fair value of the group of insurance contracts and the fulfillment cash flow at the date of transition.

(4) Accounting policies to be applied

The accounting policies expected to be actually applied after the implementation of KIFRS 1117 are as follows.

	KIFRS 1104	KIFRS 1117
Measurement of Insurance Contract liabilities	Measured at cost using past information	<ul style="list-style-type: none"> <li>• Measured at current value using information at the time of reporting</li> <li>• Evaluation Model: General Model, Variable Fee Approach</li> <li>• Transition method on the date of transition               <ol style="list-style-type: none"> <li>1) Contracts issued in 2020-2021: Fully retroactive approach</li> <li>2) Contracts issued in or before 2019 : Fair value approach</li> </ol> </li> </ul>
Recognition of Insurance revenue	Cash basis	Accrual basis

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Classification and segmentation of insurance finance gains and losses	Included in investment gain or loss	<ul style="list-style-type: none"> <li>• Separate presentation of insurance finance gains and losses from investment gains and losses</li> <li>• Separated into current profit or loss and other comprehensive income</li> </ul>
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**4.1.2 Preparation of the adoption of KIFRS 1117**

In order to prepare for the adoption of KIFRS 1117, the Company has organized and operated an internal professional workforce which consists of 38 professional employees since September 2016.

In February 2016, the Company requested the accounting firm and actuarial firm to establish an accounting system such as insurance liability assessment system, and in March 2020, the integrated accounting system was first completed, and from June 2021, the KIFRS 1117 upgrade project has been carried out and as of December 31, 2022, system upgrade is carried out and produced the transitioned financial statements to which KIFRS 1117 was applied and annual financial statements for the year ended December 31, 2022.

The Company has continuously carried out consistency check over financial statements and systems and external auditors are conducting a preliminary audit of our accounting policies, major methodologies and financial statements related to KIFRS 1117 as of December 31, 2022. The financial statements to which KIFRS 1117 was applied and produced by the Company are subject to change depending on the results of consistency check and details of preliminary audit. The company has been converting the governance system for the introduction of KIFRS 1117, and plans to establish an overall internal control over financial reporting in the future. In addition, the Company has established an in-house training course related to KIFRS 1117 to provide internal and external training to executives and employees who are related with accounting, actuary and insurance products.

**4.1.3 Assessment of financial impacts**

The results of the financial impact assessment for the first application of KIFRS 1117 to the financial statements for the year ended December 31, 2022, using the accounting system, etc, established are as follows. The results of this analysis are subject to change depending on additional information available in the future and economic conditions.

(1) Statement of financial position

Account	KIFRS 1104(A) (*1)	Account	KIFRS 1117(B) (*2)	Variance (B-A)
Asset	₩ 117,175,707	Asset	107,864,018	(9,311,689)
Financial asset	86,428,399	Financial asset	104,074,785	
Reinsurance asset	35,089	Insurance contract asset	-	
Other asset	30,712,219	Reinsurance asset	177,134	
		Other asset	3,612,099	
Liabilities	111,265,968	Liabilities	94,377,321	(16,888,647)
Insurance contract liabilities	81,159,892	Insurance contract liabilities	77,533,115	
Other liabilities	30,106,076	Reinsurance contract liabilities	218,241	
		Other liabilities	16,625,965	
Equity	5,909,739	Equity	13,486,697	7,576,958

(2) Statement of Comprehensive income

Account	KIFRS 1104(A) (*1)	Account	KIFRS 1117(B) (*2)	Variance (B-A)
Operating revenue	₩ 20,711,316	Operating revenue	10,994,765	(9,716,551)
Premium income	12,658,374	Insurance revenue	3,313,370	
Investment income	4,959,056	Investment income	5,726,192	
Others	3,093,886	Other operating income	1,955,203	
Operating expense	20,241,185	Operating expense	10,594,727	(9,646,458)
Provision for liabilities under insurance contracts	2,395,210	Insurance service expenses	3,446,273	
Insurance claims paid	11,616,328	Investment expenses	6,339,206	
Operating and administrative expenses	1,160,194	Other operating expenses	809,248	
Amortization of deferred acquisition costs	601,510			



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Investment expenses	3,066,258			
Other operating expenses	1,401,685			
Operating profit (loss)	470,131	Operating profit (loss)	400,038	(70,093)
Non-operating income	35,513	Non-operating income	36,226	713
Non-operating expenses	58,414	Non-operating expenses	58,414	-
Income tax expenses	52,019	Income tax expenses	43,552	(8,467)
Profit (loss) for the period	395,211	Profit (loss) for the period	334,298	(60,913)
Other comprehensive income (loss)	(5,287,222)	Other comprehensive income (loss)	2,988,207	8,275,429
Total comprehensive income (loss) for the period	(4,892,011)	Total comprehensive income (loss) for the period	3,322,505	8,214,516
<b>Statement of Cash flow</b>				
Account	KIFRS 1104(A) (*1)	KIFRS 1117(B) (*2)	Variance (B-A)	
Cash flows from operating activities	₩ (907,823)	1,990,553	2,898,376	
Cash flows from investing activities	194,129	(2,733,649)	(2,927,778)	
Cash flows from financing activities:	734,995	734,995	-	

(\*1) KIFRS 1104, 'Insurance Contracts' and KIFRS 1039, 'Financial Instruments: Recognition and Measurement' are applied.

(\*2) KIFRS 1117 'Insurance Contracts' and KIFRS 1039 'Financial Instruments: Recognition and Measurement' are applied.

**4.1.4 Financial impact of conversion method to KIFRS 1117**

The Company applies the full retrospective approach to the group of insurance contracts issued within the two years (2020-2021) immediately preceding the transition date (January 1, 2022), and applies fair value approach to insurance contracts issued two years prior to the transition date (before 2019) to adjust the valuation of insurance contract liabilities from cost to current value. In accordance with the regulations on supervision of insurance business, the Company decided to apply the fair value approach to the insurance contracts held prior to 2019 through the resolution of the Board of Directors on November 15, 2022. When applying the fair value approach, the fair value(KIFRS 1113) of insurance contracts was calculated by reflecting some adjustments to the value calculated based on the new insurance capital standard(K-ICS). As a result of analyzing the financial impact related to transition, insurance contract assets and insurance contract liabilities under KIFRS 1117 as of January 1, 2022 are as follows.

The results of this analysis are subject to change depending on the results of the consistency check and preliminary audit.

Transition method	Target year	KIFRS 1117		
		Insurance contract asset	Insurance contract liabilities (*1)	Contractual Service Margin (*2)
Fully retrospective approach	₩ 2020-2021	8,100	3,613,284	2,269,770
Fair value approach (*3)	Before 2019	154,186	85,425,248	2,282,517
<b>Total</b>		<b>162,286</b>	<b>89,038,532</b>	<b>4,552,287</b>

(\*1) Insurance contract assets and insurance contract liabilities include reinsurance contract assets and reinsurance contract liabilities, respectively, and present the total amount including all components.

(\*2) Contractual service margin included in insurance contract assets and insurance contract liabilities are added and presented.

(\*3) Nominal value substitutions such as insurance receivables and insurance payables are included in the fair value approach.

**4.1.5 Financial impact related to insurance contract liabilities**

As of December 31, 2022, when KIFRS 1117 is applied to insurance liabilities, insurance contract assets and insurance contract liabilities are valued at Nil and ₩77,533,115 million, respectively, and reinsurance contract assets and reinsurance contract liabilities are valued at ₩177,134 million and ₩218,241 million, respectively. As the cash flow of policy loans of ₩8,201,749 million was reflected in insurance contract liabilities, the effect of reducing liabilities occurred, however, insurance contract liabilities are expected to increase due to the effect of high interest rate contracts held, etc. The results of this analysis are subject to change depending on additional information available in the future and economic conditions.

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Item	Assets under KIFRS 1117					Liabilities under KIFRS 1117				
	Total (A+B)	Insurance Contract Asset (A) *1)*2)		Reinsurance Contract Asset (B) *1)*3)		Total (C+D)	Insurance Contract Liabilities (C) *1)*2)		Reinsurance Contract Liabilities (D) *1)*3)	
		Insurance Contract Asset(A) *1)*2)	Contractual Service Margin *4)	Reinsurance Contract Asset (B) *1)*3)	Contractual Service Margin *4)		Insurance Contract Liabilities (C) *1)*2)	Contractual Service Margin *4)	Reinsurance Contract Liabilities (D) *1)*3)	Contractual Service Margin *4)
Value	₩ 177,134	-	-	177,134	23,130	77,751,356	77,533,115	4,637,813	218,241	(23,698)

(\*1) Insurance (reinsurance) contract assets and insurance (reinsurance) contract liabilities, present the total amount including all components.

(\*2) Assets and liabilities related to the group of insurance contracts issued by the insurance company are presented.

(\*3) Assets and liabilities related to the group of reinsurance contracts (insurance contracts ceded) held by the insurance company are presented.

(\*4) Contractual service margins included in insurance (reinsurance) contract assets and insurance (reinsurance) contract liabilities are presented separately.

#### 4.2 KIFRS 1109 Financial Instruments

KIFRS 1109, published on September 25, 2015, is, in principle, effective for annual periods after January 1, 2018. Due to the amendments of KIFRS 1104, 'Insurance Contract', the Company met the qualification for the temporary exemption and as a result, the Company plans to receive temporary exemption from the application of KIFRS 1109 until the date of first application of KIFRS 1117. The Company met the qualification for the temporary exemption which require the ratio of insurance related liabilities as of December 31, 2015 to exceed 90% of the total liabilities and not to be significantly involved in non-insurance-related activities and as a result, KIFRS 1109 is applied from the fiscal year beginning on or after January 1, 2023.

KIFRS 1109 applies, in principle, retrospectively, but there are some exceptions, such as exemption from re-preparation of comparative information in case of classification, measurement and impairment of financial instruments, and hedge accounting is applied prospectively, except for some exceptions, such as accounting for the time value of options.

Main characteristics of KIFRS 1109 are the classification and measurements of financial assets in accordance with the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, impairment model of financial instruments based on expected credit losses, expansion of hedged item and the hedging instrument qualifies for hedge accounting and changes to the methods for assessing hedge effectiveness. For the introduction of KIFRS 1109, preparations such as financial impact analysis, accounting policy and accounting system establishment, and system stabilization are generally required. In addition, the impact on the financial statements of the accounting period in which the Standards are first applied may differ depending on the selection and judgment of accounting policies in accordance with the Standards, the financial instruments held by the Company and economic conditions during the period.

For the introduction of KIFRS 1109, the Company formed task force team from December 2019 to January 2021 and established KIFRS 1109 system. The Company received KIFRS 1109 consulting from July 2022 to prepare the application and in order to evaluate the financial impact of the initial application of KIFRS 1109, the Company evaluated the impact on the financial statements of December 2022 based on the current status and available information as of December 31, 2022. The expected financial impact on the financial statements when applying this standard is as follows. The results of the financial impact assessment as of December 31, 2022 are subject to change depending on additional information and related decisions made available to us in the future.

##### 4.2.1 Classification and measurement of financial assets

The Company shall classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset as shown on the below table when the new standard KIFRS 1109 is adopted. Furthermore, if a hybrid contract contains a host that is an asset within the scope of this standard, an embedded derivative shall not be separated from the host and accounted for financial assets.

Business model objectives	Contractual cash flow characteristics	
	Principal and interest	Others
To collect the contractual cash flows	Measured at amortized cost (*1)	
To collect the contractual cash flows and to sell	Measured at fair value through other comprehensive income (*1)	Fair value through profit or loss (*2)
To sell and others	Measured at fair value through profit or loss	

(\*1) The Company may irrevocably designate a financial asset as measured at fair value through profit or loss to eliminate or significantly reduce accounting mismatch.

(\*2) The Company may make an irrevocable election for equity instruments not held for trading as measured at fair value through other comprehensive income.

Conditions to measure financial assets at amortized cost or fair value through other comprehensive income under KIFRS 1109 are more stringent than the conditions under KIFRS 1039. As a result, the portion of financial assets measured at fair value through profit or loss will increase which may lead to increases in volatility of profit or loss.

Under KIFRS 1109, only debt instruments that generate cash flows consisting only of principal and interest on the balance of principal on a specific date according to contractual conditions and are intended to receive contractual cash flows can be measured at amortized cost.

Under KIFRS 1109, debt instruments that generate cash flow consisting only of principal and interest on the balance of principal on a specific date according to the terms of the contract, and that operated to receive contractual cash flows and sell are measured at fair value through other comprehensive income.

Under KIFRS 1109, equity instruments that are not held for trading can be irrevocably selected at the time of initial recognition to be designated as fair value through other comprehensive income and the comprehensive income is not subsequently recycled to profit or loss.

Under KIFRS 1109, debt instruments of which cash flows under contractual terms do not consist only of principal and interest on the balance of principal, or of which main purpose is trading, and equity instruments that are not designated as fair value through other comprehensive income

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are measured at fair value through profit or loss.

The impact on the classification and measurement of financial assets (excluding derivatives) held by the Company as of December 31, 2022, estimated by applying KIFRS 1109, is as follows. The impact assessment results are subject to change depending on additional information available in the future.

Under KIFRS 1039	Under KIFRS 1109	₩	Book value	
			KIFRS 1039	KIFRS 1109
Loans and receivables				
Cash and due from banks	Financial asset at amortized cost		1,975,095	1,975,095
Loans (*1)	Financial asset at amortized cost		22,443,399	22,443,399
Other financial assets (*1)	Financial asset at amortized cost		810,419	
Sub total			25,228,913	25,228,913
Financial assets held for trading				
Equity instrument	Financial asset at fair value through profit or loss		3,059,593	3,059,593
Debt instrument	Financial asset at fair value through profit or loss		-	-
Sub total			3,059,593	3,059,593
Available-for-sale financial assets				
Equity instrument	Financial asset at fair value through other comprehensive income		42,462	42,462
	Financial asset at fair value through profit or loss		14,733,724	14,733,724
Debt instrument	Financial asset at fair value through other comprehensive income		15,260,862	15,260,862
	Financial asset at fair value through profit or loss		903,638	905,655
	Financial asset at amortized cost		1,182,623	1,385,049
Sub total			32,123,309	32,327,752
Held-to-maturity financial assets				
Debt instrument	Financial asset at fair value through other comprehensive income		25,452,390	21,551,116
	Financial asset at fair value through profit or loss		217,986	170,030
Sub total			25,670,377	21,721,146
Total financial assets exclusive of Derivatives		₩	86,082,192	82,337,404

(\*1) Presented on the basis of before deduction of allowance for bad debts.

When applying KIFRS 1109, ₩170,030 million of loans and receivables and held-to-maturity financial assets measured at amortized cost and ₩15,639,379 million of available for sale financial assets are classified as measured at fair value through profit or loss as of December 31, 2022, and the proportion of financial assets measured at fair value through profit or loss will increase from 3.54% to 22.92% of total financial assets, and volatility in profit or loss will intensify due to changes in the fair value of financial assets.

**4.2.2 Classification and measurement of financial liabilities**

In accordance with KIFRS 1109, the amount of change in the fair value of the financial liability that is designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, not profit or loss. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. However, when the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch, the related change in the fair value shall be presented in profit or loss.

As some portion of the changes in fair value of the financial liability that is designated as at fair value through profit or loss, which was recognized as profit or loss under KIFRS 1039, shall be presented as other comprehensive income, the profit or loss related to fair value of financial liability may decrease.

There are no financial liabilities designated as fair value through profit or loss as of December 31, 2022, and it is not expected to have any impact on the financial statements.

**4.2.3 Impairment: Financial assets and contract assets**

Under KIFRS 1039, impairment is recognized based on incurred loss model only when there is an objective evidence of impairment. However, under the new standard KIFRS 1109, impairment is recognized based on expected credit loss impairment model for the debt instruments, lease receivables, contract assets, loan commitments, and financial guarantee contracts measured at amortized cost or financial assets that are measured at fair value through other comprehensive income.

Unlike KIFRS 1039 which is based on incurred loss model, credit losses may be recognized earlier under KIFRS 1109. As shown below, this

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standard requires to measure the amount for loss allowance in 3 stages based on the 12-month expected credit losses or lifetime expected credit losses depending on the degree of increase in credit risk of the financial assets since initial recognition.

Credit risk has not increased significantly since initial recognition(*1)	12-month expected credit losses: the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
Credit risk has increased significantly since initial recognition Credit-impaired	Lifetime expected credit losses: the expected credit losses that result from all possible default events over the expected life of a financial instrument.

(\*1) If the credit risk at the end of the reporting period is low, it can be assumed that the credit risk has not increased significantly. On the other hand, KIFRS 1109 requires financial assets that are credit-impaired at initial recognition to account for only the cumulative change in lifetime expected losses since initial recognition as a loss allowance. According to the results of the financial impact assessment, the balance of loan receivables subject to loan loss allowance calculation and the amount of loan loss allowance as of December 31, 2022 are estimated as follows:

Classification under KIFRS 1039	Classification under KIFRS1109	Loan loss allowance under KIFRS 1039(A)	Loan loss allowance under KIFRS 1109(B)	Variance(B-A)
Loan and receivable				
Loan (*)	Financial asset at amortized cost	47,591	47,737	146
	Financial asset at fair value through profit or loss	-	-	-
Other financial assets	Financial asset at amortized cost	18,063	18,063	-

(\*) Exclusive of policy loan

(In millions of won)	Level	Book Value	Loan loss allowance under KIFRS 1109
Loan	Stage1	15,525,003	12,462
	Stage2	356,190	11,093
	Stage3	34,481	24,181
Other financial assets		810,419	18,063
Total		16,726,093	65,799

According to the results of the financial impact assessment, the balance of debt securities subject to loss allowance calculation and the amount of loss allowance as of December 31, 2022 are estimated as follows:

Classification under KIFRS 1039	Classification under KIFRS1109	Loan loss allowance under KIFRS 1039(A)	Loan loss allowance under KIFRS 1109(B)	Variance(B-A)
Available for sale financial asset				
Debt instruments	Financial asset at fair value through other comprehensive income	-	8,004	8,004
	Financial asset at amortized cost	-	17	17
Held to maturity financial asset				
Debt instruments	Financial asset at fair value through other comprehensive income	-	696	696

According to the results of the financial impact assessment, the amount of provisions as of December 31, 2022 is estimated as follows:

Classification under KIFRS 1039	Classification under KIFRS1109	Provision under KIFRS 1039(A)	Provision under KIFRS 1109(B)	Variance(B-A)
Payment guarantee and undrawn loan commitment	Non-financial payment guarantee and undrawn loan commitment	-	6,645	6,645
Sub total		-	6,645	6,645
Financial guarantee contract	Financial guarantee contract	-	-	-
Sub total		-	-	-

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Account	Level	Provision under KIFRS 1109
Provision	Stage1	6,645
	Stage2	-
	Stage3	-
Total		6,645

**4.2.4 Hedge accounting**

New standard KIFRS 1109 retains the mechanics of hedge accounting (i.e. fair value hedge, cash flow hedge, and hedge of a net investment in a foreign operation) of current standard KIFRS 1039. However, this standard mitigated KIFRS 1039 by amending the complex and rule-based requirements related to hedge accounting under KIFRS 1039 to principle-based requirements to align hedge accounting more closely with risk management. Furthermore, this standard expanded the eligible hedged item and the hedging instrument and eased the requirement for the hedge accounting by removing quantitative threshold (80-125%) and changing hedge effectiveness test method.

When applying hedge accounting under KIFRS 1109, hedge accounting can be applied to some transactions that do not meet the requirements for risk hedge accounting under KIFRS 1039, which can reduce the volatility of profit or loss. In accordance with the transition for hedge accounting, when an entity first applied KIFRS 1109, it may choose as its accounting policy to continue to apply the hedge accounting under KIFRS 1039.

Meanwhile, among the risk management activities of the Company that were not subject to hedge accounting by not meeting the requirements for hedge accounting under KIFRS 1039 as of December 31, 2022, no additional hedge accounting has been applied to transactions to which hedge accounting can be applied with the adoption of KIFRS 1039.

**4.3 Amendments to KIFRS 1001 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current**

The classification is made as current or non-current depending on the substantive rights that exist at the end of the reporting period, and on the possibility of exercising the right to defer payment of liabilities or management's expectations are not taken into account. In addition, the transfer of own equity instruments is included in the settlement of liabilities, except when options to settle with equity instruments in compound financial instruments meet the definition of equity instruments and are recognized separately from liabilities. These amendments are effective for the annual periods beginning on or after January 1, 2023, with early application permitted. The Company is assessing the impact that the amendments will have on current practice and whether existing loan agreements will need to be renegotiated.

**4.4 KIFRS 1001 Presentation of Financial Statements - Accounting Policy Disclosure**

IFRS practical statement 2 'Accounting Policy Disclosure' was amended to define and disclose material accounting policies and to provide guidance on how to apply the concept of materiality. These amendments are effective for the annual periods beginning on or after January 1, 2023, with early application permitted. The Company does not expect this amendment to have a material impact on the financial statements.

**4.5 KIFRS 1008 Accounting Policy, Changes in Accounting Estimates and Errors- Definition of Accounting Estimates**

The amendments defined an accounting estimate and clarified how to distinguish it from a change in accounting policy. These amendments are effective for the annual periods beginning on or after January 1, 2023, with early application permitted. The Company does not expect this amendment to have a material impact on the financial statements.

**4.6 KIFRS 1012 'Corporate Tax' - Deferred income tax on assets and liabilities from a single transaction**

In addition to the requirements for exceptions to initial recognition for transactions in which assets or liabilities are recognized for the first time, a requirement for transactions that do not generate same temporary differences to be added and to be deducted at the time of the transaction has been added. These amendments are effective for the annual periods beginning on or after January 1, 2023, with early application permitted. The Company does not expect this amendment to have a material impact on the financial statements.

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5. Cash and due from banks

(1) Cash and cash equivalent as of December 31, 2022 and 2021 are as follows:

		2022	2021
Cash	₩	623	633
Demand deposits		96,591	127,426
MMDA		943,200	967,961
Other deposits		135,771	59,015
	₩	<u>1,176,185</u>	<u>1,155,035</u>

(2) Due from banks as of December 31, 2022 and 2021 are as follows:

		2022	2021
Time deposits	₩	202,990	102,990
Other deposits		521,472	265,329
Future transactions deposits		74,448	115,356
	₩	<u>798,910</u>	<u>483,675</u>

(3) Bank deposits with withdrawal restrictions as of December 31, 2022 and 2021 are as follows:

		2022	2021	Details
Demand deposits	₩	111	111	Partially seized
Other deposits		10	10	Guarantee deposits for checking accounts
Future transactions deposits		74,448	115,356	Future trading
	₩	<u>74,569</u>	<u>115,477</u>	

6. Financial assets designated at fair value through profit or loss

Financial assets designated at fair value through profit or loss as of December 31, 2022 and 2021 are as follows:

		2022	2021
Hybrid financial instruments:			
Other embedded derivatives	₩	1,553	868

7. Financial assets held for trading

Financial assets held for trading as of December 31, 2022 and 2021 are as follows:

		2022	2021
Equity securities:			
Beneficiary certificates (MMF)	₩	3,058,040	512,029

8. Available-for-sale financial assets

(1) Available-for-sale financial assets as of December 31, 2022 and 2021 are as follows:

		2022	2021
Equity securities:			
Listed share	₩	71,847	446,738
Unlisted share		254,484	226,880
Equity investments		152,052	93,097
Beneficiary certificates(*1)		11,792,527	10,525,762
Overseas securities		2,492,075	3,111,654
Other securities		13,201	20,938
		<u>14,776,186</u>	<u>14,425,069</u>
Debt securities:			
Government and public bonds		8,692,806	19,433,745
Special bonds		3,546,853	7,350,998
Financial institutions bonds		720,827	931,937
Corporate bonds		1,942,669	2,859,270
Overseas securities		2,443,969	14,565,106
		<u>17,347,124</u>	<u>45,141,056</u>
	₩	<u>32,123,310</u>	<u>59,566,125</u>

(\*1) The amount for Corsair related fund, the Company's major shareholder, were ₩202,602 million and ₩192,777 million as of December 31, 2022 and 2021, respectively, and dividend income recognized by the Company from the fund were ₩18,123 million and ₩10,515 million as of December 31, 2022 and 2021, respectively. Furthermore, the additional acquisition amount for years ended December 31, 2022 and 2021 were ₩ 7,151 million and ₩33,771 million, respectively, and disposal for years ended December 31, 2022 and 2021 were amounted to ₩15,550 million and ₩8,030 million, respectively.

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The fair values of domestic currency debt securities and foreign currency debt securities of available-for-sale financial assets are based on the average prices of base prices on the latest business day, which are provided by Korea Asset Pricing (KAP) and KIS Pricing Inc. The fair values of unlisted stocks and investments of which the posted prices are not available in an active market, are calculated based on the appraised values in the appraisal reports of KAP.

(2) Gain on valuation of available-for-sale financial assets accounted for as accumulated other comprehensive income and policyholder's equity adjustments as of December 31, 2022 and 2021, are as follows:

		2022	2021
Gain on valuation of available-for-sale securities	₩	(2,618,220)	2,360,249
Amount allocated to Policyholder's equity adjustment		(146,825)	401,267
Amount allocated to deferred tax liabilities		(654,920)	538,720
Amount allocated to accumulated other comprehensive income		(1,816,475)	1,420,262

(3) Unlisted shares and equity investments were recognized at acquisition costs of ₩35,899 million and ₩10,899 million as of December 31, 2022 and 2021, respectively, as the fair values cannot be estimated reliably.

(4) Impairment losses on available-for-sale financial assets for the years ended December 31, 2022 and 2021 amounted to ₩39,174 million and ₩35,423 million, respectively. Reversal of impairment losses on available-for-sale financial assets for years ended December 31, 2022 and 2021 were ₩3,704 million and ₩3,704 million, respectively.

(5) Available-for-sale financial assets pledged as collateral as of December 31, 2022 and 2021 are as follows:

Collateral	Purpose		2022	2021	Counter party
Government and public bonds	Collateral for derivatives	₩	701,175	916,101	Korea Securities Depository, etc.

(6) As the intention to hold available-for-sale financial assets changed for the period ended December 31, 2022, the Company reclassified corresponding available-for-sale financial assets held as of March 2, 2022, April 1, 2022 and October 4, 2022, respectively, as held-to-maturity financial assets.

The carrying amounts of available-for-sale financial assets at the time of reclassification on March 2, 2022, April 1, 2022 and October 4, 2022 were ₩5,298,029 million, ₩5,812,401 million and ₩6,730,661 million, respectively, and for the reclassified held-to-maturity financial assets, future interest income is recognized by recalculating the effective interest rate that matches the fair value at the date of reclassification and the expected future cash flows. The effective interest rates calculated as of the reclassification date of the reclassified held-to-maturity financial assets on March 2, 2022, April 1, 2022 and October 4, 2022 are 2.594% to 2.909%, 1.262% to 4.660% and 3.177% to 6.605%, respectively.

The carrying amounts of held-to-maturity financial assets reclassified as of March 2, 2022, April 1, 2022 and October 4, 2022 are ₩5,328,961 million, ₩5,911,635 million and ₩6,201,979 million, respectively, and their fair values are ₩4,260,055 million, ₩4,984,360 million and ₩6,221,345 million, respectively. Other comprehensive gain or losses on available-for-sale financial assets that would have been recognized if they had not been reclassified were loss ₩1,047,885 million, loss ₩911,983 million and gain ₩1,819,147 million, respectively.

**9. Held-to-maturity financial assets**

(1) Held to maturity financial assets as of December 31, 2022 and 2021 are as follows:

		2022	2021
Debt securities:			
Government and public bonds	₩	13,409,306	2,959,456
Special bonds		2,232,831	390,000
Financial bonds		132,465	-
Corporate bonds		813,195	50,000
Overseas securities		9,082,580	1,152,269
	₩	<u>25,670,377</u>	<u>4,551,725</u>

(2) Held to maturity financial assets pledged as collateral as of December 31, 2022 and 2021 are as follows:

Purpose		December 31, 2022	December 31, 2021	Counter party
Collateral for Derivatives	₩	1,380,851	-	Korea Security Depository, etc.
Bank overdraft		1,008,900	-	Standard Chartered Bank
Repurchase Agreement (*1)		706,576	-	JPMCB, K-bank
		<u>3,096,327</u>	<u>-</u>	

(\*1) This transaction corresponds to an agreement to repurchase securities at a specific price on the contract expiration date at the same time as the sale, so the decommissioning conditions are not met.

**10. Loan receivables**

(1) Loan receivables as of December 31, 2022 and 2021 are as follows:

		2022	2021
Policy loan receivables	₩	6,527,725	6,341,550
Loan receivable secured by securities		-	20,000
Loan receivables secured by real estate		5,669,673	5,608,703

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Unsecured loan receivables	8,805,586	8,433,118
Guaranteed loan receivables	1,018,981	1,084,559
Other loan receivables	421,434	448,231
	<u>22,443,399</u>	<u>21,936,161</u>
Less: Present value discount	(12)	(37)
Less: Allowance for loss on loan receivables	(49,070)	(43,404)
Less: Deferred loan origination costs and fees	<u>(28,232)</u>	<u>(27,119)</u>
	<u>₩ 22,366,085</u>	<u>21,865,601</u>

(2) Changes in allowance for loss on loan receivables for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Beginning balance	₩ 43,405	69,551
Charge for the year(Reversal), net	21,937	(17,170)
Write-off, etc.	(28,024)	(20,856)
Unwinding effect	(394)	(411)
Recovery of bad debts	12,146	12,290
Ending balance	<u>₩ 49,070</u>	<u>43,404</u>

(3) Changes in deferred loan origination costs and fees for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Beginning balance	₩ (27,119)	(19,491)
Loan originations	(12,897)	(12,123)
Amortization	11,784	4,495
Ending balance	<u>₩ (28,232)</u>	<u>(27,119)</u>

**11. Other receivables**

(1) Details of other receivables as of December 31, 2022 and 2021 are as follows:

	2022	2021
Insurance receivables:		
Premiums transferred automatically	₩ 48,017	2,411
Insurance settlement adjustments	3,512	3,213
Reinsurance receivables	80,429	69,448
Other insurance receivables	22,944	124
	<u>154,902</u>	<u>75,196</u>
Accounts receivables	39,813	54,180
Guarantee deposits	53,867	54,436
Accrued income	561,781	527,246
Others	56	594
	<u>810,419</u>	<u>711,652</u>
Less: Present value discount	(1,930)	(1,619)
Less: Allowance for other receivables	<u>(18,063)</u>	<u>(17,700)</u>
	<u>₩ 790,426</u>	<u>692,333</u>

(2) Changes in allowance for other receivables for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Beginning balance	₩ 17,700	20,809
(Reversal of) provision for other receivables, net	1,102	(1,120)
others	<u>(739)</u>	<u>(1,989)</u>
Ending balance	<u>₩ 18,063</u>	<u>17,700</u>



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**12. Investments in associates and subsidiaries and joint ventures**

(1) Investments in associates and subsidiaries and joint ventures as of December 31, 2022 and 2021 are summarized as follows:

	Valuation method	Country of domicile	December 31, 2022		December 31, 2021		
			Book value	Owner-ship (%)	Book value	Owner-ship (%)	
<b>Subsidiaries:</b>							
Kyobo Securities Co., Ltd.	Cost	Korea	₩ 480,104	73.10	480,104	73.1	
Kyobo Book Center Co., Ltd.	Cost	Korea	223,830	100.00	219,933	100.0	
Kyobo Info. & Comm. Co., Ltd	Cost	Korea	53,253	100.00	53,253	100.0	
Kyobo Realco Inc.	Cost	Korea	15,985	100.00	15,985	100.0	
KCA Claim Adjustment Co., Ltd.	Cost	Korea	2,680	100.00	2,680	100.0	
KCA Service Co., Ltd.	Cost	Korea	10,484	66.70	10,484	66.7	
Kyobo Life Planet Life Insurance company (*1)	Cost	Korea	175,283	100.00	185,734	100.0	
Kyobo Asset Trust Co., Ltd.	Cost	Korea	295,420	100.00	295,420	100.0	
Kyobo Life Asset Management Co., Ltd.(USA)	Cost	USA	3,503	100.00	3,503	100.0	
Kyobo Life Asset Management Co., Ltd.(Japan)	Cost	Japan	1,118	100.00	1,118	100.0	
Kyobo New Technology Investment Association No.1	Cost	Korea	70,000	87.5	35,000	87.5	
Consus BTL Private Special Asset Investment Trust1	Fair value	Korea	16,087	57.2	18,930	57.2	
Consus Hope BTL Private Special Asset Investment Trust 1	Fair value	Korea	17,229	66.7	20,058	66.7	
Consus New Energy Private Special Asset Investment Trust2	Fair value	Korea	7,669	68.8	10,558	68.8	
KIAMCO SHIPPING Private Special Asset Investment Trust KX-1	Fair value	Korea	11,865	100.00	14,199	100.0	
			<u>1,384,510</u>		<u>1,366,959</u>		
<b>Associates:</b>							
A&D Credit Information Co., Ltd.(*2)	Cost	Korea	2,947	19.5	2,947	19.5	
<b>Joint ventures:</b>							
Kyobo AXA Investment Management Co., Ltd.	Cost	Korea	26,959	50.0	26,959	50.0	
			<u>₩ 1,414,416</u>		<u>1,396,865</u>		

(\*1) Impairment loss was recognized during the year ended December 31, 2022.

(\*2) The entity was classified as associates even though the Company holds less than 20% of shares, since members of the Company's Board of Directors are also the members of the entities' board and thus are deemed to have significant influence over the entities.

(2) Details of accumulated other comprehensive income for associates and subsidiaries allocated to policyholder's equity adjustments and deferred tax liabilities as of December 31, 2022 and 2021 are as follows:

		2022	2021
Gain on valuation of associates and subsidiaries	₩	(2,640)	416
Amount allocated to policyholder's equity adjustment		(380)	62
Amount allocated to deferred tax liabilities		(599)	98
Amount allocated to accumulated other comprehensive income		(1,661)	256

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**13. Classification by categories of financial instruments**

(1) The carrying amounts of each category of financial assets and financial liabilities as of December 31, 2022 and 2021 are summarized as follows:

	2022							
	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Held-to-maturity financial assets	Loans and receivables	Hedging purpose derivatives	Financial liabilities at fair value through profit or loss	Financial liabilities recognized by amortized cost	Total
<b>Financial assets:</b>								
Cash and due from banks	₩ -	-	-	1,975,095	-	-	-	1,975,095
Financial assets designated at fair value through profit or loss	1,553	-	-	-	-	-	-	1,553
Financial assets held for trading	3,058,039	-	-	-	-	-	-	3,058,039
Derivatives	186,624	-	-	-	204,039	-	-	390,663
Available-for-sale financial assets	-	32,123,310	-	-	-	-	-	32,123,310
Investments in associates and subsidiaries (*)	-	52,851	-	-	-	-	-	52,851
Held-to-maturity financial assets	-	-	25,670,377	-	-	-	-	25,670,377
Loan receivables	-	-	-	22,366,085	-	-	-	22,366,085
Other receivables	-	-	-	790,426	-	-	-	790,426
	₩ 3,246,216	32,176,161	25,670,377	25,131,606	204,039	-	-	86,428,399
<b>Financial liabilities:</b>								
Derivatives liabilities	₩ -	-	-	-	926,077	341,119	-	1,267,196
Borrowings	-	-	-	-	-	-	930,000	930,000
Other financial liabilities	-	-	-	-	-	-	687,165	687,165
	₩ -	-	-	-	926,077	341,119	1,617,165	2,884,361

(\*) The beneficiary certificates are within the scope of consolidation using KIFRS 1039.

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	2021							
	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Held-to-maturity financial assets	Loans and receivables	Hedging purpose derivatives	Financial liabilities at fair value through profit or loss	Financial liabilities recognized by amortized cost	Total
<b>Financial assets:</b>								
Cash and due from banks	₩ -	-	-	1,638,710	-	-	-	1,638,710
Financial assets at fair value through profit or loss	868	-	-	-	-	-	-	868
Financial assets held for trading	512,029	-	-	-	-	-	-	512,029
Derivatives	35,030	-	-	-	85,310	-	-	120,340
Available-for-sale financial assets	-	59,566,125	-	-	-	-	-	59,566,125
Investments in associates and subsidiaries (*)	-	63,745	-	-	-	-	-	63,745
Held-to-maturity financial assets	-	-	4,551,725	-	-	-	-	4,551,725
Loan receivables	-	-	-	21,865,601	-	-	-	21,865,601
Other receivables	-	-	-	692,333	-	-	-	692,333
	₩ 547,927	59,629,870	4,551,725	24,196,644	85,310	-	-	89,011,476
<b>Financial liabilities:</b>								
Derivatives liabilities	₩ -	-	-	-	423,432	112,507	-	535,939
Other financial liabilities	-	-	-	-	-	-	596,688	596,688
	₩ -	-	-	-	423,432	112,507	596,688	1,132,627

(\*) The beneficiary certificates are within the scope of consolidation using KIFRS 1039.

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(2) Gains (losses) on categories of financial instruments for the year ended December 31, 2022 is as follows:

	2022						
	Interest income (expense)	Gain (loss) on disposal	Gain (loss) on valuation	Impairment loss (reversal)	Other operating income (*1)	Subtotal	Other comprehensive income (expense) (*2)
₩	-	-	685	-	-	685	-
Financial assets at fair value through profit or loss	-	-	5,380	-	-	5,380	12,626
Financial assets held for trading	693,165	4,453	(50,079)	(35,470)	2,793	2,916,079	(9,236,737)
Available-for-sale financial assets	681,143	150,560	-	-	2,157,903	331,060	(1,764,652)
Held-to-maturity financial assets	(15,054)	(618,406)	(69,725)	-	(350,083)	(703,185)	-
Trading purpose derivatives	(51,413)	89,843	(612,932)	-	-	(574,502)	(13,845)
Hedging purpose derivatives	1,044,389	(65)	-	(23,039)	18,171	1,039,456	-
Loans and receivables	(11,477)	-	-	-	-	(11,477)	-
Financial liabilities measured at amortized cost	-	(48)	-	(385)	2,145	1,712	(1,661)
Investments in associates and subsidiaries	-	-	-	-	-	-	-
₩	2,340,753	(373,663)	(726,671)	(58,894)	1,830,929	3,012,454	(5,016,895)

	2021						
	Interest income	Gain (loss) on disposal	Gain (loss) on valuation	Impairment loss (reversal)	Other operating income (*1)	Subtotal	Other comprehensive income (expense) (*2)
₩	-	-	(132)	-	-	(132)	-
Financial assets at fair value through profit or loss	-	-	29	-	-	29	7,627
Financial assets held for trading	1,303,032	1,980	24,206	(31,719)	5,618	3,494,479	(1,767,563)
Available-for-sale financial assets	39,184	494,493	-	-	1,704,467	28,450	67,634
Held-to-maturity financial assets	(3,477)	(365,287)	(142,828)	-	-	(511,592)	-
Trading purpose derivatives	(33,055)	(17,662)	(901,672)	-	-	(952,389)	36,329
Hedging purpose derivatives	959,923	58	-	18,290	36,628	1,014,899	-
Loans and receivables	(5,892)	-	-	-	-	(5,892)	-
Financial liabilities measured at amortized cost	-	-	-	-	-	-	-
Investments in associates and subsidiaries	-	2,979	-	-	14,528	17,507	(6,059)
₩	2,259,715	116,561	(1,020,397)	(13,429)	1,789,691	3,132,141	(1,737,293)

(\*1) Including gain or loss from foreign currency transaction and dividend income.

(\*2) Represents the amount after adjustment for income tax effect.

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**14. Fair value of financial assets and liabilities**

(1) Book value and fair value of financial assets and liabilities as of December 31, 2022 and 2021 are as follows:

		2022		2021	
		Book value	Fair value	Book value	Fair value
<b>Financial assets:</b>					
Cash and due from banks	₩	1,975,095	1,975,095	1,638,710	1,638,710
Financial assets at fair value through profit or loss		1,553	1,553	868	868
Financial assets held for trading		3,058,040	3,058,040	512,029	512,029
Derivative assets		390,663	390,663	120,340	120,340
Available-for-sale financial assets		32,123,310	32,123,310	59,566,125	59,566,125
Held to maturity financial assets		25,670,377	21,721,146	4,551,725	4,476,706
Loan receivables		22,366,085	21,390,679	21,865,601	21,665,518
Other receivables		790,426	789,938	692,333	692,351
Investments in associates and subsidiaries (*1)		52,850	52,850	63,745	63,745
	₩	<u>86,428,399</u>	<u>81,503,274</u>	<u>89,011,476</u>	<u>88,736,392</u>
<b>Financial liabilities:</b>					
Borrowings	₩	930,000	930,000	-	-
Derivative liabilities		1,267,196	1,267,196	535,939	535,939
Other financial liabilities		687,165	685,963	596,688	597,044
	₩	<u>2,884,361</u>	<u>2,883,159</u>	<u>1,132,627</u>	<u>1,132,983</u>

(\*1) The beneficiary certificates are within the scope of consolidation using KIFRS 1039.

(2) Financial instruments measured at the fair value

The Company classifies and discloses fair value of the 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.

The Company recognizes the transfer between the level of the fair value hierarchy at the end of each reporting period.

Financial instruments measured at fair value as of December 31, 2022 and 2021 are as follows:

		2022			
		Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Financial assets at fair value through profit or loss	₩	-	-	1,553	1,553
Financial assets held for trading		-	3,058,040	-	3,058,040
Available-for-sale financial assets		10,086,491	9,062,023	12,974,796	32,123,310
Derivative assets		-	389,577	1,086	390,663
Investments in associates and subsidiaries		-	-	52,850	52,850
	₩	<u>10,086,491</u>	<u>12,509,640</u>	<u>13,030,285</u>	<u>35,626,416</u>
<b>Financial liabilities:</b>					
Derivative liabilities	₩	-	1,204,568	62,628	1,267,196
		2021			
		Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Financial assets at fair value through profit or loss	₩	-	-	868	868
Financial assets held for trading		-	512,029	-	512,029
Available-for-sale financial assets		22,471,792	25,104,226	11,990,107	59,566,125

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Derivative assets	-	119,256	1,084	120,340
Investments in associates and subsidiaries	-	-	63,745	63,745
	₩	<u>22,471,792</u>	<u>25,735,511</u>	<u>12,055,804</u>
				<u>60,263,107</u>

Financial liabilities:				
Derivative liabilities	₩	-	510,544	25,395
				<u>535,939</u>

(3) Changes in level 3 fair value hierarchy for the years ended December 31, 2022 and 2021 are as follows:

2022						
		Financial assets designated at fair value through profit or loss	Derivative assets, net.	Available-for-sale financial assets	Investments in subsidiaries and associates	Total
Beginning balance	₩	868	(24,312)	11,990,107	63,746	12,030,409
Purchases		-	-	2,908,584	-	2,908,584
Settlements/disposals		-	-	(1,332,904)	(7,507)	(1,340,411)
Total income:		685	(37,231)	(590,990)	(3,389)	(630,925)
Profit or loss		685	(37,231)	(3,731)	(385)	(40,662)
Other comprehensive income (loss)		-	-	(587,259)	(3,004)	(590,263)
Ending balance	₩	<u>1,553</u>	<u>(61,543)</u>	<u>12,974,797</u>	<u>52,850</u>	<u>12,967,657</u>
2021						
		Financial assets designated at fair value through profit or loss	Derivative assets, net.	Available-for-sale financial assets	Investments in subsidiaries and associates (*1)	Total
Beginning balance	₩	-	33,831	10,720,697	120,589	10,875,117
Purchases		1,000	-	2,768,465	-	2,769,465
Settlements/disposals		-	-	(1,512,540)	(55,903)	(1,568,443)
Total income:		(132)	(58,143)	13,485	(940)	(45,730)
Profit or loss		(132)	(58,143)	27,214	-	(31,061)
Other comprehensive income (loss)		-	-	(13,729)	(940)	(14,669)
Ending balance	₩	<u>868</u>	<u>(24,312)</u>	<u>11,990,107</u>	<u>63,746</u>	<u>12,030,409</u>

(\*) Beneficiary certificates subject to consolidation to which the accounting treatment of KIFRS 1039 has been selectively applied.

(4) Total gains or losses for the years ended December 31, 2022 and 2021 recognized in profit or loss and gains or losses relating to financial instruments in level 3 at the end of the reporting period are presented in the statement of comprehensive income as follows:

2022		
	Total gains and losses	Losses relating to financial instruments held at the end of the reporting period
Recognized in profit or loss relating to financial instruments in level 3	₩	<u>(13,313)</u>
		<u>(40,662)</u>
2021		
	Total gains and losses	Losses relating to financial instruments held at the end of the reporting period
Recognized in profit or loss relating to financial instruments in level 3	₩	<u>88,826</u>
		<u>(31,061)</u>

(5) Valuation techniques and inputs used in measuring fair value of financial instruments classified as level 2 as of December 31, 2022 and 2021 are as follows:

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Type of financial instrument	Valuation technique	Input variables
<b>Financial assets:</b>		
Financial assets held for trading	Discounted cash flow	Interest rate, foreign exchange rate, stock price, etc.
Derivative assets	Discounted cash flow, Option pricing model	Interest rate, foreign exchange rate, stock price, etc.
Available-for-sale financial assets	Discounted cash flow, Dividend discount model	Interest rate, foreign exchange rate, stock price, etc.
<b>Financial liabilities:</b>		
Derivative liabilities	Discounted cash flow, Option pricing model	Interest rate, foreign exchange rate, stock price, etc.

(6) There was no transfer between level 1 and level 2 for the years ended December 31, 2022 and 2021.

(7) Information about significant unobservable inputs in measuring financial instruments categorized within level 3 as of December 31, 2022 and 2021 are as follows:

2022				
Type of financial instrument	Valuation technique	Input variables	Range of estimates for unobservable inputs	Fair value measurement sensitivity to unobservable inputs
<b>Financial assets:</b>				
Financial assets at fair value through profit or loss	Binomial model	Stock price	977,453 won	A significant increase in stock price would result in a higher fair value
		Volatility	28.80%	A significant increase in volatility would result in a higher fair value
		Discount rate	22.29%	A significant increase in discount rate would result in a lower fair value
Derivative assets	Binomial model, Discounted cash flow	Stock price	3,775~3,851 won	A significant increase in stock price would result in a higher fair value
		Volatility	28.59%~29.17%	A significant increase in volatility would result in a higher fair value
Available-for-sale financial assets	Discounted cash flow, Dividend discount model, Net asset method, etc.	Permanent growth rate	0%~1%	A significant increase in growth rate would result in a higher fair value
		Discount rate	4.44%~16.43%	A significant increase in discount rate would result in a lower fair value
		The volatility of liquidation value rate	0%~1%	A significant increase in liquidation value rate would result in a higher fair value
		The volatility of liquidation value rate	-	A significant increase in liquidation value rate would result in a higher fair value
Investments in associates and subsidiaries	Net asset method			
<b>Financial liabilities:</b>				
Derivative liabilities	Discounted cash flow	Discount rate	1.76%~3.15%	A significant increase in discount rate would result in a lower fair value

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		2021			
Type of financial instrument	Valuation technique	Input variables	Range of estimates for unobservable inputs	Fair value measurement sensitivity to unobservable inputs	
<b>Financial assets:</b>					
Financial assets at fair value through profit or loss	Binomial model	Stock price	517,347won	A significant increase in stock price would result in a higher fair value	
		Volatility	23.00%	A significant increase in volatility would result in a higher fair value	
		Discount rate	-22.39%	A significant increase in discount rate would result in a lower fair value	
Derivative assets	Binomial model, Discounted cash flow	Stock price	4,325~4,413won	A significant increase in stock price would result in a higher fair value	
		Volatility	21.81%~22.25%	A significant increase in volatility would result in a higher fair value	
Available-for-sale financial assets	Discounted cash flow, Dividend discount model, Net asset method, etc.	Permanent growth rate	0%	A significant increase in growth rate would result in a higher fair value	
		Discount rate	2.58%~26.57%	A significant increase in discount rate would result in a lower fair value	
		The volatility of liquidation value rate	0%~1%	A significant increase in liquidation value rate would result in a higher fair value	
		The volatility of liquidation value rate	0%	A significant increase in liquidation value rate would result in a higher fair value	
Investments in associates and subsidiaries	Net asset method				
<b>Financial liabilities:</b>					
Derivative liabilities	Discounted cash flow	Discount rate	-0.58% ~ 0.51%	A significant increase in discount rate would result in a lower fair value	

(8) A sensitivity analysis for value measurement arising from changes in the significant unobservable inputs as of December 31, 2022 and 2021 are as follows:

		2022			
		Profit or loss		Other comprehensive income	
		Favorable change	Unfavorable change	Favorable change	Unfavorable change
<b>Financial assets:</b>					
Financial assets at fair value through profit or loss (*1)	₩	157	(155)	-	-
Derivative assets (*1)		-	-	-	-
Available-for-sale financial assets (*2)		-	-	134,487	(131,053)
Investments in associates and subsidiaries (*2)		-	-	519	(519)
<b>Financial liabilities:</b>					
Derivative liabilities (*1)		45,447	(37,196)	-	-

(\*1) A change in fair value is calculated by increasing or decreasing stock price (-1%~1%), volatility (-1%~1%) and discount rate (-1%~1%).

(\*2) A change in fair value is calculated by increasing or decreasing the correlation of permanent growth rate (-1%~1%), fluctuation rate of liquidation value (-1%~1%) and discount rate (-1%~1%).

		2021			
		Profit or loss		Other comprehensive income	
		Favorable change	Unfavorable change	Favorable change	Unfavorable change
<b>Financial assets:</b>					
Financial assets at fair value through profit or loss (*1)	₩	45	(121)	-	-
Derivative assets (*1)		1	(1)	-	-



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Available-for-sale financial assets (*2)	-	-	119,895	(114,220)
Investments in associates and subsidiaries (*2)	-	-	627	(627)
<b>Financial liabilities:</b>				
Derivative liabilities (*1)	77,928	(62,485)	-	-

(\*1) A change in fair value is calculated by increasing or decreasing stock price (-1%~1%), volatility (-1%~1%) and discount rate (-1%~1%).

(\*2) A change in fair value is calculated by increasing or decreasing the correlation of permanent growth rate (-1%~1%), fluctuation rate of liquidation value (-1%~1%) and discount rate (-1%~1%).

(9) The fair value hierarchy of financial instruments which are not measured at fair value in the separate statement of financial position as of December 31, 2022 and 2021 are as follows:

		2022			
		Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Cash and due from banks	₩	623	1,974,472	-	1,975,095
Loan receivables		-	-	21,390,679	21,390,679
Other receivables Loan receivables		-	-	789,938	789,938
Held to maturity financial assets		11,421,346	10,299,800	-	21,721,146
	₩	11,421,969	12,274,272	22,180,617	45,876,858
<b>Financial liabilities:</b>					
Borrowings		-	-	930,000	930,000
Other financial liabilities		-	-	685,963	685,963
	₩	-	-	1,615,963	1,615,963
		2021			
		Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Cash and due from banks	₩	633	1,638,077	-	1,638,710
Loan receivables		-	-	21,665,518	21,665,518
Other receivables Loan receivables		-	-	692,351	692,351
Held to maturity financial assets		2,885,415	1,591,291	-	4,476,706
	₩	2,886,048	3,229,368	22,357,869	28,473,285
<b>Financial liabilities:</b>					
Other financial liabilities	₩	-	-	597,044	597,044

**(10) Offsetting financial assets and financial liabilities**

The Company is subject to enforceable master netting agreements or similar agreements, such as derivatives liquidation agreements, international standard repurchase agreements, international standard securities lending agreements and financial collateral, in relation to derivatives, repurchase agreements, securities lending.

Details of financial assets and financial liabilities subject to offsetting, enforceable master netting agreements and similar agreements as of December 31, 2022 and 2021 are as follows:

		2022					
		Financial assets and liabilities recognized	Offsetting financial assets and liabilities recognized	Financial assets and liabilities recognized after offset	Amount not offsetting in the statements of financial position		
					Financial instruments	Cash collateral received	
						Net amounts	
<b>Financial assets:</b>							
Derivative assets		390,663	-	390,663	386,495	-	4,168
Securities Lending Agreement	₩	680,156	-	680,156	680,156	-	-
<b>Financial liabilities:</b>							
Derivative liabilities		1,267,196	-	1,267,196	1,254,271	-	12,925
Sale of repurchase agreements	₩	430,000	-	430,000	430,000	-	-
		2021					
		Financial assets and liabilities	Offsetting financial assets and liabilities	Financial assets and liabilities	Amount not offsetting in the statements of financial position		

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	recognized	recognized	recognized after offset	Financial instruments	Cash collateral received	Net amounts
Financial assets:						
Derivative assets	120,340	-	120,340	110,961	-	9,379
Securities Lending Agreement	₩ 198,690	-	198,690	198,690	-	-
Financial liabilities:						
Derivative liabilities	₩ 535,939	-	535,939	513,310	-	22,629

15. Investment properties

(1) Investment properties as of December 31, 2022 and 2021 are as follows:

		2022			
		Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩	855,112	-	(5,886)	849,226
Buildings		529,233	(195,916)	(15,111)	318,206
Structures		11,736	(4,381)	(308)	7,047
	₩	1,396,081	(200,297)	(21,305)	1,174,479
		2021			
		Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩	829,247	-	(5,886)	823,361
Buildings		517,555	(182,137)	(13,176)	322,242
Structures		11,569	(4,090)	(262)	7,217
	₩	1,358,371	(186,227)	(19,324)	1,152,820

(2) Changes in investment properties for the years ended December 31, 2022 and 2021 are as follows:

		2022				
		Beginning balance	Acquisitions	Depreciation	Others (*)	Ending balance
Land	₩	823,362	-	-	25,864	849,226
Buildings		322,242	1,070	(10,285)	5,179	318,206
Structures		7,216	-	(229)	60	7,047
	₩	1,152,820	1,070	(10,514)	31,103	1,174,479

(\*) Others include transfers from (to) property and equipment.

		2021					
		Beginning balance	Acquisitions	Disposal	Depreciation	Others (*)	Ending balance
Land	₩	808,195	-	-	-	15,166	823,361
Buildings		317,866	7,703	(1)	(9,995)	6,669	322,242
Structures		7,355	-	-	(227)	89	7,217
	₩	1,133,416	7,703	(1)	(10,222)	21,924	1,152,820

(\*) Others represent transfers from (to) property and equipment.

(3) Gain on investment properties for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Rentals	₩	93,296	88,829
Direct operating expenses for investment property:			
Generated rental income		55,728	32,858
Not generated rental income		7,258	5,908

(4) The fair value of investment properties as of December 31, 2022 and 2021 are ₩2,149,836 million and ₩1,895,591 million, respectively. The fair value is estimated by qualified and independent appraiser. The fair value of investment properties is classified as level 3.

Valuation techniques and inputs used in measuring investment properties as of December 31, 2022 are as follows:

Valuation technique	Input variables	Fair value measurement sensitivity to unobservable inputs
Cost approach, sales comparison, income approach	Discount rate, vacancy rate, operating expenses rate, etc.	An increase in discount rate, vacancy rate, operating expenses rate would result in a lower fair value

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(5) Investment properties pledged as collaterals as of December 31, 2022 and 2021 are as follows:

	Book value	₩	2022	2021	Purpose
Woori Bank Co., Ltd., etc.	Maximum credit amount		52,299 65,181	54,660 67,078	Establishment of the right to collateral security

**16. Property and equipment**

(1) Property and equipment as of December 31, 2022 and 2021 are as follows:

	₩	2022			
		Acquisition cost	Accumulated depreciation	Accumulated impairment	Book value
				losses	
Land		523,076	-	(4,862)	518,214
Buildings		469,210	(168,612)	(30,338)	270,260
Structures		16,578	(7,052)	(216)	9,310
Vehicles		1,596	(1,382)	-	214
Equipment		86,725	(66,361)	-	20,364
Right-of-use assets (Real estates)		99,055	(44,426)	-	54,629
Right-of-use assets (Vehicles)		1,593	(654)	-	939
Others		12,579	(1,293)	(358)	10,928
	₩	1,210,412	(289,780)	(35,774)	884,858

	₩	2021			
		Acquisition cost	Accumulated depreciation	Accumulated impairment	Book value
				losses	
Land		548,910	-	(4,862)	544,048
Buildings		479,085	(163,331)	(32,273)	283,481
Structures		16,745	(6,787)	(262)	9,696
Vehicles		2,015	(1,565)	-	450
Equipment		88,243	(65,498)	-	22,745
Right-of-use assets (Real estates)		84,416	(37,655)	-	46,761
Right-of-use assets (Vehicles)		1,299	(254)	-	1,045
Others		12,619	(1,193)	(358)	11,068
	₩	1,233,332	(276,283)	(37,755)	919,294

(2) Changes in property and equipment for the years ended December 31, 2022 and 2021 are as follows:

	₩	2022					Ending balance
		Beginning balance	Acquisitions	Disposals/ Cancellation	Depreciation	Others (*)	
Land		544,048	30	-	-	(25,864)	518,214
Buildings		283,481	716	-	(8,759)	(5,179)	270,259
Structures		9,696	-	-	(326)	(60)	9,310
Vehicles		449	-	(38)	(197)	-	214
Equipment		22,747	10,739	(249)	(12,911)	38	20,364
Right-of-use assets (Real estates)		46,760	59,078	(9,987)	(41,222)	-	54,629
Right-of-use assets (Vehicles)		1,045	400	(1)	(506)	-	938
Others		11,068	67	(74)	(132)	-	10,929
	₩	919,294	71,030	(10,349)	(64,053)	(31,065)	884,857

(\*) Others include transfers to or from investment properties, advanced payments and others.

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	2021						
	Beginning balance	Acquisitions	Impairment	Disposals/ Cancellation	Depreciation	Others (*)	Ending balance
Land	₩ 559,177	37	-	-	-	(15,166)	544,048
Buildings	294,690	4,379	(27)	-	(8,892)	(6,669)	283,481
Structures	10,113	-	-	-	(328)	(89)	9,696
Vehicles	410	413	-	(73)	(300)	-	450
Equipment	27,575	9,862	-	(174)	(14,618)	100	22,745
Right-of-use assets (Real estates)	57,485	51,973	-	(19,760)	(42,937)	-	46,761
Right-of-use assets (Vehicles)	64	1,217	-	(15)	(221)	-	1,045
Others	11,216	-	(10)	(6)	(132)	-	11,068
	₩ 960,730	67,881	(37)	(20,028)	(67,428)	(21,824)	919,294

(\*) Others include transfers to or from investment properties, advanced payments and others.

(3) The changes in asset revaluation of land accounted in other comprehensive income and policyholder's equity adjustments and deferred tax liabilities as of December 31, 2022 and 2021 are as follows:

	2022	2021
Revaluation reserves	₩ 833,807	840,706
Amount allocated into policyholder's equity adjustment	115,887	120,619
Deferred tax liabilities	190,249	198,024
Amount allocated into other comprehensive income	527,671	522,063

(4) Reserve for revaluation as of December 31, 2022 is as follows:

Revaluation date	Amount
January 1, 1981	₩ 165
April 1, 1989	300
April 1, 1999	23,900
	24,365
Deferred tax effect	(19,863)
	₩ 4,502

As of April 1, 1999, a certain portion of the Company's property and equipment was revalued in accordance with the *Korean Asset Revaluation Law*. As a result, the revaluation difference amounting to ₩478,550 million was classified as asset revaluation reserve. Out of this amount increment, ₩47,800 million, excluding participating policyholder's equity amounting to ₩430,750 million, was calculated as asset revaluation reserve. The asset revaluation reserve amounting to ₩23,900 million was transferred to capital stock during the year ended December 31, 2002. Out of ₩430,750 million, the amount of ₩64,000 million was transferred to the reserve for special participating policyholders' dividends and was paid during the year ended December 31, 2002, while the amount of ₩63,750 million was transferred to reserve for social contributions in policyholders' equity. The amount of ₩126,438 million, out of the remainder amounting to ₩303,000 million, was used for dividends to policyholders for the year ended December 31, 2001, while the amount of ₩176,562 million was transferred to reserve for participating policyholder's dividends for stabilization.

As of April 1, 1989, a certain portion of the Company's property and equipment was revalued in accordance with the *Korean Asset Revaluation Law*. As a result, the revaluation difference amounting to ₩226,500 million was classified as asset revaluation reserve. Out of this amount increment, ₩131,823 million, excluding participating policyholder's equity amounting to ₩87,882 million, net of revaluation tax amounting to ₩6,796 million, was calculated as asset revaluation reserve. The asset revaluation reserve amounting to ₩65,600 million was transferred to capital stock.

Out of ₩87,882 million, the amount of ₩54,151 million was transferred to the reserve for special participating policyholders' dividends and paid, while the residual amount of ₩3,731 million and ₩30,000 million was transferred to reserve for social contributions in policyholders' equity. The residual amount of ₩65,923 million out of the revaluation reserve was used for reserve for participating policyholder's dividends for stabilization during the year ended December 31, 2019.

Out of the policyholders' dividend stabilization reserve, ₩167,081 million was used as a policyholder dividend resource, and the policyholder's dividend stabilization reserve amounts to ₩ 75,403 million as of December 31, 2022.

#### 17. Intangible assets

(1) Intangible assets as of December 31, 2022 and 2021 are as follows:

	2022		
	Acquisition cost	Accumulated amortization	Book value
Software	₩ 93,875	(63,403)	30,472
Development costs(*1)	250,424	(144,037)	106,387
Memberships	6,927	-	6,927
	₩ 351,226	(207,440)	143,786

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(\*1) Amounts of ₩ 57,987 million of development costs related to the new generation system are included as of December 31, 2022, and the remaining useful life of the development cost is 1.75 years.

	₩	2021		
		Acquisition cost	Accumulated amortization	Book value
Software		85,169	(50,374)	34,795
Development costs(*1)		223,911	(98,876)	125,035
Memberships		6,927	-	6,927
	₩	316,007	(149,250)	166,757

(\*1) Amounts of ₩ 88,310 million of development costs related to the new generation system are included as of December 31, 2021, and the remaining useful life of the development cost is 2.75 years.

(2) Changes in Intangible assets for the years ended December 31, 2022 and 2021 are as follows:

		2022					
	₩	Beginning Balance	Acquisitions	Disposals	Amortization	Others (*1)	Ending balance
Software		34,795	8,006	(264)	(13,043)	978	30,472
Development costs		125,035	718	(2,636)	(45,300)	28,570	106,387
Memberships		6,927	-	-	-	-	6,927
	₩	166,757	8,724	(2,900)	(58,343)	29,548	143,786

(\*1) Others represent transfers to Development costs from intangible assets under development.

		2021					
	₩	Beginning Balance	Acquisitions	Disposals	Amortization	Others (*1)	Ending balance
Software		44,055	3,263	(10)	(12,673)	160	34,795
Development costs		157,611	287	-	(43,431)	10,568	125,035
Memberships		7,036	-	(109)	-	-	6,927
	₩	208,702	3,550	(119)	(56,104)	10,728	166,757

(\*1) Others represent transfers to Development costs from intangible assets under development.

**18. Deferred acquisition costs**

Changes in deferred acquisition costs for the years ended December 31, 2022 and 2021 are as follows:

		2022					
	₩	Beginning balance	Acquisition costs			Amortization of deferred acquisition costs	Ending balance
			Total generated acquisition cost	Immediately expensed amount	Deferred amount		
Individual insurance		1,106,308	876,250	(279,405)	596,845	(578,692)	1,124,461
Group insurance		45,144	29,057	(3,901)	25,156	(22,819)	47,481
	₩	1,151,452	905,307	(283,306)	622,001	(601,511)	1,171,942

		2021					
	₩	Beginning balance	Acquisition costs			Amortization of deferred acquisition costs	Ending balance
			Total generated acquisition cost	Immediately expensed amount	Deferred amount		
Individual insurance		1,138,926	741,589	(256,870)	484,719	(517,337)	1,106,308
Group insurance		44,210	26,057	(5,331)	20,726	(19,792)	45,144
	₩	1,183,136	767,646	(262,201)	505,445	(537,129)	1,151,452

**19. Other assets**

Other assets as of December 31, 2022 and 2021 are as follows:

	₩	2022	2021
Reinsurance assets		35,089	31,513

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Prepaid expense	1,989	1,767
Advanced payments	7,924	18,816
Others	108	47
	<u>45,110</u>	<u>52,143</u>
	₩	

20. Liabilities under insurance contracts

(1) Details of liabilities under insurance contracts as of December 31, 2022 and 2021 are as follows:

		2022				Total
		Pure endowment	Death	Endowment	Group	
Premium reserve	₩	28,285,670	40,550,477	8,457,348	262,380	77,555,875
Unearned premium reserve		18	621	1	6,232	6,872
Reserve for outstanding claims		1,088,645	800,851	83,301	28,216	2,001,013
Reserve for participating policyholder's dividend		<u>444,809</u>	<u>2,579</u>	<u>2,363</u>	<u>46</u>	<u>449,797</u>
	₩	<u>29,819,142</u>	<u>41,354,528</u>	<u>8,543,013</u>	<u>296,874</u>	<u>80,013,557</u>
Guarantee reserve						1,014,067
Dividends reserve for policyholder's income participation						71,801
Reserve for losses on dividend insurance contract						<u>60,467</u>
						₩ <u>81,159,892</u>

		2021				Total
		Pure endowment	Death	Endowment	Group	
Premium reserve	₩	28,940,960	38,599,242	7,139,638	256,453	74,936,293
Unearned premium reserve		36	650	1	6,653	7,340
Reserve for outstanding claims		1,073,570	808,187	77,146	33,069	1,991,972
Reserve for participating policyholder's dividend		<u>447,082</u>	<u>2,829</u>	<u>2,488</u>	<u>54</u>	<u>452,453</u>
	₩	<u>30,461,648</u>	<u>39,410,908</u>	<u>7,219,273</u>	<u>296,229</u>	<u>77,388,058</u>
Guarantee reserve						1,122,177
Dividends reserve for policyholder's income participation						72,355
Reserve for losses on dividend insurance contract						<u>67,907</u>
						₩ <u>78,650,497</u>

(2) Changes in liabilities under insurance contracts for the years ended December 31, 2022 and 2021 are as follows:

		2022		
		Beginning balance	Increase(decrease)	Ending balance
Premium reserve	₩	74,936,293	2,619,582	77,555,875
Unearned premium reserve		7,340	(468)	6,872
Reserve for outstanding claims		1,991,972	9,041	2,001,013
Reserve for participating policyholder's dividend		452,453	(2,656)	449,797
Guarantee reserve		1,122,177	(108,110)	1,014,067
Dividends reserve for policyholder's income participation		72,355	(554)	71,801

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Reserve for losses on dividend insurance contract		67,907	(7,440)	60,467
	₩	78,650,497	2,509,395	81,159,892
<b>2021</b>				
		<b>Beginning balance</b>	<b>Increase(decrease)</b>	<b>Ending balance</b>
Premium reserve	₩	72,681,587	2,254,706	74,936,293
Unearned premium reserve		8,252	(912)	7,340
Reserve for outstanding claims		1,947,030	44,942	1,991,972
Reserve for participating policyholder's dividend		451,723	730	452,453
Guarantee reserve		1,076,010	46,167	1,122,177
Dividends reserve for policyholder's income participation		56,830	15,525	72,355
Reserve for losses on dividend insurance contract		71,335	(3,428)	67,907
	₩	76,292,767	2,357,730	78,650,497

**21. Policyholder's equity adjustments**

Policyholder's equity adjustments December 31, 2022 and 2021 are as follows:

		2022	2021
Reserve for policyholder dividend stabilization	₩	75,403	78,004
Fund for public projects		99,466	99,466
Gain(loss) on valuation of available-for-sale financial assets		(146,825)	401,267
Gain(loss) on valuation of investment in associates and subsidiaries		(379)	62
Gain on revaluation of property and equipment		115,886	120,619
	₩	143,551	699,418

**22. Liability adequacy tests (LAT)**

(1) Application of LAT

Liability Adequacy Tests were performed on the premium reserve, reserve for unearned premium and guarantee reserve as of December 31, 2022. The premium reserve considered the amount of net premium reserve less deferred acquisition costs, where appropriate, in accordance with Article 6-3 of Regulation on Supervision of Insurance Business Act. However, the liabilities using the current estimation and the liabilities for defined payment obligations are exempted from evaluation.

(2) Calculation of LAT

In conducting Liability Adequacy Tests, the Company calculates a valuation basis by estimating all future cash flows that may arise from insurance contracts currently held, and if the value exceeds the book value of a reserve appropriated for the Liability Adequacy Tests, the Company recognizes the difference as an additional amount in the reserve.

(3) The assumptions and calculation methods

The assumptions and calculation methods used in the calculation of current estimates for future cash flows in the Liability Adequacy Tests as of December 31, 2022, December 31, 2021 and January 1, 2021 are as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Discount rate	2.49%~11.12%	1.02%~10.12%	0.85% ~ 7.17%
Risk premium rate	21.0%~264.0%	19.5% ~ 247%	25% ~ 232.5%
Surrender ratio	0.5%~54.5%	0.5% ~ 63.5%	0.5% ~ 70%

Acquisition costs of the operating and administrative expenses are calculated by applying ratio of actual acquisition cost to planned acquisition cost based on past statistics of recent 1 year by product type. Maintenance fee is based on past statistics of recent 1 year by insurance and insurance contracts.

(4) Result of LAT

The result of LAT as of December 31, 2022 and 2021 and January 1, 2021 are as follows:

		December 31, 2022		
		Reserve for test	LAT base	Premium surplus (deficit)
Participating				
Interest rate-fixed	₩	11,274,185	16,339,697	(5,065,512)
Interest rate-linked		5,785,241	5,782,623	2,618
Non-participating:				

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Interest rate-fixed	20,535,523	17,343,893	3,191,630
Interest rate-linked and investment-linked			
	<u>32,980,262</u>	<u>15,033,002</u>	<u>17,947,260</u>
W	<u>70,575,210</u>	<u>54,499,216</u>	<u>16,075,995</u>

December 31, 2021			
	Reserve for test	LAT base	Premium surplus (deficit)
Participating			
Interest rate-fixed	W 11,213,809	19,934,029	(8,720,220)
Interest rate-linked	5,852,418	5,741,354	111,064
Non-participating:			
Interest rate-fixed	16,153,079	16,520,899	(367,820)
Interest rate-linked and investment-linked	<u>34,926,825</u>	<u>20,796,775</u>	<u>14,130,050</u>
W	<u>68,146,131</u>	<u>62,993,057</u>	<u>5,153,074</u>

January 1, 2021			
	Reserve for test	LAT base	Premium surplus (deficit)
Participating (*):			
Interest rate-fixed	W 11,143,268	20,945,969	(9,802,701)
Interest rate-linked	5,888,398	5,824,107	64,291
Non-participating (*):			
Interest rate-fixed	15,895,818	17,579,098	(1,683,280)
Interest rate-linked and investment-linked	<u>31,998,477</u>	<u>20,241,368</u>	<u>11,757,109</u>
W	<u>64,925,961</u>	<u>64,590,542</u>	<u>335,419</u>

23. Borrowing liabilities

(1) Borrowing liabilities as of December 31, 2022 and 2021 are as follows:

		2022	2021
Bank overdraft	Standard Chartered Bank Korea Limited	W 500,000	-
Bonds sold under repurchase agreements (*)	JPMCB, K-bank	430,000	-
	W	<u>930,000</u>	<u>-</u>

(\*) It is a financial instrument that does not meet the requirement of removal condition as it belongs to the agreement which borrower should repurchases the stock with the fixed price at the end of the contract.

24. Other financial liabilities

(1) Other financial liabilities as of December 31, 2022 and 2021 are as follows:

	2022	2021
Insurance payables:		
Dormant policies	W 35,731	33,534
Insurance settlement adjustments	8,741	7,458
Reinsurance payables	<u>67,894</u>	<u>59,957</u>
	<u>112,366</u>	<u>100,949</u>
Accounts payable	79,398	41,302
Accrued expenses	257,210	293,720
Leaschold deposits received	105,389	106,238
Less: Present value discount	(5,687)	(6,571)
Trust accounts liabilities	88,409	20,603
Lease liabilities (*)	<u>50,080</u>	<u>40,447</u>
W	<u>687,165</u>	<u>596,688</u>

(\*) Lease liabilities are recognized and measured in accordance with KIFRS 1116 Leases.

(2) Lease expenses for the years ended December 31, 2022 and 2021 are as follows:



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		2022	2021
Short-term lease (*)	₩	2,882	1,229
Lease of low-value asset expenses (*)		38	36
Interest expense on the lease liability		1,209	761
	₩	4,129	2,026

(\*) The Company recognized lease payments as an expense on a straight-line basis over the lease term.

(3) Details of Lease liabilities by maturity according to remaining lease terms as of December 31, 2022 and 2021 are as follows:

		2022	
		Less than 1 year	1 ~ 5 years
Real estates	₩	27,827	27,189
Vehicles		26	945
	₩	27,853	28,134
		2021	
		Less than 1 year	1 ~ 5 years
Real estates	₩	22,221	17,987
Vehicles		429	645
	₩	22,650	18,632

(4) Details of lease payments related to lease liabilities amounted to ₩37,493 million and to ₩36,565 million for the years ended December 31, 2022 and 2021, respectively.

**25. Provisions**

(1) Changes in provisions for the years ended December 31, 2022 and 2021 are as follows:

		2022		
		Provision for restoration cost	Litigation	Total
Beginning balance	₩	10,234	341	10,575
Charge for the period		6,922	-	6,922
Utilized		(961)	-	(961)
Provision (reversal), net		(6,887)	770	(6,117)
Ending balance	₩	9,308	1,111	10,419
		2021		
		Provision for restoration cost	Litigation	Total
Beginning balance	₩	10,644	534	11,178
Charge for the period		11,260	-	11,260
Utilized		(1,196)	-	(1,196)
Provision (reversal), net		(10,474)	(193)	(10,667)
Ending balance	₩	10,234	341	10,575

(2) The nature of the provisions and the timing of the expected outflow of economic benefits are as follows:

		2022			
		Less than 1 year	1 ~ 3 years	3 ~ 5 years	Total
Provision for decommissioning	₩	4,255	3,394	1,659	9,308
Litigation		1,111	-	-	1,111
	₩	5,366	3,394	1,659	10,419

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**26. Defined benefit liabilities**

(1) The Company operates a defined benefit plan based on compensation of pension for the employees and the period of services rendered. The Company has trusted the plan assets of defined benefit obligations at Kookmin Banks and others. Defined benefit plan liabilities as of December 31, 2022 and 2021 are as follows:

		2022	2021
Present value of defined benefit obligations	₩	208,699	203,479
Fair value of plan assets		(203,996)	(203,909)
Recognized liabilities for defined benefit liabilities	₩	4,703	(430)

(2) Changes in the present value of defined benefit obligations for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Beginning balances	₩	203,479	227,584
Current service costs		44,342	44,541
Interest expenses		4,638	3,402
Remeasurements:		(21,740)	(13,894)
Actual gain from change in financial assumptions		(25,146)	(12,174)
Effect of changes in demographic assumptions		-	-
Experience adjustments		3,406	(1,720)
Benefits paid by the plan		(20,466)	(58,154)
Past service costs		(1,554)	-
Ending balances	₩	208,699	203,479

(3) Changes in the fair value of plan assets for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Beginning balances	₩	203,910	200,836
Interest income		4,648	2,974
Remeasurements		(763)	19
Benefit paid by the company		25,000	25,000
Benefit paid by the plan		(28,799)	(24,920)
Ending balances	₩	203,996	203,909

(4) Plan assets as of December 31, 2022 and 2021 are as follows:

		2022		2021	
		Amount	Ratio (%)	Amount	Ratio (%)
Cash and cash equivalent (*)	₩	203,976	99.99%	203,879	99.99%
Debt securities		20	0.01%	29	0.01%
Beneficiary certificates		-	-	1	0.00%
	₩	203,996	100.00%	203,909	100.00%

(\*) Cash and cash equivalents include products that guarantee the principal, such as bank deposits, equity-linked, interest rate-linked, and guaranteed interest contract.

(5) Actuarial assumptions as of December 31, 2022 and 2021 are as follows:

	2022	2021
Discount rate (*)	5.20%	2.40%
	1.60%	1.30%
Future salary increasing rate	+advancement rate	+advancement rate

(\*) Considering the timing of the payments of retirement benefits, the Company applied a rate of return of unsecured debenture bonds with a rating of AA+.

(6) Sensitivity analysis

Sensitivity analysis of the present value of defined benefit obligation as of December 31, 2022 is as follows:

2022	
1% Point increase	1% Point decrease

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Discount rate	₩	(8,791)	9,649
Future salary increasing rate		10,336	(9,581)

(7) The weighted average maturity of the defined benefit obligation is 4.66 years as of December 31, 2022.

(8) Defined benefit assets as of December 31, 2021 are included in other liabilities.

**27. Other liabilities**

Other liabilities as of December 31, 2022 and 2021 are as follows:

		2022	2021
Unearned income	₩	9,286	9,355
Withholdings		50,305	33,757
Value added tax withheld		1,960	1,697
Unearned insurance premium		283,042	538,062
Other liabilities (*)		15,832	18,569
	₩	360,424	601,440

(\*) Others include the amount estimated to be paid in the future to the policyholder of the immediate annuity inheritance maturity type.

**28. Derivatives**

(1) The notional amounts of derivatives as of December 31, 2022 and 2021 are as follows:

		2022	2021
<b>Hedge related:</b>			
Currency related:			
Currency forwards	₩	3,727,297	4,437,936
Currency swaps		9,174,751	10,804,662
		12,902,048	15,242,598
Interest rate related:			
Interest rate swaps		72,172	12,588
Interest rate option		4,926,531	2,282,081
Interest rate futures		105,662	-
		5,104,365	2,294,669
Equity related:			
Stock index futures		7,102	202,053
Overseas index futures		-	7,772
		7,102	209,825
	₩	18,013,515	17,747,092
<b>Non-hedge related:</b>			
Currency related:			
Currency forwards		3,709,814	2,999,124
Currency swaps		6,095,281	3,357,784
		9,805,095	6,356,908
Equity related:			
Conversion rights		866	866
Stock index futures		441,691	387,646
		442,557	388,512
Credit related:			
Credit default swaps		126,730	118,550
Interest rate related			
Interest rate futures		817,746	731,671
Interest rate swap		6,091,500	4,161,500
		6,909,246	4,893,171
		17,283,628	11,757,141
	₩	35,297,143	29,504,233

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(2) Fair values of derivative instruments for hedging as of December 31, 2022 and 2021 are as follows:

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
<b>Hedge related:</b>				
Currency related:				
Currency forwards	₩ 90,767	59,731	27,561	60,945
Currency swaps	70,098	409,299	51,551	284,677
	<u>160,865</u>	<u>469,030</u>	<u>79,112</u>	<u>345,622</u>
Interest rate related:				
Interest rate swaps	-	2,654	38	-
Interest rate option	43,174	454,393	6,160	77,810
	<u>43,174</u>	<u>457,047</u>	<u>6,198</u>	<u>77,810</u>
	<u>204,039</u>	<u>926,077</u>	<u>85,310</u>	<u>423,432</u>
<b>Non-hedge related:</b>				
Currency related:				
Currency forwards	118,383	69,572	5,294	31,808
Currency swaps	66,224	271,172	26,326	80,493
	<u>184,607</u>	<u>340,744</u>	<u>31,620</u>	<u>112,301</u>
Equity related:				
Conversion rights	1,086	-	1,083	-
Credit related:				
Credit default swaps	931	-	2,327	-
	<u>186,624</u>	<u>340,744</u>	<u>35,030</u>	<u>112,301</u>
Adjustment of credit risk	-	375	-	206
	<u>₩ 390,663</u>	<u>1,267,196</u>	<u>120,340</u>	<u>535,939</u>

(3) Gain or loss on valuation of derivatives for the years ended December 31, 2022 and 2021 are as follows:

	2022			
	Profit or loss		Accumulated other comprehensive income(*)	
	Gain	Loss	Gain	Loss
<b>Hedge related:</b>				
Currency related:				
Currency forwards	₩ 83,586	58,711	3,883	8,783
Currency swaps	25,491	675,002	328,873	25,549
	<u>109,077</u>	<u>733,714</u>	<u>332,756</u>	<u>34,332</u>
Interest rate related:				
Interest rate swaps	-	-	-	2,654
Interest rate forwards	11,704	-	31,470	454,393
	<u>11,704</u>	<u>-</u>	<u>31,470</u>	<u>457,047</u>
	<u>120,782</u>	<u>733,714</u>	<u>364,226</u>	<u>491,378</u>
<b>Non-hedge related:</b>				
Currency related:				
Currency forwards	118,031	58,808	-	-
Currency swaps	67,074	194,441	-	-
	<u>185,105</u>	<u>253,249</u>	<u>-</u>	<u>-</u>
Equity related:				
Conversion rights	2	-	-	-
Credit related:				
Credit default swaps	-	1,414	-	-
	<u>185,107</u>	<u>254,663</u>	<u>-</u>	<u>-</u>

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Adjustment of credit risk	4	174	-	-	
	₩	305,893	988,550	364,226	491,378

(\*) Accumulated other comprehensive income from cash flow hedge before adjustment for income tax effect.

(3) Gain or loss on valuation of derivatives for the years ended December 31, 2022 and 2021 are as follows, continued:

		2021			
		Profit or loss		Accumulated other comprehensive income(*)	
		Gain	Loss	Gain	Loss
<b>Hedge related:</b>					
Currency related:					
Currency forwards	₩	19,272	102,616	3,237	13,879
Currency swaps		6,573	772,117	22,287	140,820
		<u>25,845</u>	<u>874,733</u>	<u>25,524</u>	<u>154,699</u>
Interest rate related:					
Interest rate swaps		-	-	37	-
Interest rate forwards		4,338	57,122	1,822	20,688
		<u>4,338</u>	<u>57,122</u>	<u>1,859</u>	<u>20,688</u>
		<u>30,183</u>	<u>931,855</u>	<u>27,383</u>	<u>175,387</u>
<b>Non-hedge related:</b>					
Currency related:					
Currency forwards		22,626	41,652	-	-
Currency swaps		21,952	147,342	-	-
		<u>44,578</u>	<u>188,994</u>	-	-
Equity related:					
Conversion rights		111	-	-	-
Credit related:					
Credit default swaps		1	822	-	-
		<u>44,690</u>	<u>189,816</u>	-	-
Adjustment of credit risk		2,299	1	-	-
	₩	<u>77,172</u>	<u>1,121,672</u>	<u>27,383</u>	<u>175,387</u>

(\*) Accumulated other comprehensive income from cash flow hedge before adjustment for income tax effect.

(4) Gain or loss on hedging instruments and hedged items that apply fair value hedges for the years ended December 31, 2022 and 2021 are as follows:

		2022		2021	
		Gain	Loss	Gain	Loss
Hedged items	₩	140,106	(79,556)	201,909	(22,130)
Hedging instruments		212,586	(263,742)	60,616	(245,418)

**(5) Cash flow hedges**

Due to various reasons (i.e. currency swap contracts for cash flow hedges have reached maturity), the effective portion of hedges for the years ended December 31, 2022 and 2021 realized as gain on valuation of derivative instruments amounted to ₩2,250 million and ₩8,670 million, respectively, and loss on valuation of derivative instruments amounted to ₩6,048 million and ₩29,076 million, respectively. Meanwhile, the ineffective portion of cash flow hedges recognized as gain or loss for the current reporting period amounted to ₩1 millions of gain and ₩2 millions of loss, respectively.

In case the transactions subjected to cash flow hedge are not expected to incur anymore, accumulated gain or loss is immediately recognized in the statement of comprehensive income. The maximum expected period during which the Company's cash flows are exposed to fluctuation risk is through September 13, 2029 based on derivative instrument contracts to which cash flow hedges are applied.

**29. Separate accounts**

(1) Assets and liabilities of separate accounts as of December 31, 2022 and 2021 are as follows:

		December 31, 2022		December 31, 2021	
		Assets	Liabilities	Assets	Liabilities
Insurance contract and investment contract with discretionary participating features:					
Retirement insurance	₩	63,554	63,554	85,981	85,981

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Variable life insurance	14,448,886	14,448,886	16,640,985	16,640,985
	<u>14,512,440</u>	<u>14,512,440</u>	<u>16,726,966</u>	<u>16,726,966</u>
Investments contract with no discretionary participating features:				
Retirement insurance	1,582	1,582	1,653	1,653
Retirement pension	11,584,097	12,038,541	9,509,461	9,530,002
	<u>11,585,679</u>	<u>12,040,123</u>	<u>9,511,114</u>	<u>9,531,655</u>
Separate accounts receivable	-	(70,931)	-	(29,712)
Separate accounts payable	<u>(1,630,612)</u>	<u>-</u>	<u>(875,855)</u>	<u>-</u>
	<b>₩ 24,467,507</b>	<b>26,481,632</b>	<b>25,362,225</b>	<b>26,228,909</b>

(2) The statement of financial position of the separate accounts as of December 31, 2022 and 2021 are as follows:

(a) Insurance contract and investments contract with discretionary participation feature

	December 31, 2022	December 31, 2021
Assets:		
Cash and due from banks	₩ 407,154	335,682
Financial assets held for trading	12,761,590	15,289,313
Loan receivables	1,043,335	717,763
Other assets	205,580	311,698
General account credits	94,780	72,510
Total assets	<b>₩ 14,512,439</b>	<b>16,726,966</b>
Liabilities, reserve and accumulated other comprehensive income:		
Other liabilities	₩ 56,016	137,372
General account debits	54,145	12,182
Total liabilities	110,161	149,554
Reserve for policy holders	14,402,278	16,577,412
Total reserve and accumulated other comprehensive income	14,402,278	16,577,412
Total liabilities, reserve and accumulated other comprehensive income	<b>₩ 14,512,439</b>	<b>16,726,966</b>

(b) Investments contract with no discretionary participation feature

	December 31, 2022	December 31, 2021
Assets:		
Cash and due from banks	₩ 627,998	900,039
Financial assets at fair value through profit or loss	23,551	-
Financial assets held for trading	447,399	767,464
Available-for-sale financial assets	6,728,621	5,503,818
Loan receivables	2,163,648	1,490,524
Other assets	58,632	45,924
General account credits	1,535,831	803,345
Total assets	<b>₩ 11,585,680</b>	<b>9,511,114</b>
Liabilities, reserve and accumulated other comprehensive income:		
Other liabilities	₩ 34,432	31,989
General account debits	16,785	17,530
Total liabilities	51,217	49,519
Reserve for policy holders	11,988,906	9,482,136
Accumulated other comprehensive income	(454,443)	(20,541)
Total reserve and accumulated other comprehensive income	11,534,463	9,461,595

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Total liabilities, reserve and accumulated other comprehensive income	₩	11,585,680	9,511,114
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(3) The statement of profit or loss of the separate accounts for the years ended December 31, 2022 and 2021 are as follows:

(a) Insurance contract and investments contract with discretionary participating feature

		2022		2021	
		Guaranteed	Investment linked	Guaranteed	Investment
		interest contracts	contracts	interest contracts	linked contracts
<b>Revenues:</b>					
Premium income	₩	-	1,696,175	-	1,952,187
Interest income		1,420	192,446	948	115,990
Dividend income		29	97,076	6	100,504
Gain on securities		166	183,538	493	810,985
Gain on foreign currency transaction		-	27,381	-	7,386
Gain on transaction of derivatives		-	389,096	-	370,582
Other income		1,631	28,117	764	30,614
	₩	3,246	2,613,829	2,211	3,388,248
<b>Expenses:</b>					
Increase (decrease) in policy reserves	₩	(22,396)	(2,041,153)	(3,974)	(332,948)
Insurance claims paid		23,340	1,231,964	5,092	1,913,564
Minimum guarantee fee		-	98,645	-	102,769
Separate account commission		438	591,866	521	609,065
Commission fee		-	35,097	-	41,543
(Reversal of) provision for loss on loan receivables		(4)	(23)	(18)	12
Loss on securities		1,868	2,247,580	590	671,149
Loss on foreign currency transaction		-	10,815	-	1,770
Loss on transaction of derivatives		-	429,363	-	381,088
Other expenses		-	9,675	-	236
	₩	3,246	2,613,829	2,211	3,388,248

(b) Investments contract with no discretionary participating feature

		2022		2021	
		Guaranteed	Investment	Guaranteed	Investment
		interest contracts	linked contracts	interest contracts	linked contracts
<b>Revenues:</b>					
Interest income	₩	220,430	918	131,637	429
Dividend income		19,526	1,102	11,081	774
Gain on securities		18,766	1,714	41,736	18,851
Gain on foreign currency transaction		1,441	7,879	1,063	2,546
Gain on transaction of derivatives		5,793	9,179	6,481	851
Other income		31,527	6	24,034	1,664
	₩	297,483	20,798	216,032	25,115
<b>Expenses:</b>					
Interest expense on withholdings	₩	177,119	(35,783)	114,131	16,312
Separate account commission		37,056	556	36,337	1,126
Commission fee		37	650	24	531
(Reversal of) provision for loan losses		2,095	-	(2,033)	-
Loss on securities		56,681	38,770	41,200	4,158
Loss on foreign currency transaction		30	2,301	365	463
Loss on transaction of derivatives		22,639	12,431	22,478	2,525
Other expenses		1,827	1,873	3,530	-
	₩	297,484	20,798	216,032	25,115

(4) As of December 31, 2022, the company provided ₩372,480 million (₩451,484 million as of December 31, 2021) of separate account assets as collateral for futures substitute securities.

(5) Offset of financial assets and financial liabilities

Details of financial assets recognized in separate accounts subject to enforceable master netting agreements or similar agreements for the years ended December 31, 2022 and 2021 are as follows:

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	2022					
	Amount of financial asset prior to offsetting	Offsetting amount	Net amount on financial statement	Amount		
				Financial assets	Collateral	Amount, net
Financial assets						
Securities Lending Agreement	₩ 113,014	-	113,014	113,014	-	-

Details of financial assets recognized in separate accounts subject to enforceable master netting agreements or similar agreements for the years ended December 31, 2022 and 2021 are as follows, continued:

	2021					
	Amount of financial asset prior to offsetting	Offsetting amount	Net amount on financial statement	Amount		
				Financial assets	Collateral	Amount, net
Financial assets						
Securities Lending Agreement	₩ 509,778	-	509,778	509,778	-	-

(6) As of the December 31, 2022, details of securities lending in the separate accounts are as follows:

Item	Category	Amount	Evaluation standard
Securities on loan	Security and stock	113,014	Fair value

(7) In accordance with the regulations under *Trust Business Act*, the Company separately accounts for the trust assets from the existing assets and recognizes trust commission fee as operating revenue when receiving trust commission fee. As of December 31, 2022, the total amount of the trust funds under contract with the Company amounts to ₩43,400 million.

### 30. Equity

(1) Equity as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Capital Stock:		
Common stock	₩ 102,500	102,500
Hybrid bonds:		
Hybrid bonds	1,108,899	1,020,054
Capital surplus:		
Share premium	359,937	359,937
Asset revaluation surplus	4,502	4,502
Others	1,497	1,497
	365,936	365,936
Capital adjustments:		
Negative equity changes in equity method adjustments	(8,995)	(8,995)
Others in equity adjustments	(104,412)	-
	(113,407)	(8,995)
Accumulated other comprehensive income, net of tax:		
Gain on valuation of available-for-sale financial assets	(1,816,475)	1,420,263
Loss on valuation of cash flow hedge derivatives	(93,457)	(107,303)
Gain on valuation of investment of associates and subsidiaries	(1,661)	256
Other comprehensive income of separate account	(334,016)	(14,891)
Loss on valuation of held to maturity financial assets	(1,764,652)	-
Gain on revaluation of property and equipment	527,671	522,063
Remeasurement gain related to defined benefit plan	40,196	24,440
	(3,442,394)	1,844,828
Retained earnings:		
Legal reserve	51,250	51,250
Other statutory reserves	1,096,736	-
Regulatory reserve for loan loss	160,480	119,260
Retained earnings	6,576,739	7,526,125



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Voluntary reserve		3,000	3,000
		<u>7,888,205</u>	<u>7,699,635</u>
	₩	<u>5,909,739</u>	<u>11,023,958</u>

(2) Capital stock

Capital stock as of December 31, 2022 and December 31, 2021 are as follows:

		December 31, 2022	December 31, 2021
Number of authorized shares		300,000,000 shares	300,000,000 shares
Par value per share in won	₩	1,000	1,000
Number of common stocks issued and outstanding		102,500,000 shares	102,500,000 shares
Capital stock in won	₩	102,500	102,500

(3) Hybrid bonds

Hybrid bonds as of December 31, 2022 and 2021 are as follows:

		2022			
	Issue date	Maturity date	Interest rate (%)	Issued amount	Amount of KRW equivalent
Overseas hybrid bonds (*1)	June 15, 2022	June 15, 2052	5.90	500,000	644,850
Issuance costs (underwriting fees and other direct issuance costs)					<u>(4,567)</u>
					₩ <u>640,283</u>
Domestic hybrid bonds (*2)	September 10, 2021	September 10, 2051	3.72	470,000	470,000
Issuance costs (underwriting fees and other direct issuance costs)					<u>(1,384)</u>
					₩ <u>468,616</u>
					₩ <u>1,108,899</u>

(\*1) Hybrid bonds above can be redeemed early after 5 years from the date of issuance and interest rate can be adjusted only once after 10 years from the date of issuance. Upon maturity date, the Company has the right to extend the maturity under the same condition.

(\*2) Hybrid bonds above can be redeemed early after 5 years from the date of issuance and base interest rate and spreads can be adjusted only once after 5 or 10 years from the date of issuance. Upon maturity date, the Company has the right to extend the maturity under the same condition.

		2021			
	Issue date	Maturity date	Interest rate (%)	Issued amount	Amount of KRW equivalent
Overseas hybrid bonds (*1)	July 24, 2017	July 24, 2047	3.95	\$ 500,000	₩ 557,000
Issuance costs (underwriting fees and other direct issuance costs)					<u>(5,562)</u>
					₩ <u>551,438</u>
Domestic hybrid bonds	September 10, 2021	September 10, 2051	3.72	₩ 470,000	₩ 470,000
Issuance costs (underwriting fees and other direct issuance costs)					<u>(1,384)</u>
					₩ <u>468,616</u>
					₩ <u>1,020,054</u>

(\*1) Hybrid bonds above can be redeemed early after 5 years from the date of issuance and interest rate can be adjusted only once after 10 years from the date of issuance. Upon maturity date, the Company has the right to extend the maturity under the same condition.

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(4) Accumulated other comprehensive income changes in accumulated other comprehensive income for the years ended December 31, 2022 and 2021 are as follows:

	2022					Total
	Gain (loss) on valuation of available-for-sale financial assets	Gain (loss) on valuation of derivatives	Gain (loss) on valuation of investments in associates and subsidiaries	Other comprehensive income (loss) of separate account	Gain (loss) on revaluation of property and equipment	
Beginning balance	₩ 1,420,263	(107,303)	256	(14,891)	522,063	1,844,828
Fair value evaluation	(6,433,051)	161,012	(3,056)	(352,084)	(6,899)	(6,613,100)
Realization of income	(946,305)	(140,161)	-	(81,820)	-	(1,168,286)
Policyholder's equity adjustment (*)	548,092	-	442	-	4,733	553,267
Deferred income tax effects	1,829,875	(7,005)	696	114,779	7,775	1,940,898
Ending balance	₩ (3,581,126)	(93,457)	(1,662)	(334,016)	527,672	(3,442,393)

(\*) Represents the amount of other comprehensive income allocated to policyholder's equity adjustment in the reporting period.

	2021					Total
	Gain (loss) on valuation of available-for-sale financial assets	Gain (loss) on valuation of derivatives	Gain (loss) on valuation of investments in associates and subsidiaries	Other comprehensive income (loss) of separate account	Gain (loss) on revaluation of property and equipment	
Beginning balance	₩ 3,187,826	(143,632)	6,315	54,167	529,876	3,648,905
Fair value evaluation	(593,546)	172,489	(940)	(44,457)	-	(452,540)
Realization of income	(2,575,483)	(122,380)	(8,977)	(50,795)	-	(2,757,635)
Policyholder's equity adjustment (*)	731,009	-	1,560	-	5,885	738,454
Deferred income tax effects	670,457	(13,780)	2,298	26,194	(13,698)	667,644
Ending balance	₩ 1,420,263	(107,303)	256	(14,891)	522,063	1,844,828

(\*) Represents the amount of other comprehensive income allocated to policyholder's equity adjustment in the reporting period.

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(5) Retained earnings

(a) Legal reserve

Legal reserve is restricted for the dividend to stockholders by law or legislation. According to the Commercial Act, the Company is required to appropriate a legal reserve in an amount equal to at least 10% of cash dividends for each accounting period until the reserve equals 50% of capital stock. The legal reserve may not be allocated in cash and may be used to reduce a deficit or may be transferred to capital based on the decision of board of directors.

(b) Dividend

i) Details of dividends recognized as distributions to common stockholders for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Number of shares	₩ 102,500,000	102,500,000
Par value per share in Korean won in unit	1,000	1,000
Dividend rate per share	50%	150%
Dividend per share in Korean won in unit	500	1,500

ii) Dividend payout ratio for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Dividend per share in Korean won in unit	₩ 51,250	153,750
Profit for the year	395,211	396,443
Dividend rate per share	12.97%	38.78%

(c) Appropriation of retained earnings

Separate statements of appropriation of retained earnings for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Unappropriated retained earnings:		
Balance at beginning of year	₩ 6,234,419	6,061,367
Net income	395,211	396,443
Dividends to hybrid bonds	(52,891)	(28,421)
Effect of changes in accounting policies	-	1,096,736
	<u>6,576,739</u>	<u>7,526,125</u>
Appropriation of retained earnings:		
Regulatory reserve for loss on loan receivables	(1,980)	41,220
Dividends	51,250	153,750
Dividends in cash		
Dividend amount per share (rate):		
December 31, 2022: 500 won (50%)		
December 31, 2021: 1,500 won (150%)		
Regulatory reserve for financial soundness	-	1,096,736
Unappropriated retained earnings to be carried over to subsequent year	₩ 6,527,469	6,234,419

(d) Regulatory reserve for loan losses

When allowances for loan losses based on KIFRS for the assets subject to classification by asset soundness (such as loans, insurance receivables, receivables, accrued revenue, suspense payments, bills receivables, etc.) in accordance with Regulations on Supervision of Insurance Business are less than the total of the reserves required by the Article 7-4 of Regulations on Supervision of Insurance Business, the difference is reserved as regulatory reserve for loan losses. The limit on regulatory reserve for loan losses is the amount subtracting reserves required by the Insurance Business Act and other laws from retained earnings.

The regulatory reserve for loan losses is, in nature, an arbitrary reserve for retained earnings. When there is unappropriated deficits, regulatory reserve for loan losses are reserved after the deficits are appropriated. When the amount previously reserved for regulatory reserve for loan losses exceeds the amount of regulatory reserve for loan losses to be reserved as of the closing date, the reversal of the excess amount is allowed.

i) Regulatory reserve for loan losses as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Regulatory reserve for loan losses accumulated	₩ 160,480	119,260
To be accumulated (reversed)	(1,980)	41,220
Balance	₩ 158,499	160,480

ii) Provision for regulatory reserve for loan losses and income adjusted for regulatory reserve for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Profit for the period before legal reserve	₩ 395,211	396,443
Hybrid bonds interests	(52,891)	(28,421)
Provision (reversal of) for regulatory reserve for loan	1,980	(41,220)

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Profit adjusted for regulatory reserve (*)	344,300	326,802
Income adjusted for regulatory reserve per share in won	3,359	3,188

(\*) Profit adjusted for regulatory reserve above is non-KIFRS financial information. The adjustment amount is calculated under the assumption that provision for regulatory reserve is reflected on the current net income without considering policyholders' equity adjustment and deferred tax effect.

**31. Premium income**

Premium income for the three-month and nine-month periods ended December 31, 2022 and 2021 are as follows:

	2022	2021
Individual insurance:		
Pure endowment	₩ 1,610,864	1,903,410
Death	4,812,830	4,686,510
Endowment	6,088,974	2,826,723
	<u>12,512,668</u>	<u>9,416,643</u>
Group insurance:		
Pure protection	141,500	139,134
Savings	4,207	4,892
	<u>145,707</u>	<u>144,026</u>
	<u>₩ 12,658,375</u>	<u>9,560,669</u>

**32. Reinsurance ceded**

(1) Reinsurance assets and liabilities as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Reinsurance accounts receivable	₩ 80,429	69,448
Reinsurance assets:		
Reserve for unearned premium	7,255	6,160
Reserve for outstanding claims	2,736	3,011
Incurred but not reported	25,097	22,342
	<u>35,088</u>	<u>31,513</u>
	<u>₩ 115,517</u>	<u>100,961</u>
Reinsurance accounts payable	₩ 67,894	59,957

(2) Transactions with reinsurance companies incurred for the years ended December 31, 2022 and 2021 are as follows:

	2022			
	Reinsurance expense	Reinsurance claim revenue	Reinsurance commission revenue	Profit from reinsurance asset
Individual insurance:				
Domestic	₩ 171,045	125,111	37,036	3,459
Group insurance:				
Domestic	3,081	2,751	-	117
	<u>₩ 174,126</u>	<u>127,862</u>	<u>37,036</u>	<u>3,576</u>
	2021			
	Reinsurance expense	Reinsurance claim revenue	Reinsurance commission revenue	Profit from reinsurance asset
Individual insurance:				
Domestic	₩ 145,150	101,632	33,238	6,063
Group insurance:				
Domestic	2,698	2,301	-	223
	<u>₩ 147,848</u>	<u>103,933</u>	<u>33,238</u>	<u>6,286</u>

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**33. Interest income**

Interest income for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Cash and due from banks	₩ 19,253	10,776
Available-for-sale financial assets	693,165	1,303,032
Loan receivables	1,023,434	947,097
Held to maturity financial assets	681,142	39,184
Others	50,459	51,908
	<u>₩ 2,467,453</u>	<u>2,351,997</u>

**34. Gain on valuation and disposal of financial instruments**

Gain on valuation and disposal of financial instruments for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Financial assets designated at fair value through profit or loss:		
Gain on valuation	₩ 685	-
Financial assets held for trading:		
Gain on valuation	₩ 6,080	29
Gain on disposal	4,541	6,236
Available-for-sale financial assets:		
Gain on valuation (*1)	-	43,235
Reversal of impairment loss	3,704	3,704
Gain on disposal	483,697	697,142
Loan receivables:		
Gain on disposal	251	133
Reversal of provision for loss on loan receivable	-	17,170
Derivatives:		
Gain on valuation	305,893	77,172
Gain on transaction	975,960	237,056
Other Receivables:		
Reversal of provision for loss on loan receivables	-	1,120
	<u>₩ 1,780,811</u>	<u>1,082,997</u>

(\*1) The change in the fair value of a hedging is included in profit or loss in accordance with the adoption of the fair value hedge accounting.

**35. Fee and commission income**

Fee and commission income for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Credit placement fees	₩ 10,367	7,138
Securities lending and borrowing fees	776	674
Retirement pension management fee	204	242
Housing mortgage bond fees	1,513	1,605
Sales commissions on beneficiary certificates	2,986	3,235
Others	7,813	9,915
	<u>₩ 23,659</u>	<u>22,809</u>

**36. Dividend income**

Dividend income for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Financial assets held for trading:		
Beneficiary certificates	₩ 2,793	5,618
Available-for-sale financial assets:		
Equity securities	₩ 32,947	36,844
Equity investments	5,179	1,026
Beneficiary certificates	533,978	375,483
Overseas securities	135,895	132,755
	<u>₩ 707,999</u>	<u>546,108</u>
	<u>₩ 710,792</u>	<u>551,726</u>

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**37. Other operating income**

Other operating income for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Other operating income	₩ 3,200	-

**38. Insurance claims paid**

The Company's insurance claims paid consist of benefit payments, surrenders for insurance and dividend expenses.

(1) Benefit payments for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Individual insurance:		
Pure endowment	₩ 324,961	225,469
Death	439,144	447,169
Endowment	1,039,548	365,251
	<u>1,803,653</u>	<u>1,037,889</u>
Group insurance:		
Pure protection	21,309	24,969
Savings	259	407
	<u>21,568</u>	<u>25,376</u>
	<u>₩ 1,825,221</u>	<u>1,063,265</u>

(2) Surrenders for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Individual insurance:		
Pure endowment	₩ 3,194,654	2,339,623
Death	2,659,923	2,682,590
Endowment	3,837,196	1,579,273
	<u>9,691,773</u>	<u>6,601,486</u>
Group insurance:		
Pure protection	68,186	68,149
Savings	13,288	11,049
	<u>81,474</u>	<u>79,198</u>
	<u>₩ 9,773,247</u>	<u>6,680,684</u>

(3) Dividend expenses for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Individual insurance:		
Pure endowment	₩ 16,807	15,898
Death	425	507
Endowment	546	540
	<u>17,778</u>	<u>16,945</u>
Group insurance:		
Pure protection	55	67
Savings	26	-
	<u>81</u>	<u>67</u>
	<u>₩ 17,859</u>	<u>17,012</u>

**39. Operating and administrative expenses**

Operating and administrative expenses for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Policy acquisition costs:		
Agent commission	₩ 466,324	467,588
Branch office operation	52,862	38,931
Sales promotion	126,601	79,620
Advertising expense	2,407	1,136
Others	257,113	180,371
	<u>905,307</u>	<u>767,646</u>
Maintenance expenses:		
Wages and salaries	213,109	217,174
Bonuses	100,554	97,611
Employee welfare	61,952	61,732
Retirement benefits	50,028	104,584
Taxes and dues	130,192	110,454
Office rent	27,230	27,668
Depreciation	61,949	65,103

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Commission		113,371	111,089
Outsourcing fee		8,038	6,648
Information technology		60,195	58,186
Collection		6,067	6,240
Others		44,203	59,768
		<u>876,888</u>	<u>926,257</u>
Deferred acquisition cost		<u>(622,001)</u>	<u>(505,445)</u>
	₩	<u>1,160,194</u>	<u>1,188,458</u>
<b>40. Asset management expenses</b>			
Asset management expenses for the years ended December 31, 2022 and 2021 are as follows:			
		2022	2021
Wages and salaries	₩	24,891	24,495
Bonuses		11,685	10,897
Retirement benefits		4,151	11,747
Employment benefits		6,520	6,562
Communication		3,199	2,851
Repairs and maintenance		5,626	5,599
Outsourcing fee		51,961	47,445
Commission		39,620	44,835
Information technology		11,934	9,853
Taxes and dues		21,104	17,992
Depreciation		2,104	2,325
Others		5,884	5,348
	₩	<u>188,679</u>	<u>189,949</u>
<b>41. Interest expenses</b>			
Interest expenses for the years ended December 31, 2022 and 2021 are as follows:			
		2022	2021
Borrowings	₩	5,133	-
Derivatives		115,174	86,390
Others		6,344	5,892
	₩	<u>126,651</u>	<u>92,282</u>
<b>42. Loss on valuation and disposal of financial instruments</b>			
Loss on valuation and disposal of financial instruments for years ended December 31, 2022 and 2021 are as follows:			
		2022	2021
Financial assets designated at fair value through profit or loss	₩		
Loss on valuation		-	132
Financial assets held for trading:			
Loss on valuation		700	-
Loss on disposal		88	4,256
Available-for-sale financial assets:			
Loss on valuation (*1)		50,079	19,029
Loss on disposal		333,137	202,649
Impairment loss		39,174	35,423
Loan receivables:			
Loss on disposal		316	75
Provision for loss on loan receivables		21,937	-
Derivatives:			
Loss on valuation		1,504,523	620,005
Loss on disposal		988,550	1,121,672

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Other receivables:		
Provision for other receivables	1,102	-
	₩ 2,939,606	2,003,241

(\*1) The change in the fair value of a hedging is included in profit or loss in accordance with the adoption of fair value hedge accounting.

43. Other operating expenses

Other operating expenses for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Depreciation of investment properties	₩ 10,514	10,222
Amortization of intangible assets	58,343	56,104
Insurance discount	673	1,015
Others	31	19,000
	₩ 69,561	86,341

44. Foreign currency translation

(1) Foreign currency denominated assets and liabilities as of December 31, 2022 and 2021 are as follows:

	December 31, 2022		December 31, 2021	
	Amount of foreign currency	Amount of KRW equivalent	Amount of foreign currency	Amount of KRW equivalent
Foreign cash and due from banks:				
USD	3,780	₩ 4,790	60,987	₩ 72,300
EUR	-	-	3,461	4,646
Available-for-sale financial assets:				
USD	3,197,416	4,052,085	12,483,660	14,799,379
EUR	612,900	828,150	1,759,768	2,362,207
JPY	2,770,617	26,409	11,043,221	113,772
Other	19,245	29,400	1,590,511	401,402
Held-to-maturity financial assets:				
USD	6,202,125	7,859,953	872,426	1,034,261
EUR	537,642	726,462	-	-
JPY	6,214,208	59,233	-	-
Other	1,526,816	436,932	137,397	118,009
Loan receivables:				
USD	159,673	202,353	160,966	190,825
EUR	33,500	45,265	59,500	79,869
Other	172,486	172,920	173,769	176,269
Receivables:				
USD	159,676	202,357	169,969	201,525
EUR	9,153	12,368	11,881	15,948
JPY	18,643	178	18,643	192
Other	17,103	5,262	19,986	5,444
Total:				
USD	9,722,670	₩ 12,321,538	13,748,008	₩ 16,298,290
EUR	1,193,195	1,612,245	1,834,610	2,462,670
JPY	9,003,468	85,820	11,061,864	113,964
Other	1,735,650	644,514	1,921,663	701,124
Financial liabilities:				
USD	15,979	20,250	8,558	10,146



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(2) Gain (loss) on foreign currency transactions for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Gain on foreign currency translation	₩	1,484,857	1,131,918
Gain on foreign currency transaction		276,504	118,362
	₩	<u>1,761,361</u>	<u>1,250,280</u>
Loss on foreign currency translation	₩	606,525	18,597
Loss on foreign currency transaction		25,828	8,246
	₩	<u>632,353</u>	<u>26,843</u>

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

(1) Non-operating income for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Disposal of investments in subsidiaries and associates	₩	1	3,034
Dividend of investments in subsidiaries and associates		15,362	34,647
Disposal of property and equipment		140	169
Disposal of Intangible assets		-	131
Miscellaneous gains		6,195	3,571
Gain from lease termination		672	1,166
Gain from restoration construction		7,181	10,777
Others		5,962	218
	₩	<u>35,513</u>	<u>53,713</u>

(2) Non-operating expenses for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Disposal of investments in subsidiaries and associates	₩	49	56
Impairment of investment in subsidiaries and associates		10,836	5,545
Impairment loss of investment properties		-	1
Disposal of property and equipment		2,822	5,176
Impairment loss of property and equipment		-	36
Disposal of intangible assets		123	10
Donations		38,947	7,275
Miscellaneous losses		5,159	6,635
Others		142	15
Loss from lease termination		336	821
	₩	<u>58,414</u>	<u>25,570</u>

**46. Income tax expenses**

(1) Income tax expenses for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Current income tax expenses	₩	391,671	152,286
Origination and reversal of temporary differences		(2,269,467)	(696,475)
Income tax expense directly recognized in equity		1,940,897	667,644
Additional payment (refund) of income taxes		(11,082)	653
Income tax expenses	₩	<u>52,019</u>	<u>124,108</u>

(2) Income tax expenses calculated by multiplying Profit before income with the expenses for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Income before income taxes	₩	447,230	520,551
Income taxes at statutory tax rates		112,626	132,788

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Adjustments:		
Permanent difference	(30,606)	(14,312)
Effect of tax rate fluctuation, etc.	(18,919)	4,979
Additional payment (refund) of income taxes	(11,082)	653
	<u>₩ 52,019</u>	<u>124,108</u>
Income tax expenses		
Effective tax rate	11.63%	23.84%

(3) Deferred tax expenses by origination and reversal of deferred tax assets and liabilities and temporary differences for the years ended December 31, 2022 is as follows:

		2022		
		Beginning balance	Increase (decrease)	Ending balance
<b>Deferred tax assets:</b>				
Depreciation	₩	10,543	(601)	9,942
Gain (Loss) on valuation on financial assets held for trading		-	136,151	136,151
Impairment loss on available-for-sale financial assets		20,426	(4,777)	15,649
Taxes and dues		10,700	325	11,025
Liability for defined benefit obligations		3,394	969	4,363
Gain (Loss) on valuation of derivatives		81,703	128,495	210,198
Accrued bonus expenses		13,730	(318)	13,412
Miscellaneous losses (impairment loss on land)		2,956	(107)	2,849
Miscellaneous losses (dormant insurance payments)		9,222	247	9,469
Minimum policy holder reserves		376,035	(57,164)	318,871
Contingent liabilities		5,778	(918)	4,860
Loss on revaluation of land		3,630	(132)	3,498
Gain (Loss) on valuation of available-for-sale financial assets (other comprehensive income)		-	654,920	654,920
Gain (Loss) on valuation of derivatives (other comprehensive income)		40,701	(7,005)	33,696
Gain (Loss) on valuation of held-to-maturity financial assets (other comprehensive income)		-	636,235	636,235
Others		487,426	(24,592)	462,834
		<u>1,066,244</u>	<u>1,461,728</u>	<u>2,527,972</u>
<b>Deferred tax liabilities:</b>				
Gain on valuation of financial assets held for trading		(338,448)	338,448	-
Interest income		(58,335)	(3,951)	(62,286)
Valuation gains on assets and liabilities in foreign currency		(157,607)	(137,610)	(295,217)
Allowance related to asset revaluation		(22,514)	819	(21,695)
Gain on valuation of available-for-sale financial assets		(538,720)	538,720	-
Gain on revaluation of property and equipment		(198,024)	7,775	(190,249)
Others		(923,133)	205,259	(717,874)
		<u>(2,236,781)</u>	<u>949,460</u>	<u>(1,287,321)</u>
Excluded from Deferred tax recognition		<u>(399,131)</u>	<u>141,720</u>	<u>(257,411)</u>
Deferred tax assets(liabilities)	₩	<u>(771,406)</u>	<u>2,269,468</u>	<u>1,498,062</u>

(3) Deferred tax expenses by origination and reversal of deferred tax assets and liabilities and temporary differences for the years ended December 31, 2021 is as follows:

		2021		
		Beginning balance	Increase (decrease)	Ending balance
<b>Deferred tax assets:</b>				

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Depreciation	₩	10,756	(213)	10,543
Impairment loss on available-for-sale financial assets		13,397	7,029	20,426
Valuation losses on assets and liabilities in foreign currency		152,899	(152,899)	-
Taxes and dues		9,461	1,239	10,700
Liability for defined benefit obligations		13,539	(10,145)	3,394
Gain (Loss) on valuation of derivatives		-	81,703	81,703
Accrued bonus expenses		12,293	1,437	13,730
Miscellaneous losses (impairment loss on land)		2,956	-	2,956
Miscellaneous losses (dormant insurance payments)		9,629	(407)	9,222
Minimum policy holder reserves		351,549	24,486	376,035
Contingent liabilities		625	5,153	5,778
Loss on revaluation of land		3,630	-	3,630
Gain (Loss) on valuation of derivatives (other comprehensive income)		54,481	(13,780)	40,701
Others		729,951	(242,525)	487,426
		<u>1,365,166</u>	<u>(298,922)</u>	<u>1,066,244</u>
<b>Deferred tax liabilities:</b>				
Gain on valuation of financial assets held for trading		(570,698)	232,250	(338,448)
Interest income		(54,874)	(3,461)	(58,335)
Valuation gains on assets and liabilities in foreign currency		-	(157,607)	(157,607)
Allowance related to asset revaluation		(22,514)	-	(22,514)
Gain on valuation of available-for-sale financial assets		(1,209,175)	670,455	(538,720)
Gain (Loss) on valuation of derivatives (other comprehensive income)		(282,221)	282,221	-
Gain on revaluation of property and equipment		(184,327)	(13,697)	(198,024)
Others		(766,770)	(156,363)	(923,133)
		<u>(3,090,579)</u>	<u>853,798</u>	<u>(2,236,781)</u>
<b>Excluded from Deferred tax recognition</b>		<u>257,532</u>	<u>141,599</u>	<u>399,131</u>
<b>Deferred tax assets(liabilities)</b>	₩	<u>(1,467,881)</u>	<u>696,475</u>	<u>(771,406)</u>

(4) Deferred tax assets and liabilities that were directly charged or credited to equity for the years ended December 31, 2022 and 2021 are as follows:

	₩	2022		2021	
		Amount	Tax effect	Amount	Tax effect
Revaluation reserves		24,366	(19,863)	24,366	(19,863)
Gain on valuation of available-for-sale financial assets		(2,471,395)	654,920	1,958,983	(538,720)
Gain (Loss) on valuation of hedging instruments		(127,153)	33,695	(148,004)	40,701
Gain on valuation of investments in subsidiaries and associates		(2,260)	599	354	(98)
Accumulated other comprehensive income in separate account		(454,444)	120,428	(20,540)	5,649
Gain (Loss) on valuation of held-to-maturity financial assets		(2,400,887)	636,235	-	-
Gain on revaluation of property and equipment		717,920	(190,249)	720,087	(198,024)
Remeasurement gain related to defined benefit liabilities		54,689	(14,492)	33,710	(9,270)
	₩	<u>(4,659,164)</u>	<u>1,221,273</u>	<u>2,568,956</u>	<u>(719,625)</u>

(5) Deferred tax assets and liabilities presented on a gross basis prior to any offsetting as of December 31, 2022 and 2021 are as follows:

	₩	2022	2021
Deferred tax assets		2,527,970	1,066,244
Deferred tax liabilities		(1,029,908)	(1,837,650)
<b>Deferred tax assets (liabilities), net</b>	₩	<u>1,498,062</u>	<u>(771,406)</u>

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Current tax assets	₩	177,584	121,834
Current tax liabilities		<u>(398,570)</u>	<u>(152,288)</u>
Current tax assets (liabilities), net	₩	<u>(220,986)</u>	<u>(30,454)</u>

**47. Employee benefits**

Details of employee benefits for the years ended December 31, 2022 and 2021 are as follows:

		2022	2021
Short-term and other long-term employee benefits	₩	350,278	350,329
Post-employment benefits (*)		55,733	116,331

(\*) Post-employment include ₩59,913 million of termination benefits for the year ended December 31, 2021, and ₩11,383 million and ₩11,449 million of defined contribution plans for the years ended December 31, 2022 and 2021, respectively.

**48. Commitments and contingencies**

(1) Pending litigations

There are 105 litigations in which the Company is named including the ones for the payment of insurance claims with claimed amount amounting to ₩8,069 million as of December 31, 2022. Furthermore, there are 143 litigations where the Company is the plaintiff with claimed amount amounting to ₩11,044 million. The outcome of litigations cannot be predicted as of December 31, 2022. The Company has recognized a provision of ₩6,462 million for the payment of above insurance claim, and provisions of ₩1,111 million for the payment of the other claims. There is a possibility of additional payments related to the immediate pension products, which have previously been paid, due to the Financial Supervisory Service's announcement of the application of regulation in July 2018. As of December 31, 2022, the Company has included the reasonable estimates of additional payments and reflected in the separate financial statements.

The Company accused Deloitte Anjin LLC to Public Company Accounting Oversight Board (PCAOB) of violation of the valuation standards to calculate the market value of the Company's outstanding stock related to the put options exercised in accordance with the shareholder's agreement. Also, the Company prosecuted Deloitte Anjin LLC for violating the *Certified Public Accountant Act*.

(2) Insurance commitments

The contract amounts under the insurance contracts in the general and separate accounts as of December 31, 2022 are as follows:

	Number of contracts	Total contract amount
General accounts	8,093,465	289,080,879
Separate accounts	1,023,297	12,051,950
	<u>9,116,762</u>	<u>301,132,829</u>

(3) Reinsurance agreements

The reinsurance agreements of individual and group insurance as of December 31, 2022 are as follows:

Reinsurance method	Reinsurance company	Coding ratio (%)	Nature of risk
Surplus	SCOR Reinsurance Asia-Pacific	100	Risk from excessive contracts
Surplus	SCOR Reinsurance Asia-Pacific	100	Risk from excess number of contracts with individuals with high-risk occupations
Surplus	Korean Re	100	Kyobo Big Love Guarantee Insurance
Surplus, Quota Share	Munich Re	60	Risk from excessive contracts
Surplus, Quota Share	Korean Re	40	Risk from excessive contracts
Quota Share	General Cologne Re	10	Individual medical insurance
Quota Share	General Cologne Re	10	Accidental insurance
Quota Share	General Cologne Re	30	CI whole life Reinsurance
Quota Share	General Cologne Re	30	SI Insurance
Quota Share	General Cologne Re	30	Second CI Guarantee reinsurance
Quota Share	Hannover Re	10	CI reinsurance
Quota Share	Hannover Re	10	Direct health insurance
Quota Share	Hannover Re	10 ~ 25	Individual medical Insurance
Quota Share	Hannover Re	30	Kyobo cancer insurance
Quota Share	Hannover Re	80	Facultative reinsurance
Quota Share	Swiss Re	50	Non-par relapse cancer rider
Quota Share	Swiss Re	80	Target anticancer drug treatment
Quota Share	Munich Re	10	CI reinsurance
Quota Share	Munich Re	5 ~ 20	Whole life Insurance
Quota Share	Munich Re	30	LTC (Silver care insurance)
Quota Share	Munich Re	30	Premier CI Insurance
Quota Share	Munich Re	80	Facultative reinsurance
Quota Share	RGA Re	20	Kyobo cancer insurance
Quota Share	RGA Re	30	Dental Benefits
Quota Share	RGA Re	80	Facultative reinsurance
Quota Share	RGA Re	90	Substandards insurance
Quota Share	SCOR Reinsurance Asia-Pacific	10	Individual medical Insurance

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Quota Share	SCOR Reinsurance Asia-Pacific	15	CI reinsurance
Quota Share	SCOR Reinsurance Asia-Pacific	15	Direct health insurance
Quota Share	SCOR Reinsurance Asia-Pacific	30 ~ 60	Top Class cancer Insurance
Quota Share	SCOR Reinsurance Asia-Pacific	50	Dental & Juvenile Benefits
Quota Share	SCOR Reinsurance Asia-Pacific	80	Facultative reinsurance
Quota Share	Korean Re	10	CI whole life reinsurance
Quota Share	Korean Re	10 ~ 50	SI whole life insurance
Quota Share	Korean Re	15 ~ 25	Individual medical Insurance
Quota Share	Korean Re	30	Kyobo cancer Insurance
Quota Share	Korean Re	50	Dementia Insurance
Quota Share	Korean Re	50	SI Insurance
		Main policy: 40	
		Special Policy:	
Quota Share		50	Kyobo cancer insurance
Quota Share	Korean Re	80	Facultative reinsurance

(4) As of December 31, 2022, the Company has bank overdraft facility agreements with Standard Chartered Bank, etc. with a residuary limit of ₩290,000 million.

(5) As of December 31, 2022, the Company is provided with payment guarantee of ₩3,258 million from the Seoul Guarantee Insurance.

(6) Other commitments

Other commitments as of December 31, 2022 are as follows:

	Amount
Loan commitments	₩ 2,530,696
Investment commitments	4,374,105
	₩ 6,904,801

(7) Securities lending and borrowing

Securities lending and borrowing as of December 31, 2022 are as follows:

Securities lent	Type		Amount	Valuation standard
	Debt securities			
			₩ 680,156	Fair value

Securities lending transaction is a transaction that transfers the ownership of the same amount and kind of securities after a certain period of time and continues to be recognized as an asset of the Company because it does not meet the conditions for the removal of transfer of financial assets.

(8) To prevent the spread of Covid-19, various prevention and control measures, including restrictions on travelling, are being implemented worldwide. As a result, the global economy is affected extensively, and it is difficult to predict the duration and intensity of the spread of Covid-19 pandemic. In addition, the Company's valuation of fair value of financial instruments, assessment of the appropriateness of insurance liabilities and others may be affected by Covid-19, and the Company has prepared the separate financial statements by reasonably estimating the impact of Covid-19 on the Company. However, as of December 31, 2022, the Company cannot reasonably estimate the ultimate impact on its separate financial position, separate financial performance and separate cash flows due to the future spread of Covid-19.

**49. Related parties**

(1) The related parties as of December 31, 2022 and 2021 are as follows:

December 31, 2022	
Related parties	Investor
<b>Subsidiaries</b>	
Kyobo Securities Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Book Center Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Hottracks Co., Ltd.	Kyobo Book Center Co., Ltd.
Kyobo Info. & Comm. Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Dplanx Co., Ltd.	Kyobo Info. & Comm. Co., Ltd.
Kyobo Realco Inc.	Kyobo Life Insurance Co., Ltd.
Jeil Total Management Co., Ltd.	Kyobo Realco Inc.
KCA Claim Adjustment Co., Ltd.	Kyobo Life Insurance Co., Ltd.
	Kyobo Life Insurance Co., Ltd.
KCA Service Co., Ltd.	KCA Claim Adjustment Co., Ltd.
Kyobo Life Planet Life Insurance Company	Kyobo Life Insurance Co., Ltd.

**Kyobo Life Insurance Co., Ltd.**  
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Fortress Innovation Co., Ltd	Kyobo Life Planet Life Insurance Co., Ltd.
Kyobo Life Asset Management (America) Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Life Asset Management (Japan) Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Asset Trust Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Consus BTL Private Special Asset Investment Trust 1, Consus Hope BTL Private Special Asset Investment Trust 1, Consus New Energy Private Special Asset Investment Trust 2, KIAMCO Shipping Private Equity Special Asset Investment Trust KX-1, Kyobo New Technology Investment Association No.1	Kyobo Life Insurance Co., Ltd.
Districtyangjoo Co.,Ltd., Caba chic 3th Co.,Ltd., Gocun angol 1st Co., Ltd., Exelstonered 1st Co., Ltd., Doublerich 5th Co., Ltd., Doublerich 1st Co., Ltd., Doublerich 8th Co., Ltd., Atlantisgogyeong 1st Co., Ltd., Autodream 1st Co., Ltd., K-hotel 1st Co., Ltd., Gabriel 2nd Co., Ltd., Geobukseom Island Rich 1st Co., Ltd., SJgreat 3rd Co., Ltd., X-med 7th Co., Ltd., K Logistics 1st Co., Ltd., Lycos 1st Co., Ltd., Oblique 5th Co.,Ltd., SJgreat 7th Co., Ltd., BrightStar 4th Co.,Ltd., BrightStar 2nd Co., Ltd., Whitewood 7th Co.,Ltd., X-med 9th Co., Ltd., Intgreen 2nd Co.,Ltd., I-pro 3rd Co., Ltd., Yangdocube 1st Co.,Ltd., Metagreen 3rd Co.,Ltd., Metagreen 1st Co.,Ltd., Easytree 3rd Co.,Ltd., Metagreen 6th Co.,Ltd., Metagreen 8th Co.,Ltd., Theflex 1st Co.,Ltd., BrightStar 9th Co., Ltd., Easyplant 4th Co.,Ltd.,Ujur 2nd Co.,Ltd.,Theteras 1st Co.,Ltd., BrightStar 10th Co.,Ltd., Ujur 5th Co.,Ltd., HW Yeouido 1st Co., Ltd., Pinix Living 1st Co., Ltd., Pinix Living 2nd Co., Ltd., Inf Green 9th Co., Ltd., Entrepo JinCheon Co., Ltd., Asan JS 1st Co., Ltd., KCQ 3rd Co., Ltd., KCQ 4th Co., Ltd., Stadblue 4th Co., Ltd, Ujureu 7th Co., Ltd., K Seongjeong 1st Co., Ltd., Perfectdream 2nd Co., Ltd., Dreamgusam Siheung 1st Co., Ltd, Entrepo JinCheon 4th Co., Ltd., F.I Sancheok Co., Ltd., Entrepo Icheon 5th Co., Ltd., Dream Spare 2nd Co., Ltd., Easy Plant 8th Co., Ltd., Dream Spare 6th Co., Ltd., Great Ocean 2nd Co., Ltd., Dreamgusam Nonhyeon 1st Co., Ltd., Pinix Logistics 1st Co., Ltd., Pinix Logistics 2nd Co., Ltd., Easy Plant 9th Co., Ltd., Pinix Living 4th Co., Ltd., K Logistics 2nd Co., Ltd., Dear buddy 4th Co., Ltd., Perfectdream 9th Co., Ltd., Highlight Pool 2nd Co., Ltd., Highlight Pool 3th Co., Ltd., HI 1st Co., Ltd, Kyobo Securities target income solution 1Y General Private Equity Investment Trust U-4, Kyobo Securities target income solution General Private Equity Investment Trust U-6, Dream Gusam Songlim 1st Co., Ltd.	Kyobo Securities Co., Ltd.
<b>Associates</b>	
A&D Credit Information Co., Ltd.,	Kyobo Life Insurance Co., Ltd.
<b>Joint Ventures</b>	
Kyobo AXA Investment Managers Co., Ltd.,	Kyobo Life Insurance Co., Ltd.
<b>Others</b>	
Daesan Foundation For Rural Culture & Society, Daesan Foundation For Culture, Kyobo Foundation For Education & Culture	Kyobo Life Insurance Co., Ltd.
Kyobo 10 Special Purpose Acquisition Company, Kyobo 11 Special Purpose Acquisition Company, Kyobo 12 Special Purpose Acquisition Company, Kyobo 13 Special Purpose Acquisition Company, Songsan Industrial Complex Development Co., Ltd., Pusan Millak PFV, Jinjeop2 REIT Co., Ltd., Guri Galmac REIT Co., Ltd., Yeoido H2 PFV, Pusan Eco delta city PFV, Logistec Yangsan Co.,Ltd., Incheon Gundam 3rd PFV , Hera Park City development PFV , Hera Park City development AMC Co., Ltd., Incheon youngjong PFV, Dongdaemoon Urban PFV, Chungju Biz Core City , Chungnam Naepo 1 PFV, Kyobo NII Healthcare New Technology Investment Association No.1, Yangjuhoechum PFV, Pecocity,Incheon Youngjong 1st PFV, NII-Kyobo AI Solution New Technology Investment Association, Kyobo-Kiwoom New Materials & Technology Investment Association, Kyobo-Hanyang ESG New Technology Investment Association, Kyobo-Axis Future Technology New Technology Investment Association No.1, Changwon Gapo PFV, Osong Smart Valley Co., Ltd., Kyobo-YG Ilgumu new Technology Investment Association, KB Kyobo New Mobility New Technology Investment Fund, Kyobo Advanced Materials New Technology Investment Association, NH Daishin Kyobo Healthcare 1st, SBI-NTU-Kyobo Digital Innovation Fund, Kyobo-SP advanced Advanced Materials New Technology Investment Association	Kyobo Securities Co., Ltd.
Marston General Private Real Estate Investment Trust No. 61, The Givers	Kyobo Book Center Co., Ltd.

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December 31, 2021	
Related parties	Investor
<b>Subsidiaries</b>	
Kyobo Securities Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Book Center Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Hottracks Co., Ltd.	Kyobo Book Center Co., Ltd.
Kyobo Info. & Comm. Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Dplanex Co., Ltd.	Kyobo Info. & Comm. Co., Ltd.
Kyobo Realco Inc.	Kyobo Life Insurance Co., Ltd.
Jeil Total Management Co., Ltd.	Kyobo Realco Inc.
KCA Claim Adjustment Co., Ltd.	Kyobo Life Insurance Co., Ltd.
	Kyobo Life Insurance Co., Ltd.
KCA Service Co., Ltd.	KCA Claim Adjustment Co., Ltd.
Kyobo Life Planet Life Insurance Company	Kyobo Life Insurance Co., Ltd.
Fortress Innovation Co., Ltd.	Kyobo Life Planet Life Insurance Company
Kyobo Life Asset Management (America) Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Life Asset Management (Japan) Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Kyobo Asset Trust Co., Ltd.	Kyobo Life Insurance Co., Ltd.
Consus BTL Private Special Asset Investment Trust 1, Consus Hope BTL Private Special Asset Investment Trust 1, Consus New Energy Private Special Asset Investment Trust 2, KIAMCO Shipping Private Equity Special Asset Investment Trust KX-1, Kyobo Technology Investment Association No. 1	Kyobo Life Insurance Co., Ltd.
Jibest 4th Co., Ltd., Atlantisjisa 1st Co., Ltd., Districtyangjoo Co., Ltd., Caba chic 3th Co., Ltd., H house 1st Co., Ltd., Goeun angol 1st Co., Ltd., Excel stone park 1st Co., Ltd., Gabriel 3rd Co., Ltd., Exelstonered 1st Co., Ltd., Doublerich 5th Co., Ltd., Doublerich 1st Co., Ltd., Doublerich 8th Co., Ltd., Atlantisgogyeong 1st Co., Ltd., Autodream 1st Co., Ltd., Gabriel 4th Co., Ltd., K-hotel 1st Co., Ltd., Gabriel 2nd Co., Ltd., Geobukseom Island Rich 1st Co., Ltd., SJgreat 3rd Co., Ltd., Suhwa BIT 1st Co., Ltd., X-med 7th Co., Ltd., K Logistics 1st Co., Ltd., SJgreat 8th Co., Ltd., Lycos 1st Co., Ltd., Oblique 5th Co., Ltd., SJgreat 7th Co., Ltd., Redmax 1th Co., Ltd., BrightStar 4th Co., Ltd., I-pro 1st Co., Ltd., Whitewood 5th Co., Ltd., BrightStar 2nd Co., Ltd., Whitewood 7th Co., Ltd., X-med 9th Co., Ltd., Intgreen 2nd Co., Ltd., I-pro 3rd Co., Ltd., Yangdocube 1st Co., Ltd., Metagreen 3rd Co., Ltd., Metagreen 1st Co., Ltd., Intgreen 3rd Co., Ltd., Easytree 3rd Co., Ltd., Metagreen 6th Co., Ltd., Metagreen 8th Co., Ltd., Metagreen 9th Co., Ltd., Theflex 1st Co., Ltd., BrightStar 9th Co., Ltd., Intgreen 6th Co., Ltd., Easyplant 4th Co., Ltd., Ujur 2nd Co., Ltd., Theteras 1st Co., Ltd., BrightStar 10th Co., Ltd., Ujur 4th Co., Ltd., Ujur 5th Co., Ltd., DreamthegreenYangpyeong 1st Co., Ltd., DreamthegreenYangpyeong 2nd Co., Ltd.	Kyobo Securities Co., Ltd.
<b>Associates</b>	
A&D Credit Information Co., Ltd.	Kyobo Life Insurance Co., Ltd.
<b>Joint Ventures</b>	
Kyobo AXA Investment Managers Co., Ltd.	Kyobo Life Insurance Co., Ltd.
<b>Others</b>	
Daesan Foundation For Rural Culture & Society, Daesan Foundation For Culture, Kyobo Foundation For Education & Culture	Kyobo Life Insurance Co., Ltd.
Hwaseong-Jeongnam General Industry Complexes Co., Ltd., Kyobo 9 Special Purpose Acquisition Company, Kyobo 10 Special Purpose Acquisition Company, Kyobo 11 Special Purpose Acquisition Company, Songsan Industrial Complex Development Co., Ltd., Pusan Millak PFV, Jinjop2 REIT Co., Ltd., Guri Galmac REIT Co., Ltd., Yoido H2 PFV, Pusan Eco delta city PFV, Logistec Yangsan Co., Ltd., Incheon Gumdan 3rd PFV, Hera Park City development PFV, Hera Park City development AMC Co., Ltd., Incheon youngjong PFV, Dongdaemoon Urban PFV, Chungju Biz Core City, Chungnam Naepo 1 PFV, Kyobo NII Healthcare New Technology Investment Association No.1, Yangjuhoechun PFV, Pecocity, Incheon Youngjong 1st PFV, NH-Kyobo AI Solution New Technology Investment Association, Kyobo-Kiwoom New Materials & Technology Investment Association, Kyobo-Hanyang ESG New	Kyobo Securities Co., Ltd.

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Technology Investment Association, Kyobo-Axis Future Technology New Technology Investment Association No.1, Changwon Gapo PFV, Kyobo-YG Ilguimu newTechnology Investment Association, Kyobo new technology Investment Association No. 1  
 NPC&C Co., Ltd., Marston General Private Real Estate Investment Trust No. 61 Kyobo Book Center Co., Ltd.

(2) Significant balances with the related parties as of December 31, 2022 and 2021 are as follows:

Related party	Account	2022	2021
<b>Subsidiaries</b>			
Kyobo Securities Co., Ltd.	Accounts receivables	₩ 6	4,700
	Accounts payable	-	957
	Deposits	84,817	137,132
	Leasehold deposits received (*1)	2,822	2,822
	Retirement pension (*2)	22,230	41,695
Kyobo Book Center Co., Ltd.	Accounts receivables	8	196
	Accounts payable	106	283
	Leasehold deposits	994	994
	Leasehold deposits received	17,101	16,994
	Retirement pension (*2)	28,071	61,888
Kyobo Hottracks Co., Ltd.	Lease liabilities	418	990
	Accounts receivables	1	1
	Accounts payable	73	19
	Leasehold deposits received	7,626	7,626
	Retirement pension (*2)	4,695	17,647
Kyobo Info. & Comm Co., Ltd.	Accounts receivables	9	11
	Accounts payable	2,210	4,491
	Leasehold deposits	220	220
	Retirement pension (*2)	10,835	9,596
	Lease liabilities	2,932	4,678
Kyobo Realco Inc.	Accounts receivables	5	5
	Accounts payable	2,402	3,709
	Leasehold deposits received	119	117
	Retirement pension (*2)	13,828	14,572
	Withholdings	-	2
Jeil Total Management Co., Ltd.	Retirement pension (*2)	521	454
KCA Claim Adjustment Co., Ltd.	Accounts receivables	3	-
	Accounts payable	4,324	4,221
	Leasehold deposits received	468	435
	Retirement pension (*2)	15,584	14,282
KCA Service Co., Ltd.	Accounts receivables	-	2
	Accounts payable	1,705	3,408
	Retirement pension (*2)	8,681	6,577
Kyobo Life Planet Life Insurance Co., Ltd.	Accounts receivables	3	85
	Leasehold deposits received	1,096	-
	Retirement pension (*2)	-	2,643
	Accounts payable	1	16
Fortress Innovation Co., Ltd	Retirement pension (*2)	98	-
Kyobo Asset Trust Co., Ltd	Accounts receivables	-	93
	Accounts payable	-	7
	Leasehold deposits received	3,000	3,000
	Retirement pension (*2)	12,944	12,662



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Dplanex Co.,Ltd.	Accounts receivables		674	-
	Leasehold deposits received		476	-
<b>Associates</b>				
A&D Credit Information Co., Ltd.	Accounts payable	₩	605	694
	Retirement pension (*2)		463	550
<b>Joint Ventures</b>				
Kyobo AXA Investment Managers Co., Ltd.	Accounts payable	₩	514	737
	Leasehold deposits received		805	805
<b>Others</b>				
Dacsan Foundation For Rural Culture & Society	Retirement insurance (*2)	₩	-	180
Dacsan Foundation For	Leasehold deposits received		1,363	1,363
	Retirement pension (*2)		-	616
Kyobo Foundation For Education & Culture	Retirement pension (*2)		-	583
Key management	Loan receivables		79	144

(\*1) About the Leasehold deposits received, the company's land and building are collateralized which amounts to W3,669 million.

(\*2) Retirement insurance and pension are reserves of policyholders included in separate account liabilities.

(3) Significant transactions with the related parties for the years ended December 31, 2022 and 2021 are as follows:

Related party	Account	2022		2021		
		Revenues	Expenses	Revenues	Expenses	
<b>Subsidiaries</b>						
Kyobo Securities Co., Ltd.	Premium income (*1)	₩	178	-	327	-
	Interest income		136	-	29	-
	Fee and commission income		4	-	1,548	-
	Dividend income		4,724	-	14,172	-
	Rental income		226	-	231	-
	Non-operating income		3,082	-	-	-
	Claims paid (*1)		-	252	-	624
	Operating and Administrative expenses		-	54	-	133
	Operating expense		-	19	-	-
	Fee and commission expense (*2)		-	3,584	-	4,635
Kyobo Book Center Co., Ltd.	Premium income (*1)		172	-	634	-
	Fee and commission income		1	-	140	-
	Rental income		6,853	-	6,613	-
	Non-operating income		1,744	-	218	-
	Claims paid (*1)		-	589	-	-
	Operating and Administrative expenses		-	2,782	-	1,501
	Asset management expenses		-	37	-	1,529
	Interest expenses		-	15	-	18
Kyobo Hottracks Co., Ltd.	Premium income (*1)		53	-	311	-
	Fee and commission income		1	-	21	-
	Rental income		3,410	-	3,327	-
	Non-operating income		115	-	-	-
	Claims paid (*1)		-	114	-	-
	Operating and Administrative expenses		-	1,872	-	1,576
	Asset management expenses		-	34	-	71

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Kyobo Info. & Comm. Co., Ltd.	Premium income (*1)	78	-	80	-
	Fee and commission income	1	-	25	-
	Rental income	1	-	-	-
	Non-operating income	50	-	-	-
	Claims paid (*1)	-	198	-	136
	Operating and Administrative expenses	-	34,761	-	29,455
	Asset management expenses	-	5,916	-	6,642
	Interest expenses	-	69	-	97
Kyobo Realco Inc.	Premium income (*1)	₩ 131	-	152	-
	Fee and commission income	1	-	232	-
	Rental income	214	-	185	-
	Non-operating income	302	-	-	-
	Claims paid (*1)	-	279	-	227
	Operating and Administrative expenses	-	363	-	318
	Asset management expenses	-	42,678	-	40,279
	Jeil Total Management Co., Ltd.	Premium income (*1)	1	-	21
Claims paid (*1)		-	10	-	6
Operating and Administrative expenses		-	915	-	5
Asset management expenses		-	-	-	772
KCA Claim Adjustment Co., Ltd.	Premium income (*1)	107	-	121	-
	Fee and commission income	1	-	1	-
	Rental income	852	-	753	-
	Claims paid (*1)	-	287	-	210
	Operating and Administrative expenses	-	36,895	-	36,261
KCA Service Co., Ltd.	Premium income (*1)	16	-	259	-
	Fee and commission income	1	-	1	-
	Rental income	2,924	-	3,108	-
	Claims paid (*1)	-	145	-	87
	Operating and Administrative expenses	-	31,782	-	30,806
	Asset management expenses	-	2,448	-	2,407
Kyobo Life Planet Life Insurance Co., Ltd.	Premium income (*1)	25	-	28	-
	Fee and commission income	-	-	77	-
	Rental income	502	-	1	-
	Non-operating income	224	-	1	-
	Claims paid (*1)	-	45	-	35
	Operating and Administrative expenses	-	88	-	174
	Asset management expenses	-	3	-	1
Kyobo Asset Trust Co., Ltd.	Premium income (*1)	91	-	118	-
	Fee and commission income	1	-	77	-
	Rental income	2,802	-	1,092	-
	Non-operating income	201	-	-	-
	Claims paid (*1)	-	231	-	248
Dplanex Co., Ltd.	Premium income (*1)	120	-	-	-
	Non-operating income	240	-	-	-

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Related party	Account		2022		2021	
			Revenues	Expenses	Revenues	Expenses
<b>Subsidiaries, continued</b>						
Fortress Innovation Co., Ltd	Premium income (*1)	₩	1	-	-	-
	Claims paid (*1)		-	1	-	-
Kyobo Life Asset Management (America) Co., Ltd.	Asset management expenses		-	1,361	-	1,994
Kyobo Life Asset Management (Japan) Co., Ltd.	Operating and Administrative expenses		-	641	-	714
Consus BTL Private Special Asset Investment Trust 1	Dividend income		405	-	441	-
Consus Hope BTL Private Special Asset Investment Trust1	Dividend income		575	-	644	-
Consus New Energy Private Special Asset Investment Trust2	Dividend income		496	-	621	-
KIAMCO Shipping Private Special Asset Investment TrustKX-1	Dividend income		669	-	712	-
KIAMCO Kirishima Solar Energy Private Equity Special Asset Investment Trust(*3)	Dividend income		-	-	12,110	-
<b>Associates</b>						
A&D Credit Information Co., Ltd.	Premium income (*1)	₩	1	-	17	-
	Dividend income		49	-	49	-
	Claims paid (*1)		-	11	-	11
	Operating and Administrative expenses		-	158	-	182
	Asset management expenses		-	7,037	-	7,472
<b>Joint Ventures</b>						
Kyobo AXA Investment Managers Co., Ltd.	Premium income (*1)	₩	2	-	33	-
	Fee and commission income		80	-	115	-
	Dividend income		8,445	-	5,898	-
	Rental income		1,456	-	1,429	-
	Asset management expenses		-	2,407	-	3,117
<b>Others</b>						
Daesan Foundation For Rural Culture & Society	Premium income (*1)	₩	-	-	1	-
	Rental income		-	-	1	-
	Claims paid (*1)		-	1	-	2
	Non-operating expenses		-	-	-	731
Daesan Foundation For Culture	Premium income (*1)		-	-	4	-
	Rental income		62	-	63	-
	Claims paid (*1)		-	1	-	10
	Operating and administrative expenses		-	42	-	55
	Non-operating expenses		-	2,172	-	1,056
Kyobo Foundation For Education & Culture	Premium income (*1)		-	-	3	-
	Rental income		-	-	1	-
	Claims paid (*1)		-	1	-	8
	Non-operating expenses		-	1,048	-	1,041

(\*1) Premium income and claims paid belong to profit or loss in separate accounts.

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(\*2) Commission in separate accounts for the years ended December 31, 2022 and 2021 amount to ₩2,290 million and ₩2,794 million, respectively.

(\*3) The entity was liquidated for the year ended December 31, 2021 and the transactions as of December 31, 2021 presented have occurred before the liquidation.

(4) The assets transaction with the related parties for the years ended December 31, 2022 and 2021 are summarized as follows:

Related party	Account	2022		2021	
		Acquisition	Disposition	Acquisition	Disposition
Kyobo Realco Inc.	Buildings	₩ -	-	9,769	-
Kyobo Book Center Co., Ltd.	Right-of-use assets	248	-	386	-
	Development cost	-	2,523	-	-
	Software	-	254	-	-
	Equipment	-	-	-	-
Fortress Innovation Co., Ltd	Prepayments	1,470	-	-	-
	Software	1,900	-	-	-
Kyobo Info. & Comm. Co., Ltd.	Software	550	-	26	-
	Right-of-use assets	79	-	443	-
	Prepayments	5,277	-	1,831	-

(5) The fund transactions with the related parties for the years ended December 31, 2022 and 2021 are as follows:

Related party	2022		
	Loan transaction		Collection of investment
	Lending	Collection	
<b>Subsidiaries</b>			
Kyobo Book Center Co., Ltd.(*1)	₩ -	-	3,896
Kyobo New technology Investment Association No.1	-	-	35,000
Consus BTL Private Special Asset Investment Trust 1	-	-	(1,809)
Consus Hope BTL Private Special Asset Investment Trust1	-	-	(2,325)
Consus New Energy Private Special Asset Investment Trust2	-	-	(2,578)
KIAMCO Shipping Private Special Asset Investment TrustKX-1	-	-	(694)
	₩ -	-	31,490

(\*1) The fund transaction in kind amounts to ₩2,776 million.

Related party	2021		
	Loan transaction		Collection of investment
	Lending	Collection	
<b>Subsidiaries</b>			
Kyobo Asset Trust Co., Ltd.	₩ -	-	150,000
Kyobo Book Center Co., Ltd.	-	-	150,000
Kyobo New technology Investment Association No.1	-	-	35,000
Consus BTL Private Special Asset Investment Trust 1	-	-	(1,791)
Consus Hope BTL Private Special Asset Investment Trust1	-	-	(2,320)
Consus New Energy Private Special Asset Investment Trust2	-	-	(1,856)
KIAMCO Shipping Private Special Asset Investment TrustKX-1	-	-	(692)
KIAMCO Kirishima Solar Energy Private Equity Special Asset Investment Trust.	-	-	(49,245)
	₩ -	-	279,096

(6) Details of pledged collateral with the related parties for the years ended December 31, 2022 and 2021 are as follows:

		2022		2021	
		Buy	Sell	Buy	Sell
Kyobo AXA Investment Managers Co., Ltd.	Beneficiary certificates	₩ 1,604,875	1,214,910	1,982,251	2,938,155
Kyobo Securities Co., Ltd.	Bond	5,762,566	2,510,192	8,612,820	3,575,593
	Stock	1,244,358	1,344,454	1,744,139	2,095,181
	Beneficiary certificates	2,390,747	2,336,247	2,597,021	3,258,788
		11,002,546	7,405,803	14,936,231	11,867,717

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(7) Details of collateral that the Company has provided to its related parties as of December 31, 2022 are as follows:

Related party	2022		Purpose
	Collateral	Book value	
<b>Subsidiaries</b>			
Kyobo Securities Co., Ltd.	Available-for-sale financial asset (*)	₩ 255,553	Substitute securities of futures exchange

(\*) Amounts of ₩5,655 million of the available-for-sale financial assets provided as collateral is included in the separate accounts.

(8) The Company concluded that the key management includes executives and outside directors who have authority and responsibilities for decision making of the business plan, operations and control over the Company. Key management compensation for for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Long and short-term employee benefits	₩ 11,142	11,050
Retirement benefits	3,321	3,192
	₩ 14,463	14,242

**50. Earnings per share**

Basic earnings per share for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Profit for the year	₩ 395,211	396,443
Dividends to hybrid bonds	(52,891)	(28,421)
Profit available for common stock	₩ 342,320	368,022
Weighted average number of common shares outstanding (in hares)	102,500,000	102,500,000
Earnings per share in won	₩ 3,340	3,590

The Company's basic earnings per share and diluted earnings per share are the same since there are no potential diluted shares for the years ended December 31, 2022 and 2021.

**51. Statement of cash flows**

(1) Significant non-cash activities for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Changes in valuation gain on available-for-sale financial assets	₩ (3,236,738)	(1,767,563)
Other comprehensive income in associates and subsidiaries	(1,918)	(6,059)
Changes in valuation loss on derivatives for cash flow hedging purpose	13,845	36,329
Other comprehensive income in separate accounts	(319,125)	(69,058)
Changes in valuation gain on revaluation of property and equipment	5,609	(7,813)
Remeasurements on defined benefit liabilities	15,756	10,087
Income tax expense directly recognized in equity	1,940,898	667,644
Changes in policyholders' equity adjustments	(553,267)	(738,454)
Unpaid dividends on hybrid bonds	52,891	28,421
Write-off of Loans	(28,023)	(20,856)
Write-off of Other receivables	(739)	(1,989)
Transfer between investment properties and property and equipment	31,103	21,924
Changes in right-of-use assets (transfer, acquisition)	59,478	53,190
Changes in right-of-use assets (disposal)	(9,988)	(19,775)
Replacement from Prepayment to Property and equipment	38	99
Replacement from Prepayment to Intangible assets	29,548	10,727
Replacement from Other provisions to Reserve for outstanding claims	41,220	-
Acquisition of investments in subsidiaries and associates	(2,776)	-
Retrospective effect in accordance with change in policy	-	1,096,736

(2) Changes in liabilities from financing activities for the years ended December 31, 2022 and 2021 are as follows:

	2022			
	Beginning balance	Cash flows from financing activities	Interest expense, etc.	Ending balance
Leasehold deposits received	₩ 99,667	(849)	883	99,701
Lease liabilities	40,447	(34,574)	44,208	50,081
Borrowings	-	930,000	-	930,000
	2021			
	Beginning balance	Cash flows from financing activities	Interest expense, etc.	Ending balance
Leasehold deposits received	₩ 113,806	(12,950)	(1,189)	99,667
Lease liabilities	49,274	(35,300)	26,473	40,447

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**52. Risk management**

**52-1) General**

**(1) Risk management overview**

The objective of risk management is to effectively manage and control various uncertainties that prevent the Company from achieving its business goal. The Company supports its stable business activities by setting the appropriate risk limits to ensure the regulatory capital is maintained above the minimum risk based capital required by the Financial Supervisory Service even in the environment which various risks may actually realize simultaneously, and also comprehensively manages assets and liabilities portfolios to enhance profitability compared to risk. The Company's risk management process is as follows:

**1) Risk identification and classification**

The Company identifies risks related to market, credit, interest, insurance, liquidity, operation, strategy, reputation, and variable insurance guarantee as significant risks. Market, credit, interest, insurance, liquidity and variable insurance guarantee risks are classified as financial risks, while operation, strategy, reputation risks are classified as non-financial risks.

**2) Risk measurement and management**

Market, credit, interest, insurance and operational risks are measured using Value at Risk (VaR) method. Liquidity risk is periodically monitored and managed to ensure liquidity level is adequately maintained by setting the minimum liquidity limit that reflects cash flows and variability for the last 6 months. In addition, variable insurance guarantee risk is periodically measured using a Stress scenario.

The Company continues to maintain Asset-Liability Management (ALM) policy to secure long-term stable interest rate margins. In order to consistently improve the asset and liability structure, the product sales mix has been weighted more heavily in favor of investment linked products and floating-rate type policies, while cash flow stability has been strengthened through the increase of long-term fixed-rate interest assets. In addition, constant improvements are being made to the ALM systems.

**3) Risk control**

To hedge, accept, transfer and mitigate risks, the Company sets risk limits at adequate level and monitors if these limits are appropriate and in compliance with the risk management policies and procedures. The risk limits are adjusted as necessary, and a contingency plan is also placed in operation.

In addition, the risk management department provides timely feedbacks and ensures fast and proper decision making process for any important decision making matters.

**4) Risk monitoring and reporting**

The Company monitors various risk factors (e.g. interest rates, stock index, FX rates, etc.), risk quantities by each risk and related monitoring index, and regulatory related index (e.g. solvency margin) on a daily, monthly and quarterly basis using the check list, and if any unusual instances are identified, they are reported to the management and appropriate action is taken.

**(2) Risk management framework**

Risk management organization is divided into division in charge of risk management and division managing individual risks.

The Company's major risk management organization is as follows.

**1) Risk Management Committee**

The Risk Management Committee is comprised of three outside directors and has overall responsibility for establishing basic directions and major policies of risk management consistent with management strategies and setting appropriate risk limits for the Company.

**2) Risk Management Council**

The Risk Management Council sets the agenda that will be discussed at the Risk Management Committee, implements strategies established by the Risk Management Committee, sets the limit for each risk factor and prepares suitable solution when risk limit exceeds or may exceed the set limit.

**3) Risk Management Team**

The Company runs the Risk Management Team and a risk management unit for each risk to support the Risk Management Committee and the Risk Management Council. The Risk Management Team who is independent from the business operation departments plans and sees company level of financial and non-financial risk management by preparing risk management policies, regulations.

Risk Management Support Team, in charge of risk management, performs plan-see functions independent from Sales Department (including non-financial risk management) such as establishing risk management policies and plan, regulations and rules, and setting risk limits. Individual risk management departments perform Do functions and operate in 7 teams.

- Market risk: asset portfolio management team
- Credit risk: investment asset evaluation team/retail credit marketing team
- Interest rate: finance team
- liquidity risk: accounting team
- Insurance risk: insurance risk management support team
- Variable insurance guarantee risk: variable hedge part

**52-2) Regulatory capital adequacy**

**(1) Risk Based Capital (RBC)**

The Company measures, manages and discloses RBC (e.g. Solvency) ratio according to the Regulation on Supervision of Insurance Business to maintain required capital for the solvency margin.

RBC is available capital (e.g. Solvency) divided by required capital (e.g. Solvency Threshold). Available capital represents how capable the Company is in paying the liabilities to policy holders, even in cases of unexpected loss or decline in the value of assets. Required capital is the risk amount of the Company. This ratio indicates insurance Company's financial strength and claim payment ability.

Available capital is comprised of capital, capital surplus and retained earnings. Required capital is computed considering insurance, interest rates, credit, market, operational risks and dispersion effect. In order to calculate risk based capital requirements, the computation is distinguished by insurance, interest, credit, market and operational risks considering the risk diversification effect. When the Company sets portfolio strategy, the impact of Risk Based Capital is considered and the internal risk quantity related to insurance, interest, credit, market and operational risks is measured through internal measurement models.

The FSS requires the Risk Based Capital to be maintained above 100% based on consolidated financial statements and for cases that do not meet the requirements, corrective actions will be taken so that financial competitiveness can be maintained.

	Solvency ratio	Remedial action
Improvement recommended	Above 50% and below 100%	-Requires increasing

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Improvement required	Above 0% and below 50%	capital stock -Limits new business entering -Requires management replacement -Re-organization of subsidiaries -Suspension of management duties
Improvement commanded	Below 0%	-Insurance business suspension

**(2) Measurement and management**

The Company sets the total risk limits and guidance as a part of annual business plan to ensure, even though risks are possible, the risk capital (e.g. solvency margin) is greater than minimum required risk based capital on the standard guidelines promulgated by the Financial Supervisory Service. Risk capital is monitored on a monthly basis to maintain at appropriate level against the amount of total risks of the assets. The Company reviews acceptability of risk capital under the case of abnormally increased risks by conducting scenario method stress test for significant risk factors with supplementing the limitation of Value at Risk base measurement.

**52-3) Insurance risk**

**(1) Overview**

Insurance risk is the risk related to the insurance company's main service of contract acquisition and payment of insurance claims. Potential loss from insurance risk is incurred when there is a difference between the insurance premium collected from the policyholders and actual insurance claims paid.

**(2) Management of insurance risk**

Insurance risk management comprises of acceptance and administration of insurance contracts, calculation and adjustment of premium rate, review and payment of claims, reinsurance and closing accounts. Each insurance component is managed by a department operating for the risk component.

The Risk Management Team and other related departments conduct pre-emptive risk management when they develop or revise an insurance product. Insurance risk is continuously improved through regularly reviewing experience rate analysis, insurance risk measurement, underwriting and claims inspection process after product selling.

**1) Underwriting**

The Company reviews and improves the medical underwriting guideline based on the changes of medical environment. The Company reassesses and reinforces underwriting standards through profit and loss analysis over insurance contracts. Consultants are updated with the latest underwriting standards. The Company distributes underwriting manual for consultants to prevent miss-selling. Risk Management Supporting enhances the accuracy of the risk assessment over a subscribed insurance contract. It provides various risk information that are consistent and underwriting that is reasonable.

**2) Risk management through reinsurance**

The Company cedes an insurance contract to reinsurer if risks of the contract need to be transferred or diversified to ensure claims payment ability and to maintain financial sustainability of the Company. To achieve the objectives of reinsurance activity, the Company runs reinsurance business efficiently by profit-loss analysis, cedes insurance contracts to reliable reinsurer and observes relevant regulations through the internal control system.

**3) Developing insurance product**

When an insurance product is developed or revised, the Company prices insurance premium based on the analysis of expected and actual insurance risk difference and sensitivity to the risk factors. The Company also reviews the appropriateness of the premium and the profitability of the products through the historical loss experience analysis. The Company reviews compliance of risk management policy and appropriateness of expected profit-loss based on experience rate as a part of post selling risk management for a high risk product. Policy and underwriting standard of the product would be revised in line with the result of the review to improve insurance risk.

**4) Assessment of claims requests and payment**

A standard process for accepting requests and claims payment is enacted to regulate the assessment process of claims requests. The Company pays reasonable benefit using insurance risk management system score, assessment process by types of claims and historical insurance loss experience analysis. The Company monitors deficiency of insurance policy through claim assessment process, and based on that, modifies insurance policies and contracts. The claims payment process is continuously improved reflecting the result of insurance event inspection process monitoring, internal audit and customer complaints etc.

**(3) Insurance risk amount**

Insurance risk of a life insurance company is measured by insurance premium risk. Reserve risk is managed by liability adequacy test as fluctuation of reserve for life insurance product is insignificant and claims are paid within a short period of time.

Insurance premium risk exposure is insurance risk premium for accidents such as death, disease, etc incurred within as of December 31, 2022 and 2021 for all insurance contracts and the claims are to be paid for the next year.

The Company's insurance premium risk exposure and insurance premium risk amounts as of December 31, 2022 and 2021 are as follows:

	2022	
	Exposure	Insurance risk amount
Death	₩ 465,987	77,758
Injury	44,885	32,608
Hospitalization	276,564	28,947
Operation, diagnosis	801,794	409,134
Medical expenses	276,985	88,118
Others	39,534	11,368
	₩ 1,905,749	647,933
Before applying reinsurance ratio	₩	647,933

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Possession ratio			91.63%
		2021	
		Exposure	Insurance risk amount
Death	₩	464,747	78,000
Injury		45,354	33,893
Hospitalization		278,196	29,412
Operation, diagnosis		776,543	412,881
Medical expenses		244,064	79,340
Others		39,775	12,935
	₩	<u>1,848,679</u>	<u>646,461</u>
Before applying reinsurance ratio	₩		646,461
Possession ratio			92.59%

(4) Credit risk from insurance contracts

1) Overview

Credit risk is the risk of financial loss to the Company due to debtor's bankruptcy or if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and the risk amount (the unexpected loss) exceeds the expected loss, and credit risk from insurance contract arising mainly from reinsurer's default risk.

The Company chooses blue chip reinsurance company based on the established standards including major financial indices used to assess the reinsurer for its credit rating, RBC, financial adequacy, ratio of market share etc. The Company regularly monitors if reinsurer's secure operation is maintained to prevent sudden decrease in its credit rating. If the Company finds that transactions with reinsurer are not secure, countermeasures such as contract termination take place.

2) Paid premium for ceded reinsurance based on credit ratings of reinsurer

The Company's ceded reinsurance premium for the years ended December 31, 2022 and 2021 amounted to ₩174,126 million and ₩147,848 million respectively and all the counter parties have credit rating above AA-.

3) Asset details with reinsurers based on credit ratings

The Company's reinsurance receivables as of December 31, 2022 and 2021 amounted to ₩115,517 million and ₩100,961 million, respectively and all the counterparties have credit rating above AA-.

(5) Market risk from insurance contracts

1) Overview

Market risk from insurance contracts is the risk that rises from the changes in market prices such as foreign exchange rates, interest rates and equity prices in certain insurance contract such as unit-linked variable or variable interest rate product that produces additional benefits (Guaranteed Minimum Death Benefit (GMDB), Guaranteed Minimum Annuity Benefit (GMAB) etc.) due to the contract term of providing guarantee amount above the contracted value.

2) Management of minimum guarantee risk of unit-linked variable products

The Company uses two types of risk management approaches for minimum guarantee risk of unit-linked variable products. For the passive management, the Company recognizes option and guarantees liability or reserves certain amount of the capital to cover the expected loss. For more active management, the guarantee risk of unit-linked variable products is measured and limited at the product development stage and static and dynamic hedging method or reinsurance can be used to mitigate the risk.

The Guarantee Risk Management task force team establishes optimal guarantee risk management strategy by continuously monitoring guarantee risk and analyzing effectiveness of the risk management strategy.

3) Liabilities of the interest rate-linked product for the minimum interest guarantee risk as of December 31, 2022 and 2021 are as follows:

		2022	2021
Below 0%	₩	65,575	70,115
Over 0% and below 2%		24,614,702	24,022,089
Over 2% and below 3%		2,759,016	5,807,965
Over 3% and below 4%		12,581,956	12,049,346
Over 4%		<u>2,289,350</u>	<u>2,219,157</u>
	₩	<u>42,310,599</u>	<u>44,168,672</u>

The guaranteed minimum interest rate is specified in insurance terms. The Company records the guarantee reserve if the disclosed interest rate is lower than the guaranteed minimum interest rate of the variable products.



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4) Minimum guarantee risk of unit-linked variable products

Minimum guarantee risk of unit-linked variable products amounts as of December 31, 2022 and 2021 are as follows:

		2022	2021
GMAB	₩	13,749	7,791
GMDB		268,768	264,425
GMWB		118	132
GLWB		15,456	17,670
Other		1,707	1,095
	₩	299,798	291,113

52-4) Interest rate risk

(1) Overview

Interest rate risk is the risk in decrease of net assets incurred from interest rate fluctuation. It arises from the maturity structure and interest rate differences between interest bearing assets and liabilities.

(2) Measurement and management

1) Measurement

The Company measures interest rate risk with both the standard model and the internal model enacted by the Financial Supervisory Service. Interest risk calculation formula was as follows:

Interest rate risk	=	MAX{((interest bearing liabilities' exposure X liabilities' duration - interest bearing assets' exposure X asset duration) X interest rate variance), Risk amount of minimum interest} + Negative interest spread risk
Internal model	=	(interest bearing liabilities' exposure X liabilities' duration - interest bearing assets' exposure X asset duration) X interest rate variance

Duration: : Cash flow weighted average maturity or average recovery period of investment amount or price sensitivity to the change of interest.

Risk amount of minimum interest : Fixed interest liabilities X 2.83% + other liabilities X (1.41%~2.83%)

Interest risk amount by Standard model of Financial Supervisory Service RBC system is calculated by multiplying exposure of interest bearing asset and liability by duration. Whereas, the internal model calculates interest risk amount using effective duration calculated from the cash flow considered by the attributes of interest bearing assets and liabilities.

The confidence level of interest risk in internal model applies 99% (the probability of once occurring once in 100 years) as the same with the interest risk in standard model.

2) Management

Within an Asset Liability Management Framework, the Company is seeking to reduce the duration gap in the mid and long term view by increasing interest bearing asset duration or asset amount or, decreasing liability duration. The Company sets the interest rate risk limit amount considering equity capital, solvency margin and risk management policies etc. and emergency situation scenario test assuming the unexpected abnormal economic crisis is also conducted on a regular basis.

3) Interest risk exposure

Exposure to interest bearing asset and liabilities as of December 31, 2022 and 2021 are as follows:

		2022	2021
<b>Interest bearing asset:</b>			
Due from banks	₩	1,974,472	1,638,077
Investment securities (*)		54,136,532	60,216,293
Loan receivables		22,362,331	21,861,918
Interest rate derivatives		4,789,000	750,000
		83,262,335	84,466,288
<b>Interest bearing liabilities:</b>			
Fixed interest rate contract	₩	34,168,563	29,731,219
Interest rate linked contract		42,310,599	44,168,672
		76,479,162	73,899,891

(\*) Including debt securities and bond type beneficiary certificate in available-for-sale financial instruments.

52-5) Credit risk

(1) Overview

Credit risk is the risk of financial loss to the Company due to debtor's bankruptcy or if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and the risk amount (the unexpected loss) exceeds the expected loss.

(2) Measurement and management

The Company measures credit risk using the standard model and the internal model. The standard model calculates credit risk amount according to the fourth clause of Article 7-2 of the Regulation on Supervision of Insurance Business.

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The internal model calculates credit risk amount using VaR (Value at Risk) calculated from the Company's Credit Risk Management System after reflecting correlation and portfolio distribution effect. For corporate borrower, the Company uses mark-to-market method, and for individual borrower, the Company uses Default Mode (DM) using loan pool.

The Company manages credit risk by setting VaR limit and maximum credit exposure. Compliance with credit risk management policy is monitored by checking the breaches of the VaR limit on a monthly basis, and reviewing the risk tolerance by analyzing credit risk amount under normal and stress situation.

The Company sets credit exposure limit for each borrower base on its industry and credit rating. The conformity of this limit is reviewed every month. After the loan initiation, credit review for each significant borrower is performed regularly. The Company revises exposure limit, decreases credit line, collects the loan or increases collateral if any symptom of credit rating drop.

Appropriate steps, such as collection, are taken when the borrower's credit rating becomes speculative. The Company establishes action plan by reviewing the financial structure and payment ability of the currently or potentially problematic borrowers through the designated a unit (e.g. Investment Analysis Team, Loan Management Team).

(3) Maximum exposure to credit risk

The Company's maximum exposure to credit risk as of December 31, 2022 and 2021 are as follows:

		2022	2021
Cash and due from banks (*1)	₩	1,974,472	1,638,077
Financial assets designated at fair value through profit or loss		1,553	868
Available-for-sale financial assets (*2)		17,347,124	45,141,056
Held to maturity financial assets		25,670,377	4,551,725
Loan receivables (*3)		22,394,329	21,892,757
Other receivables (*3)		790,426	692,333
Derivative assets		390,663	120,340
	₩	68,568,944	74,037,156
Undrawn loan commitment		2,530,696	2,991,811

(\*1) The maximum exposure amounts for cash and due from banks in the statement of financial position exclude cash on hand without credit risk.

(\*2) Financial instruments of equity securities in available-for-sale financial assets in the statement of financial position are excluded.

(\*3) The maximum exposure amounts for loans and other receivables are presented as net of allowance.

(4) Impairment information of loan receivables

Past due or impairment information for loan receivables as of December 31, 2022 and 2021 are as follows:

		2022	2021
Neither past due nor impaired	₩	22,341,649	21,838,850
Past due but not impaired		65,815	59,791
Impaired		35,935	37,520
		22,443,399	21,936,161
Less: allowance		(49,070)	(43,404)
	₩	22,394,329	21,892,757

(5) Credit soundness of loan receivables neither past due nor impaired

Credit soundness of loan receivables that are neither past due nor impaired as of December 31, 2022 and 2021 are as follows:

		2022				
		Policy loan receivables	Loan receivables Secured by real estate	Unsecured loan receivables and guaranteed loan receivables	Other loan receivables	Total
Risk-free	₩	-	-	2,502,133	-	2,502,133
AAA		-	83,041	1,086,979	16,385	1,186,405
AA+ ~ AA-		-	-	1,192,628	235,786	1,428,414
A+ ~ BBB-		-	-	322,896	168,366	491,262
Unrated		-	3,495,536	3,276,969	-	6,772,505

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Other	6,526,247	2,055,091	1,378,695	897	9,960,930
	<u>6,526,247</u>	<u>5,633,668</u>	<u>9,760,300</u>	<u>421,434</u>	<u>22,341,649</u>
Less: allowance	-	(2,730)	(18,766)	(418)	(21,914)
₩	<u>6,526,247</u>	<u>5,630,938</u>	<u>9,741,534</u>	<u>421,016</u>	<u>22,319,735</u>
Mitigation of credit risk due to collateral	₩ 6,526,247	2,137,422	25,929	897	8,690,494

		2021					
		Policy loan receivables	Loan receivables Secured by Securities	Loan receivables Secured by real estate	Unsecured loan receivables and guaranteed loan receivables	Other loan receivables	Total
Risk-free	₩	-	-	-	2,712,623	-	2,712,623
AAA		-	-	114,728	1,081,563	15,737	1,212,028
AA+ ~ AA-		-	-	-	915,377	233,558	1,148,935
A+ ~ BBB-		-	-	120,104	450,371	197,668	768,143
BBB- and below		-	20,000	-	-	-	20,000
Unrated		-	-	3,095,623	3,067,129	-	6,162,752
Other		6,339,663	-	2,244,029	1,229,454	1,223	9,814,369
		<u>6,339,663</u>	<u>20,000</u>	<u>5,574,484</u>	<u>9,456,517</u>	<u>448,186</u>	<u>21,838,850</u>
Less: allowance		-	(245)	(1,561)	(14,404)	(330)	(16,540)
₩		<u>6,339,663</u>	<u>19,755</u>	<u>5,572,923</u>	<u>9,442,113</u>	<u>447,856</u>	<u>21,822,310</u>
Mitigation of credit risk due to collateral	₩	6,339,663	20,000	2,357,645	51,209	1,223	8,769,740

Credit rating above is classified by Risk Based Capital Manual enacted by the FSS. Retail loan included in other is classified by internal credit rating which is rated by Behavior Scoring System (BSS).

Classification of retail loan as of December 31, 2022 and 2021 are as follows:

	2022	2021
Gilts (Grade 1~4)	₩ 2,177,685	2,139,080
Normal (Grade 5~8)	983,492	1,035,964
Disadvantage (Grade 9~10)	5,524	4,544
Other (i.e. risk free, etc.)	266,017	292,830
₩	<u>3,432,718</u>	<u>3,472,418</u>

(6) Aging analysis of loan receivables that were past due but not impaired

Aging analysis of loan receivables that were past due but not impaired as of December 31, 2022 and 2021 are as follows:

		2022			
		Loan receivables secured by real estate	Unsecured loan receivables	Guaranteed loan receivables	Total
Less than 30 days	₩	30,572	26,546	691	57,809
31~60 days		673	3,638	53	4,364
61~90 days		912	2,593	136	3,641
		<u>32,157</u>	<u>32,777</u>	<u>880</u>	<u>65,814</u>
Less: allowance		(99)	(3,336)	-	(3,435)
₩		<u>32,058</u>	<u>29,441</u>	<u>880</u>	<u>62,379</u>

Kyobo Life Insurance Co., Ltd.  
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(In millions of won)

Mitigation of credit risk due to collateral	₩	32,142	-	881	33,023	
2021						
		Loan receivables secured by real estate	Unsecured loan receivables	Guaranteed loan receivables	Other loan receivables	Total
Less than 30 days	₩	30,688	22,732	1,779	47	55,246
31~60 days		320	2,163	384	-	2,867
61~90 days		22	1,638	18	-	1,678
		31,030	26,533	2,181	47	59,791
Less: allowance		(10)	(2,443)	(2)	-	(2,455)
	₩	31,020	24,090	2,179	47	57,336
Mitigation of credit risk due to collateral	₩	31,017	-	2,181	47	33,245

(7) Impaired loan receivables

Impaired loan receivables as of December 31, 2022 and 2021 are as follows:

2022							
		Individual assessing	Collective assessing				
			Loan receivables secured by real estate	Unsecured loan receivables	Guaranteed loan receivables	Total	
		Unsecured loan receivables	Policy loan receivables				
Impaired	₩	8,379	1,479	3,847	20,228	2,002	35,935
Less: allowance		(8,379)	(1,479)	(797)	(12,964)	(101)	(23,720)
	₩	-	-	3,050	7,264	1,901	12,215
Mitigation of credit risk due to collateral	₩	-	-	3,784	-	2,002	5,785
2021							
		Individual assessing	Collective assessing				
			Loan receivables secured by real estate	Unsecured loan receivables	Guaranteed loan receivables	Total	
		Unsecured loan receivables	Policy loan receivables				
Impaired	₩	8,961	1,887	3,188	20,330	3,154	37,520
Less: allowance		(8,961)	(1,887)	(86)	(13,314)	(161)	(24,409)
	₩	-	-	3,102	7,016	2,993	13,111
Mitigation of credit risk due to collateral	₩	-	-	3,177	-	3,154	6,331

**Kyobo Life Insurance Co., Ltd.**  
**Notes to the separate financial statements**  
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(In millions of won)

(8) Risk concentration by industry sector of loan receivables  
An analysis of concentration by industry sector of loan receivables as of December 31, 2022 and 2021 are as follows:

	2022						Total
	Real estate and lease	Wholesale, retail, transportation & lodging	Finance and insurance	Electricity, gas, steam, and water supply	Construction	Others	
Policy loan receivables	-	-	-	-	-	6,527,725	6,527,725
Loan receivables secured by real estate	1,519,739	59,129	1,916,669	-	-	2,174,136	5,669,673
Unsecured loan receivables	2,037,773	705,790	821,974	1,636,648	1,120,659	2,482,742	8,805,586
Guaranteed loan receivables	697,633	-	-	-	252,535	68,813	1,018,981
Other loan receivables	110,753	95,062	-	178,985	-	36,635	421,435
<b>₩</b>	<b>4,365,898</b>	<b>859,981</b>	<b>2,738,643</b>	<b>1,815,633</b>	<b>1,373,194</b>	<b>11,290,051</b>	<b>22,443,400</b>
	2021						Total
	Real estate and lease	Wholesale, retail, transportation & lodging	Finance and insurance	Electricity, gas, steam, and water supply	Construction	Others	
Policy loan receivables	612	9,351	534	3,150	6,266	6,321,637	6,341,550
Loan receivables secured by securities	-	-	-	-	-	20,000	20,000
Loan receivables secured by real estate	1,404,428	59,129	1,752,169	-	-	2,392,977	5,608,703
Unsecured loan receivables	2,075,201	823,318	706,667	1,534,119	1,029,890	2,263,923	8,433,118
Guaranteed loan receivables	602,508	-	-	-	339,983	142,068	1,084,559
Other loan receivables	144,069	93,014	-	176,448	-	34,700	448,231
<b>₩</b>	<b>4,226,818</b>	<b>984,812</b>	<b>2,459,370</b>	<b>1,713,717</b>	<b>1,376,139</b>	<b>11,175,305</b>	<b>21,936,161</b>

(9) Credit rating of debt securities  
Credit rating of debt securities as of December 31, 2022 and 2021 are as follows:

	2022						Total
	Government and public bonds	Special bonds	Financial institutions bonds	Corporate bonds	Overseas securities	Other Securities	
Risk-free	₩ 22,102,112	2,161,164	-	508,285	1,981,113	-	26,752,674
AAA	-	3,031,804	39,910	1,405,304	8,333,249	-	12,810,267
AA+ ~ AA-	-	586,716	813,382	809,653	994,963	-	3,204,714
A+ ~ BBB-	-	-	-	29,406	210,998	-	240,404
BBB- and below	-	-	-	2,407	1	-	2,408
Unrated	-	-	-	808	6,224	1,553	8,585

**Kyobo Life Insurance Co., Ltd.**  
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	22,102,112	5,779,684	853,292	2,755,863	11,526,548	1,553	43,019,052
₩							
	2021						
	Government and public bonds	Special bonds	Financial institutions bonds	Corporate bonds	Overseas securities	Other Securities	Total
₩	22,393,201	3,368,426	-	658,192	3,309,213	-	29,729,032
	AAA	3,945,656	83,390	1,426,094	10,680,029	-	16,135,169
	AA+ ~ AA-	426,916	848,547	768,078	1,455,276	-	3,498,817
	A+ ~ BBB-	-	-	49,701	266,882	-	316,583
	BBB- and below	-	-	6,467	1	-	6,468
	Unrated	-	-	738	5,974	868	7,580
₩	22,393,201	7,740,998	931,937	2,909,270	15,717,375	868	49,693,649

(10) Risk concentration by industry sector of debt securities  
An analysis of concentration by industry sector of debt securities as of December 31, 2022 and 2021 are as follows:

2022

	Government owned entity	Finance and insurance	Electricity, gas, steam and water supply	Construction	Real estate and lease	Others	Total
Financial assets designated at fair value through profit or loss	-	-	-	-	-	1,553	1,553
Available-for-sale financial assets	12,028,351	2,693,746	869,712	628,452	51,917	1,074,946	17,347,124
Held-to-maturity financial assets	17,628,745	1,224,997	871,505	976,618	19,164	4,949,348	25,670,377
₩	29,657,096	3,918,743	1,741,217	1,605,070	71,081	6,025,847	43,019,054

2021

	Government owned entity	Finance and insurance	Electricity, gas, steam and water supply	Construction	Real estate and lease	Others	Total
Financial assets designated at fair value through profit or loss	-	-	-	-	-	868	868
Available-for-sale financial assets	31,131,129	3,638,313	2,509,021	1,601,330	80,566	6,180,697	45,141,056

**Kyobo Life Insurance Co., Ltd.**  
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Held-to-maturity financial assets	3,229,350	20,846	-	250,000	-	1,051,529	4,551,725
₩	34,360,479	3,659,159	2,509,021	1,851,330	80,566	7,233,094	49,693,649
(11) Risk concentration by geographic location of debt securities							
Risk concentration by geographic location of debt securities as of December 31, 2022 and 2021 are as follows:							
	2022						
	Korea	USA	U.K.	France	China	Others	Total
Financial assets designated at fair value through profit or loss	1,553	-	-	-	-	-	1,553
Available-for-sale financial assets	15,455,948	1,587,348	137,021	86,547	3,888	76,372	17,347,124
Held-to-maturity financial assets	17,769,600	6,073,022	112,990	395,531	5,453	1,313,781	25,670,377
₩	33,227,101	7,660,370	250,011	482,078	9,341	1,390,153	43,019,054
	2021						
	Korea	USA	U.K.	France	China	Others	Total
Financial assets designated at fair value through profit or loss	868	-	-	-	-	-	868
Available-for-sale financial assets	31,131,129	3,638,313	2,509,021	1,601,330	80,566	6,180,697	45,141,056
Held-to-maturity financial assets	3,229,350	20,846	-	250,000	-	1,051,529	4,551,725
₩	34,361,347	3,659,159	2,509,021	1,851,330	80,566	7,232,226	49,693,649

**KYOBO LIFE INSURANCE CO., LTD.**  
**Notes to the separate financial statements**  
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**52-6) Market risk**

(1) Overview

Market risk is the risk that the Company incurs loss due to decrease in asset value caused by changes in market prices such as foreign exchange rates, interest rates and stock prices.

(2) Measurement and management

The Company measures market risk using the standard model and the internal model. The standard model evaluates the market risk according to the fourth clause of Article 7-2 of the Regulation on Supervision of Insurance Business. One-year 99% VaR is utilized for the internal model. The Company mainly uses the delta-normal method that assumes normal distribution return rate and linear valuation. The Company also measures daily VaR based on simulation method as an assistance method.

The market risk limit is set up based on VaR and monitored daily so that it stays below the annual market risk limit. Other than VaR, the sensitivity indices, for instance, the duration and the beta are used as a supplementary market risk measurement. In order to supplement VaR measurement method, loss measurement is conducted under a variety of scenarios covering severe market condition such as IMF or financial economic crisis in 2008. The Company regularly reviews the impact of loss on profit or loss before dividends and RBC ratio and establishes countermeasure plan. In addition, the Company maintains adequate level of risk in holding equities by managing investment limit and foreign exchange translation hedge of asset group that influences market risk.

(3) Sensitivity analysis of risk factors such as interest rate

Sensitive analysis of foreign exchange rate, interest rate and equity market as of December 31, 2022 and 2021 are as follow:

		2022	
Risk factor		Income effect (*1)	Capital effect (*2)
Foreign exchange	₩ 100 increase in KRW/USD FX Rate	₩ (12,205)	6,512
	₩ 100 decrease in KRW/USD FX Rate	12,205	(6,512)
Interest rate	100bp increase	42,809	839
	100bp decrease	(42,809)	(839)
Stock prices	10% increase in equity index	-	11
	10% decrease in equity index	-	(11)
		2021	
Risk factor		Income effect (*1)	Capital effect (*2)
Foreign exchange	₩ 100 increase in KRW/USD FX Rate	₩ 52,162	50,921
	₩ 100 decrease in KRW/USD FX Rate	(52,162)	(50,921)
Interest rate	100bp increase	(8,795)	(1,996)
	100bp decrease	8,795	1,996
Stock prices	10% increase in equity index	-	108
	10% decrease in equity index	-	(108)

(\*1) Profit before income tax expenses.

(\*2) Changes in accumulated other comprehensive income are calculated before adjusting policyholders' equity and allocating the deferred tax.

**52-7) Liquidity risk**

(1) Overview

Liquidity risk is the risk that the Company is unable to meet its payment obligations arising from financial liabilities as they fall due or raise funds with high interest rates and unfavorable disposal of securities to solve the shortage of funds or facing inability to pay due to unexpected cash flows.

(2) Recognition and management

1) Management index of liquidity risk

Liquidity risk is measured by liquidity gap and liquidity ratio. Liquidity ratio is the percentage of the Company's assets convertible to cash with the within 3 months maturities against claims paid for the past three months. This ratio measures the Company's appropriateness of its current asset volume. The Company maintains its liquidity ratio around 150% for the past 1 year which is grade 1 rating recognized by Financial Supervisory Services.

Liquidity gap is the index representing shortage or oversupply of the cash flow within a month, a quarter, half a year, and more than a year. The Company calculates liquidity gap on a monthly or weekly basis and manages supply and demand schedule of the cash flow to ensure this index stays in positive.

2) Management

Regular monitoring of funds supply and demand schedule

All cash flow information from financial assets and liability and insurance liability is gathered for liquidity risk management on a monthly or weekly basis to prepare for unforeseen cash flow surplus and deficit. And funds are daily checked if they flow by the schedule and any changes are reflected on the fund schedule. For the analysis of long-term cash flow projection of insurance liability, the Company utilizes ALM system. The Company prepares for unforeseen cash flow deficit caused by the concentrated number of maturities.

Maintaining target liquidity fund level

The Company keeps a certain amount of the liquidity fund to prepare for unexpected liquidity deficit. The level of liquidity fund is revised dynamically in line with trend of the financial market status and the volatility of claim payments.

Liquidity Contingency Plan

The Company sets a contingency plan to appropriately respond to emergency situation such as the massive claim of the cash payment in an economic crisis.

Liquidity contingency plan defines an action plan regarding the priorities of funding, roles & responsibilities of each department and the form of the emergency committee. Simulated liquidity exercise under various possible scenarios is performed regularly so as to investigate and improve



**Kyobo Life Insurance Co., Ltd.**  
**Notes to the separate financial statements**  
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(In millions of won)

its contingency plan  
(3) Liquidity risk exposure

	2022					
	Less than 3 months	3~6 months	6 months~ 1 year	1~5 years	More than 5 years	Total
Insurance contracts and financial liabilities:						
Liabilities under insurance contracts	₩ 579,051	383,561	933,160	8,777,220	70,486,900	81,159,892
Derivative liabilities	114,716	97,707	139,555	839,628	75,590	1,267,196
Other financial Liabilities (*1)	470,955	1,122	4,321	162,343	4,031	642,772
	₩ 1,164,722	482,390	1,077,036	9,779,191	70,566,521	83,069,860
Commitments:						
Loan receivables commitments (*2)	2,530,696	-	-	-	-	2,530,696
Equity investment commitments (*2)	4,374,105	-	-	-	-	4,374,105
	₩ 6,904,801	-	-	-	-	6,904,801

(\*1) Lease liabilities are excluded (See Note 24 (3)).

(\*2) These are the maximum amounts that the Company may pay in future by the contract. As of December 31, 2022, the Company expects that actual payments will be less than the commitment amounts in consideration of past experiences and characteristics of commitment, and it is difficult to reasonably estimate the timing, amounts, and feasibility of actual payment.

	2021					
	Less than 3 months	3~6 months	6 months~ 1 year	1~5 years	More than 5 years	Total
Insurance contracts and financial liabilities:						
Liabilities under insurance contracts	₩ 373,643	405,703	1,163,306	7,050,439	68,494,445	77,487,536
Derivative liabilities	92,819	40,341	54,993	306,710	41,076	535,939
Other financial Liabilities (*1)	369,880	3,333	9,707	175,977	3,915	562,812
	₩ 836,342	449,377	1,228,006	7,533,126	68,539,436	78,586,287
Commitments:						
Loan receivables commitments (*2)	2,991,811	-	-	-	-	2,991,811
Equity investment commitments (*2)	4,667,152	-	-	-	-	4,667,152
	₩ 7,658,963	-	-	-	-	7,658,963

(\*1) Lease liabilities are excluded (See Note 24 (3)).

(\*2) These are the maximum amounts that the Company may pay in future by the contract. As of December 31, 2021, the Company expects that actual payments will be less than the commitment amounts in consideration of past experiences and characteristics of commitment, and it is difficult to reasonably estimate the timing, amounts, and feasibility of actual payment.

Kyobo Life Insurance Co., Ltd.  
Notes to the separate financial statements  
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*(In millions of won)*

**Report on Independent Auditor's  
Review of Internal Control over Financial Reporting**

(English Translation of a Report Originally Issued in Korean)

To the Chief Executive Officer of  
Kyobo Life Insurance Co., Ltd.

We have reviewed the accompanying management's report on the effectiveness of the Internal Control over Financial Reporting ("ICFR") of Kyobo Life Insurance Co., Ltd. (the "Company") as of December 31, 2022. The Company's management, including Chief Executive Officer and ICFR Officer is responsible for designing and operating ICFR and for its assessment of the effectiveness of ICFR. Our responsibility is to review the management's report on the effectiveness of the ICFR and issue a report based on our review. The management's report on the effectiveness of the ICFR of the Company states that "Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2022, in all material respects, in accordance with the Conceptual Framework for Designing and Operating Internal Control over Financial Reporting."

Our review was conducted in accordance with the ICFR review standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform, in all material respects, the review of management's report on the effectiveness of the ICFR to obtain a lower level of assurance than an audit. A review is to obtain an understanding of a company's ICFR and consists principally of inquiries of management and, when deemed necessary, a limited inspection of underlying documents, which is substantially less in scope than an audit.

A company's ICFR is a system to monitor and operate those policies and procedures designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. Because of its inherent limitations, ICFR may not prevent or detect a material misstatement of the financial statements. Also, projections of any evaluation 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.

Based on our review, nothing has come to our attention that causes us to believe that management's report on the effectiveness of the ICFR, referred to above, is not presented fairly, in all material respects, in accordance with the Conceptual Framework for designing and operating ICFR.

Our review is based on the Company's ICFR as of December 31, 2022, and we did not review management's assessment of its ICFR subsequent to December 31, 2022. This report has been prepared pursuant to the Acts on External Audit for Stock Companies, etc. in Korea and may not be appropriate for other purposes or for other users.

Samil PricewaterhouseCoopers  
March 3, 2023

This report is effective as of March 3, 2023, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

**Kyobo Life Insurance Co., Ltd.**  
**Notes to the separate financial statements**  
**December 31, 2022 and 2021**

*(In millions of won)*

**Internal Control over Financial Reporting Operating Status Report**

To the Shareholders, Board of Directors, and Audit Committee of Kyobo Life Insurance Co., Ltd.

We, as the Chief Operating Officer and the Internal Accounting Manager of Kyobo Life Insurance Co., Ltd. ("the Company"), assessed operating status of the Company's Internal Control over Financial Reporting ("ICFR") for the year ending December 31, 2022 .

Design and operation of ICFR is the responsibility of the Company's management, including the Chief Operating Officer and the Internal Accounting Manager (collectively, "We", "Our" or "Us").

We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors of frauds which may cause a misstatement in financial statements to ensure preparation and disclosure of reliable financial information.

We used the '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") as the criteria for design and operation of the Company's ICFR.

And we conducted an evaluation of ICFR based on the 'Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting' established by the ICFR Committee.

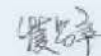
Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2022 , in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting'.

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 the this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

March 2, 2023

Chang Jae Shin  
CEO (Chairman&CEO)

Kyoung Bae Kim  
Internal Accounting Manager



# Business Network

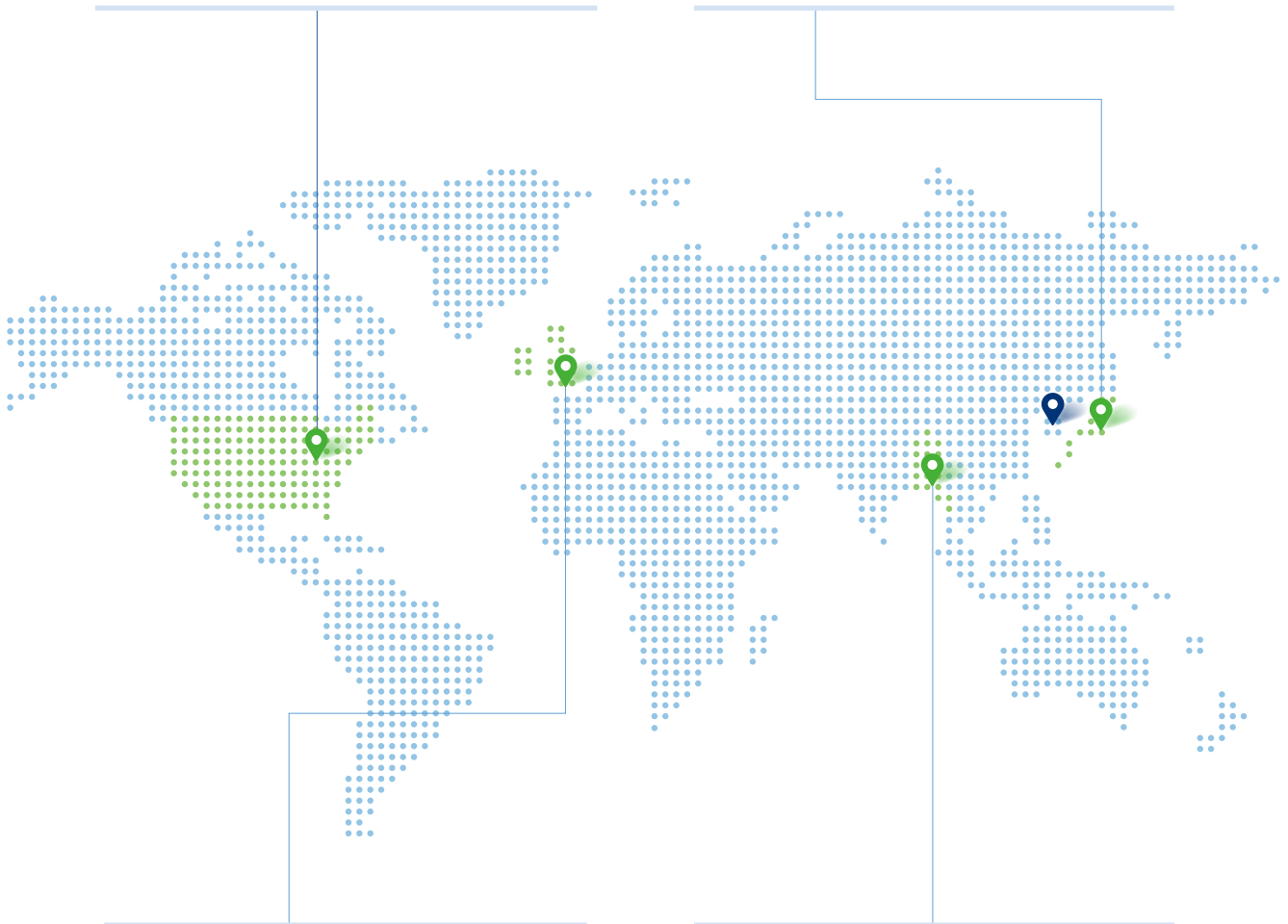
## Global Business Organizations

### KYOBO LIFE ASSET MANAGEMENT CO., LTD.(AMERICA)

KYOBO LIFE ASSET MANAGEMENT(AMERICA) Co.,Ltd  
Room 1405,120 West 45<sup>th</sup> Street  
New York, 10036 USA  
OFFICE Tel: +1-646-590-3774

### KYOBO LIFE ASSET MANAGEMENT CO., LTD. (JAPAN)

Kyobo Life Asset Management Co., Ltd. (JAPAN)  
7F, 2-chome-2-31 Kojimachi, chiyoda-ku, Tokyo, Japan  
OFFICE Tel: +81-3-6206-1398



### KYOBO LIFE LONDON REPRESENTATIVE OFFICE

KYOBO LIFE LONDON REPRESENTATIVE OFFICE  
Level 1, Devonshire House, One Mayfair Place, Mayfair,  
United Kingdom, W1J 8AJ  
OFFICE Tel: +44-20-7268-4835

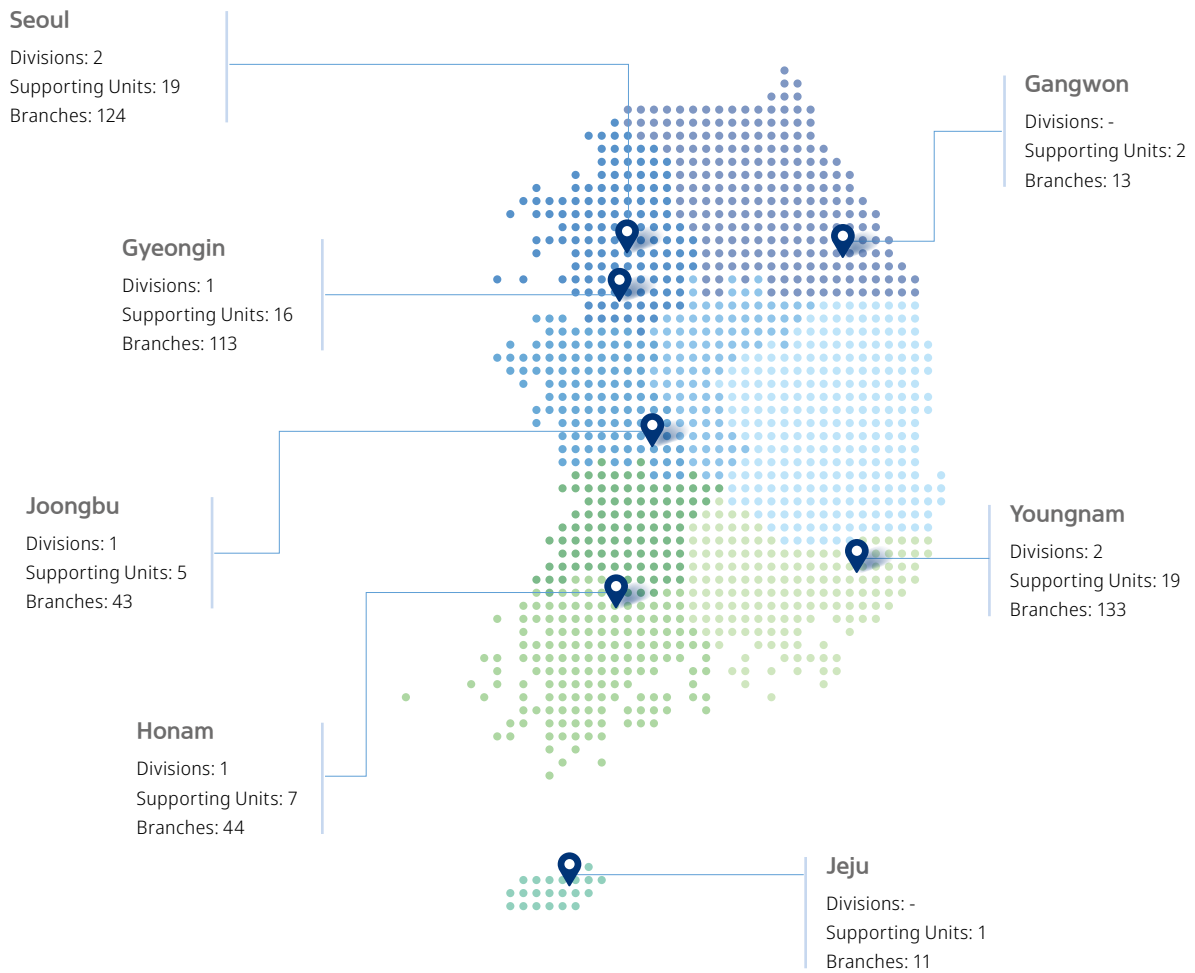
### KYOBO LIFE Yangon REPRESENTATIVE OFFICE (MYANMAR)

KYOBO Life Yangon Representative Office  
Room No.1003, Crystal Office Tower, Kamaryut  
Township, Yangon  
OFFICE Tel: +95-94-4970-7873

## Domestic Business Organizations

Divisions	7	FP Division			7
Supporting Units	69	Supporting Units	FP	GFP	Direct
			62	4	3
Branches	481	Branches	FP	GFP	Direct
			435	27	19

※ Except Sales Unit



(As of Feb. 28, 2023)



**Kyobo Life Insurance Co., Ltd.**

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[www.kyobo.com](http://www.kyobo.com)

